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Financial plan and funding requirement

Financial Plan and Funding requirement:

Financial plan is different from financial statement where it defines as step to step approach to meet one's life goals. A financial plan acts as guide through company or life journey. Financial planning helps to determine about short or long term financial goals and create plan to meet those goals.

There are some of important reason which depicts about why financial plan is needed to new business plan are:

Income: It can be possible for managing income in more efficiently through better planning. To manage income will help to understand how much need for tax payment where other monthly, expenditure and saving.

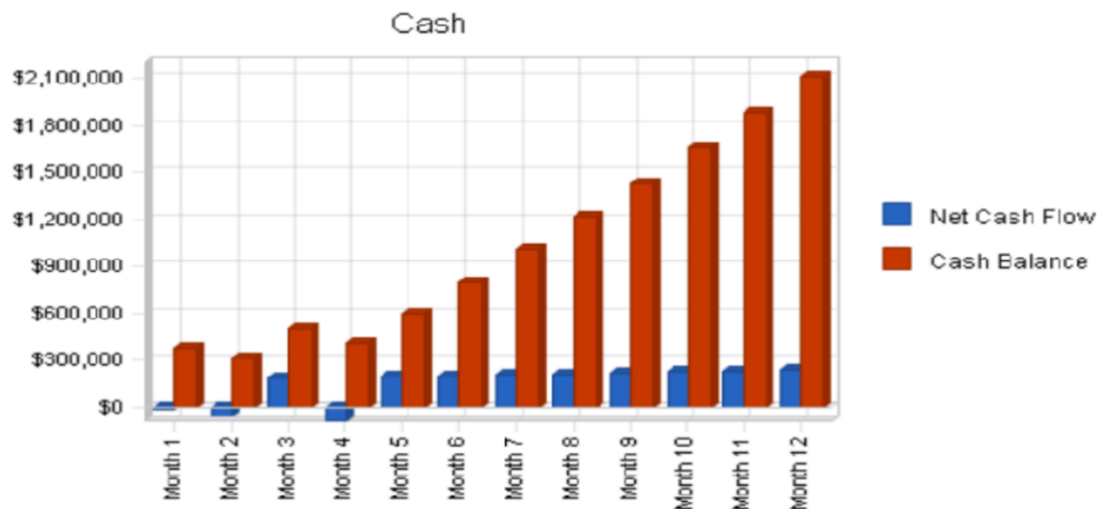
Cash flow: To increase cash flows by carefully monitoring spending patterns and expenses. Tax planning, prudent spending and carefully budgeting which makes keep more hard earned.

Capital: An increase in cash flow can leads to an increase in capital.

Family Security: To providing family security is an important part of the financial planning process. In that security it covers family insurance and policies in place can provide peace of mind.

Standard of living: The saving is also part of financial planning where it helps to create good planning in difficulties times.

Financial Understanding: There are better financial can be accomplished when it measurable financial goals are set which create effects on decisions that understood and result reviewed.



Pro Forma Cash Flow			
Cash Received	Amount	Amount	Amount
Cash from Operations			
Cash Sales	\$2,781,081	\$4,977,966	\$5,319,329
Cash from Receivables	\$2,181,014	\$4,589,661	\$5,251,552
Subtotal Cash from Operations	\$4,962,095	\$9,567,628	\$10,570,881
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0

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Expenditures	Year 1	Year 2	Year 3
Expenditures from Operations			
Cash Spending	\$638,317	\$731,674	\$766,217
Bill Payments	\$2,550,053	\$4,869,143	\$4,069,070
Subtotal Spent on Operations	\$3,188,370	\$5,600,817	\$4,835,288
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$42,594	\$46,908	\$49,000
Purchase Other Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$45,000	\$60,000

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Dividends	\$0	\$45,000	\$60,000
Subtotal Cash Spent	\$3,230,963	\$5,692,725	\$4,944,288
Net Cash Flow	\$1,731,131	\$3,874,902	\$5,626,593
Cash Balance	\$2,119,915	\$5,994,817	\$11,621,410

<i>Particulars</i>	<i>Amount (In million pounds)</i>
Rental charges for location of beauty salon	2000
Promotional cost	4000
Salaries to beauticians and other staff	1500
Service cost	200
Exhibit related cost	500
Total cost	8200

Funding requirements:

The process of funding requirement is refers as sources of funds that generates on the basis of specific cost which helps to identifies in the cost baseline. It also include better management reserves and the funds can be arrange on the basis of short term and long term aspect. There are different sources of funds which “Your care” new beauty salon company are as follows:

Internal Source of Funding

Retained Earning: Business is having purpose to maximise profit through selling of product in higher prices as they assure about quality of product manufacture. This is most primitive source of funding of any company. After generating profit, a company decides what to do with earned capital and how to allocate it efficiently.

Advantages	Disadvantages
- The use of retained earning does not involve about any acquisition cost. The company has no obligation for paying anything of retained earning. - Through retained earning strengthen the financial position where business where thereby provide financial stability to business.	- The improper utilisation of funds is having purpose of better utilisation where retained earning which is not clearly stated. - Shareholders would not able to enjoy the benefits that generate from actual earning from company.

- Reducing working capital:** This is could be either interesting internal source of finance where reducing capital is well managing available money more closely. This is having process of receive funds faster and pay more bills more slowly. This approach will better require in a good relationship with better stakeholders.

