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| --- | --- |
| |  | | --- | | RMIT logo 35mm bw |   Business Skills  **Assessment Record & Cover Sheet** |

##### Assessment information

|  |  |
| --- | --- |
| Program Name: | Business Skills |
| Course(s) | BUSM3322 / 3223 /4598 /4599 |
| Semester & Year | Semester 2 2019 |
| Teacher Name & Contact Details | Ngoc Le Chow  Ngoc.lechow@rmit.edu.au |
| Due Date & Time | Sunday 20th October 2019 11.59 pm |
|  |  |

##### Student to Complete:

|  |  |
| --- | --- |
| Student Name(s)/Number(s): | **Sher Anne Wong s3703019** |
| Title of Assessment Task: | **The Financial & Operations Plan – Assessment 3** |
| **Student Declaration:**  I declare that in submitting all work for this assessment I/we have read, understood and agree to the content and expectations of the [Assessment declaration](http://www.rmit.edu.au/browse;ID=t4g7mbllxm3n). | |

##### Assessor to Complete:

|  |  |
| --- | --- |
| **Assessment Result:** |  |
| **Comments/Re-submission Arrangements (if applicable):** |  |
| **Teacher Name:** |  |
| **DATE:** |  |

|  |  |
| --- | --- |
| ***Resubmission Assessment Result: (if applicable)*** |  |
| ***Comments*** |  |
| **Teacher Name:** |  |
| **DATE:** |  |

***Submission Instructions***

**Format**

Work is to be saved as a word document or PDF, and uploaded from the assessment tab in the canvas course shell by the required date. Work sent by email will not be marked. Work submitted after the deadline and without an extension or special consideration (details below) will not be accepted or marked.

**Deadline Extensions & Special Consideration**

Ensure that you submit assessments on or before the due date. If you think you might not make the due date due to special circumstances, you must apply for an ‘application for extension of time’ before the due date .

You can apply for an extension of up to seven days from the original due date for submission of assignments, projects, or essays. You must lodge it no later than one working day before the original submission due date. See link below for eligibility criteria and forms.

If your performance in the assessment is affected by unexpected circumstances, you should consider applying for Special Consideration. Information on the process and application forms for extensions and special consideration can be found at <http://rmit.edu.au/browse;ID=ls0ydfokry9rz>.

**Cover Sheet**

When you submit work for assessment at RMIT University you need to include a cover sheet that has a declaration and statement of authorship. If using the Assessment Cover Sheet supplied by your teacher, you simply need to tick the box saying you agree to the conditions in the hyperlink in the document. If not using this then you must complete, and submit a cover sheet with your work, whether individual or group work. Cover sheets for submission of work are available from the [Student forms](http://rmit.edu.au/browse;ID=ls0ydfokry9rz) website.

***Student Instructions - Assessment Task 3: Financial Plan***

Using the business idea identified in the Business Proposal, students are required to research and prepare a formal business plan using the following template.

Completion of this assessment will require you to:

**Prepare a Financial & Operations Plan**

1. Estimate revenue relevant to your proposed business idea
2. Estimate expenditure relevant and appropriate to your business idea
3. Estimate business start up costs
4. Develop statements of personal and financial position
5. Complete cash flow statements and projections
6. Determine business start up costs
7. Develop and interpret profit and loss statements
8. Use financial reporting templates (Excel)
9. Implement management structure and strategies to operate an efficient and effective business

**Assessment Task 3: Operations & Financial Plan**

Name: Sher Anne Wong Student No.: s3703019

Please provide a brief summary of your Business Idea (You may use the same description in the previous assignment)

**The concept of my business idea involves creating a peer-to-peer marketplace that connects locals who want to buy goods from overseas that they cannot attain locally and travellers who have extra baggage space.**

**The users of this service involve anyone who wants items that are country-exclusive, people who refuse to pay for overpriced shipping and travellers who have extra baggage space and are willing to deliver or post the products for the “buyers”. Another use of this service are travellers who will earn incentives when they fulfil requests made by buyers.**



