# Thread: Mini Project Deliverable 3: The Financials



**Anonymous** posted 4 years ago (last edited 2 months ago)

**Mini Project Deliverable 3: The Financials**

**Overall Rating:**

Due Week 7 and worth 60 points

## Important Notes

- This exercise is considered an academic writing exercise. Quality of response, grammar, and punctuation are considered in your overall grade.
- This exercise does not require the use of APA format or a cover page.
- This exercise uses the "Business Plan Financials" MS Excel template. Use the "Business Plan Financials Guide" to assist you in completing the required worksheets. (Both documents are also available in the Course Required Files in Week 1.)
- It is recommended that students construct their deliverable(s) using MS Word / MS Excel and then attach the document(s) to the discussion thread submission area in Blackboard.

Use the "NAB Company Portfolio" (see: Course Required Files in Week 1) for reference. Provide the following information below.

1. For year one of your NAB company's Business Plan, complete the Income Statement, Cash Flow Projections, and Balance Sheet sections from the "Business Plan Financials" MS Excel template (see: Course Required Files in Week 1). **Note:** Attach the MS Excel worksheet to the discussion thread.

Saytia Ford-Simms 35

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| Income Statements | 2015 | | |
|---|---|---|---|
| | April | May | June |
| **INCOME** | | | |
| Gross Sales | $2,250,000 | $2,295,000 | $2,340,900 |
| (Commissions) | $168,750 | $172,125 | $175,568 |
| (Returns and allowances) | $67,500 | $68,850 | $70,227 |
| **Net Sales** | **$2,013,750** | **$2,054,025** | **$2,095,106** |
| (Cost of Goods) | $1,125,000 | $1,147,500 | $1,170,450 |
| **GROSS PROFIT** | **$888,750** | **$906,525** | **$924,656** |
| **EXPENSES - General and Administrative** | | | |
| Salaries and wages | $0 | $0 | $0 |
| Employee benefits | $0 | $0 | $0 |
| Payroll taxes | $0 | $0 | $0 |
| Professional services | $500 | $500 | $500 |

## Income Statements

2015

| | April | May | June | July |
|---|---|---|---|---|
| **INCOME** | | | | |
| Gross Sales | $2,250,000 | $2,295,000 | $2,340,900 | $2,387,718 |
| (Commissions) | $168,750 | $172,125 | $175,568 | $179,079 |
| (Returns and allowances) | $67,500 | $68,850 | $70,227 | $71,632 |
| **Net Sales** | **$2,013,750** | **$2,054,025** | **$2,095,106** | **$2,137,008** |
| (Cost of Goods) | $1,125,000 | $1,147,500 | $1,170,450 | $1,193,859 |
| **GROSS PROFIT** | **$888,750** | **$906,525** | **$924,656** | **$943,149** |
| **EXPENSES - General and Administrative** | | | | |
| Salaries and wages | $0 | $0 | $0 | $0 |
| Employee benefits | $0 | $0 | $0 | $0 |
| Payroll taxes | $0 | $0 | $0 | $0 |
| Professional services | $500 | $500 | $500 | $500 |
| Marketing and advertising | $4,975 | $4,975 | $4,975 | $4,975 |
| Rent | $0 | $0 | $0 | $0 |
| Equipment rental | $0 | $0 | $0 | $0 |
| Maintenance | $0 | $0 | $0 | $0 |
| Depreciation | $1,470 | $1,470 | $1,470 | $1,470 |
| Insurance | $725 | $725 | $725 | $725 |
| Telephone service | $300 | $300 | $300 | $300 |
| Utilities | $300 | $300 | $300 | $300 |
| Office supplies | $150 | $150 | $150 | $150 |
| Postage and shipping | $225 | $225 | $225 | $225 |
| Travel | $525 | $525 | $525 | $525 |
| Entertainment | $75 | $75 | $75 | $75 |
| Interest on loans | $83 | $80 | $77 | $73 |
| Other (change title here) | $0 | $0 | $0 | $0 |
| Other (change title here) | $0 | $0 | $0 | $0 |
| **TOTAL EXPENSES** | **$9,329** | **$9,325** | **$9,322** | **$9,319** |
| Net income before taxes | $879,421 | $897,200 | $915,334 | $933,830 |
| Provision for taxes on income | $219,855 | $224,300 | $228,833 | $233,457 |
| **NET PROFIT** | **$659,566** | **$672,900** | **$686,500** | **$700,372** |

