

Basis of Preparation

This document explains how SimplyViable calculates the financial projections in this model for Flour & Bloom. It is intended for accountants, advisors, and other reviewers who want to understand the underlying mechanics before relying on the numbers.

Industry classification: Manufacture of bakery products (ISIC 1071).

The figures are built from what the owner has put in — how they sell, what they charge, their staff, their costs and their funding. An engine then works them through, using the tax rates and pay dates that hold in Ireland.

Basis of preparation. These are the owner's own projections. They count income and costs when they are earned or owed, not when the cash moves. They look forward. They are estimates for planning and review, not audited accounts. They are best read alongside the assumptions that drive them.

Where a rate is not clear, the dearer reading is the one used. Most rates set by law come back plain. A few do not. A country can state what is owed two ways at once. The costlier of the two is taken, never the first one found and never a midpoint. That keeps a projection on the cautious side of an unclear rule.

Here is a real case. One country sets redundancy pay at two weeks' pay per year worked, plus one more week. Read as two bands, that is a bigger sum and a smaller sum for the same worker. The bigger sum is the one carried into these figures. A plan that shows too little to pay is worse than one that shows too much. The shortfall only comes to light once the money has gone.

Reference framework. Recognition and measurement follow the *IFRS for SMEs Accounting Standard*, second edition (IASB, 2015), which is the edition in force at the date this plan was prepared, 25 September 2026. Every paragraph cited in this document is a second-edition paragraph. The third edition was issued in February 2025 and applies to periods beginning on or after 1 January 2027, so the years projected here will fall under it — the paragraph numbers move, the treatments in this document do not.

IFRS for SMEs is used rather than full IFRS deliberately. Full IFRS is written for entities with public accountability. It would impose treatments a small company's own accountant would not apply. Where the two differ, IFRS for SMEs governs. The most visible difference is leases. Full IFRS 16 puts nearly every lease on the balance sheet. IFRS for SMEs keeps the finance/operating distinction, and that is what this model applies. Borrowing costs are the second: IFRS for SMEs prohibits capitalising them, where IAS 23 requires it on a qualifying asset. Users reporting under US GAAP should read the departures below as differences to adjust for, not as errors.

This is a reference framework, not a compliance claim. A forecast is not a set of accounts and is not audited. So we cannot claim it meets a reporting standard, and we do not claim it here. What the framework gives is the treatment used for each item, so a reviewer can see the basis and judge it rather than guess at it. What we have kept simple is listed below.

GOING CONCERN

Prepared on a going-concern basis. The twelve months from the start of this plan have been assessed. Cash available to the business stays positive throughout, at its lowest €70k in September 2027. Money ring-fenced to a stated purpose is left out of that figure, since it cannot meet general costs.

WHERE THE FIGURES COME FROM

The model is built from drivers, not from an answer we wanted. A driver is a researched figure for this kind of trade: the usual price, the cost of a unit, and how fast it grows. The forecast is then worked out forward from them. Figures the owner typed in are used exactly as entered. They always beat the sector figure. A specific salary, a known rent, a quoted supplier price. Where the owner left a value blank, it is anchored to the sector-typical figure. The starting model then sits within sector norms rather than empty. The owner reviews and can change every anchored value before the model is built. The Health Check report then flags where the owner's own inputs sit outside those norms.

Whose number is whose. This plan blends the figures the owner provided with typical Bakery & Artisan Food Production benchmarks where they left gaps. Owner-stated figures always win: where the owner gave a figure, it is used exactly as given and no benchmark overrides it. The model does not yet mark each figure individually as owner-supplied or benchmark-filled. A reviewer wanting to trace a particular number should ask the owner what they entered rather than infer it from the report.

How the team size was arrived at. The number of people this plan is built on was the team the owner described, or the smallest crew this trade can open with, whichever is larger. Sales did not decide it. What the owner stated is never cut.

Where the rent figure came from. We could not price your rent from space and local prices. So we used our own research on what this trade usually pays.

