

# [Manage financial resources for a small business enterprise](https://assignbuster.com/manage-financial-resources-for-a-small-business-enterprise/)

ASSESSMENT TASK ONE

‘ ‘ MAGIC FLORAL” IS AN ARIFICIAL FLOWERS SHOP-BUSINESS PLAN

INTRODUCTION:

Magic Floral, (MF) Company is handmade flowers imported from Australia handicraft to New Zealand. The company is Australian and here in New Zealand we are selling high standard products for consumers. There is a customer broker to handle issues. MF quality products is unique in that target high-income countries the high-end women. MF competitive products are 100% handmade and other competitors. Artistic value of silk flowers. Since the MF products are mainly silk and silk hair accessories with its own tribute to the retail market, although some consumers to buy their products. This store is located at Queen Street the heart of the city which is handy place for people to buy flowers. The major competitors of the Magic Floral Company is countdown , gift shops, craft shops and other flower shops including natural flower shop as well. The unique feature of this shop is, providing all flowers and bouquet in affordable prices and give attractive offers on different occasions. The estimated business plan with approximate figure is below,

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| START-UP REQUIREMENTS  |
| Start-up Expenses  |  |
| Legal Fees  | $600  |
| Marketing & Advertising  | $6, 000  |
| Collateral & Stationery  | $3, 500  |
| Store Planner/Design  | $2, 000  |
| DSL Installation & Service Activation  | $200  |
| Office Supplies, Gift-wrap, Packaging  | $2, 000  |
| Furniture  | $1, 400  |
| Other  | $0  |
| TOTAL START-UP EXPENSES  | $11, 900  |
| Start-up Assets  |  |
| Cash Required  | $70, 550  |
| Start-up Inventory  | $1, 600  |
| Other Assets  | $50  |
| Long-term Assets  | $11, 560  |
| TOTAL ASSETS  | $85, 400  |
| Total Requirements  | $96, 000  |

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| START-UP FUNDING  |
| Start-up Expenses to Fund  | $11, 700  |
| Start-up Assets to Fund  | $83, 500  |
| TOTAL FUNDING REQUIRED  | $95, 500  |
| Assets  |  |
| Non-cash Assets Start-up  | $13, 060  |
| Cash Requirements Start-up  | $70, 360  |
| Additional Cash Raised  | $50  |
| Cash Balance on Starting Date  | $70, 550  |
| TOTAL ASSETS  | $83, 500  |
| Liabilities and Capital  |  |
| Liabilities  |  |
| Current Borrowing  | $50, 100  |
| Long-term Liabilities  | $1  |
| Accounts Payable (Outstanding Bills)  | $5  |
| Other Current Liabilities (interest-free)  | $5  |
| TOTAL LIABILITIES  | $50, 100  |
| Capital  |  |
| Planned Investment  |  |
| Investor  | $0. 0  |
| Other  | $0. 0  |
| Additional Investment Requirement  | $0. 0  |
| TOTAL PLANNED INVESTMENT  | $45, 500  |
| Loss (Start-up Expenses)  | ($11, 700)  |
| TOTAL CAPITAL  | $33, 900  |
| TOTAL CAPITAL AND LIABILITIES  | $83, 900  |
| Total Funding  | $95, 500  |

Cash flow statement of ” Magic Floral Store”

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| PRO FORMA CASH FLOW  |
| YEAR 1  | YEAR 2  | YEAR 3  |  |
| Cash Received  |  |
| Cash from Operations  |  |
| Cash Sales  | $79, 700  | $137, 500  | $166, 700  |
| SUBTOTAL CASH FROM OPERATIONS  | $79, 700  | $137, 300  | $166, 700  |
| Sales Tax, VAT, HST/GST Received  | $0  | $0  | $0  |
| New Current Borrowing  | $0  | $0  | $0  |
| New Other Liabilities (interest-free)  | $0  | $0  | $0  |
| New Long-term Liabilities  | $0  | $0  | $0  |
| Sales of Other Current Assets  | $0  | $0  | $0  |
| Sales of Long-term Assets  | $0  | $0  | $0  |
| New Investment Received  | $0  | $0  | $0  |
| SUBTOTAL CASH RECEIVED  | $79, 700  | $137, 300  | $166, 700  |
| Expenditures  | Year 1  | Year 2  | Year 3  |
| Cash Spending  | $0  | $0  | $0  |
| Bill Payments  | $64, 914  | $117, 366  | $135, 554  |
| SUBTOTAL SPENT ON OPERATIONS  | $64, 914  | $117, 357  | $135, 554  |
| Additional Cash Spent  |  |
| Sales Tax, VAT, HST/GST  | $0  | $0  | $0  |
| Principal Repayment of Borrowing  | $15, 001  | $13, 861  | $13, 861  |
| Other Liabilities Principal Repayment  | $0  | $0  | $0  |
| Long-term Liabilities Principal Repayment  | $0  | $0  | $0  |
| Purchase Other Current Assets  | $0  | $0  | $0  |
| Purchase Long-term Assets  | $0  | $0  | $0  |
| Dividends  | $0  | $0  | $0  |
| SUBTOTAL CASH SPENT  | $79, 914  | $131, 217  | $149, 414  |
| Net Cash Flow  | ($314)  | $5, 985  | $17, 188  |
| Cash Balance  | $70, 047  | $76, 011  | $93, 209  |