The balance sheets show that the company is making a profit

Cash Flow Projections:

| Cash Flow | 2015 | | | | | |
|---|---|---|---|---|---|---|
| | April | May | June | July | August | Septe |
| **CASH RECEIPTS** | | | | | | |
| **Income from Sales** | | | | | | |
| Cash Sales | $0 | $0 | $0 | $0 | $0 | |
| Collections | $0 | $2,250,000 | $2,295,000 | $2,340,900 | $2,387,718 | $2,43 |
| **Total Cash from Sales** | **$0** | **$2,250,000** | **$2,295,000** | **$2,340,900** | **$2,387,718** | **$2,43** |
| **Income from Financing** | | | | | | |
| Interest Income | $0 | $0 | $0 | $0 | $0 | |
| Loan Proceeds | $20,000 | $0 | $0 | $0 | $0 | |
| Equity Capital Investments | $20,000 | $0 | $40,000 | $0 | $0 | |
| **Total Cash from Financing** | $40,000 | $0 | $40,000 | $0 | $0 | |
| Other Cash Receipts | $0 | $0 | $0 | $0 | $0 | |
| **TOTAL CASH RECEIPTS** | $40,000 | $2,250,000 | $2,335,000 | $2,340,900 | $2,387,718 | $2,43 |
| **CASH DISBURSEMENTS** | | | | | | |
| Inventory | $206,250 | $210,375 | $214,583 | $218,874 | $223,252 | $22 |
| Operating Expenses | $7,775 | $7,775 | $7,775 | $7,775 | $7,775 | $1 |
| Commissions/Returns & Allowances | $236,250 | $240,975 | $245,795 | $250,710 | $255,725 | $26 |
| Capital Purchases | $305,550 | $0 | $0 | $0 | $0 | |
| Loan Payments | $877 | $877 | $877 | $877 | $877 | |
| Income Tax Payments | $0 | $0 | $0 | $0 | $0 | |
| Investor Dividend Payments | $0 | $0 | $0 | $0 | $0 | |
| Owner's Draw | $0 | $0 | $0 | $0 | $0 | |
| **TOTAL CASH DISBURSEMENTS** | $756,702 | $460,002 | $469,029 | $478,237 | $487,629 | $50 |
| | | | | | | |
| **NET CASH FLOW** | -$716,702 | $1,789,998 | $1,865,971 | $1,862,663 | $1,900,089 | $1,92 |
| | | | | | | |
| Opening Cash Balance | $40,000 | -$676,702 | $1,113,295 | $2,979,266 | $4,841,929 | $6,74 |
| Cash Receipts | $40,000 | $2,250,000 | $2,335,000 | $2,340,900 | $2,387,718 | $2,43 |
| Cash Disbursements | $756,702 | $460,002 | $469,029 | $478,237 | $487,629 | $50 |
| **ENDING CASH BALANCE** | **-$676,702** | **$1,113,295** | **$2,979,266** | **$4,841,929** | **$6,742,018** | **$8,67** |

The statement of cash flows show that the only money that we did not have enough money to pay our bills was the first month that we were in business.  After that we always had enough money to pay out bills

Balance Sheet

## Balance Sheet

**Naturally Delicious**
First Quarter
2015

| | | | |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash | $2,979,266 | | |
| Accounts Receivable | $2,340,900 | | |
| Inventory | -$2,811,743 | | |
| Other Current Assets | $0 | | |
| **Total Current Assets** | | $2,508,423 | |
| **Fixed Assets** | | | |
| Land | $50,000 | | |
| Facilities | $100,000 | | |
| Equipment | $151,200 | | |
| Computers & Telecommunications | $4,350 | | |
| (Less Accumlated Depreciation) | $4,411 | | |
| **Total Fixed Assets** | | $301,139 | |
| **Other Assets** | | $0 | |
| **TOTAL ASSETS** | | | **$2,809,562** |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Short-Term Notes Payable | $9,873 | | |
| Income Taxes Due | $672,989 | | |
| Other Current Liabilities | $0 | | |
| **Total Current Liabilities** | | $682,862 | |
| **Long-Term Liabilities** | | | |
| Long-Term Notes Payable | $7,735 | | |
| Other Long-Term Liabilities | $0 | | |
| **Total Long-Term Liabilities** | | $7,735 | |

| | | | |
|---|---|---|---|
| **NET WORTH** | | | |
| Paid-In Capital | $100,000 | | |
| Retained Earnings | $2,018,966 | | |
| **Total Net Worth** | | $2,118,966 | |
| **TOTAL LIABILITIES AND NET WORTH** | | | **$2,809,562** |

