

Proforma Statement *Builder*

User Guide

3-Statement Forecasting · Income Statement · Balance Sheet · Cash Flow

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SECTION 01

What Is This Tool?

The **Proforma Statement Builder** is a fully linked **3-statement financial model** – Income Statement, Balance Sheet, and Cash Flow Statement – driven entirely from a single base year of actuals and a set of forward-looking assumptions. Change any input and every downstream line, from Year 1 revenue through the final year's ending cash balance, updates instantly and stays internally consistent.

This is the same modelling discipline used in investment banking, corporate FP&A, equity research, and startup fundraising decks: build one integrated model where the Income Statement drives the Balance Sheet, the Balance Sheet drives the Cash Flow Statement, and the ending cash position flows back to close the loop – so the Balance Sheet always balances, in every forecast year, automatically.

Who should use this tool?

MBA students building their first 3-statement model for a case study, financial analysts preparing a budget or business plan, startup founders building a fundraising

model, and anyone who needs a rigorous, presentation-ready forecast without wiring formulas across three separate spreadsheet tabs by hand.

Why a linked 3-statement model, and not just an Income Statement forecast?

A revenue and profit forecast alone tells you nothing about whether the business can actually fund itself. Growth consumes cash: receivables and inventory grow with revenue, capital expenditure is needed to support higher sales, and dividends draw down retained earnings. A linked model surfaces these cash consequences automatically – if the business runs short of cash in any forecast year, the model draws on a revolving credit facility to plug the gap and shows you exactly when and by how much.

What the tool computes precisely

Starting from Year 0 (your base-year actuals), each forecast year builds Revenue → COGS → SG&A → EBITDA → Depreciation → EBIT → Interest → EBT → Tax → Net Income on the Income Statement; Cash, Receivables, Inventory, PP&E, Payables, Debt and Equity on the Balance Sheet; and Operating, Investing and Financing cash flows that reconcile to the change in cash – with an automatic revolver draw/paydown mechanism that keeps cash at or above your minimum cash floor and always keeps the Balance Sheet in balance.

SECTION 02

Quick Start

You can build a complete 5-year 3-statement forecast in under two minutes.

1 ENTER YOUR BASE-YEAR ACTUALS

Fill in the Income Statement actuals (Revenue, COGS, SG&A, Depreciation, Interest Expense) and Balance Sheet actuals (Cash, Receivables, Inventory, PP&E, Payables, Long-Term Debt, Revolver, Common Stock, Retained Earnings) for the most recent completed year. Watch the *Base Year Balance Sheet* check – it must read "✓ Balanced" before your forecast will be meaningful.

2 SET FORECAST YEARS AND REVENUE GROWTH

Choose how many years to forecast (3–10) using the Forecast Years slider, then set a revenue growth rate for each individual year – either by typing a number or dragging its slider. This lets you model a deceleration curve (fast early growth tapering to a mature rate) rather than a flat single growth assumption.

3 SET MARGIN, WORKING-CAPITAL, AND DEBT ASSUMPTIONS

Configure COGS %, SG&A %, depreciation rate, capex %, and tax rate; working-capital days (DSO, DIO, DPO); and interest rate, dividend payout ratio, and minimum cash balance. Every assumption has a base input and a $\pm 50\%$ slider for fast sensitivity testing.

4 REVIEW THE STATEMENTS, CHARTS, AND EXPORT

Scroll the right-hand panel to see the full Income Statement, Balance Sheet, Cash Flow Statement, and Key Ratios tables for every forecast year, plus revenue/net income and debt/cash charts. Confirm the Balance Check reads "✓ OK", then export to PDF or save the model for later.

SECTION 03

Base-Year Actuals

The base year (Year 0) is not forecast – it is the actual historical financial position you enter directly, and every forecast year is built forward from it. Getting the base year right is the single most important step: every growth rate, margin, and ratio in the forecast is applied relative to these starting figures.

INCOME STATEMENT ACTUALS

Revenue, COGS, SG&A, Depreciation, Interest Expense. The most recent full year's reported figures. These set the base against which Year 1 growth and forecast margins are calculated. Interest Expense in the base year is not recalculated by the model (it is only in forecast years, driven off beginning-of-year debt) – enter the actual reported figure.

Defaults: Revenue ₹10 crore, COGS ₹6 crore, SG&A ₹2 crore, Depreciation ₹50 lakh, Interest ₹30 lakh.

