

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

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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.