## Balance Sheet

**Naturally Delicious**
Second Quarter
2015

| | | | |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash | $8,670,749 | | |
| Accounts Receivable | $2,484,182 | | |
| Inventory | -$5,795,586 | | |
| Other Current Assets | $0 | | |
| **Total Current Assets** | | $5,359,345 | |
| **Fixed Assets** | | | |
| Land | $50,000 | | |
| Facilities | $100,000 | | |
| Equipment | $151,200 | | |
| Computers & Telecommunications | $4,350 | | |
| (Less Accumlated Depreciation) | $8,822 | | |
| **Total Fixed Assets** | | $296,728 | |
| **Other Assets** | | $0 | |
| **TOTAL ASSETS** | | | **$5,656,073** |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Short-Term Notes Payable | $9,997 | | |
| Income Taxes Due | $1,385,222 | | |
| Other Current Liabilities | $0 | | |
| **Total Current Liabilities** | | $1,395,219 | |
| **Long-Term Liabilities** | | | |
| Long-Term Notes Payable | $5,189 | | |
| Other Long-Term Liabilities | $0 | | |
| **Total Long-Term Liabilities** | | $5,189 | |
| **NET WORTH** | | | |
| Paid-In Capital | $100,000 | | |
| Retained Earnings | $4,155,666 | | |
| **Total Net Worth** | | $4,255,666 | |

| | |
|---|---|
| **TOTAL LIABILITIES AND NET WORTH** | **$5,656,073** |

## Balance Sheet

**Naturally Delicious**
Third Quarter
2015

| | | | |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash | $14,690,309 | | |
| Accounts Receivable | $2,636,234 | | |
| Inventory | -$8,962,065 | | |
| Other Current Assets | $0 | | |
| **Total Current Assets** | | $8,364,478 | |
| **Fixed Assets** | | | |
| Land | $50,000 | | |
| Facilities | $100,000 | | |
| Equipment | $206,200 | | |
| Computers & Telecommunications | $4,350 | | |
| (Less Accumlated Depreciation) | $13,622 | | |
| **Total Fixed Assets** | | $346,928 | |
| **Other Assets** | | $0 | |
| **TOTAL ASSETS** | | | **$8,711,406** |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Short-Term Notes Payable | $20,645 | | |
| Income Taxes Due | $2,136,566 | | |
| Other Current Liabilities | $0 | | |
| **Total Current Liabilities** | | $2,157,211 | |
| **Long-Term Liabilities** | | | |
| Long-Term Notes Payable | $44,498 | | |
| Other Long-Term Liabilities | $0 | | |
| **Total Long-Term Liabilities** | | $44,498 | |
| **NET WORTH** | | | |
| Paid-In Capital | $100,000 | | |
| Retained Earnings | $6,409,697 | | |
| **Total Net Worth** | | $6,509,697 | |

| | |
|---|---|
| **TOTAL LIABILITIES AND NET WORTH** | **$8,711,406** |

## Balance Sheet

**Naturally Delicious**
Fourth Quarter
2015

| | | | |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash | $21,081,628 | | |
| Accounts Receivable | $2,797,592 | | |
| Inventory | -$12,322,357 | | |
| Other Current Assets | $0 | | |
| **Total Current Assets** | | $11,556,863 | |
| **Fixed Assets** | | | |
| Land | $50,000 | | |
| Facilities | $100,000 | | |
| Equipment | $206,200 | | |
| Computers & Telecommunications | $4,350 | | |
| (Less Accumlated Depreciation) | $18,422 | | |
| **Total Fixed Assets** | | $342,128 | |
| **Other Assets** | | $0 | |
| **TOTAL ASSETS** | | | **$11,898,991** |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Short-Term Notes Payable | $20,838 | | |
| Income Taxes Due | $2,934,734 | | |
| Other Current Liabilities | $0 | | |
| **Total Current Liabilities** | | $2,955,573 | |
| **Long-Term Liabilities** | | | |
| Long-Term Notes Payable | $39,215 | | |
| Other Long-Term Liabilities | $0 | | |
| **Total Long-Term Liabilities** | | $39,215 | |
| **NET WORTH** | | | |
| Paid-In Capital | $100,000 | | |
| Retained Earnings | $8,804,203 | | |
| **Total Net Worth** | | $8,904,203 | |
| **TOTAL LIABILITIES AND NET WORTH** | | | **$11,898,991** |