BALANCE SHEET ACTUALS

Cash, Accounts Receivable, Inventory, Net PP&E, Accounts Payable, Long-Term Debt, Revolver Balance, Common Stock, Retained Earnings. The complete closing balance sheet for the base year. Long-Term Debt is treated as fixed across the forecast (it neither amortises nor grows) – only the Revolver balance moves, acting as the cash-balancing plug.

Total Assets = Cash + AR + Inventory + Net PP&E

Total Liab. + Equity = AP + LT Debt + Revolver + Common Stock + Retained Earnings

Defaults: Cash ₹1 crore, AR ₹1.5 crore, Inventory ₹1.2 crore, Net PP&E ₹5 crore, AP ₹1 crore, LT Debt ₹3 crore, Revolver ₹0, Common Stock ₹2 crore, Retained Earnings ₹2.7 crore.



The **Base Balanced** indicator next to the Balance Sheet group label turns green ("✓ Balanced") only when Total Assets exactly equals Total Liabilities + Equity in the base year. If it reads "Off by ₹X", your entered actuals do not reconcile – check your source financials before trusting the forecast, since an unbalanced base year will propagate an error into every forecast year.

SECTION 04

Forecast Assumptions

These are the drivers that project the base year forward. Each has a numeric base input and a ±50% slider for fast sensitivity analysis – drag any slider to instantly see its effect ripple through all three statements.

Revenue Growth by Year

A separate growth rate for each forecast year (default: a declining curve from 12% in Year 1 down to 5% by Year 10 – modelling a business maturing over time). Set each year individually to model anything from hockey-stick startup growth to flat mature-industry growth to a temporary dip and recovery.

$$\text{Revenue}(t) = \text{Revenue}(t-1) \times (1 + \text{growth}(t))$$

MARGINS & COSTS

COGS % of Sales, SG&A % of Sales, Depreciation Rate, CapEx % of Sales, Tax Rate. COGS and SG&A scale as a percentage of each forecast year's revenue. Depreciation is computed as a percentage of the beginning-of-year PP&E balance (not revenue), reflecting that depreciation depends on the existing fixed-asset base. CapEx scales with revenue and is added to PP&E net of that year's depreciation charge.

$$\text{Depreciation}(t) = \text{PP\&E}(t-1) \times \text{Depreciation Rate}$$

$$\text{PP\&E}(t) = \text{PP\&E}(t-1) + \text{CapEx}(t) - \text{Depreciation}(t)$$

Defaults: COGS 60%, SG&A 20%, Depreciation Rate 10%, CapEx 8% of sales, Tax Rate 30%.

WORKING CAPITAL (DAYS)

Days Sales Outstanding (DSO), Days Inventory Outstanding (DIO), Days Payable Outstanding (DPO). These convert revenue and COGS into the balance-sheet working capital accounts using a 365-day convention, which in turn drives the operating cash flow adjustments.

$$\text{AR} = \text{Revenue} \times \text{DSO} \div 365$$

$$\text{Inventory} = \text{COGS} \times \text{DIO} \div 365$$

$$\text{AP} = \text{COGS} \times \text{DPO} \div 365$$

A rising DSO or DIO (customers paying slower, or inventory piling up) consumes cash; a rising DPO (paying suppliers slower) releases cash. Defaults: DSO 55 days, DIO 73 days, DPO 61 days.

DEBT, DIVIDEND & CASH

Interest Rate on Debt, Dividend Payout Ratio, Minimum Cash Balance. Interest expense each year is charged on the

beginning-of-year total debt (LT Debt + Revolver). Dividends are paid as a percentage of positive net income only (no dividend is paid in a loss year). Minimum Cash Balance is the cash floor the revolver mechanism defends – see Section 5.

$$\text{Interest}(t) = \text{Total Debt}(t-1) \times \text{Interest Rate}$$

$$\text{Dividends}(t) = \max(\text{Net Income}(t), 0) \times \text{Payout Ratio}$$

Defaults: Interest Rate 10%, Payout Ratio 30%, Minimum Cash ₹1 crore.

SECTION 05

How the 3 Statements Link Together

This is the mechanical core of the model – the set of links that makes it a true 3-statement model rather than three independent forecasts. Understanding this flow is what lets you debug an unexpected result or trust an unusual one.

Income Statement → Retained Earnings

Net Income flows to the Balance Sheet through Retained Earnings: each year's ending Retained Earnings equals the prior year's balance, plus Net Income, minus Dividends Paid. This is the single most important link – it is how profitability builds (or, in a loss year, erodes) shareholders' equity over the forecast.

$$\text{RE}(t) = \text{RE}(t-1) + \text{Net Income}(t) - \text{Dividends}(t)$$

CapEx & Depreciation → PP&E

Depreciation reduces both accounting profit (on the Income Statement) and the net PP&E balance (on the Balance Sheet), while CapEx – a pure Balance Sheet and Cash Flow event – increases PP&E without touching the Income Statement. The two flow through the same PP&E roll-forward, keeping fixed-asset accounting internally consistent.

