



Financial Summary Report

TutorPoint

2019 / 2020

Group 2

MEng Software Engineering Project
Department of Electronic Engineering
University of York

Document Version Control

History of edits and alterations to the CUBIXEL financial business plan, including the document version, date, author, and description of the edits.

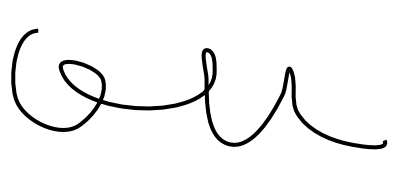
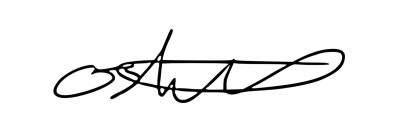
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0.1.1	OC	6/05/20	All Sections	Added Headings.
0.1.2	OC	7/05/20	All Sections.	Added Sections found in research & correspondence with Tony Ward.
0.1.3	OC	17/05/20	2. Strategic Report	Added new headings to outline company strategy in greater detail.
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Document Approval

All authors of the document are required to proofread, mandate, and sign-off before the document's official publication.

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Preface

This document is the Financial Summary Report for the TutorPoint application, in development by the software development company CUBIXEL. It provides the reader with an understanding of all company finances during the TutorPoint project. The period between 9th September 2019 and 20th May 2020.

The financial statements stated in this document give a true and fair view of the state of the company's affairs as at 20 May 2020.

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The company, Cubixel ("we", "our", "us"), may be stylised as "CUBIXEL" and may be referred to as the COMPANY.

The application, TutorPoint, may be referred to as the APPLICATION, SOFTWARE, PROJECT, PROGRAM, or the GOODS.

The proposed financial cash injection made by the financial backer may be referred to as the FUNDS.

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1. Introduction

1.1 Company Overview

CUBIXEL is an eight-person software engineering consultancy and development team based in York, United Kingdom. As a team, we provide software design services to clients and large companies, focusing on full stack development and providing true customer value using agile development practices.

We are inclusive to all industries that align with our own company ideals, especially those involved in global change to provide a positive impact to fields of research, and in people's homes.

1.2 Mission Statement

At CUBIXEL, we strive to provide companies with the necessary tools to prosper in their respective fields. Our business focus is on the design, implementation, and support of research and academic based software for companies willing to push the boundaries of education and research.

With the core of our team initially meeting at university, we understand the importance of the social tools required to aid those in higher education. By contributing our knowledge and expertise to the academic field of study, we believe we can establish and succeed in new areas of research and advance society to educate more young people into STEM and social based sectors.

1.3 Project Manager's Statement

Our passion as a team has been proven and tested by world events, and even by our own company issues. We adapted proficiently to overcome these difficulties that would otherwise be detrimental to software development and consultancy-based businesses. The recent lockdown and the switch to remote working was a challenge for everyone to adapt to, and as expected our momentum in productivity was partially dampened and the contemptment of the team took a small dip. However, we all stepped up to continue work and development of the application during this tough period and have since excelled our original expectations. We take this as a statement of our passion and dedication to deliver quality and satisfaction to the client.

2. Strategic Report

2.1 Our Vision

In our quest for excellence, the only constant is our desire to keep innovating and pushing the boundaries. Exploring new ways of doing things ignites our excitement, an emotion reflected in the originality and ingenuity of our creations.

Our focus is on design, technology and software engineering, making our software solutions smarter, cleaner, and safer. Our agility and emphasis on innovation enable us to fulfil the changing desires and needs of our customers and deepen our relationships with them.

2.2 What We Have Done Well

Last year we began our first ever project, TutorPoint. This is a desktop based, Java application intended to provide a digital lecture environment for both students and lecturers. It is open to any subject that a tutor would like to teach but with a particular focus on STEM subjects. We are very excited about launching TutorPoint later this year in 2020. We believe it will provide an online platform for students and specialists to share, converse and develop their respective fields.

2.3 Our Blueprint for Success

At CUBIXEL we recognise the importance of people. Without a good team, there is not a good company. The individuals must have determination, be engaged and have passion for their work. To ensure this, management must make sure the team is up to date, understanding what tasks are ahead and guide employees to success. Our blueprint for success at CUBIXEL can be summarised by the importance of communication.