***Operations & Financial Plan***

**1. Recruitment**

*Consider your recruitment policies – Detail the basis on which you intend to select your staff, and what you can do to ensure that the process is as successful as possible.*

I am planning to hire a web developer who can commit to working 20 hours a week to develop the website and phone application for the business. The recruitment process will be as follows:

**Step 1**: Identify the task (developing a website)

**Step 2**: Job description

* Role (web developer)
* Task – determine the skills and experiences needed
* Salary ($2500 per month)

**Step 3**: Contact recruitment agency/look up on the internet/post an advertisement on recruitment websites

**Step 4**: Shortlist candidates with the most experience and candidates that meet business’ expectations

**Step 5**: Interview/test

**Step 6**: Provide employment contract

**2. Position Descriptions**

Describe the key responsibilities and skills required for two positions within your business, including your own. In addition, outline your obligations as a business under the National Employment Standards i.e. wages, taxation, superannuation and WorkCover.

You may include full-time or part- time staff, contractors, freelance employees or interns and work experience students.

|  | Business owner | Operations |
| --- | --- | --- |
|  | **Key Duties** | **Skills Required** |
| **1** | Read financial statements | Numeracy skills |
| **2** | Team leader | Negotiation skills, leadership skills, communication skills, organizational skills |
| **3** | Website management | Technical skills |
| **4** | Database management | Microsoft office |
| **5** | Social media handling | Online marketing skills, photo editing skills, literacy skills |

|  | Web developer |  |
| --- | --- | --- |
|  | **Key Duties** | **Skills Required** |
| **1** | Writing and editing content | Content management |
| **2** | Designing webpage layout | Fundamentals of design imaging, Basic web design, Multimedia design, Animation |
| **3** | Determining technical requirements and solve code problems | Multimedia programming and technology skills |
| **4** | Updating websites | Management skills |
| **5** | Creating back up files | Technical skills |

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*Tip: remember to include it in your financial cash-flow projection*

Type of employment (Full-time, part-time, fixed term or casual): Part time

Salary/Wages per month: $2500

Withholding tax per month: $234

Superannuation entitlement per month: $237.5

Annual leave: 4 weeks

Work-cover payment per month: $25

**3. Human Resource Management**

Identify two business objectives and demonstrate how you will meet those needs using human resources. Include the costs associated with the human resource strategy you have chosen.

| **Business Objective** | **Human Resource Strategies** | **Cost** |
| --- | --- | --- |
| E.g.: Launch website by March | Secure a web developer for one year   * ask colleagues for web designer referrals * obtain three quotes and preliminary design ideas * secure freelance web designer who can continue web development for at least 12 months |  |
| 1. Launch website | Secure a web designer for one year  - Search online for web developers with good reviews  - Discuss preliminary design ideas  - Secure a freelance web designer who can continue and maintain web development for a minimum of 20 hours a week for a year | $2500 per month |
| 2. Find as many travellers to meet buyers demands | Advertise role on social media  - provide higher incentives for the first few orders  - target frequent travelers, e.g. university students, international students | Minimum of $500 per month |

**4. Time Management**

* 1. How many hours do you intend to work per week on your business?   
     *Explain your reasoning.*

I intend to work 20 hours a week on the business as this allows me extra time to focus on ways that I can improve on my business and its operations and functions but at the same time have a part time job to support myself, especially at the start of the business.

* 1. How many weeks do you intend to work in the year?  
     *Don’t forget to account for a decrease or complete lack of income during holiday periods in your financial projections.*

I intend to work about 40 weeks a year  
- 4 weeks of public holidays  
- 8 weeks of time off to travel if my business sets off

* 1. There are a number of useful apps and software that can help improve your time management. Research three sources that will save you time (and perhaps even money too!) by streamlining tasks within your business.

**Microsoft Excel** – helps me create a personal budget as well as other necessary documentation to keep track of the financial operations.

**Deputy** – helps keep track of when my employee(s) clock in and out of working.

**Flat** **tomato** – helps keep track of time spent on various activities

**5.** **Productivity Timelines**

Choose **one** of the following which best suits your business.