Working Capital → Operating Cash Flow

Changes in Accounts Receivable and Inventory are cash *outflows* when they

The Revolver: The Cash-Balancing Plug

After computing cash from operations, investing (CapEx), and financing

increase (cash is tied up in the business), and a rising Accounts Payable is a cash *inflow* (the firm is financing itself with supplier credit). These deltas adjust Net Income to arrive at Cash Flow from Operations.

$$\text{CFO} = \text{Net Income} + \text{Depreciation} - \Delta\text{AR} - \Delta\text{Inventory} + \Delta\text{AP}$$

(dividends) – but *before* touching the revolver – the model checks the resulting cash balance against your Minimum Cash input. If cash would fall short, the revolver automatically draws exactly enough to top up to the minimum. If cash exceeds the minimum and the revolver has an outstanding balance, the model automatically pays it down (never below zero) with the excess. This is what guarantees the Balance Sheet always balances – the revolver absorbs whatever cash shortfall or surplus the rest of the model produces.

Why is Long-Term Debt fixed but the Revolver isn't?

This model deliberately separates "structural" debt (Long-Term Debt, held constant – representing term loans or bonds with fixed repayment schedules outside the model's scope) from "working capital" debt (the Revolver, which flexes automatically). This mirrors how real corporate credit facilities work: a revolving line of credit exists specifically to absorb short-term cash timing gaps, while term debt is repaid on its own separate schedule.

SECTION 06

Reading the Charts

Two charts render below the summary stats box, both drawn on HTML5 Canvas and updating live as you adjust any input.



Revenue & Net Income

Teal bars show Revenue for the base year and every forecast year. A gold line overlays Net Income on the same chart (auto-scaled to the revenue axis), so you can see margin compression or expansion visually – if the gold line grows more slowly than the teal bars, margins are shrinking over the forecast.



Debt & Cash

Stacked bars show Long-Term Debt (grey) topped by the Revolver balance (rust red) for every year – a growing red segment signals the business is increasingly reliant on the revolver to fund itself. A gold line tracks the Cash balance, with a dashed horizontal line marking your Minimum Cash floor: the cash line should never sit below this dashed line, since the revolver mechanism exists specifically to prevent that.

A quick diagnostic read

If the Revolver segment grows every year and never shrinks, the business as currently modelled cannot fund its own growth from operating cash flow – a real-world signal that it needs either slower growth, better margins, tighter working capital, lower capex, or external equity financing rather than debt. This is exactly the insight a linked 3-statement model is built to surface.

SECTION 07

Reading the Statements & Key Ratios

Four full tables render below the charts, one column per year (Base plus every forecast year). All figures update live.

INCOME STATEMENT

Revenue down to Net Income, following the standard waterfall: Gross Profit, EBITDA, EBIT, EBT, Tax, Net Income – each subtotal is bolded with a rule above it so the statement reads top to bottom exactly as a real P&L would.

BALANCE SHEET

Full Assets, Liabilities, and Equity sections with Total Assets and Total Liabilities + Equity both highlighted – these two figures should be identical in every column. The **Balance Check** line beneath the table confirms this in words.

CASH FLOW STATEMENT

Indirect-method presentation: Net Income adjusted for Depreciation and working-capital changes to reach Cash Flow from Operations, then Investing (CapEx) and Financing (dividends, revolver draw/paydown) sections, reconciling to Ending Cash.

KEY RATIOS

Gross Margin, EBITDA Margin, Net Margin, Return on Equity, Return on Assets, Current Ratio, Debt/Equity, and Interest Coverage – computed for the base year and every forecast year, so you can see profitability, efficiency, and leverage trends at a glance without recalculating anything by hand.

$$\text{ROE} = \text{Net Income} \div \text{Total Equity}$$

$$\text{Interest Coverage} = \text{EBIT} \div \text{Interest Expense}$$

SECTION 08

Core Concepts Explained

Proforma Financial Statements

"Proforma" means forward-looking, projected financial statements built on stated assumptions – as opposed to historical statements, which report what already happened. Proforma statements are the standard tool for budgeting, valuation, financing decisions, and strategic planning wherever a decision depends on the future, not just the past.

The Circularity Problem

In a fully realistic model, interest expense depends on the debt balance, but the debt balance (via the revolver) depends on cash flow, which depends on net income, which depends on interest expense – a circular reference. This tool avoids the circularity by charging each year's interest on the *prior* year's debt balance (not the current year's), a standard modelling convention that keeps the calculation sequential and stable.

The Revolver as a Plug

A "plug" in financial modelling is a line item that automatically absorbs whatever

Working Capital Days

DSO, DIO, and DPO translate income-statement flows (revenue, COGS) into

imbalance the rest of the model produces, so the statements always tie out. Using a revolving credit facility as the plug is realistic (real companies use revolvers for exactly this purpose) as well as mechanically convenient.

balance-sheet stocks (receivables, inventory, payables) using average collection/holding/payment periods. They're the standard way to forecast working capital without needing a bottom-up customer-by-customer or SKU-by-SKU model.

Operating Leverage

Because SG&A and COGS both scale as a constant percentage of revenue in this model, margins stay flat by construction unless you deliberately change the percentage assumptions year over year (by editing the base case at different points, or comparing saved scenarios). Real businesses often have some fixed-cost base that creates operating leverage – model this by adjusting SG&A % downward in later years to simulate cost efficiencies at scale.

Interest Coverage & Debt Capacity

Interest Coverage ($\text{EBIT} \div \text{Interest Expense}$) is a standard lender covenant metric. A coverage ratio below roughly 2-3× is typically viewed as risky by lenders. Track this ratio across your forecast years – if it deteriorates as the revolver grows, that's an early warning the business's assumed growth may not be sustainably financeable with debt alone.

SECTION 09

Business Applications

The Proforma Statement Builder applies across a wide range of real-world financial planning tasks:

→ **Annual budgeting and business planning.**

FP&A teams use a linked 3-statement forecast as the foundation of the annual operating plan, translating a revenue target and cost assumptions into the full financial picture – including whether the plan is fundable from internal cash flow.

- **Startup fundraising models.** Founders building a financial model for investors need exactly this structure: revenue growth assumptions, unit economics (via margins), and a cash runway view (via the revolver/minimum cash mechanic) that shows how much external capital is needed and when.
- **Bank loan and credit facility applications.** Lenders routinely require a 3-statement projection to size a credit facility and set covenants. Interest Coverage and Debt/Equity from the Key Ratios table are exactly the metrics a credit committee reviews.
- **Working capital policy analysis.** Adjust DSO, DIO, and DPO independently to quantify the cash impact of a collections-tightening initiative, an inventory-reduction program, or renegotiated supplier payment terms – before committing to the operational change.
- **Growth-funding sensitivity analysis.** Compare saved scenarios with different revenue growth curves to identify the growth rate at which the business shifts from self-funding to revolver-dependent – a key strategic threshold for any growing company.
- **M&A and valuation support.** A clean, internally consistent 3-statement forecast is the standard input to a DCF valuation – this tool's Income Statement and Balance Sheet outputs can be lifted directly into a free-cash-flow build.
- **MBA coursework and case studies.** Students building their first integrated financial model can set up a realistic case, see all three statements update and reconcile live, and export a submission-ready PDF – without wiring cross-tab spreadsheet formulas by hand.

SECTION 10

Interpreting Your Results

GROWING REVOLVER BALANCE

If the Revolver Balance climbs steadily across the forecast, the business as modelled cannot self-fund its growth. Investigate: is CapEx % too high relative to margins? Is DSO/DIO too generous? Is the dividend payout ratio too aggressive for a growth-stage business? Try reducing growth, tightening working capital days, or setting payout ratio to zero to see which lever restores self-funding.

DECLINING INTEREST COVERAGE

Falling Interest Coverage over the forecast (EBIT growing slower than the debt/revolver balance) signals rising credit risk. Combined with a growing revolver, this is the model's way of flagging an unsustainable financing structure under your current assumptions.

BALANCE CHECK FAILS ("OFF BY ₹X")

This should not happen in forecast years (the revolver mechanism guarantees balance) – if it does, it almost always traces back to an unbalanced *base year* (Section 3). Re-check your base-year actuals first; the model propagates any base-year imbalance forward unchanged.

IMPROVING ROE ALONGSIDE A GROWING REVOLVER

ROE can look strong even while the business becomes more leveraged, because equity is a smaller base relative to a growing balance sheet. Always read ROE together with Debt/Equity and Interest Coverage – rising ROE driven by rising leverage, rather than rising margins, is a materially different (and riskier) story.

SECTION 11

Saving Models & Exporting PDFs

Access to saving models and exporting PDF reports depends on your account tier.

