
THE FINANCIAL PLAN

The financial plan will help you and any potential lender estimate how much cash will be needed and when, in order to start and maintain a profitable business. You'll also be able to estimate how much profit you can generate, given the level of capital you are able or willing to invest.

The process of creating financial projections for your business' income, cash flow and financial position will force you to think through the financial transactions you are planning. Through this process, any discrepancies, gaps or unrealistic assumptions will more than likely come to light.

The information you will need for the financial projections will, for the most part, already have been created when you completed the sales, operating and human resources plans in earlier sections.

A more complete analysis of profitability and risk should be prepared and a discounted cash flow should be included in your informal business plan.

When preparing a financial plan for an existing business, statements for the past two or three years should be included.

When the business plan is being used to acquire financing, detailed lists of inventories, accounts receivable, accounts payable, insurance coverage, copies of legal agreements, orders, letters of intent, appraisals, personal net worth statements and references may also be required.

The British Columbia Ministry of Agriculture, Fisheries and Food has Planning Packages available to producers to assist them in their planning process. The following schematic illustrates how the financial planning package can be used when developing a financial plan. Copies are available from the Farm Management Branch or your closest district office.

The example financial statements have been prepared using the BCMAFF Planning Package format. You may choose to follow this format or use one that you are more familiar with or one that your accountant or lender prefers.