Where the owner's own pay sits in the benchmark. The figures behind this plan's pay band cover every kind of business. That includes sole traders and partnerships, who take drawings rather than a wage. The value of the owner's own work stays in the surplus, so the band excludes it. The surplus this plan reports is money a living still has to come out of.

DATA SOURCES

Sector benchmarks are read from state figures on business, worldwide, wherever a country puts them out. The tax rates, the cut-off points and the filing dates for Ireland are read from the body that sets them. Each one is checked against a second source before we lean on it. Where a figure comes from a benchmark and not from the owner, the Health Check names the source and its year beside it.

For this business's own sector: the benchmark rests on genuine official statistics reported across multiple countries, not an estimate. The typical reading sits at the group-level — the 3-digit classification covering a small cluster of closely related trades. 46 countries stand behind that reading, and 39 of them report at that level. The rest report broader or narrower, and are blended in on the same basis. Other figures rest on their own countries, often fewer, and the Health Check names how many beside each one. The figures describe businesses of 1 to 9 people — the same size bracket as this one.

The role of AI — deterministic first, AI on a short leash. Every projected number is arithmetic. The three statements are computed by a fixed, rule-based engine. It works down a stated order of preference: a figure the founder gave, then the drivers they gave, then the sector's own. The same

inputs always produce the same figures, and a language model never does the sums.

AI does four bounded jobs, and where one of them supplies a figure that figure is fenced. **It classifies** — sorting the business into the right sector and variant, and each cost into fixed or variable, so the correct benchmark set applies. **It transcribes** the facts the founder gave in plain English into the model’s fields. **It supplies a working figure only inside a sourced band** — the value is held within the researched range for this trade. An automatic reconciliation check enforces that, so it is never a free number of its own. And **it drafts the plain-English narratives** that explain the numbers. The gaps themselves are not filled by AI at all. Every field the founder leaves blank is anchored to the researched typical (median) value for this trade. That covers price, unit cost, pay, asset cost, recurring churn and project length. The value is taken from the benchmark table above, so a blank is a sourced median, never an invention. AI-drafted text is labelled as such wherever it appears. The founder can edit every anchored value before the model is built.

The plan never runs on part-finished tax data. The engine checks it holds the full basis it needs for this country. That is the tax rates, the filing dates, and the rules that set how much of an asset can be set against tax. The check runs before it works out anything. If any of that is missing for Ireland, the model **pauses and says so**. It does not quietly fill the gap with a zero and understate the tax. A number is only produced once the statutory picture behind it is complete.

WHAT WAS APPLIED TO THIS PLAN, AND WHERE EACH RULE COMES FROM

Revenue	Recognised when the business has performed — on transfer of the significant risks and rewards of ownership for goods (IFRS for SMEs 23.10), and by stage of completion for services (23.14). Money received before performance is carried as a liability, not as revenue: deposits, prepaid subscriptions and staged contract billings are all treated this way. This plan carries 8 revenue streams. Subscription revenue is modelled as cohorts against a retention curve, rather than one flat churn rate.
Subscription	Repeat income is counted in equal parts across each billing period. The active customer base is aged month by month as new sign-ups are added and existing ones lapse. So the recognised figure follows the real subscriber count, rather than a flat headline.
Repeat custom	Customer numbers, times how often each visits a year, spread across the year by the season pattern in the plan. That is the pattern of a business whose customers come back repeatedly through the year.
Footfall / transaction	Sales volume follows the season pattern in the plan, and grows year on year. That is the pattern of a walk-in trade counting sales through the door.

