COSMOS Finance Ready Reckoner™

Clarity, Compliance, and Control for SME Finance Systems

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Trademark Notice:

Why Finance Trips Up Growing SMEs

Finance problems rarely arrive with alarm… they compound quietly.

Invoices go out late, collections drift, spend approvals blur, and month-end closes stretch into the next month. Cash is moving, but no one can see the timing.

The result? Good businesses run on guesswork instead of signals.

The good news: you don't need a big ERP to regain control. You need a handful of calculators, trackers, and habits that turn numbers into signals… so decisions happen early, not urgently.

The COSMOS Lens:

Finance discipline sits at the heart of the COSMOS 4S Systems Framework™:

Structure → Roles, limits, chart of accounts, close calendar

SOPs → Clear flows for request→approve→book→pay→reconcile

Systems → Light tools: cash planner, AR/AP register, dashboards

Scale → Faster closes, cleaner audits, calmer decisions

📌 This booklet shows you how.

Section I - Core Calculators

Formulas every SME must know to control cash timing

Most finance chaos reduces to three simple questions:

1. Do we have enough cash - week by week?
2. Are we spending as planned—or leaking value?
3. How long can we run at our current burn?

They sound basic. But without clear answers, SMEs:

- Miss cash dips until the week they hit,
- Over- or underspend without noticing, and
- Make short-term fixes that shorten the runway.

The answers don't require complex software. They sit inside **three simple calculators**:

- **13-Week Cash Flow Planner:** forecast inflows/ outflows weekly so you can decide early.
- **Budget vs Actual (Variance) Calculator**: spot deviations and fix them fast.
- **Runway & Burn Rate Calculator:** know your months of life and how to extend them.

Each tool is explained in three layers:

- **Basics** (the simplest usable version),
- **In Practice** (service/retail vs manufacturing scenarios),
- **Pro Tips** (COSMOS notes for going deeper).

📌 By the end of this section, you'll have **clear cash signals**—not surprises.

A. 13-Week Cash Flow Planner

🎯 Purpose

See weekly cash ins/ outs clearly, decide early (collect, defer, fund), and avoid surprise shortfalls.

⚙️ How It Works (Basics)

- **Grain: Weekly view** - the ideal level for cash visibility; daily is noise, monthly is too late.
- **Grid:** 13 columns (Week 1–13).
- **Rows:** Opening → **Inflows** (AR due, deposits, other) → **Outflows** (Payroll, Vendors, Tax, Rent/Utilities, Capex, Debt, Other) → **Net** → **Closing** (feeds next week's Opening).
- **Flags:** Must-Pay / Can-Defer / Negotiable (data-validated).
- **Cadence:** Finance updates **Friday**; leadership review **Monday**.
- **Threshold:** Set **Minimum Operating Cash** (e.g., 2× weekly payroll). Anything below turns **RED**.

🧾 In Practice Example (Service firm, Week 42)

Particulars	Amount	Amount
Opening Balance		USD 185,000
Inflows	USD 75,000	
Outflows	USD 117,000	USD (42,000)
Closing Balance	Below USD 150K	USD 143,000

Decision:
Offer 1.5% early-pay on USD 20k;
Defer USD 8k non-critical vendor to W43;
If AR slips, draw USD 10k from reserve.

💡 COSMOS Tip (Pro)

Tag every variance between forecasted and actual movement with a **Variance Cause**.

It builds awareness of where your cash plan leaks — not just that it did.

Variance Cause	Meaning	Example
AR Delay	Customer payment arrived later than expected	Invoice due Oct 10 paid Oct 20
Unexpected Outflow	Unplanned spend hit mid-cycle	Equipment repair USD 4,200
Tax Adjustment	Surprise tax or compliance payment	Quarterly VAT settlement earlier than forecast
Capex Shift	Asset purchase moved weeks	Equipment buy advanced W46 → W42
Forecast Error	Entry or formula mistake	Missed vendor invoice in model

📌 **Use patterns to refine next quarter's cash model.**

Most liquidity shocks are repeatable once you know their cause.

