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AU Coffee Shop Exercise Part 1- Castaway Cloud

In part 1 of this exercise, the focus is to build a simple MANUAL forecast quickly and easily in Castaway Cloud. Please don't consider the exercise simplistic, it's designed for you to experience most of the basic modeling functions of Castaway.

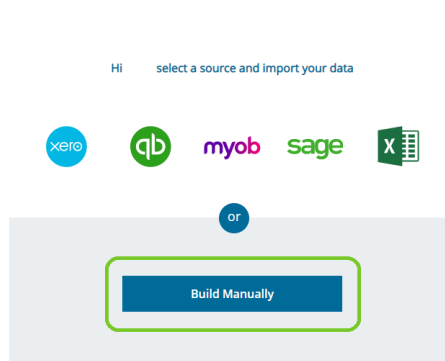
We'll be creating a simple Chart of Accounts and adding some high-level numbers, working through 3 steps:

1. Starting a new Castaway Cloud forecast
2. Creating a simple Chart of Accounts to suit the setup of the coffee shop
3. Add some basic numbers to the forecast

The second part of the exercise (*Coffee Shop Exercise Part 2*) will add some more dynamic modelling options for better analysis of different growth scenarios.

Step 1: Start a new Castaway Cloud forecast

1. Login to Castaway Cloud and select "New Project".
2. Click Build Manually, then add the following settings:
 - a. Company/Project Name: Coffee Shop
 - b. Country: Australia
 - c. Currency: AUD
 - d. Financial Year (FY) start Month: July
 - e. Project start month: 1 July 2022
 - f. Duration: 3 years



- Once you're happy with the settings, click **Build My Project** to begin:

Build your Project ×

The main details

Project Name: Project group:

Country: Currency: FY Start Month:

Project timeline
Let's set the timeframe for your forecast.

Project Start Month: Duration: Max 5 years

- Click on the **Overview** tab, Edit **Taxes** and set the GST/VAT rate to 10%

Taxes

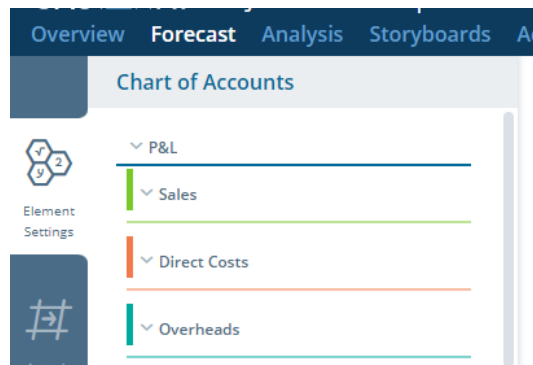
GST/VAT
Tax Method: Invoice
Tax Rate (Sales): 10.00%
Tax Rate (Purchases): 10.00%

Income Tax
Income Tax Method: Calculated

Step 2: Create a Simple Chart of Accounts

Next, we'll use the Forecast Designer to create our Chart of Accounts for our Coffee Shop forecast.

1. Click on the Forecast tab:



2. To add each Element:
 - a. Scroll to the appropriate Element Section, hover your cursor over it and click the Plus (+) icon
 - b. Choose your Element Type from the drop-down menu
 - c. Enter the Element name
 - d. Press the Enter key to add the Element



*I've made a mistake when creating an element!
What do I do?*

If you need to make changes to your elements, right-click and select **Edit** or **Delete**

Given we're thinking as business owners here in this exercise, we'll add the elements in the order they are needed as we design the business.

Using the **Forecast Designer**, add the following elements to the Chart of Accounts:

Section	Element Type	Account Name
Sales	S Sales	Coffee Sales
Direct Costs	I Inventory	Cost of Goods Sold
Overheads	C Costs	Rent
Overheads	W Wages	Staff Costs
Overheads	C Costs	Other Operating Costs
Overheads	O OnCosts	Superannuation
Overheads	O OnCosts	Payroll Tax
Non-Current Assets	F Fixed Asset	Equipment
Capital and Reserves	E Equity	Share Capital

Step 3: Add some basic numbers to the forecast

In this step, we'll add some basic numbers to each of the elements we have just created to get a good feel for how Castaway Cloud responds. In part 2, we'll add some dynamic modelling options to the forecast to enable quicker analysis of different scenarios.