Stock	Measured at the lower of cost and estimated selling price less costs to complete and sell (IFRS for SMEs 13.4; the write-down itself is 27.2–27.4). Stock is carried on a days-of-cover basis driven by forward cost of sales, not by tracked cost layers. So neither first-in-first-out nor weighted average is applied as such, and last-in-first-out, which 13.18 prohibits, is not used. No stock line here carries a declared write-down for value lost; that narrowing is listed with the others. The business is already trading. So what it holds on day one is an opening balance, paid for by money already in the business. No fresh cash moves to acquire it.
Operating costs	Accrued monthly from the annual amount, whatever the invoicing cycle, with the cash shown in the month it is paid. Costs that move with general prices are grown year-on-year at a sector-typical rate. It is applied as one step at each year's start. Costs marked non-deductible appear in the profit and loss but do not reduce the tax charge.
Team and payroll	Pay is accrued in the month worked, with Employer social insurance (Employer PRSI) and PAYE (Pay As You Earn) on top of gross salary. Allowances stated for a role are carried at their stated value. A one-off recruitment cost is charged as cash in the month each new person is taken on. The owner's own pay is carried on the basis their tax position requires, not as an afterthought.
Property, plant and equipment	Cost less residual value, spread over the asset's useful life, straight-line by default. Useful life and residual are set per asset class, not as one global figure. IFRS for SMEs 17.18 and 17.22 also permit diminishing balance. A founder may switch an asset to it. None of this plan's assets do.
Asset disposals	Cost and accumulated depreciation are both removed. The gain or loss taken to profit is the proceeds less the asset's carrying amount, not less its original cost. The cash shown is the full proceeds, in investing activities. IFRS for SMEs 17.27 and 17.30.
Leases	A lease that passes on nearly all the risks and rewards of owning the item is a finance lease. It is entered as one: the asset and a matching debt both go on the balance sheet, and payments split into interest and capital (IFRS for SMEs 20.4, with the tests at 20.5). Any other lease is entered as rent, and its payments are a plain expense. The model applies the treatment for whichever a founder or sector pack declares; it does not judge the classification itself. Premises leases are entered as rent almost always: a building lasts far longer than any small-business lease, so the risks and rewards of owning it stay with the landlord.

Equity	Money put in for a share of the business is equity, not a loan. It goes in as cash, once. There is no interest, and no repayment date. It sits in the business as its own money, called share capital, not as something owed. An owner's money and an investor's money are counted apart, so it is clear whose money paid for what.
Borrowings and interest	On a reducing-balance rate, interest builds on the balance still owed. Each repayment splits into interest and capital. The interest charge falls as the balance does (IFRS for SMEs 11.15–11.16, the effective interest method). On this kind of rate, weekly repayment costs less than monthly. The balance falls 52 times a year, not 12, so the plan prices it that way, not evenly across months. A flat rate is different. It charges interest on the original amount for the whole term. That does not change with how often it is repaid. It costs the same whether repayments are weekly or monthly — only the cash timing changes, not the total charge. Hire purchase, most non-bank lending, and every interest-free deal are flat quotes. A flat quote is converted to the matching reducing-balance rate before it is charged. Spreading a flat total evenly has no basis in the standard. Borrowing costs are expensed and never added to the cost of the asset they financed (25.2).
Money borrowed that is not a term loan	Three kinds are treated differently, because they behave differently. An overdraft or working-capital line is used only when cash runs short. It is paid back as money comes in, with no fixed schedule, and only the amount drawn is costed. A loan repayable on demand — an owner's or director's loan — has no set term and no set repayments. It stays a debt until the founder repays it. A convertible note builds up interest but repays no capital in the plan. At the end it converts into shares instead of being repaid.
Government grants	A grant with no strings attached is income when it is receivable. One that depends on doing something is income only once that is done. Money taken before either is a liability until then (IFRS for SMEs 24.4). A grant is measured at what was actually received or is due (24.5). A grant that funds an asset is spread over that asset's life here, rather than taken at once. That narrowing is listed with the others.