2.4 TutorPoint Project Development

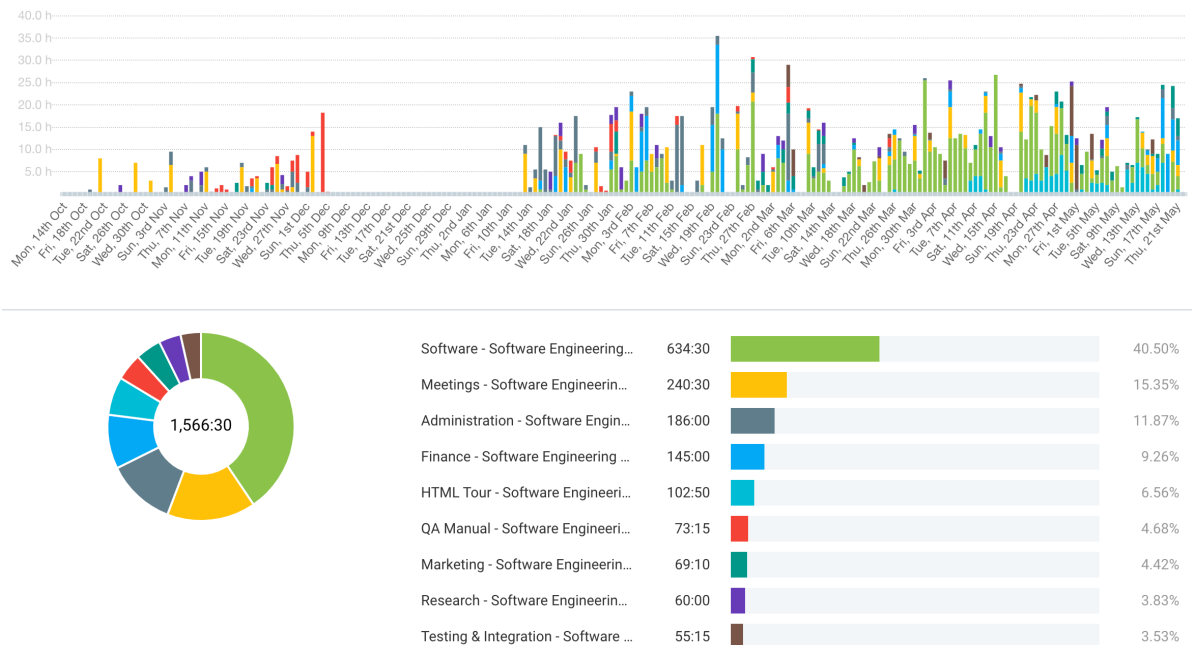


Figure 1 - Diagram showing all employee hours for the TutorPoint project.

Initially it took a while for the team to settle and start project progress effectively, seen by the lack of hours in October in Figure 1. This is also due to large amounts of administration to start the company and discussion with the client to agree the project scope and specification. The period of December had little to no hours due to employees having other commitments during this holiday period. Once into January, the team began development of TutorPoint. Each member was assigned programming duties by the project manager and development hit the ground running, seen by the increase in hours from January onwards.

In March 2020 the team became separated and our usual pair programming sessions within the office were put to a halt. However, the team worked more effectively when programming isolated from one another and communication between team members was greater than before. Most programming moved to individual development. This led to a major rise in programming hours in the March and April periods. The project was put back on track and the company was well within reaching the agreed delivery date with the client. Financially, this had little impact as it had been planned for in the overall budgets. Overall 40.5% of the company's year has been spent in software programming. This has been entirely on the TutorPoint project in order to produce a high quality product. The next largest employee time was in meetings, at 15.35% of all hours. As discussed in our blueprint for success,

meetings were critical for the team and allowed everyone to be up to date with every aspect of development thus far.

3. Financial Statements

3.1 Financial Manager's Statement

Overall, I am very pleased with the state of the financial accounts for CUBIXEL during TutorPoint's development and I am looking forward to the future of our company. We hope to launch TutorPoint in June 2020 which will bring many financial opportunities in the coming years.

3.2 Profit & Loss

SEPTEMBER 2019 TO JUNE 2020

	£
Income	1,005.76
Cost of Sales	-
Gross Profit	1,005.76
<hr/>	
Overheads	
Contracts	718.40
Rent	24,042.60
Utilities	1,900.00
IT Infrastructure	3,800.00
Wages	19,246.88
Loan APR Payment	1,646.06
Total Overheads	51,353.93
<hr/>	
Net Profit	(50,348.17)
<hr/>	

3.2.1 Profit & Loss Notes

The profit and loss shows a net profit of £ -50,348.17. As the project has been in development it is expected to be negative. This is due to no income from the TutorPoint platform as of yet. There was a larger gross profit than expected due to making money in external contracts. External contracts cost £718.40 from outsourcing development, however we made £1005.76 from providing software solutions to external companies, resulting in a net profit of £287.36.

3.3 Balance Sheet

SEPTEMBER 2019 TO JUNE 2020

	£
Fixed Assets	-
Current Assets	
Cash	4,651.83
Debtors	-
Prepayments	-
Other Assets	-
Total Assets	4,651.83
<hr/>	
Current Liabilities	
Creditors	9,353.94
Long term Liabilities	
Loan	45,646.06
Total Liabilities	55,000.00
<hr/>	
Net Assets	(50,348.17)
<hr/>	

3.3.1 Balance Sheet Notes

The balance sheet shows creditors at £9,353.94 and a long-term liability loan of £45,646.06. This is due to the total loan of £55,000 supplied by a financial backer to fund the development of Cubixel's current project TutorPoint. The loan is assumed to be paid off by CUBIXEL by the year of 2024.

3.4 Cash Flow

SEPTEMBER 2019 TO JUNE 2020

TERM ONE

CRISTMAS BREAK

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Break 1	Break 2	Break 3
	30/09/2019	07/10/2019	14/10/2019	21/10/2019	28/10/2019	04/11/2019	11/11/2019	18/11/2019	25/11/2019	02/12/2019	09/12/2019	16/12/2019	23/12/2019
	£	£	£	£	£	£	£	£	£	£	£	£	£
Cash Inflows													
Contracts	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Injection	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Outflows													
Contracts	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent	-	-	-	2,530.80	-	-	1,898.10	-	-	1,898.10	-	-	-
Utilities	-	-	-	-	-	300.00	-	-	-	200.00	-	-	-
IT Infrastructure	-	-	-	-	-	600.00	-	-	-	400.00	-	-	-
Wages	-	-	12.50	125.00	143.75	256.25	165.63	309.38	446.88	409.38	-	-	-
Loan APR Payment	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Outflow	-	-	12.50	2,655.80	143.75	1,156.25	2,063.73	309.38	446.88	2,907.48	-	-	-
Total Inflow/Outflow	-	-	(12.50)	(2,655.80)	(143.75)	(1,156.25)	(2,063.73)	(309.38)	(446.88)	(2,907.48)	-	-	-
Opening Balance	-	-	-	(12.50)	(2,668.30)	(2,812.05)	(3,968.30)	(6,032.03)	(6,341.40)	(6,788.28)	(9,695.75)	(9,695.75)	(9,695.75)
Total Inflow/Outflow	-	-	(12.50)	(2,655.80)	(143.75)	(1,156.25)	(2,063.73)	(309.38)	(446.88)	(2,907.48)	-	-	-
Closing Balance	-	-	(12.50)	(2,668.30)	(2,812.05)	(3,968.30)	(6,032.03)	(6,341.40)	(6,788.28)	(9,695.75)	(9,695.75)	(9,695.75)	(9,695.75)

