

Business Plan

Assignments Help Provider

Table of Contents

| | |
|--|----|
| 1.0 Executive Summary | 4 |
| 1.1 Objectives | 4 |
| 1.2 Mission..... | 4 |
| 1.3 Keys to Success..... | 5 |
| 2.0 Company Summary | 5 |
| 2.1 Company Ownership | 6 |
| 2.2 Start-up and Sources of Funds | 6 |
| 2.3 Company Location and Facilities | 9 |
| 3.0 Services | 9 |
| 3.1 Service Description..... | 10 |
| 3.2 Competitive Comparison | 11 |
| 3.3 Sales Literature | 12 |
| 3.4 Fulfilment..... | 13 |
| 3.5 Technology | 14 |
| 3.6 Future Services..... | 14 |
| 4.0 Market Analysis Summary..... | 14 |
| 4.1 Market Segmentation | 15 |
| 4.2 Target Market Segment Strategy | 15 |
| 4.3 Service Business Analysis | 15 |
| 4.3.1 Business Participants..... | 15 |
| 4.3.2 Distributing a Service..... | 15 |
| 4.3.3 Competition..... | 16 |
| 4.3.4 Key Competitor..... | 16 |
| 5.0 Strategy and Implementation Summary..... | 16 |
| 5.1 Competitive Advantages | 16 |
| 5.2 Pricing Strategy..... | 17 |
| 5.3 Sales Strategy..... | 17 |
| 5.4 Milestones | 18 |
| 6.0 Management Summary | 19 |
| 6.1 Organisational Structure | 19 |

| | |
|--|----|
| 6.2 Management Team..... | 19 |
| 6.3 Personnel Plan..... | 20 |
| 7.0 Financial Plan..... | 20 |
| 7.1 Important Assumptions | 20 |
| 7.2 Projected Profit and Loss Account..... | 21 |
| 7.3 Projected Cash Flow | 23 |
| 7.5 Break-even Point..... | 29 |
| 7.6 Ratios | 30 |
| Appendices..... | 31 |

Assignments Help Provider

1.0 Executive Summary

Carnival Row Tech Consulting Limited is a technology-based consulting company specialised in various kinds of services like digital marketing, cloud, consultancy for projects, research, report preparation and consultancy to retailer businesses primarily in the markets of the US and Latin America. The founder of the company Mr. John is expert in the field of consulting and thus the company will offer quality services to its clients at reasonable rates. The company will be established in Silicon Valley to operate in the said markets and the growth opportunities will be ample, however, the competition (McKinsey, Deloitte and EY) is high but the company will encounter that through expertise and diversification. The total start-up costs for the company will be \$100,000 (including \$78,000 for fixed assets and \$22,000 for other expenses). The costs will be sourced from equity and debt in equal proportion. Based on several assumptions and sales forecasts, the financial performance of the company will be sound in the upcoming future as the profits will continue to grow and so does the cash position. The net profit at the end of the third year will be \$117,946.21, while the cash position will be \$265,811.70; both indicating no issues of cash and profitability.

1.1 Objectives

- Sales should be at least \$500,000 in the first year and should become more than \$600,000 by 2022.
- The gross profit margin should remain higher than 60% constantly.
- The net profit margin should be higher than 10%.

1.2 Mission

The company should continue to rely upon quality services at affordable prices for its customers in the market for sustainable development through proper marketing and

diversification in services upgraded with the latest technology. The key mission of the company is to expand and cover the whole area of the US and Latin America.

1.3 Keys to Success

- Excellent quality services with diversified range.
- Nominal prices.
- Superior expertise and experience in the field.

2.0 Company Summary

Carnival Row Tech Consulting Limited is a start-up that is aimed to provide high tech solutions and to consult companies in order to improve their current business practices. The company provides services of software development, mobile application development and project management consulting as per the requirements of the client. The services provided by the company contributes to improving the profitability and productivity of a company in the competitive business market. In the initial phase of the business, the company will focus on the following services.

- The main services provided by the company include consulting to the retail businesses, research, project consulting and preparation of the reports and other types of consulting services.
- It is providing international clients with consulting regarding the condition of the market and the up gradation of technology in order to improve the business process. The company also provides software solutions developed as per the specialised requirements of the client.
- The company also provides consultation regarding the management of the digital marketing campaign in order to create brand loyalty.

- The services will also include up-gradation of the technology and the estimation of the resources and finance required to upgrade technology.
- The services will also include the efforts of the company in improving the condition of the existing companies that working only offline and make all the arrangements of the online presence such as the development of mobile application and website of the company.
- The services of providing a secure gateway and e-commerce solutions to the clients are also provided by the company.
- The financial services and the banking solutions are also provided by the company as per the requirements of the client.
- The services of cloud data management are also provided by the company to its clients that include the management of the cloud server and the migration of client data to the cloud server.

2.1 Company Ownership

Carnival Row Tech Consulting Limited is a technology and consulting company that is created and managed by an entrepreneur who has experienced in the same field. The whole ownership of the company is bear by Mr John that is an entrepreneur and have a similar type of consulting businesses. MR. John is an MBA from the Massachusetts Institute of Technology (MIT). He has experience of more than five years in the field of consultation and technology management. Moreover, he also owns one tech firm in Silicon Valley.

2.2 Start-up and Sources of Funds

The total start-up expenses will be \$22000, which includes legal fees, marketing expenses, lease payments, insurance, trademark, registration fees, stationery, software

development charges, internet expenses and other miscellaneous expenses. Additionally, the total start-up assets cost will be \$78000, which includes furniture and fittings, computer and appliances, equipment, light fitting and air conditioning. The company will acquire funding from external sources like debt and equity. The details are reflected in the below-mentioned table.

