Small and Medium Enterprises

YOUR LOANS

Small and Medium Enterprises –
Your Loan Application and Financing Needs
<table>
<thead>
<tr>
<th>Contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
</tr>
</tbody>
</table>
| 2 | Loan application process  
Stage 1: Preparing the business plan |
| 3 | Stage 2: The application process |
| 7 | Stage 3: Assessment of the loan application |
| 9 | Approval of the loan application  
Diagram: Loan application process |
| 10 | Your responsibilities as a borrower |
| 11 | Your rights as a borrower |
| 12 | Cashflow management |
| 13 | Special funds for small and medium enterprises |
| 14 | Frequently asked questions |
| 23 | Glossary |
| 24 | Appendix |

Disclaimer

This document is intended for your general information only. It does not contain exhaustive advice or information relating to the subject matter nor should it be used as a substitute for legal advice.

Date: 1 December 2003
Financial institutions are the primary providers of funds for small and medium enterprises in Malaysia.

This booklet aims to assist small and medium enterprises with their loan application process by providing them with information on some of the common requirements of financial institutions in granting loans.
What is a Business Plan?
It is a written plan outlining your vision and how the business is to be managed to achieve its objectives. A well-written and structured business plan should cover and provide information on the business that the financial institution wants to know. The business plan should be clear, simple and concise.

What are the Key Areas of the Business Plan?
The key areas of a business plan are:
- Business model, product/services, vision and goals
- Current position of company, in relation to financial, market and competitor (if available)
- Critical success factors for the business
- Financing requirements
- Specific purpose(s) of the loan and in what way the loan can help the business

STAGE 1: PREPARING THE BUSINESS PLAN
The financial institution will require information about your company before it can decide whether to grant a loan to it. To facilitate the loan processing procedure by the financial institution, it is important that you provide the financial institution with full and complete information on your company. This is to ensure a fast and smooth processing of your loan application. For a small and medium enterprise, this would involve the preparation of a business plan.
A good business plan should incorporate the following basic information:

- Introduction to the business
- Organization chart and structure of the organization
- Business objectives and vision
- Description of product and services
- Industry and competitor analysis
- Business strategies
- Operational requirements
- Sales and marketing strategies
- Financial forecast

A sample of a business plan is given in the Appendix.

**STAGE 2: THE APPLICATION PROCESS**

To expedite the application process, you should submit a duly completed loan application form together with the business plan and all relevant documents as required by the financial institutions. Each financial institution would have different loan application forms and loan application checklists. However, most financial institutions require more or less the same list of documents for verification and evaluation. The following table lists the documents required (depending on the type of company established) for the loan application.
### Statutory Documents

<table>
<thead>
<tr>
<th>Documents for Corporation</th>
<th>Documents for Partnership and Sole Proprietorship</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Memorandum &amp; articles of association</td>
<td>• Business registration</td>
</tr>
<tr>
<td>• Certificate of incorporation (Form 9)</td>
<td>• Business licence</td>
</tr>
<tr>
<td>• Return of allotment of shares (Form 24)</td>
<td>• Income tax returns of the business</td>
</tr>
<tr>
<td>• Return giving particulars in register of directors, etc. (Form 49)</td>
<td>• Form J of partners/proprietor</td>
</tr>
<tr>
<td>• Photocopies of directors’/guarantors’ IC</td>
<td>• Photocopy of IC of partners/proprietor</td>
</tr>
<tr>
<td>• Form J of directors/guarantors</td>
<td></td>
</tr>
</tbody>
</table>

### Financial & Management Documents

- 3 years audited (certified by auditors for non corporations) accounts
- 6 months current account statements of other financial institutions
- Disclosure of all borrowings with other financial institutions together with letters of offer
- Statement of loans repayment/trade facilities utilisation from other financial institutions
- Business & cash flow projection
- Major suppliers and buyers list
- Ageing lists of business creditors and debtors
## Financial & Management Documents

- Company profile/business plan/director’s profile
- Latest management accounts
- Feasibility report (for project financing and new ventures)

## Other Relevant Documents

<table>
<thead>
<tr>
<th>Security Documents</th>
<th>Other Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copy of relevant sale &amp; purchase agreement and relevant land title proposed as collateral</td>
<td>Contracts at hand/letter of awards</td>
</tr>
<tr>
<td>Documents showing proof of ownership of other collateral proposed</td>
<td>Documents to prove other sources of income</td>
</tr>
<tr>
<td>Relevant valuation report</td>
<td>Information on related business entities</td>
</tr>
<tr>
<td></td>
<td>Invoices and commercial documents</td>
</tr>
<tr>
<td></td>
<td>Completed contracts and potential contracts</td>
</tr>
<tr>
<td></td>
<td>Bank borrowings of the group</td>
</tr>
</tbody>
</table>
Financial institutions need the documents to verify/understand/evaluate the following:

