

Name: _____

Business Principles

NOTES: Chapter 17.1 – Financial Management

*What is a Financial Plan?

- **Financial plan:** Set of documents that outline the _____ about a new venture

*Financial Plans

- Use a financial plan when starting:
 -
 -
- _____ to the future
- Used to _____

*Effective Financial Plans

1. Identify Business _____
2. Determine Needed _____
3. Describe _____ & _____ Expenses
4. Describe Financial _____ Management
5. Forecast _____ Finances
6. Describe _____ Financing

*Identifying Business Assets

- Assets needed for the business or project:
 - Cash, equipment, building, supplies, inventory, and land
- Analyze and _____
- Make careful decisions:
 - Buy new or used?
 - Rent or buy?

*Determine Needed Capital

- **Start-up capital:** Money used to pay for various _____ and _____ for a new venture or project
- What are some sources to obtain this?
 - Friends, family, & self
 - Savings, loans, & investments

***Describe Start-up & Operating Expenses**

- **Start-up Expenses:** Require _____
 - Assets, remodeling costs, insurance, advertising, supplies, licenses
- **Operating Expenses:**
 - Payroll, rent, utility bills, bank fees

***Describe Financial Records Management**

- Financial plans explain how a _____
- Describes _____ will maintain records:
 - Business owner?
 - Hired professionals?

***Forecast Future Finances**

- **Financial forecast:** _____ of a business's _____ for each of the next few years
- Consider:
 - Conditions in the future
 - Changes in the economy
- Keep estimates for income _____
- Keep estimates for expenses _____

***Describe Growth Financing**

- Explain plans for financial growth
- Every company needs to _____ to remain _____
- _____ growth is very rewarding
- _____ growth can be chaotic

***What is a Budget?**

- **Budget:** Plan specifying how _____ or spent during a particular period
- Helps owners _____ how much money the business will _____
- Avoid problems by:
 - Comparing budget to actual income and expenses

***3 Types of Budgets:**

1. _____
 - Plan for income and expenses from the start to the estimated time you will make a profit
2. _____
 - Plan for actual money spent daily, weekly, or monthly
3. _____
 - Plan for the amount expected to be spent and earned over a given time (6mths-year)

Additional Notes: