Startup Financials

Curtin Ignition, 19 August 2026

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Founder, Director
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In > Out
Own > Owe

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Money is the lifeblood of your business.

Your business must be(come) financially sustainable.

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...and financial stress makes you dumber by 13 IQ points.

https://www.princeton.edu/news/2013/08/29/poor-concentration-poverty-reduces-brainpower-needed-navigating-other-areas-life

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Poor concentration: Poverty reduces brainpower needed for navigating other areas of life

by Morgan Kelly, Office of Communications
Aug. 29, 2013, 2 p.m.

In a series of experiments, the researchers found that pressing financial concerns had an immediate impact on the ability of low-income individuals to perform on common cognitive and logic tests. On average, a person preoccupied with money problems exhibited a drop in cognitive function similar to a 13-point dip in IQ, or the loss of an entire night's sleep.

Chemical engineer

Educator

Ignition graduate :)

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Disclaimer

General information only

Seek help if you need it

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Who can help you

Free:

- Small business financial counsellor
- Centrelink's Financial Information Service
- Local library (BorrowBox, Libby, Press Reader)

Paid:

- Financial adviser (planner)
- Accountant
- Money coach
- Your super fund*
- Your bank*

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Today we'll cover...

Two internal activities

Three internal scorecards

Three external reports

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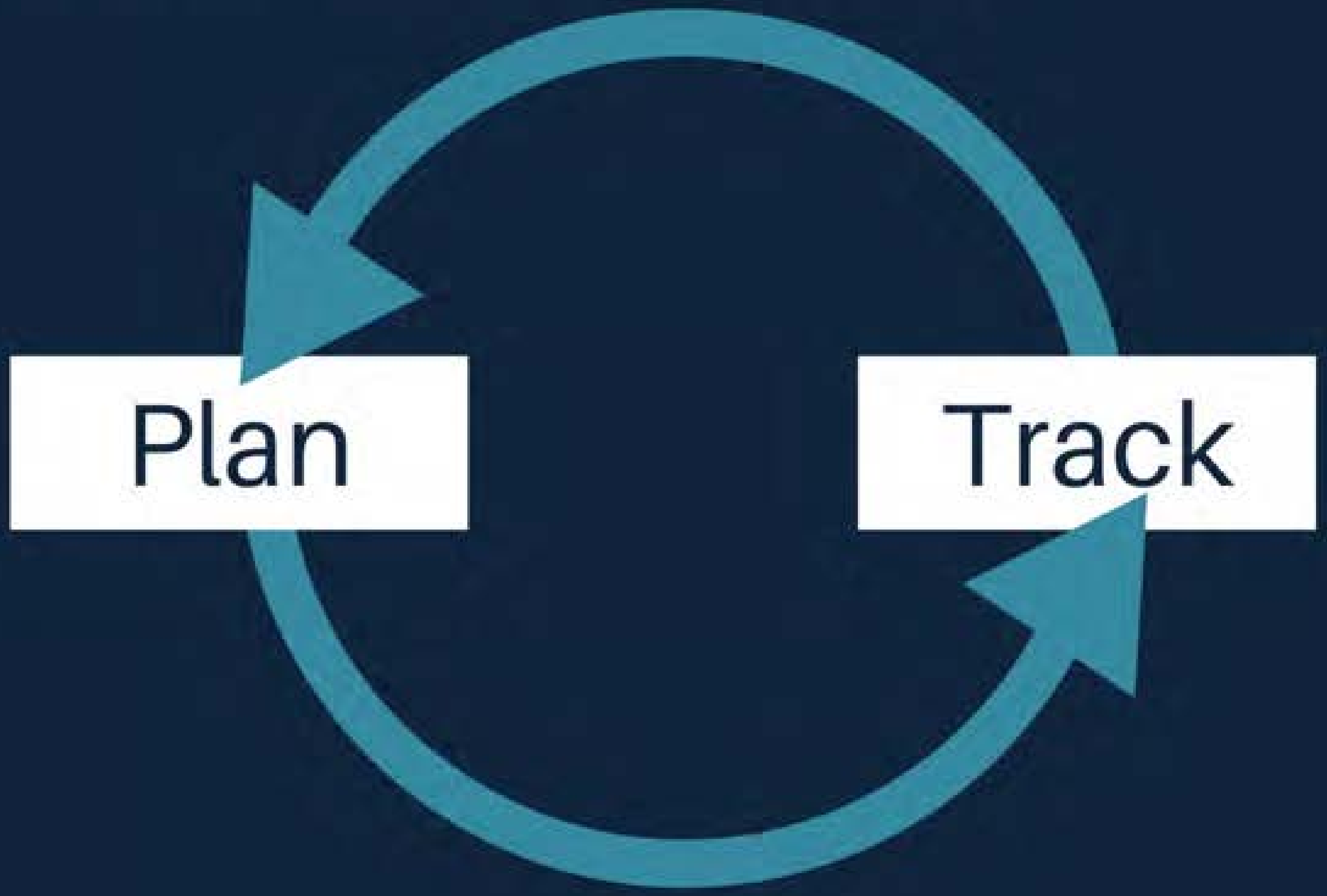
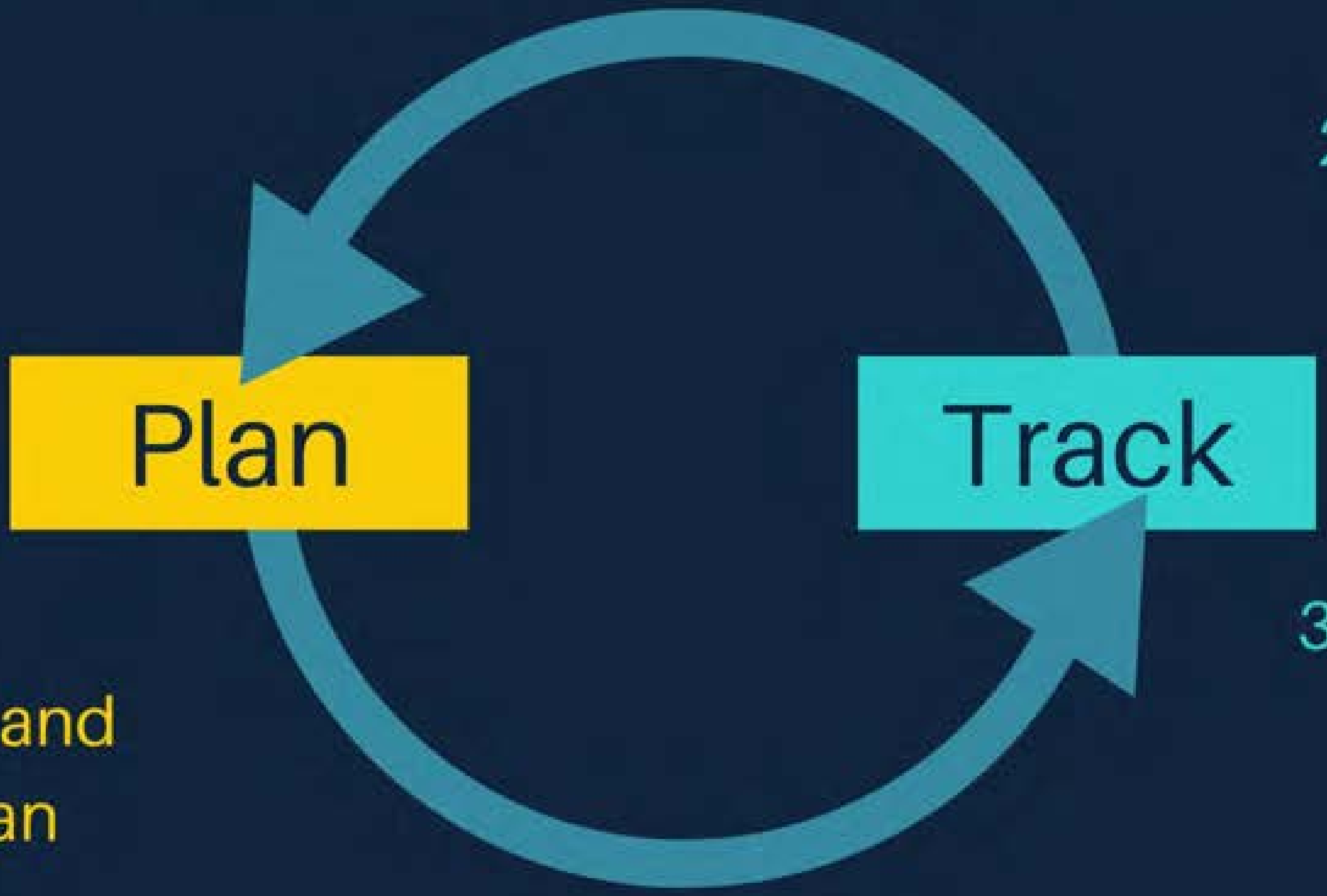
Two internal activities



Three internal scorecards



1. Spending and Earning Plan

2. Profit & Loss

3. Balance Sheet

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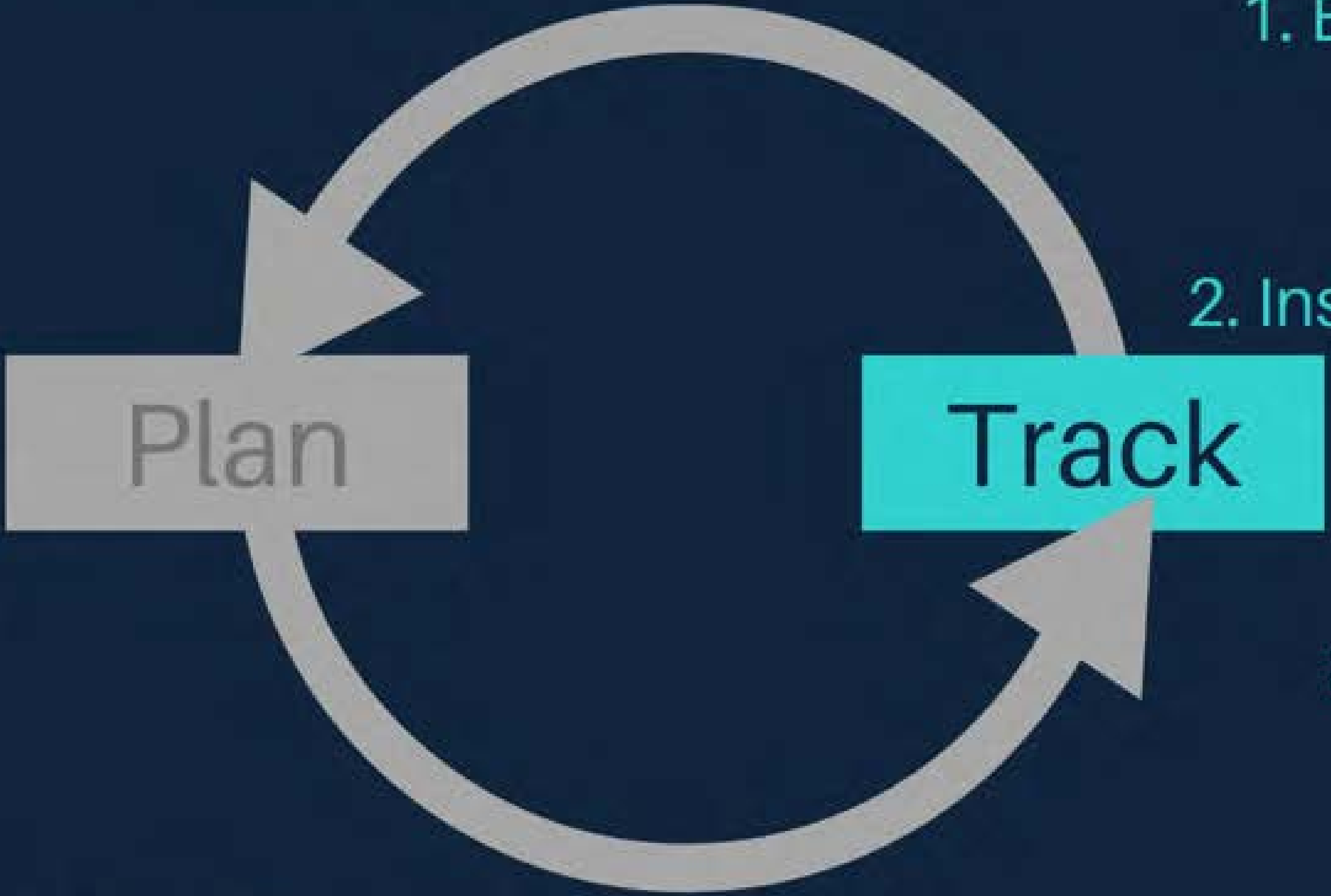
Three external reports



1. Business Activity

2. Installment Activity

3. Tax Return

Note: Not-For-Profits are different!

Spending and Earning Plan

Alternative to 'budget'

List: what, when, how much

Conservative assumptions

Spending Plan - Visual

$ Out

Expenses

- **Selling** — *"Cost of Goods Sold" "Cost of Sales"*
  - Inventory costs
  - \+ Shipping product
  - \+ Transaction fees
  - \+ ...
- \+ **Overhead** — *Regardless of volume sold*
  - Insurance
  - \+ Subscriptions
  - \+ Wages and Salaries
  - \+ Consultants/Contractors
  - \+ ...

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Spending Plan - Guidelines

Get estimates, e.g. quotes

Start annual, granularity comes later

Start simple: pen & paper, .xlsx

https://business.vic.gov.au/tools-and-templates/cash-flow-forecasting-template

Earning Plan - Visual

$ In

Revenue

Price — Per product or service

X

Volume — Market analysis

Earning Plan - Guidelines

Evidence-based

...or (conservative) best guess!

What's your break-even point?

Putting them together

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Profit & Loss (P&L) Statement

Copy plan, replace $ with actuals

Formal layout

Do this 'regularly'

P&L Layout

Income	20,000
- Cost of Goods Sold	5,000
= Gross Profit	15,000
- Expenses	7,000
=Net Profit	8,000

What do you have?

Profit
"Going Concern"

Loss
"Insolvent"

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Cashflow is King...

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...but Profit is the point.

“In business, revenue is vanity, profit is sanity.

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Which lever/s can you pull?

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Can you charge a higher price?

Can you sell more?

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Can you reduce cost of widget?

Can you reduce your spending?

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Feedback Loop

P&L

Plan -->Forecast

Balance Sheet

Long-term scorecard

Assess your equity

Useful ratios for comparison

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Balance Sheet - Definitions

Asset	*What you own*
Liability	*What you owe*
Current	*Occur in this financial year*
Non-current	*Don't occur in this financial year*

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Current Assets e.g.

Cash

What customers owe you ("Accounts Receivable")

Stock

Non-Current Assets e.g.

Plant & Equipment

Property

Vehicles

Current Liabilities e.g.

What you owe suppliers ("Accounts Payable")

Credit Card

Tax payable

Non-current Liabilities e.g.

Long-term loans

Annual/long service leave accrued

Balloon payments on vehicles

How to Balance Sheet

Assets

- Liabilities

= Equity

Key Performance Indicator 1

"Remaining Months of Liquidity (RML)"

Cash and Accounts Receivable

÷ Spending per month (from P&L)

"Burn Rate"

= How many months till you're broke

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Key Performance Indicator 2

Current Assets

÷ Current Liabilities

= Can you pay your debts?

"Current Ratio"

External Reporting

Financial Year: 1 July to 30 June

e.g. 1 July 2024 to 30 June 2025 = FY25

Feed the Australian Taxation Office (ATO)

Early focus: GST and PAYG

Business Activity (BAS)

Quarterly: 28 Feb/Apr/Jul/Oct

DIY or 'Registered BAS Agent'

Watch out: GST is not universal!

Installment Activity (IAS)

Monthly

DIY or 'Registered Agent'

Tax Return

Annual: 28 Feb or 31 Oct

Your goal: legally minimise (structure)

DIY or 'Registered Tax Agent'

Who can help

Bookkeeper	*Like it says on the label*
Accountant	*Qualified - tax, mgmt, financial*
Staff	*Your team - good habits!*
Advisors	*Benchmarking, investment*
Bank	*Money*

What to expect at (any) pitch

Assumptions: How did you arrive at them?

