



# Home Real Estate Inspection Business Plan

Inspection Connection is in the process of being formed as a Limited Liability Company owned and operated by Jacques Clouseau. This plan is written as a guide for starting and managing this new business. The following is a summary of the main points of this plan:

- The objective of Inspection Connection is to provide high-quality, ethical Home Inspection services which provide education and peace of mind for the clients while providing sufficient profit for Inspection Connection to continue operations.
- The mission of Inspection Connection is to provide friendly, professional, ethical and quality conscious Home Inspection Services to the community.
- The Keys to success for Inspection Connection will be maintaining visibility and offering high-quality services in a particular marketing niche.
- The local market for this type of business is not new, but offers plenty of opportunity for new Home Inspection businesses.
- An initial financial analysis indicates that the venture is viable and could generate sufficient profits to sustain operations.

As a service-oriented business, Inspection Connection will start with very low overhead, operating out of Mr. Clouseau's home. Inspection Connection will advertise its high-quality inspection services for buyers, sellers, and home owners concerned about maintenance with bulk mailings to the targeted ZIP Codes, an informative website, and by becoming known locally as a real estate "expert" through writing columns for the local paper and attending real estate association meetings.

The largest single expense in the first year, aside from the owner's payroll, is a CT licensure internship to be undertaken in summer, which will qualify Mr. Clouseau to do inspections in Connecticut, as well as New York. This expense will be paid with a low-interest-rate credit card, and repaid within 2 years from the cash flows of the business.

Inspection Connection expects to reach the break-even point in July, but will not show an annual profit in the first year, largely because of the internship expense. If sales can be maintained at year-end levels, the business will be very profitable in years 2 and 3, and will pay Mr. Clouseau a reasonable wage.

In conclusion, as shown in the highlights chart below, this plan projects promising net profits over the next three years. Proper marketing and relation management by Inspection Connection will ensure success.

## 1.1 Objectives

The objectives of this business plan are:

- To provide a guide for starting and managing this Home Inspection business; a framework for developing a comprehensive marketing plan.
- The intended audience is the owner of the business only; this plan is not intended to obtain financing from outside sources.
- The scope of this plan is to provide detailed monthly projections for the current plan year, and yearly summaries for the following two years.

The objectives of Inspection Connection are:

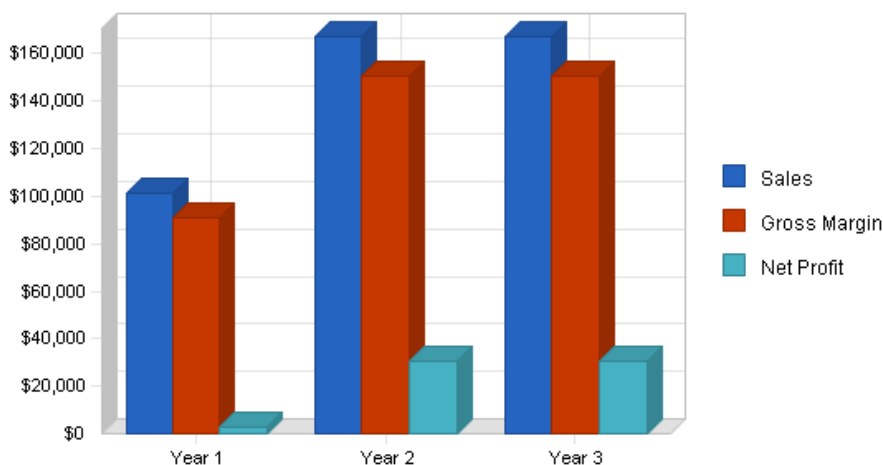
- Education: To educate Home Buyers, Sellers and Owners about the systems and components of a home and



about the importance of maintenance. Additionally, to provide the community with continuing education courses and seminars

- **Quality:** To provide quality services to the community in the form of professional Home Inspections.
- **Profit:** To generate sufficient profit to finance future growth and to provide the resources needed to achieve the other objective of the company and its owner.

Highlights



## 1.2 Mission

My Home Inspection, LLC's mission is to provide friendly, professional, ethical and quality-conscious Home Inspection services to the community. Inspection Connection will maintain membership with ASHI (American Society of Home Inspectors). Inspection Connection will continue to obtain education through accredited organizations and will provide education to the community through Home Inspections and by sponsoring seminars and educational events.

## 1.3 Keys to Success

The Keys to Success for Inspection Connection will be:

- **Visibility** - In order to succeed Inspection Connection will need to attend Real-Estate functions and provide educational opportunities to Real-Estate professionals and the community. Effective marketing will be a key factor to success.
- **Quality services** - It will be very important that Inspection Connection provide high quality Inspection services. In doing so, clients will be more likely to recommend our services to friends and family. With many Home Inspection companies to choose from, a positive reference from a satisfied client will direct future customers to Inspection Connection.
- **Niche services** - Based on data collected from MelissaData.com, if Inspection Connection were just offering Buyer Inspection Services, we would need to capture 5% of the existing Buyer Home Inspection Market in order to schedule 31 Inspections per month. By marketing inspection services that other Home Inspection businesses are not currently offering, such as Maintenance Inspections, Inspection Connection will only need to capture 2.5% of the existing Buyer Market and will focus marketing efforts on the Owner Market by advertising Maintenance Inspection services.

## Company Summary

Inspection Connection will be a start-up venture with the following characteristics:

- Inspection Connection will be a Limited Liability Corporation.
- The goal will be to start the venture as inexpensively as possible.



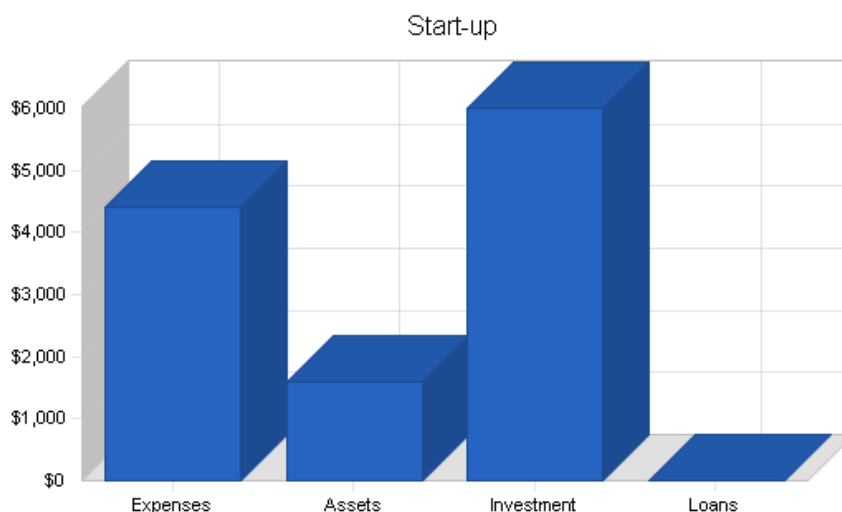
- Inspection Connection will be a home office start-up, utilizing one room in the owner's home.