SEPTEMBER 2019 TO JUNE 2020

TERM TWO

EASTER

Break 4												Break 1		Break 2	
30/12/2019		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	16/03/2020		23/03/2020	
£		£	£	£	£	£	£	£	£	£	£	£		£	
Cash Inflows															
Contracts	-	-	-	-	-	-	-	-	251.44	-	-	-	-	-	-
Capital injection	-	-	-	-	-	-	-	-	34,375.00	-	-	-	-	-	-
Total Inflows	-	-	-	-	-	-	-	-	34,626.44	-	-	-	-	-	-
Cash Outflows															
Contracts	-	-	-	-	-	-	-	-	179.60	-	-	-	-	-	-
Rent	-	-	-	-	5,061.60	-	-	1,898.10	-	-	1,898.10	-	-	-	-
Utilities	-	-	-	-	-	-	500.00	-	-	-	200.00	-	-	-	-
IT Infrastructure	-	-	-	-	-	-	1,000.00	-	-	-	400.00	-	-	-	-
Wages	-	-	684.38	768.75	740.63	1,193.75	643.75	981.25	934.38	843.75	734.38	406.25	815.63	-	-
Loan APR Payment	-	-	-	-	-	-	-	-	-	111.45	111.09	110.73	110.37	-	-
Total Outflow	-	-	684.38	768.75	5,802.23	1,193.75	2,143.75	2,879.35	1,113.98	955.20	3,343.57	516.98	926.00	-	-
Total Inflow/Outflow	-	-	(684.38)	(768.75)	(5,802.23)	(1,193.75)	(2,143.75)	(2,879.35)	33,512.47	(955.20)	(3,343.57)	(516.98)	(926.00)	-	-
Opening Balance	(9,695.75)	(9,695.75)	(9,695.75)	(10,380.13)	(11,148.88)	(16,951.10)	(18,144.85)	(20,288.60)	(23,167.95)	10,344.52	9,389.31	6,045.74	5,528.76	-	-
Total Inflow/Outflow	-	-	(684.38)	(768.75)	(5,802.23)	(1,193.75)	(2,143.75)	(2,879.35)	33,512.47	(955.20)	(3,343.57)	(516.98)	(926.00)	-	-
Closing Balance	(9,695.75)	(9,695.75)	(10,380.13)	(11,148.88)	(16,951.10)	(18,144.85)	(20,288.60)	(23,167.95)	10,344.52	9,389.31	6,045.74	5,528.76	4,602.76	-	-

SEPTEMBER 2019 TO JUNE 2020		BREAK		TERM THREE										
		Break 3	Break 4	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	
		30/03/2020	06/04/2020	13/04/2020	20/04/2020	27/04/2020	04/05/2020	11/05/2020	18/05/2020	25/05/2020	01/06/2020	08/06/2020	08/06/2020	
		£	£	£	£	£	£	£	£	£	£	£	£	
Cash Inflows														
	Contracts	-	-	-	502.88	251.44	-	-	-	-	-	-	-	
	Capital injection	-	-	20,625.00	-	-	-	-	-	-	-	-	-	
Total Inflows		-	-	20,625.00	502.88	251.44	-	-	-	-	-	-	-	
Cash Outflows														
	Contracts	-	-	-	359.20	179.60	-	-	-	-	-	-	-	
	Rent	-	-	-	-	-	5,061.60	-	3,796.20	-	-	-	-	
	Utilities	-	-	-	-	-	-	-	700.00	-	-	-	-	
	IT Infrastructure	-	-	-	-	-	-	-	1,400.00	-	-	-	-	
	Wages	1,093.75	1,215.63	965.63	1,437.50	1,371.88	790.63	950.00	806.25	-	-	-	-	
	Loan APR Payment	110.02	109.66	109.30	175.82	175.25	174.68	174.12	173.55	-	-	-	-	
Total Outflow		1,203.77	1,325.28	1,074.93	1,972.52	1,726.73	6,026.91	1,124.12	6,876.00	-	-	-	-	
Total Inflow/Outflow		(1,203.77)	(1,325.28)	19,550.07	(1,469.64)	(1,475.29)	(6,026.91)	(1,124.12)	(6,876.00)	-	-	-	-	
	Opening Balance	4,602.76	3,399.00	2,073.71	21,623.78	20,154.14	18,678.85	12,651.95	11,527.83	4,651.83	4,651.83	4,651.83	4,651.83	
	Total Inflow/Outflow	(1,203.77)	(1,325.28)	19,550.07	(1,469.64)	(1,475.29)	(6,026.91)	(1,124.12)	(6,876.00)	-	-	-	-	
Closing Balance		3,399.00	2,073.71	21,623.78	20,154.14	18,678.85	12,651.95	11,527.83	4,651.83	4,651.83	4,651.83	4,651.83	4,651.83	

