

# Business Builder

## Contents

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- the Story
- the Financials
- Cash Book

May 2020

## iniPax Home

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iniPax Business Services

Over many years, iniPax has developed online business tools that have proven useful for up-and-coming companies. Feel free to try them out ...

<b>Business Design</b>	
<b>the Story</b>	<b>theStory</b> is something you can tell your Bank - or your Directors ( <a href="#">read more</a> ).
<b>the Financials</b>	<b>theFinancials</b> turns Sales and Cost projections into a full set of standard financial statements ( <a href="#">read more</a> ).
<b>Cash Book</b>	<b>Book-keeping</b> doesn't have to be complicated. Enter payments and iniPax does the rest ( <a href="#">read more</a> ).
<b>User Guide</b>	Click to download the Step-by-Step Guide.
<b>Business Analysis</b>	
<b>CooperRatings</b>	<b>CooperRatings</b> is a self-administered business diagnostic ... How am I doing? ( <a href="#">read more</a> ).
<b>Business Services</b>	
<b>theSMEboard</b>	<b>theSMEboard</b> provides a trading platform for private sharemarkets ( <a href="#">read more</a> ).
<b>Share</b>	<b>Share</b> your idea with the world: rate, compare ... Arrange to meet ( <a href="#">read more</a> ).
<b>Schools</b>	
<b>theStudies</b>	<b>theStudies</b> is a suite of online business planning studies ( <a href="#">read more</a> ).
<b>Fin Lit</b>	<b>Financial Literacy</b> is a suite of school-age lessons ( <a href="#">read more</a> ).
<b>theOutback</b>	<b>theOutback</b> is a low tech offline program designed for the back of beyond ... ( <a href="#">read more</a> ).
<b>theGame</b>	Click for <b>theGame</b> (or the <b>Demo</b> - or the <b>Global Challenge</b> ... )
	At the heart of iniPax is a Game with a self-contained market like no other: players maximise investment portfolios by trading shares, options, currencies and bonds - in a handful of companies buffeted by surprise and uncertainty. iniPax sets the stage for a spirited and competitive trading game that has found a place in universities, schools and corporate team-building challenges. The Game is ideal for 20 - 30 players and is designed so that nobody needs to be an expert in exotic financial gizmos ( <a href="#">read more</a> ).
	You provide a room and a WiFi and we'll come to you ... ( <a href="#">contact</a> ).

Login to **www.iniPax.com** ...

Click **theStory** to be guided through a compact investment summary.

Click **theBooks** to be guided through a financial plan.

Click **Cash Book** for your own mini-accounting system.

## Getting Started

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Last Name

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Country

eMail

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myMarket

My Companies

Add a new Company
Add

Financials

AAA
select
delete

ACME
select
delete

MSF
select
delete

MSF2
select
delete

Sira
select
delete

Stories

AAA
select
delete

ACME
select
delete

MSF
select
delete

MSF2
select
delete

Sira
select
delete

Cash Book

AAA
select
delete

ACME
select
delete

MSF
select
delete

MSF2
select
delete

Sira
select
delete

My Studies

Add a new Study
Add

This is where you find your company (or companies). Where you can **Add a new Company** or rework one that's already on the list.

**Financials Tab**

# iniPax Business Design

- the Story
- **the Financials**
- Cash Book

## Select your Task (Financials)

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My Subscriptions

Cooper

Exit

Logout

Demo Market

myMarket

My Companies

Add a new Company

Add

Financials

AAA	select	delete
ACME	select	delete
MSF	select	delete
MSF2	select	delete
Sira	select	delete

Stories

AAA	select	delete
ACME	select	delete
MSF	select	delete
MSF2	select	delete
Sira	select	delete

Cash Book

AAA	select	delete
ACME	select	delete
MSF	select	delete
MSF2	select	delete
Sira	select	delete

My Studies

Add a new Study

Add

To begin with the Financials, select the relevant Company Code under the **Financials** block.

## Financials: Prior Balance Sheet

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Welcome to iniPax: the Books ...

Enter Financials

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### PRIOR BALANCE SHEET

Assets	Prior Year
Cash	250000
Receivables	0
Plant & Equip	0
Inventory	0
Accum Dep	0
Other Assets	0
<b>Liabilities</b>	
Borrowings	0
Payables	0
Other Liabilities	0
<b>Equity</b>	
Start Equity	0

Multipliers	
Debtor Days	30
Creditor Days	45
Inventory Weeks	13
GST (%)	10
Depreciation (%)	25

### PROJECTIONS

	This Year	Next Year	Year After	Year 4	Year 5
Sales	1450000	6087500	10725000	15362500	20000000
COGS	250000	1049569	1849138	2648707	3448276
Operating Expenses	1000000	4198176	7396552	10594828	13793103
Plant & Equipment Purchases	750000	50000	200000	250000	300000
Other Asset Purchases	0	0	0	0	0
Equity Capital In	200000	0	0	0	0
Dividend Paid	0	0	0	0	0
Base Rate Interest (%)	10	10	10	10	10
Overdraft Drawdown	0	0	0	0	0
Term Loan Amount	200000	0	0	0	0
Term Loan Duration (Yrs)	5	1	1	1	1
Financial Expenses	0	0	0	0	0

If it is an established business, the first step is to enter the position from the previous year: the **Prior Balance Sheet**.

If it's a startup, it probably needs nothing more than the **Opening Cash**.

This screenshot shows data that's already in the system.

## Financials: Multipliers

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**PRIOR BALANCE SHEET**

**Assets**
Prior Year

Cash
250000

Receivables
0

Plant & Equip
0

Inventory
0

Accum Dep
0

Other Assets
0

**Liabilities**

Borrowings
0

Payables
0

Other Liabilities
0

**Equity**

Start Equity
0

**Multipliers**

Debtor Days
30

Creditor Days
45

Inventory Weeks
13

GST (%)
10

Depreciation (%)
25

**PROJECTIONS**

This Year
Next Year
Year After
Year 4
Year 5

Sales
1450000
6087500
10725000
15362500
20000000

COGS
250000
1049569
1849138
2648707
3448276

Operating Expenses
1000000
4198176
7396552
10594828
13793103

Plant & Equipment Purchases
750000
50000
200000
250000
300000

Other Asset Purchases
0
0
0
0
0

Equity Capital In
200000
0
0
0
0

Dividend Paid
0
0
0
0
0

Base Rate Interest (%)
10
10
10
10
10

Overdraft Drawdown
0
0
0
0
0

Term Loan Amount
200000
0
0
0
0

Term Loan Duration (Yrs)
5
1
1
1
1

Financial Expenses
0
0
0
0
0

To turn Sales Expenses, Equipment costs and Financial arrangements into a full set of Financial Statements, the system uses a short set of common multiplying factors.

At the beginning, the default figures can be left as they are, but with experience, they can be refined.



## Financials: Operations

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Welcome to iniPax: the Books ...

