**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.*