

Build a More Complex Forecast

Key Learning Outcomes

- Create a more complex Chart of Accounts
 - Explore some modeling techniques
 - Setting up Prepayments & Accruals
 - Working with Drivers
 - Understand how opening data works in Castaway
 - Learn how to enter data for the opening Balance Sheet and prior Profit & Loss
 - Skill Builder
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The Story

Our mate, Smith is looking to open his own chocolate retail store and has reviewed the static forecast his accountant has prepared. He's not happy with how static the model is and has decided to look into making the model more dynamic to get his business off the ground.

As luck would have it, he knows of a chocolate store not too far away that may be up for sale. It has a good reputation, but the owner is aging and getting tired of running the business.

Smith is keen to review this business and has met with the owner. During the meeting, he managed to get some basic financial information from them, including:

- Chart of Accounts
- Balance sheet
- Some rough trading figures

There are some gaps, but he has been researching the market is confident he has enough information to fill these gaps.

Smith has asked you to build a detailed 3-way forecast to help him decide whether to make an offer for the business. Assuming all is positive, Smith will then need to approach lenders for funding to help him make the purchase.

Modelling Scope

- Build a 3-way forecast for the financial year starting 1 April 2021
- Assume that Smith will buy the company as a going concern from the existing owner
- He wants to run some what-ifs and scenario stories through this forecast and has asked that you make the numbers dynamic and flexible where possible

Smith's Chocolate Company Detailed Chart of Accounts

PROFIT & LOSS ACCOUNTS

SALES

- 4-1010 Milk Chocolate Sales
- 4-1030 Dark Chocolate Sales

DIRECT COSTS

- 5-1010 Milk Chocolate COGS
- 5-1030 Dark Chocolate COGS
- 5-2000 Freight

OVERHEADS

- 6-1000 General & Administrative Expenses
 - 6-1005 Accounting & Legal Fees
 - 6-1006 Shop Supplies
 - 6-1007 Telephone & Internet
- 6-1008 Other Expenses
- 6-1009 Insurance
- 6-1010 Utilities
- 6-1300 Rent
- 6-2000 Advertising & Marketing
- 6-3000 Wages & Salaries

OTHER INCOME

- 8-1000 Interest Income

OTHER EXPENSE

- 9-1000 Interest Expense
- 9-3000 Corporation Tax Expense

BALANCE SHEET ACCOUNTS

CURRENT ASSETS

- 1-1100 Cash on Hand
- 1-1110 Cheque Account
- 1-1200 Trade Debtors
- 1-1300 Prepaid Insurance

INVENTORY

- 1-1510 Milk Chocolate
- 1-1530 Dark Chocolate

NON CURRENT ASSETS

- 1-2210 Store Fitout at Cost
- 1-2220 Store Fitout Accum Dep
- 1-2310 Office Equipment at Cost
- 1-2320 Office Equipment Accum Dep
- 1-2410 Delivery Van at Cost
- 1-2420 Delivery Van Accum Dep

CURRENT LIABILITIES

- 2-1200 Trade Creditors
- 2-1310 VAT Collected
- 2-1330 VAT Paid
- 2-1350 Provision for Corporation Tax
- 2-1420 PAYE Withholding Payable
- 2-1430 Employer NIC Payable
- 2-1400 Stock Wastage Provision

NON CURRENT LIABILITIES

- 2-2120 Loan from XYZ

EQUITY

- 3-1100 Share Capital
- 3-2000 Retained Earnings

Building the Chart of Accounts

The Chart of Accounts is built and maintained in the Forecast workspace. You can choose to maintain it:

- Manually (via Element Settings)
- Using the Castaway Integrations Add-on module (via External Sources)

Integrations

The Integrations Add-on module makes it easy to extract data from a Xero, MYOB Account Right Live, or Excel file. From there, you can:

- Build or maintain a Chart of Accounts in Castaway (including mapping)
- Map the external data to an existing Castaway forecast
- Import Opening Balances
- Import Actuals data for one month or multiple months

