

# [Course project week 1](https://assignbuster.com/course-project-week-1/)

[Business](https://assignbuster.com/essay-subjects/business/)

Peter Geo’s Restaurant Budget Proposal for [Five Years] BUSN-278 [Term] DeVry Table of Contents Section SubsectionTitle
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The Papa Geo’s restaurant is an inviting restaurant which holds a comfortable and enjoyable environment both in and out. The restaurant has a design which is structured to satisfy the customer from all backgrounds. The restaurant is a world in itself and our customers can feel the same when they connect with exterior foundation, décor, theme and ambience of the restaurant. The restaurant has a custom made kitchen, unique dining area and intriguing grilling area. By offering an energy filled service oriented atmosphere the restaurant aims at delivering a fun filled dining experience to its customers.

The budget supports the restaurant by giving it a standard financial plan to follow. The budget sets out a financial plan and gives figures which the restaurant can rely on. The expected future results of the restaurant regarding can be analyzed from budget proposal of an organization.
The sales forecast section is an overview of the expected sales projection of the restaurant . In this section, one can view the expected sales for the restaurant over a five year period of time.
2. 1 Sales Forecast
The sales are expected to rise with each consecutive year because the restaurant has a marketing agenda which allow expanding the potential target market of the country.
Year 1
Year 2
Year 3
Year 4
Year 5
Sales
1, 200, 000
2, 400, 000
2, 500, 000
2, 700, 000
3, 00, 000
2. 2 Methods and Assumptions
The sales forecast was arrived by conducting a survey on restaurants which work in the same locality.
2015
Capital Expenditures Budget
Equipment, Land, Buildings, etc
$1, 00, 000
Labor
$12, 000
Subcontractors/Consutants
$15, 000
Direct Materials
$40, 000
Other Capitalizable Costs
$ 22, 100
General and Administrative/Overhead
$13, 000
Total Capital
$202100
Briefly describe the NVP, IRR, accounting rate of return, and payback period for this analysis. Indicate the discount rate you used, and how you arrived at it.
4. 2 NPV Analysis
Interest rate
10%
Year
0
1
2
3
Cash flow
(600)
200
200
500
PV factor
100%
91%
83%
75%
PV of cash flow
(600)
182
165
376
Cumulative PV
(600)
(418)
(253)
123
Net Present Value
123
Provide a screenshot of your Excel NPV analysis here, and describe its highlights.
4. 3 Rate of Return
Year
0
1
2
3
4
5
Cash flows
-$75, 000
$20, 000
$20, 000
$20, 000
$20, 000
$20, 000
4. 4 Payback Period
Payback Period Analysis
Undiscounted Payback Period Analysis

Projected

Year 1
Year 2
Year 3
Year 4
Year 5
Undiscounted Net Cash Flow
$ (200, 000)
$ 40, 000
$ 60, 000
$ 75, 000
$ 100, 000
$ 125, 000
Cumulative Net Cash Flow
(160, 000)
(100, 000)
(25, 000)
75, 000
200, 000
Positive Cash Flow?
FALSE
FALSE
FALSE
TRUE
TRUE
Undiscounted Payback Period
4
First Year Positive
Partial Year Payback Period
3. 25
Actual Number of Years
Partial Year Payback Period (One Cell)
3. 25
Using arrays and index
Discounted Payback Period Analysis
Discount Rate
10. 0%

