How to write a BP – 'Financial management' component

- Includes financial statements and forecasts for the business.
- Explains
  - revenue projections
  - how much money you have?
  - how much money you need?
  - when and how your business expects to make a profit?
  - what your marketing and operational processes and plans will cost?
- The financial structure of the business is its foundation.
  - generally described in the three financial statements
    - Balance sheet (rozvaha)
    - Income Statement (výkaz zisků a ztrát)
    - Cash Flow Statement
  - many people are intimidated by financial statements, but you should not be
  - The financial performance of any business is measured by the interrelationships among six essential elements. These elements compose financial statements meant above and are
    - revenue (příjmy)
    - expenses (výdaje)
    - profits/losses (zisky/ztráty)
    - assets (aktiva)
    - liabilities (pasiva)
    - net worth (čisté jmění)
  - A business will prosper or fail based on owners effectiveness in planing and controlling these components.
  - The accountant statements that illustrate and measure these elements are balance sheet and income statement
    - The cash flow statement is month-spread and simplistic variation of the income statement.
  - Statements explanation
    - Balance sheet
      - The balance sheet represent the basic accounting equation.
        - Assets - Liabilities = Net Worth
        - Assets ~ Value
        - Liabilities ~ Debts
        - Net Worth ~ Equity, what is a difference between company assets and liabilities
      - The balance sheet provides a measure of the business value in the particular point in time.
        - It is considered as a snapshot in time
    - Income Statement
      - Revenue - Expenses = Profit/Loss
      - It is a measure of how our business has performed over specific period of time.
        - usually six months or year
      - It measures all income less all expenses to arrive at the amount of profit or loss generated by the business over period.
      - Income statement is also called 'Profit and Loss Statement' or 'Income and Expense Statement'
    - Cash Flow Statement
      - It is a statement used to monitor and project the incoming and outgoing cash, typically on monthly basis.
      - It helps you determine how much cash your business has on hand in any point in time.
      - If your business has a negative cash position it means that in the given point of time, you have more money going out than coming in. You will be probably not able to pay your bills.
      - The Cash flow is a valuable tool to monitor and project the financial performance of your company.
- If you are submitting your business to bank because you are applying for a loan, you should also include
  - current personal financial statement on each company principal
  - company or individual federal tax return for prior year (daňové přiznání)
- If you are in existing business , the financial management component should include
  - Balance sheets (last 3 years, if available)
  - Income statements (last 3 years, if available)
  - Projected cash flow statement (12 month forward)
- If you are new in business , the financial management component should include
  - Estimate start-up costs
  - Projected balance sheet (1 year forward)
  - Projected income statement (1 year forward)
  - Projected cash flow statement (1 year forward)