## 2.1 Company Ownership

Inspection Connection will be created as a Limited Liability Corporation, owned and operated by Jacques Clouseau.

## 2.2 Start-up Summary

The goal is to start-up as inexpensively as possible. Inspection Connection will incur most of the normal start-up costs related to Legal and Accounting filing fees and paperwork. The largest costs is the fee for the internship process that is required in order for the owner to obtain a License in the State of CT.



Start-up

Requirements

Start-up Expenses

Filing for LLC	£60
Accounting Software	£325
Accounting Fees	£175
Logo Design	£259
Tools	£2,400
Website Design	£500
Postcard Design/Printing	£500
Other	£200
<b>Total Start-up Expenses</b>	<b>£4,419</b>

Start-up Assets

Cash Required	£1,581
Other Current Assets	£0
Long-term Assets	£0
<b>Total Assets</b>	<b>£1,581</b>



Total Requirements        £6,000

## Services

Initially, Inspection Connection intends to offer the following services:

- Buyer Home Inspection
- Seller (Pre-Listing) Home Inspection
- Maintenance Inspection

Optional "Add-In" services, offered in addition to the three main services listed above and at an additional fee, will be:

- Radon Testing (air and water)
- Termite Inspection
- Water Testing
- Well Inspection
- Septic Inspection
- Pool and Spa Inspection

Some of the services listed above, such as Septic and Well Inspection, may be sub-contracted out to reliable and qualified professionals with expertise in the specific field. All other services will be provided by the owner in a friendly, professional and ethical manner.

In the future, Inspection Connection may decide to offer the following services:

- Mold Survey / Sampling
- Home Energy Audit
- New Construction (In-Progress) Inspection

## Market Analysis Summary

Inspection Connection will initially begin marketing services in Westchester County, NY while the owner completes the Internship Requirements for Licensure in CT. This will accomplish two objectives:

- Inspection Connection will have some income while completing the CT Licensure Internship requirement
- If Inspection Connection can complete 100 or more inspections in NY before January 2006, when the NY Licensure laws come into effect, it may be easier for Inspection Connection to obtain a NY License.

Once a Connecticut license has been obtained, Inspection Connection will be marketing services primarily in the county of New Haven, CT. More specifically, Inspection Connection has identified 23 towns, by ZIP code, which appear to have sufficient monthly home sales to support My Home Inspection, LLC's entry into the market. This is explained in more detail in the next section.

### 4.1 Market Segmentation

Inspection Connection has divided the Home Inspection Market into three segments:

- Buyers
- Sellers
- Owners

Most of the established Home Inspection Businesses are currently marketing to the Buyer and Seller segments, offering Buyer Home Inspection and Pre-Listing Inspection services. Inspection Connection intends to capture



2.5% of the Buyer and Seller segments which are small in comparison to the Owner segment. Inspection Connection has identified twenty three ZIP codes in New Haven County that, combined, averaged seven hundred home sales per month from January 2004 through February 2005.

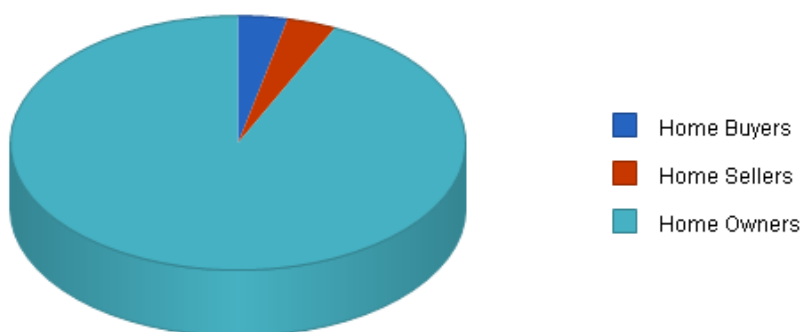
Information gathered from the 2000 Census indicates that there are 340,732 Housing Units in New Haven County, 66% of which are owner occupied, translating into 224,883 Owner Occupied Homes. By offering Maintenance Inspection services, Inspection Connection intends to market mainly to the larger and more stable Owner segment.

The "Market Analysis" table offers a summary of the three segments. Information about New Haven County, CT was gathered from the following two sites:

- [www.census.gov/census2000/states/ct/ct.html](http://www.census.gov/census2000/states/ct/ct.html)
- [www.melissadata.com](http://www.melissadata.com)

There was not any information about growth rates, so a growth rate of 1% per year was used.

Market Analysis (Pie)



## Market Analysis

		Year 1	Year 2	Year 3	Year 4	Year 5	
Potential Customers	Growth						CAGR
Home Buyers	1%	8,400	8,484	8,569	8,655	8,742	1.00%
Home Sellers	1%	8,400	8,484	8,569	8,655	8,742	1.00%
Home Owners	1%	224,883	227,132	229,403	231,697	234,014	1.00%
Total	1.00%	241,683	244,100	246,541	249,007	251,498	1.00%

## 4.2 Target Market Segment Strategy

As mentioned in the previous section, Inspection Connection intends to market in all three segments, but will focus marketing efforts on the Owners segment, which is not being widely marketed to by the existing Home Inspection Businesses. The size of the Owner Segment and the fact that few existing Home Inspection businesses are marketing maintenance inspections to that segment, make it a very attractive niche.

## 4.3 Service Business Analysis

The Home Inspection Industry is selling time and knowledge. An Inspector spends a designated amount of time reviewing a property and educating the client about the property. The resulting Inspection Report, which is presented to the client, represents a transfer of knowledge.



### 4.3.1 Competition and Buying Patterns

Most of the competition in the Home Inspection Industry occurs in the Buyer and Seller segments. Inspection Companies need to maintain relationships with Real Estate professionals and rely on word of mouth in order to obtain business in those two segments.

The advantage of selling to the Owner segment is that direct marketing becomes possible in the following ways:

- Postcards directed to specific ZIP codes
- Informative column and Advertisement in local news papers
- Organizing informational and educational events within target communities

## Strategy and Implementation Summary

Inspection Connection will focus on the following to establish and grow the business:

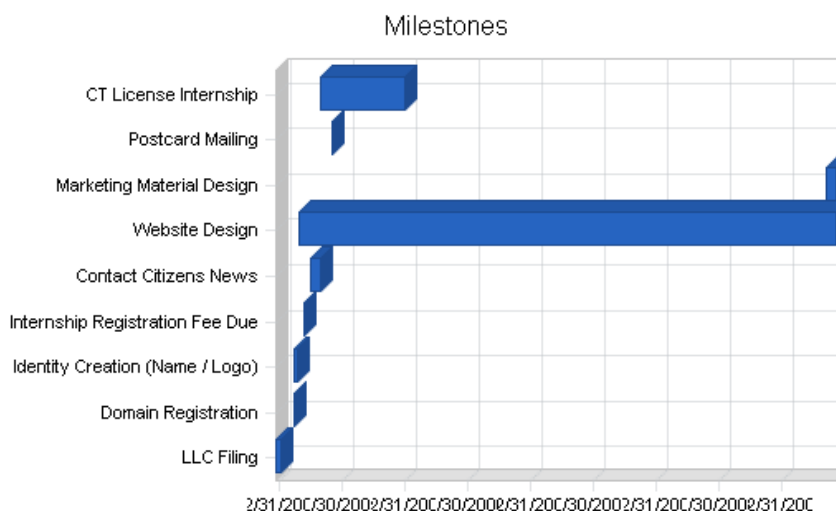
- Acquire associations in the Real Estate industry
- Offer Niche services
- Direct marketing
- Community involvement

