

# Coffee Republic Franchise Business

by

Joe Blanz

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ONLY**

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# Coffee Republic Franchise Business

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## 1.0 Objectives

1. To reach an annual turn over of £ 400,000 per year and consistently increase it further over the years by providing excellent products and unparalleled customer satisfaction.
2. To reduce costs and wastage associated with food retail.
3. To provide an enjoyable experience not only to guests but also to employees. Minimise staff turn over.
4. To become the best franchisee of Coffee Republic by consistently meeting targets and providing quality products and service

## 1.1 Mission

Coffee Republic Mission Statement

To be the first choice Deli Bar for our guests and teams

We will achieve this through the 5 greats

Great Coffee

Great Food

Great Choice

Great Service

Great Atmosphere

## 1.2 Keys to Success

### WHY COFFEE REPUBLIC?

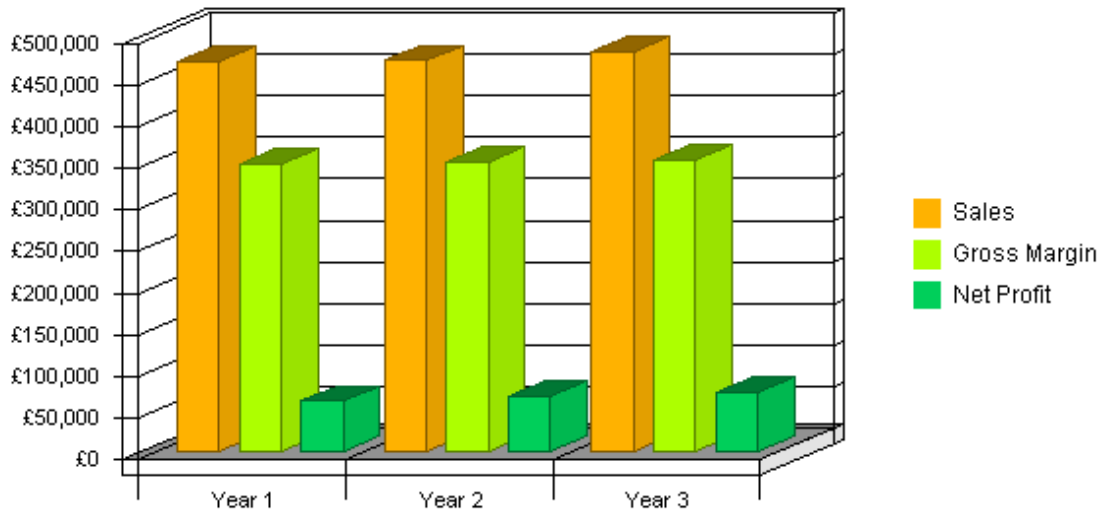
- Unique combination of great coffee and fresh food
- Innovative range of drink
- Attractive and profitable business
- Popular UK Brand
- Over 12 years of experience

Source : Project Cafe report , Allegra Strategies Ltd

# Coffee Republic Franchise Business

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## Highlights



## 2.0 Company Summary

### ABC Sample Ltd

Coffee Republic franchise is proposed to be owned and operated by ABC Sample Ltd. The company was registered in England on 12 August 2005 with registration number 000000.

### The Franchisor Coffee Republic

- Founded in 1995
- Public company listed on the London Stock exchange
- Currently have 74 espresso bars, deli's and concessions
- Opening programme of 100+ Delis and concessions throughout 2007 / 2008

### Brand Values

- Excellent quality coffee-each & every cup
- Great fresh food
- Fast , friendly yet affordable
- Vibrant atmosphere
- Convenient locations

### A national brand

Coffee Republic's espresso bars and deli's are predominately in :

- High street locations
- City centres
- Affluent residential areas
- Airports
- Prime shopping Centre and Malls

## 2.1 Company Ownership

ABCsample Ltd is 100% owned by Joe Blanz and it is a limited company

## 2.2 Start-up Summary

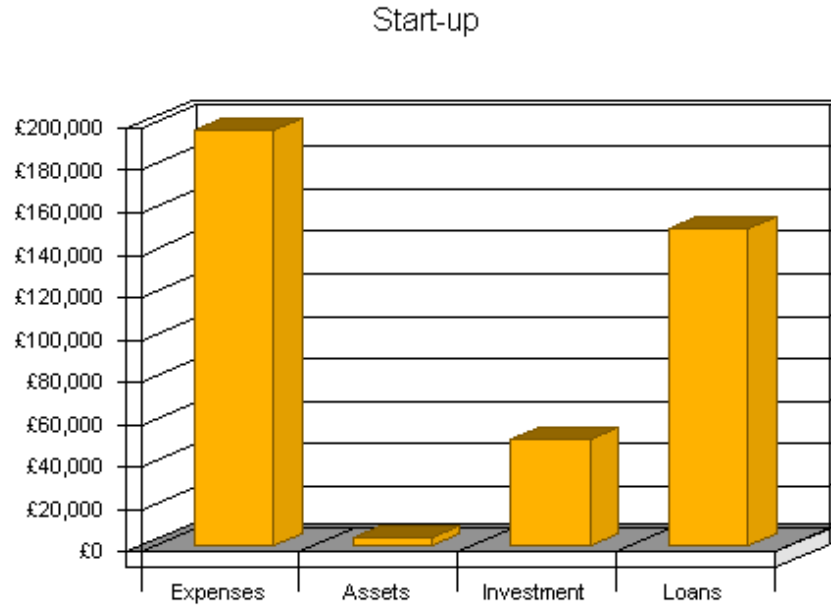
The figures provided were based on the information pack received from the franchisor Coffee Republic