Spreadsheet Spec

Particulars	**Amount**	**Amount**
Opening Balance		A
Inflows - AR Due - Deposits - Othes	XX	
Total Inflows (Sum of XX)	**B**	

Outflows - Payroll - Vendors - Tax - Rent/Utilities - Capex - Debt - Other	YY	
Total Outflow (Sum of YY)	**C**	
Net	**B-C**	**D**
Closing Balance		A+D
Priority Notes		
Decision		

B. Budget vs Actual (Variance) Calculator

🎯 Purpose

Catch overspends/under-investments early; force explanations and corrective actions before trends harden.

⚙️ How It Works (Basics)

- **Grain:** GL Category × Cost Center by month - this defines the *granularity* of your data, i.e., one row per department and expense type for each month. It's detailed enough for visibility, but not so fine that it becomes noise.
- **Inputs:** Budget, Actual; auto-calc Variance (USD & %); add Reason, Action, Owner, Due, Status.
- **Roll-ups:** Cost center summary + P&L (Revenue, COGS, Opex, EBITDA).
- **Alerts:** Variance beyond **±10% or ± USD 2,000** (whichever is smaller) highlights **RED/AMBER**.

🧾 In Practice Example (Manufacturing, Oct)

Marketing – Paid Ads:
Budget USD 6,000 | Actual USD 8,450 → **– USD 2,450 (–41%)**
Reason: Unplanned A/B test.
Action: Cap Nov at USD 7,000; CRO audit; weekly CPL tracking.
Owner: CJ.
Due: 05-Nov.

💡 COSMOS Tip (Pro)

Use a **Variance Type** picklist to tag *why* each variance occurred. It turns data into insight and keeps discussions factual — not personal.

Variance Type	Meaning	Example
Timing	Expense happened earlier/ later than planned	Training budgeted in Nov, paid in Oct
Price	Unit cost changed	Raw material rose from USD 2.5 → 3.0/unit
Volume	Quantity changed	Produced 120 units instead of 100
One-off	Non-recurring cost	Rebranding or relocation expense
Error	Posting or budgeting mistake	Expense booked under wrong cost center

📌 **Patterns emerge quickly and politics fade.**

Once you see which variance types dominate, you know where to fix the system - not the people.

Spreadsheet spec

Cost Center | **GL Category** | **Budget (M)** | **Actual (M)** | **Var (RM)** | **Var%** | **Variance Type** | **Reason** | **Action** | **Owner** | **Due** | **Status**.
Formulas:

- Var (USD) = Actual – Budget
- Var% = IF(Budget=0,"", Var/Budget)

C. Runway & Burn Rate Calculator

🎯 Purpose

Know precisely how many months your current cash supports, and how choices (collections, cuts) extend that runway.

⚙️ How It Works (Basics)

- **Grain: Monthly view:** ideal for strategic visibility; weekly is too volatile, quarterly too late.
- **Inputs:**
    - **Cash Today** (bank + equivalents)
    - **Avg Monthly Net Burn** = Avg(Outflows – Inflows) over last **3 months** (exclude one-offs)
    - **Committed Cash Events** (tax, capex, scheduled collections)
- **Outputs:**
    - **Base Runway (months)** = Cash / NetBurn (if burn>0)
    - **Scenario A:** Collect +USD X in 30 days
    - **Scenario B:** Cut Opex by Y%
    - **Scenario C:** A + B
    - **Break-even Month:** when rolling 3-month net ≤ 0

🧾 In Practice Example

Cash USD 420,000; Avg Net Burn USD 70,000 → **Runway 6.0 months**.
A: Collect + USD120,000 → **7.7 months**
B: Cut opex 10% → burn RM 63,000 → **6.7 months**
C: A + B → **8.6 months**

💡 COSMOS Tip (Pro)

Tag any deviation in burn trends with a **Burn Variance Cause**.

It turns this calculator from a static forecast into a learning model.

