

## Unit 2 Investigating Business

### HSBC

#### Key features and benefits for Flexi Loan

- Borrow money up to your fixed borrowing limit at any time
- You can borrow from £500 to £5,000, with flexible repayment periods.
- Choose how much to pay back each month – from 4% to 10% of your limit.
- You can make lump sum reductions at any time with no penalties.
- Good interest rates.
- If you don't use your Flexi Loan, you don't pay anything.
- Our affordable Flexi Loan Protection Plan covers your repayments if you are unable to work in the event of accident, sickness or involuntary unemployment.
- If you were to die during the loan term, the outstanding amount would be repaid in full (less any arrears).

Flexi Loan APR 14.8%

### Prince's trust

With start-up support from The Prince's Trust, you could get:-

- a low interest loan of up to £4,000 for a sole trader, or up to £5,000 for a partnership (the average loan is between £2,000 and £3,000 but varies regionally)
- a grant of up to £1,500 in special circumstances
- a test marketing grant of up to £250
- Ongoing business support and specialist advice such as our free Legal Helpline.
- Ongoing advice from a volunteer business mentor
- Access to a wide range of products and services, free or at discounts

### Family and Friends

These people can help me with buy borrowing money and not charging any interest, if they like my idea we could form a partnership.

### Own Savings

I could put most of my money into the business which I have saved up.

**Which finance would help my business?**

The choice of finance I would choose would be is prince's trust and friends, family, and the money I have saved up. The loan from HSBC bank but I would try not to pick up a large amount I would rely on family because I have to pay interest and if I don't pay the bank back they will take the business off me. If I borrow from friends or family I won't pay interest but I would agree I fixed amount each month, I would do this because then they would know that I'll pay them back. Also the princess trust loan I will have to pay money back put the interest rate wouldn't be as much as HSBC loan and the princes trust will give me free advice so they'll make the business better. I wouldn't really won't to put all of my own savings into the business because my own money could be used as a back just in case if business isn't going well and I needed to put a few hundred into rent etc. because if I just used all the money of my own savings and I had to buy new equipment but I already had a loan the bank wouldn't give me more money because they don't often give loan's to Sole Traders. But I would be expected to use a lot of my money because if I didn't then over people wouldn't want to risk their money for me.

Below is an application form for princess trust.

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### Tell us about yourself

<b>First name*</b>	<input type="text"/>
<b>Surname*</b>	<input type="text"/>
<b>Address 1*</b>	<input type="text"/>
<b>Address 2</b>	<input type="text"/>
<b>City/Post Town*</b>	<input type="text"/>
<b>County*</b>	<input type="text" value="Choose county"/>
<b>Postcode*</b>	<input type="text"/>
<b>Contact phone*</b>	<input type="text"/>
<b>Mobile</b>	<input type="text"/>
<b>Email</b>	<input type="text"/>

### Personal information

<b>Date of birth*</b>	DD <input type="text"/> MM <input type="text"/> YYYY <input type="text"/>
<b>Sex*</b>	Male <input type="radio"/> Female <input type="radio"/>
<b>Current status*</b>	<input type="text" value="Choose your current situation"/>

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**Please give a brief description of your business idea (up to 500 characters)\***

**How did you hear about us?\***

That is what a Princes trust application form looks like. If I want to choose this source of finance I will go on to their website [www.princes-trust.org](http://www.princes-trust.org)

The role of quality control, quality assurance and total quality management

Quality can be defined as:

- Continually meeting agreed customer needs
- What it takes to satisfy the customer
- Fitness for purpose

Quality control

Quality control is concerned with detecting and cutting out components or final products which fall below set standards. Quality control is carried out by Quality Control Inspectors. Inspection and testing are the most common methods of carrying out quality control.

I could use this for my Car Wash by making sure every single car is washed to a high standard and that my workers don't slack off.

Quality Assurance

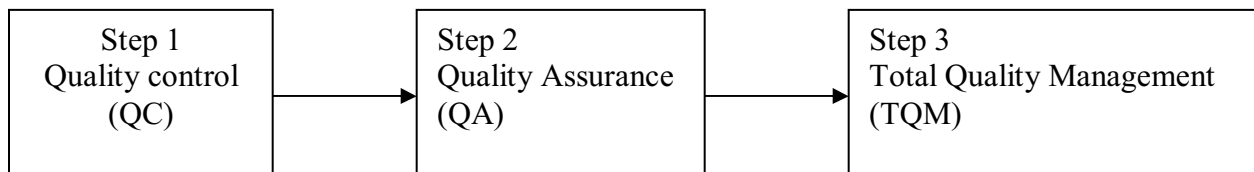
Quality assurance is when you are trying to stop problems occurring. Quality assurance is the responsibility of the workforce, working in cells or teams, rather than an inspector.