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**PRIOR BALANCE SHEET**

<b>Assets</b>	Prior Year
Cash	250000
Receivables	0
Plant & Equip	0
Inventory	0
Accum Dep	0
Other Assets	0
<b>Liabilities</b>	
Borrowings	0
Payables	0
Other Liabilities	0
<b>Equity</b>	
Start Equity	0

<b>Multipliers</b>	
Debtor Days	30
Creditor Days	45
Inventory Weeks	13
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<b>PROJECTIONS</b>	This Year	Next Year	Year After	Year 4	Year 5
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Dividend Paid	0	0	0	0	0
Base Rate Interest (%)	10	10	10	10	10
Overdraft Drawdown	0	0	0	0	0
Term Loan Amount	200000	0	0	0	0
Term Loan Duration (Yrs)	5	1	1	1	1
Financial Expenses	0	0	0	0	0

Here's where it all begins:

Work out a figure for **Sales** in Year 1, set a target for Sales in Year 5 (5 years is good for a forward look) and then decide how the business will grow each year ... slow at first, fast at first or the same amount each year.

Work out a figure for **COGS** (Cost of Goods Sold) ... the components and raw materials that finish up in the products or services sold to customers. Either by analysing the production line or finding a % on the Internet that matches your business. A **Benchmark**.

Work out a figure for **Operating Expenses** ... bills that have to be paid to keep the business running: power, rent, wages. Again, do it by calculating a figure or search the Internet for a **Benchmark** for this kind of business.

## Financials: CapEx (Capital Expenditure)

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**PRIOR BALANCE SHEET**

Assets	Prior Year
Cash	250000
Receivables	0
Plant & Equip	0
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Accum Dep	0
Other Assets	0

**Multipliers**

Debtor Days	30
Creditor Days	45
Inventory Weeks	13
GST (%)	10
Depreciation (%)	25

**Liabilities**

Borrowings	0
Payables	0
Other Liabilities	0

**Equity**

Start Equity	0
--------------	---

**PROJECTIONS**

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Overdraft Drawdown	0	0	0	0	0
Term Loan Amount	200000	0	0	0	0
Term Loan Duration (Yrs)	5	1	1	1	1
Financial Expenses	0	0	0	0	0

The Accountants give Plant & Equipment a name: Capital Expenditure or CapEx: things that last, Fixed Assets, tools and equipment, chairs and tables, computers. Buildings.

## Financials: Equity Investment (Shareholder money)

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**PRIOR BALANCE SHEET**

<b>Assets</b>	<b>Prior Year</b>
Cash	250000
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Inventory	0
Accum Dep	0
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Borrowings	0
Payables	0
Other Liabilities	0
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Start Equity	0

<b>Multipliers</b>	
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Overdraft Drawdown	0	0	0	0	0
Term Loan Amount	200000	0	0	0	0
Term Loan Duration (Yrs)	5	1	1	1	1
Financial Expenses	0	0	0	0	0

Maybe the Founder can provide all the cash that's needed - but sometimes there's somebody who will share the start up risk if they can share the profit later on. Either as a cash dividend or a share of the value of the business ... or both.

## Financials: Term Loans

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**PRIOR BALANCE SHEET**

<b>Assets</b>	Prior Year
Cash	250000
Receivables	0
Plant & Equip	0
Inventory	0
Accum Dep	0
Other Assets	0
<b>Liabilities</b>	
Borrowings	0
Payables	0
Other Liabilities	0
<b>Equity</b>	
Start Equity	0

<b>Multipliers</b>	
Debtor Days	30
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**PROJECTIONS**

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Other Asset Purchases	0	0	0	0	0
Equity Capital In	200000	0	0	0	0
Dividend Paid	0	0	0	0	0
Base Rate Interest (%)	10	10	10	10	10
Overdraft Drawdown	0	0	0	0	0
Term Loan Amount	200000	0	0	0	0
Term Loan Duration (Yrs)	5	1	1	1	1
Financial Expenses	0	0	0	0	0

Sometimes money can come as a cash loan that's paid off over a few years - at the rate of interest shown as **Base Rate Interest**.

It may be that a new loan is taken out in later years. The Amount, Term and Base Rate Interest is set separately for each year.

## Financials: Short term loans

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### PRIOR BALANCE SHEET

Assets	Prior Year
Cash	250000
Receivables	0
Plant & Equip	0
Inventory	0
Accum Dep	0
Other Assets	0
Liabilities	
Borrowings	0
Payables	0
Other Liabilities	0
Equity	
Start Equity	0

Multipliers	
Debtor Days	30
Creditor Days	45
Inventory Weeks	13
GST (%)	10
Depreciation (%)	25

### PROJECTIONS

	This Year	Next Year	Year After	Year 4	Year 5
Sales	1450000	6087500	10725000	15362500	20000000
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Other Asset Purchases	0	0	0	0	0
Equity Capital In	200000	0	0	0	0
Dividend Paid	0	0	0	0	0
Base Rate Interest (%)	10	10	10	10	10
Overdraft Drawdown	0	0	0	0	0
Term Loan Amount	200000	0	0	0	0
Term Loan Duration (Yrs)	5	1	1	1	1
Financial Expenses	0	0	0	0	0

The business may also have an arrangement with its banker to go into **Overdraft** ... another kind of loan, but not as rigid as a Term Loan. The bank will set an upper limit and an interest rate that's something above the Base Rate Interest - but only on money that's actually used.

## Financial Statements

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Welcome to inPax business services						
Financial Statements						
BCooper						
Home	Listing Reference	ACME				
		This Year	Next Year	Year After	Year 4	Year 5
	<b>PROFIT &amp; LOSS</b>					
	Sales	1,450,000	6,087,500	10,725,000	15,362,500	20,000,000
	COGS	250,000	1,049,569	1,849,138	2,648,707	3,448,276
My Home	Gross Profit	1,200,000	5,037,931	8,875,862	12,713,793	16,551,724
	Operating Expenses	1,000,000	4,198,176	7,396,552	10,594,828	13,793,103
DataEntry	Operating Profit	200,000	839,755	1,479,310	2,118,965	2,758,621
	Interest Expense	20,000	16,724	13,121	9,157	4,796
	Tax Expense	20,000	-116,996	-242,473	-365,206	-485,905
Download	Depreciation Expense	187,500	153,125	164,844	186,133	214,600
	NET PROFIT	12,500	552,910	1,058,873	1,558,469	2,053,320
NPV Valuation	<b>CASH FLOW</b>					
	<b>OPERATING ACTIVITIES</b>					
	Revenue	1,329,167	5,701,042	10,338,542	14,976,042	19,613,542
Ratios	Payments	1,093,750	4,748,027	8,745,947	12,743,804	16,741,649
	Inventory	62,500	199,892	199,892	199,892	199,892
	Interest	20,000	16,724	13,121	9,157	4,796
	Tax Paid	20,000	-116,996	-242,473	-365,206	-485,905
	Total Operations	172,917	619,402	1,137,109	1,657,982	2,181,299
	<b>INVESTING ACTIVITIES</b>					
	Plant & Equipment	750,000	50,000	200,000	250,000	300,000
	Other Investment	0	0	0	0	0
	Total Investment	750,000	50,000	200,000	250,000	300,000
	<b>FINANCING ACTIVITIES</b>					
	Sale of Shares	200,000	0	0	0	0
	Dividends Paid	0	0	0	0	0
	Borrowings	200,000	0	0	0	0
	Loan Repayments	-32,759	-36,035	-39,639	-43,603	-47,963
	Total Financing	367,241	-36,035	-39,639	-43,603	-47,963
	Net Increase / Decrease	-209,843	533,367	897,470	1,364,379	1,833,336
	Cash @ Start	250,000	40,157	573,524	1,470,994	2,835,374
	Cash @ End Of Year	40,157	573,524	1,470,994	2,835,374	4,668,710
	<b>BALANCE SHEET</b>					
	<b>ASSETS</b>					
	Cash	40,157	573,524	1,470,994	2,835,374	4,668,710
	Receivables	120,833	507,292	893,750	1,280,208	1,666,667
	Inventory	62,500	262,392	462,285	662,177	862,069
	Plant & Equip	750,000	800,000	1,000,000	1,250,000	1,550,000
	Accum Dep	187,500	340,625	505,469	691,602	906,201