Burn Variance Cause	**Meaning**	**Example**
Opex Shift	Operating cost changed (hiring, rent, marketing)	Added 2 new hires mid-month
AR Timing	Collections slower/faster than planned	Major client paid 2 weeks late
Capex Surge	Unplanned capital investment	Server upgrade USD 18 000
Revenue Dip	Sales or project income dropped	Cancelled client project
Forecast Error	Input or formula issue	Double-counted payroll

📌 **Why it matters:** When you tag variance causes, your runway forecast becomes an *early-warning radar,* showing what shortens or extends your future months of life.

Spreadsheet spec (ready to build)

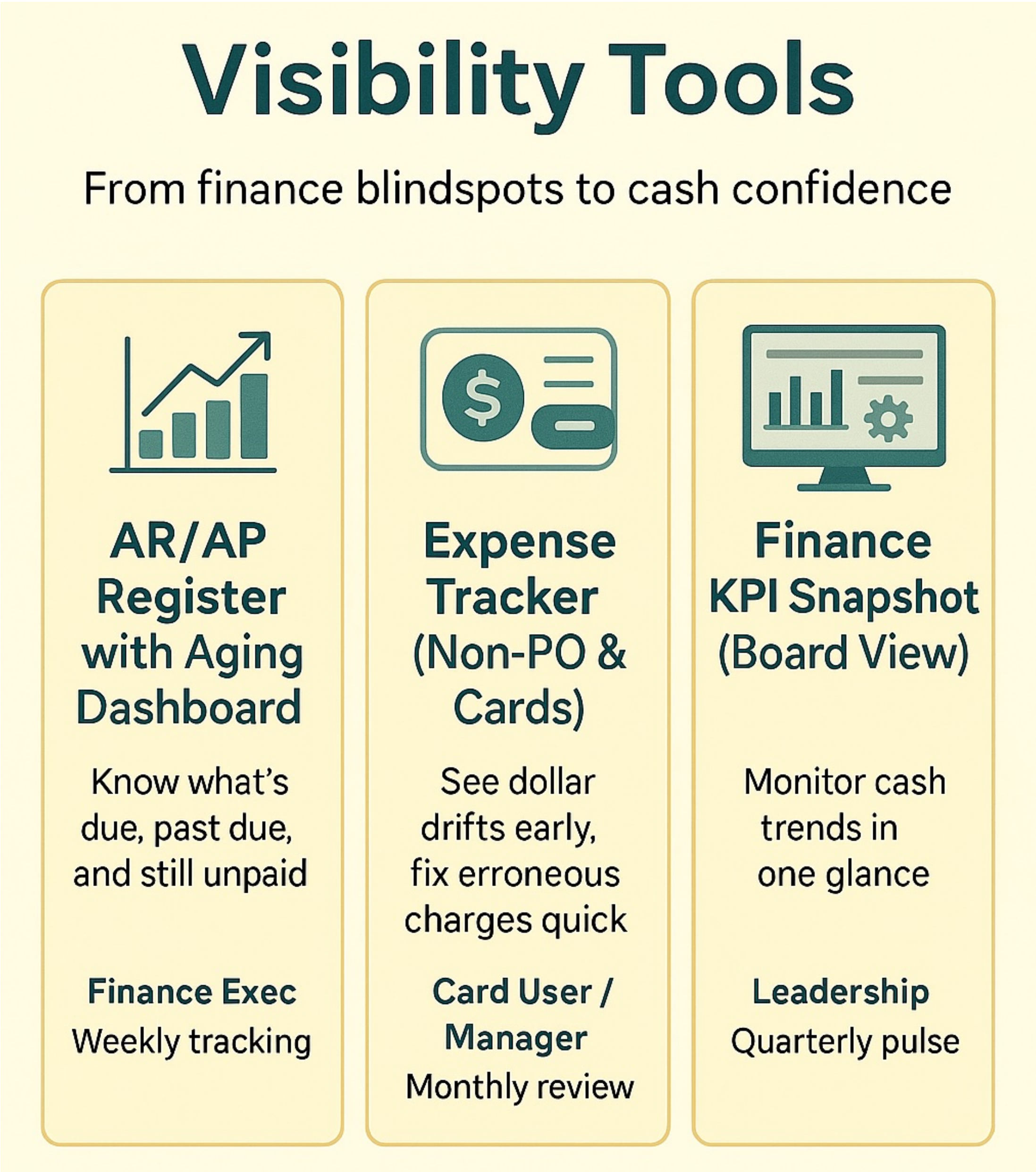
Inputs: Cash Today | Avg Monthly Outflows | Avg Monthly Inflows | **Net Burn** | Planned Collections (30/60 days) | Planned Opex Cut %.