Table: Start-up cost

| Carnival Row Tech Consulting Limited | |
|---|--------------------|
| Start-up Cost | |
| Particulars | Amount (\$) |
| Expenses | |
| Legal fees | 800 |
| Lease agreement fees | 3000 |
| Initial Marketing | 6000 |
| Insurance | 300 |
| Registration fees | 1600 |
| Trademark | 300 |
| Stationery | 4000 |
| Miscellaneous | 1650 |
| Accountant fees | 2000 |
| Software development charges | 1500 |
| Internet and other expenses | 850 |
| Total Expenses | 22000 |
| Assets | |
| Furniture and fittings | 28000 |
| Computers and appliances | 24000 |
| Light fitting | 3000 |
| Equipment | 5000 |
| Air conditioning | 18000 |
| Total Assets | 78000 |
| Total Start-up cost | 100000 |

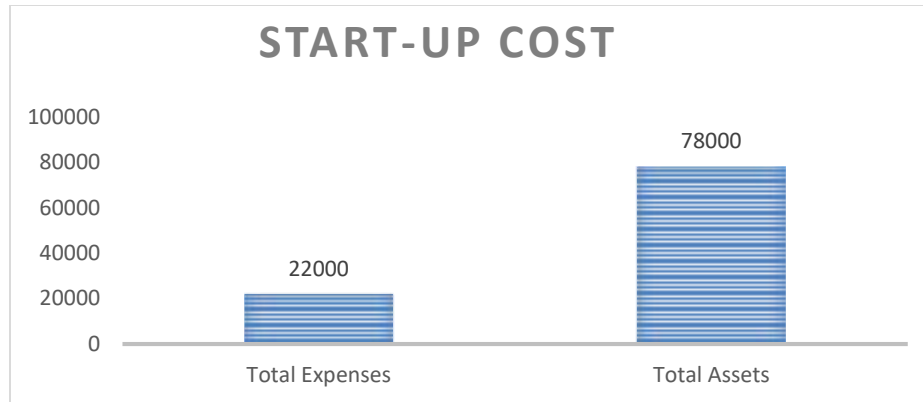
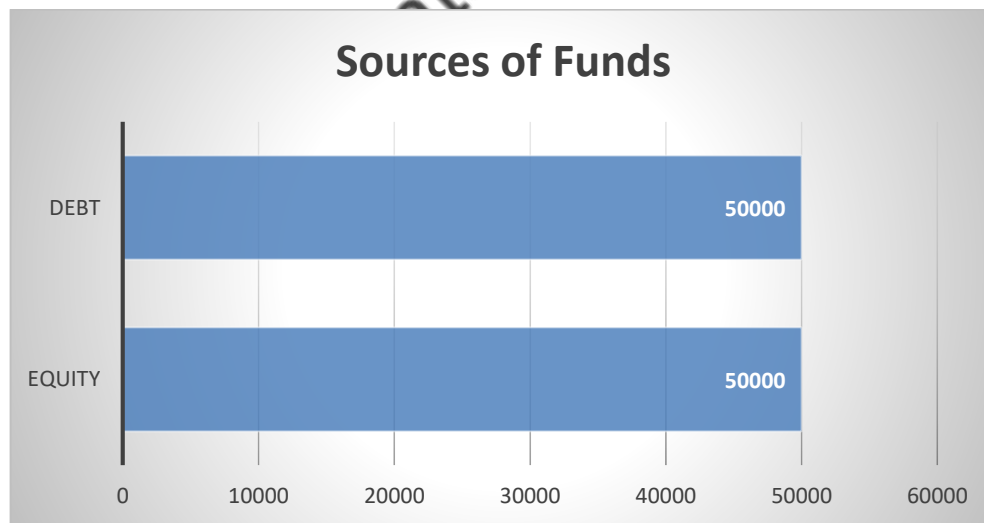


Table: Sources of Funds

| Carnival Row Tech Consulting Limited | |
|--------------------------------------|---------------|
| Sources of Funds | |
| Particulars | Amount (\$) |
| Equity | 50000 |
| Debt | 50000 |
| Total | 100000 |



2.3 Company Location and Facilities



The office of the company will be situated in the prominent area of “Silicon Valley” in California in order to get high-quality facilities such as connectivity and power. The office will be located in the Newark area of Silicon Valley that has access to all type of technical resource required by the company.

3.0 Services

Carnival Row Tech Consulting Limited will provide the services of consultation and technical solutions to the clients that are an existing business. The company will operate five days a week and remain closed for Saturday and Sunday, along with the national holidays. The services of the company include a consultation to the retail businesses, market research, project consulting and preparation of the reports, along with providing other types of consulting services. In addition to this, the services of the company also include technical consultation and technical resource upgrading services that include the up-gradation of the current software and cloud usage. The company will also provide tailored software and applications on the basis of the customers’ demand. The company also consult the clients regarding the management of social media campaigns and the creation of a brand image to the customers.

3.1 Service Description

The description of the services is provided as follow:

1. Consulting Services: The company will provide services in order to improve the market condition of clients with the help of consultation with the help of experts in the field. It will provide consultation to the retail businesses with the help of market research, project consulting and preparation of the market report along with the other types of consultation services. The company will provide a special package and strategies for improving the business in the post-COVID-19 era. The consultation services will also include the consultation to manage the internal operations of the company in order to improve the market condition and the management of the services to the clients.

2. Technical Services: The technical services will include the creation of a website and the mobile application according to the demands of the customers. The company will also provide the services of upgrading the software and the technology used by the clients in order to improve their sales productivity and profitability in the competitive business market. It will also provide the services of data security along with the secure gateway for the e-commerce website of the client. The services will also include the financial consultation to the client regarding the use or up-gradation of a particular type of technology used by the client.

3. Marketing Consultation Services: The marketing services will include the research of the market for the client and provide them with suitable consultancy services. In this concern, the marketing consulting services will include the services of detailed market research that will include the areas that the client should focus on, factors that are restricting the growth and sustainability of the business in the competitive business market and the trends popular in the

market in order to develop strategies as per that changes. In addition to this, the company will also provide consultancy services regarding the market of the company.

3.2 Competitive Comparison

The company will face competition in the market in several forms that are described as follow:

1. The company provides services of consultation, technical services and marketing consultation, and due to this, the condition in which the company choose to perform channel development, marketing and technical up gradation house pose huge competition to the business of Carnival Row Tech Consulting Limited. The companies have a position for the consultant that performs the function of consulting the company regarding the condition of the market and following a particular type of strategy in the competitive business environment. The advantage the company hold is that the clients require consultation on the variables such as technical consultation, marketing strategy and development of the new product, and they do not have experts in all these fields. In this concern, Carnival Row Tech Consulting Limited have experts in the different fields that provide consultation regarding various factors and issues.
2. The company will also face competition from the existing companies that provides consultations to the clients. The companies that provide consulting services to the clients include The Boston Consulting Company, McKinsey Company, Deloitte, Bain & Company, PWC, EY and Accenture. These companies are established in the market, and due to this reason, they provide tough competition to Carnival Row Tech Consulting Limited. The company face competition from the established companies. The advantage that Carnival Row Tech Consulting Limited poses in the market is the expertise in the

technical and market research field. The high level of expertise in the field will provide an advantage to the company, and due to this reason, the customers will take services from Carnival Row Tech Consulting Limited.