The few lines input in those last few steps are all that's needed to calculate the financial reports that are near universal in the business and finance world: a **Profit & Loss** Statement, a **Cash Flow** Statement and a **Balance Sheet**. Each tells something about the business - and even more if they're read in combination.

Click **DataEntry** to go back to the base figures.

Click **Download** to have a .pdf version of the Financial Statements sent to your eMail address.

Click **NPV Valuation** to get an NPV of the business - using whatever figures you use for Risk Free Rate and Premium for Risk.

Click **Ratios** to see a few of the key ratios, based on the figures you've entered.



## Financial Statements: Profit & Loss

	This Year	Next Year	Year After	Year 4	Year 5
<b>PROFIT &amp; LOSS</b>					
Sales	1,450,000	6,087,500	10,725,000	15,362,500	20,000,000
COGS	250,000	1,049,569	1,849,138	2,648,707	3,448,276
Gross Profit	1,200,000	5,037,931	8,875,862	12,713,793	16,551,724
Operating Expenses	1,000,000	4,198,176	7,396,552	10,594,828	13,793,103
Operating Profit	200,000	839,755	1,479,310	2,118,965	2,758,621
Interest Expense	10,000	8,190	6,290	4,295	2,200
Tax Expense	19,250	-119,556	-244,522	-366,665	-486,684
Depreciation Expense	187,500	153,125	164,844	186,133	214,600
<b>NET PROFIT</b>	<b>21,750</b>	<b>558,883</b>	<b>1,063,654</b>	<b>1,561,873</b>	<b>2,055,137</b>

The Profit & Loss Statement (the P&L) is a quick summary of what you and your customers have paid - or agreed to pay. It adds up cash payments and receipts, together with invoices that have been sent but not yet paid.

It's a useful picture of deals that have been done, but it isn't a picture of the cash that's actually in the bank. That's what the **Cash Flow** Statement does ...

## Financial Statements: Cash Flow Statement

CASH FLOW					
OPERATING ACTIVITIES					
Revenue	1,439,931	6,055,295	10,692,795	15,330,295	19,967,795
Payments	1,236,979	5,206,102	9,204,045	13,201,891	17,199,735
Inventory	62,500	199,892	199,892	199,892	199,892
Interest	10,000	8,190	6,290	4,295	2,200
Tax Paid	19,250	-119,556	-244,522	-366,665	-486,684
Total Operations	149,701	521,554	1,038,046	1,557,553	2,079,284
INVESTING ACTIVITIES					
Plant & Equipment	750,000	50,000	200,000	250,000	300,000
Other Investment	0	0	0	0	0
Total Investment	750,000	50,000	200,000	250,000	300,000
FINANCING ACTIVITIES					
Sale of Shares	200,000	0	0	0	0
Dividends Paid	0	0	0	0	0
Borrowings	200,000	0	0	0	0
Loan Repayments	-36,195	-38,005	-39,905	-41,900	-43,995
Total Financing	363,805	-38,005	-39,905	-41,900	-43,995
Net Increase / Decrease	-236,494	433,550	798,141	1,265,652	1,735,289
Cash @ Start	250,000	13,506	447,056	1,245,197	2,510,850
Cash @ End Of Year	13,506	447,056	1,245,197	2,510,850	4,246,139

Real cash comes from (and goes to) different places: **Operations** (customers and suppliers), **Investment** into productive assets; Money to and from providers of **Finance**: Lenders and shareholders. The Cash Flow Statement only shows real cash. Cash in the bank, not promises of cash later on like the P&L.

The important thing to watch is the bottom line, the line in red. That's always got to be positive, otherwise the business is Trading When Insolvent and that's bad. Go To Gaol bad ... ! That's the line to watch, **all the time**.

## Financial Statements: Balance Sheet

BALANCE SHEET					
ASSETS					
Cash	13,506	447,056	1,245,197	2,510,850	4,246,139
Receivables	10,069	42,274	74,479	106,684	138,889
Inventory	62,500	262,392	462,285	662,177	862,069
Plant & Equip	750,000	800,000	1,000,000	1,250,000	1,550,000
Accum Dep	187,500	340,625	505,469	691,602	906,201
Other	0	0	0	0	0
Total Assets	648,576	1,211,098	2,276,492	3,838,109	5,890,895
LIABILITIES					
Borrowings	163,805	125,800	85,895	43,995	0
Payables	13,021	54,664	96,309	137,953	179,598
Other	0	0	0	0	0
Total Liabilities	176,826	180,464	182,205	181,949	179,598
NET ASSETS	471,750	1,030,633	2,094,288	3,656,160	5,711,298
EQUITY					
Equity Invested	450,000	471,750	1,030,633	2,094,288	3,656,160
Retained Earnings	21,750	558,883	1,063,654	1,561,873	2,055,137
NET EQUITY	471,750	1,030,633	2,094,288	3,656,160	5,711,298

**Assets:** What the business Owns

**Liabilities:** What the Business Owes

Subtract **Liabilities** from **Assets** to get the **Book Value** of the business. Probably not what the business could be sold for because it doesn't reflect future prospects ... but like all the other figures in these Statements, a starting position based on facts ...