You can access the Integrations function in two ways

1. From the Castaway Home screen



2. In the Forecast workspace > External Sources



Both options lead to the Integration panel

Chart of Accounts / Opening Data / Actuals Data via Integration



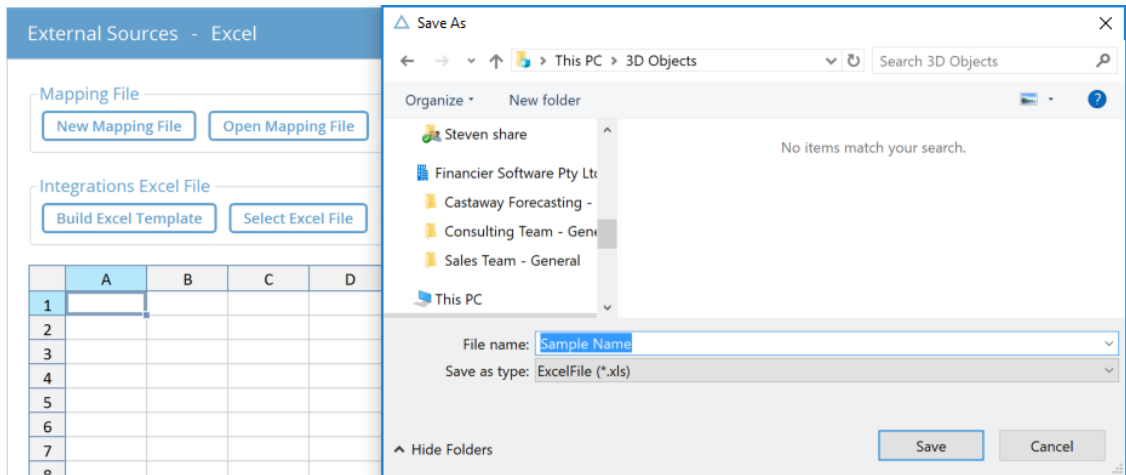
Skill Builder 2

In this exercise, we will build the Chart of Accounts for Smith using the Excel Integration.

1. In the Integrations screen, select and launch [Excel Integration](#).
2. Select New Mapping File to create a new Mapping file. A mapping file (*.pxim file extension) records how the Chart of Accounts maps across to Castaway. Mapping files can be used and updated every time you want to import data into Castaway.

Tip: We recommend saving the **Mapping File** in the same folder location as the **Castaway** file.

3. Select Build Excel Template to create the Excel Integration Template.
4. Enter a file name for the import file and save it in the same folder location as your mapping file.



5. Paste your Chart of Accounts in the Name column of the Excel Import Template

- In the Type column, tag the accounts you would like to bring into Castaway with Income, Expense, Asset, Liability or Equity. To ignore rows, leave the type blank or type Ignore.

A B C			Integrations Excel File			
1	Type	Account Name	Build Excel Template Select Excel File File Path C:\Users\j...			
14	Asset	CA 1 General Cheque Account 1	1	Val	Type	Account Name
15	Asset	CA 2 General Cheque Account 2	2	✓	Asset	CA 1 General Cheque Account 1
16	Asset	CA 3 Clearwater Provision Account	3	✓	Asset	CA 2 General Cheque Account 2
17	Asset	CA 4 Clearwater Investment Account	4	✓	Asset	CA 3 Clearwater Provision Account
18	Asset	CA 5 Electronic Clearing Account	5	✓	Asset	CA 4 Clearwater Investment Account
19	Asset	CA 6 Payroll Cheque Account	6	✓	Asset	CA 5 Electronic Clearing Account
20	Asset	CA 7 Inventory	7	✓	Asset	CA 6 Payroll Cheque Account
21	Asset	CA 8 Trade Debtors	8	✓	Asset	CA 7 Inventory
22		Total Current Assets	9	✓	Asset	CA 8 Trade Debtors
23		Withholding Credits	10	✓	Asset	CA 9 Voluntary Withholding Credits
24	Asset	CA 9 Voluntary Withholding Credits	11	✓	Asset	NCA 1 F & F - At Cost
25		Total Withholding Credits	12	✓	Liability	CL 1 PAYG Withholdings Payable
26		Furniture & Fittings	13	✓	Liability	CL 2 Superannuation Payable
27	Asset	NCA 1 F & F - At Cost	14	✓	Liability	CL 3 Trade Creditors
28		Total Furniture & Fittings	15	✓	Liability	CL 4 GST Collected
29		Total Assets	16	✓	Liability	CL 5 GST Paid
30		Liabilities	17	✓	Liability	CL 6 Sales Tax Payable
31		Current Liabilities	18	✓	Liability	CL 7 Voluntary Withholdings Payable
32		Payroll Liabilities	Data load			
33	Liability	CL 1 PAYG Withholdings Payable	Refresh/Validate Excel Data			
34	Liability	CL 2 Superannuation Payable				
35		Total Payroll Liabilities				
36	Liability	CL 3 Trade Creditors				

- Save the Excel Import Template.
- In Castaway, select Refresh/Validate Excel Data.
- Check that the data set has passed the validation test i.e. green ticks against all the accounts
- Select Load File
- Your Chart of Accounts is now loaded and ready to be created in Castaway
- To create your Chart of Accounts, drag and drop your imported accounts on to the appropriate element shields.
- Continue until all the accounts are created and mapped in Castaway.