- The existence of the company/business, its directors/business owners and the power to borrow and legality of borrowing
- The business operations risks and management depth, experience and expertise of the owners and key management team
- The financial strength and repayment capability (including the cash flow) of the borrower
- The business net worth and gearing of borrower
- The financial standing of its directors/business owners
- The feasibility and viability of the business in the prevailing economic conditions
- The industry and market risk of the business
- The operating risks of the business
- The strategies/contingency plans of the borrower to mitigate such risks and maximise profitability
- The proposed facilities are in line with the borrowing needs
- The amount applied for reflects the requirements of the business based on existing or projected turnover
- The overall risk associated with the proposed borrowing

You should make **full disclosure** of all financial information about yourself and ensure that it is **accurate** at the time of your application. Declaration of the correct information will also ensure that your loan application will be processed in a timely manner.
Visit and Interview by Financial Institutions

To understand the business and for the purpose of clarification, financial institutions may carry out interviews as well as conduct a site visit to your business premises. This is to enable the financial institution to verify and assess your financial position better. The questions posed during the interview session and site visit relates to the nature of business, management structure, market positioning i.e. market share, competitors, market outlook, future plans and product life cycle.

STAGE 3: ASSESSMENT OF THE LOAN APPLICATION

After you have submitted all the required documents, the financial institution will assess your loan application. You can refer to the client charter displayed at the banking hall to find out the duration needed by the financial institution to process your application. In assessing your loan application, the financial institution would look for certain basic requirements which are summarised as follows:

- The viability of your business
- Whether the risks are acceptable based on the lending guidelines of the financial institution
- Your capacity to repay the loan
- Whether your loan is for business development
- Your credit history with the financial institution

The broad principles that financial institutions apply to assess your business’s credit risks can be summarised as the 5 Cs which comprise of both qualitative and quantitative assessment. The 5 Cs and their characteristics are summarised as follows:
• Character
– Your knowledge of the business, experience and past projects
– Financial standing, past repayment records, reputation and commitment to business
– Your key management and business style i.e. conservative, aggressive, prudent etc.
– Your succession plan, age and health

• Capital
– Sources of capital e.g. from the shareholders of the business
– Sufficiency of your financial commitment in the business (in the form of shareholders' funds, directors' advances and third party collateral provided by the owners themselves)

[You should ensure that you put in adequate capital to support your business and not rely solely on bank loans. This is to ensure that your business has the capacity to absorb any adverse shock to its performance.]

• Capacity
– Your capacity or ability of the business to repay the loan as follows:
  i. Primarily from the generation of sufficient cashflow i.e. cash received less cash disbursed for expenses incurred is adequate to service the loan. (Profits cannot be relied upon to service nor repay loans as it is a derived figure at the end of a period)
  ii. Other sources of repayment

[The repayment programme will be structured in a manner that will not impose undue strain on the business.]

• Conditions
– External influences that will have both direct and indirect effect on your business performance such as technological environment/developments, globalisation, foreign currency markets, economies of major trading partners, legislative and regulatory framework and social trends
• Collateral

– Security offered by you to compensate/mitigate weaknesses in the earlier mentioned 4 credit factors

Financial institutions do conduct credit checks and study the conduct of the business current accounts, repayment records of their loans and trade facilities. Some financial institutions have already put in place their loan evaluation matrix in the form of scores as part of their credit evaluation processes.

**APPROVAL OF THE LOAN APPLICATION**

Once the financial institution approves your loan, it will issue a letter of offer which will state the terms and conditions (T&C) under which the facility will operate. You should read and understand all the T&C therein. Among the common T&C are:
Your responsibilities as a borrower include the following:

- Maintain good conduct of your accounts:
  - For overdraft facilities, you should ensure that you do not exceed the limit
  - Ensure no incidence of returned cheques due to insufficient funds
  - Ensure all business collections are credited to your bank account (to instil accountability/corporate governance and better cash flow management)

- Ensure that your monthly repayments are paid promptly:
  - Set aside sufficient funds to repay monthly instalments and commitments on time
  - Avoid late payments by making allowance for timely payment i.e. issue cheques on time

YOUR RESPONSIBILITIES AS A BORROWER

As a borrower, the financial institution expects you to put in place steps to manage your business so that your loan can be repaid on time. Remember that loans can be subject to periodic (e.g. yearly or half yearly) reviews and that the financial institution will request for the latest financial position or business performance and other relevant details.
• Ensure that your business is efficiently managed:
  – Monitor and manage the cash flow, stocks, trade debtors' and creditors' repayment period etc.

