

Finance Plan

Working out the costs of the business

Production Costs

Fixed Costs: *(Expenses of the business that remain the same regardless of the number of products produced)*

- Rent
- Electricity
- Insurance
- Wages / salary
- Marketing expenses

Variable Costs: *(Expenses of the business that change according to the number of products produced)*

- Raw materials
- Transportation

Fixed Costs + Variable Costs = Total Costs

Breakeven Analysis

(Helps you to establish a selling profitable price)

Total Revenue (P x Q)	Total Costs (FC + VC)	Total Profit (Loss)

Total Profit = Total Revenue - Total Costs

(Deciding on the Price - should be greater than the per unit costs of production, as a group decide on the amount of 'markup' that you will use e.g. 110%)

(Trial with different quantities sold to find the breakeven point)

Cashflow Forecast

This is used as a forecast to show how much money you think you will be able to make

	Nov	Dec	Jan	Feb
Number of Items				
Income				
Sales Revenue				
Investment				
Loans				
Total Income				
Expenditure				
Labour				
Materials (Specify)				
Wages				
Rent				
Total Expenditure				
Net Income				
Opening Balance				
Closing Balance				

*Investment would come from you as start up finance.
Loans might be used to start your business and cover the expenses.*