Spoon Ltd.

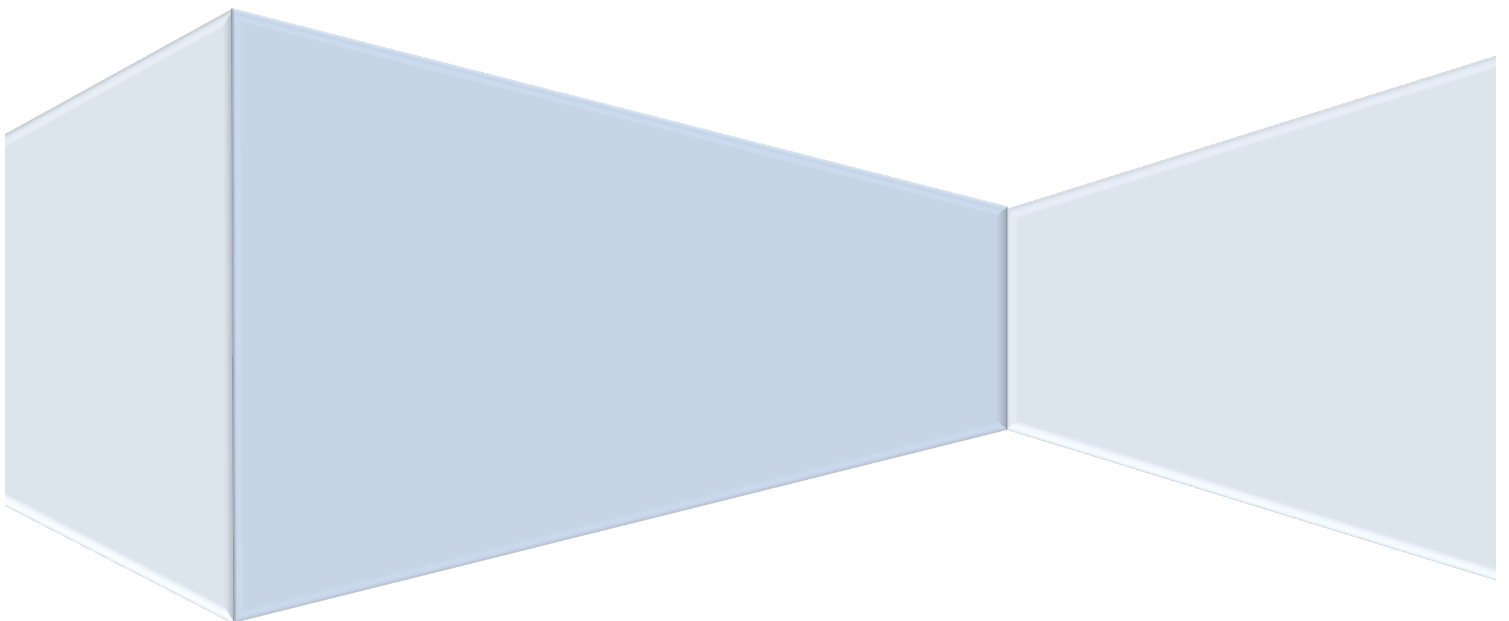# Financial Report 3

From: 03/03/2014 To: 09/05/2014

Prakruti Sinha, Paul Mathema, Sam Beedell, Ankita Gangotra

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Contents

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1.   Declaration

I, as financial representative of the coordinator of this project and in line with the obligations as stated in the Business Plan declare that:

The attached periodic financial report represents an accurate description of the work carried out in this project for this reporting period;

The project:

☐ Has fully achieved its objectives and technical goals for the period

☒ Has achieved most of its objectives and technical goals for the period with relatively minor deviations

☐ Has failed to achieve critical objectives and/or is not at all on schedule

The financial statements which are being submitted as part of this report are in line with the actual work carried out and are consistent with the report on the resources used for the project (section 8) and if applicable with the certificate on financial statement.