* 1. Outline the schedule for production of your product across a year. Include time to ideate, manufacture, send to retail, promote and sell.   
     *E.g. A fashion designer might develop ideas for designs in January, manufacture February, and send to retail in March ready for sale in March/April for an autumn collection. This process would begin again in April.*
  2. Outline the seasonal expectations of your service across a year. Include peaks and troughs in expected client numbers and what you will do during quiet periods.   
     *E.g. A freelance photographer may spend more time with clients in summer months due to fashion festivals, weddings and corporate functions and expect a decrease in work through winter months during which time they may spend more time on promotional activities.*

The business may expect more transactions during the holiday seasons such as summer holidays in Australia, because this means that Australians will travel in and out of Australia, fulfilling more requests. Peaks will also occur during the summer holidays in other countries (e.g. UK, US, etc) because this means that travelers will be delivering goods to buyers in Australia.

* 1. If you are seeking employment, identify key times during the year when employment might be more readily available in your industry and create a timeline of tasks to be completed prior to these dates.   
      *E.g. Update resume, update LinkedIn profile, etc*

| **Month** | **Production Focus** |
| --- | --- |
| **Example: Jan** | School Holidays: No Students  Focus on Marketing to students and parents |
| **Example: Feb** | School Term 1: Peak enrolment time  Focus on administration and bookings  Begin tutoring classes |
| **Jan** | Peak: University and school holidays – people are travelling 🡪 more travellers and buyers - Focus on updating social media |
| **Feb** | Peak: University holidays – still quite a lot of locals coming back to Australia to fulfil requests  - Focus on social media presence |
| **Mar** | Trough: traffic slowing down - Focus on social media presence and marketing for Easter break |
| **Apr** | Trough: but easter holidays – slight increase in travellers - Focus on social media presence  - Create an Easter themed website |
| **May** | Trough:  - Focus on marketing to other countries (e.g. UK, US, Japan, Singapore, etc.) to attract travellers  - Focus on advertising to buyers so that there will be many requests for students overseas to fulfil  - Focus on social media presence |
| **June** | Peak: University holidays in other countries – more travellers coming into Australia  - Ensure website is well maintained and free from technical problems  - Advertise to foreigners to increase number of travellers to fulfil requests  - Focus on social media presence |
| **Jul** | Peak: University holidays in other countries – more travellers coming into Australia - Ensure website is well maintained and free from technical problems  - Focus on social media presence |
| **Aug** | Trough: Traffic slowing down  - Focus on social media presence |
| **Sept** | Trough: Middle of semester for students, working adults have working hours - Focus on promoting Halloween themed collectibles on social media  - Focus on social media presence |
| **Oct** | Peak for collectibles, trough for other products: Halloween themed goods - Halloween themed website  - Focus on social media presence |
| **Nov** | Peak/Trough: Most students are busy at the start of the month from exams but after exams end 🡪 more buyers and travellers  - Focus on marketing for the upcoming holiday season to increase buyer traffic and attract travellers to fulfil requests  - Holiday and Christmas theme to the website and app  - Focus on social media presence |
| **Dec** | Peak: Holiday season – more travellers and more buyers  - Potentially provide special deals for holiday season  - Ensure website is well-maintained and updated to avoid any technical crashes  - Focus on social media presence |

In addition, address how you would manage the following:

What procedures will you utilize to suit a sudden increment sought after?

* 1. What growth strategies will you utilize to accommodate a sudden increase in demand?
* Increase number of travelers by increasing incentives in order to fulfill orders
* Due to the fact that this service is a peer-to-peer marketplace, the top priority is allowing a smooth exchange between buyers and travelers, hence, we could increase the server plan to accommodate traffic on website in the event of a sudden increase in demand.
  1. What strategies will you employ to accommodate a sudden decrease in demand?
* Encourage staff to take leave to reduce expenses
* Increase advertising
* Provide a slightly higher incentive for travellers

**7. Quality Control**

What processes and measures will you use to ensure consistent quality and improvement of your product or service?

