



Planning a new venture – Forecasting the money

Financial policy and control systems

In your financial analyses, you will have made a number of *assumptions* which will effectively form policies for your business, covering such important areas as:

- Debtors: what will be your average debtor period?
- Creditors: how soon will you pay your suppliers?
- Margins and costs: what relationship will these bear to sales turnover?
- Stocks and work-in-progress: what levels will these run at in relation to your sales?

It is important to list these assumptions as an appendix to your financial forecasts. You will also need to carry out a sensitivity analysis, which will be based upon optimistic through to pessimistic assumptions about your business. How will you ensure your financial policies are implemented? Consider what financial control mechanisms and information you will require to ensure you can carry through your assumptions.

FINANCIAL POLICY AND KEY ASSUMPTIONS

Enter your financial policies and key assumptions here (for Section III.iii of the business plan, Chapter 6, page 191-194)