



Finance

LORENZO BARIGLIANO

In this document we provide an overview of the finance structure of the IR2 company.

Budget

Marketing and sales

Due to the high competition in our market, the company's strategy is to allocate an high budget the marketing area. This is because we want to improve and reinforce our leadership in the market, maintaining a huge visibility respect to our competitors.

For these reasons we decided to improve the marketing budget.

- The marketing budget allocated for the 2020 amounts to 180000 euros.

We have a commercial contract with Mediaworld for 500000€ comprising of:

- Shipping cost for all the stores around Italy.
- A strategic position in front of the house cleaning department in each store.

The shipping cost for our online shop is in charge of the customers.

Marketing and sales budget: 680000€

Purchasing

Here we present our purchasing plan for the 2020 year, made to satisfy the projected demand.

Direct Materials

Line	Product	Single unit cost	Year Cost
X	Dolly	243	7921800 €
X	Molly	232,50	5952000€
S	Dolly	183	2516250€
S	Molly	173,50	1951875 €
Total			18341925 €

Purchasing budget: 18341925 €

Manufacturing

For 2020 we hired 6 more employees because we want increase the production.

- Direct labour cost: 1312656 € (70 employees'salary per year)

- Ordinary maintenance: 15000 €

Manufacturing budget: 1327656 €

Quality

To ensure the quality in our in-house assembly and testing processes, we reserve a budget devoted to the salary of some specialized professional figures, in duty of constantly checking every step of the two processes.

- 20 specialized employees: 444000 € (gross salary per year)

We have also 5 engineers working in our headquarter in charge of control the quality of the products we buy from our suppliers.

- 5 quality engineers: 132000 € (gross salary per year)

Quality budget: 576000 €

Profit and loss and Assets and liabilities

For the profit and loss and the Assets and liabilities please check the **Balance Sheet** Excel document.

Investment budget

In 2020 we will invest in an IT project: *"Big data Collecting and Analytics Platform for Strategic Product Development"*. For more detailed information please check the **RFP/RFQ**.

The budget we allocate for this project is 300000 €. We included in this amount some monetary risks that could occur in the future. For this reason we allocate a fund in our Assets and Liabilities (**Provision loss fund**).

You can find a projected investment analysis in the **Investment Analysis** Excel file.

Decision: $DCF > 0$ -> investment is convenient.

Input for RFP/RFQ

The project will improve the quality of the product, meeting more the customers needs, translating in more sales. We consider to allocate 300000 € for the incoming project.