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Creating projected financial budget For Dwellet Oy to project company profitability and financing requirements

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Abstract

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This thesis is product-oriented. The purpose of the thesis was to analyze the Commission company's Dwellet profitability as well as future financing needs. The aim was also to analyze the growth and profitability of Dwellet Oy to the real estate industry. In the first phase, a projected financial budget for Dwellet Oy was created for the company's third and fourth fiscal years. The financial budget was used to estimate the external needs of funding. In the second phase, the company's profitability was benchmarked against the industry overall and relevant competitors. The company's revenue growth was also benchmarked against the industry and relevant competitors. Also, based on the growth of competitors and industry overall, an industry average revenue growth rate was derived. A growth scenario based on the industry-average growth rate was created. This scenario was used to evaluate possible external funding needs in case the company's revenue growth slows down significantly.

The commissioning company is a two-year-old start-up in a new sector of real estate. Therefore, the two fiscal years to come are crucial. The results of this thesis can be used to track the company's profitability and growth. Therefore, with continued revision of company performance, this thesis provides tools to follow the company's growth in relation to the industry, thus informing the management of potential funding requirements.

Keywords
Master budget, Financial budget, Benchmarking, Cash flows, Profitability

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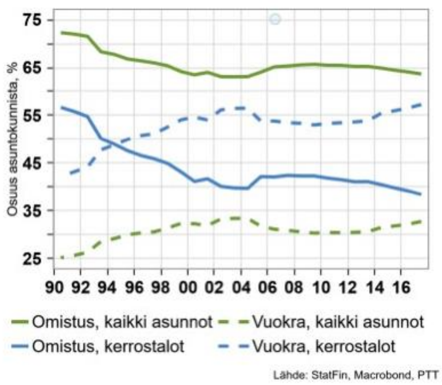
1. Introduction

1.2 Background

Digitalization becoming the norm in Finnish business culture gave rise to new opportunities across numerous business sectors, one of these being the sub-sector of the real estate industry. Digitalization abled companies such as Dwellet Oy brokering rental apartments to adapt their entire service process to be handled mostly via the internet. Therefore, saving costs as such companies require fewer number of employees to operate. During the past decade, the Finnish rental market expanded significantly enough that brokering rental apartments became profitable for Finnish real estate companies. In the past, companies have not focused solely on brokering rental apartments as the profit margins on the brokerage of rental apartments are relatively low compared to brokering sales of households.

The economic research conducted by “Pelllervon taloustutkimus,” revealed that the percentage of consumers preferring to live in rental apartment increased significantly after the financial crisis of 2008. This trend is expected to continue for decades to come. In addition to the financial crisis of 2008, several other factors contributed extensively to the shift in the dwelling preferences of consumers. The declining purchasing power of the Finnish middle class played a significant role in the development of this trend. Based on the same study, the income of consumers living under rental apartments increases annually at a much slower phase in comparison to other consumer groups. Slowly increasing income and increased living expenses in the capital region have forced younger generations to live under rental arrangements. This trend is expected to accelerate in the coming years as well. (Pellervon Taloustutkimus 20139).



Fiq 1. Chart illustrates yearly development in consumers living under rental agreement in storage buildings versus owned (year 2019) (Pellervon Taloustutkimus 2019)

Fiq1. Illustrates the impact of the financial crisis of 2008 on consumer preferences regarding living forms. The dotted lines show the percent of consumers living in rental apartments. Whereas, solid lines show the percent of private individuals living in an apartment that they own. The trend illustrated in Fiq1. is expected to continue in the coming few decades. Nevertheless, companies in the real estate industry's sub-sector of rental brokering aiming to achieve explosive growth face several market-based obstacles. One is that there are two types of property owners dominating the rental brokerage market. The types are property owners preferring to look for tenants by themselves and others preferring to use brokering services. Therefore, even the rental market itself has expanded significantly. It is not a direct indication that the number of customers looking for rental brokering services increased as significantly. Nevertheless, 90% of real estate experts believe that there is an ever-increasing demand for rental brokerage services. (Helsingin Uutiset 2020) (Pellervon Taloustutkimus 2019).

1.2 Project Objective

The project objective was to analyze profitability and the commissioning company's growth potential during the next two fiscal years. The project objective will be attained by creating a financial budget for fiscal years 2019-2021. The projected financial position of the commissioning company is benchmarked against the industry. The structure of the project illustrated below.

Project objective	Theoretical frame work	Project management Tool	Results
Competitor/industry analysis	Market analysis	Benchmarking	Revenue growth rates and profitability of industry
Dwellet Oy Financial analysis	Accounting theory	Analysis of company quarterly and annual reports	Profitability and current sales grotwth
Projected Income statement	Accounting theory	Budgeting	Operating budget
Projected cash flows	Accounting theory	Budgeting	External funding required and projected profitability

Table1. Overlay matrix

1.2 Demarcation/ scope

The marketing analysis focuses on profitability and annual revenue growth of the Finnish real estate companies. The produced budget is only for the company's internal use. In the budgeting process balance sheet is not addressed as the work focuses mainly on estimating the commissioning company's future financing needs and profitability.

1.3 International aspect

All of the analysis conducted in this thesis takes into account the international competitors of Dwellet Oy. Furthermore, the financial theories and budgeting standards applied to the thesis are internationally accepted standards.

1.4 Benefits

This commissioned thesis provides the commissioning company an estimate of their future profitability as well as growth potential. Therefore, the comissioning company can use the results of this thesis to can track their growth in relation to the real estate market. Also the commissioning company must perform quarterly variance analysis on the projected financial budgets for the commissioning company to benefit from the results of this thesis. Furthermore,

1.6 Key concepts

There are few concepts that must be briefly explained, which facilitate the thesis process. The concepts are listed below and are mainly related to managerial accounting theory.

Relevant range:
This theory outlines how fixed costs fluctuate along the changing activities and goals of a company. During short periods, it is expected that no significant fluctuations occur in fixed costs. However, in the long-run, fixed costs tend to fluctuate significantly from the expected range. (Braun & Tietz 2015. 336)

Operating Income:
Operating income is an accounting figure that measures the amount of profit realized, after deducting operational expenses.

Cash Flows:
Cash flows are the net amount of cash and cash-equivalents transferred into and out of a business. Different cash flow scenarios can be useful when estimating future cash needs to keep operation levels. (Stancil 1982)

Gross margin:
Gross margin It is the revenue of a company after indirect costs related to production are deducted from revenues.

Overhead costs:
Overhead costs include all the expenses except direct labor, direct materials, and direct expenses.

Break-even point:
Break-even point is the mathematical value of costs and revenues, where company makes no loss or profit. The costs are divided into fixed, variable and mixed costs. In service-oriented businesses it is often difficult to figure out what is a unit of a given service, much less its cost (Thomas 1978).

Startup:
According to EU legislation, startups are companies that have maximal number of 10 employees and who within three years increase this number by 20%.

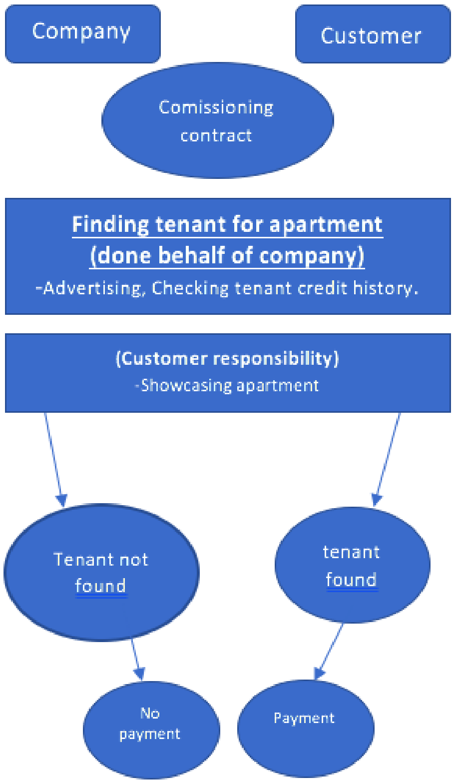
1.8 Case Company

Dwellet Oy is a limited liability company established during 2018 in Finland, Hämeenlinna. The company operates in a sub-sector of the real estate market. The company’s first fiscal year revenues were 20,000€ whereas at the end of the second fiscal year company projected revenues are 150,000€. Dwellet Oy focuses on brokering rental apartments, whereas most competitors of Dwellet Oy provide services in multiple areas of the real estate market.