3. The company will also face intense competition from the international companies that provide consulting and technical services to the clients, such as Samsung and Tata Consulting Services. The companies are expert in the field of technical solution and provide technical software and consultation to clients. In order to overcome the competition from these companies, Carnival Row Tech Consulting Limited will choose the strategy of providing the services of technical support to the client along that will help in improving the market image of the company and gaining a high level of client satisfaction.
4. The small companies that provide consultation services also pose competition to the company in the market. The high brand image in the market will provide an advantage to Carnival Row Tech Consulting Limited, and it is able to make new clients and make a new ones.

3.3 Sales Literature

The sales literature is an essential part of a company that helps in the marketing and promotion of the products and services provided by the company in the competitive business market. The sales literature of the company will include brochure, emails, a catalogue, magazine and media kits. The description of sales literature and its use is described as follow:

Brochure: The company will provide two types of brochure that will include the corporate brochure and product brochure that will provide information regarding the products and services provided by the company in the competitive business market.

Emails: Personalised email also contributes to improving the sales of a company by promoting the services to the client. The company will forward the promotional mail to the client on the basis of their requirements in order to increase the chance of sales percentage.

Catalogue: It is a list of the product and services that a company provides to the customers in the market. The catalogue of the company will include detail information regarding the products and the services provided by it in the competitive business market.

Magazine: The magazine will provide information regarding the milestones reached by the company in the past time and the figure for sales in the market. It will also be aware of the customers regarding the trends popular in the market and advanced services provided by the company.

Media kits: The media kit will include information regarding the business and management along with the products and services provided by the company. It will be released prior to the press release or press conference in order to aware the media and the customers regarding the launch of new product and services in the market.

3.4 Fulfilment

- The key fulfilment of the product will align with the principles in the business that will help the business in conducting it ethically. The core values of the business are technical expertise that will be built by education and hard work.
- The company will provide the services to the client without delay in the time with the help of highly expert employees. In addition to this, the company also have freelancers that will work for the company in the condition of heavy workload and absentees of the regular employees.

3.5 Technology

The company will gather technically advanced resources such as windows and mac operating software and platforms for the development of the software and websites for clients. The company will use email in order to communicate with the clients. It will use G-Suite and outlook in order to sink the emails and attend to them without leaving missing a single mail by the client. The use of the G-suite will provide the benefit of sinking the emails and system in order to improve the level of communication in the company. In addition to this, the company will also develop several conference rooms in order to conduct meetings and video conferencing with the clients. In order to provide a video presentation, the company will develop several studio type setup that includes a high-resolution camera, microphone and a screen to project the screen of the computer. The company will use advanced developing tools for the development of applications, website and software. In order to publish the reports, media information and marketing materials, a separate account will be created that will provide information to the clients regarding promotional events and offers in order to increase their level of engagement.

3.6 Future Services

The future services of the company will include the expansion of the services in the international market and provide additional services such as financial services and investment in the projects that have a high level of scope in the market. The condition of the company will also plan to provide an advanced level of services such as providing a customised newsletter to the clients that have subscribed to the services of the company.

4.0 Market Analysis Summary

There are several medium-sized and other companies currently operating in the markets of the US and Latin America. The potential customers for the company will be managers of the

corporations operating in the same market, who are looking for specialised consultancy and expertise for creating new opportunities.

4.1 Market Segmentation

The key market segments for the company will be large corporates like; Apple, Samsung, IBM, Microsoft and Google seeking development functions through outsourcing. The company will assist them with advanced technology and consultancy to create opportunities in the market.

4.2 Target Market Segment Strategy

As already mentioned earlier, the company will focus majorly on potential customers of the US and Latin America, which will be the key customers in the eyes of the company.

4.3 Service Business Analysis

There are several established companies in the industry of consulting that range from international brand names to domestic brand names. This will be the key challenge for Carnival Row Tech Consulting Limited to encounter the competition strategically.

4.3.1 Business Participants

The various participants include consultants, personnel, managers and owner. The company has recruited consultants who have sufficient expertise in the business field. This will assist the company in providing better services to its potential clients. The managers will also facilitate the smooth functioning of the business operations.

4.3.2 Distributing a Service

The company will provide business consulting solutions to its customers. The company will provide various types of services to its customers as per their preferences. The different types of activities include retail business consulting, preparation of reports, project planning and others such as digital marketing services and web-based services.

4.3.3 Competition

The company will be made a sound relationship with its customers by providing quality and affordable services to its clients. This will assist the company in gaining a competitive edge in the market.

4.3.4 Key Competitor

The key competitors of the company are McKinsey, Deloitte and EY. Such competitors may create a threat for the company.

5.0 Strategy and Implementation Summary

Carnival Row Tech Consulting Limited will initially focus on the two key geographical markets of the world namely; the US and Latin America in order to penetrate the market and attain sound business reach for higher performance and profitability. Further, the management will majorly focus on the segments like consulting to retail businesses, project consulting, research, preparation of the reports and other similar kinds of consulting services (including payment gateway, digital marketing campaign, up-gradation of technology, mobile applications, company's website, secure gateway, e-commerce, banking solutions and cloud). The target customer for Carnival Row Tech Consulting Limited will be managers of the various corporations operating in the geographical market of Latin America and the US.

5.1 Competitive Advantages

The demand in the market currently is quite high and since the production capacity of Carnival Row Tech Consulting Limited is sound, it will have no issues in meeting the demands in the market and thereby prospering in the market to gain a competitive edge over its existing rivals in the market. The experience possessed by the management will prove crucial for the company to establish its strong foothold in the US market. The offering of quality tech

consulting services along with quality features, in addition, will assist the company to make its presence feel in the market in a short period of time.

