FINANCIAL PROJECTIONS

To create a financial projection for purchasing **5 tourist vehicles** with a total budget of **$600,000** over **5 years**, we need to consider several factors, including initial costs, depreciation, operating expenses, and potential revenue. Here's a structured approach to help you with your financial projection:

1. Initial Investment

- **Total Cost for 5 Vehicles**: **$600,000**
- **Cost per Vehicle**: **600,000/5=600,000/5=120,000**

2. Depreciation

- Assume a straight-line depreciation over **5 years**.
- **Annual Depreciation**: **600,000/5=600,000/5=120,000 per year**

3. Operating Expenses

- Consider the following potential annual operating expenses:
    - **Insurance**: Estimate around **$2,000 per vehicle** per year.
    - **Maintenance**: Estimate around **$1,500 per vehicle** per year.
    - **Fuel**: Estimate around **$3,000 per vehicle** per year.
    - **Total Operating Expenses per Vehicle**:
        - Insurance: **$2,000**
        - Maintenance: **$1,500**
        - Fuel: **$3,000**
        - **Total per Vehicle**: **$6,500**
    - **Total Operating Expenses for 5 Vehicles**: **5 x 6,500=6,500=32,500 per year**

4. Revenue Projections

- Estimate potential revenue based on rental rates or usage:
    - **Daily Rental Rate**: Assume **$200 per vehicle**.
    - **Utilization Rate**: Assume **20 days per month**.
    - **Monthly Revenue per Vehicle**: **200x20=200*x*20=4,000**
    - **Total Monthly Revenue for 5 Vehicles**: **5 x 4,000=20,000**
    - **Annual Revenue**: **20,000x12=240,000**

5. Profit Calculation

- **Annual Revenue**: **$240,000**
- **Annual Operating Expenses**: **$32,500**
- **Annual Depreciation**: **$120,000**
- **Net Profit (Loss)**:
    - **Net Profit = Annual Revenue - (Operating Expenses + Depreciation)**
    - **Net Profit = 240,000−(240,000−(32,500 + $120,000)**
    - **Net Profit = 240,000−152,500 = $87,500**

6. Summary of Financial Projection

Year	Revenue	Operating Expenses	Depreciation	Net Profit
1	$240,000	$32,500	$120,000	$87,500
2	$240,000	$32,500	$120,000	$87,500
3	$240,000	$32,500	$120,000	$87,500
4	$240,000	$32,500	$120,000	$87,500
5	$240,000	$32,500	$120,000	$87,500

Conclusion

Over the **5-year period**, you can expect a **net profit** of approximately **$87,500** each year, assuming the above estimates hold true. This projection can help you make informed decisions regarding your investment in tourist vehicles. Adjust the figures based on your specific circumstances, such as actual costs, rental rates, and utilization rates.