All Group members have declared to verify their status through meeting and timesheets. Any changes have been reported under section 6 (Project Management) in accordance with the Business Plan.

Name of Financial representative: Prakruti Sinha

Date: ___09___/ ___05___/___2014___

Signature of Financial representative: P.S

Name of Financial representative: Sam Beedell

Date: ___09___/ ___05___/___2014___

Signature of Financial representative: S.B

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3.   Publishable Summary

Spoon is a custom software developer providing new, innovative and useful food-based software solutions. Our company will produce a product under the name of 'e-Cook', which is an interactive cookbook software for students that can display recipes with text, video and audio instructions. The processing power of modern consumer technology is able to compile all of this functionality into a single software product, the user interface will represent the simple and simplicity that cooking for yourself should represent.

By fully understanding the client and the market expectations, we aim to provide novel products with real consumer value.

Company Logo:

Company Product Logo:

4.   Project Management

The Project Manager (Ankita Gangotra), the Deputy Project Manager (Max Holland) and Documentation Manager (James Oatey) are in-charge of the entire management of the project.

The Project Manager is responsible for taking an overviewing role in the company and the primary point of contact between the investors, other groups and the team members. She is ensures the smooth running of the project so that deliverables are delivered on time.

The Deputy Project Manager is responsible for the Quality Assurance in the company so that the deliverables meet a certain standard.

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The Documentation Manager is responsible for the editing, reviewing and handing in of documents alongside being responsible for taking minutes and writing specific documentation.

4.1 Summary of Group Activities during the Period

4.1.1 Management Tasks

The primary management task is to ensure that the deliverables are quality assured and met on time. The management team sets internal deadlines and makes sure every team member follows a project plan to guarantee this. Amongst other tasks of the management team are organising meetings, writing agendas, signing timesheets and ensuring optimal use of the employees' qualifications.

4.1.2 Problems/Issues

There have been some issues with the amount of work expected v/s the amount of work done by people per week. This caused some software iteration related problems.

4.1.3 Changes and solutions to problems/issues

As a solution to this problem, system of daily 'lab sessions' have been put in place to get the team working and problem solving together. This also ensure that everyone is doing a fixed number of hours per week. This system is working well so far.

Also, a system of a 3-day internal deadline has been introduced for software iterations meaning that the entire team needs to submit their code to the software team for bug fixes 3 days before an iteration is due to end.

4.1.4 Project Meetings

So far the company has held 26 meetings, with the entire member present. The entire team also had virtual meeting online over Easter every week. The days for the meetings in the summer term have been fixed per week as-

- Tuesday: 13.00-14.00 hrs. [1 hour]

The sub-teams also have weekly meetings the frequency of which can vary from one to three times a week.

4.1.5 Project Planning & Status

The project plan is primarily based on deliverable deadlines. To that some of the internal deadlines have been added along with weakly tasks every team member should aim to finish. So far the company is adhering to the project plan and all the deliverables have been delivered before/on time. New additions to the plan have been discussed above.

4.1.6 Impact of Possible Deviations

It is extremely important for the team to finish software iterations on time. If the software iterations are not met on time, this could result in running over budget or missing deliverable deadlines.

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4.2   Information on Co-ordination Activities during the Period

The audio module was received and the Image Module was delivered on time to Group 4. The payment for the Audio Module was made as per contract once it was accepted by the Software Manager (Steve Thorpe). Payment for the Image Module was received on time.

The Graphics Module was received and the Video Module was delivered on time to Group 1. Talks are ongoing with Group 1 regarding bugs in the Graphics Module they delivered. Still awaiting confirmation of acceptance of Video Module from them.

4.3   Work Breakdown Structure

Attached and can be seen in the email containing Microsoft project.

4.4   Critical Path Analysis

Attached and can be seen in the email containing Microsoft project.