Balance Sheet of Store

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| PRO FORMA BALANCE SHEET  |
| YEAR 1  | YEAR 2  | YEAR 3  |  |
| Cash  | $70, 047  | $76, 031  | $93, 218  |
| Inventory  | $3, 957  | $6, 813  | $8, 246  |
| Other Current Assets  | $0  | $0  | $0  |
| TOTAL CURRENT ASSETS  | $73, 985  | $82, 834  | $101, 445  |
| Long-term Assets  | $11, 551  | $11, 552  | $11, 553  |
| Accumulated Depreciation  | $1, 151  | $2, 301  | $3, 451  |
| TOTAL LONG-TERM ASSETS  | $10, 300  | $9, 251  | $8, 200  |
| TOTAL ASSETS  | $84, 385  | $92, 174  | $109, 545  |
| Liabilities and Capital  | Year 1  | Year 2  | Year 3  |
| Accounts Payable  | $8, 391  | $9, 756  | $11, 267  |
| Current Borrowing  | $35, 100  | $21, 150  | $7, 281  |
| Other Current Liabilities  | $0  | $0  | $0  |
| SUBTOTAL CURRENT LIABILITIES  | $43, 393  | $30, 899  | $18, 546  |
| Long-term Liabilities  | $0  | $0  | $0  |
| TOTAL LIABILITIES  | $43, 393  | $30, 899  | $18, 546  |
| Paid-in Capital  | $45, 100  | $45, 001  | $45, 005  |
| Retained Earnings  | ($11, 500)  | ($4, 007)  | $16, 177  |
| Earnings  | $7, 591  | $20, 183  | $29, 823  |
| TOTAL CAPITAL  | $40, 993  | $61, 177  | $90, 899  |
| TOTAL LIABILITIES AND CAPITAL  | $84, 381  | $92, 073  | $109, 545  |
| Net Worth  | $40, 991  | $61, 171  | $90, 899  |

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| PROFIT & LOSS  |
| YEAR 1  | YEAR 2  | YEAR 3  |  |
| Sales  | $79, 500  | $137, 100  | $166, 500  |
| Direct Cost of Sales  | $23, 870  | $41, 161  | $49, 840  |
| Other Costs of Goods  | $0  | $0  | $0  |
| TOTAL COST OF SALES  | $23, 870  | $41, 170  | $49, 840  |
| Gross Margin  | $55, 721  | $96, 041  | $116, 771  |
| Gross Margin %  | 71. 00%  | 71. 00%  | 71. 09%  |
| Payroll  | $0  | $0  | $0  |
| Marketing & Advertising  | $4, 641  | $6, 861  | $8, 331  |
| Depreciation  | $1, 151  | $1, 151  | $1, 151  |
| Rent  | $4, 700  | $7, 700  | $8, 500  |
| Delivery Labour  | $4, 000  | $8, 400  | $10, 300  |
| Temp Labour  | $767  | $2, 000  | $2, 000  |
| Contracted Floral Designer  | $0  | $16, 000  | $18, 100  |
| Insurance  | $3, 490  | $4, 048  | $4, 048  |
| Dues & Subscriptions  | $251  | $200  | $400  |
| Repairs & Maintenance  | $1, 100  | $1, 100  | $1, 300  |
| Supplies  | $2, 651  | $5, 487  | $6, 945  |
| Taxes  | $1, 333  | $2, 400  | $2, 501  |
| Other Fees  | $1, 400  | $1, 800  | $1, 700  |
| Buildout Costs  | $9, 100  | $0. 1  | $0. 1  |
| Deposits  | $1, 000  | $0. 1  | $0. 0  |
| Utilities  | $3, 300  | $4, 100  | $4, 100  |
| Van  | $1, 411  | $1, 693  | $1, 693  |
| Merchant Fees  | $1, 331  | $2, 714  | $3, 482  |
| Total Operating Expenses  | $42, 711  | $65, 803  | $73, 556  |
| Profit Before Interest and Taxes  | $13, 012  | $30, 232  | $43, 311  |
| EBITDA  | $14, 151  | $31, 381  | $44, 461  |
| Interest Expense  | $2, 151  | $1, 401  | $712  |
| Taxes Incurred  | $3, 255  | $8, 655  | $12, 782  |
| Net Profit  | $7, 593  | $20, 183  | $29, 823  |
| Net Profit/Sales  | 9. 53%  | 15. 72%  | 17. 91%  |