The commissioning company started with two employees. However, during the second fiscal year of 2019, the company employed two more staff members. The company operates nationally and has grown in all of the bigger cities across Finland. 35% of the company's revenues coming from the capital region. The rest of the revenue stream coming from Oulu, Tampere and Turku. So far, the monthly revenues fluctuated between 8,000€ to 20,000€. Furthermore, the company managed to triple its sales within 18 months from the start of its operations.

During the first fiscal yearss Dwellet Oy has invested heavily in the development of their websites, which is a factor that has allowed them to separate from competitors. Their business model has been impressive enough that they have gained the interest of top national angel investors. https://dwellet.fi/

1.9 Case Company Business Canvas



Fiq2. Dwellet Oy service structure

Dwellet's business model is slightly simpler in comparison to the competitors. However, the business model's major fault is that the company may struggle with managing the time spent on a client. As the business model states, customers handle introducing their rental apartments to the potential tenants. Operationally from the company's point of view, this saves time and operational costs; however, the company is responsible for arranging the introduction of the rental apartment at a time, which is convenient for the potential tenant and owner. Therefore, this characteristic of the company's business plan may eventually slow down the company's growth.

Value proposition of Dwellet

- Cheaper commissioning fee
- Convenience
- Wider marketing range

2. Project aim related theory

2.1 Start-up company gorwth

Startup companies have three primary growth phases after product development and launch. These stages are traction, refinement, and scaling up. Furthermore, startup companies are always fighting against time because every startup company experiences significant stall in their growth a few years after launch.

Usually, the traction stage is defined as the company´s first fiscal year. At this stage, startup company tests whether their business plan is viable. This part of the startup life cycle relies heavily on external investors, such as angel investors. At the refinement phase, the company usually reassesses the viability of their business plan. Based on this, the company enhances its product to make it more desirable. At the third stage scaling up, the company focuses on improving the profitability of their business, and the phase usually starts after two to three years. Therefore, investing in such aspects as marketing and overall customer experience.

2.2 Financial analysis

Financial statement analysis is the use of analytical tools to review financial statements for decision-making purposes. Financial analysis of companies is split into three main categories: Profitability, Solvency, and Liquidity. Profitability measures businesses ability to convert external and internal investments into a profit. Liquidity measures a company's ability to pay off debts when they are due. Solvency measures the company's ability to pay off long-term loans and other financial obligations. Profitability metrics include gross profit margin, ebitda margin, Net profit margin, (ROE) return on equity, (ROA) return on assets, (ROIC) return on invested capital and operating profit margin (Michael 2015, 36).

Return on assets measures the profits as a percentage of the company's available assets. The formula as shown below.

- net Income / average total assets

Return on invested capital measures the company's ability turn investments into a profit.

- nopat (net operating profit after added tax) / Invested capital

Gross Profit margin measures company's profitability. The formula as shown below:

- ((Revenues – expenses) (All expenses expect from selling and administrative costs)) / revenues

Net profit margin is measure of how much profit company makes. Formula as shown below:

- (Net income / revenues) * 100

Return on equity is the company's ability to make profit from the funds that investors have put into the company, formula as shown below.

- Net profit / Equity

2.3 Benchmarking of competitors

Industry benchmarking is a technique of comparing business processes, performance metrics of the company to relevant competitors, and to the best practices of the industry. The benchmarking analysis is separated into financial analysis and non- financial analysis. Financial analysis can be conducted internally and externally and external users have access to it. On the contrary, non-financial information is a type of information that most businesses are unwilling to disclose publicly, as this information is often sensitive. Non-financial information includes everything from vendor relationships to improvements in management practices. Therefore, in the case of services businesses, most of the operational insight might not be accessible through commonly applied financial metrics. Throughout vertical financial analysis, different industries can gain valuable insight into how to improve their business processes. For example: in order for a retail company to analyze if they can improve their logistic processes. The company could focus on its supply chain by benchmarking their inventory-turnover rate against relevant competitors. (David Stauffer 2020).

No matter what approach is taken or which benchmarking measures are studied, "*you don't need a thousand measures*," says Maines' Mastrosimone (David Stauffer, 2003). Benchmarking is generally divided into four standard metrics, which are revenues, production costs, employee turnover, and process cycle time. In order for benchmarking to reflect the company's current relative industry position accurately. The companies used in the benchmarking process should not be too heterogeneous. Also, the number of companies used in the sample should be given severe tension. The sample size of companies used in the benchmarking process should not be either too small or big. (David Stauffer 2020).

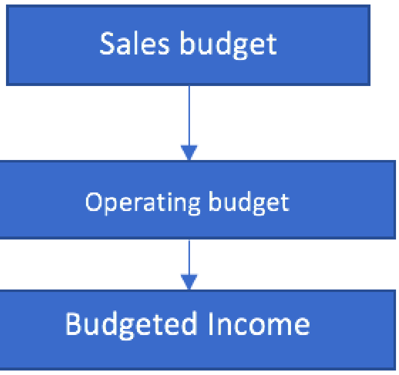
2.4 Budgeting

Budgets are significant when it comes to the strategic planning of an organization. Budgeting techniques facilitate the creation of attainable and realistic goals. Primarily, by helping employees and various departments to coordinate their activities towards aligned goals. Regardless of the benefits, companies tend to struggle with the implementation of budgeting processes. Often due to crucial insight being interpreted in opposition to the original intent, as the information is passed through upper and lower levels of management. Budgeting is divided into three primary methodologies, which are incremental, activity-based, zero-based (Christopher. Skousen. Walther 2015, 16).

The zero-based budgeting process starts with the assumption that all expenses from the previous fiscal year are ignored. The budgeting process needs the participation of several staff members across several departmental levels of an organization. Therefore, making zero-based budgeting time-consuming. Thus, being one reason for zero-based budgeting often considered to hinder the budgeting process itself. Recently companies have started to apply hybrid budgeting forms, which have elements of incremental and zero-based budgeting. There are numerous methods to create hybrid budgets. For example: Managers of a company preparing the next fiscal years budged could choose a few specific costs as key drivers. The purpose of these key drivers is to drive specified costs in the next budget. While completing the rest of the budgeting by applying zero-based budgeting standards. These type of hybrid approaches allow companies to streamline and simplify budgeting processes (Cristopher. Skousen. & Walter 2015, 15).

Principles applicable in the incremental budgeting process are the exact opposite of the principles applicable in the zero-base budgeting process. At the beginning of the incremental budgeting process, a certain percentage of expenses are deducted or added to the current budget from earlier years. This added percentage is small, often in the range of 1% - 5%. The responsibility of managers in the incremental budgeting process is to scrutinize revenues and costs arising from each product line and activity. Therefore, this approach to budgeting outlines potential tradeoffs, that managers face as they prioritize certain activities over others. Incremental budgeting also involves fewer number of staff members. Therefore, towards a particular activity, over-allocation of resources may occur as the budgeting process may lack key staff members with required insight.

Projected income statement enables companies to forecast their future profits and operational budget. The difference between budgeted income statement and projected income statement is that the projected income statement can partially take into acount market expectations, while simultaneously taking into consideration company's historical performance.



FIQ3. Budgeted Income statement

The budgeted income statement is the aggregation of operational budgets and sales budgets into an income statement. Creating a budgeted income statement starts by estimating the next fiscal year or quarter sales based on historical data as well as industry-specific trends. Operating budgets include overhead costs as well as sales and administration expenses. After the sales and costs are budgeted, the manager of a company will produce a budgeted income statement.

Sales budged:

The sales budget is a financial plan that outlines the amount of cash and other resources that are required to reach a predetermined sales quota. When forecasting future sales, the sales manager in charge must consider fluctuations in sales due to seasonal trends, changes in the company´s goals and operational activities. Sales projections are vital to accurate budgeting. In case the sales budget is forecasted incorrectly. Then the master budged becomes faulty as well. (Sharma 2016, 46).

Sales forecast:

Sales forecast is often based on the company´s current goals as well as market-based expectations. However, it can also take into account industry-wide comparisons or economic trends. Managers who set these types of forecast and sales budgets are often too optimistic, causing the company to incur significant losses. Besides, sales managers have been proven to under forecast sales quotas to attain higher annual sales bonuses. The most effective way to analyze the growth of sales is to use a three-month-moving-average method. This method measures the percent changes in sales quarterly. (Jobber 2015, 76; Adeola, Feeh & Hinson 2018, 16).

Cost of goods:

The cost of goods sold (COGS), is a measure of how much it costs to produce goods or to offer services.

Selling and administrative budgets:

Selling and administrative budget includes all other expenses except manufacturing costs.