Table: Start-up

Start-up	
Requirements	
<b>Start-up Expenses</b>	
Franchise Fee	£17,500
Training and Support	£5,000
Brand Audit Fee	£1,350
1st Quarter Rent	£17,500
Shopfit, Fees and Equipment	£130,000
Project Management	£7,000
Deposit , Utensils, Uniforms	£7,000
Professional Legal Fees	£7,000
Stamp Duty	£4,000
	£0
<b>Total Start-up Expenses</b>	<b>£196,350</b>
<b>Start-up Assets</b>	
Cash Required	£500
Start-up Stock	£3,500
Other Current Assets	£0
Fixed Assets	£0
<b>Total Assets</b>	<b>£4,000</b>
<b>Total Requirements</b>	<b>£200,350</b>

# Coffee Republic Franchise Business

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## 3.0 Products

### Products

Our espresso shop will offer hundreds of coffee combinations, chocolate drinks, tea, desserts. We also offer food, hot or cold options, light snacks, full lunch or impulse treats.

The following are our sample product menus:

### Coffee & Hot Drinks

Caffe Latte  
Capuccino  
Cafe Mocha  
Americano  
Milky  
Espresso  
Macchiato  
Ristretto  
Con Panna

### CR Deli Menu

Smoked Salmon and Cream Cheese

Prawn Salad

Tuna Melt

CR Chicken and Bacon Club

Chicken Salad

Chicken Tikka

Coronation Chicken

Piri Piri Chicken

Roast Lamb

## 4.0 Market Analysis Summary

The following information are based on studies conducted by Allegra Strategies Coffee Market Study

### WHY COFFEE?

- UK branded coffee chain market exceeds £1.2 billion
- 3,000 coffee outlets in the UK as of April 2007
- Market potential well in excess of 5,000 outlets within 10 years
- 80% of coffee shop visitors frequent a coffee shop at least weekly and 30% visit at four times a week
- Average transaction spend increased by 6% per year over the last five years
- Increased spend driven by increased drink sizes, in addition of food spend and premium chilled drinks
- Willingness to pay for high quality coffee at an all time high

### Guest Satisfaction

Consumer ratings of major UK coffee brands for coffee, food quality, service, atmosphere , price and value

1. Cafe Nero
2. Coffee Republic
3. Costa Coffee
4. Starbucks

### Brand Awareness

Prompted brand awareness

69% South Easts

39% Nationally

### Accolades



# Coffee Republic Franchise Business

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"The best cappuccino in London" Independent on Sunday

"Coffee Republic was the first to bring decaf, semi skimmed, grande (or what else you diet demands) - Tatler

"Voted best 'E' in London - Independent

"Coffee Republic's selection is awesome" Vogue

## 5.0 Competitive Edge

The company's competitive edge is its current re-invention of its business to sell not just coffee but Deli food as well. Most people have to go to a coffee bar for a good coffee and to a restaurant for a good food. With Coffee Republic, their choices of great coffee and great food are already in one roof!

## 6.0 Sales Forecast

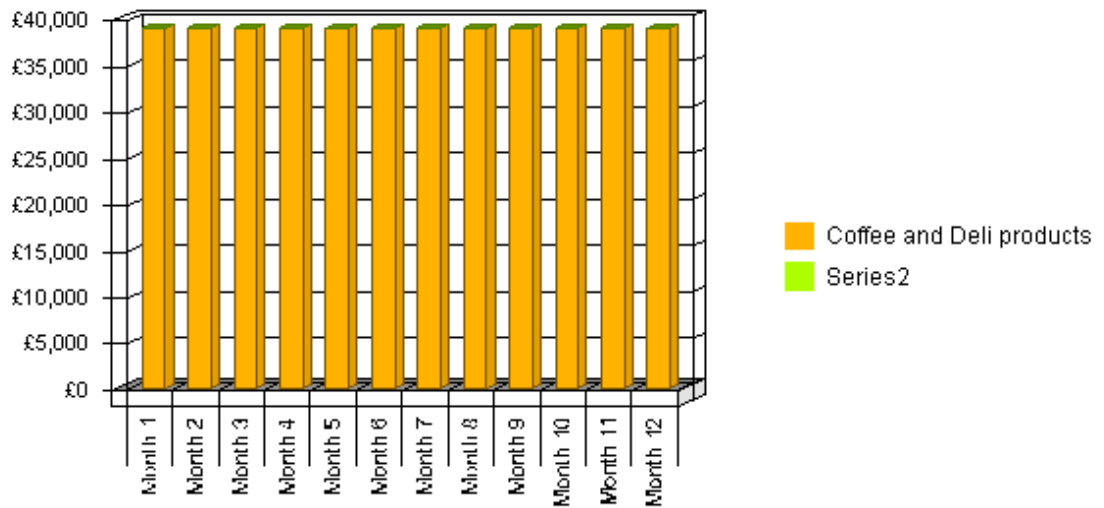
Sales forecast and Cost of Sales are based on the information pack provided by the franchisor, Coffee Republic