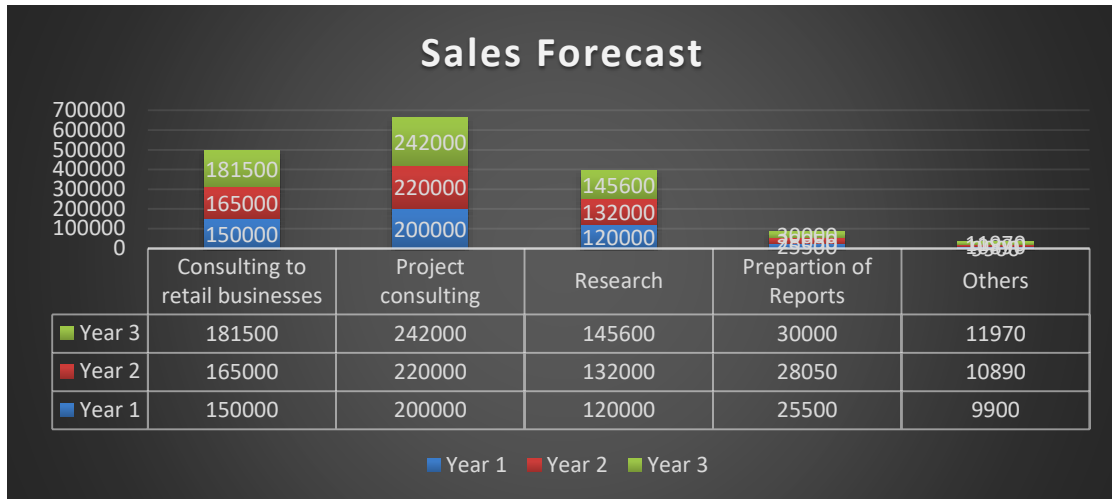
5.2 Pricing Strategy

The management of consulting limited will price the services that could be affordable by the clients in the market and thereby allow the company to compete with existing players under the brand name of consultants. The quality should of the services to be offered will not be compromised by the company. The consulting price for retail businesses will be \$500 per customer or client, for project consulting the company will charge \$1000 per customer, for research the company will charge \$800 per customer, for report preparation the company will charge \$150 per customer and for other tech services the company will charge \$90 per customer.

5.3 Sales Strategy

Table: Sales Forecast

| Carnival Row Tech Consulting Limited | | | |
|---|---------------|-----------------|---------------|
| Sales Forecast | | | |
| Sales | Year 1 | Year 2 | Year 3 |
| Consulting to retail businesses | 150000 | 165000 | 181500 |
| Project consulting | 200000 | 220000 | 242000 |
| Research | 120000 | 132000 | 145600 |
| Preparation of Reports | 25500 | 28050 | 30000 |
| Others | 9900 | 10890 | 11970 |
| Total sales | 505400 | 555940 | 611070 |
| | | | |
| Direct cost of sales: | | | |
| Consulting to retail businesses | 45000 | 49500 | 54450 |
| Project consulting | 70000 | 77000 | 84700 |
| Research | 36000 | 39600 | 43680 |
| Preparation of Reports | 6375 | 7012.5 | 7500 |
| Others | 2970 | 3267 | 3591 |
| Sales direct cost | 160345 | 176379.5 | 193921 |



5.4 Milestones

The detailed milestone of the company is reflected in the below-mentioned table, which includes the start and end dates of the milestones along with the various departments.

Table: Milestone

| Milestone | | | |
|-----------------------|------------|------------|---------------------------|
| Particulars | Start Date | End Date | Department |
| Business plan | 2/24/2021 | 2/27/2021 | Human Resource Management |
| Registration | 3/15/2021 | 3/18/2021 | Finance Department |
| Lease | 3/25/2021 | 4/5/2021 | HR Department |
| Trademark | 4/20/2021 | 4/28/2021 | Finance Department |
| Stationery | 5/5/2021 | 5/10/2021 | Resource Department |
| Marketing | 5/25/2021 | 7/15/2021 | Marketing Department |
| Sourcing of funds | 8/1/2021 | 9/15/2021 | Finance Department |
| Acquisition of assets | 9/25/2021 | 10/15/2021 | Resource Department |
| Equipment | 10/25/2021 | 11/15/2021 | Resource Department |
| Lease payment | 11/25/2021 | 12/20/2021 | Finance Department |
| Starting of business | 1/1/2022 | - | - |

Table: Gantt Chart

| Gantt Chart | | | | | | | | | | | | |
|---------------|--------------|-----------|-----------|---------|----------|----------|------------|---------------|-------------|--------------|--------------|-------------|
| | Febr uary | Ma rch | Ap ril | M ay | Ju ne | Ju ly | Aug ust | Septe mber | Octo ber | Nove mber | Dece mber | Janu ary |
| Business plan | | | | | | | | | | | | |
| Registration | | | | | | | | | | | | |

| | | | | | | | | | | | | |
|-----------------------|--|--|--|--|--|--|--|--|--|--|--|--|
| Lease | | | | | | | | | | | | |
| Trademark | | | | | | | | | | | | |
| Stationery | | | | | | | | | | | | |
| Marketing | | | | | | | | | | | | |
| Sourcing of funds | | | | | | | | | | | | |
| Acquisition of assets | | | | | | | | | | | | |
| Equipment | | | | | | | | | | | | |
| Lease payment | | | | | | | | | | | | |
| Starting of business | | | | | | | | | | | | |

6.0 Management Summary

The whole management team at the beginning of the business activities will rely upon the founder of Carnival Row Tech Consulting Limited. However, as the company starts to grow in the market, the management will take the key roles concerning consulting services, sales, profits and marketing.

6.1 Organisational Structure

Carnival Row Tech Consulting Limited will be managed by Mr. John (CEO and Founder of the company) and other key managers hired for resources, marketing, human resources and finance. Further, the company will partner with a strong venture in Latin America and another partner in the US to have wider and smooth business operations.

6.2 Management Team

Carnival Row Tech Consulting Limited will hire international experts with having a sound level of experience in their respective fields in order to run the business activities smoothly and profitably. This means that the company will not rely upon the owner and partners to run the whole business, which is considered as the most common practice globally.

The owner and the business partners will only take the roles of fulfilling the key business propositions and decisions and also in providing expert advice to the clients in the market. The personal plan is currently in the phase of tentative and requires the constant involvement of every key stakeholder of the company.