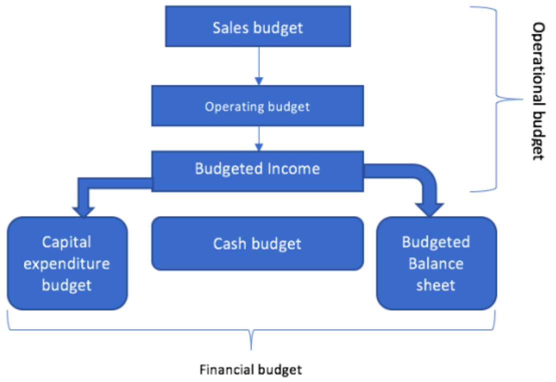
Budgeted Income statement:

Budgeted income statement shows the profit after all expenses are deducted from revenues. Budgeted income statement as all budgets is quarterly or monthly form and covers entire fiscal year.

Zero-based budgeting for Dwellet Oy

Most suitable aproach for the commissionig company is zero-based budgeting as the company's expenses during the next two fiscal years are likely to vary significantly. Therefore, expenses have to be justified in order to allocate available cash among all expenses.

2.5 Master budget



Fiq4. Master budget for service company

The master budget is a collection of budgets across several departmental levels of a company. The operational budget is used to derive the financial budget, which is usedto complete the master budget. The master budget includes budgeted financial statements, a forecast, and a financing plan. The financing plan represents the company's cash position concerning the operational expenses company will incur in the coming fiscal year or quarter. The master budget covers the entire fiscal year and is commonly presented either quarterly or monthly form. (Braun & Tietz 2015, 544 - 545).

Capital Expenditure:

Capital expenditure is the money that a company spends to buy, maintain, upgrade, or update its fixed assets. Thus, capital expenditure costs belong to the category of fixed costs. Fixed assets include land, buildings, vehicles, machinery. Unlike variable costs, as long as the relevant range is applicable, these costs do not fluctuate with the changing activity levels of a company. (Braun & Tietz 2015, 540)

Cash Budgets:

cash budget shows company's cash inflows and disbursements during the period.

Combined cash budget:

A combined cash budget is an estimation of the cash flows over a specific period. Therefore, this bud et can be used to analyze whether the company has enough positive cash flow to cover operational expenses. The structure of cash flow budget is shown below:

Cash Budged					
	July	August	September	3. Quarter	October
Beginning Cash Balance	--	--	--	--	--
Cash Collection	--	--	--	--	--
(=)Total Cash available	--	--	--	--	--
(-) Cash payments	--	--	--	--	--
Ending Balence:	--	--	--	--	--
Financing:	--	--	--	--	--
Minimum Cash requirements	--	--	--	--	--
New bOrrowings	--	--	--	--	--
Debt	--	--	--	--	--
- Interest payments (3%)	--	--	--	--	--
Ending Cash balence	--	--	--	--	--

Table 2. Cash budget

As illustrated in the table 2. combined cash flow budget includes all the different elements of out and inflows of cash. The cash budget separates the company's cash flows into cash collections, cash payments, new borrowings, interest expense and Debt. (Braun & Tietz 2015, 540 - 541)

Budgeted balance:

The budgeted balance sheet reports the equity, liabilities, and assets of a company. Therefore, showing company financial health and position at a specific point in time.

3. Project Design (Implementation)

The Project has three stages. In the first phase, the commissioning company's interview is conducted to map out its growth plan for the next two fiscal years. In the second phase, competitor's growth and industry average annual revenue growth is benchmarked against Dwellet. In the last phase, benchmarking is used to evaluate the profitability of competitors and Dwellet. Therefore, the project outcome is the company's projected financial budget and valuation of its profitability in relation to the real es te market.

Benchmarking the revenue growth has two phases. In the first phase, the revenue growth of relevant competitors was benchmarked. For benchmarking to reflect changing market conditions, the competitors providing a more comprehensive set of services were included in the analysis. The findings from the first and the second phase are compared to the industry-wide percent annual revenue fluctuations. Together, these findings were then used to determine the industry average annual revenue growth rate. Lastly, the industry average annual revenue growth rate was benchmarked against Dwellet Oy current growth.

The profitability of Dwellet Oy at the end of the projected third and fourth fiscal year is benchmarked against the average industry profitability. From all the steps listed above, the overall external funding required is derived.

4. Budgeted Income statement and Financial budget

Income Statement 2018-2019	
Revenue	29000
Other revenue	40000
Materials and services	12000
Staff expenses	19000
Other expenses	47000
Income	-9000

Table3. Dwellet Oy Income statement 2018 -2019

In the company's second fiscal year ending 1.6.2020 total expenses of the company are expected to triple in the least. On the other hand, revenues would increase by nearly to 90,000€, Bringing the second fiscal year profit margin to -46%. Annual revenue of 90,000€ is equivalent to the average of 39 commission received monthly.

Sales from the past 1,8 years					
2018					
July	Aug	Sep	Oct	Nov	Dec
0	0	0	1004,55	2149,39	3429
January	February	March	April	May	June
2590,39	2698,16	1976,61	6265,52	0	8922,19
2019					
July	Aug	Sep	Oct	Nov	Dec
318,2	9134,11	8025,96	20575,99	8009,24	8042,4
January	February	March	April	May	June
6768,39	12382,42	12583,79	---	---	---

Table.4 Dwellet Oy sales growth

During the first fiscal year, from March to June, revenues increased by 52%. Whereas, during September and December of the current fiscal year, the revenues increased 96%. Based on these percent increases in revenues, the cash flow budget for the optimistic growth scenario is as seen from (Table18.). Furthermore, Applying this growth trend to the projections, the revenues are likely to grow within intervals of 11,000€ and 6,000€.

4.2 Benchmarking/market information

	Revenue % change						
Company	Founded	2015	2016	2017	2018	2019	Annual Ave
Kiinteistö Tahkola Oulu Oy	1982	2,9 %	0,2 %	9,0 %	0,9 %	4,3 %	3,46 %
Kiinteistö Tahkola Helsinki OY	2005	14,6 %	27,7 %	27,4 %	9,0 %	12,0 %	18,14 %
Oulun Kiinteistö Välitys Oy	2011	-62,1 %	0,0 %	0,0 %	2,0 %	1,0 %	-11,82 %
Glik Tampere Oy Lkv	2012	-13,9 %	19,0 %	104,6 %	-6,5 %	4,2 %	21,47 %
Vuokra turva Oy LKv	1999	6,8 %	0,9 %	8,2 %	1,3 %	6,1 %	4,67 %
Sato Oy	1997	11,6 %	31,5 %	39,0 %	13,9 %	23,2 %	23,84 %
Hämeenlinnan Kotijoukkue Oy	2013	-6,5 %	-5,4 %	-32,1 %	11,3 %		-8,18 %
Helsingin Kotijoukkue Oy	2014			58,6 %	42,0 %	32,0 %	44,20 %
Tampereen Kotijoukkue Oy	2013	49,7 %	-48,6 %	34,6 %			11,91 %
Asuntosäätiön Vuokra asunnot Oy	2010	11,4 %	31,7 %	28,5 %	26,3 %	19,8 %	23,54 %
OVV Asuntopalvelut Tampere LVV Oy	2012			25,8 %	5,9%%		25,80 %
OVV Asuntopalvelut Helsinki	2016				30,40 %		
averages		1,6 %	6,3 %	27,6 %	13,1 %	12,8 %	14,3 %

Table5. Average Industry growth of competitors

	Revenues (units: thousends)				
Company	Founded	2015	2016	2017	2018
Kiinteistö Tahkola Oulu Oy	1982	5 769 €	5 783 €	6 304 €	6 362 €
Kiinteistö Tahkola Helsinki OY	2005	4 517 €	5 770 €	7 351 €	8 014 €
Asunto vuokraus avori	1995	229 €	232 €	242 €	299 €
Oulun Kiinteistö Välitys Oy	2011	32 €	25 €	26 €	38 €
Glik Tampere Oy Lkv	2012	364 €	433 €	886 €	828 €
Vuokra turva Oy LKv	1999	8 149 €	8 219 €	8 891 €	9 006 €
Hämeenlinnan Kotijoukkue Oy	2013	221 €	209 €	142 €	158 €
Helsingin Kotijoukkue Oy	2014		1 191 €	1 889 €	2 682 €
Tampereen Kotijoukkue Oy	2013	1 038 €			
Asuntosäätiön Vuokra asunnot Oy	2010	2 418 €	2 689 €	3 280 €	3 406 €
OVV Asuntopalvelut Tampere LVV Oy	2016	-	-	393 €	370 €
OVV Asuntopalvelut Helsinki	2016	-	-	78 €	111 €