Table: Sales Forecast

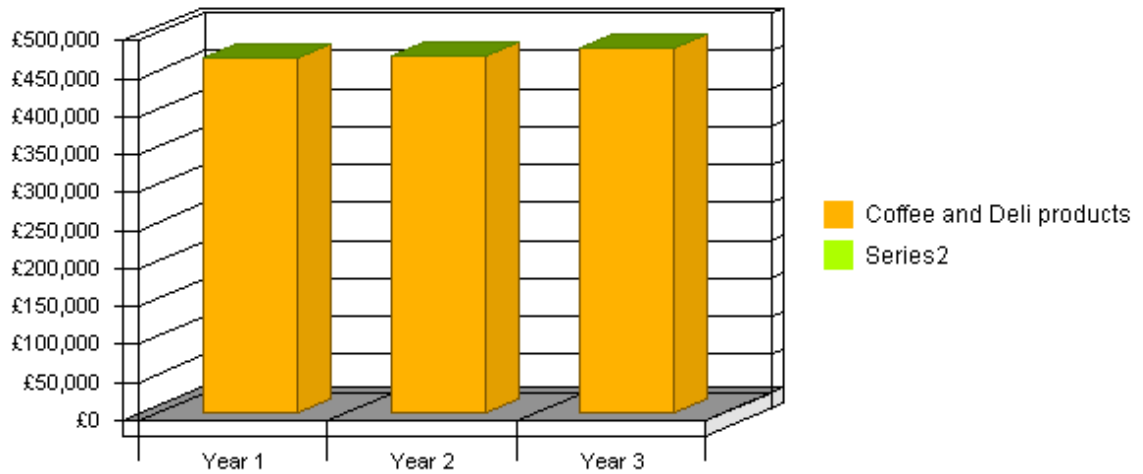
Sales Forecast	Year 1	Year 2	Year 3
<b>Sales</b>			
Coffee and Deli products	£468,000	£470,000	£481,000
	£0	£0	£0
<b>Total Sales</b>	<b>£468,000</b>	<b>£470,000</b>	<b>£481,000</b>
<b>Direct Cost of Sales</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Cost of Goods	£121,200	£122,000	£130,000
	£0	£0	£0
<b>Subtotal Direct Cost of Sales</b>	<b>£121,200</b>	<b>£122,000</b>	<b>£130,000</b>

# Coffee Republic Franchise Business

## Sales Monthly



## Sales by Year



# Coffee Republic Franchise Business

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## 7.0 Management Summary

The franchise will be managed by Joe Blanz. We will require three more staff to operate the business.

Table: Personnel

Personnel Plan	Year 1	Year 2	Year 3
Manager	£20,040	£20,040	£20,040
Baristas 1	£15,000	£15,000	£15,000
Baristas 2	£15,000	£15,000	£15,000
Delista 1	£15,000	£15,000	£15,000
Delista 2	£15,000	£15,000	£15,000
Total People	0	0	0
Total Payroll	£80,040	£80,040	£80,040

## 8.0 Financial Plan

The business is expected to grow at 6% per year and there is no immediate or medium term requirements for additional funding after the initial investment. The profits should be able to finance future funding requirements if ever there is a need for one.

## 8.1 Break-even Analysis

A monthly revenue of £ 24,925 is easily attainable given the current performance of existing Coffee Republic Bars. Expected monthly sales figure based on existing bars in similar location is £38,775. This is well above the break even point .

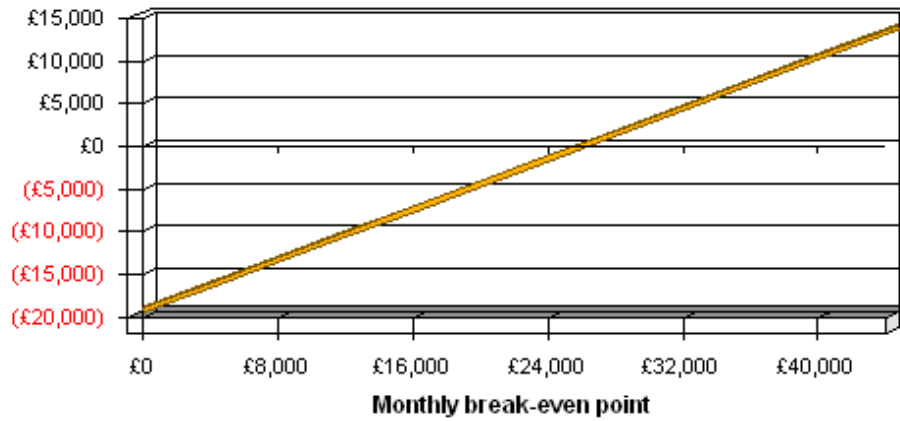
Table: Break-even Analysis

Break-even Analysis	
Monthly Revenue Break-even	£25,994
Assumptions:	
Average Percent Variable Cost	26%
Estimated Monthly Fixed Cost	£19,263

# Coffee Republic Franchise Business

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## Break-even Analysis



Break-even point = where line intersects with 0

## 8.2 Projected Profit and Loss

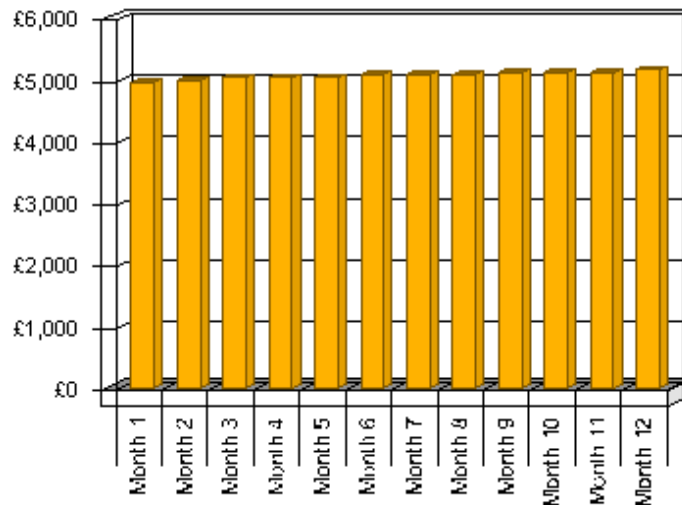
Profit projections of £ 74,000 is around 18.5% of turn over. This profit has further room for improvement because savings from wastage and other controllable costs has not been considered. The management will make sure that wastage, maintenance and repair costs will be controlled to boost profitability.