Outputs: **Runway (Base/A/B/C)** | Break-even Month.
Formulas:

- Net Burn = MAX (AvgOut – AvgIn, 0)
- Runway = IF(NetBurn=0,"∞", Cash/NetBurn)

Section II - Visibility Tools

Make your money visible, manageable, and actionable



Calculators give signals, but without visibility, signals get lost in inboxes.

Most SMEs fall into two traps:

- Finance “lives” in one person’s head (or scattered sheets).
- No single view of **what is owed**, **what is due**, and **what matters**.

This section introduces three tools that convert hidden transactions into **shared truth**:

1. **AR/AP Register with Aging Dashboard:** a single source for invoices, due dates, and follow-ups.
2. **Expense Tracker (Non-PO & Cards)**: clean intake → clean close.
3. **Finance KPI Snapshot (Board View):** a monthly signal panel your leadership will actually read.

📌 With these tools, you move from “I think” to **“Here is the status” -** in one glance.

A. AR/AP Register with Aging Dashboard

🎯 Purpose

See every receivable and payable in one place. K**now what is due, what is delayed, and what needs action** - before cash gaps appear.

⚙️ How It Works (Basics)

AR (Sales)	**AP (Purchases).**
Column Headings: Invoice No Customer Date Due Date Amount (USD) Status Status (Pending/Part-paid/Paid) Owner Last Reminder Next Action/Date Notes	**Column Headings:** Bill No Vendor Date Due Amount (USD) PO/GRN Match Approval Status Payment Batch Date Payment Mode Notes
AR Aging Days (= TODAY() - DueDate) **AR Aging Bucket** (Not yet due, 0–30, 31–60, 61–90, >90)	**AP Days Since Invoice *(DPO* view)*** (= TODAY() - InvoiceDate) **AP Overdue Days** *(Overdue view)* (= MAX(TODAY() - DueDate, 0)) **AP Aging Status:** =IF(AP Overdue Days=0, IF(DueDate-TODAY()<=7, "Due ≤7d","Not yet due"), IF(AP Overdue Days<=30,"Overdue 1–30", IF(AP Overdue Days<=60,"Overdue 31–60", IF(AP Overdue Days<=90,"Overdue 61–90",">90 Overdue")))) **AP Aging Bucket (Overdue)** (0–30, 31–60, 61–90, >90 - based on **AP Overdue Days**)

* Days Payable Outstanding

Dashboard toggle (simple)

Add a cell: Focus = “Overdue” / “DPO”.

- If Overdue, chart by AP Aging Bucket (Overdue).
- If **DPO**, chart by **AP Days Since Invoice** (average → your DPO).

🧾 In Practice Example (AR)

INV-0724 | BrightTech Inc. | 2025-10-02 | Due 2025-11-01 | USD 45,800 | **Pending** | 0-30 | Owner – Amy | Last reminder 10-Oct | Next follow-up 15-Oct

💡 COSMOS Tip (Pro)

Freeze two views:

- AR Aging % > 60 days (Goal < 15%)
- **Average Collection Days (DSO)** trend 3-month rolling.

Dashboards are pointless unless they trigger weekly actions - assign owners and dates.

Spreadsheet spec

- **Add Aging Days** = TODAY() – DueDate
- Auto-assign buckets using nested IF or VLOOKUP table.
- Use conditional format for Aging > 60 = Red.
- Pivot to summarize per Customer/ Vendor.

B. Expense Tracker (Non-PO & Cards)

🎯 Purpose

Capture every non-PO expense (credit card, travel, misc) so month-end is clean and audits are painless.