The concern that I have with the balance sheet is that we have a negative inventory. The company needs to look at the inventory and determine have to correct that issue. The Statement of Cash Flow shows that we had enough money to pay our expenses. We are in the process of development of a Business Plan to seek outside investor for additional funding. This funding will be used to develop a plan to correct the negative inventory.

2. Sources and uses of funds

Naturally Delicious received funds from the following sources:

- &νβσπ;&νβσπ;&νβσπ;&νβσπ;&νβσπ; Melinda Cates – $20,000
- &νβσπ;&νβσπ;&νβσπ;&νβσπ;&νβσπ; Friends and family $20,000
- &νβσπ;&νβσπ;&νβσπ;&νβσπ;&νβσπ; Private investment - $40,000

These funds will be used for the initial start up of the business. They will be legal cost, permits, inspections and other costs that will have to come out of this money. It will be used to purchase inventory that we cannot get on credit. It will be used as deposits where necessary. It will fund our initial marketing at local events. Great restrain will be used when using this money; it will require the signature of the president prior to using these funds. Once the company is more established and funding is not as restricted then the restriction put on using funds will be lifted. It is important that as a start-up company we must keep control over our spending and ensure that the money we are spending is a part of the plan that we have for the company. Not a whim and something that is new and someone "thinks" will be good for the company. Every business must remember that to be successful they must have a plan that was carefully designed for their business and they to follow the plan. The plan must be reviewed and updated, but never changed on a whim. The plan in our business is to always follow the plan, be careful when spending money, make sure the spending is in our plan, always use great restrain when spending and watch the profit come in.

Plan assumptions

Our plan assumes that the economy will continue to improve. However with the improving economy the cost of labor will increase, this will need to be factored into the company financials. If the economy does turn down, we have a plan on how to evaluate our accounts receivable and determine what accounts we will continue to offer credit and which account we will continue to offer credit at a higher interest rate, and which account we will no longer be offering credit to. We do plan for some changes in the labeling laws and we are ready to adopt our labels to any changes that may be imposed. We will also be watching the changes in the laws about what ingredients we can include in our product and still call it natural. This would have a major impact on our company. We will not be marketing globally so we do not have to plan about the many different global issues that could affect a business like ours. Our plan assumes that we will not have any issues in getting the necessary ingredients to produce our product. If there is an issue in getting our ingredients there will be an additional cost, which would reduce our profits.

Break-Even Analysis

The break-even analysis is how much income you must earn to pay your expenses. This is concerned the point at which the company break even, the company is not making a profit or losing money. Our Break-Even amount changes has our expenses changes. We have been able to meet the Break-Even point for each month during year 1. Knowing the Break-Even point lets us know what is the minimum amount of production we must produce and sell to remain in business. We will not be making a profit but we will not be working at a loss. When doing this analysis we must remember that there are variables that must be considered such has: The price may vary, some fix cost can vary such as wages, and ingredients, etc. It is important to remember that sometime the numbers that you use to do this analysis are rough numbers. Some companies may have to run this analysis more frequency then others.

The following is the Break-Even Analysis for Naturally Delicious

| **Break-even Estimates** | |
|---|---|
| | |
| **Year 1 (2015-2016)** | |
| April | $23,617 |
| May | $23,608 |
| June | $23,600 |
| July | $23,592 |
| August | $23,583 |
| September | $47,709 |
| October | $48,319 |
| November | $48,895 |
| December | $48,882 |

| | |
|---|---|
| January | $48,869 |
| February | $48,856 |
| March | $48,842 |
| **Monthly Average** | **$38,198** |