FEATURE	FREE	TRIAL	PREMIUM
Build & Forecast	✓ Unlimited	✓ Unlimited	✓ Unlimited
Save Model	X Not available	Up to 3 models	✓ Unlimited
Load / Delete Saved Model	X Not available	✓ All saved models	✓ All saved models
Export PDF	X Not available	X Not available (Premium only)	✓ Unlimited

Exporting a PDF Report

Premium users can click **Export PDF** after building their model. The tool generates a multi-page A4 landscape PDF entirely in your browser using jsPDF – no data leaves your device – and downloads it immediately.

PAGE 1 – SUMMARY

Header band with the FinMBA/Proforma brand and project details, a results bar with final-year Revenue, Net Income, Total Assets, CAGR, ROE, Debt/Equity, and Revolver Balance, the full list of forecast assumptions used, and snapshots of both charts.

PAGES 2-5 – FULL STATEMENTS

One page each for the complete Income Statement, Balance Sheet, Cash Flow Statement, and Key Ratios table, every forecast year as its own column – a ready-to-submit or ready-to-present document with no further editing needed.

Saving and Loading Models

A **model** is a named snapshot of every input: base-year actuals, all assumptions, forecast years, and the full per-year growth schedule. Trial users can save up to **three** models; saving under an existing name overwrites that model without consuming an extra slot. Premium users can save an unlimited number of models – ideal for comparing multiple growth scenarios, financing structures, or operating plans side by side.

Glossary of Terms

TERM	DEFINITION	IN THIS TOOL
Proforma Statements	Forward-looking projected financial statements built on stated assumptions, as opposed to reported historical results.	The entire output of the tool: forecast IS, BS, and CF for every year.
Base Year	The most recent completed year of actual reported results, used as the starting point for the forecast.	Year 0 – entered directly, not computed.
COGS	Cost of Goods Sold – the direct cost of producing what was sold, subtracted from revenue to reach Gross Profit.	Forecast as a % of each year's revenue.
SG&A	Selling, General & Administrative expenses – overhead costs not directly tied to production.	Forecast as a % of each year's revenue.
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation – operating profitability before financing and non-cash charges.	Gross Profit – SG&A.
EBIT	Earnings Before Interest and Tax – operating profit after depreciation.	EBITDA – Depreciation.
DSO	Days Sales Outstanding – average number of days it takes to collect cash after a sale.	Drives the forecast Accounts Receivable balance.
DIO	Days Inventory Outstanding – average number of days inventory sits before being sold.	Drives the forecast Inventory balance.
DPO	Days Payable Outstanding – average number of days the firm takes to pay its suppliers.	Drives the forecast Accounts Payable balance.

TERM	DEFINITION	IN THIS TOOL
Revolver	A revolving credit facility that can be drawn on and repaid flexibly, as opposed to a fixed-term loan.	The automatic cash-balancing plug – draws when cash would fall below the minimum, pays down when cash exceeds it.
Plug	A modelling term for a line item that automatically absorbs whatever imbalance the rest of a financial model produces.	The Revolver serves this role, guaranteeing the Balance Sheet balances every year.
Minimum Cash Balance	The lowest cash level a business chooses to maintain as a buffer against timing gaps and shocks.	The floor the revolver mechanism defends.
CFO / CFI / CFF	Cash Flow from Operations / Investing / Financing – the three sections of the Cash Flow Statement.	Computed each year and reconciled to the change in cash.
ROE	Return on Equity – Net Income divided by Total Equity; measures how efficiently equity capital generates profit.	Key Ratios table, every year.
ROA	Return on Assets – Net Income divided by Total Assets; measures overall asset efficiency independent of financing mix.	Key Ratios table, every year.
Interest Coverage	EBIT divided by Interest Expense – how many times over a firm can pay its interest obligations from operating profit.	Key Ratios table; a common lender covenant metric.
Debt / Equity	Total interest-bearing debt divided by total shareholders' equity; a core leverage ratio.	Key Ratios table, computed from LT Debt + Revolver ÷ Total Equity.

TERM	DEFINITION	IN THIS TOOL
CAGR	Compound Annual Growth Rate – the smoothed annual growth rate implied by the total change from a start value to an end value over N years.	Displayed for Revenue, Base Year → Final Year.

Still have questions?

Every figure in this tool is computed transparently from the formulas documented in this guide – there is no hidden logic. If a result looks unexpected, work through Section 5 (How the 3 Statements Link Together) and Section 10 (Interpreting Your Results) to trace it back to its driving assumption.

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