Total Quality management (TQM)

This is concerned with creating a quality culture so every employee will seek to delight customers. The customer is at the centre of the production process.

I believe that TQM will seek to provide customers:

- With what they want
- When they want it
- How they want it



## Unit 2 Investigating Business

### Importance of monitoring and reviewing business performance

In order to monitor and review business performance it is necessary to have standards against which to judge this performance.

Standards such as:

- The solvency of a business
- Profitability
- Complying with laws
- Identifying areas for improvement

### The solvency of a business

Solvency is concerned whether a business has access to enough cash to pay outstanding demands. A solvent business is one that can always meet demands for short term payments (wages). Cash flow forecasting is an important management tool for controlling solvency. Because I can predict how much goes in and out of a business.

### Profitability

In order for a business to survive a business must make a profit, therefore managers will establish profit targets for coming periods. If profits fall short of expectation then managers might use appropriate control actions. This could mean cutting jobs.

### Complying with laws

Managers must make sure that employee's follow certain laws e.g. health and Safety act.

### Identifying areas for improvement

Managers have responsibility to identify areas where there is room for improvement in business performance.

### The importance liquidity (solvency)

### Financial and management accounting

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Financial accounting is concerned with the recording of financial transactions and the preparation of financial reports to communicate past financial performance. Subject to accounting regulations, financial accounting ensures:

- That reports/statements follow a standard approach
- A broad overview of the whole business using totals
- Information to a particular date
- General statements and reports
- Information in monetary terms and values.

### Management accounting

In management accounting is looking to the future using knowledge of past performance, where relevant, to aid the management of the business. In management accounting reports are only for internal use so no restrictions are necessary. This sector of accounting:

- Uses information extracted from parts of the organisation where it is used to help with a particular decision
- Will look at future performance as well as at past performance
- Produces reports with a specific decision in mind
- May have non-financial information such as stocks

### Liquidity (solvency)

This is basically to be able to meet financial obligations. A business becomes ‘technically insolvent’ when it has sufficient assets to meet all its financial obligations but insufficient time to convert these assets into cash. It is ‘legally insolvent’ if it is a situation of permanent cash shortage. Managers will want to know the extent of solvency so that they can restructure assets and liabilities into an appropriate form. For example, they will want to manage their assets in a way that enables them to pay bills as and when they arrive in the organisation, without being too liquid and having too much cash or cash not doing anything. Solvency is a base-line for ongoing business operations.

### Assets

Assets are things which an organisation owns. The word asset normally appears frequently in a balance sheet, which provides a statement of what a business owns and owes at any fixed point in time. Assets are divided into fixed and current assets. Fixed assets tend to have a life span of more than one year. They comprise items that are purchased and generally kept for a long period of time. Examples of fixed assets are premises, machinery.

Current assets are sometimes called ‘circulating assets’ because the form they take is constantly changing. Examples of current assets are stocks, debtors etc

### Liabilities

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Liabilities are anything an organisation owes and are usually set out either as current liabilities or long term liabilities, depending on their duration. Current liabilities are debts a business needs to repay within a short period of time (normally a year).

### Expenses

Expenses help an organisation to:-

- Create short-term, medium-term and long-term plans
- Control an organisations activities
- Decide between alternative strategies.

Every business has expenses and a range of overheads. These might include:

- Rent of premises
- Gas
- Electricity
- Cleaning costs
- Insurance etc.

### Revenues

Revenues come from either sales or from fees charged to customers. The sales figure can be derived by looking at the selling price of the units sold. Some businesses may receive income from sources other than sales. This may include rent received on properties that the business owns, profits from the sale of assets such as cars, as well as income from other areas such as investments.

### Constructing financial statements

Profit and loss account below I have shown how gross profit is arrived at:

$$\text{Net sales} - \text{Cost of sales} = \text{Gross profit}$$

Sales are often described as turnover; below I have shown how gross profit is arrived at:

$$\text{Sales} - \text{Returns inwards (sales returns)} = \text{Net sales}$$

Below I have constructed a basic profit and loss account for my business, and after that I have done a cash flow forecast.



