

# [Financial plan jlk pad](https://assignbuster.com/financial-plan-jlk-pad/)

[Finance](https://assignbuster.com/essay-subjects/finance/)

Financial Plan JLK Pad A financial plan is a comprehensive projection of financial tolls that are used todetermine the financial requirements of a business as well as forecasting its future liquidity and profitability (Winston 29). The tools are group financial statements, which include-
1. Starting a projected Balance Sheet statement
2. Projected Income Statement
3. Statement of cash Flow
4. Notes to the Financial Plan
The financial forecast below is based on the following assumptions:-
1. Sales forecast for the next three years on yearly basis. The sales of the electronic products are as shown in the income statement forecast.
2. Costs are spread uniformly through the twelve months in a year for three years. This will entail annual maintenance costs.
The projections are as follows:-
1. Projected Balance Sheet Statement.
Year 1$
Year 2$
Year 3$
Cash
25, 000
25, 000
25, 000
Marketable securities
729. 000
54, 000
870, 000
Accounts receivable
17, 480
100, 250
190, 000
Total current assets
771, 480
179, 250
1, 085, 000
Total assets
771, 480
179, 250
1, 085, 000
Accounts payable
350
850
850
Total current liabilities
350
850
850
Total liabilities
350
850
850
Retained earnings
(89, 075)
(67, 488)
(145, 000)
Other equities
850, 000
850, 000
850, 000
Total liabilities and Equities
682, 755
112, 612
940, 850
2. Projected Income Statement
Year 1$
Year 2$
Year 3$
Revenues
Bills
92, 000
102, 250
103. 000
Travel
12, 000
16, 000
20, 000
Administration
6, 000
8, 000
10, 000
Total revenues
110, 000
126, 250
133, 000
Costs of sales
Direct travel
12, 000
16, 000
20, 000
Gross margin
98, 000
110, 250
113, 000
Expenses
Marketing
10, 000
5, 000
4, 000
Salaries
60, 000
65, 000
70, 000
Communication
2, 000
2, 500
3, 000
Maintenance
500
600
700
Depreciation
3, 500
3, 500
3, 500
Lease
5, 000
5, 000
5, 000
Travel expenses
1, 800
1, 900
2, 100
Total expenses
82, 800
83500
88, 300
PBT
15, 200
26, 750
24, 700
Tax estimate
3, 600
2, 000
3, 000
PAT
11, 600
24, 750
21, 700
3. Statement of cash flow
Year 1$
Year 2$
Year 3$
Operating profits
15, 200
26, 750
21, 700
Cash income tax
70, 800
82, 000
89, 000
Operations funds
720, 000
830, 500
900, 000
Increase in working capital
90, 000
150, 000
170, 000
Cash flow from operations
754, 400
925, 250
1, 002, 700
Non operating income
11, 100
15, 800
19, 000
Investments
650. 000
-
-
Net cash flows
1, 415, 500
941, 050
1, 021, 700

4. Notes for the financial plan
a) The asset base of the company is expected to grow steadily over the years with a decline at the second year. The decline at year two could be attributed to the hard economic times anticipated during the same time. Resumption in growth is expected to start immediately.
b) As observed in the projections above, it is highly anticipated that there would be a tremendous growth in profitability. Profitability is a measure of growth; therefore it means that the business is growth oriented.
c) The trend of the net cash flows the future liquidity of the firm. Liquidity simply means that the firm is able successfully in the near future.
Work cited
Ryan, Joan. Personal Financial Literacy. Mason: Cengage Learning, 2011. Print.
Winston, William J. Marketing for financial services. New York: Routledge, 1986. Print.