*Producers: how will you maintain product consistency on a regular basis?*

*Service providers: how will you ensure the quality of your service is delivered consistently?*

*Job seekers: what will you do to maintain and improve your skills until you find employment?*

Order goods from my platform to see if the process runs smoothly

* + Allows me to check for any flaws in the website
  + Determine is communication with traveler is effective
  + Determine if any additional changes or improvement is needed to the website
  + Check for any bugs on the website

Review rating on google/facebook/yelp

* Check for customer complaints and reviews
* Check for recommendations on how to improve

**8. Maintenance Plan**

Complete the table below listing the items requiring maintenance, and explain how you intend to manage this requirement. Include all equipment used in your business including plant, tools and office/computer equipment. Estimate the costs associated with carrying out these maintenance activities *Tip: remember to include it in your financial cash-flow projection*

| **Item** | **Potential fault** | **Maintenance Plan** | **Associated Costs** |
| --- | --- | --- | --- |
| E.g. Vacuum cleaner | Breakdown or loss of suction | Empty, clean and store equipment daily according to business procedure.  Test/Tag and service equipment every six months | $25 |
| **Computer software** | Breakdown or virus | Backup all data and servers | $1000 |
| **Office plants (assorted succulents and cacti)** | Die | Don’t overwater it, don’t underwater it, maintain its soil and fertilizers | No cost for watering succulents |
| **Website** | Technical difficulties | Ensure web developer is on top of the problems | Already included in wages |

**9. Monitoring Performance**

Complete the table below listing a minimum of 4 business key performance areas and identify the systems you would use to monitor and record necessary information for these areas. (EG: resource usage, product service output, wastage, profit, stock levels, stock turnover, debtor / creditor payments, market share, customer feedback, product returns, safety, efficiency, breakdowns).

| **Key Performance Area** | **Monitoring** | **Resources & Recording systems to be used** | **Frequency** |
| --- | --- | --- | --- |
| Marketing | Monitoring of customer orders taken as a result of advertisement on social media | Web analytics  Order & Dispatch report | Weekly |
| Resource usage | Monitoring operating cost | Utility bills  invoices | Monthly |
| Customer feedback | Customer satisfaction levels, complaints and defaults in product | Customer feedback surveys post-service delivery  Complaints register  Number of defaults during transit | Weekly |
| Profit | Monitoring average profit for each category of product | Invoices  Profit and loss statement  Budgets  Cashflow | Monthly |

**10. Networks, Industry and External Business Environment**

* 1. Identify any current personal contacts and associations within your specific industry who could provide you with initial advice or mentoring while you set up your business or search for employment.
* Local council
* Business advisors and business seminars
* Father (experienced businessman)
* Other owners of startups
  1. List three industry networks you intend to be involved with. What is the cost of yearly membership to the network? *Tip: remember to include it in your financial cash-flow projection*  
     *Make sure you include attendance at these events in your timetable if you intend to go regularly.*
* Rideshare industry because they are also online platforms that connect people.
* Petsitter community also because they are a platform that connects pet owners and pet sitters
* C2C & B2C industry such as Ebay and Amazon
  1. How will you stay informed of changes, trends and growth patterns of your industry?
* Social media
* Regularly check competitors progress

**11. Workplace health & safety**

As an employer, you are responsible for providing a healthy and safe working environment for your employees. List five potential hazards and detail procedures to be followed to minimise or eliminate risks to self, staff and customers (& general public). Include the estimated costs associated with these strategies *Tip: remember to include it in your financial cash-flow projection*

|  |  |  |
| --- | --- | --- |
| **Potential Hazards** | **Strategies to minimise risk** | **Costs** |
| 1. Overworking – mental breakdown | Provide allowance for fitness classes | Min. $144 per month |
| 1. Dusty workplace | Purchase a handy vacuum | \*\*\* include  $30 |
| 1. Fire | Fire hydrant and emergency exit maps | $100 |
| 1. Bullying or sexual harassment between future employees | Online workplace bullying courses to create awareness and ensure that employees are aware there is 0 tolerance | Free |
| 1. Heavy items falling on staff | Train staff how to lift things properly | Free |