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**Profit and Loss Account** for Gill's Car Wash year ending 31 December 2006

<u>Sales</u>		£38,750
<u>Cost of Sales</u>		<u>£6750</u>
<u>Gross Profit</u>		£32,000
 <u>Expenses</u>		
<u>Advertising</u>	£6,500	
<u>Telephone</u>	£500	
<u>Insurance</u>	£1050	
<u>Electricity &amp; Gas</u>	£1100	
<u>Wages</u>	£8800	
<u>Rent</u>	<u>£8840</u>	
Total Expenses		£26,790
<b>Net profit</b>		<b>£5,210</b>

Below I have devised a cash flow forecast

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	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nove	Dece
<b><u>Opening</u></b>												
<b><u>Balance</u></b>	5500	2815	2060	2675	4640	5605	6320	7585	9650	10040	10335	10900
Receipts												
Sales	1000	2800	3500	3750	4000	4500	4750	4700	3000	2500	2250	1750
<b><u>Payments</u></b>												
Rent	735	735	735	735	735	735	735	735	735	735	735	735
Electricity, Gas & water	100	120	150	150	200	200	200	200	150	120	100	100
Wages	250	250	250	250	250	250	500	500	500	500	250	250
Advertising	1000	1500	1000	200	750	1000	1000	250	250	250	0	0
Insurance	100	100	100	100	100	100	100	100	100	100	100	100
Loan/family	750	750	500	250	750	750	750	750	750	400	400	400
Equipment	750	100	150	100	250	500	200	100	125	100	100	100
<b><u>Sub total</u></b>	3685	3555	2885	1785	3035	3785	3485	2635	2610	2205	1685	1685
<b><u>Closing</u></b>												
<b><u>balance</u></b>	2815	2060	2675	4640	5605	6320	7585	9650	10040	10335	10900	10965

## Unit 2 Investigating Business

### How I got certain figures for cash flow forecast

The payments that will be made out of the business will be rent, electricity and gas, wages, advertising, insurance, loan and equipment. It is very important for me to be honest when entering the data in the cash flow forecast because I want the most accurate results that can be achieved because I want a rough idea on how much money I can make or even if I will survive, so I have given the accurate results by asking family and friends. The rent I have to pay each year is £8,820 so I divided it by 12 and got my results.

The main usage of business will be water and electricity because I will use a pressure washer, which runs on electricity so I have entered accurate results here.

Insurance on my premises from more than insurance direct £1200 I did this instant quote on the Internet at [www.morethanbusiness.com](http://www.morethanbusiness.com). I need insurance because if the premises are burnt down I can reclaim some of the money and receive money from the personal possessions in the garage.

Advertising will be done through flyers and posters I will stand outside the town centre and give out flyers because on the flyers it will have a 10% discount on them I will also post these through housing estates near by the location. In shops poster will be up telling people about the business. The reason for this is because I have just set up a business I must advertise wisely to get customers if I don't advertise then I want have no customer = no sales. To advertise in the chronicle which is distributed every Thursdays through the whole of Sandwell to advertise a year it is £150. After year one I wouldn't advertise as much because I will have the same amount of customers so the main focus will be to keep the current customers.

The loan/family section is about given the money back to family or loan I have picked up I would like to hope that my application form was of a good standard because I would like to receive £1500 from prince's trust I have to pay a low amount of interest on this. My family will borrow me £4000 they don't want interest but we both have agreed that I will pay them back each month as reasonable amount, this helps because then they will trust me when they borrowed me money and by me giving the money back makes them feel confident in the business however I will not consider into going a partnership. Sales have been gathered through market research and it is obvious to me that at summer time I will wash more cars than winter.

Equipment I have already said that I will buy my equipment from Stax there pressure washers are £150 these are powerful washers in Argos they are selling for £230 so I am saving a lot of money I need 2 of these, sponges for a pack of ten cost £5, car shampoo is £1.29 and on the bottle it says you can wash up to 300 car washes.

As you can see the figures are giving are accurate so therefore my business results (outcome) is likely to be true and that I make a profit, survive etc so therefore I reached my aims and objectives.

