

**ENGG 683 Winter 2022**  
**Group Project**  
**APPENDIX C**

**SECTION 6: Financial Projections**

Financial projections are a strong enticement for potential investors and can help new ventures through the challenging first year and into a productive and profitable future.

This section should include the first-year forecast of your revenue streams, cost of goods sold (COGS), operating expenses (OPEX), non-operating expenses/income, and taxes. The P&L statement Excel sheet template gives you a start point to navigate your cost and revenue structure. However, you can also make your own template. Depending on your business, feel free to edit the template as it suits you. Your first-year projections represented in the P&L statement should be followed by a discussion about your calculations, assumptions you made to come up with numbers and calculations, and their rationale. Do NOT make holistic assumptions about final numbers. E.g., “I assume our first-year salary would be X.” Instead, try to come up with a systematic prediction. This section can also provide information about your milestones in the more distant future.

The top-down and bottom-up methods can help with estimating sales targets. A suggestion for creating your sales forecast:

- Determine your forecast period
- Determine in which units you want to present your sales
- Forecast per sales unit the sales volumes
- Add selling prices and done!

When writing your report, think about the relationships below:

- Sales unit and COGS
- Sales volume and COGS

When deciding about COGS, do not forget to ask yourself, “Would this expense have been an expense if no sales were generated?”