

# Business plan- development of an online fitness service

Business



Business Plan-Development of an on line fitness service ment of financial

position Non-current assets Building £ 5, 000

Facilities and equipment £ 4, 000

Current assets

Soft wares £ 3, 000

Less current liabilities

Marketing £ 2, 000

Equals £ 10, 000

Funded by:

Capital £ 10, 000

Share premiums Nil

Profit brought down Nil

Non-current liabilities

Bank loan £ 10, 000

Analysis

MyInGym is a new business barely setting up. For such a business, effective financial management is mandatory if the business is to succeed. The major sources of funding include contributions by the partners. The contribution by the partners is subject to their eventual agreement and the anticipated financial benefit by every member. However, the financial projection is greater than the members can afford to contribute. They will therefore rely on a huge bank loan.

The three partners apply and receive a bank loan of ten thousand pounds. they therefore plan to use this amount in addition to their two thousand pounds contribution to set up the business. A bigger percentage of their

personal contribution is invested in conducting market research. An effective market research informs the business, it is through these researches that the investors identify viable business opportunities and the best ways of operating the facilities (ALBRECHT, 2011). They however, opt not to include the amount used in conducting the market research since the amount is not directly invested in the business. Its contribution to the profitability of the business is therefore indirectly related to the actual operations of the business.

The ten thousand pounds is used to secure a business premise. This is an online gym and do not therefore require a big actual space. Despite this understanding, the business still requires a premise in which the actual operations will take place. The investors will require a space to set up their computers and an actual gym in which they will produce their training tutorials. Online gym implies that the business invests in vending exercise tutorials over the internet. In this, the business requires the production of high quality, effective and timely exercise units that thereby give relevance to the actual space for which the investors apportion five thousand pounds. They purchase the space, which makes the building a fixed asset for the investors.

The investors apportion an additional four thousand pounds in the purchase of equipment. This includes the gym facilities and computers. Some of this equipment eventually wear and tear down but a majority of these such as the all-important computers and the training facilities. The equipment will possibly be used for more than a single financial year; this therefore makes it insensitive to place such assets as current. However, the usability of these

facilities rely heavily on the safety mechanism that the investors sets up for their business. In case of a calamity, the entire business fizzles out (CUNNINGHAM, 2011).

The ten thousand pounds loan becomes the greatest liability for the new business. Banks give out loans to applicants with an agreement that the investors re services the loan with either a monthly or an annual interest, which is calculated based on the banks internal policy and the national interest rates position. The investors therefore become liable to an annual remittance of a bigger share of their profits to the bank. This may affect the profitability and the eventual business life.

The investors projects that the online gym will serve an average of fifty clients a day at a membership fee of seven pounds and student membership fee of five pounds. In addition to these, the business will offer personalized training services at a fee of twenty pounds. all these prices are introductory and subject to revision depending on the performance of the business (KIMMEL, WEYGANDT & KIESO, 2011).

## Bibliography

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