

Studio Productions LLC

A State Limited Liability Company

## Company Analysis

### ***Name***

The name, Studio Productions LLC was chosen because it means to reach the highest level of excellence in anything that you do. The principles believe in striving to achieve their goals and the needs of their clients.

### ***Mission***

As music of all forms continues to grow at an exponential rate, access to recording studios is quickly becoming a necessity for the music industry. Studio Productions provides recording artists, musicians and businesses with the quality of sound recording. We will provide great customer service with affordable prices to all our clients. The clients of Studio will enjoy the unique, upscale, and innovative environment that Studio Productions provides. Our friendly and resourceful staff can guide our clients to produce quality sound projects. Studio Productions also provide radio marketing from small businesses to corporations in Metropolitan.

### ***Company History***

Studio's history is very limited and includes registering the name, applying for the logo, tax ID number and domain name. The three partners have worked together and researched the sound recording industry and determined with their knowledge and potential clients, this is an excellent opportunity.

The partners have a drive to prove that they can develop State's Best Recording Studio including Audio Marketing. Although starting a new business is a change for all partners Mr. Pekin has four years of advertising and marketing with a non-profit organization and Mr. Minor will add a personal touch to the music. Mr. Minor has a passion for producing and working with recording artists, which he has been doing for over six years.

The partners' idea got started in 1999 when they were in college talking about dreams and lifetime goals. Mr. Pekin's dream was to own and operate a production company that made music, films and television shows like Realworks or Potus Ltd., and Mr. Minor's was working in Tibule for a record label. Both aspirations have been combined to create Studio.

Since Studio started in October of 1999, the founders have had the following successes:

- Vice President of the Wayoff Museum & Cultural Center for three years
- Have seven years in the banking/finance industry
- Associate Degree in Communications/Marketing
- Receiving an Bachelor of Science degree in Business/Marketing, August 2002
- Currently working for Large Bank as a Fraud Investigator.

The founders have also learned the following lessons:

- Downsized after working for a bank for five years. ( 1999 )
- Manage career and others more effectively

In addition, the web site [www.Studio.com](http://www.Studio.com) will be an alternative media for client distribution. Clients will be given a secure user id and password and be able to access their projects via the Internet. This service will give clients the flexibility to hear sound bits without visiting the studio.

### ***Promotion/Advertising***

Studio will be involved in musical projects with churches, clubs, schools, and become members of recording and business associations.

Studio will promote itself through radio, Internet, music schools, and studio magazines. Studio will also co-sponsor events and community activities increasing potential clients' brand recognition. Labeling, which will accommodate every project, will also be an effective way to enforce the Studio brand and professionalism.

The best sales method is personal sales by enhancing the personal services offered by Studio.

The three main promotional methods are; face to face representatives of Studio, which are volunteers (15-20 people), disk jockey advertisements at local nightclubs, and the Studio website. Each advertising method is very effective, low-no cost and easy to manage.

Studio will start with a promotional campaign of \$4,500, in mid-February 2002 and run through June 2002.

Other advertising mediums include:

- Fliers for direct marketing
- T-shirts with logo for volunteers and employees
- Brochures for mail outs, conferences, seminars, etc.
- Pins, cups, magnets, hats and business bags with logo

### ***Industry Trends/History***

Music is the world's universal form of communication and touches every person of every culture on the globe to the tune of \$40 billion annually. The United States recording industry accounts nearly one-third of the world market or \$13 billion. It employs thousands of people, including singers, musicians, producers, sound engineers, record promoters and retail salespersons, to name only a few.

The Recording Industry Association of America (RIAA) announced that the number of units shipped domestically from record companies to retail outlets and special markets (music clubs and mail order) and their corresponding dollar value fell in the first six months of 2001.