Forecasts: How confident? What proof?

Attitude: Demonstrated waste reduction?

Risk: Managed? Balanced with reward potential?

Resources

Dropbox: forecast templates (WA & VIC)

Dropbox: Example driver tree

Mentor and facilitator(s)

Friday 1:1 clinic - and clinicians in directory!

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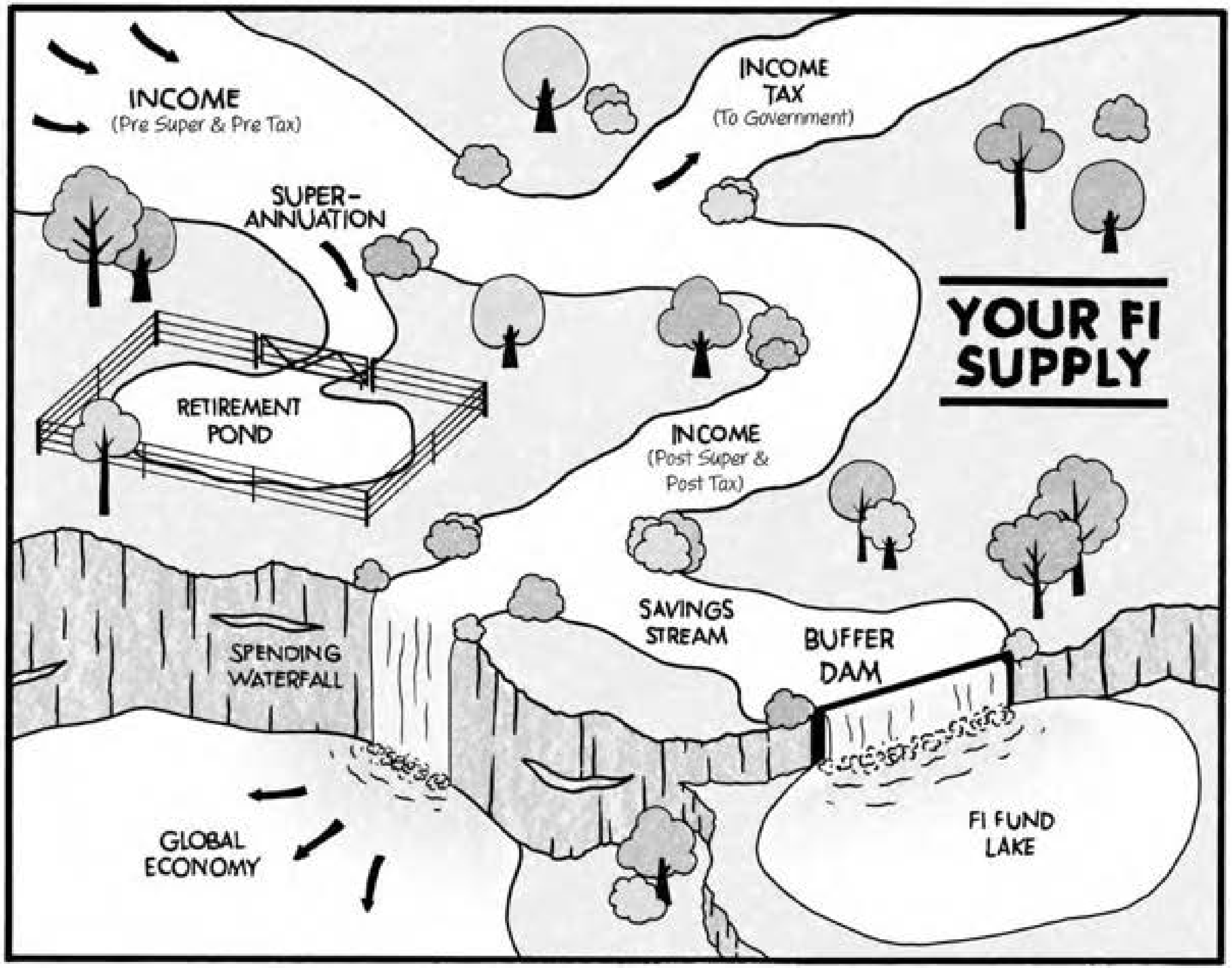