# Coffee Republic Franchise Business

Table: Profit and Loss

Pro Forma Profit and Loss			
	Year 1	Year 2	Year 3
Sales	£468,000	£470,000	£481,000
Direct Costs of Goods	£121,200	£122,000	£130,000
Other Costs of Goods	£0	£0	£0
<b>Cost of Goods Sold</b>	<b>£121,200</b>	<b>£122,000</b>	<b>£130,000</b>
<b>Gross Margin</b>	<b>£346,800</b>	<b>£348,000</b>	<b>£351,000</b>
<b>Gross Margin %</b>	<b>74.10%</b>	<b>74.04%</b>	<b>72.97%</b>
<b>Expenses</b>			
Payroll	£80,040	£80,040	£80,040
Marketing/Promotion	£0	£0	£0
Depreciation	£0	£0	£0
Rent,rates, services etc	£90,000	£90,000	£90,000
Utilities and Admin	£19,200	£19,200	£19,200
MSF (Royalty)	£34,830	£30,000	£30,000
Promotion Fee	£7,080	£7,080	£7,080
<b>Total Operating Expenses</b>	<b>£231,150</b>	<b>£226,320</b>	<b>£226,320</b>
<b>Profit Before Interest and Taxes</b>	<b>£115,650</b>	<b>£121,680</b>	<b>£124,680</b>
<b>EBITDA</b>	<b>£115,650</b>	<b>£121,680</b>	<b>£124,680</b>
Interest Expense	£28,625	£25,500	£22,500
Taxes Incurred	£26,108	£28,854	£30,654
<b>Net Profit</b>	<b>£60,918</b>	<b>£67,326</b>	<b>£71,526</b>
<b>Net Profit/Sales</b>	<b>13.02%</b>	<b>14.32%</b>	<b>14.87%</b>

