

When it comes to starting up, purchasing or expanding a small business, the better informed you are, the more confident you can be as you seek financing. It is important that you have a solid business plan prepared before you meet with bankers, investors and/or guarantors.

Banks also usually require information about your personal financial situation before lending money to start or buy a business. This booklet will help you prepare your personal financial statements by summarising your financial status before you start a business and assume any business debt.

The business plan is your most powerful planning tool. When preparing your business plan, it is essential that you take the time to properly research all aspects of your endeavour so that all decisions are based on concrete, factual information. To assist you in this process, you need to know how to complete your personal financial statements.

Remember, your personal financial statements should only include:

- Personal assets (what you own), such as your house, vehicle, investments, etc.
- Personal liabilities (what you owe), such as a student loan, mortgage, credit card debt, etc.

They should also reflect:

- Personal income from your full-time job, any part-time work, rental income, alimony, etc.
- Personal expenses, such as rent/mortgage payments, doctor visits, gift clubs, groceries, etc.

This will clarify the condition of your financial situation outside of the business you intend to start. At this stage, do not include any business income or expenses, or business assets or liabilities that relate to the business you are planning.

Personal financial statements are a set of two different sheets: your income statement and your balance sheet.

1) Your income statement (pg. 3) allows you to give the details behind the numbers:

- How much you make on a monthly basis (cash inflows) when compared to how much you spend during the month (cash outflows) will show how much money is left over as disposable income.

**Disposable Income = Total Income – Total Expenses.**

- The Debt-service ratio (DSR) determines how much more debt you can afford (i.e. how much room there is in your personal finances to add an additional fixed expense: the monthly loan payment). To calculate your DSR, your lender will divide your total income over your fixed expenses. These are expenses over which you have no control, such as your mortgage or rent payment, minimum payments on your credit card, etc.

2) Your balance sheet (pg. 2) shows your financial net worth. This amount reflects how much you own after all your debts.

- Total Assets (what you own right now): the total value of your house, the total insured value of your vehicle, the total redeemable value of your investments, etc
- Total Liabilities (what you owe right now): the dollar amount left to pay off your mortgage, car loan, or how much you owe on your credit card, etc.

**Net Worth = Total Assets - Total Liabilities.**

Remember, when your personal financial statements are ready to be presented to a potential lender, guarantor, or investor, be sure to sign and date the document in the space provided. Your signature is your pledge that the statements are complete and accurate to the best of your knowledge.

# Personal Income Statement

## INCOME

Salary	Rent	Child Support	Investment	Bonus	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
Part-Time Job	Other				Total Income (A)
<input type="text"/>	<input type="text"/>				<input type="text"/>

## EXPENSES

### FIXED EXPENSES

#### Housing

Rent	Land Tax	Mortgage	Insurance	Credit Cards	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

#### Savings

Standing Orders	Gift Clubs	Other	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

#### Loans

Car	Consumer/Personal Maintenance	Other	Other	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

#### Insurance

Life	Health	Home	Contents	Other	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

**Total Fixed Expenses (B)**

<input type="text"/>
----------------------

**FLEXIBLE EXPENSES**

**Food/Groceries**

Food Purchases	Restaurant	House Products	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

**Transportation**

Car License/Ins.	Maintenance	Cycle License/Ins.	Gas	Other	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

**Utilities**

Electricity	Telephone	Gas	Water	Other	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

**Education**

Tuition	Personal Develop.	Other	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

**Health Care**

Doctor	Dentist	Hair Care	Other	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

**Household/Clothing**

Clothes	Babysitter	Laundry	Nursery	Summer Camp	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

**Entertainment**

Personal Spending	Cable TV	Sports/Gym	Travel	Other	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

**Other expenses**

<input type="text"/>	<input type="text"/>	<input type="text"/>
----------------------	----------------------	----------------------

Print Name \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

**Total Flexible Expenses (C)**

**Total Overall Expenses (D=B+C)**

**Net Income (E=A-D)**

**DSR: Debt Service Ratio (B÷A)**

# Personal Balance Sheet



## CURRENT ASSETS

Please indicate where on the lines below:

_____	Cash	
<u>Butterfield Bank</u>	Bank Acc. 1	
<u>Bank of Bermuda</u>	Bank Acc. 2	
_____	Bank Acc. 3	
_____	Money Market Acc.	
_____	Term Deposit 1	
_____	Term Deposit 2	
_____	Bonds/Stocks	
_____	Other Current Assets	
<b>Total Current Assets (A)</b>		

## FIXED ASSETS

Home	
Real Estate	
Car/Truck	
Cycle	
House Contents	
Investments	
Boat	
Other Fixed Assets	
<b>Total Fixed Assets (B)</b>	
<b>Total Assets (C=A+B)</b>	

## LIABILITIES

Please indicate where on the lines below:

_____	Mortgage	
_____	Personal Loan	
_____	Outstanding Acc.	
<u>Visa</u>	Credit Card 1	
<u>Master</u>	Credit Card 2	
_____	Credit Card 3	
_____	Other Liabilities	
<b>Total Liabilities (D)</b>		
<b>Net Worth (E=C-D)</b>		

Signature \_\_\_\_\_

Date \_\_\_\_\_

Print Name \_\_\_\_\_