## Financial Statements: Diagnostic Ratios

ACME	Year 1	Year 2	Year 3	Year 4	Year 5	Benchmark
<b>Liquidity</b>						(generic)
Working Capital Ratio	3.94	2.79	3.08	3.14	3.98	1.5
Quick Ratio	3.54	2.39	2.68	3.11	3.58	1.2
<b>Leverage</b>						
Debt/Assets Ratio	5.38	2.21	0.90	0.31	0.00	0.7
Debt/Equity Ratio	16.03	6.07	2.14	0.65	0.00	0.6
Debt to Income	0.06	0.01	0.00	0.00	0.00	30%
Interest Cover Ratio	2.25	91.16	221.92	467.45	1,174.85	4.5
<b>Profit Performance</b>						
Gross Profit Margin	82.76	82.76	82.76	82.76	82.76	80%
Net Profit Margin	1.50	9.18	9.92	10.17	10.27	10%
Return on Total Equity	4.31	70.54	67.90	57.75	48.91	20%
Return on Total Assets	1.45	25.68	28.77	27.64	25.55	20%
<b>Management Ratios</b>						
Stock Turnover Ratio	4.00	5.25	9.25	13.25	17.25	30
Debtor Days	30.00	30.00	30.00	30.00	30.00	30
Creditor Days	51.43	49.74	47.57	46.76	46.34	45

Financial Statements are a fantastic start. Even better, in combination they can provide all sorts of day-to-day operating information for a manager. How well money is being managed (**Leverage**), the quality of the financial safety net (**Working Capital**), **Profitability** (of course!), and everyday **Management** of stock in the warehouse waiting to be sold - and how quickly bills are being paid (and money is being collected).

And the Internet can provide **Benchmarks** for how others in this line of business are performing. Not all businesses are the same, but the "generic" column in the table is a good start.

And it's good to watch how the figures unfold as each year passes. Using the company as its own Benchmark ...

## Investment Story Tab

# iniPax Business Design

- the Story
- the Financials
- Cash Book

## Select your Story

iniPax . . . ss services ...

My Subscriptions

Cooper

Exit

Logout

Demo Market

myMarket

My Companies

Add a new Company

Add

Financials

AAA

ACME

MSF

MSF2

Sira

Stories

AAA

ACME

MSF

MSF2

Sira

Cash Book

AAA

ACME

MSF

MSF2

Sira

My Studies

Add a new Study

Add

## Investment Story

iniPax . . .
Welcome to iniPax business services: the Investme

Investment Story

Cooper
Home
Download
Share
My Home

### Investment Summary

Acme Widget Pty Ltd (ACME) is seeking to establish itself as a key supplier at the premium end of the global widget market. The company's strategy is in two parts: a first round will finalise strategic planning for US market entry - and will launch the venture. The second round will fund an intensive global market development venture, with a focus on Europe and China. This document presents the first round in the context of the broader objective.

What is the product / service ?  
Extent of customer demand ?  
What's so special about the deal ?  
(100 words)

### Capital Requirements

Capital required, Round 1: AU\$ 1 million,

How much do you need?  
When?  
Debt or Equity ?  
Exit arrangements ?  
(100 words)

### The Deal

The venture is based on the skills and experience of long-time members of the widget industry. The team combines experience in the widget industry and manufacturing practice. It has participated directly and at a high level with government initiatives designed to establish the Australian widget industry in the US market.

Investment return (interest, capital gain, dividend)  
Risk management / shareholder reinsurance.  
(100 words)

### The Business

ACME plans to export widgets manufactured from Australian mineral resources to the premium end of the international component market. Principals of the business have been active in the widget industry for many years. In particular, they bring a sophisticated understanding and direct experience of marketing and international trade. The ACME concept is to capture the premium end of the US widget market through direct contracts with US assemblers. Through that exposure, ACME will be in a position to specify componentry known to be in demand and then contract for its manufacture from its own suppliers. The strength of its Australian network will be a

What does the business do?  
What are its products / services?  
How long has the business been operating?  
Number of employees ?  
(200 words)

### The Market

The US is to be the first target of ACME's global marketing strategy. It is a market that amounts to US\$100 million each year - with 30% sourced from overseas. In the past, much of that market has been served by US subsidiaries, although there is solid evidence of a move towards specialist outside suppliers. The strategy devised by ACME and its marketing advisers is to become one of those specialist suppliers, with licensees in selected locations across the US.

Sales last year?  
Sales next year ?  
Main competitors ?  
Competitive advantages?  
(250 words)

Financial Statements are only one part of the business story.

The people who run a business need to be clear about what the business does - and the things that business managers need to do. And not get tangled up with things that the business doesn't need to do.

Over the years, **iniPax** has found a short list of headings that can focus the mind ... and the mind is best focused if the story is told with the least number of words.

The next few sample pages show how a short, sharp story can unfold - under headings that have proved their worth: some simple questions - and keep within the word limit.

## Investment Story: Summary

### Investment Summary

Acme Widget Pty Ltd (ACME) is seeking to establish itself as a key supplier at the premium end of the global widget market.

The company's strategy is in two parts: a first round will finalise strategic planning for US market entry - and will launch the venture. The second round will fund an intensive global market development venture, with a focus on Europe and China.

This document presents the first round in the context of the broader objective.

What is the product / service ?  
Extent of customer demand ?  
What's so special about the deal ?  
(100 words)

## Investment Story: Capital Requirements

### Capital Requirements

Capital required, Round 1: AU\$ 1 million,

How much do you need?  
When?  
Debt or Equity ?  
Exit arrangements ?  
(100 words)

## Investment Story: The Deal

### The Deal

The venture is based on the skills and experience of long-time members of the widget industry. The team combines experience in the widget industry and manufacturing practice. It has participated directly and at a high level with government initiatives designed to establish the Australian widget industry in the US market.

Investment return (interest, capital gain, dividend)  
Risk management / shareholder reassurance.  
(100 words)

## Investment Story: The Business

### The Business

ACME plans to export widgets manufactured from Australian mineral resources to the premium end of the international component market.

Principals of the business have been active in the widget industry for many years. In particular, they bring a sophisticated understanding and direct experience of marketing and international trade.

The ACME concept is to capture the premium end of the US widget market through direct contracts with US assemblers. Through that exposure, ACME will be in a position to specify componentry known to be in demand and then contract for its manufacture from its own suppliers. The strength of its Australian network will be a

What does the business do?  
What are its products / services?  
How long has the business been operating?  
Number of employees ?  
(200 words)



## Investment Story: The Market

### The Market

The US is to be the first target of ACME's global marketing strategy. It is a market that amounts to US\$100 million each year - with 30% sourced from overseas.

In the past, much of that market has been served by US subsidiaries, although there is solid evidence of a move towards specialist outside suppliers.

The strategy devised by ACME and its marketing advisers is to become one of those specialist suppliers, with licensees in selected locations across the US.

The key to success in this market is to focus on the quality of Australian manufacture as a point of difference, and for suppliers to be responsive to demands identified by ACME.

Sales last year?  
Sales next year ?  
Main competitors ?  
Competitive advantages?  
(250 words)

## Investment Story: Business Strategies

### Business Strategies

The company's strategy is to develop the business in three stages:

Stage 1: Completion of market definition, implementation planning and initial roll-out;

Stage 2: Intensive US market entry program , brand-building and establishing a supply presence;

Stage 3: Develop and implement a global market presence.

The focus of this initial capital-raising is on this first stage, although the second stage is likely to commence as the first establishes the foundation it needs.