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| SALES FORECAST  |
| YEAR 1  | YEAR 2  | YEAR 3  |  |
| Sales  |  |
| Retail Sales  | $6, 500  | $9, 500  | $9, 500  |
| Commercial Accounts  | $31, 000  | $53, 600  | $71, 000  |
| Frequent Buyer Programs  | $31, 000  | $46, 000  | $61, 000  |
| Holidays/Events  | $10, 100  | $25, 100  | $25, 100  |
| TOTAL SALES  | $79, 300  | $137, 100  | $166, 400  |
| Direct Cost of Sales  | Year 1  | Year 2  | Year 3  |
| Flowers & Materials  | $23, 870  | $41, 120  | $49, 820  |
| Other  | $0  | $0  | $0  |
| Subtotal Direct Cost of Sales  | $23, 780  | $41, 170  | $49, 840  |

Break-point analysis:

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| BREAK-EVEN ANALYSIS  |
| Monthly Revenue Break-even  | $5, 075  |
| Average Percent Variable Cost  | 31%  |
| Estimated Monthly Fixed Cost  | $3, 660  |

EXECUTIVE SUMMARY

Employees of small businesses in the sector, more than half of employees in the private sector, this study goals in the identification of how small businesses are managed in relation to large companies. Small business management in the context of key resources such as space and people are talking.

The first year, the company plans to expand business in Auckland City, attracting manufacturers and retailers in the name of the product distribution. In first year company started fair, is silk and silk products and buyers to deal with suppliers and organizations to sell trading plans. They will supply the flowers in different stores and gift shops. Next year, the company plans to create a catalogue to expand sales by catalogue direct mail, as well as a similar target market. Then company will start the new unique colourful lights in flowers for decoration.

Company summary:

The Magic Floral shop is retail store located at queen street in Auckland this is start up business with small property. Surrounded by lots of other stores and colleges through which the shop can do better marketing in different celebration. Affordable and attractive offers are given to customers.

Services:

The excellent customer service with mega offers and deals are given to customers for better marketing. The online ordering also provided by shop to save the time of customers. The catalogues and online order service with free delivery is promotional strategy of this shop.

Market Analysis:

The competitors of this project is few like craft and gift shop and natural flowers shop, though the different offers are more helpful in expanding business as in many occasions. The customer loyalty program is best option to attract consumers.

Financial Plan:

The Magic Floral, first year sales of about US $ 786, 000, the second-year sales of $ 881, 000, the third-year sales of $ 991, 000. This year’s margin of 0. 39, 0. 40 and 0. 49. If you want to save a substantial increase in profits, but the store does not expect any cash flow problems.

Startup asset & expenses:

The initial costs of about $ 50, 500, including product costs and costs associated with the creation of marketing programs and distribution centres associated MF first opened.

Mission:

MF’s mission is to admit became business high-quality silk gift items in New Zealand Auckland. We guarantee 100% satisfaction and customer value and friendly service. MF’s aims to increase appreciation client handmade silk flowers and other silk products, and provides customers with a unique and beautiful artistic decoration.

Assessment part 1

(1. 1) Two different financial objectives

Sustainability:

Sometimes, companies or brands can focus on basic economic survival. The reduction is based on financial goals marketing techniques aimed at preserving the brand vitality, and “ Product / Brand Life Cycle time” to maintain the current level of revenue and profits decline further. The company can focus on financial ship during economic turmoil. Common financial goals, including survival time and fully recover all outstanding debts, debt deleveraging and unanimously approved safe levels of income.

Investment return:

Back on the price of money is not the same, and the company’s investment in the company to return money to the real net savings. The benefits, however, is interested in the business, do not confuse himself refund on justice. This also is a different story. Total company or a fair amount equivalent to only companies.

