MCF3MI **VIDEO BUSINESS BUDGET ANALYSIS** BLM #2

DUE DATE: _____ NAME: _____

You have decided to start a video business (ex. for wedding photography) to help you pay for your last year of post secondary media studies. You are aware that the most common pitfall of small video business ventures are financial problems such as uncontrolled cash flow, drop in sales, increased costs, tough competition, economic recession, high interest loans, etc.

Part A. Background: You have obtained a Future Shop or Henry's Credit card (or other depending on teacher's discretion) with a maximum $24,000 credit to startup your business. Interest rate on the card is _____ (see (ex.) Henry's web site). We'll assume this is compounded monthly. You have to purchase two video cameras, one still camera, an IMac or PC computer, a printer, and any other supplies you feel will be necessary. Provide a rationale for the equipment you chose. Try to spend close to the $24 000 limit

Below state each of the items purchased. Include item, model, cost per item. Try to C+P an image (+ price) of the item from the website you are viewing. Use as much of this chart as you need, or add more rows if necessary.

	Item (inc. Model)	Unit price	Quantity	Total price	Rationale	Image (1"x1" 90 dpi)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
subtotal						
HST						
total						*

Part B. Calculate your monthly payments on the portion of the $24,000 required (from Part A),, assuming the credit card is set up as a regular "loan", using the present-value annuity formula you learned in class: Interest rate is: _____%, compounded monthly. Comment on your findings.

Total loan amount (*) _____	i. Monthly (60 day loan)	ii. Monthly (1 year term)	iii. Monthly (5 year term)	iv. Monthly (10 year term)
Monthly loan payments (give the equation you used to arrive at this)				
Total payments ($)				
Amount of interest paid (total payments – principle)				

Part D. Calculate each of the total amounts if a $10,000 extra amount were placed against the principal half way through the term. Show your calculations.

	principal	interest	total
i. Monthly (60 day loan)			
ii.Monthly (1 year)			
iii.Monthly (5 years)			
iii.Monthly (10 years)			

Part D: Prepare a report on your business (using whatever format and media software you wish) which shows how you will run a successful (= financially responsible) company.