Advantages	Disadvantages
- Business usually face trouble due to lack of cash needed for operation and to repay short term debts. It happens because of an ineffective or not having working capital management policy enterprise. - Working capital management involves where utilise of ration analysis. Such information which would helps in managers in planning to execute business.	This strategy takes only monetary factors into accounts. Monetary items with the value of debts receivables where the value of finished of good etc.

External Source:

- Debt Capital:** The companies obtain debt financing privately through bank loans. The specific business can also acquiring new funds through issuing debt to the public. In debt financing about borrower issues debt securities where such corporate bonds or promissory notes.

Advantages	Disadvantages
- One of the major advantages of debt financing which wont giving up from any kind of ownership of business. It takes out from financial institution where alternative lender. - Strong advantages where debts financing is the tax deduction. To classified as business expenses where the principle and interest payment on that debts may be deducted from business incomes taxes.	- Unfortunately predatory lender which exists and techniques which is use of rope of unsuspecting small business owners. - When the business goes well proprietor still need to pay vendor as because the money which lender get back from proprietor .

- Equity capital:** The companies raise funds from the public in exchange for proportionate ownership that stake in the company (Rashid and Ratten., 2020). In the form issued to investors who become shareholder after purchasing the shares.

Advantages	Disadvantages
There is no system of repayment requirement on initial investment. Through debt capital on the other hand where it better	Equity does not require any form of interest payments. It typically overall cost than debt

requires periodic within interest payment and repayment of borrowed principal. • Business is having uses of more equity than debts has a lower risk involved like risk of bankruptcy.	capital. Stockholder shoulder would have more risk which is compared from creditors. • It takes a good deal of time towards getting loan from getting through application through under writing process.
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- **Crowdfunding:** It is mainly utilise from small amounts of capital where large number of individuals provide finance a new business venture. Crowdfunding makes use of easy accessible of vast network of people through better social media and crowdfunding own websites where entrepreneurs and investors arrange funds together.

Advantages	Disadvantages
• It would easy to raise finance upfront fees and pitching project on through online platform. • This good way for testing better public reaction with product or idea. • Ideas which may appeal to conventional investors which can often get financed more easily.	• Sometimes crowdfunding is not essential process for go through to better compared where more traditional way for raising finance. • To getting reward or returns wrong can define for giving away too much of the business to investors.

Evaluation:

On the basis of above sources of funding, that describes on the perspective of “Your-Care” beauty salon company. The suitable sources of fund is considered is Crowdfunding as because company is start up and they can target investors and large entrepreneurs for investment purposes. This practise can helpful for “Your-Care” beauty salon company for making their business expansion effectively.

Legal and compliances issues

The role of legal section of the business plan that must include explanation of any patents, copyrights, trademarks, trade secrets and contracts. There are some minimum legal requirement that are followed and required to be fulfilled at the time of establishment new beauty salon business. There are some of licence that are needed to be taken in time of new business implementation. Some of the licence that are to be taken are as follows for Beauty Salon new business aspects are:

Business licence: The licence focuses on getting permission from the local city on which operate the better business plans with local jurisdiction where better business plan to decide at the time

of implementation. That specific business licence have rules and regulation involves which is regulates on the basis of government.

Insurance for beauty salon: This is most important aspect, where every business need to make sure that they must have clear up with their business insurance. Similarly for Your-Care beauty salon company require insurance regarding with their premises, content and stock, employer liabilities, business interpretation etc. There is one regulation which is essential that is British Association of beauty therapy and Cosmetology which offers members a range of specially tailored insurance packages.

Healthy and Safety fire: Some of the areas where health and safety regulation that create affects of business (Rukayat, Derevianko and Karintseva, 2021). In this legal factor Your-Care beauty salon need to make sure that their business infrastructure along with staffs and equipment must be under control for fire and healthy issues.

Cosmetic or beauty product must authorised: As Your-care is mainly work on all organic based cosmetics product that must comply with regulations which require every product to have better safety assessment and quality. It is essential because it specify for customer health consideration.

Ethical issues of “Your Care” beauty Salon company needs to follows :

- **General operating philosophies:** This code of ethical issues include statement which will not discriminate against customer and employees on the basis of age, gender, race, caste etc. It is might also include commitment which is use to only safe product and promise to openly post changes and payment policies.
- **Dealing with Customer:** Customers are the lifeblood towards any small business and it never more than a service business catering towards their self image (Shrikant, 2021). Salon etiquette for staff must cover keeping customer happy which responding towards their needs and desire and treating them with respect current clients to attract new ones for beauty product explore.
- **Discrimination:** This is one of major ethical issue that happen in organisation world in 2020 is discrimination. As per last few months where many corporation have under fire for lacking a diverse workforce. This is major often down to discrimination that happens through gender, colour etc.
- **Harressment:** This is second major ethical issues business which faces is harressment that often related towards racism or sexism. This can be happen from verbal abuse, sexual abuse, teasing, racial slurs or bullying. Every business need to make sure that there should be strict rules and regulation regarding of harressment.
- **Health and safety issues.** This is an ethical that often protected through laws health and safety measure which need to take care of workplace employees and infrastructure. These health

precaution where well injuries towards falling towards take owner can leads to psychological risk .

Evaluation:

On the basis of above ethical issues are highlighted that summarise on the basis of “Your-Care” new beauty salon need to implement important issues like Discrimination, harressment and health safety issues that makes more positive workplace environment.

CONCLUSION

From above Business plan of new beauty salon is summarise about overall company profile and major focus on legal and compliance issues aspect that provide how specific beauty business need to concerned. Apart from it in this report there is explain about business or marketing analysation to generate better competitive advantages.

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