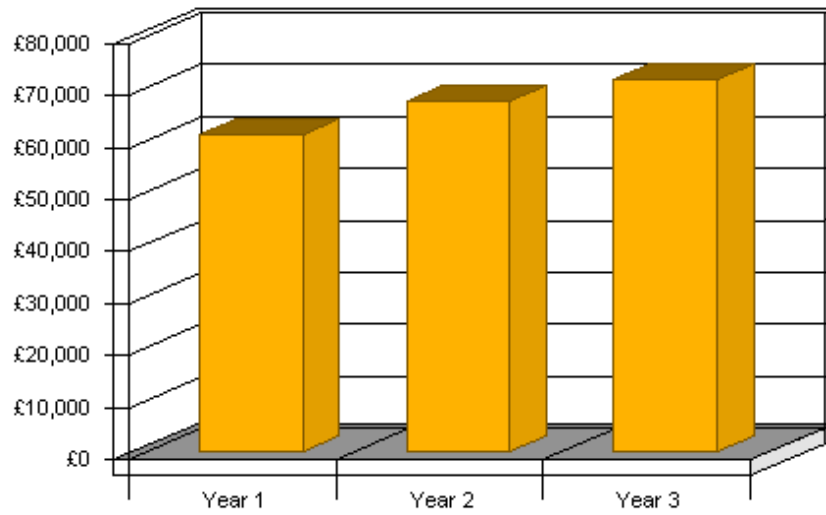
Profit Monthly



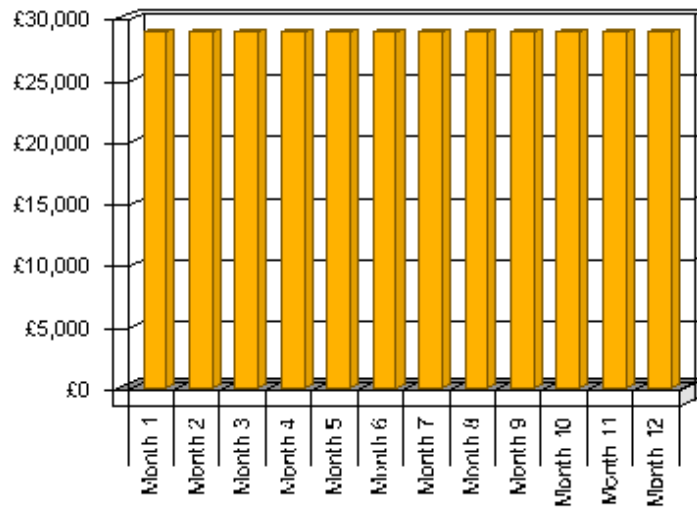
# Coffee Republic Franchise Business

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### Profit Yearly



### Gross Margin Monthly



# Coffee Republic Franchise Business

Gross Margin Yearly

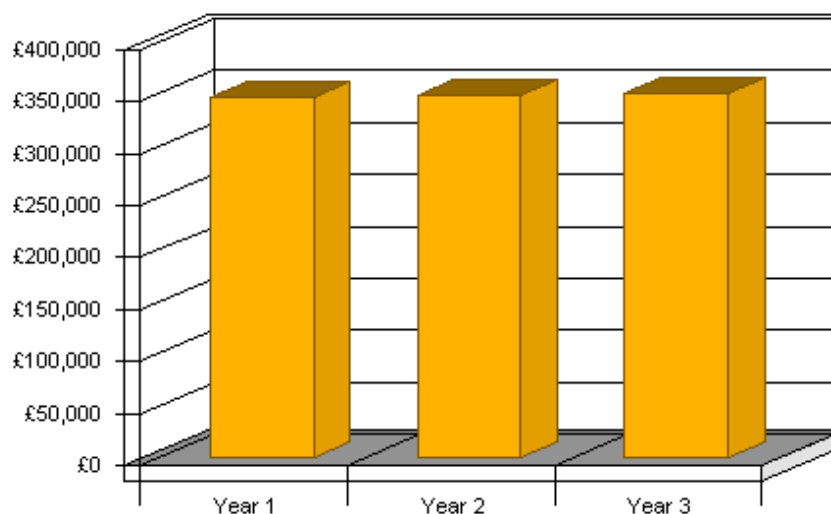


Table: Cash Flow

Pro Forma Cash Flow	Year 1	Year 2	Year 3
<b>Cash Received</b>			
<b>Cash from Operations</b>			
Cash Sales	£468,000	£470,000	£481,000
Subtotal Cash from Operations	£468,000	£470,000	£481,000
<b>Additional Cash Received</b>			
VAT Received (Output Tax)	£81,900	£82,250	£84,175
VAT Repayments	£0	£0	£0
New Current Borrowing	£150,000	£0	£0
New Other Liabilities (interest-free)	£0	£0	£0
New Fixed Liabilities	£0	£0	£0
Sales of Other Current Assets	£0	£0	£0
Sales of Fixed Assets	£0	£0	£0
New Investment Received	£55,000	£0	£0
Subtotal Cash Received	£754,900	£552,250	£565,175
<b>Expenditures</b>			
<b>Expenditures from Operations</b>			
Cash Spending	£408,633	£402,707	£409,807
Bill Payments	£0	£0	£0
Subtotal Spent on Operations	£408,633	£402,707	£409,807
<b>Additional Cash Spent</b>			
VAT Paid Out (Input Tax)	£41,830	£41,705	£43,157
VAT Payments	£29,985	£50,630	£41,018
Principal Repayment of Current Borrowing	£30,000	£30,000	£30,000
Other Liabilities Principal Repayment	£0	£0	£0
Fixed Liabilities Principal Repayment	£0	£0	£0
Purchase Other Current Assets	£0	£0	£0
Purchase Fixed Assets	£0	£0	£0
Dividends	£0	£0	£0
Subtotal Cash Spent	£510,447	£525,043	£523,982

## Coffee Republic Franchise Business

Net Cash Flow	£244,453	£27,207	£41,193
Cash Balance	£244,953	£272,160	£313,353

Table: Ratios

Ratio Analysis				
	Year 1	Year 2	Year 3	Industry Profile
Sales Growth	0.00%	0.43%	2.34%	4.56%
Percent of Total Assets				
Stock	2.02%	1.83%	1.70%	12.68%
Other Current Assets	0.00%	0.00%	0.00%	34.99%
Total Current Assets	100.00%	100.00%	100.00%	57.01%
Fixed Assets	0.00%	0.00%	0.00%	42.99%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	112.03%	86.57%	65.88%	25.74%
Fixed Liabilities	0.00%	0.00%	0.00%	26.87%
Total Liabilities	112.03%	86.57%	65.88%	52.61%
Net Worth	-12.03%	13.43%	34.12%	47.39%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	74.10%	74.04%	72.97%	21.45%
Selling, General & Administrative Expenses	61.09%	59.72%	58.10%	7.75%
Advertising Expenses	0.00%	0.00%	0.00%	1.16%
Profit Before Interest and Taxes	24.71%	25.89%	25.92%	2.05%
Main Ratios				
Current	0.89	1.16	1.52	1.54
Quick	0.87	1.13	1.49	0.94
Total Debt to Total Assets	112.03%	86.57%	65.88%	61.72%
Pre-tax Return on Net Worth	-289.29%	258.25%	93.94%	4.48%
Pre-tax Return on Assets	34.81%	34.69%	32.05%	11.71%
Additional Ratios				
Net Profit Margin	13.02%	14.32%	14.87%	n.a
Return on Equity	0.00%	180.77%	65.76%	n.a
Activity Ratios				
Stock Turnover	24.00	24.08	24.76	n.a
Accounts Payable Turnover	0.00	0.00	0.00	n.a
Payment Days	0	0	0	n.a
Total Asset Turnover	1.87	1.70	1.51	n.a
Debt Ratios				
Debt to Net Worth	0.00	6.44	1.93	n.a
Current Liab. to Liab.	1.00	1.00	1.00	n.a
Liquidity Ratios				
Net Working Capital	(£30,083)	£37,244	£108,770	n.a
Interest Coverage	4.04	4.77	5.54	n.a
Additional Ratios				
Assets to Sales	0.53	0.59	0.66	n.a
Current Debt/Total Assets	112%	87%	66%	n.a
Acid Test	0.87	1.13	1.49	n.a
Sales/Net Worth	0.00	12.62	4.42	n.a
Dividend Payout	0.00	0.00	0.00	n.a



## Coffee Republic Franchise Business

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### 8.3 Projected Balance Sheet

Company's net worth should start to increase in the second year of operations. Target repayment of loans is after 5 years.