I could of have made mistakes if I had just entered the figures so I used formulas to make sure that I entered in correct data (look below)

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	January	February	March	April
Opening balance	5500	=SUM(B20)	=SUM(C20)	=SUM(D20)
Receipts				
Sales	2000	2800	3500	3750
Payments				
Rent	735	735	735	735
Electricity & Gas	50	60	75	75
Wages	250	250	250	250
Advertising	1000	1500	1000	200
Insurance	92	92	92	92
Loan/family	750	750	500	250
Equipment	750	100	150	100
Sub total	=SUM(B10:B16)	=SUM(C10:C16)	=SUM(D10:D16)	=SUM(E10:E16)
Closing balance	=SUM(B4+B7-B18)	=SUM(C4+C7-C18)	=SUM(D4+D7-D18)	=SUM(E4+E7-E18)

May	June	July	August	September
=SUM(E20)	=SUM(F20)	=SUM(G20)	=SUM(H20)	=SUM(I20)
4000	4500	4750	4700	3000
735	735	735	735	735
200	200	200	200	150
250	500	500	500	500
750	1000	1000	250	250
100	100	100	100	100
750	750	750	750	750
250	500	200	100	125
=SUM(F10:F16)	=SUM(G10:G16)	=SUM(H10:H16)	=SUM(I10:I16)	=SUM(J10:J16)
=SUM(F4+F7-F18)	=SUM(G4+G7-G18)	=SUM(H4+H7-H18)	=SUM(I4+I7-I18)	=SUM(J4+J7-J18)

October	November	December
=SUM(J20)	=SUM(K20)	=SUM(L20)
2500	2250	1750

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735	735	735
120	100	100
500	250	250
250	0	0
100	100	100
400	400	400
100	100	100
=SUM(K10:K16)	=SUM(L10:L16)	=SUM(M10:M16)
=SUM(K4+K7-K18)	=SUM(L4+L7-L18)	=SUM(M4+M7-M18)

As you can see the formulas look complicated but it helps me because now the cash flow is correct. If I didn't use formulas then one mistake would make the cash flow no good to me.

### Balance sheet

A balance sheet is a clear statement of the business assets, liabilities and capital of a business. Looking at a balance sheet provides valuable data.

Balance sheet is represented by the formula below:

$$\text{Assets} = \text{Liabilities} + \text{Capital}$$

<b>Balance sheet after 1st year trading</b>		
	<b>£</b>	<b>£</b>
<b>Fixed Assets</b>		
Shop Furnishings	2 5 0 0	
		2 5 0 0
<b>Current Assets</b>		
Cash	7 2 5 0	
Equipment	5 2 5 0	
		1 2 5 0 0
<b>Current Liabilities</b>		
Rent	8 8 2 0	
Bills	3 0 0 0	
		1 1 8 2 0
<b>Working Capital</b>		6 8 0
<b>(less) Long-term Liabilities</b>		1 8 9 6
<b>Owners' Capital</b>		-1 2 1 6
<b>Financed by:</b>		
<b>Bank Balance</b>	9 7 4 4	
<b>Add Net Profit</b>	8 2 1 0	
		1 7 9 5 4

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### Break-even analysis

This helps my business by telling me roughly how many cars I have to wash in order to break-even. The **break-even** is the point at which sales levels are high enough to make a profit.

To calculate the break-even point there are two stages: Calculate the unit contribution (selling price less variable cost per unit) divide the fixed costs by the unit contribution:

$$\text{Break-even point} = \frac{\text{Fixed costs}}{\text{Unit contribution}}$$

The following is the procedure to construct a break-even chart:

- Label the horizontal axis for units of production and sales
- Label the vertical axis to represent the values of sales and costs]
- Plot fixed costs (variable and fixed costs). This will be a line rising from where the fixed line touches the vertical axis
- Sales are then plotted by taking two or three random levels of turnover.

### The limitations of break-even analysis

The limitations are as follows:

- It can be argued that, in real life situations, fixed costs actually vary with different levels of activity.
- Many businesses fail to break even because of a limiting factor restricting their ability to do so (e.g. a shortage of space)
- The variable cost and sales lines are unlikely to be linear (i.e. straight). Discounts, special contracts and overtime payments mean the cost line is more likely to be curved.
- Break-even charts depict short-term relationships, and forecasts are therefore unrealistic when the proposals cover a number of years.
- Break-even analysis is (like all other methods) dependent upon the accuracy of forecasts made about costs and revenues. Changes in the market and in the cost of raw materials could affect the success of this technique.

Below is a break even chart for Gill's Car Wash

Before I show the break even chart I will show the fixed costs and variable costs.