Chart of Accounts		External Sources - Excel						
Profit and Loss		Income	Expense	Asset	Liability	Equity	Driver	
Sales (2)		M2 A0 U0	M0 A0 U20	M0 A0 U10	M0 A0 U9	M0 A0 U2	M0 A0 U0	
Link	Account Id	Name	Type Name	Value	Jun 2019			
↔	Sales 1	Sales - Spring Water	Income	0.00	2020 2021			
↔	Sales 2	Sales - Carbonated Water	Income	0.00	2020 2021			
	Sales 3	Sales - Water Cooler	Income	0.00	2020 2021			
	Sales 4	Sales - Crock	Income	0.00	2020 2021			
	Sales 5	Sales - Stands	Income	0.00	2020 2021			

14. Save Mapping file to save your progress. . If you've forgotten to create your Mapping file, you can click Back to return to the Excel Integrations page and create it.

External Sources - Excel

Mapping File

Integrations Excel File

File Path C:\Users\jackyou\Desktop\Excel Integrations\Excel Integrations Template.xls

	A	B	C	D	E	F	G	H	I	J	K
1	Val	Type	Account	Name	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-1
23	✓	Income	Sales 1	Sales - Spring Water		0	235.91	3306.68	715.91	3138.63	181.3
24	✓	Income	Sales 2	Sales - Carbonated Water		0	-74.1	920.09	373.64	408.18	4545.4
25	✓	Income	Sales 3	Sales - Water Cooler		0	0	673.23	12347.27	644.32	644.3

15. When you're ready to load your Opening Balance Sheet in Castaway, click on Import Values and select Opening Balance. Castaway will again prompt you to create and save a mapping file if the file has not yet been created.

For further guidance on Integrations visit our [Support Page](#).

The Story

Smith has provided a listing of assumptions he would like us to add to the model. He understands that there are relationships between accounts and wants the model to reflect this. He also wants to use the model for what-if and scenario planning, so it needs to be made dynamic for him to perform his analysis quickly and accurately.

Skill Builder

Product Sales

	Annual Units	Average Sale Price Per Unit
Milk Chocolate	40,000	Apr – Sep £10 Oct – Mar £8
Dark	15,000	£15

Direct Product Costs

	Average Cost Price Per Unit Sold	Inventory Purchasing Policies * Inventory creditors are paid 50% upfront (0 days) and 50% in 30 days
Milk Chocolate	Apr – Sep £8 Oct – Mar £5	Purchased 14 days before the sale (ie constantly holding 14 days stock on hand)
Dark	£6	Purchases of £1,800 a month

Expenses

Accounting & Legal Fees	£500 / month paid on 30-day terms
Insurance	£1,000 / month prepaid annually in March
Utilities	£600 / month Accrued over calendar quarters (eg Apr, May, June) Paid the following month (eg July)
Rent	£3,300 / month on 30-day terms
Advertising & Marketing	To be calculated from 2 Driver elements: 1. One called "Campaigns per month" at 2/month 2. The other called "Cost per Campaign" at £1,500

Wages & Salaries	<p>From the spreadsheet Wages Expense.xlsx, copy/paste the data for:</p> <ul style="list-style-type: none"> Gross Payroll (row 44) PAYE (row 45) NIC <p>PAYE and NIC are paid on 14-days trading terms.</p>
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Fixed Assets

Store Fitout	<p>Depreciated at 15% declining balance</p> <p>A store refurbishment will be done in September for £30,000 + VAT paid on 30-day terms</p>
Office Equipment at Cost	Depreciated at 12% declining balance
Delivery Van at Cost	Depreciated at 15% declining balance

Finance Details

Loan from XYZ	<p>Borrowed £50,000 in September</p> <p>Annual interest 8.5% pa over 36 months</p>
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Other Details

Income Tax	<p>Corporation Tax Expense is provided for at 19% of Taxable Income, lodgement method using Fixed Instalments £5000 on a quarterly basis</p> <p>Finalised Tax Amounts are payable in Jan</p>
VAT	Lodged quarterly, with payments to HMRC 37 days after the end of each quarter
New Share Issue	In April, increase share capital by £10,000

Check your answers

Go to the Reporting workspace and check your answers. You should find:

- Profit Loss - Cumulative Retained Earnings as at Mar 22: (£10,774)
- Balance Sheet - Total Capital & Reserves at Mar 22: £53,226
- Cashflow – Closing Bank as at Mar 22: £27,860