

# Course project week

1

Business



**ASSIGN  
BUSTER**

Peter Geo's Restaurant Budget Proposal for [Five Years] BUSN-278 [Term]

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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

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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

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\$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)

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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

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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

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\$ 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)

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,

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:

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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

<https://assignbuster.com/course-project-week-1/>

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;

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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

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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

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(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