### The fixed cost

£735 rent  
£100 Insurance  
£750 Loan/Family  
£100 electricity

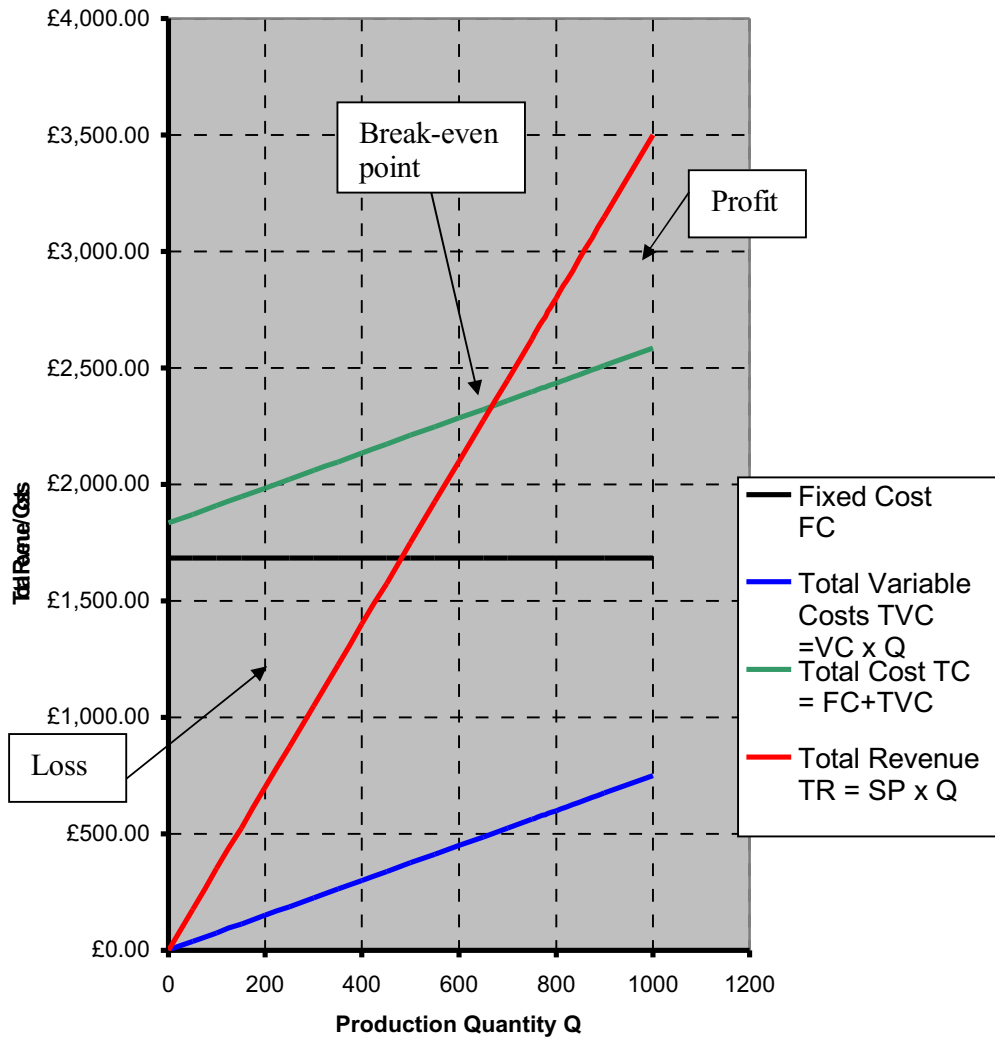
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### Variable costs