Employee benefits	Wages and salaries are charged in the period the work is done. Where pay is weekly, the CASH leaves on the real pay days in each month. That's four or five runs, never an even share. Fortnightly pay leaves on two or three real pay days a month. A month with an extra run costs the same as any other. Only the CASH timing moves, not the total charge. What is earned but not yet paid is carried as owed. They go in at the amount the business expects to pay, undiscounted (IFRS for SMEs 28.5). Paid leave is added to the cost of employing someone. It is not held as a separate balance for days earned but not yet taken. So the cost falls in the right period, but untaken days are not tracked as a debt. Redundancy pay counts in full as soon as the business is committed to it. It is never spread out, because it buys no future work (28.32 and 28.34).
Provisions	A provision is money set aside for something the business will have to pay. It is only recorded on three tests. Something has already happened that binds the business. Payment is likely. And the amount can be estimated (IFRS for SMEs 21.4). An intention to spend in a future period is not an obligation and is not provided for.
Working capital	The lag between earning and being paid, and between incurring and paying, is carried month by month. That is Trade Receivables, Trade Payables and stock. So the cash statement and the profit and loss differ exactly where the terms make them differ.
Income Tax — current	Charged on taxable profit for the period, at that period's rates. Accounting depreciation is added back and the jurisdiction's capital allowances deducted in its place, with non-deductible costs added back. Rates, bands, thresholds and carry-forward limits are national law, not the standard. banded rates (20% / 40%) mostly before the year-end, with the remaining 10% about nine months after year-end indefinitely
Deferred tax	Measured on the gap between an asset's book value and its value for tax. The rate used is the one expected to apply when that gap closes (IFRS for SMEs 29.27). Where tax rates rise in steps, the average rate expected over the years the gap closes is used. That is not the marginal rate, which is the rate charged on the last slice of profit (29.28). Not discounted (29.32). Shown as long-term on both sides, whenever it is due to unwind (4.2(o) and 29.36). Tax expense is current tax plus deferred tax, shown as two parts (29.39). So the rate borne on accounting profit will not match the headline rate. Permanent differences — costs never allowed for tax — move it.

Deferred tax assets	A deferred tax asset here comes only from a timing gap between an asset's book value and its tax value. An unused loss never makes one. A loss cuts tax directly instead. See Loss carryforward, above. The gap is carried in full. The standard tests it first. It books one only where future profit is likely, checked every period (IFRS for SMEs 29.16, 29.21, 29.31). This model skips that test. The gap is listed with the other narrowings below.
Value-Added Tax	This business is not registered, so no Value-Added Tax is charged on sales and none is reclaimed on purchases; it sits in costs for as long as the business stays unregistered.
Statement of cash flows	Operating, investing and financing, with every movement in exactly one section (IFRS for SMEs 7.1 and 7.3). Presented on the direct method — receipts and payments are shown as such, rather than reconciled from profit. Interest paid is a financing outflow and tax paid an operating outflow, applied consistently throughout. Distributions to owners, including drawings, are financing. Where finance is raised to buy one named asset and the lender pays the supplier directly, the asset purchase and the matching loan still appear on their own lines, in full, so the transaction stays traceable. It is only the investing and financing section totals that net the non-cash portion out, since no cash actually crossed the business's own account for it (Section 7; full IFRS equivalent IAS 7.43). A grant that funds an asset is shown in investing beside the purchase it paid for, not as trading cash.

WHERE THIS MODEL NARROWS THE ACCOUNTING TREATMENT

Each of these is a deliberate narrowing rather than an oversight. They are listed so a reviewer can weigh them rather than discover them.

Stock that never sells	No stock is written down on the balance sheet by default. It is not carried as a tracked pile that can age. The ongoing loss is priced into each offering's waste and spoilage rate. That raises the cost of every unit that DOES sell, to cover the ones that don't. Bread binned at closing, a season's stock marked down, plants that die on the bench all belong there. A founder may also write off stock as a one-off. None of this plan's stock has one.
Equipment that loses value early	Equipment stays at cost less the normal yearly write-off by default. A founder may declare a one-off write-down for a machine that breaks or dates. None of this plan's assets have one, so profit is flattered wherever that has quietly happened.
Depreciation method	Straight-line for every asset here by default. Reducing balance can be switched on per asset — it suits a van or a laptop. None of this plan's assets use it.