6.3 Personnel Plan

The annual personnel plan for Carnival Row Tech Consulting Limited is as follows:

Table: Personnel Plan

| Particulars | 2022 (\$) | 2023 (\$) | 2024 (\$) |
|---|-----------|-----------|-----------|
| Consultants (2 consultants, \$15000 per person) | 30000 | 30000 | 30000 |
| Sales Personnel (4 persons, \$10000 per person) | 40000 | 40000 | 40000 |
| Managers (4 managers, \$25000 per person) | 100000 | 100000 | 100000 |
| Others | 30000 | 30000 | 30000 |
| Total | 200000 | 200000 | 200000 |

7.0 Financial Plan

The presented section will elaborate on the financial plan for Carnival Row Tech Consulting Limited based on several assumptions and estimates. After analysing the requirements for initial investments, market trends and other key aspects; the financial plan for the company has been prepared for the period 2022 to 2024.

7.1 Important Assumptions

The below-presented table indicates some of the key assumptions taken under the business report for Carnival Row Tech Consulting Limited:

Table: General Assumptions for Financial Planning

| Particulars | Assumptions |
|---------------|---|
| Interest Rate | Assumed to be 3% on the debt taken by the company and will remain constant. The outstanding bank loan (debt - \$50000) will be payable after 2024, till then only the interest amount will be paid by the company not the |

| | |
|----------------------|--|
| | principal amount. |
| Depreciation Rate | Assumed to be 10% on Straight Line Method for every fixed asset throughout 2022 to 2024. |
| Income Tax Rate | It has been assumed to 21% as per the applicable rate in the US and will continue to remain the same for the upcoming years. |
| Sales | It has been assumed that the sales will start increasing by 10% approximately after 2022. |
| Accounts Receivables | It has been assumed that the company will derive sales 70% in cash and 30% in credit. The credit of 1 month for payment will be provided to the debtors. |
| Accounts Payables | It has been assumed that the company will make the payments in cash wholly for the purchases made. |

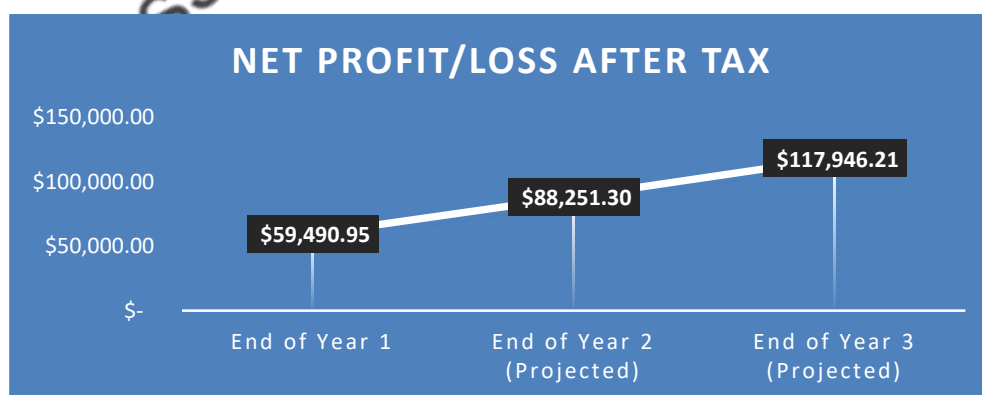
7.2 Projected Profit and Loss Account

The annual projected profit and loss statement for Carnival Row Tech Consulting Limited for the period from 2022 to 2024 is as follows:

Table: Profit and Loss Account

| INCOME STATEMENT (PROFIT & LOSS STATEMENT) | | | |
|---|----------------------|----------------------------------|----------------------------------|
| Carnival Row Tech Consulting Limited | | | |
| | Time Periods | | |
| Particulars | End of Year 1 | End of Year 2 (Projected) | End of Year 3 (Projected) |
| Sales | \$505,400.00 | \$555,940.00 | \$611,070.00 |
| Cost of Service | \$160,345.00 | \$176,379.50 | \$193,921.00 |
| GROSS PROFIT | \$345,055.00 | \$379,560.50 | \$417,149.00 |
| Operating Expenses | | | |
| Salary (Office & Overhead) | \$200,000.00 | \$200,000.00 | \$200,000.00 |
| Lease | \$3,000.00 | \$3,000.00 | \$3,000.00 |
| Outside Services | \$15,000.00 | \$15,000.00 | \$15,000.00 |
| Registration | \$1,600.00 | \$- | \$- |
| Repairs & Maintenance | \$15,000.00 | \$15,000.00 | \$15,000.00 |

| | | | |
|-------------------------------------|--------------|--------------|--------------|
| Advertising | \$6,000.00 | \$6,000.00 | \$6,000.00 |
| Car, Delivery, Travel | \$2,500.00 | \$2,500.00 | \$2,500.00 |
| Accounting Expenses | \$2,000.00 | \$2,000.00 | \$2,000.00 |
| Legal Expenses | \$800.00 | \$800.00 | \$800.00 |
| Telephone | \$1,450.00 | \$1,450.00 | \$1,450.00 |
| Utilities | \$500.00 | \$500.00 | \$500.00 |
| Insurance | \$300.00 | \$300.00 | \$300.00 |
| Stationery | \$4,000.00 | \$4,000.00 | \$4,000.00 |
| Miscellaneous | \$1,650.00 | \$1,650.00 | \$1,650.00 |
| Software and development charges | \$1,500.00 | \$1,500.00 | \$1,500.00 |
| Internet and other expenses | \$850.00 | \$850.00 | \$850.00 |
| Trademark | \$300.00 | \$- | \$- |
| Interest | \$1,500.00 | \$1,500.00 | \$1,500.00 |
| Depreciation @ 10% | \$7,800.00 | \$7,800.00 | \$7,800.00 |
| Other Expenses: | | | |
| Miscellaneous | \$4,000.00 | \$4,000.00 | \$4,000.00 |
| TOTAL OPERATING EXPENSES | \$269,750.00 | \$267,850.00 | \$267,850.00 |
| | | | |
| NET PROFIT/LOSS BEFORE TAXES | \$75,305.00 | \$111,710.50 | \$149,299.00 |
| | | | |
| Income Taxes | \$15,814.05 | \$23,459.21 | \$31,352.79 |
| NET PROFIT/LOSS AFTER TAX | \$59,490.95 | \$88,251.30 | \$117,946.21 |
| | | | |
| Owner draw or dividends | \$5,000.00 | \$10,000.00 | \$15,000.00 |
| RETAINED EARNINGS | \$54,490.95 | \$78,251.30 | \$102,946.21 |