5.   Deliverables and Milestones Tables

5.1   Deliverables

No.	Name	Lead Member	Date	Delivered?	Comments
1.	Group Tender Presentation	Project Manager, Software Manager, Dep Finance Manager	20-02-2014	Yes	-

5.2   Milestones

Deliverable	Producer	Recipient	Due Date
Spring Term			
Functional Specification	Docs Manager, Project Team	Supervisor, Project Team Managers	28-01-2014 [Tuesday Wk-4]
QA Manual	Deputy Project Manager, Docs Manager, Project Team	All company personnel, Supervisor	03-02-2014 [Monday Wk-5]
Financial Business Plan	Finance Team, Sales and Marketing Manager	Financial Backer (AEW), Client (SJP), Project Manager	07-02-2014 [Friday Wk-5]
Project Wide Standards	Other Groups, Docs Manager	Project Team	13-02-2014 [Thursday Wk-6]
Group Tender Presentation	Docs Manager, Project Team	Financial Backer (AEW), Client (SJP), Supervisor	20-02-2014 [Thursday Wk-7]
Financial Report 1	Finance Team	Financial Backer (AEW)	21-02-2014 [Friday Wk-7]
Contracts Agreement	Project Manager, Dep. Project	Supervisor, Client (SJP)	25-02-2014 [Tuesday Wk-8]

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	Manager, Docs Manager		
Financial Report 2	Finance Team	Financial Backer (AEW)	07-03-2014 [Friday Wk-9]
First Iteration Complete	Software Team, Project Team	Supervisor	14-03-2014 [Friday Wk-10]
Final Test and Integration Plan	Software Team	Client (SJP)	14-03-2014 [Friday Wk-10]
Summer Term			
Financial Report 3	Finance Team	Financial Backer (AEW)	09-05-2014 [Friday Wk-3]
Financial Summary Report	Finance Team	Financial Backer (AEW)	30-05-2014 [Friday Wk-6]
Demonstrations and Sales Presentations	Sales & Marketing Manager, Project Team	Client (SJP)	09-06-2014 [Monday Wk-8]
Final hand-in of all deliverables	Project Team	Client (SJP), Financial Backer (AEW)	12-06-2014 [Thursday Wk-8]
Project Plan	Project Manager	Team Mangers, Project Team	[Wk-5]
QA Auditing and Metrics	Dep. Project Manager	Project Manager	Audits throughout project, metrics at the end of project
Timesheets	Project Team	Finance Manager, Project Manager, Dep. Project Manager	Throughout project
Progress reports	Team Managers	Project Manager, Dep. Project Manager	Throughout project
Meeting agenda	Project Manager	Team Managers, Project Team	Prior to meeting
Meeting minutes	Docs Manager	Project Manager, Dep. Project Manager, Project Team	After meeting

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6.   Explanation of the Use of Resources

The company resources payments for the week ending May 04, 2014 (Week 3 of Summer) include the last two weeks of spring term and the Easter holiday period. The net result is an increased. Resources usage expense for this period, as such the current Resources expenses have short up to a total of about £5500.00 for this period.

Space Rentals

Total rent to be paid for the allocated space of 1400 sq ft. @£23.5 per sq. ft. per year.

Periods of payment are weeks 4, 7 and 10 of each term including vacations in-between.

Utilities

Utilities are charged at £50.00 per week and payments are to be made in weeks 6 and 10 for each term.

IT infrastructure

Use of these utilities has a charge of £100.00 per week and payments are to be made in weeks 6 and 10 for each term.

Security

Third party service providers for the storage and backup of company documents, project source code weekly subscriptions of £2.50.

The following is the estimated Company Utilities Expenditures for the budget period for this project, based on the full implementation of all charges and assumptions as outlined as given each area of usage.

