Deliverable H

Date: 6/28/2020

GNG 2101

Presented to:

Professor Emmanuel Bouendeu

By:

Group Z11

Daniel Sui	300059600
Shivam Syal	300065225
Jacob Recoskie	300108518
Parva Pathak	300129609
Viktor Stojanovic	300137255

Introduction

This deliverable focuses on developing an economic report of our company, as well as a projected income statement for the first three years of our company, as well as developing a video pitch in order to be able to market our product to potential investors.

Economics report

1. Include a list of: variable, fixed, direct and indirect costs associated with your business, based on the manufacturing and sale of your product. Make sure that you distinguish between price and cost and realize that prototyping and higher-volume manufacturing costs will probably differ.

Direct Variable	Indirect Variable	Direct Fixed	Indirect Fixed	Semi Variable Indirect
25 assets		24 451.20 salaries	457 overhead	60 electricity consumption
		432 Hosting	1000 marketing	

2. Develop a 3-year income statement, which includes: sales revenue and costs of goods sold for each year, gross profit, operating expenses and operating income (no need to include interest and taxes).

Income Statement

Sales	51 000	
Cost of Goods Sold		0
Gross Profit on Sales	51 000	
Operating Expenses		
Marketing Expenses		1 000

Salary Expense		24 451.20
Unity Expense		25
Website Hosting Expense		432
Electricity		60
Total Operating. Expenses		25 964.84
Operating Income	25 035.16	
Interest Expense		0
Earnings Before Tax	25 035.16	
Income Tax (11.5%)		3 879.04
Net Income	21 156.12	

3. Using a NPV analysis, determine the break-even point (it is highly unlikely that your operating income will be positive in the first year because of fixed costs).

Assume 10%

Period	Cash in	Cash out	Cash flow	Net present value
Year 1	17 000	54.04(electricity) +457(overhead) +1000(marketing) +19130.8(salary)	-3641.84	-3310.76
Year 2	17 000	4.32 +2660.2	14335.48	8536.74
Year 3	17 000	4.32(Electricity) +2660.2	14335.48	19307.20

The break even point will be in year 2.

4. Describe and justify all assumptions that you have made in developing your economics report.

We assumed 10% was a reasonable interest rate for NPV analysis

Our financial statements were made in the assumption that we are acting as a professional corporation. Many figures had to be assumed using statistics that were found on the internet.

Sales:
1 700 students per year taking our course
10 dollars per person taking our course
3 years of people taking our course
$ 10 * (1700 students) * (3 years) = $ 51 000
https://www.uottawa.ca/institutional-research-planning/sites/www.uottawa.ca.institutional-research-planning/files/genie_-_enrolment_-_report_-_v0.1_english-pdf.pdf

Salary:
For the development phase (3 months):
5 workers who work 20 hours a week for 3 months and get paid minimum wage.
https://www.retailcouncil.org/resources/quick-facts/minimum-wage-by-province/

5*20*12*14.15 = $ 16980
For the 3 year lifespan:
3 months are spent in development so 2 years and 9 months would be the time the product is available to users. 2 workers working 2 hours a week for minimum wage.
14.15* (33 months) * 2 workers * 2 hours/week = $ 7471.20

Total Salary for a 3-year plan: 16980 + 7471.20 = $ 24451.20

Weebly:
The premium plan costs 12 dollars a month (billed annually)
https://websitebuilderguide.com/website-builders/weebly-pricing-plans/#3_Weebly_Pro_Plan_12month

$ 12 * (12 months) * (3 years) = $ 432
Electricity:

(20 hours/week *5 people * 12 weeks +150weeks*2 hours/week)=1500 hours * 4 cents per hour=$60.
https://oasisenergy.com/appliance-electricity-usage/

Conclusion

To summarize, we have determined all of our company's projected finances by evaluating our expected income against all of our expected expenses. Based on this, we expect our company to break even, and then to begin to be profitable, in the fourth month of our second year of

operation. We have also completed a one-minute long video pitch in order to brand ourselves and attract potential investors.