

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

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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