Table: Balance Sheet

Pro Forma Balance Sheet			
	Year 1	Year 2	Year 3
<b>Assets</b>			
<b>Current Assets</b>			
Cash	£244,953	£272,160	£313,353
Stock	£5,050	£5,083	£5,417
Other Current Assets	£0	£0	£0
<b>Total Current Assets</b>	<b>£250,003</b>	<b>£277,244</b>	<b>£318,770</b>
<b>Fixed Assets</b>			
Fixed Assets	£0	£0	£0
Accumulated Depreciation	£0	£0	£0
<b>Total Fixed Assets</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
<b>Total Assets</b>	<b>£250,003</b>	<b>£277,244</b>	<b>£318,770</b>
<b>Liabilities and Capital</b>			
<b>Current Liabilities</b>			
Accounts Payable	£0	£0	£0
Current Borrowing	£270,000	£240,000	£210,000
Other Current Liabilities	£10,085	£0	£0
<b>Subtotal Current Liabilities</b>	<b>£280,085</b>	<b>£240,000</b>	<b>£210,000</b>
<b>Fixed Liabilities</b>			
<b>Total Liabilities</b>	<b>£280,085</b>	<b>£240,000</b>	<b>£210,000</b>
<b>Capital</b>			
Paid-in Capital	£105,350	£105,350	£105,350
Retained Earnings	(£196,350)	(£135,433)	(£68,107)
Earnings	£60,918	£67,326	£71,526
<b>Total Capital</b>	<b>(£30,083)</b>	<b>£37,244</b>	<b>£108,770</b>
<b>Total Liabilities and Capital</b>	<b>£250,003</b>	<b>£277,244</b>	<b>£318,770</b>
<b>Net Worth</b>	<b>(£30,083)</b>	<b>£37,244</b>	<b>£108,770</b>

## Coffee Republic Franchise Business

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Table: Start-up Funding

<u>Start-up Funding</u>	
Start-up Expenses to Fund	£196,350
Start-up Assets to Fund	£4,000
Total Funding Required	£200,350
<u>Assets</u>	
Non-cash Assets from Start-up	£3,500
Cash Requirements from Start-up	£500
Additional Cash Raised	£0
Cash Balance on Starting Date	£500
Total Assets	£4,000
<u>Liabilities and Capital</u>	
<u>Liabilities</u>	
Current Borrowing	£150,000
Fixed Liabilities	£0
Accounts Payable (Outstanding Bills)	£0
Other Current Liabilities (interest-free)	£0
Total Liabilities	£150,000
<u>Capital</u>	
<u>Planned Investment</u>	
Owner	£50,350
	£0
Additional Investment Requirement	£0
Total Planned Investment	£50,350
Loss at Start-up (Start-up Expenses)	(£196,350)
Total Capital	(£146,000)
<u>Total Capital and Liabilities</u>	
	£4,000
<u>Total Funding</u>	
	£200,350

## Appendix

**Table: Sales Forecast**

Sales Forecast		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Sales	VAT Rate												
Coffee and Deli products	17.50%	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000
	17.50%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total Sales		£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000
Direct Cost of Sales	VAT Rate												
Cost of Goods	17.50%	£10,100	£10,100	£10,100	£10,100	£10,100	£10,100	£10,100	£10,100	£10,100	£10,100	£10,100	£10,100
	17.50%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Subtotal Direct Cost of Sales		£10,100	£10,100	£10,100	£10,100	£10,100	£10,100	£10,100	£10,100	£10,100	£10,100	£10,100	£10,100

## Appendix

**Table: Personnel**

Personnel Plan		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Manager	0%	£1,670	£1,670	£1,670	£1,670	£1,670	£1,670	£1,670	£1,670	£1,670	£1,670	£1,670	£1,670
Baristas 1	0%	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250
Baristas 2	0%	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250
Delista 1	0%	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250
Delista 2	0%	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250	£1,250
Total People		0	0	0	0	0	0	0	0	0	0	0	0
Total Payroll		£6,670	£6,670	£6,670	£6,670	£6,670	£6,670	£6,670	£6,670	£6,670	£6,670	£6,670	£6,670

## Appendix

**Table: Profit and Loss**

Pro Forma Profit and Loss													
		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Sales	VAT Rate	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000
Direct Costs of Goods		£10,100	£10,100	£10,100	£10,100	£10,100	£10,100	£10,100	£10,100	£10,100	£10,100	£10,100	£10,100
Other Costs of Goods	17.50%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Cost of Goods Sold		£10,100	£10,100	£10,100	£10,100	£10,100	£10,100	£10,100	£10,100	£10,100	£10,100	£10,100	£10,100
Gross Margin		£28,900	£28,900	£28,900	£28,900	£28,900	£28,900	£28,900	£28,900	£28,900	£28,900	£28,900	£28,900
Gross Margin %		74.10%	74.10%	74.10%	74.10%	74.10%	74.10%	74.10%	74.10%	74.10%	74.10%	74.10%	74.10%
Expenses	VAT Rate												
Payroll		£6,670	£6,670	£6,670	£6,670	£6,670	£6,670	£6,670	£6,670	£6,670	£6,670	£6,670	£6,670
Marketing/Promotion	17.50%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Depreciation		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Rent,rates, services etc	17.50%	£7,500	£7,500	£7,500	£7,500	£7,500	£7,500	£7,500	£7,500	£7,500	£7,500	£7,500	£7,500
Utilities and Admin	17.50%	£1,600	£1,600	£1,600	£1,600	£1,600	£1,600	£1,600	£1,600	£1,600	£1,600	£1,600	£1,600
MSF (Royalty)	0.00%	£2,930	£2,900	£2,900	£2,900	£2,900	£2,900	£2,900	£2,900	£2,900	£2,900	£2,900	£2,900
Promotion Fee	17.50%	£590	£590	£590	£590	£590	£590	£590	£590	£590	£590	£590	£590
Total Operating Expenses	VAT Rate	£19,290	£19,260	£19,260	£19,260	£19,260	£19,260	£19,260	£19,260	£19,260	£19,260	£19,260	£19,260
Profit Before Interest and Taxes		£9,610	£9,640	£9,640	£9,640	£9,640	£9,640	£9,640	£9,640	£9,640	£9,640	£9,640	£9,640
EBITDA		£9,610	£9,640	£9,640	£9,640	£9,640	£9,640	£9,640	£9,640	£9,640	£9,640	£9,640	£9,640
Interest Expense		£2,500	£2,500	£2,438	£2,438	£2,438	£2,375	£2,375	£2,375	£2,313	£2,313	£2,313	£2,250
Taxes Incurred		£2,133	£2,142	£2,161	£2,161	£2,161	£2,180	£2,180	£2,180	£2,198	£2,198	£2,198	£2,217
Net Profit		£4,977	£4,998	£5,042	£5,042	£5,042	£5,086	£5,086	£5,086	£5,129	£5,129	£5,129	£5,173
Net Profit/Sales		12.76%	12.82%	12.93%	12.93%	12.93%	13.04%	13.04%	13.04%	13.15%	13.15%	13.15%	13.26%