• Ensure proper utilisation of the funds:
  – Use the funds solely for business purposes and not for your personal use
  – Use the funds according to the purpose as stated in the letter of offer e.g.:
    i. Term loan for purchasing properties or fixed assets
    ii. Overdraft to meet working capital requirement and not for the purchase of fixed assets
  – Funds are used by the intended business and not channelled for related companies' use etc.

• Submit yearly audited financial statements
• Update the financial institution on any changes in business i.e.:
  – Latest management structure
  – Business direction
  – Future plans
  – Submission of documents required by the financial institution i.e. progress report etc.

YOUR RIGHTS AS A BORROWER

As a borrower, you would have the following rights:

• Right to have access to all information that would affect your borrowing decision
• Right to be treated professionally, courteously and without prejudice
• Right to have accurate information on a regular basis on your loan account
• Right to enforce legal action in the event of a breach of contract

The financial institution expects you to put in place steps to manage your business so that your loan can be repaid on time
The best way to ascertain how much cash a company has... is by looking at the company's cash budget.
SPECIAL FUNDS FOR SMALL AND MEDIUM ENTERPRISES

The Government has also established a number of special funds which are available to small and medium enterprises. The small and medium enterprise fund was established by the Government in 1985 and was known as the New Investment Fund (NIF). The purpose of the NIF was to accelerate the economic recovery process following the economic recession in the mid-80s. Since then, the Government has established many funds through the various ministries and agencies. To date, the Government has established more than 40 funds for small and medium enterprises to finance their various fields of businesses.

Apart from stimulating economic growth, the establishment of the small and medium enterprises funds is also to ensure that viable small and medium enterprises continue to have access to financing at a reasonable cost. As such, the loans granted from the funds will be charged at a lower rate.

How to Apply for Loans under the Special Funds?

The special funds are administered by different Government agencies or their agents depending on the purpose of the funds.

Bank Negara Malaysia also administers a number of funds. Entrepreneurs can apply for these loans with participating financial institutions. Funds are channelled via the participating financial institutions as these financial institutions have a wide network of branches, thus facilitating access by borrowers. The participating financial institutions will conduct the credit evaluation process just like any other loan application and successful loan applications will be submitted to Bank Negara Malaysia for endorsement.

For information on the list of funds administered by Bank Negara Malaysia, please refer to the Bank Negara Malaysia’s website at [www.bnm.gov.my](http://www.bnm.gov.my)
### Frequently Asked Questions

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<thead>
<tr>
<th>Question</th>
<th>Answer</th>
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<tbody>
<tr>
<td>What information would I have to provide to the financial institution to obtain a credit facility?</td>
<td>Most financial institutions would have an application checklist that lists out the documents required. You should ask the financial institution for their checklist.</td>
</tr>
<tr>
<td>Would I be able to get financing if I am going into a business for the first time?</td>
<td>Financial institutions are in the business of providing financing and will consider granting loans to any business which is viable even though it is a new business. However, financial institutions will look at the track record of the company or the applicant's personal accounts when reviewing a loan application.</td>
</tr>
<tr>
<td>Why does a financial institution need a business plan? Who can assist me to prepare a business plan?</td>
<td>In a business plan, the financial institution can obtain information regarding the business of the borrower such as background of the borrower and the industry, the financial position of the borrower, the business projection of the borrower, business strategies and operational requirements of the borrower. You should ask your financial institution for assistance in preparing the business plan if you have difficulty in preparing one. Almost all commercial banks have a dedicated Small and Medium Enterprises (SMEs) Unit which were established to attend to the needs of the small and medium enterprises which can provide such advisory service.</td>
</tr>
<tr>
<td>Question</td>
<td>Answer</td>
</tr>
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<td>------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Do I need to provide financial institutions with a business plan for small amount of loans such as a loan of RM10,000?</td>
<td>The need for a business plan depends on the financial institution concerned. You should consult your financial institution on the matter.</td>
</tr>
<tr>
<td>Will the chances of small and medium enterprises obtaining loans from financial institutions diminish if there is no collateral?</td>
<td>No. The purpose of asking for collaterals is to ensure that borrowers are committed to repay the loans taken. The main criteria financial institutions look into in assessing a loan application is the viability of the business of the applicant.</td>
</tr>
<tr>
<td>What if financial institutions insist on collateral?</td>
<td>To assist viable small and medium enterprises with insufficient collateral, the Government has established the Credit Guarantee Corporation to provide guarantee on loans taken from financial institutions. The guarantee will supplement the collateral requirement which may differ from financial institution to financial institution. Currently the Credit Guarantee Corporation manages six guarantee schemes, details of which can be obtained at <a href="http://www.cgc.gov.my">www.cgc.gov.my</a>.</td>
</tr>
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</table>
What are the reasons for a financial institution to reject a loan application?