Table6. Average Industry growth of competitors

Based on the (Table 5.), Dwellet Oy may expect the company's revenues to grow annually 14,34% or less. Furthermore, the same table shows that the companies tend to experience very similar revenues fluctuations. Furthermore, experts predicted that during the year 2019, The maximal revenue growth that startup companies would achieve is 30%. (Kauppalehti 2019)

Net Profit margins				
	2016	2017	2018	2019
Asuntovuokraus Avori Ay	48,00 %	65,00 %	48,9%%	49,90 %
Hämeenlinnan Kotijoukkue Oy	-1,60 %	8%%	28%%	--
Tampereen Kotijoukkue Oy	-1 %	-0,60 %	6 %	--
OVV asuntopalvelut Tampere LKV	--	9,00 %	8,40 %	16,00 %
Oulun kiinteistönvälitys Oy	-6 %	--	8 %	
Helsingin kotijoukkue Oy	-92 %	1 %	--	--

Table7. Gross profit margins of main competitors

Table7. shows that most companies in the real estate industry have small profit margins. Therefore, suggesting that companies in the industry during their early years have a high probability of underperforming significantly. This information is crucial in evaluating the commissioning company´s profitability as Dwellet´s profit margins on brokered apartments are 65% lower than in the case of its competitors.

competitor analysis

The profit margins of the commissioning company's competitors cover first months full rent + VAT. Therefore, commissioning fees range from 750€ to 1500€, as this is the rent that most of the Finnish middle class can afford. For example: Asuntovuokraus Avori Ay revenues at the end of 2013 - 2014 fiscal year were 240,000€. By assuming that the average profit from commissions of Asuntovuokraus Avori Ay was around 1000€, the company's annual number of rental contracts ranged from 1000 - 1450.

OVV-group offering rental brokerage services is part of the investors House group. The company is one of the biggest competitors of Dwellet Oy, along with a few international competitors such as RE/Max. The company offers its services in eleven regions around Finland. Company's revenues come from brokering rental apartments and brokering household sales. In May of 2019, for the first time in years, OVV-chain experienced a fall in brokered number of rental apartments. During May, the company secured 414 brokerage contracts, which is significantly lower than the 451 contracts acquired during May of 2018. This drop-in received brokering commissions correspond to a decrease of 12%.

Nevertheless, from January to May of 2019, the cumulative number of received brokerage contracts maintained growth from 3017 to 3151.

Controversially, two years prior in the same month of May, the number of brokerage commissions OVV-chain received increased by 3.7%. overall during the 2017 fiscal year the company found tenants for 3,606 apartments. OVV Asuntopalvelut Tampere Oy revenue growth during 2019 fiscal year was 7,8%, which is noticeably higher than the industry average growth rate. However, company’s gross profit margin of 9,88% was much lower than the industry

4.2.2 Average growth of revenues in the industry

Revenue % change of OVV-asuntopalvelu tampere Oy vs. industry (provides additional services to rental brokering)

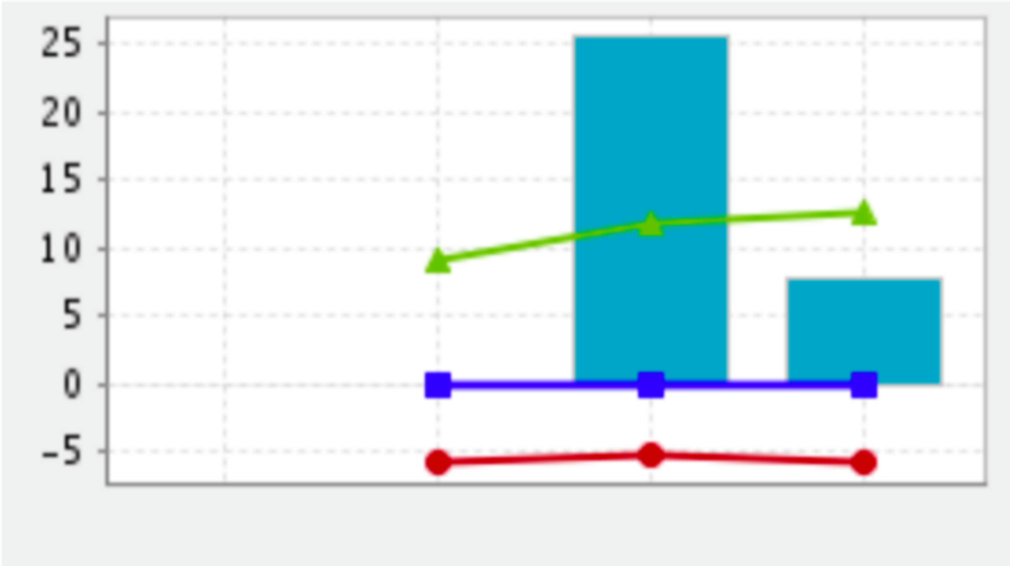
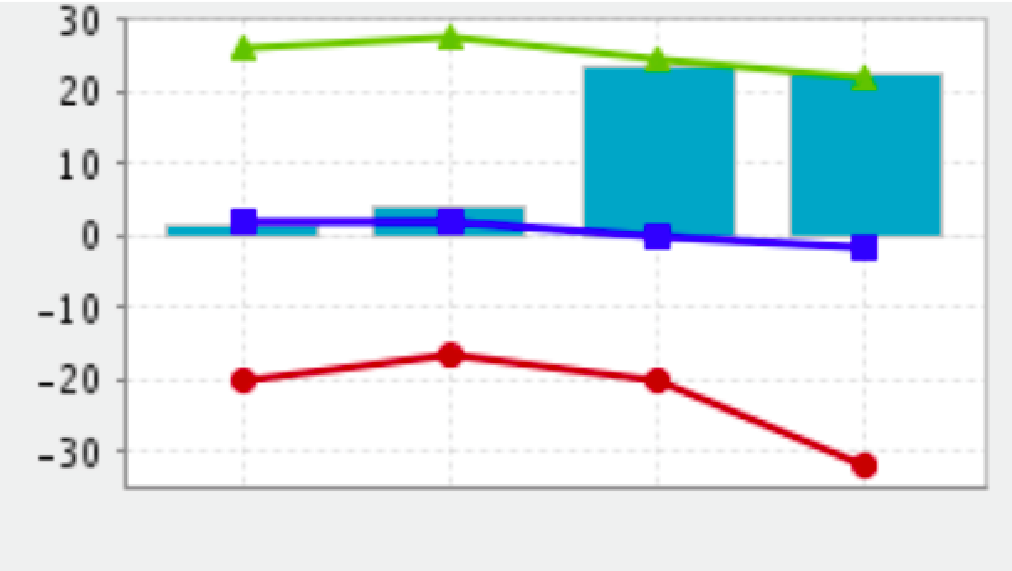


Table8. Percentage change of revenues in the past 3 fiscal years. (X axis-present years and Y axis- represent % change in annual revenue)

In the chart above, the dotted green line illustrates the upper quartile of the industry. In contrast, the dotted red line illustrates the lower quartile. Quartiles measure the percentage of revenues above and below the median in the industry. Moreover, the median illustrates the average percentage increase in revenues. The upper quartiles for years 2017 – 2019 were 9,1%, 11,9% and 12,5, respectively. Lower quartiles for same years were -5,8%, -5,3% and 5,8% respectively. Based on these figures, the expected industry average annual revenue growth rate for companies such as Dwellet Oy is around 4%. (Suomen Asiakastieto Oy 2020).

Revenue % change of Asuntovuokraus Avori Oy vs. industry (services rendered identical to Dwellet)



FIQ9. Percentage change of revenue in the past 3 fiscal years. (X axis-present years and Y axis- represent % change in annual revenue)

The upper quartiles for years 2016 – 2019 were 26,3%, 27,5%, 24,4% and 21,9% respectively. Lower quartiles for same years were -20,0%, -16,7%, -20,0% and -31,9%. Based on the table above, industry average annual revenue growth will fluctuate around -1 and 10% (Suomen Asiakastieto Oy 2020).

4.3 Budged Income statements

4.3.1 second fiscal year budgeted income statement (2019-2020)

Sales budget					
	Q1	Q2	Q3	Q4	Totals
Units sold (Comissioned contracts)	36	86	169	124	415
Unit brokering comission (0,39% months rent)	379	379	379	379	1516
Total revenue=	13 644,00 €	32 594,00 €	64 051,00 €	46 996,00 €	157 285 €

Table10. Quaterly revenue budget for second fiscal year

- Net sales: 157,285€
- Expenses: 241,000€
- Net Income: -122,715€

The projected second fiscal year income of -122,715€ is based on sales revenues increasing monthly within intervals of 48% - 92%, as was set to be the baseline for their current growth seen from Table14.