Equipment  
Advertising  
Wages

<u>Production Quantity Q</u>	<u>Fixed Cost FC</u>	<u>Total Variable Costs TVC =VC x Q</u>	<u>Total Cost TC = FC+TVC</u>	<u>Total Revenue TR = SP x Q</u>	<u>Profit or Loss</u>
0	£1,685.00	£0.75	£1,835.75	£0.00	-£1,835.75
50	£1,685.00	£37.50	£1,872.50	£175.00	-£1,697.50
100	£1,685.00	£75.00	£1,910.00	£350.00	-£1,560.00
150	£1,685.00	£112.50	£1,947.50	£525.00	-£1,422.50
200	£1,685.00	£150.00	£1,985.00	£700.00	-£1,285.00
250	£1,685.00	£187.50	£2,022.50	£875.00	-£1,147.50
300	£1,685.00	£225.00	£2,060.00	£1,050.00	-£1,010.00
350	£1,685.00	£262.50	£2,097.50	£1,225.00	-£872.50
400	£1,685.00	£300.00	£2,135.00	£1,400.00	-£735.00
450	£1,685.00	£337.50	£2,172.50	£1,575.00	-£597.50
500	£1,685.00	£375.00	£2,210.00	£1,750.00	-£460.00
550	£1,685.00	£412.50	£2,247.50	£1,925.00	-£322.50
600	£1,685.00	£450.00	£2,285.00	£2,100.00	-£185.00
650	£1,685.00	£487.50	£2,322.50	£2,275.00	-£47.50
700	£1,685.00	£525.00	£2,360.00	£2,450.00	£90.00
750	£1,685.00	£562.50	£2,397.50	£2,625.00	£227.50
800	£1,685.00	£600.00	£2,435.00	£2,800.00	£365.00
900	£1,685.00	£675.00	£2,510.00	£3,150.00	£640.00
1000	£1,685.00	£750.00	£2,585.00	£3,500.00	£915.00

### Projected Break Even Graph



**Break even = 667 cars wash a month.**

**Break even sales revenue in (£'s) £2335**

As we can see in order for Gill's Car Wash to break-even I must wash 667 cars every month. This sounds a lot but it basically means I must wash 27 cars a day in order to break-even so the break-even point is 667. But my target would be to wash around 1000+ cars because then I can earn a decent income from the business. I noted for the fixed cost the rent each month £600 and a part time employee £200 the rest would come for electricity gas and advertising. The way I got the variable cost was because I am charging £3.50 50p would go to getting new equipment example shampoo brushes etc, so I would save £3 each time I washed a car.



### Definitions

**Production quantity (Q)** = the number of products/services you are going to provide.

**Fixed Costs FC** = these are costs which do not change when the amount of production changes. Even if you produce nothing at all, you will still have to pay these costs. For example rent, loans.

**Variable Costs (VC)** = this is the additional amount that you have to pay for each item you make for example workers wages.

**Total Variable Costs (TVC)** = if you multiply the variable cost per unit by the production quantity you get the total variable costs.

**Total costs TC = FC+TVC** = add fixed costs to total variable costs, & you get total costs.

**Total Revenue TR = SP \* Q** = the amount of money you get from products sold.

**Break-even point** = this is the point where you have made enough money to pay for all your total costs.

**Profit or loss** = profit is when total revenue is greater than the total costs. Loss is when total costs are greater than total revenue.

**Selling price SP** = the price you sell each unit.

### Creating budgets

There are three main areas of budgetary forecasts:

- **The capital budget** the word 'capital' refers to the buying of fixed assets. The capital budget is a simple statement of intent or forecast, which specifies the planned purchase of assets, the date of intended purchase and the expected cost of purchase.
- **The cash budget or cash flow forecast** this forecast looks at the cash coming in to the organisation as well as the cash going out. It is a prediction by a business of how much money it thinks it will receive and how much it thinks it will pay out over a specified time.
- **Subsidiary budgets and the master budget** these are functional budgets for different business activities and budgets for individual balance sheet items are called subsidiary budgets.

### The capital budget

Capital expenditure refers to the acquisition of fixed assets. Capital budgets are prepared to plan for the purchase of fixed assets. The capital budget is prepared after reviewing fixed asset needs for the budget period. Classifications of capital expenditure will follow those you are already familiar with from constructing the fixed assets section of the balance sheet. Typically they include:

- Land and buildings
- Factory plant and machinery
- Office fixtures and fittings
- Computer equipment/motor vehicles

Expenditure may be further analysed into assets required for:

- Expansion of existing product ranges

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- Expansion into new products
- Replacement of existing assets
- Satisfying health and safety requirements

### Variance analysis

Variances are recorded as being either adverse (A) or favourable (F), depending upon whether actual expenditure is more or less than budget. For example if the expected amount of expenditure on cleaning costs was going to be £650 a month but it was actually less £500 then this would be a favourable variance where as if the expenditure was £1000 then this would be an adverse variance. Sometimes variances can't be controlled like depreciation which can't be controlled.

### Understanding Variances

Variances may arise for a number of reasons. These include:

- Random deviations which are uncontrollable as I gave an example of depreciation this is outside of control of managers
- An incorrectly set budget this may require further research and management action
- Failure to meet an agreed budget this would be because a manager has failed to meet the appropriate figures and deadlines.