7.3 Projected Cash Flow

The projected cash flow helps the management to critically identify and evaluate the success of the company (Galai, Hillel and Wiener, 2016). The cash flow for the company on monthly basis has been prepared and presented below for the year 2022 and cash flows for 2023 and 2024 attached in the appendices section:

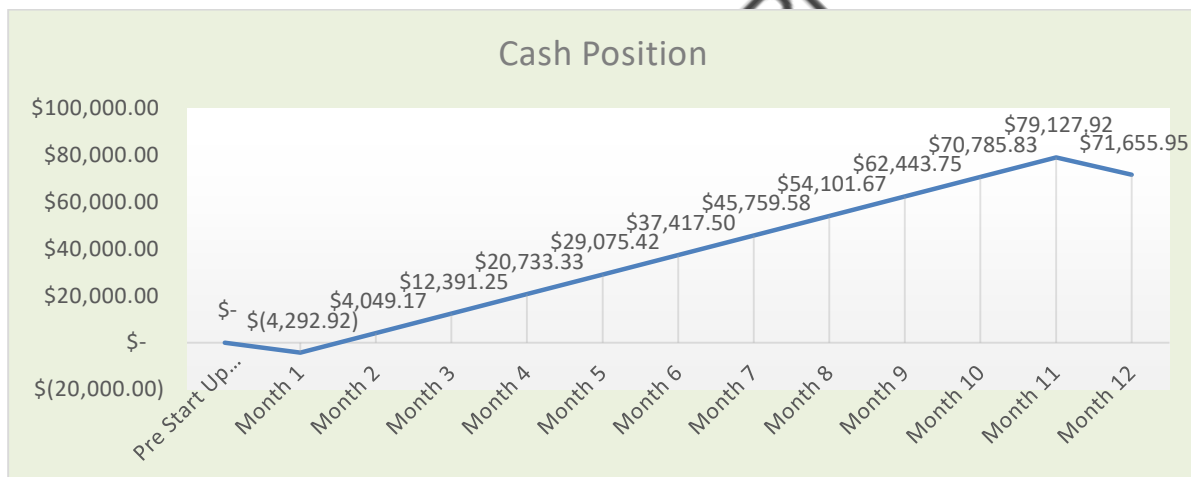
Table: Projected Cash Flow

| STATEMENT OF CASH FLOWS | | | | | | | | | | | | | | |
|--|-----------------------|-----------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------------------|
| Carnival Row Tech Consulting Limited | | | | | | | | | | | | | | |
| Category | Pre Start Up Estimate | M on th 1 | M on th 2 | M on th 3 | M on th 4 | M on th 5 | M on th 6 | M on th 7 | M on th 8 | M on th 9 | Mo nth 10 | Mo nth 11 | Mo nth 12 | Total Item Estimate |
| | | | | | | | | | | | | | | |
| Cash on Hand (Equity) | \$50,000.00 | \$- | \$(4,292.9 | \$4,049.1 | \$1,239.1 | \$2,073.3 | \$2,907.5 | \$3,741.7 | \$4,575.9 | \$5,410.1 | \$6,244.3 | \$7,078.5 | \$7,912.7 | \$461,592.50 |
| | | | | | | | | | | | | | | |
| Cash Receipts | | | | | | | | | | | | | | \$- |
| Cash Sales | | \$2,948.1 | \$2,948.1 | \$2,948.1 | \$2,948.1 | \$2,948.1 | \$2,948.1 | \$2,948.1 | \$2,948.1 | \$2,948.1 | \$2,948.1 | \$2,948.1 | \$2,948.1 | \$353,780.00 |
| Collections from credit accounts | | \$- | \$1,263.5 | \$1,263.5 | \$1,263.5 | \$1,263.5 | \$1,263.5 | \$1,263.5 | \$1,263.5 | \$1,263.5 | \$1,263.5 | \$1,263.5 | \$1,263.5 | \$138,985.00 |
| Cash from Loans or other outside sources | \$50,000.00 | | | | | | | | | | | | | \$50,000.00 |
| TOTAL CASH RECEIPTS | \$50,000.00 | \$2,948.1 | \$4,212.1 | \$4,212.1 | \$4,212.1 | \$4,212.1 | \$4,212.1 | \$4,212.1 | \$4,212.1 | \$4,212.1 | \$4,212.1 | \$4,212.1 | \$4,212.1 | \$542,765.00 |

| | | | | | | | | | | | | | | |
|----------------------------|--------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|-------------|-------------|----------------|
| | | 81. 67 | 16. 67 | 16. 67 | 16. 67 | 16. 67 | 16. 67 | 16. 67 | 16. 67 | 16. 67 | 16. 67 | 16. 67 | 16. 67 | 0 |
| Total cash available | \$100,000.00 | \$2,948.67 | \$3,782.35 | \$4,615.83 | \$5,450.92 | \$6,285.00 | \$7,119.08 | \$7,953.17 | \$8,787.25 | \$9,621.33 | \$10,455.42 | \$11,289.50 | \$12,123.58 | \$1,004,357.50 |
| Cash Paid Out | | | | | | | | | | | | | | \$- |
| Salary (Office & Overhead) | \$- | \$1,666.67 | \$1,666.67 | \$1,666.67 | \$1,666.67 | \$1,666.67 | \$1,666.67 | \$1,666.67 | \$1,666.67 | \$1,666.67 | \$1,666.67 | \$1,666.67 | \$1,666.67 | \$200,000 |
| Cost of service | \$- | \$1,333.62 | \$1,333.62 | \$1,333.62 | \$1,333.62 | \$1,333.62 | \$1,333.62 | \$1,333.62 | \$1,333.62 | \$1,333.62 | \$1,333.62 | \$1,333.62 | \$1,333.62 | \$160,345 |
| Lease | \$3,000 | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$3,000 |
| Outside Services | \$- | \$1,250.00 | \$1,250.00 | \$1,250.00 | \$1,250.00 | \$1,250.00 | \$1,250.00 | \$1,250.00 | \$1,250.00 | \$1,250.00 | \$1,250.00 | \$1,250.00 | \$1,250.00 | \$15,000 |
| Registration | \$1,600 | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$1,600 |
| Repairs & Maintenance | \$- | \$1,250.00 | \$1,250.00 | \$1,250.00 | \$1,250.00 | \$1,250.00 | \$1,250.00 | \$1,250.00 | \$1,250.00 | \$1,250.00 | \$1,250.00 | \$1,250.00 | \$1,250.00 | \$15,000 |
| Advertising | \$6,000 | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$6,000 |
| Car, Delivery, Travel | \$- | \$2,080.08 | \$2,080.08 | \$2,080.08 | \$2,080.08 | \$2,080.08 | \$2,080.08 | \$2,080.08 | \$2,080.08 | \$2,080.08 | \$2,080.08 | \$2,080.08 | \$2,080.08 | \$2,500 |
| Accounting Expenses | \$2,000 | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$2,000 |
| Legal Expenses | \$800 | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$800 |
| Telephone | \$- | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1,45 |

