

Financial plan jlk pad

Finance



Financial Plan JLK Pad A financial plan is a comprehensive projection of financial tolls that are used to determine 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

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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.

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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.