ACME is currently confirming supply and marketing arrangements designed specifically for this operation.

Growth plan and milestones.  
Marketing and sales plans.  
Research & Development plans.  
(200 words)

## Investment Story: Management Capability

### Management Capability

John Brown, Executive Chairman and CEO of the company, has accumulated 35 years of experience in export trade and has chaired the widget industry association for the past three years.

Alan Green is the Administration director of the company and is a shareholder of the company. Over a career spanning more than 27 years, he has demonstrated particular expertise in financial management and strategic planning.

Ron Carson was previously the Market Development Manager of the Widget Promotion Board. He has played a major role in a variety of offshore market entry initiatives.

Directors, advisors and key executives.  
Management achievements.  
Previous commercial successes.  
Retention arrangements.  
(200 words)

## Investment Story: Risk Management

### Risk Management

The primary risks are production risk, market entry risk and the sustainability of the company's competitive advantage.

Production risk has been overcome by the recently-awarded domestic supply contract. During their years in the widget industry, the principals of ACME have established commercial arrangements with manufacturers throughout Australia. The principals of ACME have participated directly in a US marketing program supported by the Australian government. Much of the ACME strategy has been shaped by lessons learned from that venture.

ACME's key competitive advantage is its long term domestic production contract

What risks have been identified?  
What can do about them?  
What reassurance can you give  
an investor?  
(200 words)

## Investment Story: Blue Sky

### Blue Sky ...

The first round of the company's expansion is focused specifically on strategy which has been several years in active development.

Indications are that the concept fits the US market opportunity.

The next phase will provide an opportunity for investors to participate in and profit from a major international venture.

The future is never as reliable as  
the past - and it's hard to sell a  
deal on blue sky alone.  
But it's worth mentioning the  
possibilities.  
(200 words)

# iniPax Business Design

- the Story
- the Financials
- **Cash Book**

## Select your Cash Book

iniPax . . . ss services ...

My Subscriptions

Cooper

Exit

Logout

Demo Market

myMarket

My Companies

Add a new Company

Add

Financials

AAA

ACME

MSF

MSF2

Sira

Stories

AAA

ACME

MSF

MSF2

Sira

Cash Book

AAA

ACME

MSF

MSF2

Sira

My Studies

Add a new Study

Add

## Cash Book

iniPax . . .									
Welcome t									
Payments/Receipts Journal									
Cooper	ACME						2 sec		
My Home	Open Invoices								
	45	Income Yr1	zdthm	1,500	01/01/2016	Income	paid	edit	delete
	44	COGS Yr 2016	ertgn	200	01/01/2016	COGS	paid	edit	delete
	43	Income Yr 2016	cvbntt	1,033	01/01/2016	Income	paid	edit	delete
	47	COGS Yr1	zfteh	25	01/01/2016	COGS	paid	edit	delete
	46	Product Sales Yr 1	rtyujm	1,000	01/01/2017	Income	paid	edit	delete
	48	Income 2018	wgopl	3,000	01/01/2018	Income	paid	edit	delete
	49	Sales Yr 2	thndo	87	01/01/2018	Income	paid	edit	delete
New Entry	Transactions Completed								
Statements	50	Income Yr 2016	ctjuy	9,000	01/01/2016	Income		edit	delete
	67	Income Yr 2018	wernum	17,000	01/01/2016	Income		edit	delete
Logout	61	Debt repayment Yr 1	Bank X	235	01/01/2016	DebtRepayment		edit	delete
	60	Dividend Paid Yr 1	Investor X	133	01/01/2016	DividendsPaid		edit	delete
	59	Debt Cash in Yr 1	Bank X	2,000	01/01/2016	DebtIn		edit	delete
	58	Income Yr 1	qegbu	8,500	01/01/2016	Income		edit	delete
	57	Equity Capital In	Investor X	5,000	01/01/2016	EquityIn		edit	delete
	56	Plant & Equipment	Supplier X	4,200	01/01/2016	CapEx		edit	delete
	55	Stocktake Yr 2016	Self	500	01/01/2016	Inventory		edit	delete
	54	Interest Yr 2016	Bank X	366	01/01/2016	Interest		edit	delete
	53	Tax Yr 2016	ATO	143	01/01/2016	Tax		edit	delete
	52	Opex Yr 2016	prtlu	5,000	01/01/2016	OpEx		edit	delete
	51	COGS 2016	bbnmk	1,800	01/01/2016	COGS		edit	delete
	62	Income Tax Yr 1	ATO	150	01/04/2016	Tax		edit	delete
	64	Operating Expense	xfyne	333	01/01/2017	OpEx		edit	delete
	63	Income Yr 2017	sthop	20,000	01/01/2017	Income		edit	delete
	65	Additional COGS	stnum	76	08/03/2017	COGS		edit	delete
	66	Plant & Equipment Yr 2	xgthwn	65	04/04/2017	CapEx		edit	delete
	68	Equity Capital In	Investor X	100	01/11/2018	EquityIn		edit	delete
	69	Income In Yr 2019	srbyi	40,000	01/01/2019	Income		edit	delete
	70	Income In Yr 2020	xtfnu	50,000	01/01/2020	Income		edit	delete

This is a list of all transactions - divided according to whether they are simply **Invoices** - or settled with **Cash**.

## Enter new Transaction

iniPax . . .
Welcome to iniPax business services ...

Payments/Receipts Journal

Cooper

ACME

1 sec

My Home

Open Invoices

New Entry

Statements

Logout

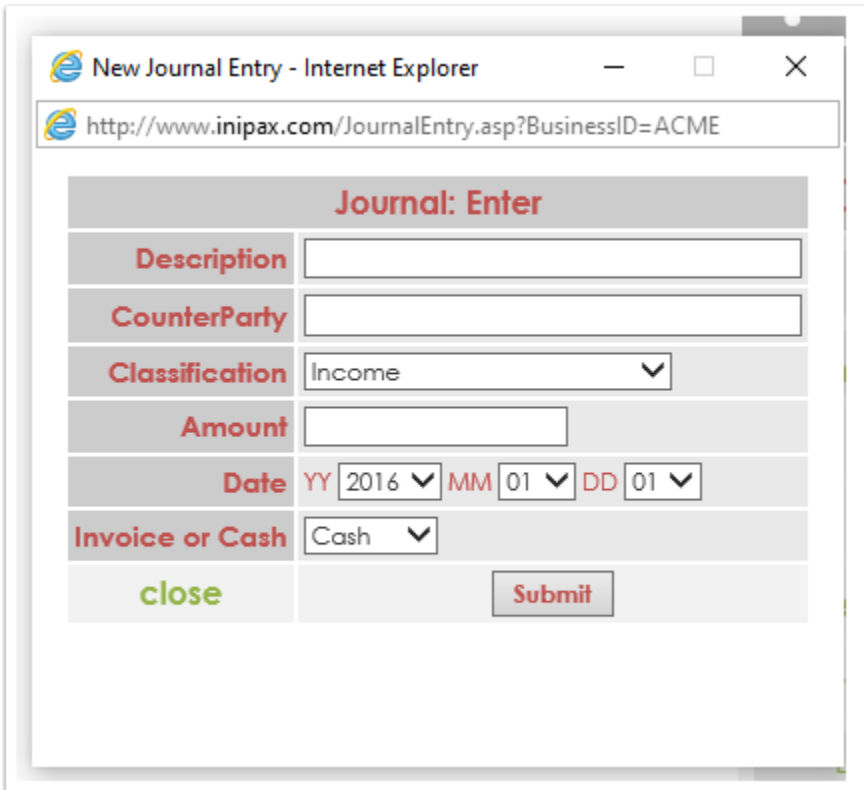
45	Income Yr1	zdthm	1,500	01/01/2016	Income	paid	edit	delete
44	COGS Yr 2016	ertgn	200	01/01/2016	COGS	paid	edit	delete
43	Income Yr 2016	cvbnft	1,033	01/01/2016	Income	paid	edit	delete
47	COGS Yr1	zftth	25	01/01/2016	COGS	paid	edit	delete
46	Product Sales Yr 1	rtyujm	1,000	01/01/2017	Income	paid	edit	delete
48	Income 2018	wgopl	3,000	01/01/2018	Income	paid	edit	delete
49	Sales Yr 2	thndo	87	01/01/2018	Income	paid	edit	delete