4.3.2 Third year budgeted income statement. (optimistic scenario)

Sales budget (Optimistic scenario)					
	Q1	Q2	Q3	Q4	Totals
Units sold (comissioned contracts)	100,00	129,00	164,00	232,00	625,00
Unit brokering comission (39% of months rent)	379,00	379,00	379,00	379,00	
Total revenue	37 900,00 €	48 891,00 €	62 156,00 €	87 928,00 €	236 875,00 €

Table 11. Optimistic scenario revenue budget

- Net sales: 236,875€
- Expenses: 241,000€
- Net Income: - 5,000€

4.3.3 Fourth year budgeted income statement. (industry growth)

Sales budget (Optimistic scenario)					
	Q1	Q2	Q3	Q4	Totals
Units sold (comissioned contracts)	88,00	95,00	136,00	189,00	508,00
Unit brokering comission (39% of months rent)	379,00	379,00	379,00	379,00	
Total revenue	33 352,00 €	36 005,00 €	51 544,00 €	71 631,00 €	192 532,00 €

Table 12. 4 fiscal year (industry average growth) revenue budget

- Net sales: 192,532€
- Expenses: 268,000€
- Net Income: -92,500€

4.4 Capital expenditure budget

Expense	Investment and cost structure	January, 2020
Salaries and comissions		-25194.31
Salaries		-11311.59
Staff expenses		-4658.53
Other staff expenses		-484.19
office expense		-1149.4
IT and licenses		-3593.44
Other machinery		-900
travel expenses		-142.03
Marketing expenses		-4872.41

Table13. Monthly expenses of Dwellet Oy

In January of 2020, Dwellet's expenses accumulated to 38,000€. On average, the monthly operational expenses are 16,000€. However, expenses regarding IT and license are not paid monthly. Therefore, the expenses on four-month intervals vary in the range of 16,000€ - 26,000€. Furthermore, during the company's second fiscal year, the commissioning company applied for a loan of 192,000€ to cover product development costs. The company must start loan payments with interest after three years.

4.5 Projected Cash flow budget for end of second, third and fourth fiscal years.

In order to compute the projected cash flows, it is assumed that brokered rental apartments have months' rent of 750€. The commission on brokered rental apartment is 39% of the first month's rent. Therefore, revenue from one commissioned contract is 385€. Also, At the beginning of the third fiscal year, the company will likely have 20,000€ cash left from external funding of 150,000€, which company received in November of 2019.

2020-21	Cash budget						
Combined Cash Budget	July	Aug	Sep	Oct	Nov	Dec	Totals
Beginning Cash Balance	**20 000 €**	**17 000 €**	**19 000 €**	**10 000 €**	**6 000 €**	13 000 €	
Cash collections	13 000 €	16 000 €	9 000 €	17 000 €	27 000 €	9 000 €	91000
(=) Total cash available	**33 000 €**	**33 000 €**	**28 000 €**	**27 000 €**	**33 000 €**	28 000 €	
Expenses	16 000 €	22 000 €	18 000 €	21 000 €	20 000 €	15 000 €	112000
Ending cash balence:	**17 000 €**	**11 000 €**	**10 000 €**	**6 000 €**	**13 000 €**	**13 000 €**	
Financing:							
Minimum Cash requirements	- €	- €	- €	- €	- €	- €	
Ending cash balence:	**17 000 €**	**11 000 €**	**10 000 €**	**6 000 €**	**13 000 €**	13 000 €	
2020-21	Cash budget						
Combined Cash Budget	Jan	Feb	Mar	Apr	May	Jun	Totals
Beginning Cash Balance	**13 000 €**	**19 000 €**	**2 000 €**	**17 000 €**	**20 000 €**	**17 000 €**	
Cash collections	25 000 €	8 000 €	29 000 €	26 000 €	29 000 €	29 500 €	146 500 €
(=) Total cash available	**38 000 €**	**27 000 €**	**31 000 €**	**43 000 €**	**49 000 €**	**46 500 €**	
Expenses	**19 000 €**	**25 000 €**	**14 000 €**	**23 000 €**	**32 000 €**	**31 000 €**	144 000 €
Ending cash balence:	19 000 €	2 000 €	17 000 €	20 000 €	17 000 €	15 500 €	
Financing:							
Minimum Cash requirements	19 000 €	- €	- €	- €	- €	15 500 €	
Ending cash balence:	**19 000 €**	**2 000 €**	**17 000 €**	**20 000 €**	**17 000 €**	15 500 €	

Table14. Projected Cash flow budged for third fiscal year (optimistic scenario for revenue growth).

2020-21	Cash budget						
Combined Cash Budget	July	Aug	Sep	Oct	Nov	Dec	Totals
Beginning Cash Balance	**20 000 €**	**13 000 €**	**19 000 €**	**9 000 €**	**- €**	-9 000 €	
Cash collections	9 000 €	13 000 €	8 000 €	12 000 €	11 000 €	11 000 €	64000
(=) Total cash available	**29 000 €**	**26 000 €**	**27 000 €**	**21 000 €**	**11 000 €**	28 000 €	
Expenses	16 000 €	22 000 €	18 000 €	21 000 €	20 000 €	15 000 €	112000
Ending cash balence:	**13 000 €**	**4 000 €**	**9 000 €**	**- €**	**-9 000 €**	**13 000 €**	
Financing:							
Minimum Cash requirements	- €	- €	- €	- €	- €	- €	
Ending cash balence:	**13 000 €**	**4 000 €**	**9 000 €**	**- €**	**-9 000 €**	13 000 €	
2020-21	Cash budget						
Combined Cash Budget	Jan	Feb	Mar	Apr	May	Jun	Totals
Beginning Cash Balance	**13 000 €**	**11 000 €**	**4 000 €**	**4 000 €**	**-10 000 €**	**-20 000 €**	
Cash collections	17 000 €	18 000 €	14 000 €	9 000 €	22 000 €	19 000 €	99 000 €
(=) Total cash available	**30 000 €**	**29 000 €**	**18 000 €**	**13 000 €**	**12 000 €**	**-1 000 €**	
Expenses	**19 000 €**	**25 000 €**	**14 000 €**	**23 000 €**	**32 000 €**	**31 000 €**	144 000 €
Ending cash balence:	11 000 €	4 000 €	4 000 €	-10 000 €	-20 000 €	-32 000 €	
Financing:							
Minimum Cash requirements	11 000 €	- €	- €	- €	- €	-32 000 €	
Ending cash balence:	**11 000 €**	**4 000 €**	**4 000 €**	**-10 000 €**	**-20 000 €**	-32 000 €	

Table15. Projected Cash flow budged for third fiscal year (revenue growth stall 50%).

2020-21	Cash budget						
Combined Cash Budget	July	Aug	Sep	Oct	Nov	Dec	Totals
Beginning Cash Balance	**20 000 €**	**16 000 €**	**19 000 €**	**10 000 €**	**8 000 €**	- 2 500 €	
Cash collections	12 000 €	9 000 €	9 000 €	19 000 €	9 500 €	11 000 €	69500
(=) Total cash available	**32 000 €**	**25 000 €**	**28 000 €**	**29 000 €**	**17 500 €**	28 000 €	
Expenses	16 000 €	22 000 €	18 000 €	21 000 €	20 000 €	15 000 €	112000
Ending cash balence:	**16 000 €**	**3 000 €**	**10 000 €**	**8 000 €**	**- 2 500 €**	**13 000 €**	
Financing:							
Minimum Cash requirements	- €	- €	- €	- €	- €	- €	
Ending cash balence:	**16 000 €**	**3 000 €**	**10 000 €**	**8 000 €**	**- 2 500 €**	13 000 €	
2020-21	Cash budget						
Combined Cash Budget	Jan	Feb	Mar	Apr	May	Jun	Totals
Beginning Cash Balance	**13 000 €**	**6 000 €**	**- 5 500 €**	**2 500 €**	**- 2 500 €**	**- 11 500 €**	
Cash collections	12 000 €	13 500 €	22 000 €	18 000 €	23 000 €	35 000 €	123 500 €
(=) Total cash available	**25 000 €**	**19 500 €**	**16 500 €**	**20 500 €**	**20 500 €**	**23 500 €**	
Expenses	**19 000 €**	**25 000 €**	**14 000 €**	**23 000 €**	**32 000 €**	**31 000 €**	144 000 €
Ending cash balence:	6 000 €	- 5 500 €	2 500 €	- 2 500 €	- 11 500 €	- 7 500 €	
Financing:							
Minimum Cash requirements	6 000 €	- €	- €	- €	- €	- 7 500 €	
Ending cash balence:	**6 000 €**	**- 5 500 €**	**2 500 €**	**- 2 500 €**	**- 11 500 €**	- 7 500 €	

Table16. Projected Cash flow budged for third fiscal year (revenue growth based on average market/industry growth)

The growth scenario shown in Table 16. is derived from the analysis of the industry-wide annual revenue fluctuations and revenue growth rates of the relevant competitors. The industry-wide annual revenue growth ranged from -5% to 10%. While, annual revenue growth of relevant competitors settled to14,8%. Therefore, the growth rate applied for this scenario is determined to be 11,8%.