### 5.1 Competitive Edge

Currently in the home Inspection industry, specifically in Connecticut, there is not much need for a competitive edge due to the very high ratio of Home Sales to Licensed Inspectors. Inspection Connection will try to gain somewhat of a competitive edge by offering Maintenance Inspection services for the Owner Segment, a segment which is relatively new and not currently being heavily marketed to by existing Home Inspection Businesses.

### 5.2 Milestones

The following table and chart indicate some of the milestones that have been or will need to be met before Inspection Connection is fully operational. The CT License Internship is only necessary for Inspection Connection to provide services in CT. Inspection Connection intends to provide services in NY while performing the CT Internship.





## Milestones

Milestone	Start Date	End Date	Budget	Manager	Department
LLC Filing	12/23/2004	1/3/2005	£60	Clouseau	N/A
Domain Registration	2/11/2005	2/12/2005	£35	Clouseau	N/A
Identity Creation (Name / Logo)	2/12/2005	2/21/2005	£259	Clouseau	N/A
Internship Registration Fee Due	3/15/2005	3/15/2005	£14,000	Clouseau	N/A
Contact Citizens News	4/1/2005	4/30/2005	£0	Clouseau	N/A
Website Design	2/26/2005	6/6/2009	£500	Clouseau	N/A
Marketing Material Design	5/7/2009	6/6/2009	£500	Clouseau	N/A
Postcard Mailing	6/1/2005	6/5/2005	£500	Clouseau	N/A
CT License Internship	5/1/2005	12/31/2005	£0	Clouseau	N/A
Totals			£15,854		

## 5.3 Marketing Strategy

Inspection Connection will adopt the following marketing Strategy:

- Maintain a website containing useful information and links for Buyers, Sellers and Owners; possibly an online scheduling system for scheduling Inspection Services
- The owner will write a column for the local Citizens News and possibly maintain an advertising block in the Citizens News.
- The owner will attend ASHI meetings as well as Real Estate Association events and meetings to promote visibility
- Bulk Mailing of postcards to specific ZIP codes to market Maintenance Inspections
- I will become active in the community by sponsoring educational seminars and attending community events

## 5.4 Sales Strategy

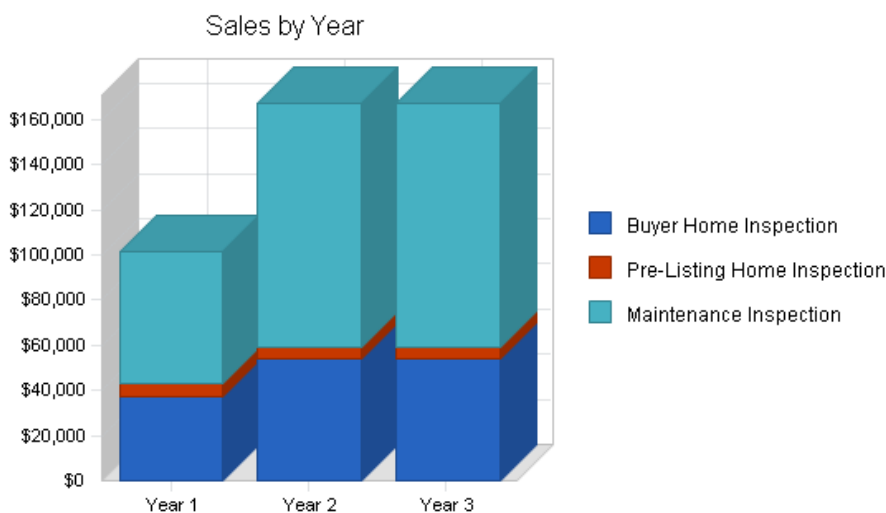
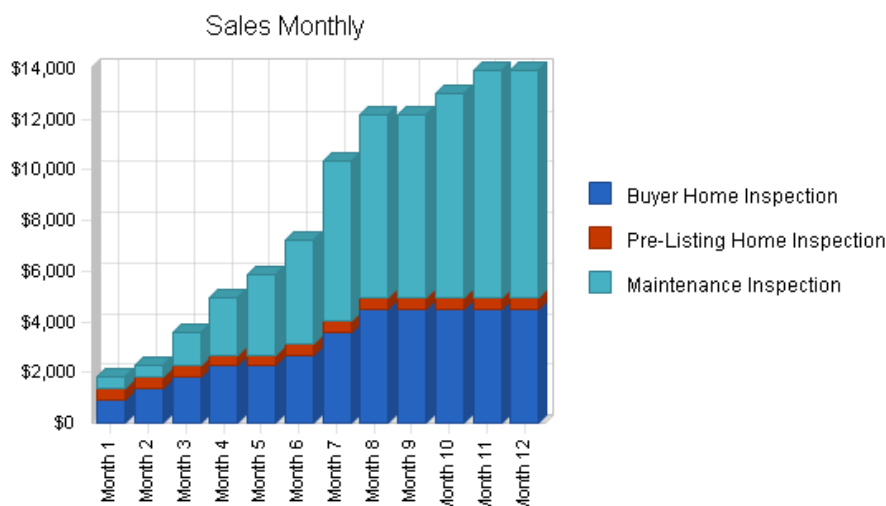
My Home Inspection, LLC's sales strategy is very simple; the prospective client MUST speak with a person when they call. Inspection Connection will contract with an answering service so that every call is handled by a live person who can answer questions and complete the scheduling.

In the future Inspection Connection may offer an Online Scheduling option to customers. If this option is implemented the following implementation details will be addressed:

- The scheduling application will be Secure
- Clients that schedule a service through the website will be contacted via phone and email to verify the appointment.

### 5.4.1 Sales Forecast

The Sales Forecast is based on the minimum dollar amount of £450 per inspection. A percentage of the clients will be choosing add-on services which will increase the total price of the Inspection. Thus the projected monthly and annual sales could be much higher than the table indicates.