## Appendix

**Table: Cash Flow**

Pro Forma Cash Flow												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Cash Received</b>												
<b>Cash from Operations</b>												
Cash Sales	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000
Subtotal Cash from Operations	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000	£39,000
<b>Additional Cash Received</b>												
	VAT Rate											
VAT Received (Output Tax)	£6,825	£6,825	£6,825	£6,825	£6,825	£6,825	£6,825	£6,825	£6,825	£6,825	£6,825	£6,825
VAT Repayments	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
New Current Borrowing	£150,000	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
New Other Liabilities (interest-free)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
New Fixed Liabilities	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Sales of Other Current Assets	17.50%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Sales of Fixed Assets	17.50%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
New Investment Received	£55,000	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Subtotal Cash Received	£250,825	£45,825	£45,825	£45,825	£45,825	£45,825	£45,825	£45,825	£45,825	£45,825	£45,825	£45,825
<b>Expenditures</b>												
<b>Expenditures from Operations</b>												
Cash Spending	£35,573	£34,002	£33,958	£33,958	£33,958	£33,915	£33,915	£33,915	£33,871	£33,871	£33,871	£33,827
Bill Payments	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Subtotal Spent on Operations	£35,573	£34,002	£33,958	£33,958	£33,958	£33,915	£33,915	£33,915	£33,871	£33,871	£33,871	£33,827
<b>Additional Cash Spent</b>												
	VAT Rate											
VAT Paid Out (Input Tax)	£3,735	£3,463	£3,463	£3,463	£3,463	£3,463	£3,463	£3,463	£3,463	£3,463	£3,463	£3,463
VAT Payments	£0	£0	£0	£9,814	£0	£0	£10,085	£0	£0	£10,085	£0	£0
Principal Repayment of Current Borrowing	£0	£0	£7,500	£0	£0	£7,500	£0	£0	£7,500	£0	£0	£7,500
Other Liabilities Principal Repayment	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Fixed Liabilities Principal Repayment	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Purchase Other Current Assets	17.50%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Purchase Fixed Assets	17.50%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Dividends	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Subtotal Cash Spent	£39,308	£37,465	£44,922	£47,236	£37,422	£44,878	£47,463	£37,378	£44,834	£47,419	£37,334	£44,790
<b>Net Cash Flow</b>	<b>£211,518</b>	<b>£8,360</b>	<b>£904</b>	<b>(£1,411)</b>	<b>£8,404</b>	<b>£947</b>	<b>(£1,638)</b>	<b>£8,447</b>	<b>£991</b>	<b>(£1,594)</b>	<b>£8,491</b>	<b>£1,035</b>
<b>Cash Balance</b>	<b>£212,018</b>	<b>£220,377</b>	<b>£221,281</b>	<b>£219,870</b>	<b>£228,274</b>	<b>£229,221</b>	<b>£227,583</b>	<b>£236,030</b>	<b>£237,021</b>	<b>£235,427</b>	<b>£243,918</b>	<b>£244,953</b>

