Startup Financial Projections Checklist		✓
1	Include 3 financial statements, balance sheet, income statement, and cash flow statement	
2	Show the key assumptions used to prepare the financial projections	
3	Make sure the assumptions agree to the words in the business plan	
4	Show monthly data for the first year, and annual data for at least two more years	
5	Produce financial projections for two scenarios, base scenario and break even scenario	
6	Ensure all three financial statements reconcile to each other	
7	Check closing balances from one period become opening balances for the next	
8	Balance sheets should balance. Assets = Liabilities + Equity	
9	Cash flow statement opening and closing balances should agree to the balance sheet	
10	Net income from the income statement is part of retained earnings in the balance sheet	
11	Net income from the income statement should be the start of the cash flow statement	
12	Net income can be negative (a loss), but the cash balance must always be positive	
13	Allow for seasonal variations in expenses	
14	Allow for seasonal variations in revenue	
15	Don't forget to include all operating expenses	
16	The sales forecast should be completed bottom up, and checked top down	
17	As the business grows so should working capital and funding	
18	Make sure the statements add up	
19	Make sure formulas used are correct	
20	Only include relevant ratios. Relevant to the lender, investor, or yourself	
21	Always show the break even revenue	
22	The gross margin percentage should stabilize over time	
23	The operating margin should fall over time	
24	Don't show losses for too long	
25	The revenue forecast should be optimistic but realistic	
26	Avoid hockey stick revenue projections	
27	Capacity. If you only have capacity to produce 1,000 widgets, don't show sales of 1,200	
28	Allow for price increases for major expense items	
29	Show the burn rate	
30	Check staffing levels are adequate to deal with the projected growth	
31	Comply with normal accounting principles, conventions, and standards	

Startup Financial Projections Checklist		✓
32	Make cash not profit the first priority	
33	As the business grows don’t assume economies of scale, unless they can be justified	
34	Fixed operating expenses grow in steps not at a steady rate, plan quick growth after a step	
35	Don’t use the word conservative	
36	Things always take longer than you expect them to take	
37	Costs are always higher, and revenues are always lower than you expect them to be	
38	Don’t forget to include financing to show how the business will be funded	
39	Include an interest expense based on required funding	
40	Include a depreciation expense based on expenditure on long term assets	
41	Include a tax expense based on net income, its a major expense item	
42	Don’t over analyze operating expenses, 3 or 4 categories is enough	
43	Show owners compensation separately	
44	Make sure the financial projections tell the same story as the words in the business plan	
45	You will have bad debts, include an allowance for bad debts	
46	Don’t forget to include staff on-costs and benefits as well as base wage costs	
47	Use dynamic not static spreadsheets, so that assumption changes can be made	
48	Know your gross margin percentage and your cost of goods sold percentage	
49	Keep investor returns in line with the industry standards	
50	Base key assumptions on fact	
51	Lenders want their money back, don’t forget to show loan repayments	
52	Show how much you have invested financially in the business	
53	Keep start up expenses low	
54	Understand how the financial projections reflect your business model	
55	Understand the financial projections	
56	And finally, when complete do the financial projections make sense	