## Sales Forecast

	Year 1	Year 2	Year 3
Unit Sales			
Buyer Home Inspection	83	120	120
Pre-Listing Home Inspection	12	12	12
Maintenance Inspection	130	240	240
Total Unit Sales	225	372	372

Unit Prices	Year 1	Year 2	Year 3
Buyer Home Inspection	£450.00	£450.00	£450.00
Pre-Listing Home Inspection	£450.00	£450.00	£450.00
Maintenance Inspection	£450.00	£450.00	£450.00

Sales	Year 1	Year 2	Year 3
Buyer Home Inspection	£37,350	£54,000	£54,000
Pre-Listing Home Inspection	£5,400	£5,400	£5,400
Maintenance Inspection	£58,500	£108,000	£108,000





Total Sales	£101,250	£167,400	£167,400
-------------	----------	----------	----------

Direct Unit Costs	Year 1	Year 2	Year 3
Buyer Home Inspection	£45.00	£45.00	£45.00
Pre-Listing Home Inspection	£45.00	£45.00	£45.00
Maintenance Inspection	£45.00	£45.00	£45.00

Direct Cost of Sales			
Buyer Home Inspection	£3,735	£5,400	£5,400
Pre-Listing Home Inspection	£540	£540	£540
Maintenance Inspection	£5,850	£10,800	£10,800
Subtotal Direct Cost of Sales	£10,125	£16,740	£16,740

## Web Plan Summary

The domain name is [Proprietary and Confidential Information Removed]. The site will contain information about the Owner, information about services offered and general information and links applicable to every homeowner. In the future, the website may offer online scheduling of services. The site will be designed to be Browser Independent and will be easy to navigate. The intent is to offer useful information and links for home owners so that they have a reason to visit the site even if they are not requesting services.

### 6.1 Website Marketing Strategy

The Website Marketing strategy is as follows:

- Design the site to be Browser Independent so that anyone can view the content without downloading plug-ins or changing browsers
- Maintain useful content and links that will invite people to the site even if they are not currently in need of services offered by Inspection Connection
- Structure the content, and change the content frequently, so that search engine "Web crawlers" will rank the site within the top ten based on useful content and linking
- Possibly offer an online scheduling system in the future, giving Inspection Connection an additional competitive edge

### 6.2 Development Requirements

The site will be designed by a reputable Web design firm. The focus will be on designing a Browser Independent site completely free of requests for the user to download plug-in components in order to view the content. The layout will be simple, and information will be abundant but well organized. There will be limited use of databases for storing content and generating dynamic content. MySQL will be used as the database engine where needed. The site will not track users on an individual basis and will not customize the content based on the user. Site development is estimated to take 3 months. An additional 6 months will be required to build the scheduling application.

## Management Summary

Inspection Connection is a single member Limited Liability Corporation owned and operated by Jacques



Clouseau. There are not any plans to expand in the future or hire any additional employees or inspectors.

## 7.1 Personnel Plan

The table below indicates Personnel and payroll requirements. There is no intention at this time for Inspection Connection to hire any Inspectors or office employees. As the owner and sole employee, Jacques Clouseau will take a salary based on the income of the business, in the first year. He has enough outside income to sustain him during the first three months of the business, when he's still getting the word out about his services.

### Personnel Plan

	Year 1	Year 2	Year 3
Jacques Clouseau - Owner / Operator	£28,600	£61,200	£61,200
Name or Title or Group	£0	£0	£0
Total People	1	1	1
Total Payroll	£28,600	£61,200	£61,200

## Financial Plan

The following sections include the annual estimates for the standard set of financial tables. Detailed monthly pro-forma tables are included in the appendices. The plan is to start with owner investment only, and to pay all expenses and direct costs from the cash flows of the business. The only exception is the fee for the CT license internship, which will be paid with a credit card in March, with a 7% interest rate. This credit card bill will be repaid within two years.

Inspection Connection, will break-even in the seventh month, and generate steady profits thereafter, even as the owner's salary increases.

## 8.1 Start-up Funding

The Start-Up Funding table indicates how much Capital will be needed for Inspection Connection to begin providing services. The owner will be funding this venture without outside investments.

### Start-up Funding

Start-up Expenses to Fund	£4,419
Start-up Assets to Fund	£1,581
Total Funding Required	£6,000

### Assets

Non-cash Assets from Start-up	£0
Cash Requirements from Start-up	£1,581
Additional Cash Raised	£0
Cash Balance on Starting Date	£1,581
Total Assets	£1,581



## Liabilities and Capital

### Liabilities

Current Borrowing	£0
Long-term Liabilities	£0
Accounts Payable (Outstanding Bills)	£0
Other Current Liabilities (interest-free)	£0
Total Liabilities	£0

### Capital

#### Planned Investment

Owner	£6,000
Investor	£0
Additional Investment Requirement	£0
Total Planned Investment	£6,000

Loss at Start-up (Start-up Expenses)	(£4,419)
Total Capital	£1,581

Total Capital and Liabilities	£1,581
-------------------------------	--------

Total Funding	£6,000
---------------	--------

## 8.2 Important Assumptions

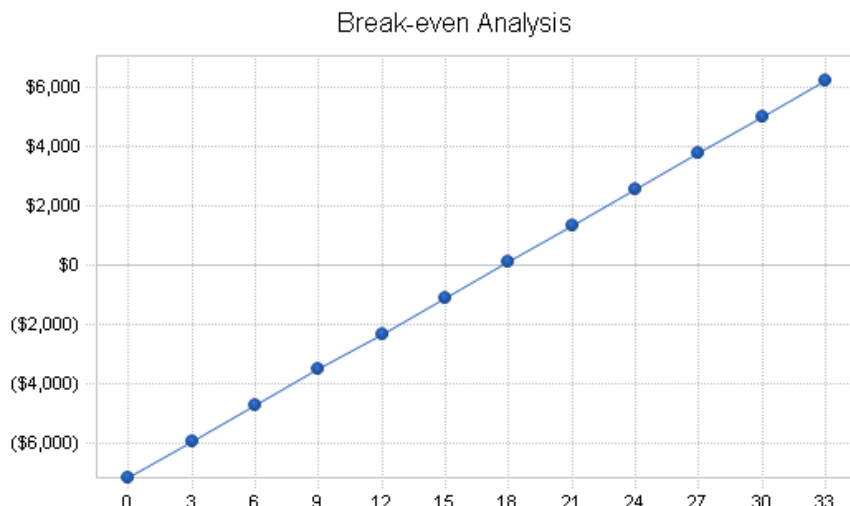
Inspection Connection, assumes a continued reasonable rate of home sales in the selected towns.

### General Assumptions

	Year 1	Year 2	Year 3
Plan Month	1	2	3
Current Interest Rate	7.00%	7.00%	7.00%
Long-term Interest Rate	10.00%	10.00%	10.00%
Tax Rate	30.00%	30.00%	30.00%
Other	0	0	0

## 8.3 Break-even Analysis

Based on the Break Even table and chart, Inspection Connection will reach a break even point after 7 months. It is worth noting that the average unit price of £450 is a conservative figure. Most inspections will include at minimum a radon test, which will increase the unit price significantly. Therefore, there is a good chance that the Break Even point could be reached much earlier than 7 months.