**12. Statement of Personal & Financial Position**

Detail two ways below on how you propose to manage your financial planning with particular emphasis on how you will separate personal and business finances**.**

One of the ways to separate personal and business finances is to pay myself a salary, this will help control the spending and also help distinguish how much I am spending for personal reasons and business reasons. To ensure this is kept in place, I must create a spreadsheet for business spending and personal spending and ensure that they are kept separate. A personal spreadsheet will entail spending such as rent, food allowances, personal bills etc., while a business spreadsheet will include all transactions involving the business.

Another way to separate finances is to open a business checking account. This will help get a clear and complete picture how the business expenditures, also allows for a simpler tax time.

**13. Personal Income & Expenditure**

Copy and paste your personal income & expenditure statement from excel.

|  |  |  |  |
| --- | --- | --- | --- |
| **INCOME** | **$** | **EXPENDITURE** | **$** |
| (Average Monthly) |  | (Average Monthly) |  |
| DRAWINGS |  | **Credit Commitments -:** |  |
| **Other -:** |  | Mortgage |  |
| Parent allowance | 2500 | **Other Loans -:** |  |
| Basic Family Payment |  | Personal Loans |  |
| Interest / Dividends |  | **Credit Cards -:** |  |
| Rent Received |  | Bankcard / Visa |  |
| Part-time work |  | Other credit cards (Store) |  |
|  |  | **Other Commitments -:** |  |
|  |  | Rent / Board | 1700 |
|  |  | Superannuation |  |
|  |  | **Insurance -:** |  |
|  |  | Life |  |
|  |  | House & Contents |  |
|  |  | **Living Expenses -:** |  |
|  |  | Home Maintenance |  |
|  |  | Food | 250 |
|  |  | Take-Away-Food | 150 |
|  |  | **Motor Vehicle -:** |  |
|  |  | Registration & Insurance |  |
|  |  | Fuel & Oil |  |
|  |  | Repairs & Maintenance |  |
|  |  | **Utilities -:** |  |
|  |  | Gas | 25 |
|  |  | Electricity | 40 |
|  |  | Rates (Council / Water) | 20 |
|  |  | Telephone + wifi | 65 |
|  |  | **Education -: (Self & Children)** |  |
|  |  | Fees, Uniforms, Excursions |  |
|  |  | Books, Stationery etc |  |
|  |  | Public Transport | 20 |
|  |  | Clothing (incl. Shoes) |  |
|  |  | Children's Pocket Money |  |
|  |  | **Entertainment -:** |  |
|  |  | Sport, Theatre etc |  |
|  |  | Pets |  |
|  |  | Cigarettes / Alcohol |  |
| Total Monthly Income | 2500 | Total Monthly Commitments | 2270 |
| Deficit | 0 | Surplus | 230 |
| TOTAL | 2500 | TOTAL | 2500 |

**14. Personal Assets & Liabilities**

Copy and paste your assets & liabilities statement from excel.

|  |  |  |  |
| --- | --- | --- | --- |
| **ASSETS** | **$** | **LIABILITIES** | **$** |
|  |  |  |  |
| Cash at Bank | 80,000 | Mortgage -: |  |
| Term Deposits |  |  |  |
| **Other Bank Accounts -:** |  |  |  |
| Building Societies |  |  |  |
| Credit Unions |  |  |  |
| Other Financial Institutions |  |  |  |
| **House & Land at -:** |  |  |  |
| Address |  |  |  |
| **Other Properties -:** |  |  |  |
| Address |  |  |  |
| **Motor Vehicle/s -:** |  | Personal Loans |  |
| Make Model Reg'n |  | Mastercard -: |  |
| Furniture / Household effects | 1000 | (limit $ | 5000 |
| Life Policies (Surrender value) |  | no. ) |  |
| Superannuation |  | Visa -: |  |
| Motor Bike |  | (limit $ |  |
| Caravan |  | no. ) |  |
| Boat |  | Other Credit Cards -: |  |
| Jewellery | 5000 | (e.g. Store Cards) |  |
| Paintings |  | Current Bills (Total) | 5000 |
| Collections (Stamps, Coins etc) |  |  |  |
| Computer | 3000 |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
| Total Assets | 86000 | Total Liabilities | 10000 |
| Deficit | 0 | Surplus | 76000 |
| TOTAL | 86000 | TOTAL | 86000 |

