

Important please review this document.

Steps to take once you have completed importing your trial balance.

Step 1 Review the imported information to become familiar with it. If there are errors or if things don't look exactly right ***do not go back and re-import the trial balance***. You can make any fixes by editing the forecast.

Step 2 Always ***edit sales first***. You will have the opportunity to enter information regarding one sales account (Sales and collections) or (sales by product service, employee or customer) which allows multiple revenue streams. It is important that you forecast sales first so that all of the expenses which have been imported from the trial balance (automatically entered as a percent of sales) are appropriate for the forecast ***after*** the sales have been adjusted.

Step 3 Fixed vs. variable expenses. Since most of the expenses imported from the trial balance have been calculated as a percentage of sales once you have adjusted sales in step 1 you should review expenses to make certain that those that need to be set as fixed are set up properly and those that are variable uses the most appropriate variable percent for your forecast.

If you need to change an expense double left click on the expense and the appropriate screen will be activated. Edit the expense and change its method of calculation to what is best for your forecast.

There are additional items, which should be looked at:

Depreciation has special handling for the cash flow (it does not show up on the cash flow) and the balance sheet (accumulated depreciation). Therefore make certain that depreciation is entered into the programs depreciation account and not shown as a separate expense item which is not using the programs depreciation account. The depreciation from your trial balance should have been automatically mapped to the programs depreciation account but if not please change it.

Interest from term debt. Interest from term debt is generally a function of the amortization of the loan. Interest that was imported whether it was from term debt or credit line was set up from the importing as credit line interest (an expense on the profit and loss). You may leave it there however it would be best to amortize the loan so that the forecast will automatically pick up the interest from the amortization (term debt interest) and the principle payment on the cash flow and balance sheet.

Interest from the credit line. Interest expense from the credit line is based on usage of the

credit line throughout the forecast. To properly forecast interest related to the credit line you must adjust the credit line data.

Payroll by employee. If you elect to forecast your payroll by employee you will need to enter payroll into one of the programs payroll expense accounts. Departments 1, 2 and 3 have 2 payroll expense accounts. Department 4 has 4 payroll expense accounts.

Payroll taxes and fringe benefits in our program they are linked to the above listed payroll accounts and are applied to the payrolls entered there. If the payroll tax and/or fringe benefits that was imported was set up in a separate account (not using the programs payroll tax and fringe accounts) then you can change over to the program method or leave it as is, as long as you are satisfied that the amounts are appropriate for your forecast.

Amortization of prepaid expenses. Amortization of prepaid expenses has a direct bearing on the cash flow, profit and loss and the balance sheet. The amortization will impact the profit and loss. Additional prepaid expenses will impact the cash flow and both will impact the balance sheet. Therefore if prepaid expense amortization is significant to your forecast we suggest that you use the programs prepaid amortization accounts.

Income tax expense and estimated payments. To forecast the proper treatment of income tax and estimated payments please use the programs income tax expense section. It will display the tax below the profit and loss.

Inventory: inventory levels will have a very significant impact on cash flow therefore when adjusting cost of goods sold try to come up with what is a reasonable inventory level for the next 12 months.

Beginning accounts payable and accrued expenses payment of same: Once you have completed adjusting expenses it is important that you review this section of the program. All expense payment assumptions that have been made in the forecast will impact accounts payable and accrued expenses on a *going forward basis*. They will not take into consideration how the opening accounts payable and accrued expenses will be paid during the forecast period. Therefore you need to tell the program how these items are anticipated to be paid over the forecast period.

For example if you forecast that all payments on expenses will be made in the month following the month the expense is incurred you will note that in the first month of the forecast there will be no expenses paid (they start being paid in the second month) reflected in the cash flow. The reason being that the first month's expenses are sitting in the accounts payable and/or the accrued expenses at the beginning of the forecast. Therefore to make certain the cash flow is correct you need to indicate how these items (beginning accounts payable and accrued expenses) will be paid. Once this is completed they will show up at the bottom of the cash flow.

For more information you may want to take a look at:

<http://upyourcashflow.com/cm/Support/Training%20tools.html>