## Break-even Analysis

Monthly Units Break-even      18  
 Monthly Revenue Break-even   £7,965

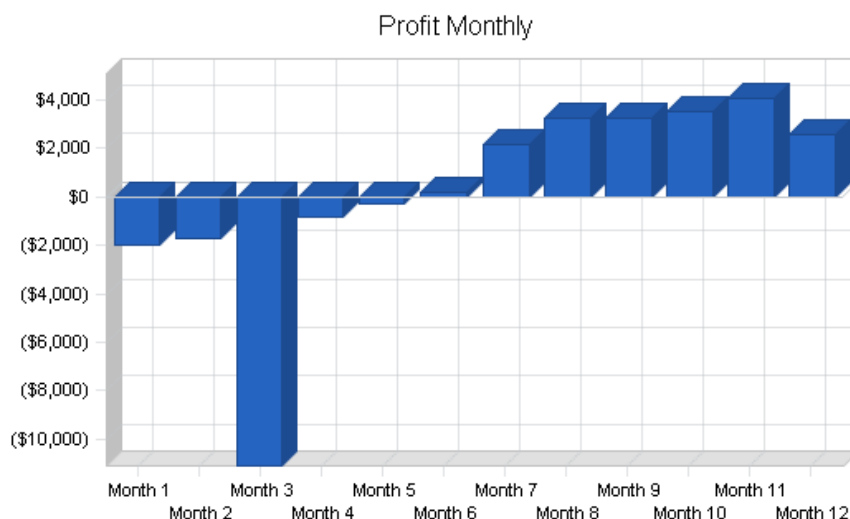
### Assumptions:

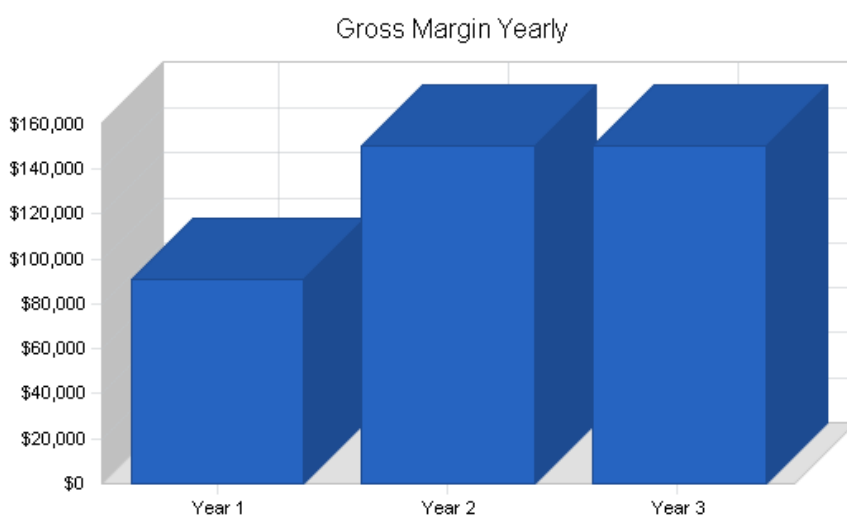
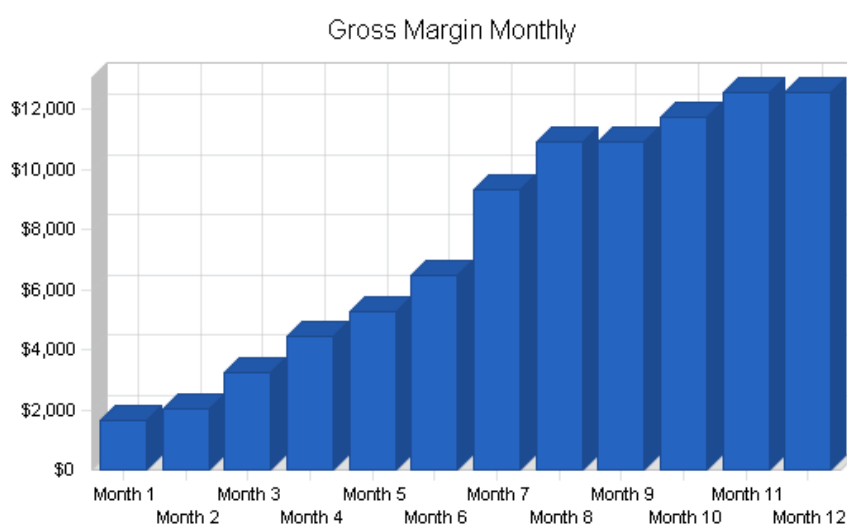
Average Per-Unit Revenue      £450.00  
 Average Per-Unit Variable Cost £45.00  
 Estimated Monthly Fixed Cost   £7,168

## 8.4 Projected Profit and Loss

The following Profit and Loss table is based on an estimated average 19 unit sales per month at a price of £450 per unit. Most sales will be at a rate greater than the minimum of £450; this will help offset slower months where the year-end goal of 31 unit sales may not be attainable.

We will not show a profit in the first year, due in large part to the deductible training expenses for licensing in a second state to expand the business.





#### Pro Forma Profit and Loss

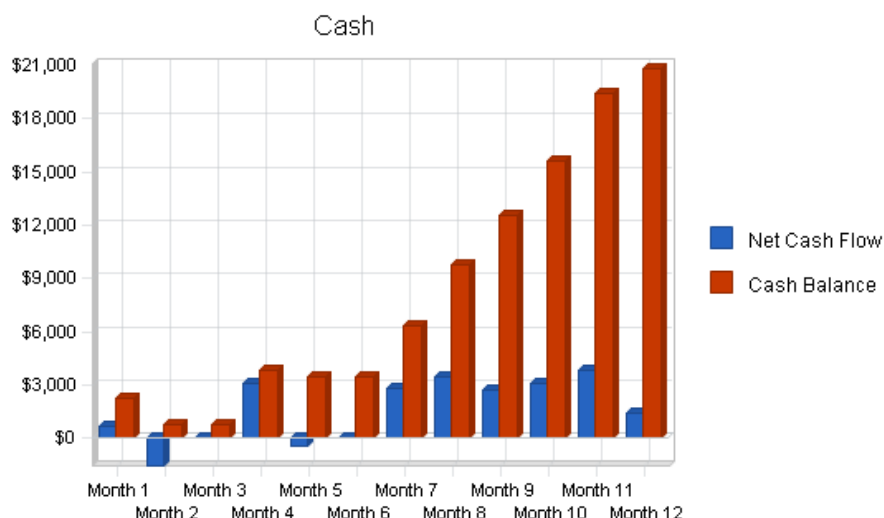
	Year 1	Year 2	Year 3
Sales	£101,250	£167,400	£167,400