**15. Value of Business Assets Currently Owned**

The information contained here will provide the basis for your initial Balance Sheet. List any asset(s) and their current value.

|  |  |
| --- | --- |
| **Item** | **$** |
| **Computer** | **3000** |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
| **Total** |  |

**16. Business expenses for the Next Two Years**

Think of your business expenses as two categories; your start-up expenses and your operating expenses. All the cost of getting your business up and running should be considered as start-up expenses.

a. List start-up expense items for business operations (these are not business assets)

|  |  |
| --- | --- |
| **Item** | **$** |
| Business name registration  Insurance  Licenses and permits (same as legal costs)  Advertising and promotion  Printing and stationery  Lease/bond | **85**  **3200**  **1000**  **3000**  **250**  **760** |
| **Total – Start-up expense** | **$8,295** |

b. Using the table below identify ongoing operational resource required for your business. The list should include any plant and equipment, fittings and tools needed for the business for the next two years.

|  |  |  |
| --- | --- | --- |
| **Item** | **$** | **Date \*** |
| Office Furniture & Equipment:   * Desks * Chairs * Computers * Fax, telephone   Printer  Fixtures & Fittings:   * Counters * Racks, shelving * Storage | **4000**  **100**  **200** | **-**  **-**  **-**  **Start of business**  **-**  **-**  **-**  **-** |
| **Total** | **$ 4350** |  |

*Tip: remember to include it in your financial cash-flow projection*

**17. Summary of Business Start Up Costs**

Most new businesses have a finance requirement. One of the main reasons for small business failure is under-capitalization. It is especially important therefore to carefully consider and realistically calculate your finance requirements.

The cashflow forecast will indicate any deficiencies in funding requirements and, for the business to be viable, sources of finance to cover such deficiencies will need to be confirmed.

Review cashflow to determine how long will it take for the business to start showing a cash surplus. Many businesses take one or more months to establish before sales generate sufficient income to cover expenses. Therefore, in addition to Resource Requirements and Start Up costs, it is prudent to have access to funding equal to 2 to 3 months operating costs to allow the business the necessary time to become established.

Business Start Up Costs

Copy and paste the first 3 months worth of expenses from the Year 1 excel workbook

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Payments** |  |  |  |  |
| Accounting | gst | 410 | 410 | 410 |
| Advertising & promotion | gst | 3000 | 1500 | 550 |
| Bank charges |  |  |  |  |
| Furniture & Equipment | gst |  |  |  |
| Insurance |  | 3200 | 0 | 0 |
| Interest |  | 0 | 0 | 0 |
| Lease / Rent |  | 760 | 760 | 760 |
| Legal costs |  | 1000 | 0 | 0 |
| Utilities |  | 0 | 0 | 0 |
| Business name registration |  | 85 | 0 | 0 |
| Potential hazard expenses |  | 130 | 0 | 0 |
| Computers | gst | 4000 | 0 | 0 |
| Printing, stationery & postage | gst | 250 | 50 | 50 |
| Professional development |  | 0 |  |  |
| Website |  | 54 | 54 | 54 |
| Rates |  | 0 |  |  |
| Wages | gst | 5000 | 5000 | 5000 |
| Superannuation |  | 475 | 475 | 475 |
| Telephone - Landline, mobile, ISP |  | 190 | 90 | 90 |
| Workcover |  | 50 | 50 | 50 |
| Plant & Equipment (Capital) |  | 100 | 0 | 0 |
| GST Paid on Inputs |  | 1266 | 696 | 601 |
| GST Paid to ATO |  |  | -1128 | -511 |
| Drawings |  |  |  |  |
| Loan Repayments |  |  |  |  |
| Total Payments |  | 19970 | 7957 | 7529 |

Total Initial Expenses for the first three months

$35,456

Available Funds

Do you have a Shortfall of cash? Yes/No = $\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**No**

**18. Sources Of Finance**

Provide an explanation below of how you would source funds to cover total start up expenses and additional funds identified as needed to support the start-up and first 2 to 3 months of business operation. Remember to show repayments of loans and interest in your cashflows.

