SAMPLE RESULTS · WORKED EXAMPLE

Funding Growth Calculator

How much cash will Brightwater's growth plan eat before it pays back, and how fast can it grow from its own cash?

MEET BRIGHTWATER FABRICATIONS

A fictional sheet-metal fabricator that sells to other businesses on 30–60 day terms. It's profitable and busy, and the owner wants to grow. We use it in our Levers for Growth guide and as the example in every Castle FD tool.

Annual sales	**£4,000,000**
Gross margin	**40%**
Overheads	**£1,200,000**
Operating profit	**£400,000**
Debtor / stock / creditor days	**60 / 45 / 40**
Cash in the bank	**£250,000**

What Brightwater entered

Its figures from last year's accounts, plus **£150,000** of profit kept in the business each year after tax and dividends. Its growth plan: **25% a year for three years**, taking sales from £4.0m to £7.8m.

17.3p
cash tied up in every £1 of sales

22%
self-funded speed limit a year, below its 25% plan

£86,173
peak funding needed over three years

The three sums

1. Cash tied up per £1 of sales	(Debtors £657,534 + stock £295,890 − creditors £263,014) ÷ sales £4.00m	**17.3p**
2. Cash needed to grow, year one	£1,000,000 extra sales × 17.3p, before any new people, kit or premises	**£172,603**
3. Self-funded speed limit	Profit kept per £1 (3.75p) ÷ cash tied up per £1 (17.3p)	**22% a year**

Brightwater Fabrications is a fictional business. Figures are illustrative and were produced by the free tool from the answers shown. Not financial advice: individual circumstances vary. Castle FD is not a lender or credit broker.

Year by year

Year	Sales by year end	Cash growth eats	Profit kept	Surplus / (gap)	Funding needed to date
1	£5.00m	£172,603	£150,000	(£22,603)	£22,603
2	£6.25m	£215,753	£187,500	(£28,253)	£50,856
3	£7.81m	£269,692	£234,375	(£35,317)	£86,173
Total		**£658,048**	**£571,875**		**Peak £86,173**

Profit kept is assumed to grow in line with sales, and working capital grows in line with sales at today's payment terms. Other investment (people, equipment, premises) is not included, so add it to the funding need.

Fund it from inside first

Every day off Brightwater's debtor days releases about **£10,959** at today's sales. Collecting just **3 days sooner** would cover year one's gap on its own.

For working capital growth like this, the usual fits are retained profit, invoice finance and a revolving credit facility.

What Brightwater did next

1. Set a target of 50 debtor days within six months: invoices on the day of despatch, chasing from day 31.
2. Took the remaining gap, plus the cost of a new press brake, to its bank before it needed the money.
3. Took the Funding Readiness Quiz to see what the bank would push on.

TRY IT ON YOUR OWN NUMBERS

Run the Funding Growth Calculator

castlefd.com/funding-growth-calculator

Brightwater Fabrications is a fictional business. Figures are illustrative and were produced by the free tool from the answers shown. Not financial advice: individual circumstances vary. Castle FD is not a lender or credit broker.