The projected cash flow balances for scenarios growth stalling by 50%, as shown in table table16. and optimistic growth scenario, as shown in table18., are -23,000€ and -39,000€, respectively. Whereas, the cash flow balance in the case of average market growth shown in (table16.) was -63,000€. Therefore, in case the case company anticipates its sales growth stalling significantly during the coming fiscal years. The company may consider applying a loan of at least 100,000€.

2020-21	Cash budget						
Combined Cash Budget	July	Aug	Sep	Oct	Nov	Dec	Totals
Beginning Cash Balance	**20000**	**27000**	**19000**	**7000**	**-5000**	-3000	
Cash collections	23000	9000	6000	9000	22000	11000	80000
(=) Total cash available	**43000**	**36000**	**25000**	**16000**	**17000**	28000	
Expenses	16000	22000	18000	21000	20000	15000	112000
Ending cash balence:	**27000**	**14000**	**7000**	**-5000**	**-3000**	**13000**	
Financing:							
Minimum Cash requirements	0	0	0	0	0	0	
Ending cash balence:	**27000**	**14000**	**7000**	**-5000**	**-3000**	13000	
2020-21	Cash budget						
Combined Cash Budget	Jan	Feb	Mar	Apr	May	Jun	Totals
Beginning Cash Balance	**13000**	**-1000**	**3000**	**-22000**	**-33000**	**-42000**	
Cash collections	12000	29000	9000	19000	23000	35000	127000
(=) Total cash available	**25000**	**28000**	**12000**	**-3000**	**-10000**	**-7000**	
Expenses	**26000**	**25000**	**34000**	**30000**	**32000**	**31000**	178000
Ending cash balence:	-1000	3000	-22000	-33000	-42000	-38000	
Financing:							
Minimum Cash requirements	-1000	0	0	0	0	-38000	
Ending cash balence:	**-1000**	**3000**	**-22000**	**-33000**	**-42000**	-38000	

Table17. growth during 4 fiscal year

Break-even point

The company´s break-even point is at 675 received brokerage contracts, which is nearly twice the projected number of contracts for the second fiscal year. Furthermore, taking into consideration also the product development expenses. The number of secured commissions needed to break-even is in the range of 1000- 2000 annually.

5. Results

Dwellet to reach the industry average gross profit margin of 26,4%. In comparison to the optimistic growth scenario, the company's revenues need to increase by an additional 200,000€. Furthermore, if Dwellet's grows according to the optimistic growth scenario and the annual revenue growth after the third fiscal year remains at 25% in the next consequent four years. The company will reach a gross profit margin of 35%. However, the market analysis also revealed that Dwellet Oy profit margins are 60% lower than in the case of competitors. Therefore, Dwellet Oy is likely to have significantly lower gross profit margins of 10%-20%, even during the company's eight fiscal year in comparison to competitors shown in Table 7.

Based on the market analysis and the benchmarked average industry overall revenue growth. During the next fiscal year of 2020- 2021, the revenues of the commissioning company are expected to grow marginally above the industry average. In 2019 experts predicted that 30% is the highest annual revenue growth achieved by the Finnish startup companies. Furthermore, only 37% of all startups were expected to reach a revenue growth of 30%. Thus, reinforcing the assumption of the commissioning company's revenues growing between 10% and 25% annually.

Based on the projected cash flow scenarios. Dwellet Oy is likely to need external funding of (268,000€ + 63,000€) to cover operational expenses. The cash the company is lacking to cover operational costs is 241,000€. Incase company revenues do not increase significantly, and their growth seems to stall significantly. The company may consider raising an additional of 63,000€ to cover operational expenses alone.

6 Conclusion

Based on the projected growth scenarios and assumptions derived from the market analysis. In case the commissioning company maintains its current growth in terms of sales. The company will surpass several of its competitors in customer acquisition during the next three to four years. As they will reach a similar number of monthly brokerage contracts received as some of the biggest competitors such as OVV-chain. However, the low-profit margins on the brokerage commissions undermine the financial health of the company.

Furthermore, for Dwellet Oy to not bankrupt in the coming two fiscal years, it is vital that the company maintains its current growth tajectory. However, the benchmarking of the industry average revenue growth indicates that achieving this type of growth in the real estate industry is difficult, as shown in the (table5.).

6.2 Reflection

The financial projections are not hundread percent acccurate due to the lack of available market specific information on the growing Finnish rental brokeraging market. However, the produced financial budget and bechmarking of the industry provides accurate tools that the company can apply to track company growth.

7 further Development

The goal of the thesis was fulfilled. However, there is a lot room for improvement. The budgets could have been projected further, although that would have required more detailed data on the rental market. Furthermore, the work would have been much more beneficial if the budgeted balence would have been adressed as this would have shown the full financial position of he company.

8 Personal Learning

Throughout the completion of this thesis, I learned how real estae markets develop and became to see the growth phases that start-up companies go through. I became familiar with the budgeting process as well.

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Appendix

Overlay Matrix

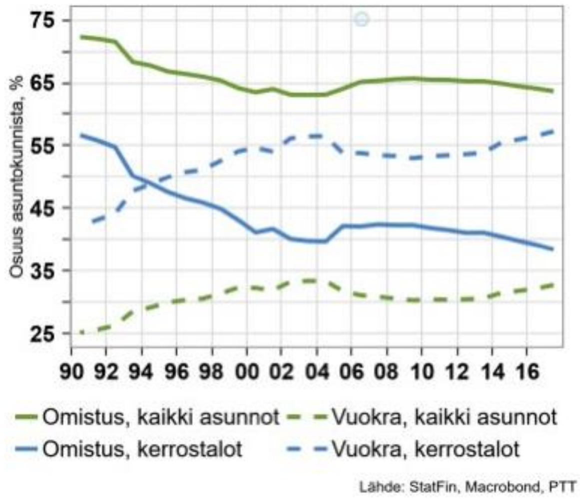
Project objective	Theoretical frame work	Project management	Results
Competitor/industry analysis	Market analysis	Benchmarking	Irevenue growth rates and profitability of industry
Dwellet Oy Financial analysis	Company quarterly, annual reports	Accounting theory	Profitability and current sales grotwth
Projected Income statement	Accounting theory	Budgeting	Operating bbudget
Projected cash flows	Accounting theory	Budgeting	External fnding required

Competitor profit margins

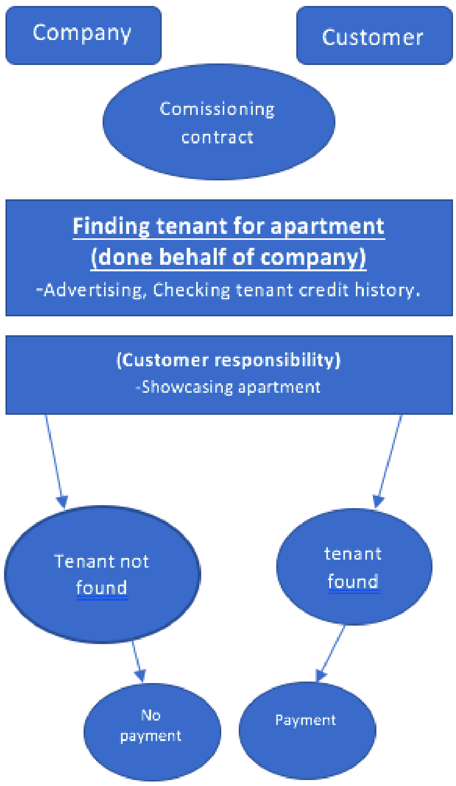
Helsingin kotijoukkue OY Profit margins	OVV-Tampere Asuntopalvelut
2016	2016
(1,191,441-1,183,477)/1,191,441	
2017	2017
761322-793505)/761322	(393482-470302)/393489=19%
2018	2018
	(369926-380824)/362326=8,4%
2019	2019
	(399493-333513)/399493=16%