Specifically, the dollar value of all music product shipments decreased from \$6.2 billion at mid-year 2000 to \$5.9 billion at mid-year 2001—a 4.4 percent decrease. Unit shipments dropped from 488.7 million at mid-year 2000 to 442.7 million units at mid-

## **Financial Analysis**

### ***Inventory***

Appendix A-1, Initial Inventory

Appendix A-2, Parts Inventory

### ***Start-up Cost Estimates***

Appendix B-1

### ***Budgets***

Appendix C

Appendix C-01, Year Ending December 31, 2002

Appendix C-02, Year Ending December 31, 2003

Appendix C-03, Year Ending December 31, 2004

Appendix C-04, Year Ending December 31, 2005

### ***Income Statement***

Appendix D-02, Year Ending December 31, 2002

Appendix D-03, Year Ending December 31, 2003

Appendix D-04, Year Ending December 31, 2004

Appendix D-05, Year Ending December 31, 2005

### ***Balance Sheet***

Appendix E, Starting Balance Sheet

Appendix E-02, December 31, 2002

Appendix E-03, December 31, 2003

Appendix E-04, December 31, 2004

Appendix E-05, December 31, 2005

### ***Break-even analysis***

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### ***Financial Ratios***

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### ***Company Documents***

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C-01

Studio Productions LLC  
Cash Budget Statement  
December 31, 2002

	January	February	March	April	May	June	July	August	September	October	November	December
Beginning Cash Balance	\$ 50,000	\$ 46,739	\$ 44,256	\$ 43,451	\$ 44,324	\$ 46,875	\$ 51,104	\$ 56,233	\$ 63,040	\$ 69,847	\$ 76,654	\$ 83,461
Add receipts: Customer collections	\$ 3,356	\$ 5,034	\$ 6,712	\$ 8,390	\$ 10,068	\$ 11,746	\$ 11,746	\$ 13,424	\$ 13,424	\$ 13,424	\$ 13,424	\$ 15,102
Cash available before disbursements	\$ 53,356	\$ 51,773	\$ 50,968	\$ 51,841	\$ 54,392	\$ 58,621	\$ 62,850	\$ 69,657	\$ 76,464	\$ 83,271	\$ 90,078	\$ 98,563
<b>Less Disbursements</b>												
Advertising	\$ -	\$ 900	\$ 900	\$ 900	\$ 900	\$ 900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utilities	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250
Subscriptions	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20
Insurance	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
Licenses/Permits	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75
Studio/Office Supplies	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75
Professional Fees	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75
Office Staff	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Travel	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250
Miscellaneous	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150
Amorization/Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Telephone	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200
Loan	\$ 1,472	\$ 1,472	\$ 1,472	\$ 1,472	\$ 1,472	\$ 1,472	\$ 1,472	\$ 1,472	\$ 1,472	\$ 1,472	\$ 1,472	\$ 1,472
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Disbursements</b>	\$ 6,617	\$ 7,517	\$ 7,517	\$ 7,517	\$ 7,517	\$ 7,517	\$ 6,617	\$ 6,617	\$ 6,617	\$ 6,617	\$ 6,617	\$ 6,617
Cash excess(deficiency) before financing	\$ 46,739	\$ 44,256	\$ 43,451	\$ 44,324	\$ 46,875	\$ 51,104	\$ 56,233	\$ 63,040	\$ 69,847	\$ 76,654	\$ 83,461	\$ 91,946
Borrow to maintain \$10,000 minimum balance (at beginning of period)							\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment (at end of period)												
Interest at 8% per annum												
Ending cash balance	\$ 46,739	\$ 44,256	\$ 43,451	\$ 44,324	\$ 46,875	\$ 51,104	\$ 56,233	\$ 63,040	\$ 69,847	\$ 76,654	\$ 83,461	\$ 91,946