Transactions Completed

50	Income Yr 2016	ctjuy	9,000	01/01/2016	Income		edit	delete
67	Income Yr 2018	wernum	17,000	01/01/2016	Income		edit	delete
61	Debt repayment Yr 1	Bank X	235	01/01/2016	DebtRepayment		edit	delete
60	Dividend Paid Yr 1	Investor X	133	01/01/2016	DividendsPaid		edit	delete
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55	Stocktake Yr 2016	Self	500	01/01/2016	Inventory		edit	delete
54	Interest Yr 2016	Bank X	366	01/01/2016	Interest		edit	delete
53	Tax Yr 2016	ATO	143	01/01/2016	Tax		edit	delete
52	Opex Yr 2016	prtlu	5,000	01/01/2016	OpEx		edit	delete
51	COGS 2016	bbnmk	1,800	01/01/2016	COGS		edit	delete
62	Income Tax Yr 1	ATO	150	01/04/2016	Tax		edit	delete
64	Operating Expense	xfyne	333	01/01/2017	OpEx		edit	delete
63	Income Yr 2017	sthop	20,000	01/01/2017	Income		edit	delete
65	Additional COGS	stnum	76	08/03/2017	COGS		edit	delete
66	Plant & Equipment Yr 2	xgtwn	65	04/04/2017	CapEx		edit	delete
68	Equity Capital In	Investor X	100	01/11/2018	EquityIn		edit	delete
69	Income In Yr 2019	srbyi	40,000	01/01/2019	Income		edit	delete
70	Income In Yr 2020	xftnu	50,000	01/01/2020	Income		edit	delete

1. The Cash Book you select will show all your previous entries.
2. Those entries are divided into Open Invoices (Bills to be paid) and Transactions Completed.
3. Click on **New Entry** to bring up the pop-up entry window.

## Add a Transaction



The screenshot shows a web browser window titled "New Journal Entry - Internet Explorer" with the URL "http://www.inipax.com/JournalEntry.asp?BusinessID=ACME". The form is titled "Journal: Enter" and contains the following fields:

Journal: Enter	
Description	<input type="text"/>
CounterParty	<input type="text"/>
Classification	Income <input type="button" value="v"/>
Amount	<input type="text"/>
Date	YY <input type="text" value="2016"/> <input type="button" value="v"/> MM <input type="text" value="01"/> <input type="button" value="v"/> DD <input type="text" value="01"/> <input type="button" value="v"/>
Invoice or Cash	Cash <input type="button" value="v"/>
close	<input type="button" value="Submit"/>

There's nothing much to the Entry screen. It's meant to be easy.

1. **Description:** whatever helps remind you what the transaction was about.
2. **CounterParty:** who the deal was done with
3. **Classification:** a drop-down box of preset categories
4. **Amount:** how much ...
5. **Date:** this is important because an important part of the system is that it classifies financial statements into the proper time frame.
6. **Invoice or Cash:** this is important too because it helps keep track of the way Cash is coming in and going out of the business.

The window stays open as long as you make new entries. Click **close** when done ...

## Select Statements

iniPax . . .
Welcome to iniPax business services ...

Payments/Receipts Journal

Cooper

ACME

1 sec

My Home

Open Invoices

45 Income Yr1 zdthm 1,500 01/01/2016 Income paid edit delete  
44 COGS Yr 2016 ertgn 200 01/01/2016 COGS paid edit delete  
43 Income Yr 2016 cvbnff 1,033 01/01/2016 Income paid edit delete  
47 COGS Yr1 zftfh 25 01/01/2016 COGS paid edit delete  
46 Product Sales Yr 1 rtyujm 1,000 01/01/2017 Income paid edit delete  
48 Income 2018 wgopl 3,000 01/01/2018 Income paid edit delete  
49 Sales Yr 2 thndo 87 01/01/2018 Income paid edit delete

New Entry

Statements

Logout

Transactions Completed

50 Income Yr 2016 ctjuy 9,000 01/01/2016 Income edit delete  
67 Income Yr 2018 wernum 17,000 01/01/2016 Income edit delete  
61 Debt repayment Yr 1 Bank X 235 01/01/2016 DebtRepayment edit delete  
60 Dividend Paid Yr 1 Investor X 133 01/01/2016 DividendsPaid edit delete  
59 Debt Cash in Yr 1 Bank X 2,000 01/01/2016 DebtIn edit delete  
58 Income Yr 1 qegbu 8,500 01/01/2016 Income edit delete  
57 Equity Capital In Investor X 5,000 01/01/2016 EquityIn edit delete  
56 Plant & Equipment Supplier X 4,200 01/01/2016 CapEx edit delete  
55 Stocktake Yr 2016 Self 500 01/01/2016 Inventory edit delete  
54 Interest Yr 2016 Bank X 366 01/01/2016 Interest edit delete  
53 Tax Yr 2016 ATO 143 01/01/2016 Tax edit delete  
52 Opex Yr 2016 prtlu 5,000 01/01/2016 OpEx edit delete  
51 COGS 2016 bbnmk 1,800 01/01/2016 COGS edit delete  
62 Income Tax Yr 1 ATO 150 01/04/2016 Tax edit delete  
64 Operating Expense xfyne 333 01/01/2017 OpEx edit delete  
63 Income Yr 2017 sthop 20,000 01/01/2017 Income edit delete  
65 Additional COGS stnum 76 08/03/2017 COGS edit delete  
66 Plant & Equipment Yr 2 xghwn 65 04/04/2017 CapEx edit delete  
68 Equity Capital In Investor X 100 01/11/2018 EquityIn edit delete  
69 Income In Yr 2019 srbyi 40,000 01/01/2019 Income edit delete  
70 Income In Yr 2020 xftnu 50,000 01/01/2020 Income edit delete

As soon as the latest round of entries are made, you can check out the financial statements at that instant in time.