### Future of Gill's Car Wash

I have already shown you my business plan next I will discuss which type of software I will use, before that I am going to say what will happen to Gill's Car Wash after the first year or so. Once you have set up a business what would you like to do next may steady output or expand out more.

I would want Gill's Car Wash to expand out and service cars as well then I could use the name as 'Gill's Motor Service' or a neutral name such as 'Motor World' I would like to expand and turn the company into a private limited company and open new garages across the area of Birmingham and then move the regional, also to gain extra revenue from shareholders.

The competitor that I have is HS Valeting they started off as a local car wash but then they expanded.

It is important that the first aim is to survive because many businesses close down within 3 years then after the three years it would be important to make a profit not too much of a large figure but I want to earn a decent income because if I was going to make less than the minimum wage then there is no point in me having all the hassle to run a business I may as well work for someone else, but I believe that this idea of a car wash will make a success.

### **Analysis/explanation of finance**

I will now give the detailed explanation of the break even chart and the cash flow forecast. Also make points about the weaknesses or limitations.

### **Cash flow forecast**

The main important thing for the cash flow was to make sure that I had accurate readings i.e. the figures used in the cash flow were accurate, I believe that I did put in the cash flow realistic figures because I have got a real premises I have the real figure for the rent. I want on [www.morethanbusiness.com](http://www.morethanbusiness.com) and expected a quote of £1200 insurance a year for the business. I used accurate figures based on advertising how I got accurate figures was by asking members of my family a person who also knows a car wash. The cost of the materials is very accurate business I would buy from a real trading store STAX. (More on page 58)

I believe that the work done on the cash flow forecasts is very accurate and I believe that I would gain finance from the Princess Trust for example.

### **Liquidity on cash flow forecast**

Liquidity is important for the cash flow because it can cause problems. Liquidity is to meet financial obligations. I.e. payments,

### **Weaknesses**

The main weaknesses for my cash flow forecast is that even though the figures I believe are accurate they might not be accurate for example the electricity bills could be more than I anticipated therefore this would but the break even un real because if my business is paying more money out then the break even will be increased i.e. I will have to wash more cars.

Another weakness could be that I could enter a number by mistake therefore is I was unable to see the problem then I could be heading for disaster but because I have shown my cash flow to a number of people i.e. teachers they also think he cash flow forecast is accurate.

### **Evaluation**

To see if I could real obtain finance from the Princess Trust I could of sent this application this assignment to see that if it would be expect to gain finance but the process would be long because I would have to meet up with an advertiser etc, but if I told them that I am a student and want to see if you could generate a loan for me I know they wouldn't reply because they will have real applications to go through that's why I didn't sent it off.

### **Analysis/explanation of Break-even-chart**

The purpose of the break-even chart is that it tells my business how many cars I have to wash a month in order to break-even i.e. I cover all my fixed cost (rent) + total variable costs (equipment) this is own as the break-even point after this point money coming into the business is own as a profit.

Like with the cash flow forecast I believe this is an accurate reading because I worked everything out properly fixed cost don't change these are:-

- Rent
- Loan
- Insurance

All these prices add up to £1,685.00

Variable costs I worked out at 0.75p per wash these were pay for the equipment etc. I believe all the data is accurate.

### **Weaknesses**

The number one weakness is that this is quite a lot of cars to wash for a business that is just opening 667 cars a month that is a lot of work that has to be done I mean that around nearly 30 a day car washes but if a few cars come in for Gill's A1 valet service then the number will drop must people won't have the full valet service because it is expensive most people will have the normal £3.50 car wash.

Another major is weakness what happens if no turns up into the business? I mean if 667 people don't turn up to the business what will I do will the business become shut, if I can't give with expenses money going out what will I do. I hope that this wouldn't happen but if it did I would try and get the local newspaper to the a report on my business this way I could have a good public relation with the press, this will increase customer awareness so new potential customers. I could also cut costs i.e. lose a employee to save money buy less equipment etc.

### **Evaluation**

One of the things I could do is I could ask someone who currently owns a car wash maybe someone with experience in this sector or maybe a business advisor to talk to and ask what a realistic target would be to opening a new business (car wash) from each discussion if I find out that my cost are to high then I could cut back on equipment an employee or potential I could move location and find cheaper rent etc.

Now I will move onto section D and give detail analysis of how software could help my business.