Hämeenlinnan kotijoukkue OY Profit margins	Avori Asuntovuokraus Ay
2016	2016
	(232225-120000)/232225=
2017	2017
(141907-330340)/141907=8%	(241921-125000)/241921=
2018	2018
(157819-120805)/157819=23%	(298772-135700)/298772?=
2019	2019
	(367435-1670000)/367435=

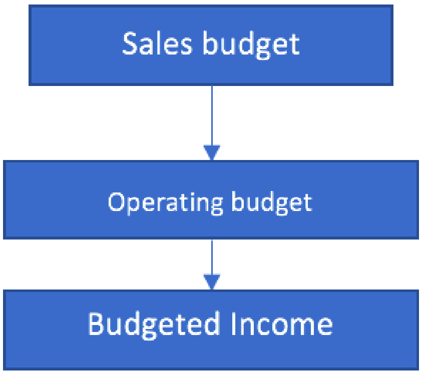
Percentage of population dwelling in rental apartments



Dwellet Oy service structure



Budgeted Income statement



Average Industry growth of competitors

		Revenue % change					
Company	**Founded**	**2015**	**2016**	**2017**	**2018**	**2019**	**Annual Ave**
Kiinteistö Tahkola Oulu Oy	1982	2,9 %	0,2 %	9,0 %	0,9 %	4,3 %	3,46 %
Kiinteistö Tahkola Helsinki OY	2005	14,6 %	27,7 %	27,4 %	9,0 %	12,0 %	18,14 %
Oulun Kiinteistö Välitys Oy	2011	-62,1 %	0,0 %	0,0 %	2,0 %	1,0 %	-11,82 %
Glik Tampere Oy Lkv	2012	-13,9 %	19,0 %	104,6 %	-6,5 %	4,2 %	21,47 %
Vuokra turva Oy LKv	1999	6,8 %	0,9 %	8,2 %	1,3 %	6,1 %	4,67 %
Sato Oy	1997	11,6 %	31,5 %	39,0 %	13,9 %	23,2 %	23,84 %
Hämeenlinnan Kotijoukkue Oy	2013	-6,5 %	-5,4 %	-32,1 %	11,3 %		-8,18 %
Helsingin Kotijoukkue Oy	2014			58,6 %	42,0 %	32,0 %	44,20 %
Tampereen Kotijoukkue Oy	2013	49,7 %	-48,6 %	34,6 %			11,91 %
Asuntosäätiön Vuokra asunnot Oy	2010	11,4 %	31,7 %	28,5 %	26,3 %	19,8 %	23,54 %
OVV Asuntopalvelut Tampere LVV Oy	2012			25,8 %	5,9%%		25,80 %
OVV Asuntopalvelut Helsinki	2016				30,40 %		
averages		1,6 %	6,3 %	27,6 %	13,1 %	12,8 %	14,3 %

Average Industry growth of competitors

		Revenues (units: thousends)			
Company	**Founded**	**2015**	**2016**	**2017**	**2018**
Kiinteistö Tahkola Oulu Oy	1982	5 769 €	5 783 €	6 304 €	6 362 €
Kiinteistö Tahkola Helsinki OY	2005	4 517 €	5 770 €	7 351 €	8 014 €
Asunto vuokraus avori	1995	229 €	232 €	242 €	299 €
Oulun Kiinteistö Välitys Oy	2011	32 €	25 €	26 €	38 €
Glik Tampere Oy Lkv	2012	364 €	433 €	886 €	828 €
Vuokra turva Oy LKv	1999	8 149 €	8 219 €	8 891 €	9 006 €
Hämeenlinnan Kotijoukkue Oy	2013	221 €	209 €	142 €	158 €
Helsingin Kotijoukkue Oy	2014		1 191 €	1 889 €	2 682 €
Tampereen Kotijoukkue Oy	2013	1 038 €			
Asuntosäätiön Vuokra asunnot Oy	2010	2 418 €	2 689 €	3 280 €	3 406 €
OVV Asuntopalvelut Tampere LVV Oy	2016	-	-	393 €	370 €
OVV Asuntopalvelut Helsinki	2016	-	-	78 €	111 €

Dwellet Oy Income statement 2018 -2019

Income Statement 2018-2019	
Revenue	29000
Other revenue	40000
Materials and services	12000
Staff expenses	19000
Other expenses	47000
Income	-9000

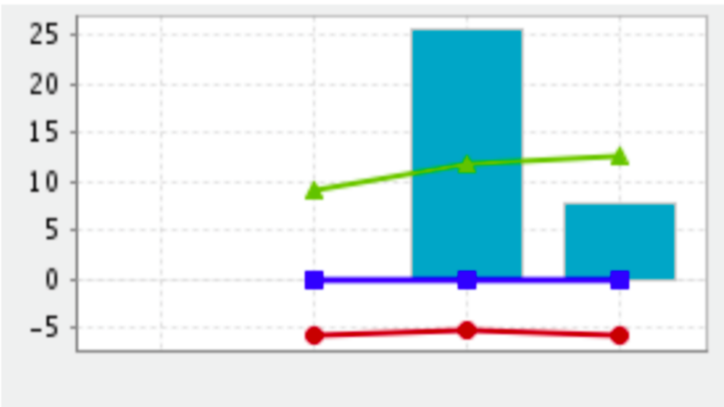
Dwellet Oy sales growth

Sales from the past 1,8 years					
2018					
July	Aug	Sep	Oct	Nov	Dec
0	0	0	1004,55	2149,39	3429
January	February	March	April	May	June
2590,39	2698,16	1976,61	6265,52	0	8922,19
2019					
July	Aug	Sep	Oct	Nov	Dec
318,2	9134,11	8025,96	20575,99	8009,24	8042,4
January	February	March	April	May	June
6768,39	12382,42	12583,79	---	---	---

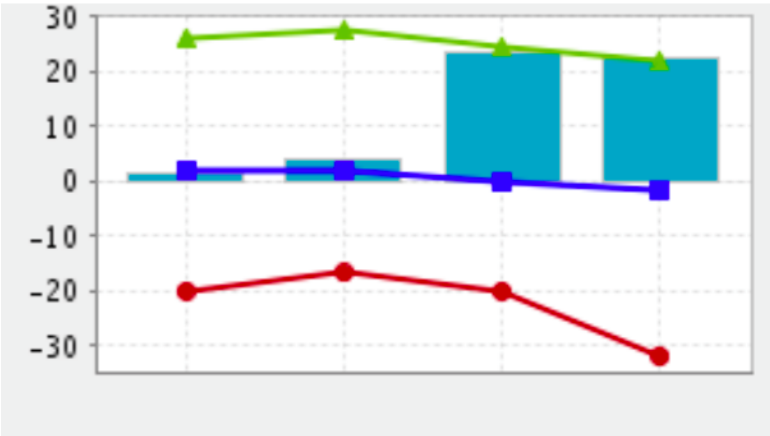
Revenue Benchmarking

	Revenue % change						
Company	Founded	2015	2016	2017	2018	2019	Annual Ave
Kiinteistö Tahkola Oulu Oy	1982	2,9 %	0,2 %	9,0 %	0,9 %	4,3 %	3,46 %
Kiinteistö Tahkola Helsinki OY	2005	14,6 %	27,7 %	27,4 %	9,0 %	12,0 %	18,14 %
Oulun Kiinteistö Välitys Oy	2011	-62,1 %	0,0 %	0,0 %	2,0 %	1,0 %	-11,82 %
Glik Tampere Oy Lkv	2012	-13,9 %	19,0 %	104,6 %	-6,5 %	4,2 %	21,47 %
Vuokra turva Oy LKv	1999	6,8 %	0,9 %	8,2 %	1,3 %	6,1 %	4,67 %
Sato Oy	1997	11,6 %	31,5 %	39,0 %	13,9 %	23,2 %	23,84 %
Hämeenlinnan Kotijoukkue Oy	2013	-6,5 %	-5,4 %	-32,1 %	11,3 %		-8,18 %
Helsingin Kotijoukkue Oy	2014			58,6 %	42,0 %	32,0 %	44,20 %
Tampereen Kotijoukkue Oy	2013	49,7 %	-48,6 %	34,6 %			11,91 %
Asuntosäätiön Vuokra asunnot Oy	2010	11,4 %	31,7 %	28,5 %	26,3 %	19,8 %	23,54 %
OVV Asuntopalvelut Tampere LVV Oy	2012			25,8 %	5,9%%		25,80 %
OVV Asuntopalvelut Helsinki	2016				30,40 %		
averages		1,6 %	6,3 %	27,6 %	13,1 %	12,8 %	14,3 %

Revenue % change of OVV-asuntopalvelu tampere Oy vs. industry (provides additional services to rental brokering)



Revenue % change of Asuntovuokraus Avori Oy vs. industry (services rendered identical to Dwellet)



Quaterly sales budget

Sales budget					
	Q1	Q2	Q3	Q4	Totals
Units sold (Comissioned contracts)	36	86	169	124	415
Unit brokering comission (0,39% months rent)	379	379	379	379	1516
Total revenue=	13 644,00 €	32 594,00 €	64 051,00 €	46 996,00 €	157 285 €

Monthly expenses of Dwellet Oy

Expense	Investment and cost structure	January, 2020
Salaries and comissions		-25194.31
Salaries		-11311.59
Staff expenses		-4658.53
Other staff expenses		-484.19
office expense		-1149.4
IT and licenses		-3593.44
Other machinery		-900
travel expenses		-142.03
Marketing expenses		-4872.41

Table18. Projected Cash flow budged for third fiscal year (optimistic scenario for revenue growth).