| | | | | | | | | | | | | | | |
|--|-----------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|----------------------|
| | | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 0 |
| Utilities | \$- | \$4 2 | \$4 2 | \$4 2 | \$4 2 | \$4 2 | \$4 2 | \$4 2 | \$4 2 | \$4 2 | \$4 2 | \$4 2 | \$4 2 | \$500 |
| Insurance | \$300 | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$300 |
| Stationery | \$4,00 0 | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$4,00 0 |
| Miscellaneous | \$1,65 0 | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$1,65 0 |
| Software and developme nt charges | \$1,50 0 | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$1,50 0 |
| Internet and other expenses | \$850 | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$850 |
| Trademark | \$300 | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$300 |
| Interest | \$- | \$1 25 | \$1 25 | \$1 25 | \$1 25 | \$1 25 | \$1 25 | \$1 25 | \$1 25 | \$1 25 | \$1 25 | \$1 25 | \$1 25 | \$1,50 0 |
| Taxes | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$1 5,8 14 | \$15,8 14 |
| Miscellaneous | \$- | \$3 33 | \$3 33 | \$3 33 | \$3 33 | \$3 33 | \$3 33 | \$3 33 | \$3 33 | \$3 33 | \$3 33 | \$3 33 | \$3 33 | \$4,00 0 |
| | | | | | | | | | | | | | | |
| SUBTOTAL | \$22,0 00.00 | \$3 3,3 57. 92 | \$3 3,3 57. 92 | \$3 3,3 57. 92 | \$3 3,3 57. 92 | \$3 3,3 57. 92 | \$3 3,3 57. 92 | \$3 3,3 57. 92 | \$3 3,3 57. 92 | \$3 3,3 57. 92 | \$3 3,3 57. 92 | \$3 3,3 57. 92 | \$4 9,1 71. 97 | \$438, 109.0 5 |
| | | | | | | | | | | | | | | |
| Loan Principal Payment | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- |
| Capital Purchase | \$78,0 00.00 | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$78,0 00.00 |
| Other Start Up Costs | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- |
| Reserve and/or | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- |

| | | | | | | | | | | | | | | |
|---------------------|--------------|--------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| escrow | | | | | | | | | | | | | | |
| Other Withdrawals | \$- | \$416.67 | \$416.67 | \$416.67 | \$416.67 | \$416.67 | \$416.67 | \$416.67 | \$416.67 | \$416.67 | \$416.67 | \$416.67 | \$416.67 | \$5,000.00 |
| Total Cash Paid Out | \$100,000.00 | \$3,774.58 | \$3,774.58 | \$3,774.58 | \$3,774.58 | \$3,774.58 | \$3,774.58 | \$3,774.58 | \$3,774.58 | \$3,774.58 | \$3,774.58 | \$3,774.58 | \$4,988.63 | \$521,109.05 |
| | | | | | | | | | | | | | | |
| Cash Position | \$- | \$(4,292.92) | \$4,049.17 | \$12,391.25 | \$20,733.33 | \$29,075.42 | \$37,417.50 | \$45,759.58 | \$54,101.67 | \$62,443.75 | \$70,785.83 | \$79,127.92 | \$71,655.95 | \$483,248.45 |



7.4 Projected Balance Sheet

| Balance Sheet | | | |
|--------------------------------------|-------------|--------------------|--------------------|
| Carnival Row Tech Consulting Limited | | | |
| ASSETS | Year 1 | Year 2 (Projected) | Year 3 (Projected) |
| Current Assets | | | |
| Cash in Bank | \$71,655.95 | \$156,443.74 | \$265,811.70 |

| | | | |
|---|-------------|--------------|--------------|
| Accounts Receivable | \$12,635.00 | \$13,898.50 | \$15,276.75 |
| Inventory | \$- | \$- | \$- |
| Prepaid Expenses | \$- | \$- | \$- |
| Deposits | \$- | \$- | \$- |
| Other current assets | \$- | \$- | \$- |
| TOTAL CURRENT ASSETS | \$84,290.95 | \$170,342.24 | \$281,088.45 |
| FIXED ASSETS | | | |
| Equipment | \$5,000.00 | \$4,500.00 | \$4,000.00 |
| LESS: Accumulated Depreciation - Machinery & Equipment | \$500.00 | \$500.00 | \$500.00 |
| Furniture & Fixtures | \$28,000.00 | \$25,200.00 | \$22,400.00 |
| LESS: Accumulated Depreciation - Furniture & Fixtures | \$2,800.00 | \$2,800.00 | \$2,800.00 |
| Computer and appliances | \$24,000.00 | \$21,600.00 | \$19,200.00 |
| LESS: Accumulated Depreciation - Leaseholder Improvements | \$2,400.00 | \$2,400.00 | \$2,400.00 |
| Light fitting | \$3,000.00 | \$2,700.00 | \$2,400.00 |
| LESS: Accumulated Depreciation - Land & Buildings | \$300.00 | \$300.00 | \$300.00 |
| Air conditioning | \$18,000.00 | \$16,200.00 | \$14,400.00 |