Every element has its own data entry screen, which we access by clicking the element name in our Chart of Accounts on the left. When we add data into our elements, it's important to save this work as we go:

Click **Save** to save your work and continue adding data

Click **Save & Close** to finish editing the element and return to your Chart of Accounts.

Make sure you click one of these options before returning to the Chart of Accounts and the next element.

1. **SALES:** Enter the numbers Below in the Enter Revenue row in the Coffee Sales element:

Jul22	Aug22	Sep22	Oct22	Nov22	Dec22	Jan23	Feb23	Mar23	Apr23	May23	Jun23
\$0	\$12k	\$15k	\$17k	\$20k	\$25k	\$20k	\$20k	\$20k	\$22k	\$22k	\$22k

2. **EQUITY:** Scroll down to BS (Balance Sheet) on the Chart of Accounts and click on the **Share Capital** Element. Enter \$25,000 for Jul 22 in the Enter Equity Change row.

3. **EQUIPMENT:** Click the **Equipment** element under **Non-Current Assets** and add \$30,000 to the **Enter Addition** line for Jul 22

4. **EQUIPMENT:** Under **Depreciation** in the Element settings, enter 15% as the **Straight Line Annual Depreciation Rate**.

5. **RENT:** In the data entry screen for Rent (In Overheads) add \$2,000 in the **Enter Expense** row for Sep22 and Oct22. Enter \$4,000 for Nov22 and enter or tab to record the data. Right-click on the \$4,000 for Nov22 and select "Fill Right-Current Year" to populate.

6. **OTHER OPERATING COSTS:** Click on **Other Operating Costs** and enter \$4,000 in the **Enter Expense** row for Jul22 and Aug22. Enter \$2,500 for Sep22, then right-click and "Fill-Right Current Year" to populate.

7. **OTHER OPERATING COSTS:** Remove the **Days Credit** for July22, Aug22 and Sep22 and leave the rest as 30

8. **STAFF COSTS:** Enter \$8,000 in the **Enter Wage Expense** row of the **Wage Expense** element for each month (ie: 4 people at \$2,000 per month each). Then:

- Enter 28% as the average rate for **PAYG Tax Withheld %**
- ONCOSTS:** Enter 10.50% as the Superannuation rate (monthly). In the left-hand **Superannuation Settings** panel, choose the **On Cost** drop-down, click on **On Cost Method** and change the calculation to "% of Expenses".
- ONCOSTS:** Following the same methodology as Superannuation, enter 5.45% as the Payroll Tax rate (monthly)

9. **COST OF GOODS SOLD:** Until now, we've worked with the default properties for each element. For COGS, we need to tailor the Element properties to suit the facts we have been given. To do this:

- a. Open the Cost of Goods Sold element and, in the **Inventory Element Settings**, click on the **Cost of Goods Sold** drop-down menu
- b. From the **COGS Method** drop-down list, select the **% of Sales** option
- c. Click the **Element Selector** drop-down menu and tick the box next to **Coffee Sales** and click OK
- d. Enter 30% in the Link% row and apply this evenly for the year
- e. Again in the **Inventory Element Settings**, click the **Inventory** menu and select "Days on Hand (Forward)" as the **Inventory Method**
- f. On the **Enter Days** row in the model, enter 14 for each month
- g. In the **Inventory Element Settings**, click the Cashflow Method drop-down and select "% Spread"
- h. Enter 50% against 0 days and 50% against 30 days (1month), then click OK.

Save and close to return to the main Castaway screen. Click on the Castaway logo or the **Overview** tab.

You have now completed Part 1.