2020-21	Cash budget						
Combined Cash Budget	July	Aug	Sep	Oct	Nov	Dec	Totals
Beginning Cash Balance	**20 000 €**	**9 000 €**	**19 000 €**	**4 000 €**	**- 8 000 €**	- 3 000 €	
Cash collections	13 000 €	16 000 €	9 000 €	17 000 €	27 000 €	9 000 €	91 000,00 €
(=) Total cash available	**33 000 €**	**25 000 €**	**28 000 €**	**21 000 €**	**19 000 €**	28 000 €	
Expenses	24 000 €	19 000 €	24 000 €	29 000 €	22 000 €	21 000 €	139 000,00 €
Ending cash balence:	**9 000 €**	**6 000 €**	**4 000 €**	**- 8 000 €**	**- 3 000 €**	**7 000 €**	
Financing:							
Minimum Cash requirements	- €	- €	- €	- €	- €	- €	
Ending cash balence:	**9 000 €**	**6 000 €**	**4 000 €**	**- 8 000 €**	**- 3 000 €**	7 000 €	
2020-21	Cash budget						
Combined Cash Budget	Jan	Feb	Mar	Apr	May	Jun	Totals
Beginning Cash Balance	**7 000 €**	**10 000 €**	**- 7 000 €**	**- 5 000 €**	**3 000 €**	**2 000 €**	
Cash collections	25 000 €	8 000 €	26 000 €	29 000 €	29 000 €	29 000 €	146 000,00 €
(=) Total cash available	**32 000 €**	**18 000 €**	**19 000 €**	**24 000 €**	**21 000 €**	**31 000 €**	
Expenses	22 000 €	25 000 €	24 000 €	21 000 €	19 000 €	22 000 €	133 000,00 €
Ending cash balence:	10 000 €	- 7 000 €	- 5 000 €	3 000 €	2 000 €	9 000 €	
Financing:							
Minimum Cash requirements	10 000 €	- €	- €	- €	- €	9 000 €	
Ending cash balence:	**10 000 €**	**- 7 000 €**	**- 5 000 €**	**3 000 €**	**2 000 €**	9 000 €	

Projected Cash flow budged for third fiscal year (revenue growth stall 50%).

2020-21	Cash budget						
Combined Cash Budget	July	Aug	Sep	Oct	Nov	Dec	Totals
Beginning Cash Balance	**20 000 €**	**5 500 €**	**19 000 €**	**3 000 €**	**- 14 000 €**	- 25 000 €	
Cash collections	9 500 €	13 000 €	8 000 €	12 000 €	11 000 €	11 000 €	64 500,00 €
(=) Total cash available	**29 500 €**	**18 500 €**	**27 000 €**	**15 000 €**	**- 3 000 €**	28 000 €	
Expenses	24 000 €	19 000 €	24 000 €	29 000 €	22 000 €	21 000 €	139 000,00 €
Ending cash balence:	**5 500 €**	**- 500 €**	**3 000 €**	**- 14 000 €**	**- 25 000 €**	**7 000 €**	
Financing:							
Minimum Cash requirements	- €	- €	- €	- €	- €	- €	
Ending cash balence:	**5 500 €**	**- 500 €**	**3 000 €**	**- 14 000 €**	**- 25 000 €**	7 000 €	
2020-21	Cash budget						
Combined Cash Budget	Jan	Feb	Mar	Apr	May	Jun	Totals
Beginning Cash Balance	**7 000 €**	**2 000 €**	**- 5 000 €**	**- 15 000 €**	**- 27 000 €**	**2 000 €**	
Cash collections	17 000 €	18 000 €	14 000 €	9 000 €	22 000 €	19 000 €	99 000,00 €
(=) Total cash available	**24 000 €**	**20 000 €**	**9 000 €**	**- 6 000 €**	**21 000 €**	**21 000 €**	
Expenses	22 000 €	25 000 €	24 000 €	21 000 €	19 000 €	22 000 €	133 000,00 €
Ending cash balence:	2 000 €	- 5 000 €	- 15 000 €	- 27 000 €	2 000 €	- 1 000 €	
Financing:							
Minimum Cash requirements	2 000 €	- €	- €	- €	- €	- 1 000 €	
Ending cash balence:	**2 000 €**	**- 5 000 €**	**- 15 000 €**	**- 27 000 €**	**2 000 €**	- 1 000 €	

Projected Cash flow budged for third fiscal year (revenue growth based on average market/competitor growth).

2020-21	Cash budget						
Combined Cash Budget	July	Aug	Sep	Oct	Nov	Dec	Totals
Beginning Cash Balance	**20000**	**8000**	**19000**	**4000**	**-6000**	-18500	
Cash collections	12000	9000	9000	19000	9500	11000	69500
(=) Total cash available	**32000**	**17000**	**28000**	**23000**	**3500**	28000	
Expenses	24000	19000	24000	29000	22000	21000	139000
Ending cash balence:	**8000**	**-2000**	**4000**	**-6000**	**-18500**	**7000**	
Financing:							
Minimum Cash requirements	0	0	0	0	0	0	
Ending cash balence:	**8000**	**-2000**	**4000**	**-6000**	**-18500**	7000	
2020-21	Cash budget						
Combined Cash Budget	Jan	Feb	Mar	Apr	May	Jun	Totals
Beginning Cash Balance	**7000**	**-3000**	**-14500**	**-16500**	**-19500**	**2000**	
Cash collections	12000	13500	22000	18000	21000	19000	105500
(=) Total cash available	**19000**	**10500**	**7500**	**1500**	**21000**	**21000**	
Expenses	**22000**	**25000**	**24000**	**21000**	**19000**	**22000**	133000
Ending cash balence:	-3000	-14500	-16500	-19500	2000	-1000	
Financing:							
Minimum Cash requirements	-3000	0	0	0	0	-1000	
Ending cash balence:	**-3000**	**-14500**	**-16500**	**-19500**	**2000**	-1000	

growth during 4 fiscal year. *(revenue growth based on average market/competitor growth).*

2020-21	Cash budget						
Combined Cash Budget	July	Aug	Sep	Oct	Nov	Dec	Totals
Beginning Cash Balance	**20000**	**8000**	**19000**	**6000**	**-4000**	-13000	
Cash collections	12000	12000	11000	19000	13000	13500	80500
(=) Total cash available	**32000**	**20000**	**30000**	**25000**	**9000**	28000	
Expenses	24000	19000	24000	29000	22000	21000	139000
Ending cash balence:	**8000**	**1000**	**6000**	**-4000**	**-13000**	**7000**	
Financing:							
Minimum Cash requirements	0	0	0	0	0	0	
Ending cash balence:	**8000**	**1000**	**6000**	**-4000**	**-13000**	7000	
2020-21	Cash budget						
Combined Cash Budget	Jan	Feb	Mar	Apr	May	Jun	Totals
Beginning Cash Balance	**7000**	**2000**	**-4500**	**-5500**	**-3500**	**2000**	
Cash collections	17000	18500	23000	23000	22000	19000	122500
(=) Total cash available	**24000**	**20500**	**18500**	**17500**	**21000**	**21000**	
Expenses	**22000**	**25000**	**24000**	**21000**	**19000**	**22000**	133000
Ending cash balence:	2000	-4500	-5500	-3500	2000	-1000	
Financing:							
Minimum Cash requirements	2000	0	0	0	0	-1000	
Ending cash balence:	**2000**	**-4500**	**-5500**	**-3500**	**2000**	-1000	