

## Projected business plan

As part of your application for NSI approval, you may be asked to supply us with a business plan. We have written the following notes to help you create your plan. However, these are just suggestions to help give you ideas.

### Background

Approval by NSI concerns quality in a wide range of aspects of a business and in particular our Finance Criterion 7 is looking to see that a business has a strong capital base with which to finance its sales, and that it is able to meet its financial commitments (you will find the actual wording and Guidelines on page 4 of the Approval Criteria).

We appreciate that this is only what you will want for your own business, but we need to see evidence that finances meet our Criterion. Usually this evidence comes from several years' worth of Profit and Loss Accounts and Balance Sheets, but if this information is not available (for example in the case of a new business), or if we need to see what is likely to happen in the forthcoming year, we will ask you to supply us with a Business Plan.

### The Business Plan

There are three main areas to the sort of plan that we are looking for, each area is designed to help us to understand how you think that your business will perform and, as a result, how your business will meet the Finance Criterion 7.

We attach a possible layout for items 1 and 2 below, and once again, this is just to give you ideas.

#### 1. Profit and Loss Account

- 1.1 We suggest that you list your projected Sales total for each month of the financial year, allowing for seasonal changes, holidays, etc.
- 1.2 Then you can list the Direct Costs of Materials, Labour, etc., which relate to those Sales.
- 1.3 Then all the Overheads should be listed; these will include items like Administration, Wages, Rent, Rates, Light & Heat, Telephone & Postage, Stationery, Motor Expenses, Legal & Accountancy Fees, etc. Once again we suggest that these should be listed month by month.
- 1.4 Taking the Direct Costs and Overheads away from the Sales will give the Net Profit before Tax.

#### 2. Balance Sheet

- 2.1 The Balance Sheet of your business is very important to us, but you may not find it easy to complete, please give your best estimates.

- 2.2 We suggest that you have two columns and estimate balances as at the beginning of the year and again at the end of the year.
- 2.3 It is usual to start with the book value of Fixed Assets, e.g. Property, Vehicles, Tools & Equipment.
- 2.4 Next comes Current Assets, e.g. Stock, Debtors (amounts owed to you by your Customers), Cash at Bank.
- 2.5 Then comes Current Liabilities, e.g. Bank Overdraft, Creditors (amounts owed by you to suppliers), PAYE, VAT.
- 2.6 Next is Long Term Liabilities, this heading is for Loans that have more than five years to go and might include Bank Loans, Director's Loans, HP Loans.
- 2.7 Finally, the next step is to add the Fixed Assets and Current Assets together and to take off the Current Liabilities and the Long Term Liabilities – the resulting Total is the Net Worth of the Business and should equal (balance) the Capital Value.
- 2.8 If your business is a Limited Company, please tell us how much the Share Capital is.
- 2.9 Very often it is useful to us to know if there are any additional Financial Reserves which could be called upon if necessary. These reserves could be in many forms, for example, Savings or Property which could be used as a guarantee for a Loan, Overdraft Facility, etc.

### **3. Commentary**

- 3.1 This can take many forms and be as long or as short as is felt appropriate, but it is your opportunity to describe your business to us and to help us to understand how it is intended to meet our Criterion 7.
- 3.2 One starting point may be to list briefly the Strengths, Weaknesses, Opportunities and Threats to the business.
- 3.3 It may be appropriate to tell us briefly about the business experience of the Managers, showing us that the company is in a "safe pair of hands".

### **Summary**

This is your application and, as NSI is UKAS accredited, we cannot give specific consultancy but we are always happy to look at whatever plan you wish to submit and discuss the details. Do not be daunted, give it a go!

Applicant name:													
Financial year	Month 1 £	Month 2 £	Month 3 £	Month 4 £	Month 5 £	Month 6 £	Month 7 £	Month 8 £	Month 9 £	Month 10 £	Month 11 £	Month 12 £	Year total
Sales (a)													
Sales (b)													
<b>Total Sales</b>													
Direct costs													
Parts													
Labour													
Other													
<b>Total Direct costs</b>													
Overheads													
Premises													
Motor Expenses													
Electricity													
Finance													
...													
<b>Total overheads</b>													
<b>Net Profit</b> (Sales less expenses)													

**Balance Sheet**

		Start of Year £	Projected end of year £
<b>Assets</b>	Stock		
	Cars, etc.		
	Cash in bank		
	Money owed to firm		
	<b>Total</b>		
<b>Liabilities</b>	Loans		
	Overdrafts		
	<b>Total</b>		
Share Capital (if applicable)			
<b>Personal background</b>			
Assets reserves (details)			
Other finance			
Liabilities (details)			

**Notes on completion of this form**

The headings and layout are just suggestions to help give you ideas.

The purpose of this form is so that you can show how you think your business will perform over the financial year that you are projecting.

If you are projecting the outcome for the current financial year, put in actual figures so far and then project the remaining months.

The business balance sheet is very important to us, please give best estimates.

The personal background is where you can tell us of additional sources of finance that you could use if the business needed support to expand.