Common grounds for declining credit applications include:

- Applicant does not have ability to repay the facilities applied for
- Purpose of borrowing not in line with facilities applied for
- Unsatisfactory financial results of the applicant
- Applicant has other substantial borrowings resulting in high gearing (i.e. amount of loan is higher than capital)
- Unsatisfactory conduct of current account by the applicant
- Unsatisfactory repayment records with other lenders
- Applicant has cases which are pending legal action
- High business risk such as over dependence on single buyer or supplier
- Lack of financial commitments from business owners (i.e. not willing to commit additional working capital)
- Weak management of the applicant
- Sole proprietor/partners/directors/shareholders/guarantors etc. facing bankruptcy actions from other parties

It is a requirement by Bank Negara Malaysia that financial institutions should inform the borrowers formally in writing, clearly identifying the areas in which the borrower failed to satisfy. This will ensure that the borrowers are aware of the reasons for the rejection as well as assist the borrower to improve in the areas concerned for future loan applications.
<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Can I apply for loans with more than one financial institution?</td>
<td>Yes. However, you may be charged a processing fee if you do not accept the loan when it is approved.</td>
</tr>
<tr>
<td>What can I do if the financial institution rejects my loan application?</td>
<td>Every financial institution has its own set of credit guidelines and credit evaluation criteria. When a financial institution conveys its decision to you and the reason(s) for the rejection, you should liaise with the institution to see what you can do in order for them to reconsider your application and thereafter, take necessary action to meet the financial institution's requirements. Alternatively, you can apply for a loan from another financial institution.</td>
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</tbody>
</table>
| Can a financial institution reduce the amount of credit facility (e.g. overdraft facility, trade lines) granted to me earlier? | All financial institutions carry out periodical review of their credit portfolio and based on their assessment, may decide to reduce the credit exposure to any borrower. Financial institutions may do this for several reasons including non-utilisation of the facility (overdraft and trade lines) or bad conduct of the account (overdraft).  
This right is normally provided for in the letter of offer or other loan documents. However, financial institutions would normally convey their decisions to reduce the credit facility to the borrower in advance to enable the borrower to make alternative arrangements. Notwithstanding that, a financial institution may consider any appeal/request from borrower to reinstate the credit facility if the situation merits it. |
Where can I lodge a complaint against my financial institution?

All commercial banks and finance companies have been required by Bank Negara Malaysia to establish a complaints unit within their respective institution. You should first try to resolve your complaint with your financial institution. However, if you are still not satisfied with the reply, you can refer your problem to Bank Negara Malaysia. For matters relating to Bumiputera business loans, you can also refer your problem to ERF Sdn. Bhd. (a special-purpose vehicle established by Bank Negara Malaysia to undertake the role of a one-stop centre on Bumiputera financing issues).

I have difficulty in meeting my current repayment but I can afford a lower repayment. What should I do?

You can approach your financial institution and request to restructure or reschedule your loan. This will usually be in the form of a lower monthly instalment and extending the repayment period of the loan. However, you must provide your financial institution with full facts of your financial position to enable them to assess your position.
Where can I get financial advisory services relating to my business needs?

Almost all commercial banks have established a dedicated Small and Medium Enterprise (SME) Unit that provides financial advisory services to small and medium enterprises.