(1. 2) financing requirements:

* The operation
* Buying – ‘ Magic Floral’ store invest $15, 000 to purchase some equipment like, computer, flower cases, printer for invoice etc.
* Medical essential –insurance policy is must for any kind of business as per following by policy and New Zealand legislation.
* Furniture –store invest for furniture for decorative equipment.
* Other expenses –Store advertising through newspapers, television and brochures. Advertising will be much easier to attract the attention of consumers. For security reasons, the store is still in the camera monitoring the invention.
* The development :
* Wages –According to the law, the minimum wage in New Zealand is $ 15. 25 an hour, but it depends on the skill of the workers, to pay attention to the assistant store.
* Improvement –Save about $ 90, 000, the best way to do business every year, to provide high quality customer service, to ensure that they do not want to be in need hosting customers.

(1. 3) operational period.

* As per the calculations of BOB Bank’s commercial loan in three years, 7. 26 per cent from $ 150. 000 $ 4. 650. Total commercial loans and interest monthly repayment necessary of $ 178, 000. This means that the total cost of $ 167 366 dollars
* 3: 45 % annual deposit of three years and six months $ 10, 000 $ 10, 000 30. 3% P. A.

(1. 4) fund process

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| Two sources  |
| Westpac bank  | BOB bank  |
| The commercial bank rate by 9. 45% - overdraft interest rate of 11. 75% - Australia and New Zealand to measure the three-year long 40%. important: - Loan fees: 1% of the amount of micro-credit, which cost $ 250 - back: weekly, monthly, once every three months * Using mortgage to buy a property.
* Interest payments alone
* When the security file and the process took
* You want to get your work should be detailed and professional business unused plural form.
* You can also search the Internet to find experts in bank
 | - Interest rate corporate lending benchmark 10. 46% - without pay overdraft of 22. 51% - BOB long money for 3 years 3. 76%. Claim: * System used by law first, as a representative of Banco do you want to see your goals, and how. Moreover, it shows that you are the main objectives, and keep your way.
* Address to give to, business began to tell your GST registration, you tax the bank. Also, you need to do some other ways to start a business
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(1. 5) performance

Preparation of Key economical Statements:

They wants each group and many agricultural reports, the paper with the words money. This shows that the work is not difficult, and damages law. He says the health industry money briefly tell how lifting all owners need to know

Preparation of Inventory Records:

It seems that investment in machinery, vehicles and materials companies. They need to learn history accurately. They can tell you how they buy stocks, how much in the final product, because of what we do, and the device may be lost each other. They will tell you if they want to buy equipment to help calculate the input / output and inventory turnover rate.

Analysis of Marketing Expenses:

In the economic times? If you come up with the right money, or how many people will begin business? This is the money and businesses are sceptical, see the company’s money.

(1. 6) economical claims in terms of:

* Administration –
* payable –

This is money that rules the store. Because the money in the form of short-term debt to buy goods to sell stores and shops. It’s written in the sale of the balance sheet liquidity.

* salary–

Weekly and monthly procedures that saved others must pay wages, Sal-Aries will be used to save the bill unpaid income and record retention -ons and net wages.

* Inventory–

Inventory is a species which is currently valued assets are calculated correctly, store the value in the first store accounting should be set for each of the legal profit loss. as and New Zealand, the store will have to do a little inventory of all shares, save data and files. Besides saving allowed to store employees.

* Buying–

Buy and sell goods or provider to the target or purpose of the store, as some research before it is too late, they have to take responsibility for their day, week, and month to buy from the scene.

* Keep records–

Each businesses small and large should be a system like, magic Floral Shop of storing documents all important, as the rules of purchase, payment of any invoice provided by Profile delivery and reporting of business sales tax money every day. Because the store can use all the evidence is true, find a rule, it should be easy to value the rules before buying a product inspection.

* Report–

Made is stored in a different report every day, weekly, monthly, and quarterly and staff should all store books, magazines and all fixed assets to report weekly report. It can be ordered by the store manager, who have problems and methods to solve quickly these problems exist?

1. 7) financial objectives

* Economical Requirements: The total revenue is drastically raised by 5-12 % per annum.
	+ Funding Agreement: invest sufficient funds to bolster start-up costs and the first year of trading.
	+ Data requirements: store require to maintain the 7 days balance sheet and investment in appropriate financial reports.
	+ Targets and indicators: profit raised driven breakeven point.
	+ Forecast: as a regular increase in total revenue, as per the revenue forecast.

(1. 8) the economic plan & effective implementation for the purpose of stockowners and staff.

* Economic planning and management of the owners. Talk to calculate carefully. This article should monitor financial and economic data from the reckoning. Finally, the financial system should lead to better translate the real in order to avoid misunderstandings. Also, be sure to merchants and financial system in strict accordance with the business.

Assessment part two

(2. 1) record of economic system

“ The magic floral” stores deli following Bakery & Resource