Capital grants are spread, not taken at once	A grant that funds an asset is released to profit across that asset's life. So it offsets the depreciation it pays for. The standard named here counts a grant sooner. Either when the business becomes entitled to it, or when its conditions are met. Spreading it is the long-standing alternative. Full IFRS allows it, and so do most national standards built on it. It is what an accountant would expect to see against a funded asset. It is stated here because it is a departure from the standard named above, not because it is unusual.
One currency per model	Every figure in the core statements is in one currency. Money owed in another currency is not re-priced as rates move there. So no gain or loss from a rate change enters the profit and loss or balance sheet. A founder can tag a cost line with its own currency and a rate. The model then shows what today's rate would have cost, as a side note only. It never changes the model's totals. The standard above would re-value those amounts at the last day's rate each period (IFRS for SMEs 30.9).
Arrangement fees	A loan arrangement fee cannot be spread over the life of the loan. It lands in the month it is charged, instead of being built into the rate.
Deferred tax asset recognition	A deferred tax asset here is carried in full, from the timing gap alone. The standard says test it first: book one only where future profit is likely, checked every period. This model skips that test.
Goodwill	Not amortised and not tested for impairment.

RESEARCH AND DEVELOPMENT CREDIT

R&D incentives are not one instrument. Across the world a jurisdiction may publish its relief in five ways. As a credit on qualifying spend. As a credit that is itself taxable. As an extra deduction against profit. As a reduction in payroll remittances. Or as a credit on the growth in spend rather than its total. Those five are worth very different amounts of cash on identical spending. So each published rate is turned into one common figure first. That is the cash it is worth, as a share of qualifying spend.

Credit on spend	The published rate is the credit and the credit is not taxed. Applied as published.
Taxable expenditure credit	An "above the line" credit that counts as taxable income in the year claimed. Applied net of income tax, so a published rate is worth less than its face value.
Additional deduction	A "super-deduction" is not a credit. The uplift above the ordinary cost is worth the tax it saves. So it's applied as the uplift multiplied by the income tax rate.
Payroll remittance relief	The relief cuts what the employer pays over on wages, not a tax on profit. It is a share of the same wage bill. It turns into cash whether or not the business makes a profit.

Credit on the increase in spend

The credit is only claimable on spend above the earlier average. No credit is taken — see the exclusions below.

What this plan applies. R&D Corporation Tax Credit is modelled at 35.00% of qualifying spend, after the conversion above. That figure will not match the rate the revenue authority advertises unless the scheme is a straightforward credit on spend. This credit is refundable. Where it is more than the tax due, the rest comes back as cash from the tax authority. Cash is received 12 months after the credit accrues.

Cap on the credit

No more than EUR 87,500 of credit a year, however much was spent. A cap on spend and a cap on the credit are different limits. Where a scheme carries both, the lower one binds.

What the credit is measured on. Qualifying spend comes from one of two bases, and a year uses one or the other, never both. Where the owner has stated a qualifying-spend figure for a year, that figure is the base and is applied as given. It is already a statement of qualifying cost, and it properly includes subcontracted development, materials and licensed software as well as wages. So no time apportionment is applied to it. Otherwise the base is derived from payroll: the cost of the roles the plan marks as doing qualifying work, at 80% of that cost. The 80% is a stated planning judgement, not a figure from any jurisdiction. Every major scheme requires the claimed cost to reflect actual time on qualifying activity. This model holds qualification as a yes/no on the role, rather than as tracked hours. Treating a qualifying role as 100% qualifying would overstate every claim, since even a role predominantly on research carries administration and non-qualifying work. A year the owner has spoken for takes no payroll-derived credit on top.