6.1   Table of Resources

Table of Resources, subcontracting and other major direct cost items for the group members for the period			
Area of Usage	**Item Description**	**Amount (£)**	**Explanation/ Comments**
Storage for documents and code	Server	17.50	Payments for weeks 9 (Spring term) to Week 3 (Summer term) at £2.50 per week rental
1400sq. ft.	Space Rental	4428.85	Payments for weeks 9 (Spring term) to Week 3 (Summer term)
N/A	IT infrastructure	700.00	Payments for weeks 9 (Spring term) to Week 3 (Summer term)
N/A	Utilities	350.00	Payments for weeks 9 (Spring term) to Week 3 (Summer term)

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7.   Financial Statements – Summary of Financial Report

The management section of the financial report now includes the current progress of Spoon, this includes activities undertaken by each team and all deliverables to date. The business plan has been updated with the current weekly costs evoked from labour and the table of resources is up to date with overhead expenditure.

7.1   Profile

- Company Name: Spoon;
- Project: E-Cook, Interactive cookbook software;
- Primary market: University students.

7.2   Project

- Project duration: 25 weeks
- Program contains 5 modules (text, images, graphics, audio and video)
- 3 modules made by Spoon; 2 from an outside company.

7.3   Resources

- Resources: Staff (10), Office space, Photographer, Chef, Server.
- Overhead: Utilities (Including server cost and insurance costs)

7.4   Finance

See attached for more detailed business plan.

- Total Overhead cost considering factors stated above comes to: £19,417.50
- Labour costs were made considering the variable distribution of workload relative to the deliverables due. Projected labour cost comes to: £25,396.00
- Projected labour cost will be compared with actual labour cost as the project progresses
- A thorough breakdown is shown in he attached business plan
- Total start-up cost is the sum of the total overhead cost and labour cost; totalling to £44786.50
- Contracts to be drawn up in coming weeks.
    Contract details so far-
    25% upon placement
    50% on handover
    25% on acceptance

The company plans on selling modules.

Module price considerations:

Overhead recovery rate: £9.56/hr.; using the equation:

$$Overhead\ recovery\ rate, £/\ hr\ = \frac{Total\ Overhead\ Cost}{Labour\ work\ hours}$$

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Labour rate: £12.50/hr.

Estimated 5 weeks of work per module.

The minimum amount of money we can make from sales of modules will be a sum of the overhead recovery rate over the time period for which the module is worked on and the labour cost over the same time period. At the price, no profit is made and will be used to determine the base amount for which we will sell our modules.

Module Price equation:

$$M_B = T_{M*}(OH + LR*NS)$$

M_B = Module price for breakeven

OH = Overhead recovery rate

T_M = Time spent working on one module

LR = Labour rate

NS = No. of staff

Amount of money made for breakeven: £10,092.00

7.5   Actual Vs. Planned Expenditure

The Easter break period was assumed to contain less work overall as we scheduled only 6 hours a week to be compulsory but our team averaged 7.68 hours per 5 day week overall. This has therefore put us £1049.75 over the projected estimate.

Reviewing the business plan, we can see that many members are working overtime to ensure our product meets iteration deadlines and is built to the highest quality. The actual total of labour costs have been greater than our projections every week (apart from week 5) so far so and totalling to £2276.25, the finance and management team must therefore come up with budgeting strategies to avoid going into debt.

Despite this some members workload fluctuates much grater than others which evens out the overall cost of labour and still doesn't come close to our maximum projection estimate. The non-linearity we expected from members is clearly shown but not accustomed for in the summer term projections so this has been updated, we also expect some members of the software team and especially the 'testing and integration' manager to work overtime to get the product fully functional once the code has been written and we have included this in our business plan.

A strategy to avoid going into more debt has already be implemented through non-compulsory coding labs that should give members the chance to keep on top of their workload and ensure they don't work over-time.

The buying and receiving of two modules has been completed apart from the second module not compiling so having to chase up an external company about fixing this

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before completing the final payment of acceptance. This has been the only source of money income so far and as we also bought two modules we ended up breaking even so doesn't affect total costs.

8.   Appendix 1

- GANTT Chart and PERT Chart attached in the email submission
- Business plan document attached in the email submission