| | | | |
|---|---------------------|---------------------|---------------------|
| LESS: Accumulated Depreciation - Other Fixed Assets | \$1,800.00 | \$1,800.00 | \$1,800.00 |
| TOTAL FIXED ASSETS (net of depreciation) | \$70,200.00 | \$62,400.00 | \$54,600.00 |
| | | | |
| OTHER ASSETS | | | |
| Intangibles | \$- | \$- | \$- |
| Other | \$- | \$- | \$- |
| TOTAL OTHER ASSETS | \$- | \$- | \$- |
| | | | |
| TOTAL ASSETS | \$154,490.95 | \$232,742.24 | \$335,688.45 |
| | | | |
| LIABILITIES & EQUITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | \$- | \$- | \$- |
| Interest Payable | \$- | \$- | \$- |
| Taxes Payable | \$- | \$- | \$- |
| Short Term Notes (due in 1 year) | \$- | \$- | \$- |
| Current Part, Long Term Debt | \$- | \$- | \$- |
| TOTAL CURRENT LIABILITIES | \$- | \$- | \$- |
| | | | |
| Long Term Debt | | | |
| Bank Loans Payable | \$50,000.00 | \$50,000.00 | \$50,000.00 |
| Notes Payable to Stockholders | \$- | \$- | \$- |

| | | | |
|---|--------------|--------------|--------------|
| LESS: Short Term Portion | \$- | \$- | \$- |
| Other Long-Term Debt | \$- | \$- | \$- |
| TOTAL LONG-TERM DEBT | \$50,000.00 | \$50,000.00 | \$50,000.00 |
| TOTAL LIABILITIES | \$50,000.00 | \$50,000.00 | \$50,000.00 |
| | | | |
| Owner's Equity | | | |
| Common Stock | \$50,000.00 | \$50,000.00 | \$50,000.00 |
| Retained Earnings | \$54,490.95 | \$132,742.25 | \$235,688.46 |
| TOTAL OWNER'S EQUITY | \$104,490.95 | \$182,742.25 | \$285,688.46 |
| TOTAL LIABILITIES & EQUITIES | \$154,490.95 | \$232,742.25 | \$335,688.46 |

7.5 Break-even Point

| Calculation of Break even Point | |
|--------------------------------------|-----------|
| Carnival Row Tech Consulting Limited | |
| Particulars | |
| | |
| Sales | \$505,400 |
| Cost of Service | \$160,345 |
| Contribution | \$345,055 |
| Contribution per Unit | \$371 |

| | |
|-----------------------|------------|
| Fixed cost | \$269,750 |
| BEP (In Units) | 727 |

7.6 Ratios

| Calculation of Ratios | | | |
|-------------------------------------|---------------|---------------|---------------|
| Data | Year 1 | Year 2 | Year 3 |
| Sales | 505400 | 555940 | 611070 |
| Net Profit | 75305 | 111710.5 | 149299 |
| Gross Profit | 345055 | 379560 | 417149 |
| Equity | 50000 | 50000 | 50000 |
| Current Asset | 84290 | 170342.24 | 281088.45 |
| Debt | 50000 | 50000 | 50000 |
| Trade Receivables | 12635 | 13898.5 | 15276.75 |
| Trade Receivables Turnover | 40 | 40 | 40 |
| Ratios | | | |
| Net profit margin | 14.90% | 20.09% | 24.43% |
| Gross Profit Margin | 68.27% | 68.27% | 68.27% |
| Return on Equity | 150.61% | 223.42% | 298.60% |
| Debt to Equity Ratio | 1.00 | 1.00 | 1.00 |
| Trade Receivables settlement Period | 9.13 | 9.13 | 9.13 |

Appendices

Table: Cash Flows

| STATEMENT OF CASH FLOWS | | | |
|--|---------------------|---------------------|-----------------------|
| Carnival Row Tech Consulting Limited | | | |
| Category | Year 2 | Year 3 | Total Item Estimate |
| Cash on Hand (Equity) | \$71,655.95 | \$156,443.74 | \$228,099.69 |
| Cash Receipts | | | \$- |
| Cash Sales | \$389,158.00 | \$427,749.00 | \$816,907.00 |
| Collections from credit accounts | \$165,518.50 | \$181,942.75 | \$347,461.25 |
| Cash from Loans or other outside sources | | | \$- |
| TOTAL CASH RECEIPTS | \$554,676.50 | \$609,691.75 | \$1,164,368.25 |
| Total cash available | \$626,332.45 | \$766,135.49 | \$1,392,467.94 |
| Cash Paid Out | | | \$- |
| Salary (Office & Overhead) | \$200,000 | \$200,000 | \$400,000 |
| Cost of service | \$176,380 | \$193,921 | \$370,301 |
| Lease | \$3,000 | \$3,000 | \$6,000 |
| Outside Services | \$15,000 | \$15,000 | \$30,000 |
| Registration | \$- | \$- | \$- |
| Repairs & Maintenance | \$15,000 | \$15,000 | \$30,000 |
| Advertising | \$6,000 | \$6,000 | \$12,000 |
| Car, Delivery, Travel | \$2,500 | \$2,500 | \$5,000 |
| Accounting Expenses | \$2,000 | \$2,000 | \$4,000 |
| Legal Expenses | \$800 | \$800 | \$1,600 |
| Telephone | \$1,450 | \$1,450 | \$2,900 |
| Utilities | \$500 | \$500 | \$1,000 |
| Insurance | \$300 | \$300 | \$600 |
| Stationery | \$4,000 | \$4,000 | \$8,000 |
| Miscellaneous | \$1,650 | \$1,650 | \$3,300 |
| Software and development charges | \$1,500 | \$1,500 | \$3,000 |
| Internet and other expenses | \$850 | \$850 | \$1,700 |
| Trademark | \$- | \$- | \$- |
| Interest | \$1,500 | \$1,500 | \$3,000 |
| Taxes | \$23,459 | \$31,353 | \$54,812 |
| Miscellaneous | \$4,000 | \$4,000 | \$8,000 |
| SUBTOTAL | \$459,888.71 | \$485,323.79 | \$945,212.50 |
| Loan Principal Payment | \$- | \$- | \$- |

| | | | |
|-----------------------|---------------------|---------------------|---------------------|
| Capital Purchase | \$- | \$- | \$- |
| Other Start Up Costs | \$- | \$- | \$- |
| Reserve and/or escrow | \$- | \$- | \$- |
| Other Withdrawals | \$10,000.00 | \$15,000.00 | \$25,000.00 |
| Total Cash Paid Out | \$469,888.71 | \$500,323.79 | \$970,212.50 |
| | | | |
| Cash Position | \$156,443.74 | \$265,811.70 | \$422,255.44 |

Assignments Help Provider