3.5 TutorPoint Iteration Summary

Iteration Period	User Stories	Estimated Total Hrs	Extra Hours	Actual Hrs	Hrs Difference	Completion	Estimated Cost	Current Cost	Cost Difference	Percentage Expenditure	Iteration Cost	Iteration Budget	Remaining Iteration Budget
Iteration 0 (16th Jan - 20th Feb)	001, 002, 004, 020	52	0.00	62.00	10.00	100%	£ 650.00	£ 775.00	£ 125.00	119%	£ 4,809.38	n/a	
Iteration 1 (20th Feb - 5th Mar)	003, 004, 008, 009, 010, 014, 016	88	0.00	68.25	-19.75	91%	£ 1,100.00	£ 853.13	£ (246.88)	78%	£ 1,790.63	£ 2,000.00	£ 209.38
Iteration 2 (5th Mar - 19th Mar)	012, 015, 017, 010, 014, 029, 031	80	52.50	37.25	-95.25	28%	£ 1,000.00	£ 465.63	£ (534.38)	47%	£ 1,487.50	£ 1,900.00	£ 412.50
Iteration 3 (19th Mar - 2nd Apr)	006, 007, 018, 019, 010, 012, 015, 017, 029, 032	72	102.50	83.25	-91.25	84%	£ 900.00	£ 1,040.63	£ 140.63	116%	£ 1,686.88	£ 1,800.00	£ 113.13
Iteration 4 (2nd Apr - 16th Apr)	021, 022, 023, 027, 028, 017, 029, 032	76	61.50	118.00	-19.50	76%	£ 950.00	£ 1,475.00	£ 525.00	155%	£ 2,188.75	£ 1,850.00	£ (338.75)
Iteration 5 (16th Apr - 30th Apr)	024, 025, 030, 023, 027, 029, 032, 004, 003	72	14.75	86.75	0.00	67%	£ 900.00	£ 1,084.38	£ 184.38	120%	£ 2,140.63	£ 1,800.00	£ (340.63)
Iteration 6 (30th Apr - 14th May)	011, 013, 026, 029, 025, 032	80	32.00	25.50	-86.50	100%	£ 1,000.00	£ 318.75	£ (681.25)	32%	£ 2,081.25	£ 1,900.00	£ (181.25)
Iteration 7 (14th May - 28th May)	025, 030	0	39.00	11.00	-28.00	100%	£ 900.00	£ 137.50	£ (762.50)	15%	£ 237.50	£ 1,800.00	£ 1,562.50
	Total:	628.00		492.00	-330.25	81%	£ 7,400.00	£ 6,150.00	£ (1,250.00)	85%	£ 16,422.50	£ 13,050.00	£ 1,436.88

4. Financial Review

4.1 Budget Review

	Budget	<i>Current Expenditure</i>	<i>Predicted Expenditure</i>	Remaining Budget	<i>Predicted Remaining</i>
	£	£	£	£	£
Overhead Expenditure					
Office Rent	24,042.60	24,042.60	24,042.60	-	-
Office Bills and Utilities	1,900.00	1,900.00	1,900.00	-	-
IT Infrastructure	3,800.00	3,800.00	3,800.00	-	-
Contracts	4,000.00	718.40	718.40	3,281.60	3,281.60
Loan Repayments	1,646.06	1,646.06	1,646.06	-	-
Variable Expenditure					
Wages	18,890.63	19,246.88	19,246.88	(356.25)	-
Overhead	35,388.66	32,107.06	32,107.06	3,281.60	3,281.60
Variable	19,611.34	19,246.88	19,246.88	364.47	364.47
Total Injection	55,000.00	51,353.93	51,353.93	3,646.07	3,646.07
Overhead Recovery Rate (£/hr)	23.42	21.25	21.25		

The remaining overall budget is larger than expected as the company underspent in contracts than initially thought in the business plan. This was due to a high work efficiency in the staff employed at CUBIXEL, meaning there was much less resources required for outsourcing development than was originally contracted. The outcome was an expenditure of only £718.40 compared to the full £4,000 budget made. Thus, the staff were advised that they may expand their hours above what was planned for each iteration, consequently resulting in an overspending in wages from the estimated £18,890.63 to a total of £19,246.88. The decision made to allow overspending on wages was to reduce pressure on staff efficiency and to increase staff motivation during development. The increase also meant that staff members could work more per week, improving the development speed. The decision was discussed in detail between the project manager and finance manager before implementation, but proved to be vital for completing the TutorPoint project within time and meeting the project scope that was agreed with the client.

4.2 Cash Flow Review

The cash flow during the project was as expected with no major variances. The opening balance was £0.00 and the closing balance is £4651.83. The first payment of financial backing did not come into the company accounts until week 8 of spring term which meant there was a large amount of debt owed in the week before. The amount owed in week 7 was £23,167.95 and with no planned overdraft does cause much concern. With hindsight we would seek financial investment sooner in company projects to avoid large amounts of debt in cash.

Apart from the pre-funded period, the closing balance each week is positive, and no bank debt is owed during TutorPoint development. In order to keep cash flow on track, wages were tracked during development, as stated in the financial business plan (see Section 2.1 in the TutorPoint Financial Business Plan). Wages were the second largest cost in development and the largest variable expenditure. Therefore, it was important that all discrepancies were logged, and budgets were adjusted to reflect the changes in cost.