Click **Statements**.



## View your Financial Statements

iniPax . . . al Report						
Financial Statements						
Cooper	ACME					
Home		2015	2016	2017	2018	2019
	<b>PROFIT &amp; LOSS</b>					
	Sales	37,033	21,000	3,087	40,000	50,000
	COGS	2,025	76	0	0	0
	Gross Profit	35,008	20,924	3,087	40,000	50,000
My Home	Operating Expenses	5,000	333	0	0	0
	Operating Profit	30,008	20,591	3,087	40,000	50,000
DataEntry	Interest Expense	366	0	0	0	0
	Tax Expense	293	0	0	0	0
	Depreciation Expense	1,050	804	603	452	339
Ratios	NET PROFIT	28,299	19,787	2,484	39,548	49,661
NPV Valuation	<b>CASH FLOW</b>					
	<b>OPERATING ACTIVITIES</b>					
	Revenue	34,500	20,000	0	40,000	50,000
	Payments	6,800	409	0	0	0
	Inventory	500	0	0	0	0
	Interest	366	0	0	0	0
	Tax Expense	293	0	0	0	0
	Total Operations	26,541	19,591	0	40,000	50,000
	<b>INVESTING ACTIVITIES</b>					
	Plant & Equipment	4,200	65	0	0	0
	Other Investment	0	0	0	0	0
	Total Investment	4,200	65	0	0	0
	<b>FINANCING ACTIVITIES</b>					
	Sale of Shares	5,000	0	0	100	0
	Dividends Paid	133	0	0	0	0
	Borrowings	2,000	0	0	0	0
	Debt Repayments	235	0	0	0	0
	Total Financing	6,632	0	0	100	0
	Net Increase / Decrease	28,973	19,526	0	40,100	50,000
	Cash @ Start	0	28,973	48,499	48,499	88,599
	Cash @ End Of Year	28,973	48,499	48,499	88,599	138,599
	<b>BALANCE SHEET</b>					
	<b>ASSETS</b>					
	Cash	28,973	48,499	48,499	88,599	138,599
	Receivables	2,533	3,533	6,620	6,620	6,620
	Inventory	500	0	0	0	0
	Plant & Equip	4,200	4,265	4,265	4,265	4,265

This is what the financial statements look like:

- Profit and Loss
- Cash Flow Statement
- Balance Sheet

Just like the Bank Manager uses.

Just like a Business Manager uses.

And they're in exactly the same format as the original Financial Plan ...

## Check your Performance: Financial Ratios

iniPax . . .							
Financial Ratios							
Cooper		Year 1	Year 2	Year 3	Year 4	Year 5	Benchmark
Home	<b>Liquidity</b>						[generic]
	Working Capital Ratio	11.26	15.70	29.42	29.42	29.42	1.5
	Quick Ratio	11.26	15.70	29.42	29.42	29.42	1.2
My Home	<b>Leverage</b>						
	Debt/Assets Ratio	5.02	3.24	3.10	1.83	1.21	0.7
	Debt/Equity Ratio	5.32	3.36	3.21	1.87	1.22	0.6
	Debt to Income	0.05	0.08	0.57	0.04	0.04	30%
	Interest Cover Ratio	78.12	-	-	-	-	4.5
	<b>Profit Performance</b>						
	Gross Profit Margin	94.53	99.64	100.00	100.00	100.00	80%
	Net Profit Margin	76.42	94.23	80.47	98.87	99.32	10%
	Return on Total Equity	86.21	37.72	4.52	41.81	34.43	20%
	Return on Total Assets	81.33	36.34	4.36	40.95	33.96	20%
	<b>Management Ratios</b>						
	Stock Turnover Ratio	-	-	-	-	-	30
	Debtor Days	24.62	60.57	772.01	59.58	47.66	30
	Creditor Days	11.91	198.04	-	-	-	45

A click on the **Ratios** link brings up Financial Ratios based on your financial statements.

The **Benchmarks** are a guide only. You'll need to go to your past history or the Internet to get more precise figures for your industry and a company of your size.

## What am I Worth?

Indicative Valuation - Internet Explorer

http://www.inipax.com/JournalIV.asp?BusinessID=ACME&RiskFreeRate=6&PremiumForR

### Indicative Valuation: ACME

Discount Factor	
Risk Free Rate	6.00
Risk Premium	6.00
Operating Cash Flows	
Year 1	26,541
Year 2	19,591
Year 3	0
Year 4	40,000
Year 5	50,000

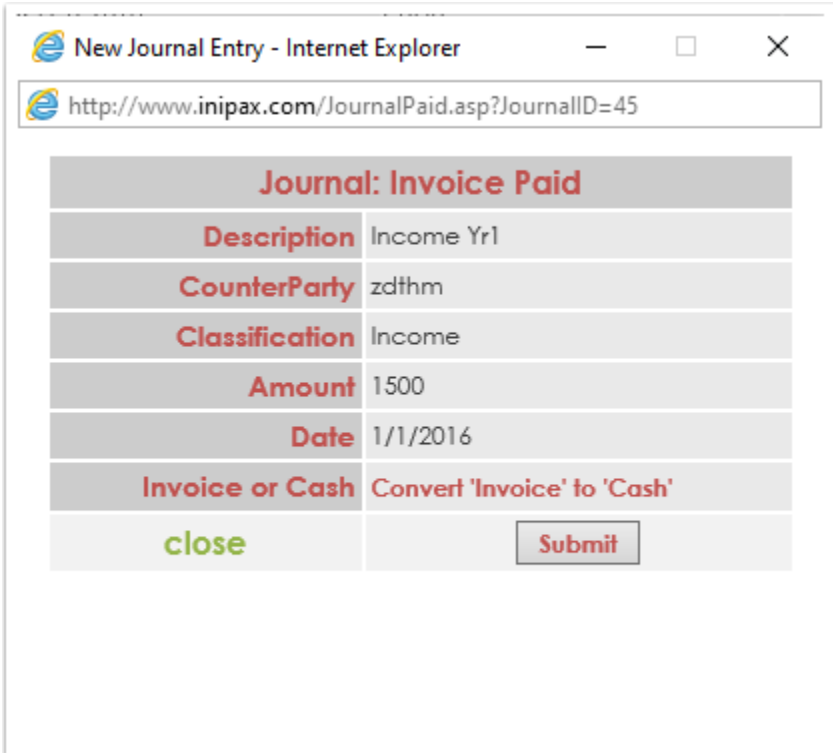
close Submit

**Indicative Valuation**  
**\$178,221**

A click on the **NPV** button brings up a textbook version of what your company is worth.

It may not be what somebody would pay for the business, but it's better than nothing - and easy to defend!