Direct Cost of Sales	£10,125	£16,740	£16,740
Other Costs of Sales	£0	£0	£0
Total Cost of Sales	£10,125	£16,740	£16,740
Gross Margin	£91,125	£150,660	£150,660
Gross Margin %	90.00%	90.00%	90.00%
Expenses			
Payroll	£28,600	£61,200	£61,200
Marketing/Promotion	£6,000	£6,000	£6,000
Depreciation	£0	£0	£0
Answering Service	£4,800	£4,800	£4,800
Liability / E&O Insurance	£4,800	£4,800	£4,800
HealthCare	£9,000	£9,000	£9,000
Auto Insurance	£1,440	£1,440	£1,440
Auto Fuel	£2,500	£3,600	£3,600
Accounting/Legal Fees	£1,800	£1,800	£1,800
Membership/Licensing Fees	£1,200	£1,200	£1,200
Vehicle Maintenance	£240	£240	£240
Local/Toll Free Phone Numbers	£840	£840	£840
Training/internship	£14,000	£0	£0
Supplies	£8,400	£9,600	£9,600
Payroll taxes	£0	£0	£0
Other	£2,400	£2,400	£2,400
Total Operating Expenses	£86,020	£106,920	£106,920
Profit Before Interest and Taxes	£5,105	£43,740	£43,740
EBITDA	£5,105	£43,740	£43,740
Interest Expense	£683	£326	£0
Taxes Incurred	£1,327	£13,024	£13,122
Net Profit	£3,095	£30,390	£30,618
Net Profit/Sales	3.06%	18.15%	18.29%

## 8.5 Projected Cash Flow

The following Cash Flow chart and table indicate that there will be sufficient cash flow to maintain operations while allowing room for growth and periods where sales are slower. It also shows the projected credit card debt and repayment for the internship.



### Pro Forma Cash Flow

	Year 1	Year 2	Year 3
<b>Cash Received</b>			
Cash from Operations			
Cash Sales	£101,250	£167,400	£167,400
Subtotal Cash from Operations	£101,250	£167,400	£167,400
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	£0	£0	£0
New Current Borrowing	£14,000	£0	£0
New Other Liabilities (interest-free)	£0	£0	£0
New Long-term Liabilities	£0	£0	£0
Sales of Other Current Assets	£0	£0	£0
Sales of Long-term Assets	£0	£0	£0
New Investment Received	£0	£0	£0
Subtotal Cash Received	£115,250	£167,400	£167,400
<b>Expenditures</b>			
Expenditures from Operations			
Cash Spending	£42,600	£61,200	£61,200
Bill Payments	£48,720	£76,414	£75,601
Subtotal Spent on Operations	£91,320	£137,614	£136,801
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	£0	£0	£0
Principal Repayment of Current Borrowing	£4,680	£9,320	£0
Other Liabilities Principal Repayment	£0	£0	£0
Long-term Liabilities Principal Repayment	£0	£0	£0



Purchase Other Current Assets	£0	£0	£0
Purchase Long-term Assets	£0	£0	£0
Dividends	£0	£0	£0
Subtotal Cash Spent	£96,000	£146,934	£136,801
Net Cash Flow	£19,250	£20,466	£30,599
Cash Balance	£20,831	£41,297	£71,896

## 8.6 Projected Balance Sheet

The Balance Sheet shows that Inspection Connection will steadily increase its Net Worth even without a large asset base, as a service-oriented business.

### Pro Forma Balance Sheet

	Year 1	Year 2	Year 3
<b>Assets</b>			
<b>Current Assets</b>			
Cash	£20,831	£41,297	£71,896
Other Current Assets	£0	£0	£0
Total Current Assets	£20,831	£41,297	£71,896
<b>Long-term Assets</b>			
Long-term Assets	£0	£0	£0
Accumulated Depreciation	£0	£0	£0
Total Long-term Assets	£0	£0	£0
Total Assets	£20,831	£41,297	£71,896
<b>Liabilities and Capital</b>			
<b>Current Liabilities</b>			
Accounts Payable	£6,835	£6,231	£6,212
Current Borrowing	£9,320	£0	£0
Other Current Liabilities	£0	£0	£0
Subtotal Current Liabilities	£16,155	£6,231	£6,212
<b>Long-term Liabilities</b>			
Total Liabilities	£16,155	£6,231	£6,212
<b>Paid-in Capital</b>			
Retained Earnings	(£4,419)	(£1,324)	£29,066
Earnings	£3,095	£30,390	£30,618
Total Capital	£4,676	£35,066	£65,684
Total Liabilities and Capital	£20,831	£41,297	£71,896





Net Worth                      £4,676    £35,066    £65,684

## 8.7 Business Ratios

The following table shows standard ratios for our business, and a comparison with standard ratios for the Building Inspection Services Industry, SIC Code 7389.0203.

### Ratio Analysis

	Year 1	Year 2	Year 3	Industry Profile
Sales Growth	0.00%	65.33%	0.00%	2.53%

### Percent of Total Assets

Other Current Assets	0.00%	0.00%	0.00%	47.92%
Total Current Assets	100.00%	100.00%	100.00%	75.32%
Long-term Assets	0.00%	0.00%	0.00%	24.68%
Total Assets	100.00%	100.00%	100.00%	100.00%

Current Liabilities	77.55%	15.09%	8.64%	34.42%
Long-term Liabilities	0.00%	0.00%	0.00%	11.16%
Total Liabilities	77.55%	15.09%	8.64%	45.58%
Net Worth	22.45%	84.91%	91.36%	54.42%

### Percent of Sales

Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	90.00%	90.00%	90.00%	100.00%
Selling, General & Administrative Expenses	86.94%	71.85%	71.71%	79.94%
Advertising Expenses	0.00%	0.00%	0.00%	1.94%
Profit Before Interest and Taxes	5.04%	26.13%	26.13%	1.74%

### Main Ratios

Current	1.29	6.63	11.57	1.56
Quick	1.29	6.63	11.57	1.24
Total Debt to Total Assets	77.55%	15.09%	8.64%	54.75%
Pre-tax Return on Net Worth	94.56%	123.81%	66.59%	3.65%
Pre-tax Return on Assets	21.23%	105.13%	60.84%	8.07%

### Additional Ratios

	Year 1	Year 2	Year 3	
Net Profit Margin	3.06%	18.15%	18.29%	n.a
Return on Equity	66.19%	86.66%	46.61%	n.a

### Activity Ratios

Accounts Payable Turnover	8.13	12.17	12.17	n.a
Payment Days	31	31	30	n.a
Total Asset Turnover	4.86	4.05	2.33	n.a



## Debt Ratios

Debt to Net Worth	3.45	0.18	0.09	n.a
Current Liab. to Liab.	1.00	1.00	1.00	n.a

## Liquidity Ratios

Net Working Capital	£4,676	£35,066	£65,684	n.a
Interest Coverage	7.47	134.09	0.00	n.a

## Additional Ratios

Assets to Sales	0.21	0.25	0.43	n.a
Current Debt/Total Assets	78%	15%	9%	n.a
Acid Test	1.29	6.63	11.57	n.a
Sales/Net Worth	21.65	4.77	2.55	n.a
Dividend Payout	0.00	0.00	0.00	n.a