⚙️ How It Works (Basics)

- **Columns:** Date | Department | Category | Vendor | Description | Amount (USD) | Tax | Net | Payment Method | Receipt Link | Requested By | Approved By | Booked (Y/N).
- **Categories sourced** from your Chart of Accounts (drop-down).
- **Monthly reconciliation:** match total per card to statement balance.
- **Control:** No receipt = No reimbursement (exceptions logged).

🧾 In Practice Example

10-Oct | Sales | Travel | Uber | Client visit | USD 22.40 | 0 | 22.40 | Corp Card | link | Maria | CJ | Booked ✓

💡 COSMOS Tip (Pro)

Use separate tabs per month, but one master pivot for **Top 10 Spending Categories**. Patterns surface immediately.

Tag each record with a 2-letter **Cost Center Code** (CC) for easy analysis.

Spreadsheet spec (ready to build)

Add validation lists for Department, Category, and Payment Method.
Auto-sum by month and compare to the Budget vs Actual sheet.

C. Finance KPI Snapshot (Board View)

🎯 Purpose

Give a leadership signal, not noise. Show if finance health is improving month to month.

⚙️ How It Works (Basics)

- **View:** One-page dashboard with monthly trend lines (3–12 months).
- **KPIs to Track:**
  Liquidity: Current Ratio, Quick Ratio, Cash Runway (months)
  Cash Cycle: DSO, DPO, DIO, Cash Conversion Cycle (CCC)
  Profitability: Gross Margin %, EBITDA Margin %, Net Margin %
  Collections: AR Aging % > 60 days, Collection Rate this month
  Discipline: Close Days (from month-end to books closed)
- Highlight **3 Board KPIs** (★) at the top.

🧾 In Practice Example

Liquidity: Current 1.9× (↑ from 1.6) | Runway 8.2 months (↑ from 6.5)
Cash Cycle: DSO 48 days | DPO 32 | DIO 25 → **CCC = 41 days (↓ from 52)**
Close Days: 6 (↓ from 11) — target achieved.

💡 COSMOS Tip (Pro)

Display trends with sparklines, not charts. Your goal is **glanceable truth**, not slideware.

Each month, highlight *"1 thing we improved / 1 thing to fix"*. That habit keeps finance alive in leadership meetings.

Spreadsheet spec (ready to build)

- Use a single data table feeding a summary dashboard.
- Link metrics to underlying registers for auto-refresh.
- Apply a conditional format for Δ > 10% = Green Up / Red Down arrow.

📌 **By the end of Section II**, your finance team will see cash, costs, and KPIs at a glance, turning data into a shared truth instead of surprises.

Section III - Operational Discipline

Turn signals into habits your team can follow

Even the best trackers collapse without rhythm. Discipline is what turns tools into a system:

1. **Approval Matrix (Spend & Payment Runs)** — stop unauthorized spend; speed up legitimate payments.
2. Petty Cash SOP (Replenishment & Audit Trail) — keep small costs small (and auditable).
3. **Monthly Close Calendar & Checklist (<7 Days)** — a predictable close that leadership can trust.

📌 These are not projects; they are **habits**. Habits are what turn finance from firefighting into flow.

A. Approval Matrix (Spend & Payment Runs)

🎯 Purpose

To stop unauthorized spending while speeding up legitimate payments.
When everyone knows *who* can approve *what*, bottlenecks and blame vanish.

⚙️ How It Works (Basics)

Amount (USD)	Purchase Approval	Payment Approval	Notes
≤ 1,000	Department Lead	Finance Executive	Petty / urgent only
1,001 – 10,000	Dept Lead + Finance	Finance Manager	Needs PO
10,001 – 50,000	GM + Finance Mgr	GM + Finance Mgr	2 quotes
> 50,000	Director + GM	Director + Finance	3 quotes + 3-way match

- **Frequency:** Payments processed **every Thursday**.
- **Visibility:** Publish matrix in a shared folder; version-lock changes.
- **Audit trail:** Attach approval screenshots or e-signs to the voucher.

🧾 In Practice Example

Tooling order USD 28,500 →
PO approved by GM + Finance →
payment post-GRN & invoice by same approvers on next Thursday run.