£ 843.75	£ 734.38	£ 406.25	£ 815.63	£ 1,093.75	£ 1,215.63
£ 950.00	£ 950.00	£ 900.00	£ 900.00	£ 925.00	£ 925.00
£ 106.25	£ 215.63	£ 493.75	£ 84.38	£ (168.75)	£ (290.63)

Figure 2 - Extract from cash flow workings.

Shown in Figure 2 is an example of how wages were tracked by the cash flow during development. The top row is the actual wage cost for that week, the following row is the predicted wage expenditure and the final row is the difference between the two. You can see how the wages fluctuate with some weeks underspending and other weeks overspending. Where large discrepancies were noticed during development, the financial manager reviewed the employee's logged hours on Clockify and studied for any unusual activity or discrepancies. Any issues that arise were directly reported to the project manager and the team or individuals were addressed accordingly.

4.3 Development Review

The TutorPoint project summary is shown in Section 3.5 of this document. This section shows the overall development of the project.

The project started off in Iteration 0 where all the program foundations were initially laid out. The main program development began in Iteration 1 and onwards. As can be seen in the user stories, many user stories ended up overlapping into later iterations due to complexity in the programming and the team struggling to stay completely on track. This resulted in underspending in some iterations and overspending in others.

The average completion percentage of all the iterations was 81%. This demonstrates that the team was mostly on track and completing user stories within our internal deadlines for user story deliverables, and that the original project scope was slightly overambitious. The remaining iteration budget total of £1,436.88 shows that we completed the TutorPoint project under the total time we had predicted and therefore cost to make. Demonstrating the company's efficiency, even when compared to our expectations.

5. Future Finances

5.1 Intellectual Value

The value of TutorPoint can be calculated by totalling the hours programming (634.5 Hrs), researching (60 Hrs) and the 'Testing & Integration' hours (55.25 Hrs). This totals at 749.75 hours. The intellectual property value would be $749.75 \times £12.50$ (the hourly rate of a CUBIXEL employee), totalling at £9,371.875. In theory, the amount calculated is the minimum intellectual property value of TutorPoint. Due to TutorPoint having a bright future, the intellectual value of it would be greater than this amount. However, as the product has not yet been launched, it is a good starting point.

5.2 Future of TutorPoint

TutorPoint is not product for selling, but an educational platform and will make money by using the devised model:

- No upfront cost.
- Hourly rate for one-to-one lessons.
- Monthly subscription for one-to-many lessons.
- UK market only to begin.

One-to-one Tutoring (Private Tuition):

- Tutors set hourly rates of their one-to-one lessons.
- Minimal hourly rate of £15 per hour.
- Maximum hourly rate of £40 per hour.
- TutorPoint takes 33% of a tutor's hourly rate before paying the tutor.
- Students pay for the full lesson cost upfront when booking.
- Students can cancel a lesson up to 24 hours in advance for a full refund.
- If the student misses the lesson, the tutor is still paid their cut of the hourly rate and the student is refunded the rest.
- If the tutor misses the lesson, a full refund is given to the student and the tutor receives a strike.
- If a tutor receives 3 strikes, their rating drops by 1 and the strikes reset.

One-to-many Tutoring (Lecture Tuition):

- Tutor sets the monthly cost for their subscription-based content.
- Students can pay a tutor's monthly cost for access to past one-to-many lessons, and ability to join future one-to-many streams.
- TutorPoint takes 5% of a tutor's total monthly subscription revenue.

Target Market:

- 11-16 year old GCSE students.
- STEM subjects.
- Student's parents - (very important. Most students would never put themselves forward for tuition. 11 - 16 yr olds have no equity to pay for tuition themselves.)

5.3 Five Year Model

In order to forecast how the company could grow if TutorPoint is launched in June, assumptions and estimates have to be made. To begin the launch in June we assume that all tutoring will be on a one to one basis. Students will pay TutorPoint upfront for the tutors hourly rate. Of which 33% will be reserved for TutorPoint. If we assume the average tutor hourly rate is £27 an hour, the tutor will receive £20.79 for the hour and TutorPoint will take £8.91.

The total children aged 11 to 15 in education and schooling in the UK in 2019 is 3,168,857.^[1] According to a study in the same year made about private tuition, 10% of students had received private tuition that year.^[2] Assuming these values are accurate, it is assumed a student would receive tuition during 30% of the 39 academic weeks within a school year. The average tuition received by a student per week is estimated to be an hour a week. Therefore, the average student is expected to receive 12 hours of private tuition a year.

By using the assumptions made, population and private tuition statistics, TutorPoint's revenue can be derived from the market shares in the private tuition sector, as shown in Figure 3.

Market share	Students Aged 11-15	Revenue / Year	TutorPoint Revenue / Year	Tutors Needed
0.1%	317	£100,104	£33,034	53
0.5%	1584	£500,521	£165,172	264
1%	3169	£1,001,042	£330,344	528
2%	6338	£2,002,084	£660,688	1056
3%	9507	£3,003,126	£991,032	1584
5%	15844	£5,005,210	£1,651,719	2641
10%	31689	£10,010,419	£3,303,438	5281
15%	47533	£15,015,629	£4,955,158	7922
20%	63377	£20,020,839	£6,606,877	10563
25%	79221	£25,026,048	£8,258,596	13204

Figure 3 - Estimated TutorPoint revenue per year for different private tuition market shares.

The estimated market for TutorPoint is shown in Figure 4.

Year	Expected Market Share	Expected TutorPoint Revenue
2020	0.1%	£16,517
2021	0.5%	£165,172
2022	1%	£330,344
2023	2%	£660,688
2024	5%	£1,651,719

Figure 4 - Predicted market share of private tuition in the UK with the TutorPoint platform per year.