If no borrowings were needed, as an assessment requirement, you will need to provide detailed information as to how you would have sourced finance from an independent sources eg. ANZ bank.

I will be using personal funds that I have worked for and saved up to start up and finance the first few months of operations.

But if I were to borrow funds from an external source, I would search for an investor who is as passionate about my business as I am.

I would have prepared an investment proposal that describes the details of my business and what it does. I will then detail what inspired me to launch this business idea and include the necessary financial documents as well as my marketing, financial, operations and legal plans details what my plans are for the business in the future. The proposal will also include a project timetable that entails how long the agreement will last as well as an exit plan in the case of a business failure.

**19. Pricing Policy & Rationale**

This section requires you to calculate what you need to charge (refer to Unit 7 notes for methods). You already know from your market research what you are going to charge. Only complete sections applicable to your business pricing.

**a. Calculation of an Hourly Rate for Service Provided (if applicable)**

Explain how you calculated your hourly rate. Be very conservative about the hours you can actually charge for in the early stages of your business.

Minimum commission per hour=

Weekdays – 7-11pm = 4 hours

Weekends – 10am-11pm = 11 hours

291 days – 12 days of public holiday – 28 days annual leave - 250

250 x 4 hours a day = 1000

250 x 11 = 2750

= 3750 hours available

Income = 25677

Indirect/fixed cost = 12753

38430/3750 = $10.30

I would have to earn at least $10.30 an hour to recover the sum of $37750 and above

**b. Calculation of a Mark Up for a Retailer (if applicable):**

If your business has a retail element, explain how you calculated your mark up

**c. Calculation of a Sale Price (Wholesale) for a Manufacturer (if applicable)**

If you are a Manufacturer explain how you calculated your wholesale price

**d. Calculation of a Sale Price for Online Sales (if applicable).**

If your business will be selling on-line explain how you calculated you on-line price

Prices are determined by the original cost of the product and the price that a buyer is willing to pay the traveler for transporting the products from its country or origin to its destination.

**20. Cashflows**

**a. Summary of Cashflow Statements**

|  |  |  |
| --- | --- | --- |
| **PROJECTED CASH FLOWS** | **YEAR 1**  **(Drawn from Financial Spreadsheets)** | **YEAR 2**  **Drawn from Financial Spreadsheets)** |
| Total Revenue | $113988 | $ 73579 |
| Cost of Goods Sold | $0 | $ 0 |
| Total Payments | $101264 | $ 70494 |
| Total (Revenue less COGS & Payments) | $12724 | $ 3085 |
| Estimated Tax Savings | -$18407 | $931 |
| Opening Bank Balance | $0 | $31131 |
| Closing Bank Balance | $31131 | $33285 |

**b. Explanatory Notes For Cashflow Statements (if applicable)**

* Explain in some detail any ‘odd’ expenses such as interstate/overseas travel.
* Explain how costs may change depending on sales volume.
* Explain trends/seasonality that are shown in your cashflows
* Explain if no accounting, bank fees, marketing expenses as these are normal business expenses
* Your closing balance every month must be positive. Any negative closing figures indicate you have run out of money and insolvent and legally unable to operate the business.

Trends were explained in question 5 above.

* April – Easter (collectibles)
* June-August – summer holidays for people from other countries = more travellers
* October – Halloween (more collectibles), Gadgets (particularly iphones) generally released in October
* December – Christmas (more travellers and buyers)

No bank fees because I don’t plan on attaining funding from elsewhere until after two years of testing the waters for the business.