💡 COSMOS Tip (Pro)

Add a "**Delegation Rule**" column → if an approver is absent > 48 hours, authority passes automatically.

Approvals fail silently; systems should not.

B. Petty Cash SOP (Replenishment & Audit Trail)

🎯 Purpose

Keep small expenses small and auditable.
Petty cash should not turn into invisible spend.

⚙️ How It Works (Basics)

1. **Float:** USD 500 – 1,000 (max).
2. **Custodian:** named individual with locked box + log sheet.
3. **Steps:**
   (1) Request →
   (2) Approve (limit ≤ USD 50) →
   (3) Disburse & record →
   (4) Attach receipt →
   (5) Weekly reconciliation →
   (6) Replenish via AP voucher.
4. **Replenishment trigger:** balance ≤ 30% of float.
5. **Audit:** Finance Manager checks and signs off monthly.

🧾 In Practice Example

Opening USD 1,000 – Expenses USD 640 (receipts attached)
= Closing USD 360 → Replenish USD 640.

Voucher approved by Finance Mgr + GM.
All receipts are to be scanned to the shared folder.

💡 COSMOS Tip (Pro)

Every cash item must map to an account code before posting.
“No receipt = no reimbursement” should be a standing policy
- not a negotiation.

Spreadsheet spec (ready to build)

Columns: Date | Voucher No | Purpose | Amount (USD) | Requested By | Approved By | Receipt No/Link | Balance | Remarks.

Formula:
Balance = Opening – SUM(Expenses);
conditional highlight when ≤ 30%.

C. Monthly Close Calendar & Checklist (< 7 Days)

🎯 Purpose

Close books fast and clean—without last-minute chases.
Predictable closings give leadership real numbers sooner.

⚙️ How It Works (Basics)

- **Day 0 (EOM):** Freeze transactions at 5 PM.
- **Day 1:** Bank recs + AR/AP updates + Expense finalization.
- **Day 2–3:** Accruals, depreciation, and payroll entries.
- **Day 4:** Review draft P&L + Balance Sheet + Variance notes.
- **Day 5:** Department sign-offs.
- **Day 6–7:** Finalize financials + KPI snapshot + Board report.
  Target: Close within **7 business days** after month-end.

🧾 In Practice Example

September books closed on 7 Oct (midday): all departments met cut-off, variance review on Day 4, KPI dashboard issued Day 7.

Outcome: Leadership had an accurate cash position before the second week.

💡 COSMOS Tip (Pro)

Publish a **"Close Scoreboard"**: each department ticks off their tasks (AR, AP, Inventory, Payroll, Capex). A visible countdown turns close discipline into friendly competition.

Checklist spec (ready to build)

Columns: Task | Owner | Due Date | Status | Notes | % Complete.
Add progress bar (conditional format) and auto-date alerts.

📌 **By the end of Section III**, you will have rhythm: approvals with boundaries, cash controls with proof, and a monthly close you can trust.

That rhythm is the difference between **finance as a firefight** and **finance as a system**.

COSMOS Anchor

From Chaos to Scale: The COSMOS Lens

From confusion to control—inside the COSMOS 4S Systems Framework™:

Structure → Approval limits, owners, and a clean chart of accounts.

SOPs → Request→approve→commit→book→pay→reconcile—documented and followed.

Systems → Light, durable spreadsheets and dashboards, reviewed on a cadence.

Scale → Faster decisions, cleaner audits, healthier cash.

📌 COSMOS Note: The 4S map prevents shiny-tool detours. With it, finance becomes a **calm operating system** for growth.

Your Next Move

Quick-Start Implementation Checklist

Finance control does not begin with software - it begins with visibility and rhythm.

Use this checklist to activate your new system one layer at a time.

This Ready Reckoner gives you 10 of them:

- **3 Core Calculators:** Cash Planner, Variance, Runway
- **3 Visibility Tools:** AR/AP + Aging, Expenses, KPI Snapshot
- **3 Discipline Tools:** Approvals, Petty Cash, Close Calendar
- **1 COSMOS Anchor:** the 4S lens tying it together

Your next move is simple:

✅ **1. Stand up your 13-Week Cash Flow Planner**

- Set opening cash and minimum reserve level.
- Update inflows/outflows every Friday; review every Monday.