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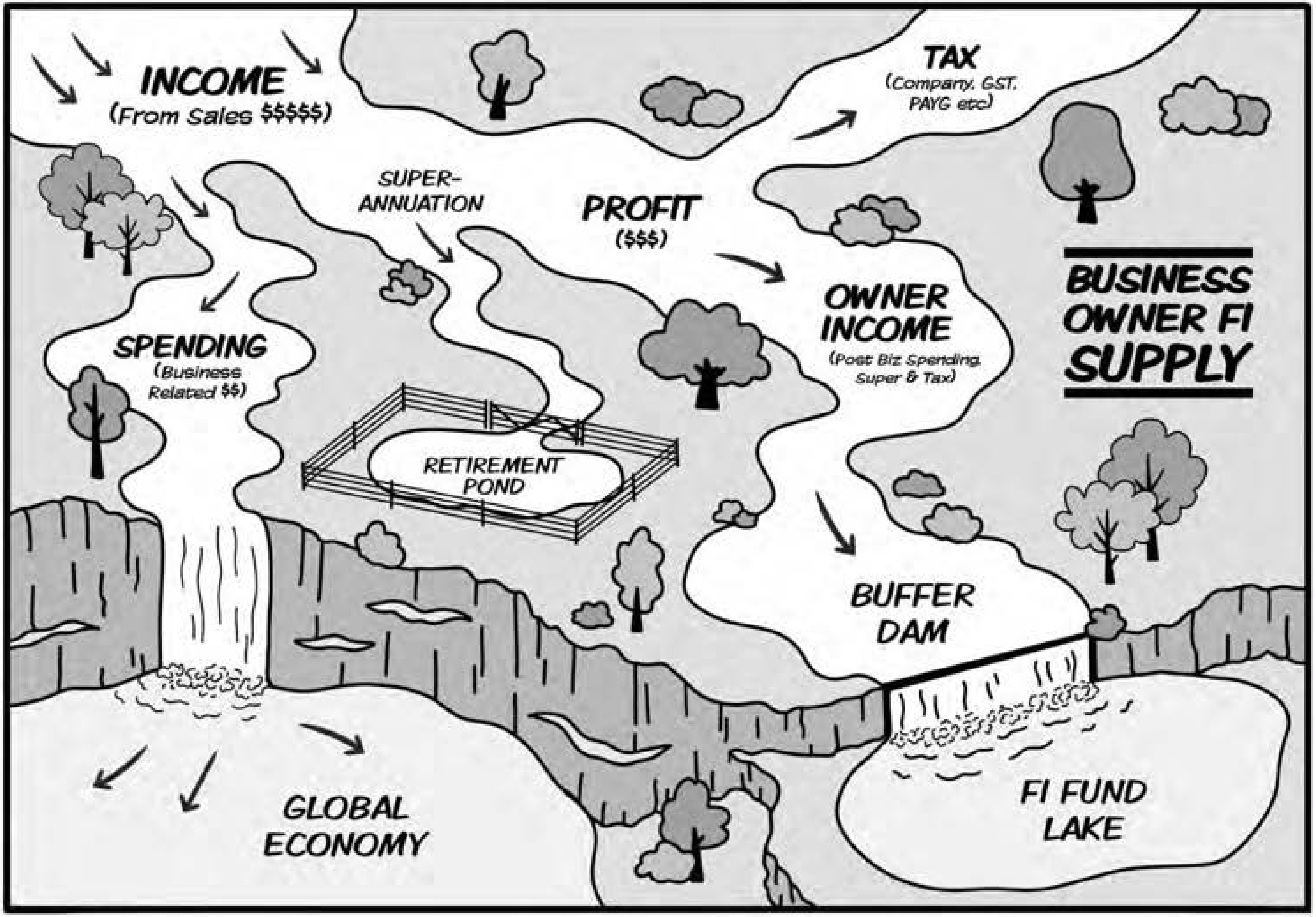

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Thank you!

Optional tool: risk workbook to help you sleep well :)

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