## Appendix D-02

Studio Productios LLC  
ProForma Income Statement  
December 31, 2002

		January	February	March	April	May	June	July	August	September	October	November	December	Total
<b>Sales Revenue</b>														
Customers		4	6	8	10	12	14	14	16	16	16	16	18	150
Cusomer Sales		\$ 4,480	\$ 6,720	\$ 8,960	\$ 11,200	\$ 13,440	\$ 15,680	\$ 15,680	\$ 17,920	\$ 17,920	\$ 17,920	\$ 17,920	\$ 20,160	\$ 168,000
Other		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
														\$ -
Total Revenue		\$ 4,480	\$ 6,720	\$ 8,960	\$ 11,200	\$ 13,440	\$ 15,680	\$ 15,680	\$ 17,920	\$ 17,920	\$ 17,920	\$ 17,920	\$ 20,160	\$ 168,000
<b>Expenses</b>														
Cost of Sales		\$ 1,124	\$ 1,686	\$ 2,248	\$ 2,810	\$ 3,372	\$ 3,934	\$ 3,934	\$ 4,496	\$ 4,496	\$ 4,496	\$ 4,496	\$ 5,058	\$ 42,150
Cost of Sales		\$ 1,124	\$ 1,686	\$ 2,248	\$ 2,810	\$ 3,372	\$ 3,934	\$ 3,934	\$ 4,496	\$ 4,496	\$ 4,496	\$ 4,496	\$ 5,058	\$ 42,150
Gross Profit		\$ 3,356	\$ 5,034	\$ 6,712	\$ 8,390	\$ 10,068	\$ 11,746	\$ 11,746	\$ 13,424	\$ 13,424	\$ 13,424	\$ 13,424	\$ 15,102	\$ 125,850
Operating expenses	\$ 6,617	\$ 6,617	\$ 7,517	\$ 7,517	\$ 7,517	\$ 7,517	\$ 7,517	\$ 6,617	\$ 6,617	\$ 6,617	\$ 6,617	\$ 6,617	\$ 6,617	\$ 83,904
All other expenses	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EBIT		\$ (3,261)	\$ (2,483)	\$ (805)	\$ 873	\$ 2,551	\$ 4,229	\$ 5,129	\$ 6,807	\$ 6,807	\$ 6,807	\$ 6,807	\$ 8,485	\$ 41,946
Interest	10%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	28%	\$ -	\$ -	\$ -	\$ 244	\$ 714	\$ 1,184	\$ 1,436	\$ 1,906	\$ 1,906	\$ 1,906	\$ 1,906	\$ 2,376	\$ 13,579
After tax profit		\$ (3,261)	\$ (2,483)	\$ (805)	\$ 629	\$ 1,837	\$ 3,045	\$ 3,693	\$ 4,901	\$ 4,901	\$ 4,901	\$ 4,901	\$ 6,109	\$ 28,367
														16.9%

Studio Productions LLC  
ProForma Balance Sheet  
December 31, 2003

Cash	69.0%	131,375	Notes Payable	0.0%	-
Accounts Receivable	0.0%	-	Accounts Payable	2.6%	5,000
Production Equipment	17.9%	34,123	Income Taxes Payable	1.2%	2,320
Other current assets	0.0%	-	Current Maturity of Long-term debt	0.8%	1,472
			All other Current Liabilities	0.0%	
<b>Total Current Assets</b>	<b>86.9%</b>	<b>165,498</b>	<b>Total Current Liabilities</b>	<b>4.6%</b>	<b>8,792</b>
Studio Fixed	13.1%	25,000	Long-term Debt	54.2%	103,184
			Deferred Taxes	0.0%	-
All other Non-Current & Intangibles	0.0%	-	All other Non-Current	0.0%	-
<b>Total Long-term Assets</b>	<b>13.1%</b>	<b>25,000</b>	<b>Total Long-term Liabilities</b>	<b>54.2%</b>	<b>103,184</b>
			Net worth	41.2%	78,522
<b>Total Assets</b>	<b>100.0%</b>	<b>\$ 190,498</b>	<b>Total Liabilities &amp; Net Worth</b>	<b>100.0%</b>	<b>\$ 190,498</b>

Appendix H

Studio Productions LLC  
Company Documents

Insert documents