## Appendix

## 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	£1,800	£2,250	£3,600	£4,950	£5,850	£7,200	£10,350	£12,150	£12,150	£13,050	£13,950	£13,950
Direct Cost of Sales	£180	£225	£360	£495	£585	£720	£1,035	£1,215	£1,215	£1,305	£1,395	£1,395
Other Costs of Sales	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total Cost of Sales	£180	£225	£360	£495	£585	£720	£1,035	£1,215	£1,215	£1,305	£1,395	£1,395
Gross Margin	£1,620	£2,025	£3,240	£4,455	£5,265	£6,480	£9,315	£10,935	£10,935	£11,745	£12,555	£12,555
Gross Margin %	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
Expenses												
Payroll	£1,000	£1,000	£1,500	£2,000	£2,000	£2,500	£2,500	£2,500	£2,500	£3,000	£3,000	£5,100
Marketing/Promotion	£500	£500	£500	£500	£500	£500	£500	£500	£500	£500	£500	£500
Depreciation	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Answering Service	£400	£400	£400	£400	£400	£400	£400	£400	£400	£400	£400	£400
Liability / E&O Insurance	£400	£400	£400	£400	£400	£400	£400	£400	£400	£400	£400	£400
HealthCare	£750	£750	£750	£750	£750	£750	£750	£750	£750	£750	£750	£750
Auto Insurance	£120	£120	£120	£120	£120	£120	£120	£120	£120	£120	£120	£120
Auto Fuel	£50	£75	£100	£150	£175	£200	£250	£300	£300	£300	£300	£300
Accounting/Legal Fees	£150	£150	£150	£150	£150	£150	£150	£150	£150	£150	£150	£150
Membership/Licensing Fees	£100	£100	£100	£100	£100	£100	£100	£100	£100	£100	£100	£100
Vehicle Maintenance	£20	£20	£20	£20	£20	£20	£20	£20	£20	£20	£20	£20
Local/Toll Free Phone Numbers	£70	£70	£70	£70	£70	£70	£70	£70	£70	£70	£70	£70
Training/Internship	£0	£0	£14,000	£0	£0	£0	£0	£0	£0	£0	£0	£0
Supplies	£700	£700	£700	£700	£700	£700	£700	£700	£700	£700	£700	£700
Payroll taxes	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Other	£200	£200	£200	£200	£200	£200	£200	£200	£200	£200	£200	£200
Total Operating Expenses	£4,460	£4,485	£19,010	£5,560	£5,585	£6,110	£6,160	£6,210	£6,210	£6,710	£6,710	£6,810
Profit Before Interest and Taxes	(£2,840)	(£2,460)	(£15,770)	(£1,105)	(£320)	£370	£3,155	£4,725	£4,725	£5,035	£5,845	£3,745
EBITDA	(£2,840)	(£2,460)	(£15,770)	(£1,105)	(£320)	£370	£3,155	£4,725	£4,725	£5,035	£5,845	£3,745
Interest Expense	£0	£0	£82	£79	£76	£73	£67	£64	£64	£61	£58	£54
Taxes Incurred	(£852)	(£738)	(£4,756)	(£355)	(£119)	£89	£926	£1,397	£1,398	£1,492	£1,736	£1,107
Net Profit	(£1,988)	(£1,722)	(£11,096)	(£829)	(£277)	£208	£2,161	£3,261	£3,263	£3,482	£4,051	£2,583
Net Profit/Sales	-110.44%	-76.53%	-308.23%	-16.74%	-4.74%	2.89%	20.86%	26.84%	26.85%	26.68%	29.04%	18.52%

## 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	£1,581	£2,288	£744	£775	£3,876	£3,436	£3,496	£6,314	£9,751	£12,511	£15,608	£19,419	£20,831
Other Current Assets	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total Current Assets	£1,581	£2,288	£744	£775	£3,876	£3,436	£3,496	£6,314	£9,751	£12,511	£15,608	£19,419	£20,831
<b>Long-term Assets</b>													
Long-term 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
Total Long-term Assets	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total Assets	£1,581	£2,288	£744	£775	£3,876	£3,436	£3,496	£6,314	£9,751	£12,511	£15,608	£19,419	£20,831
<b>Liabilities and Capital</b>													
<b>Current Liabilities</b>													
Accounts Payable	£0	£2,695	£2,873	£0	£4,430	£4,767	£5,119	£6,278	£6,954	£6,952	£7,126	£7,446	£6,835
Current Borrowing	£0	£0	£0	£14,000	£13,500	£13,000	£12,500	£12,000	£11,500	£11,000	£10,440	£9,880	£9,320
Other Current Liabilities	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Subtotal Current Liabilities	£0	£2,695	£2,873	£14,000	£17,930	£17,767	£17,619	£18,278	£18,454	£17,952	£17,566	£17,326	£16,155
<b>Long-term Liabilities</b>													
Long-term Liabilities	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total Liabilities	£0	£2,695	£2,873	£14,000	£17,930	£17,767	£17,619	£18,278	£18,454	£17,952	£17,566	£17,326	£16,155
<b>Paid-in Capital</b>	£6,000	£6,000	£6,000	£6,000	£6,000	£6,000	£6,000	£6,000	£6,000	£6,000	£6,000	£6,000	£6,000
Retained Earnings	(£4,419)	(£4,419)	(£4,419)	(£4,419)	(£4,419)	(£4,419)	(£4,419)	(£4,419)	(£4,419)	(£4,419)	(£4,419)	(£4,419)	(£4,419)
Earnings	£0	(£1,988)	(£3,710)	(£14,806)	(£15,635)	(£15,912)	(£15,704)	(£13,544)	(£10,284)	(£7,021)	(£3,539)	£512	£3,095
Total Capital	£1,581	(£407)	(£2,129)	(£13,225)	(£14,054)	(£14,331)	(£14,123)	(£11,963)	(£8,703)	(£5,440)	(£1,958)	£2,093	£4,676
Total Liabilities and Capital	£1,581	£2,288	£744	£775	£3,876	£3,436	£3,496	£6,314	£9,751	£12,511	£15,608	£19,419	£20,831
Net Worth	£1,581	(£407)	(£2,129)	(£13,225)	(£14,054)	(£14,331)	(£14,123)	(£11,963)	(£8,703)	(£5,440)	(£1,958)	£2,093	£4,676