The estimated revenue for 2020 is £16,517 as there is only half a year from the potential launch in June of 2020. A steady growth is expected each year and the target is a 2% foothold in the market after three years. We hope to reach a 5% market share by 2024. To support the targeted growth of TutorPoint a five-year cash flow is shown in Appendix 6.2. The cash flow takes into account a range of predictions. These include:

- Tutoring will likely be seasonal and increase closer to exam seasons, therefore 70% of the revenue is split over the months January to May and the remainder is over the rest of year to reflect the structure of the academic year.
- All overheads from the project, such as the office rent, utilities and IT infrastructure will stay the same as during the development.
- Server hosting to support the TutorPoint platform will cost £90 a month, £1080 a year.
- The monthly loan repayment interest from the initial £55,000 loan will stay at a fixed rate of 16.86% per annum.
- Each TutorPoint transaction will be subject to a 1.9% transaction cost, this is to emulate using an online card payment provider.
- Marketing will receive 8% of the yearly revenue to be used for advertisements and surveys.
- All managers will receive 3% shares of the yearly revenue as a salary, the team manager will receive 3.5%. The beginning wages are very small due to the nature of the start-ups.
- Two customer support agents will be hired from 2020 to 2021 on a salary of £12,000 a year. From 2022, 2 more customer support agents will be hired for a total of 4. This is to help run the platform and deal with any consumer issues.
- Tax has not been calculated or accounted for. Assuming Tax will be net zero.
- PAYE or NI has not been taken into account for projections.
- There has been no company pension scheme accounted for.

By using all the assumptions listed above. A profit and loss for the next five years has been generated. **An initial loan of £50,000 will be required to start the TutorPoint platform.** Very little revenue is expected during the first few months of the launch, however once the platform reaches targeted levels of the private tuition market and future features are implemented, all loans will be able to be paid off within the five-year period.

5.4 Five Year Expected Profit & Loss

	Yr1	Yr2	Yr3	Yr4	Yr5
	2020	2021	2022	2023	2024
	December	December	December	December	December
	£	£	£	£	£
Profit & Loss					
Income					
TutorPoint Revenue	9,635.03	165,171.92	330,343.84	660,687.67	1,651,719.18
Contracts	287.36	-	-	-	-
Total Income	9,922	165,172	330,344	660,688	1,651,719
Less Cost of Sales					
Payment Processing Cost	183.07	3,138.27	6,276.53	12,553.07	31,382.66
Hosting & Infrastructure	1,080.00	1,080.00	1,080.00	1,080.00	1,080.00
Total Cost of Sales	1,263	4,218	7,357	13,633	32,463
Gross Profit	8,659	160,954	322,987	647,055	1,619,257
Less Operating Expenses					
Advertising	481.75	8,258.60	16,517.19	33,034.38	82,585.96
Gross wages	15,782.48	54,556.80	109,113.61	170,227.22	353,568.05
Utilities	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00
IT Infrastructure	5,200.00	5,200.00	5,200.00	5,200.00	5,200.00
Rent	32,900.00	32,900.00	32,900.00	32,900.00	32,900.00
Loan APR Payment	5,031.29	7,546.20	6,367.76	5,373.36	4,534.24
Total Operating Expenses	61,995.52	111,061.60	172,698.56	249,334.96	481,388.24
Net Profit	(53,336.20)	49,892.05	150,288.74	397,719.65	1,137,868.27

6. Appendix

6.1 Sources

[1] GOV.UK. 2020. *Schools, Pupils And Their Characteristics: January 2019*. [online] Available at: <<https://www.gov.uk/government/statistics/schools-pupils-and-their-characteristics-january-2019>> [Accessed 21 May 2020].

[2] "Private Tuition 2019 - Sutton Trust", *Sutton Trust*, 2020. [Online]. Available: <https://www.suttontrust.com/our-research/private-tuition-polling-2019/>. [Accessed: 21 May 2020].

6.2 Five Year Cash Flow

YEAR 1 (2020)	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	£	£	£	£	£	£	£
Cash Inflows							
Contracts	-	-	-	-	-	-	-
Capital injection	50,000.00	-	-	-	-	-	-
TutorPoint Revenue	1,376.43	1,376.43	1,376.43	1,376.43	1,376.43	1,376.43	1,376.43
Total Inflows	51,376.43	1,376.43	1,376.43	1,376.43	1,376.43	1,376.43	1,376.43
Cash Outflows							
Contracts	-	-	-	-	-	-	-
Rent	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67
Utilities	216.67	216.67	216.67	216.67	216.67	216.67	216.67
IT Infrastructure	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67
Wages	2,254.64	2,254.64	2,254.64	2,254.64	2,254.64	2,254.64	2,254.64
Loan APR Payment	749.62	739.09	728.71	718.47	708.37	698.42	688.61
Advertising	68.82	68.82	68.82	68.82	68.82	68.82	68.82
Transaction Fees	26.15	26.15	26.15	26.15	26.15	26.15	26.15
Server Hosting	90.00	90.00	90.00	90.00	90.00	90.00	90.00
Total Outflow	8,889.24	8,878.70	8,868.32	8,858.08	8,847.99	8,838.03	8,828.22
Total Inflow/Outflow	42,487.20	(7,502.27)	(7,491.89)	(7,481.65)	(7,471.55)	(7,461.60)	(7,451.79)
Opening Balance	4,558.08	47,045.28	39,543.00	32,051.12	24,569.47	17,097.91	9,636.31
Total Inflow/Outflow	42,487.20	(7,502.27)	(7,491.89)	(7,481.65)	(7,471.55)	(7,461.60)	(7,451.79)
Closing Balance	47,045.28	39,543.00	32,051.12	24,569.47	17,097.91	9,636.31	2,184.52