Projected

Year 1
Year 2
Year 3
Year 4
Year 5
Undiscounted Net Cash Flow
$ (200, 000)
$ 36, 364
$ 49, 587
$ 56, 349
$ 68, 301
$ 77, 615
Cumulative Net Cash Flow
(163, 636)
(114, 050)
(57, 701)
10, 600
88, 216
Positive Cash Flow?
FALSE
FALSE
FALSE
TRUE
TRUE
Undiscounted Payback Period
4
First Year Positive
Partial Year Payback Period
3. 84
Actual Number of Years
Partial Year Payback Period (One Cell)
3. 84
Using arrays and index
5. 1 Pro Forma Income Statement
Income Statements
(in thousands)
,
2015
Revenue
$ 16, 195
Operating expenses:
Cost of revenue
3, 139
Research and development
2, 196
Sales and marketing
2, 806
General and administrative
938
Total operating expenses
9, 079
Operating income
7, 116
Other income
114
Income before income taxes
7, 230
Provision for income taxes
1, 820
Net income
$ 5, 410
Earnings per share:
Basic
$ 0. 63
Diluted
$ 0. 62
Weighted average shares outstanding:
Basic
8, 614
Diluted
8, 695
Cash dividends declared per common share
$ 0. 16
5. 2 Pro Forma Balance Sheets
(in thousands)
September 30,
2015
Assets
Current assets:
Cash and cash equivalents
$ 8, 161
Short-term investments (including securities loaned of $683 and $62)
36, 012
Total cash, cash equivalents, and short-term investments
44, 173
Accounts receivable, net of allowance for doubtful accounts of $312 and $375
9, 646
Inventories
1, 242
Deferred income taxes
2, 344
Other
2, 176
Total current assets
59, 581
Property and equipment, net of accumulated depreciation of $8, 942 and $8, 629
7, 771
Equity and other investments
9, 211
Goodwill
12, 471
Intangible assets, net
1, 077
Other long-term assets
1, 429
Total assets
$ 91, 540
Liabilities and stockholders equity
Current liabilities:
Accounts payable
$ 3, 654
Short-term debt
1, 000
Accrued compensation
2, 252
Income taxes
2, 136
Short-term unearned revenue
12, 767
Securities lending payable
909
Other
3, 139
Total current liabilities
25, 857
Long-term debt
9, 665
Long-term unearned revenue
1, 152
Deferred income taxes
540
Other long-term liabilities
7, 384
Total liabilities
44, 598
Commitments and contingencies
Stockholders equity:
Common stock and paid-in capital - shares authorized 24, 000;
outstanding 8, 562 and 8, 668
61, 935
Retained deficit, including accumulated other comprehensive income
of $1, 519 and $1, 055
(14, 993)
Total stockholders equity
46, 942
Total liabilities and stockholders equity
$ 91, 540
5. 3 Pro Forma Cash Budget.
(in thousands)

Three Months Ended September 30,

2010
2009

Operations

Net income
$ 5, 410

Adjustments to reconcile net income to net cash from operations:

Depreciation, amortization, and other noncash items
694

Stock-based compensation
Stock-based compensation expense
528

Net recognized losses (gains) on investments and derivatives
Net recognized gains on investments and derivatives
(29)

Excess tax benefits from stock-based compensation
(5)

Deferred income taxes
(148)

Deferral of unearned revenue
5, 881

Recognition of unearned revenue
(6, 862)

Changes in operating assets and liabilities:

Accounts receivable
3, 674

Inventories
(468)

Other current assets
208

Other long-term assets
62

Other current liabilities
Accounts payable
(400)

Other current liabilities
(911)

Other long-term liabilities
560

Net cash from operations
8, 194
Financing

Short-term borrowings, maturities of 90 days or less, net
814

Proceeds from issuance of debt, maturities longer than 90 days
4, 721

Repayments of debt, maturities longer than 90 days
(814)

Common stock issued
177

Common stock repurchased
(4, 399)

Common stock cash dividends paid
(1, 118)

Excess tax benefits from stock-based compensation
5

Other
(25)

Net cash used in financing
(639)
Investing

Additions to property and equipment
(564)

Acquisition of companies, net of cash acquired
0

Purchases of investments
(7, 417)

Maturities of investments
870

Sales of investments
1, 427

Securities lending payable
727

Net cash used in investing
(4, 957)
Effect of exchange rates on cash and cash equivalents
58
Net change in cash and cash equivalents
2, 656
Cash and cash equivalents, beginning of period
5, 505
Cash and cash equivalents, end of period
$ 8, 161

Fig 1 : Sales and Profit Graph