## 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
<b>Unit Sales</b>													
Buyer Home Inspection	0%	2	3	4	5	5	6	8	10	10	10	10	10
Pre-Listing Home Inspection	0%	1	1	1	1	1	1	1	1	1	1	1	1
Maintenance Inspection	0%	1	1	3	5	7	9	14	16	16	18	20	20
<b>Total Unit Sales</b>		<b>4</b>	<b>5</b>	<b>8</b>	<b>11</b>	<b>13</b>	<b>16</b>	<b>23</b>	<b>27</b>	<b>27</b>	<b>29</b>	<b>31</b>	<b>31</b>
<b>Unit Prices</b>													
Buyer Home Inspection		£450.00	£450.00	£450.00	£450.00	£450.00	£450.00	£450.00	£450.00	£450.00	£450.00	£450.00	£450.00
Pre-Listing Home Inspection		£450.00	£450.00	£450.00	£450.00	£450.00	£450.00	£450.00	£450.00	£450.00	£450.00	£450.00	£450.00
Maintenance Inspection		£450.00	£450.00	£450.00	£450.00	£450.00	£450.00	£450.00	£450.00	£450.00	£450.00	£450.00	£450.00
<b>Sales</b>													
Buyer Home Inspection		£900	£1,350	£1,800	£2,250	£2,250	£2,700	£3,600	£4,500	£4,500	£4,500	£4,500	£4,500
Pre-Listing Home Inspection		£450	£450	£450	£450	£450	£450	£450	£450	£450	£450	£450	£450
Maintenance Inspection		£450	£450	£1,350	£2,250	£3,150	£4,050	£6,300	£7,200	£7,200	£8,100	£9,000	£9,000
<b>Total Sales</b>		<b>£1,800</b>	<b>£2,250</b>	<b>£3,600</b>	<b>£4,950</b>	<b>£5,850</b>	<b>£7,200</b>	<b>£10,350</b>	<b>£12,150</b>	<b>£12,150</b>	<b>£13,050</b>	<b>£13,950</b>	<b>£13,950</b>
<b>Direct Unit Costs</b>													
Buyer Home Inspection	10.00%	£45.00	£45.00	£45.00	£45.00	£45.00	£45.00	£45.00	£45.00	£45.00	£45.00	£45.00	£45.00
Pre-Listing Home Inspection	10.00%	£45.00	£45.00	£45.00	£45.00	£45.00	£45.00	£45.00	£45.00	£45.00	£45.00	£45.00	£45.00
Maintenance Inspection	10.00%	£45.00	£45.00	£45.00	£45.00	£45.00	£45.00	£45.00	£45.00	£45.00	£45.00	£45.00	£45.00
<b>Direct Cost of Sales</b>													
Buyer Home Inspection		£90	£135	£180	£225	£225	£270	£360	£450	£450	£450	£450	£450
Pre-Listing Home Inspection		£45	£45	£45	£45	£45	£45	£45	£45	£45	£45	£45	£45
Maintenance Inspection		£45	£45	£135	£225	£315	£405	£630	£720	£720	£810	£900	£900
<b>Subtotal Direct Cost of Sales</b>		<b>£180</b>	<b>£225</b>	<b>£360</b>	<b>£495</b>	<b>£585</b>	<b>£720</b>	<b>£1,035</b>	<b>£1,215</b>	<b>£1,215</b>	<b>£1,305</b>	<b>£1,395</b>	<b>£1,395</b>

## 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
Jacques Clouseau - Owner / Operator	0%	£1,000	£1,000	£1,500	£2,000	£2,000	£2,500	£2,500	£2,500	£2,500	£3,000	£3,000	£5,100
Name or Title or Group	0%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total People		1	1	1	1	1	1	1	1	1	1	1	1
<b>Total Payroll</b>		<b>£1,000</b>	<b>£1,000</b>	<b>£1,500</b>	<b>£2,000</b>	<b>£2,000</b>	<b>£2,500</b>	<b>£2,500</b>	<b>£2,500</b>	<b>£2,500</b>	<b>£3,000</b>	<b>£3,000</b>	<b>£5,100</b>

## 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>													
Cash from Operations													
Cash Sales		£1,800	£2,250	£3,600	£4,950	£5,850	£7,200	£10,350	£12,150	£12,150	£13,050	£13,950	£13,950
<b>Subtotal Cash from Operations</b>		<b>£1,800</b>	<b>£2,250</b>	<b>£3,600</b>	<b>£4,950</b>	<b>£5,850</b>	<b>£7,200</b>	<b>£10,350</b>	<b>£12,150</b>	<b>£12,150</b>	<b>£13,050</b>	<b>£13,950</b>	<b>£13,950</b>
<b>Additional Cash Received</b>													
Sales Tax, VAT, HST/GST Received	0.00%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
New Current Borrowing		£0	£0	£14,000	£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 Long-term Liabilities		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Sales of Other Current Assets		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Sales of Long-term Assets		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
New Investment Received		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
<b>Subtotal Cash Received</b>		<b>£1,800</b>	<b>£2,250</b>	<b>£17,600</b>	<b>£4,950</b>	<b>£5,850</b>	<b>£7,200</b>	<b>£10,350</b>	<b>£12,150</b>	<b>£12,150</b>	<b>£13,050</b>	<b>£13,950</b>	<b>£13,950</b>
<b>Expenditures</b>													
Expenditures from Operations													
Cash Spending		£1,000	£1,000	£15,500	£2,000	£2,000	£2,500	£2,500	£2,500	£2,500	£3,000	£3,000	£5,100
Bill Payments		£93	£2,794	£2,069	(£651)	£3,790	£4,139	£4,532	£5,714	£6,389	£6,393	£6,579	£6,878
<b>Subtotal Spent on Operations</b>		<b>£1,093</b>	<b>£3,794</b>	<b>£17,569</b>	<b>£1,349</b>	<b>£5,790</b>	<b>£6,639</b>	<b>£7,032</b>	<b>£8,214</b>	<b>£8,889</b>	<b>£9,393</b>	<b>£9,579</b>	<b>£11,978</b>
<b>Additional Cash Spent</b>													
Sales Tax, VAT, HST/GST Paid Out		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Principal Repayment of Current Borrowing		£0	£0	£0	£500	£500	£500	£500	£500	£500	£560	£560	£560
Other Liabilities Principal Repayment		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Long-term Liabilities Principal Repayment		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Purchase Other Current Assets		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Purchase Long-term Assets		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Dividends		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
<b>Subtotal Cash Spent</b>		<b>£1,093</b>	<b>£3,794</b>	<b>£17,569</b>	<b>£1,849</b>	<b>£6,290</b>	<b>£7,139</b>	<b>£7,532</b>	<b>£8,714</b>	<b>£9,389</b>	<b>£9,953</b>	<b>£10,139</b>	<b>£12,538</b>
<b>Net Cash Flow</b>		<b>£707</b>	<b>(£1,544)</b>	<b>£31</b>	<b>£3,101</b>	<b>(£440)</b>	<b>£61</b>	<b>£2,818</b>	<b>£3,436</b>	<b>£2,761</b>	<b>£3,097</b>	<b>£3,811</b>	<b>£1,412</b>
<b>Cash Balance</b>		<b>£2,288</b>	<b>£744</b>	<b>£775</b>	<b>£3,876</b>	<b>£3,436</b>	<b>£3,496</b>	<b>£6,314</b>	<b>£9,751</b>	<b>£12,511</b>	<b>£15,608</b>	<b>£19,419</b>	<b>£20,831</b>