YEAR 2 (2021)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	£	£	£	£	£	£	£	£	£	£	£	£
Cash Inflows												
Contracts	-	-	-	-	-	-	-	-	-	-	-	-
Capital injection	-	-	-	-	-	-	-	-	-	-	-	-
TutorPoint Revenue	23,124.07	23,124.07	23,124.07	23,124.07	23,124.07	7,078.80	7,078.80	7,078.80	7,078.80	7,078.80	7,078.80	7,078.80
Total Inflows	23,124.07	23,124.07	23,124.07	23,124.07	23,124.07	7,078.80	7,078.80	7,078.80	7,078.80	7,078.80	7,078.80	7,078.80
Cash Outflows												
Contracts	-	-	-	-	-	-	-	-	-	-	-	-
Rent	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67
Utilities	216.67	216.67	216.67	216.67	216.67	216.67	216.67	216.67	216.67	216.67	216.67	216.67
IT Infrastructure	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67
Wages	4,546.40	4,546.40	4,546.40	4,546.40	4,546.40	4,546.40	4,546.40	4,546.40	4,546.40	4,546.40	4,546.40	4,546.40
Loan APR Payment	678.93	669.39	659.99	650.72	641.57	632.56	623.67	614.91	606.27	597.75	589.35	581.07
Advertising	688.22	688.22	688.22	688.22	688.22	688.22	688.22	688.22	688.22	688.22	688.22	688.22
Transaction Fees	439.36	439.36	439.36	439.36	439.36	134.50	134.50	134.50	134.50	134.50	134.50	134.50
Server Hosting	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00
Total Outflow	12,142.91	12,133.37	12,123.96	12,114.69	12,105.55	11,791.67	11,782.79	11,774.02	11,765.38	11,756.87	11,748.47	11,740.19
Total Inflow/Outflow	10,981.16	10,990.70	11,000.11	11,009.38	11,018.52	(4,712.88)	(4,703.99)	(4,695.23)	(4,686.59)	(4,678.07)	(4,669.67)	(4,661.39)
Opening Balance	2,184.52	13,165.68	24,156.38	35,156.49	46,165.87	57,184.39	52,471.51	47,767.52	43,072.29	38,385.70	33,707.64	29,037.96
Total Inflow/Outflow	10,981.16	10,990.70	11,000.11	11,009.38	11,018.52	(4,712.88)	(4,703.99)	(4,695.23)	(4,686.59)	(4,678.07)	(4,669.67)	(4,661.39)
Closing Balance	13,165.68	24,156.38	35,156.49	46,165.87	57,184.39	52,471.51	47,767.52	43,072.29	38,385.70	33,707.64	29,037.96	24,376.57

YEAR 3 (2022)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	£	£	£	£	£	£	£	£	£	£	£	£
Cash Inflows												
Contracts	-	-	-	-	-	-	-	-	-	-	-	-
Capital injection	-	-	-	-	-	-	-	-	-	-	-	-
TutorPoint Revenue	46,248.14	46,248.14	46,248.14	46,248.14	46,248.14	14,157.59	14,157.59	14,157.59	14,157.59	14,157.59	14,157.59	14,157.59
Total Inflows	46,248.14	46,248.14	46,248.14	46,248.14	46,248.14	14,157.59	14,157.59	14,157.59	14,157.59	14,157.59	14,157.59	14,157.59
Cash Outflows												
Contracts	-	-	-	-	-	-	-	-	-	-	-	-
Rent	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67
Utilities	216.67	216.67	216.67	216.67	216.67	216.67	216.67	216.67	216.67	216.67	216.67	216.67
IT Infrastructure	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67
Wages	9,092.80	9,092.80	9,092.80	9,092.80	9,092.80	9,092.80	9,092.80	9,092.80	9,092.80	9,092.80	9,092.80	9,092.80
Loan APR Payment	572.91	564.86	556.92	549.10	541.38	533.78	526.28	518.88	511.59	504.41	497.32	490.33
Advertising	1,376.43	1,376.43	1,376.43	1,376.43	1,376.43	1,376.43	1,376.43	1,376.43	1,376.43	1,376.43	1,376.43	1,376.43
Transaction Fees	878.71	878.71	878.71	878.71	878.71	268.99	268.99	268.99	268.99	268.99	268.99	268.99
Server Hosting	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00
Total Outflow	17,710.86	17,702.81	17,694.87	17,687.05	17,679.33	17,062.01	17,054.51	17,047.11	17,039.82	17,032.63	17,025.55	17,018.56
Total Inflow/Outflow	28,537.28	28,545.33	28,553.27	28,561.09	28,568.81	(2,904.41)	(2,896.91)	(2,889.52)	(2,882.23)	(2,875.04)	(2,867.95)	(2,860.97)
Opening Balance	24,376.57	52,913.85	81,459.18	110,012.45	138,573.54	167,142.34	164,237.93	161,341.02	158,451.50	155,569.27	152,694.23	149,826.28
Total Inflow/Outflow	28,537.28	28,545.33	28,553.27	28,561.09	28,568.81	(2,904.41)	(2,896.91)	(2,889.52)	(2,882.23)	(2,875.04)	(2,867.95)	(2,860.97)
Closing Balance	52,913.85	81,459.18	110,012.45	138,573.54	167,142.34	164,237.93	161,341.02	158,451.50	155,569.27	152,694.23	149,826.28	146,965.31