✅ **2. Publish your Approval Matrix**

- Finalize authority limits and delegation rules.
- Share the table with all department leads; version-lock.

✅ **3. Launch your AR/AP Register**

- Import all open invoices and bills.
- Assign owners, aging buckets, and weekly review cadence.

✅ **4. Go live with your Expense Tracker**

- One form for all non-PO spends and card expenses.
- Enforce receipt uploads and category validation.

✅ **5. Tighten your Monthly Close Calendar**

- Fix due dates for each department task.

- Aim for a 7-day close — measure and publish compliance.

✅ 6. Build your Finance KPI Snapshot

- Track liquidity, cash cycle, profitability, and close speed.
- Highlight one “win” and one “watch” item each month.

✅ 7. Maintain your Petty Cash SOP

- Reconcile weekly; replenish below 30% float.
- Scan and archive all receipts with voucher reference.

✅ 8. Create your Finance Folder Structure

- /Finance/2025/Registers
- /Finance/2025/Approvals
- /Finance/2025/Reports
- /Finance/2025/SOPs

Keep all templates version-controlled.

✅ 9. Review Your 4S Alignment

Structure → SOPs → Systems → Scale.

Each checklist item should fall neatly into one of these four boxes.

📌 Start small. Consistency beats complexity. Within 60 days, these tools form a finance system you can trust.

Appendix

A - Key Formulas & Ratios

Metric	Formula	Ideal Range / Signal
Current Ratio	Current Assets ÷ Current Liabilities	> 1.5
Quick Ratio	(Cash + AR) ÷ Current Liabilities	> 1.0
Gross Margin %	(Revenue − COGS) ÷ Revenue	35–60% (varies by sector)
EBITDA Margin %	EBITDA ÷ Revenue	10–25%
Net Margin %	Net Profit ÷ Revenue	5–15%
DSO (Days Sales Outstanding)	(Avg AR ÷ Credit Sales) × Days	< 45
DPO (Days Payables Outstanding)	(Avg AP ÷ COGS) × Days	30–60
DIO (Days Inventory Outstanding)	(Avg Inventory ÷ COGS) × Days	25–45
Cash Conversion Cycle (CCC)	DIO + DSO − DPO	< 60
Burn Rate	Avg Monthly Net Cash Outflow	1–2 months forecast horizon
Runway (months)	Cash ÷ Burn Rate	> 6
Budget Variance %	(Actual − Budget) ÷ Budget	±10% tolerance
Collection Rate (month)	Cash Collected ÷ Total Due	> 90%

B - KPI Definitions & Target Ranges

Liquidity

- ***Current Ratio:*** Measures short-term solvency.
- ***Quick Ratio:*** Focuses on immediate liquidity.
- ***Cash Runway:*** Months before cash depletes at current burn.

Cash Cycle

- ***DSO/DPO/DIO:*** Measure the speed of cash flow through the business.
- ***CCC:*** The net days your cash is tied up in operations.

Profitability

- ***Gross Margin:*** Efficiency of core production/service delivery.
- ***EBITDA Margin:*** Operating performance before financing/taxes.
- ***Net Margin:*** Bottom-line health.

Collections & Discipline

- ***AR Aging > 60 days:*** Signal of weak follow-up.
- ***Close Days:*** Number of working days to close books post month-end.

C - Starter Chart of Accounts (Basic)

Revenue
4000 Product Sales
4100 Service Income
4200 Other Income

Cost of Goods Sold (COGS)
5000 Material Purchases
5100 Subcontracting / Conversion
5200 Freight & Logistics
5300 Inventory Adjustments

Operating Expenses
6000 Salaries & Wages
6100 Office & Admin
6200 Marketing & Advertising
6300 Travel & Entertainment
6400 Utilities
6500 Professional Fees
6600 Repairs & Maintenance
6700 IT & Software
6800 Depreciation & Amortization

Other Income / Expenses
7000 Interest Income
7100 Interest Expense
7200 Forex Gain/Loss