## Appendix

**Table: Balance Sheet**

Pro Forma Balance Sheet													
	Starting Balances	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Assets</b>													
<b>Current Assets</b>													
Cash	£500	£212,018	£220,377	£221,281	£219,870	£228,274	£229,221	£227,583	£236,030	£237,021	£235,427	£243,918	£244,953
Stock	£3,500	£5,050	£5,050	£5,050	£5,050	£5,050	£5,050	£5,050	£5,050	£5,050	£5,050	£5,050	£5,050
Other Current Assets	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
<b>Total Current Assets</b>	<b>£4,000</b>	<b>£217,068</b>	<b>£225,427</b>	<b>£226,331</b>	<b>£224,920</b>	<b>£233,324</b>	<b>£234,271</b>	<b>£232,633</b>	<b>£241,080</b>	<b>£242,071</b>	<b>£240,477</b>	<b>£248,968</b>	<b>£250,003</b>
<b>Fixed Assets</b>													
Fixed Assets	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Accumulated Depreciation	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
<b>Total Fixed Assets</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
<b>Total Assets</b>	<b>£4,000</b>	<b>£217,068</b>	<b>£225,427</b>	<b>£226,331</b>	<b>£224,920</b>	<b>£233,324</b>	<b>£234,271</b>	<b>£232,633</b>	<b>£241,080</b>	<b>£242,071</b>	<b>£240,477</b>	<b>£248,968</b>	<b>£250,003</b>
<b>Liabilities and Capital</b>													
<b>Current Liabilities</b>													
Accounts Payable	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Current Borrowing	£150,000	£300,000	£300,000	£292,500	£292,500	£292,500	£285,000	£285,000	£285,000	£277,500	£277,500	£277,500	£270,000
Other Current Liabilities	£0	£3,091	£6,452	£9,814	£3,362	£6,724	£10,085	£3,362	£6,724	£10,085	£3,362	£6,724	£10,085
<b>Subtotal Current Liabilities</b>	<b>£150,000</b>	<b>£303,091</b>	<b>£306,452</b>	<b>£302,314</b>	<b>£295,862</b>	<b>£299,224</b>	<b>£295,085</b>	<b>£288,362</b>	<b>£291,724</b>	<b>£287,585</b>	<b>£280,862</b>	<b>£284,224</b>	<b>£280,085</b>
<b>Fixed Liabilities</b>													
<b>Total Liabilities</b>	<b>£150,000</b>	<b>£303,091</b>	<b>£306,452</b>	<b>£302,314</b>	<b>£295,862</b>	<b>£299,224</b>	<b>£295,085</b>	<b>£288,362</b>	<b>£291,724</b>	<b>£287,585</b>	<b>£280,862</b>	<b>£284,224</b>	<b>£280,085</b>
<b>Capital</b>													
Paid-in Capital	£50,350	£105,350	£105,350	£105,350	£105,350	£105,350	£105,350	£105,350	£105,350	£105,350	£105,350	£105,350	£105,350
Retained Earnings	(£196,350)	(£196,350)	(£196,350)	(£196,350)	(£196,350)	(£196,350)	(£196,350)	(£196,350)	(£196,350)	(£196,350)	(£196,350)	(£196,350)	(£196,350)
Earnings	£0	£4,977	£9,975	£15,017	£20,059	£25,100	£30,186	£35,271	£40,357	£45,486	£50,615	£55,745	£60,918
<b>Total Capital</b>	<b>(£146,000)</b>	<b>(£86,023)</b>	<b>(£81,025)</b>	<b>(£75,983)</b>	<b>(£70,942)</b>	<b>(£65,900)</b>	<b>(£60,814)</b>	<b>(£55,729)</b>	<b>(£50,643)</b>	<b>(£45,514)</b>	<b>(£40,385)</b>	<b>(£35,256)</b>	<b>(£30,083)</b>
<b>Total Liabilities and Capital</b>	<b>£4,000</b>	<b>£217,068</b>	<b>£225,427</b>	<b>£226,331</b>	<b>£224,920</b>	<b>£233,324</b>	<b>£234,271</b>	<b>£232,633</b>	<b>£241,080</b>	<b>£242,071</b>	<b>£240,477</b>	<b>£248,968</b>	<b>£250,003</b>
<b>Net Worth</b>	<b>(£146,000)</b>	<b>(£86,023)</b>	<b>(£81,025)</b>	<b>(£75,983)</b>	<b>(£70,942)</b>	<b>(£65,900)</b>	<b>(£60,814)</b>	<b>(£55,729)</b>	<b>(£50,643)</b>	<b>(£45,514)</b>	<b>(£40,385)</b>	<b>(£35,256)</b>	<b>(£30,083)</b>

## Appendix

**Table: Ratios**

Ratio Analysis	Year 1	Year 2	Year 3	Industry Profile
Sales Growth	0.00%	0.43%	2.34%	4.56%
<b>Percent of Total Assets</b>				
Stock	2.02%	1.83%	1.70%	12.68%
Other Current Assets	0.00%	0.00%	0.00%	34.99%
Total Current Assets	100.00%	100.00%	100.00%	57.01%
Fixed Assets	0.00%	0.00%	0.00%	42.99%
Total Assets	100.00%	100.00%	100.00%	100.00%
<b>Current Liabilities</b>				
Current Liabilities	112.03%	86.57%	65.88%	25.74%
Fixed Liabilities	0.00%	0.00%	0.00%	26.87%
Total Liabilities	112.03%	86.57%	65.88%	52.61%
Net Worth	-12.03%	13.43%	34.12%	47.39%
<b>Percent of Sales</b>				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	74.10%	74.04%	72.97%	21.45%
Selling, General & Administrative Expenses	61.09%	59.72%	58.10%	7.75%
Advertising Expenses	0.00%	0.00%	0.00%	1.16%
Profit Before Interest and Taxes	24.71%	25.89%	25.92%	2.05%
<b>Main Ratios</b>				
Current	0.89	1.16	1.52	1.54
Quick	0.87	1.13	1.49	0.94
Total Debt to Total Assets	112.03%	86.57%	65.88%	61.72%
Pre-tax Return on Net Worth	-289.29%	258.25%	93.94%	4.48%
Pre-tax Return on Assets	34.81%	34.69%	32.05%	11.71%
<b>Additional Ratios</b>				
Net Profit Margin	13.02%	14.32%	14.87%	n.a
Return on Equity	0.00%	180.77%	65.76%	n.a
<b>Activity Ratios</b>				
Stock Turnover	24.00	24.08	24.76	n.a
Accounts Payable Turnover	0.00	0.00	0.00	n.a
Payment Days	0	0	0	n.a
Total Asset Turnover	1.87	1.70	1.51	n.a
<b>Debt Ratios</b>				
Debt to Net Worth	0.00	6.44	1.93	n.a
Current Liab. to Liab.	1.00	1.00	1.00	n.a
<b>Liquidity Ratios</b>				
Net Working Capital	(£30,083)	£37,244	£108,770	n.a
Interest Coverage	4.04	4.77	5.54	n.a
<b>Additional Ratios</b>				
Assets to Sales	0.53	0.59	0.66	n.a
Current Debt/Total Assets	112%	87%	66%	n.a
Acid Test	0.87	1.13	1.49	n.a
Sales/Net Worth	0.00	12.62	4.42	n.a
Dividend Payout	0.00	0.00	0.00	n.a