YEAR 4 (2023)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	£	£	£	£	£	£	£	£	£	£	£	£
Cash Inflows												
Contracts	-	-	-	-	-	-	-	-	-	-	-	-
Capital injection	-	-	-	-	-	-	-	-	-	-	-	-
TutorPoint Revenue	92,496.27	92,496.27	92,496.27	92,496.27	92,496.27	28,315.19	28,315.19	28,315.19	28,315.19	28,315.19	28,315.19	28,315.19
Total Inflows	92,496.27	92,496.27	92,496.27	92,496.27	92,496.27	28,315.19	28,315.19	28,315.19	28,315.19	28,315.19	28,315.19	28,315.19
Cash Outflows												
Contracts	-	-	-	-	-	-	-	-	-	-	-	-
Rent	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67
Utilities	216.67	216.67	216.67	216.67	216.67	216.67	216.67	216.67	216.67	216.67	216.67	216.67
IT Infrastructure	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67
Wages	14,185.60	14,185.60	14,185.60	14,185.60	14,185.60	14,185.60	14,185.60	14,185.60	14,185.60	14,185.60	14,185.60	14,185.60
Loan APR Payment	483.44	476.65	469.95	463.35	456.84	450.42	444.09	437.85	431.70	425.64	419.66	413.76
Advertising	2,752.87	2,752.87	2,752.87	2,752.87	2,752.87	2,752.87	2,752.87	2,752.87	2,752.87	2,752.87	2,752.87	2,752.87
Transaction Fees	1,757.43	1,757.43	1,757.43	1,757.43	1,757.43	537.99	537.99	537.99	537.99	537.99	537.99	537.99
Server Hosting	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00
Total Outflow	24,969.34	24,962.55	24,955.85	24,949.25	24,942.74	23,716.88	23,710.55	23,704.31	23,698.16	23,692.09	23,686.11	23,680.22
Total Inflow/Outflow	67,526.94	67,533.73	67,540.43	67,547.03	67,553.54	4,598.31	4,604.64	4,610.88	4,617.03	4,623.09	4,629.07	4,634.97
Opening Balance	146,965.31	214,492.25	282,025.98	349,566.40	417,113.43	484,666.97	489,265.28	493,869.91	498,480.79	503,097.82	507,720.91	512,349.99
Total Inflow/Outflow	67,526.94	67,533.73	67,540.43	67,547.03	67,553.54	4,598.31	4,604.64	4,610.88	4,617.03	4,623.09	4,629.07	4,634.97
Closing Balance	214,492.25	282,025.98	349,566.40	417,113.43	484,666.97	489,265.28	493,869.91	498,480.79	503,097.82	507,720.91	512,349.99	516,984.96

YEAR 5 (2024)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	£	£	£	£	£	£	£	£	£	£	£	£
Cash Inflows												
Contracts	-	-	-	-	-	-	-	-	-	-	-	-
Capital injection	-	-	-	-	-	-	-	-	-	-	-	-
TutorPoint Revenue	231,240.68	231,240.68	231,240.68	231,240.68	231,240.68	70,787.96	70,787.96	70,787.96	70,787.96	70,787.96	70,787.96	70,787.96
Total Inflows	231,240.68	231,240.68	231,240.68	231,240.68	231,240.68	70,787.96	70,787.96	70,787.96	70,787.96	70,787.96	70,787.96	70,787.96
Cash Outflows												
Contracts	-	-	-	-	-	-	-	-	-	-	-	-
Rent	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67
Utilities	216.67	216.67	216.67	216.67	216.67	216.67	216.67	216.67	216.67	216.67	216.67	216.67
IT Infrastructure	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67	2,741.67
Wages	29,464.00	29,464.00	29,464.00	29,464.00	29,464.00	29,464.00	29,464.00	29,464.00	29,464.00	29,464.00	29,464.00	29,464.00
Loan APR Payment	407.95	402.21	396.56	390.99	385.50	380.08	374.74	369.48	364.29	359.17	354.12	349.15
Advertising	6,882.16	6,882.16	6,882.16	6,882.16	6,882.16	6,882.16	6,882.16	6,882.16	6,882.16	6,882.16	6,882.16	6,882.16
Transaction Fees	4,393.57	4,393.57	4,393.57	4,393.57	4,393.57	1,344.97	1,344.97	1,344.97	1,344.97	1,344.97	1,344.97	1,344.97
Server Hosting	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00
Total Outflow	46,937.69	46,931.96	46,926.30	46,920.73	46,915.24	43,861.22	43,855.88	43,850.62	43,845.42	43,840.31	43,835.26	43,830.28
Total Inflow/Outflow	184,303.00	184,308.73	184,314.38	184,319.95	184,325.45	26,926.74	26,932.08	26,937.35	26,942.54	26,947.66	26,952.70	26,957.68
Opening Balance	516,984.96	701,287.96	885,596.69	1,069,911.07	1,254,231.02	1,438,556.47	1,465,483.21	1,492,415.30	1,519,352.65	1,546,295.19	1,573,242.84	1,600,195.55
Total Inflow/Outflow	184,303.00	184,308.73	184,314.38	184,319.95	184,325.45	26,926.74	26,932.08	26,937.35	26,942.54	26,947.66	26,952.70	26,957.68
Closing Balance	701,287.96	885,596.69	1,069,911.07	1,254,231.02	1,438,556.47	1,465,483.21	1,492,415.30	1,519,352.65	1,546,295.19	1,573,242.84	1,600,195.55	1,627,153.23