**21. Profit And Loss**

**a. Summary of Profit & Loss Statements**

|  |  |  |
| --- | --- | --- |
| **BUDGETED PROFIT & LOSS** | **YEAR 1**  **(Drawn from Financial Spreadsheets)** | **YEAR 2**  **(Drawn from Financial Spreadsheets** |
| Total Revenue | $30898 | $73579 |
| Cost of Goods Sold | $0 | 0 |
| Gross Profit | $30898 | $73579 |
| Total Expenses | $97833 | $70194 |
| Net Profit before Tax | $-66935 | $3385 |
| Less Tax | $-18407 | $931 |
| Net Profit after Tax | $-48528 | $2454 |

**22. Balance Sheets**

**a. Initial Balance Sheet (refer financial spreadsheets)**

Proprietorship = $ 80000

Total Assets = $ 80000

Total Liabilities = $ 0

**b. Balance Sheet At End Year 1 (refer financial spreadsheets)**

Proprietorship = $ 30892

Total Assets = $ 12024

Total Liabilities = $ -18868

**c. Balance Sheet At End Year 2 (refer financial spreadsheets)**

Proprietorship = $ 32186

Total Assets = $ 13509

Total Liabilities = $ -18677

**23. Taxation**

Assistance may be found at [www.ato.gov.au](http://www.ato.gov.au) or www.business.vic.gov.au

**a. List the Taxation Obligations For Your Business**

Eg. Personal Income Tax, GST, Payroll Tax, Company Tax, PAYG

* + 1. GST – report on BAS statement
    2. Payroll – pay super and withholding tax (PAYG)
    3. Personal income tax
    4. Company tax
    5. Pay as you go instalments

**b. Source Documents**

List the source documents and records you will need to keep in your business. State where appropriate how long they must be kept.

|  |  |
| --- | --- |
| **Source Documents** | **Duration** |
| Electronic banking slips | 7 years |
| Receipts given to travelers | 7 years |
| Receipts given to buyers | 7 years |
| Electronic banking | 7 years |
| Invoices | 7 years |
| Bank statements | 7 years |
| Tax invoices | 7 years |

**24. GST**

At what level of Revenue does GST Registration become applicable? $ 7500

Based on your projected revenue – will you be registering for GST? Yes

**25. Payments – Taxation**

Eg. How much & when due

Year 1 $(From the P & L). $(From the Cash Flow) per month has been provided.

Year 1: -$18407

$1534 per month.

Due at the end of the financial year - June

Year 2 $(From the P & L). $(From the Cash Flow) per month has been provided.

Year 2: $931

$78 per month

Due at the end of financial year - June

**26.** **Break-even**

The break-even point is the sales volume at which revenues and total costs are equal and so no profit or loss is made. Break-even analysis helps you determine your fixed and variable costs so that you can set your prices appropriately and forecast when your business will be profitable.

Carpe Diem produces a single product. The following cost data is given about its product:-

|  |  |
| --- | --- |
| Selling price per unit | **$17** |
| **Fixed expenses** |  |
| Selling & administration | **$130,000** |
| Interest expense | **$10,000** |
| **Variable expenses** |  |
| Cost of goods sold | **$4** |
| Selling & administration | **$3** |

**Formula:**

Contribution margin = Price per product – Variable cost per product

Breakeven = Fixed Costs

Contribution

1. What is Carpe Diem’s contribution margin? What is the business contribution margin for your business?

Carpe Diem’s contribution margin is S10.

Due to the fact that I do not produce a product and provide a service where the price is determined by the buyers and travellers, there is selling price of any product or service. However, on average, I plan to earn about $5 per transaction between buyer and seller. Furthermore, there are no variable expenses that come with my product. Therefore, the contribution margin is $5.

1. What is the break-even point in units for Carpe Diem? What is the break-even point for your business?

Carpe diem’s breakeven point is $14000.

Fixed expenses = 4920+3200+9120+1000+4000+648 = 22888

The breakeven point for my business is $4577.60

1. If Carpe Diem wants to earn a profit of $42,000 instead of break-even, how many products the company must sell?

The company must sell 18,200 products