

Financial Assumptions Document

Profit Forecast

1. Overview

This document outlines the key financial assumptions underlying the profit forecast for the fiscal years 2024-2026. These assumptions are intended to provide transparency about the methodology and parameters used in preparing projections.

2. Revenue Assumptions

Description	Assumption
Annual Sales Growth Rate	7% per annum
Average Unit Selling Price	\$80 (no price increase assumed)
Customer Churn Rate	5% per annum
New Customers per Year	600 in 2024, increasing by 10% annually

3. Cost Assumptions

Description	Assumption
Cost of Goods Sold (COGS)	52% of sales revenue
Operating Expenses	\$120,000 per year, increasing by 5% annually
Marketing Expenses	8% of sales revenue
Salary Inflation	3% per year

4. Other Key Assumptions

- No major capital expenditures planned, aside from routine maintenance.
- Tax rate assumed at 24% on net profit before tax.
- No material changes in foreign exchange rates.
- Accounts receivable period: 30 days.
- Accounts payable period: 45 days.

5. Forecast Period & Limitations

- The forecast covers three fiscal years: 2024, 2025, and 2026.
- Projections are based on historical performance and current market conditions.
- Unforeseen economic, market, or regulatory changes may impact actual results.

Important Notes:

- Assumptions should be reviewed and updated regularly to reflect the latest information.

- All users of the forecast must be aware of the inherent uncertainty in projections.
- The document should be used for internal planning and decision-making purposes.
- Material deviations from assumptions can significantly affect profit forecasts.