In addition, Bank Negara Malaysia has established a SME Special Unit to assist viable small and medium enterprises through providing information on the various sources of financing available, facilitating the loan application process, addressing difficulties faced by small and medium enterprises in securing loans from financial institutions and providing advisory services. The unit can be contacted at:

The SME Special Unit
Level 4C
Bank Negara Malaysia
Jalan Dato’ Onn
50480 Kuala Lumpur
<table>
<thead>
<tr>
<th>What is the function of ERF Sdn. Bhd.?</th>
<th>ERF Sdn. Bhd. is a one-stop center established by Bank Negara Malaysia to provide financing and advisory services to Bumiputera small and medium enterprises.</th>
</tr>
</thead>
<tbody>
<tr>
<td>How can I get access to special funds provided by the Government/Bank Negara Malaysia?</td>
<td>The special funds provided by the Government/Bank Negara Malaysia are channelled to the public via financial institutions, collectively known as participating financial institutions or the respective agencies appointed by the Government. The criteria and objectives of the funds including the lending rates are set by the Government/Bank Negara Malaysia who will monitor the utilization of the funds.</td>
</tr>
<tr>
<td>What are the roles of the participating financial institutions with respect to the special funds?</td>
<td>The roles of the participating financial institutions are to evaluate the loan applications and determine the eligibility as well as the viability of the projects to be financed by the applicants. Small and medium enterprises should submit their loan applications for the special funds through the participating financial institutions. Although the loans are fully funded by the Government/Bank Negara Malaysia, the decision to approve or reject a loan application is at the discretion of the participating financial institution concerned since the credit risks are borne by the participating financial institution. In addition, the participating financial institutions also administer the repayments from the borrowers.</td>
</tr>
</tbody>
</table>
Since the funds are provided by the Government/Bank Negara Malaysia, are the customers required to repay the loans?

Customers are contractually bound to repay their loans. This is especially important to enable the Government/Bank Negara Malaysia to continue to assist deserving customers as the size of funds will be depleted if borrowers fail to repay their loans. A borrower will need to sign a loan agreement which will spell out the terms and conditions including actions which the participating financial institution may take in the event of default.

What if the applicant does not meet the collateral requirement imposed by the participating financial institutions?

The requirement for collateral is based on the credit assessment and the applicant’s risk profile. The main criterion is project viability. Other factors, such as applicant’s character and integrity, capacity to repay, capital commitment and condition of the business, will also be considered. The participating financial institution may also reject the application if it does not contain sufficient information for a credit assessment to be made. To assist the small and medium enterprises, the Credit Guarantee Corporation also provides several credit guarantee schemes for the benefit of applicants with little or no collateral.

Are there specific forms to be completed when applying for special funds?

No. There are no standard forms for these funds. Applicants should use the application forms issued by the respective participating financial institutions.
Can I get a new loan if my existing loan has been classified as non-performing?

An adverse credit record would affect the credit evaluation of your loan application. You should discuss the matter with the financial institution concerned and work out a repayment scheme with the financial institution. Once your account has been regularized, your credit record will reflect an improved position.

Why do financial institutions require three years financial statements?

Financial institutions usually request three years financial statements to enable them to make comparisons in determining the trend of the business growth to assess the borrower’s repayment capability.
GLOSSARY

Collateral
Legal property, fixed deposits or other tangible securities charged to the financial institution for loan granted.

Participating Financial Institution
Financial institutions appointed by Bank Negara Malaysia as intermediary for special funds.

Start-up Capital
Capital needed to start or bring the business into existence.
APPENDIX

SAMPLE BUSINESS PLAN

Introduction

Business Description
A brief description of your business; product type, industry and target market and competitive position as compared to your rivals

Current Position of Company
Date of incorporation and at what stage the company is at now

• For new businesses:
  – How advanced is the business; has key staff been hired, production commenced, sales made etc.?  
• For existing business:
  – State the sales and profits of the company for the last three years

Financing Request
• State the type, amount, purpose, expected loan release date and expected loan repayment period
• New businesses should identify the sources of start-up capital of the company i.e. from shares/paid-up capital, advances from directors, family, third parties, external borrowings etc.
Examples:

**Working Capital Financing**

**Types and limits**
Overdraft, trade facilities (trust receipt, banker’s acceptance)

**Purpose**
To finance shortfall/gap in working capital (WC) requirement

**Computation of RM Value of WC Requirement**
Example:

<table>
<thead>
<tr>
<th></th>
<th>Days</th>
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<tbody>
<tr>
<td>Debtors credit terms</td>
<td>90</td>
</tr>
<tr>
<td>Stock turnover</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>150</td>
</tr>
</tbody>
</table>

**Less**

| Creditors credit terms | (60) |
| Asset Conversion Cycle  | 90   |

If the forecasted sales turnover is RM5 million, then the Working Capital Requirement will be 90/365 x RM5.0 million = RM1.23 million
**Capital Expenditure Financing**

**Types and limits**
Term loan, leasing, hire purchase, margin of financing required, source of borrower's own contribution

**Purpose**
- To finance fixed assets acquisitions e.g. purchase of properties, machinery
- To finance cost of construction for factory/shophouse

**Details**
- Type, brand/make and cost of fixed assets to be acquired and its economic life span
- Construction cost supported by relevant supporting documents

**Repayment terms**
- Method
- Amount (based on cashflow projections/income)
- Period/tenure
- Expected date for the first repayment to commence
Business Objectives and Vision
You should highlight your vision of what you would like the business to evolve into and achieve in the future.