What is deliberately excluded. A credit on the increase in spend over a prior-period average is not modelled. The base period is history this plan does not hold. Sizing such a scheme from a volume of payroll would credit a first-year business for growth it has not had. An incentive that is not specific to R&D is not claimable against research staff cost. It is not applied as though it were. Examples: a general small-business credit, an investment allowance, a regional grant. Competitive R&D grants are excluded: an award a business must win is not something a plan can assume. A scheme only open to firms bigger than this business is treated as closed to it. Where a non-refundable credit is more than the tax due, the excess is dropped. It is not carried into a later year, though many schemes allow that carry-forward. So this shows less relief than may be due, which is the safer way to be wrong.

How the engine derives each of these is described in the help centre rather than repeated in every plan. That covers the growth curves, the stock seasonality, and which wins between a founder's figure and a benchmark.

THE HEALTH CHECK RATIOS

Thirteen ratios, in four families: profitability (gross margin, an operating margin measured before depreciation, net margin, and return on capital employed measured the same way), liquidity (current ratio, quick ratio), solvency (debt to equity, interest cover, debt service cover) and efficiency (receivables days, payables days, inventory days, the cash conversion cycle). A supporting-stats card beside them carries five more figures that aren't ratios — payroll and rent as a share of revenue, revenue per person, working capital, and cash runway.

Each is a plain sum on this plan's own figures, and the sums are the same in any trade. What changes by trade is the range each one is read against: the usual range for this trade, from the same source as the benchmarks above. A ratio reads as within, above or below that range. Above or below is not always bad — a current ratio well above range often means idle cash, not strength.

VALUATION AND EXIT

Each row starts with one last-year figure from this plan. For a business in profit that is EBITDA — what it earns before interest, tax and wear and tear. Where there is no profit yet, it is sales. That figure is then multiplied by what buyers usually pay in this trade. The answer is the enterprise value: what a buyer pays for the lot. The multiples come from the same sector figures the benchmarks above are built from.

THE LIMITS OF A PLANNING MODEL

This plan uses average prices, costs and tax rates. It does not work from single sales. For business planning, this is the right level of detail. The job is to understand the likely financial path, and to test whether the plan is viable. Average inputs produce outputs close enough to plan from. Building in more detail than the future can carry is the bigger risk. It looks exact and is not.

These things are left simple on purpose, and are worth keeping in mind alongside the figures:

1. **Costs and prices rise each year.** Wages rise each year at a pay-growth rate — the founder's own where one is set, otherwise the country's or the sector's. Other costs rise at the sector's inflation rate. Selling prices rise by the annual increase on each offering, which starts at a sector-typical figure the founder can change. Rent steps up on its own when a lease renews. Tax rates are today's rates plus any change already announced; a change nobody has announced yet is not modelled.
2. **One currency only.** Every figure in the core statements is in one currency, and the plan does not model the exchange rate moving in those totals. A founder can tag a specific cost with its own currency and rate, and see what today's rate would have cost as a side note — it never changes a total.
3. **The last of the tax falls due after the plan ends.** The plan pays business tax on the country's real timetable, which runs behind the profit it is charged on. So tax on the last months of the plan falls due after the plan ends. It shows as still owed, not as cash leaving.
4. **Tax on selling land or property is shown at the full rate.** The plan charges the full capital gains tax rate on a sale of land or property. Many countries cut that rate for an owner selling a business they have run. The plan does not apply that cut. Qualifying turns on facts the plan does not hold, such as how much of the business the owner holds. So the tax shown here can be more than the tax actually paid. Where a country grants that relief, its rate and its conditions are on Rates Set by Law. A loss on one asset is not set against a gain on another. No allowance is made for inflation on the purchase price.
5. **Customers are assumed to leave at a steady rate.** Subscriber numbers, churn and lifetime value are modelled — see the Recurring Revenue report. One simplification: the plan loses the same share of subscribers every month. Real customers usually leave fastest in their first few months, so a rate taken from settled customers will hold new ones too long.

Most plans at this stage have the same limits. The list above is the one that applies to this business. A simplification the engine does not make here is not listed here. So a reviewer can read it as what is actually being set aside, not as a standard disclaimer. Where one of them matters to the business, a reviewer should weigh it on its own.