## Convert Invoice to Cash



New Journal Entry - Internet Explorer

http://www.inipax.com/JournalPaid.asp?JournalID=45

Journal: Invoice Paid	
Description	Income Yr1
CounterParty	zdthm
Classification	Income
Amount	1500
Date	1/1/2016
Invoice or Cash	Convert 'Invoice' to 'Cash'
close	<input type="button" value="Submit"/>

Back on the Cash Book page, you can edit every entry

You'll be able to change **Invoice** to **Cash** when the bill is paid.

## Edit Entry

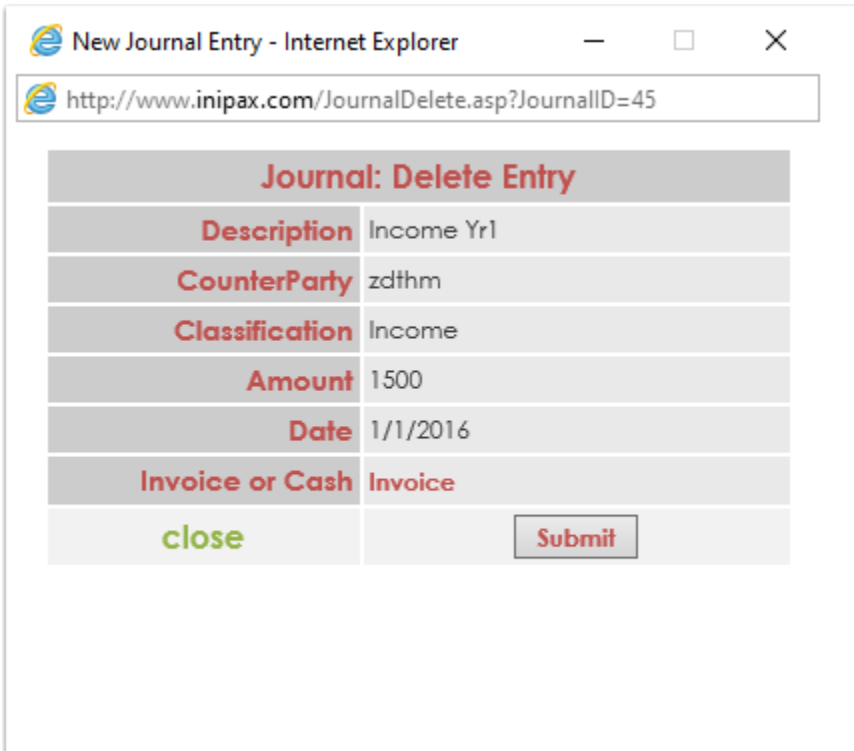
New Journal Entry - Internet Explorer

http://www.inipax.com/JournalEdit.asp?JournalID=45

Journal: Edit Entry	
Description	Income Yr1
CounterParty	zdthm
Classification	Income ▼
Amount	1500
Date	YY 2016 ▼ MM 01 ▼ DD 01 ▼
Invoice or Cash	Invoice ▼
close	Submit

You can **Edit** any one of the entry fields.

## Delete Entry



New Journal Entry - Internet Explorer

http://www.inipax.com/JournalDelete.asp?JournalID=45

Journal: Delete Entry	
Description	Income Yr1
CounterParty	zdthm
Classification	Income
Amount	1500
Date	1/1/2016
Invoice or Cash	Invoice
close	<input type="button" value="Submit"/>

Or you can simply **Delete** an entry ...

## Financial Statements

iniPax . . . al Report						
Financial Statements						
Cooper	ACME					
Home		2015	2016	2017	2018	2019
My Home	PROFIT & LOSS					
	Sales	37,033	21,000	3,087	40,000	50,000
DataEntry	COGS	2,025	76	0	0	0
	Gross Profit	35,008	20,924	3,087	40,000	50,000
Ratios	Operating Expenses	5,000	333	0	0	0
	Operating Profit	30,008	20,591	3,087	40,000	50,000
NPV Valuation	Interest Expense	366	0	0	0	0
	Tax Expense	293	0	0	0	0
	Depreciation Expense	1,050	804	603	452	339
	NET PROFIT	28,299	19,787	2,484	39,548	49,661
	CASH FLOW					
	OPERATING ACTIVITIES					
	Revenue	34,500	20,000	0	40,000	50,000
	Payments	6,800	409	0	0	0
	Inventory	500	0	0	0	0
	Interest	366	0	0	0	0
	Tax Expense	293	0	0	0	0
	Total Operations	26,541	19,591	0	40,000	50,000
	INVESTING ACTIVITIES					
	Plant & Equipment	4,200	65	0	0	0
	Other Investment	0	0	0	0	0
	Total Investment	4,200	65	0	0	0
	FINANCING ACTIVITIES					
	Sale of Shares	5,000	0	0	100	0
	Dividends Paid	133	0	0	0	0
	Borrowings	2,000	0	0	0	0
	Debt Repayments	235	0	0	0	0
	Total Financing	6,632	0	0	100	0
	Net Increase / Decrease	28,973	19,526	0	40,100	50,000
	Cash @ Start	0	28,973	48,499	48,499	88,599
	Cash @ End Of Year	28,973	48,499	48,499	88,599	138,599
	BALANCE SHEET					
	ASSETS					
	Cash	28,973	48,499	48,499	88,599	138,599
	Receivables	2,533	3,533	6,620	6,620	6,620
	Inventory	500	0	0	0	0
	Plant & Equip	4,200	4,265	4,265	4,265	4,265

So with a minimum of effort, you can create up-to-date **Financial Statements** ...

## Ratios

iniPax . . .							
Financial Ratios							
Cooper		Year 1	Year 2	Year 3	Year 4	Year 5	Benchmark
Home	<b>Liquidity</b>						[generic]
	Working Capital Ratio	12.67	15.70	29.04	29.42	29.42	1.5
	Quick Ratio	12.67	15.70	29.04	29.42	29.42	1.2
My Home	<b>Leverage</b>						
	Debt/Assets Ratio	9.72	4.68	3.09	1.82	1.20	0.7
	Debt/Equity Ratio	10.90	4.94	3.20	1.86	1.22	0.6
	Debt to Income	0.09	0.08	0.09	0.04	0.04	30%
	Interest Cover Ratio	31.74	-	-	-	-	4.5
	<b>Profit Performance</b>						
	Gross Profit Margin	90.02	99.52	100.00	100.00	100.00	80%
	Net Profit Margin	56.53	95.53	96.99	98.87	99.32	10%
	Return on Total Equity	71.75	56.11	35.17	41.77	34.36	20%
	Return on Total Assets	63.98	53.15	33.95	40.91	33.89	20%
	<b>Management Ratios</b>						
	Stock Turnover Ratio	-	-	-	-	-	30
	Debtor Days	45.52	60.57	117.59	59.45	47.66	30
	Creditor Days	10.59	743.12	-	-	-	45

... and calculate up-to-date **Financial Ratios**.

You'll see the business's performance unfold every time new payments are entered. Hopefully something that's done regularly – like every week ... !