Description of Product and Services
- Provide a description on the type of product(s) manufactured/service(s) provided.
- State which part of the supply chain i.e. as a service provider, manufacturer (Original Equipment Manufacturer (OEM) or a supporting industry), marketing/sales agent, wholesaler, supply contractor, construction etc.
- Volume of sales or production per annum.
- Nature of business cycle; regular or cyclical.
- Nature of products.

Industry and Competitor Analysis
- Provide a brief overview of the industry’s structure and characteristics; the degree of competition and entry barriers.
- List out the company's key competitors, their market share, strengths/weaknesses compared to the company's own position.
- Identify the threats, risks and opportunities present.

Business Strategy
- The development of a right strategy is crucial for the eventual success of the business.
- The strategy should be based on your company's strengths and critical success factors in respect of competition and industry.
- Effective strategies should focus on the uniqueness or distinctiveness of your product or service.
- Your company's strategy should be dynamic (i.e. adapted to address a changing operating environment in the long run).
Generic Strategies
• Low cost producer
• Differentiation; product offering is unique
• Focus; serving a niche market, product line segment or geographic market

Operational Requirements

Personnel
• List down type and number of staff required for key management posts, production, marketing and sales
• Source and availability of labour; skilled, unskilled, technical
• Training and incentives to retain these personnel

Production/Manufacturing Processes
• Extent of automation of production processes; technology required and technical agreements/support secured
• Types/make of key machinery used
• Production capacity/shift
• Main raw materials/components

Customer Service and After Sales Support
Provide a brief outline on the company's programme for after sales service and support to build customer loyalty, increase repeat buys and the promotion of other products/services
Business Cycle, Buyers, Suppliers & Terms of Trade

- Key buyers, sales volume, frequency and collection terms
- Key suppliers, purchase volume, frequency and payment terms
- Details of concessions/contracts with suppliers and buyers
- Business cycle (e.g. list of the key milestones, period taken and terms)

Sales and Marketing Strategies

Provide a brief outline of the company’s marketing strategies for getting customers to buy your products and services in respect of its marketing mix i.e. product, pricing, channels (sales) and promotions

Financial Forecast

- 3 forecasts are required:
  - Profit and Loss
  - Cash Flow
  - Balance Sheet
- These are to be projected on a monthly basis for the next 12 months and on an annual basis for the next 2 years

Assumptions Used

Provide the key assumptions used as follows:
- % costs of key expenses, raw materials, labour, commissions
- % of credit and cash sales
- Credit period given and received
- Inventory period
- % growth per annum
Format of the profit and loss, cash flow and balance sheet projections are as follows:

**Profit & Loss Statement**

<table>
<thead>
<tr>
<th>Date</th>
<th>Jan</th>
<th>Feb</th>
<th>March</th>
<th>Total Year 1</th>
<th>Total Year 2</th>
<th>Total Year 3</th>
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<tbody>
<tr>
<td><strong>Sales</strong></td>
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<tr>
<td><strong>Cost</strong></td>
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<td><strong>Less: Cost of Sales</strong></td>
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<tr>
<td><strong>Gross Profit</strong></td>
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<td><strong>Gross Profit Margin (%)</strong></td>
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<td><strong>Less: Total Operating Costs</strong></td>
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<tr>
<td><strong>Marketing &amp; Sales Expenses</strong></td>
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<tr>
<td><strong>Admin &amp; Overhead Expenses</strong></td>
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<tr>
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### Cash Flow Projection

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<th>March</th>
<th>Total Year 1</th>
<th>Total Year 2</th>
<th>Total Year 3</th>
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<td><strong>Net Change in Cash</strong></td>
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## Balance Sheet Projection

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<td><strong>Net Current (Liabilities)/Assets</strong></td>
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</tbody>
</table>

**Financed By:**
- Share Capital
- Retained Earnings
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