Roller Rink

BUSINESS PLAN SANTIAGO ROLLER RINK

P.O. Box 1800
Boise, Idaho 83702

The purpose of this roller rink is to provide Boise with an entertainment facility especially for the growing Hispanic community. It will offer a family atmosphere and a high quality sound system, as well as offering special party rates. There is little competition for such an establishment and market research indicates that this business would succeed. This plan was provided by Ameriwest Business Consultants, Inc.

EXECUTIVE SUMMARY

Business Description

The purpose of Santiago Roller Rink is to provide the area with a roller rink which caters primarily to the growing Latin-American community. The atmosphere will be friendly and open. The club will be maintained to the utmost degree of cleanliness and maintenance, unlike similar operations in the area. The club will display a new attitude toward the Spanish population. It will treat them like first-class citizens and try to make them feel like they are at home. On the premises will be pool tables, video games, and dart boards. We will carry newspapers from 22 Hispanic countries. We will also offer for sale pride items from various Hispanic countries around the world. The facility will have a first-rate sound and lighting system. The services will be offered at a competitive price and pricing will be reviewed periodically. We plan to become the premier Spanish roller rink in the area within two years. We will offer the best entertainment, atmosphere, cultural awareness, and service in southern Idaho.

The facility will normally be closed Monday. Proposed hours are Tuesday, Wednesday, and Thursday 2:00 P.M. through 2:00 A.M. On Friday and Saturday the hours will be 12:00 P.M. through 2:00 A.M. On Sunday the hours will be 4:00 P.M. through 2:00 A.M. The premises will be open for a total of 74 hours per week.

CURRENT POSITION AND FUTURE OUTLOOK

The business is in a start-up mode. Plans call for starting operation by the spring of 2000. Operations will be conducted in a location to be determined which will best suit the goals we are trying to achieve as listed above. During the first full year of operation we plan to serve an average of 4,467 customers per month. The second year this will increase to 5,788 per month. Years three through five will show gradual increases to 6,150 per month which we consider to be our capacity. To attain these goals we will use a combination of media advertising, flyers, direct mail, and word-of mouth. Franchising the concept is a possibility for the future.

MANAGEMENT AND OWNERSHIP

The company will be set up as a corporation with John Quigley and his wife, Jane, as the major shareholders and directors. John Quigley will serve as president and manager. He will provide the leadership to run this company. He has over 24 years experience as owner and operator of various retail operations and dealing with the public. Initially, up to thirteen other employees will be needed. These employees will be involved in security and serving and will be a combination of part-time and full-time. When volume picks up, additional part-time or full-time employees will be hired as the workload requires. Ameriwest Business Consultants, Inc. will provide help in additional areas such as setting up the books, logo design, and general business advising when necessary and to supplement the Quigleys' overall business knowledge. The services of an accountant and an attorney will be retained along with those of a qualified insurance agent.

UNIQUENESS AND DIFFERENTIATION OF THE SERVICE

Santiago Roller Rink will be the largest roller rink which caters to the Hispanic community. It will have the largest dance floor. It will offer the atmosphere that until now could only be found in a Hispanic country.

The idea of this company is to provide customers with a semi-formal, social setting and entertainment that does not exist in this part of the state. We will provide customers with high tech lights and sound, video games, and a full line of accessories. In addition we will cater to private parties and special groups such as schools, birthday parties, and church groups.

The growth potential is virtually unlimited for the greater Boise area. The Hispanic population is growing at an accelerated rate. Currently over 12% of the population in Boise is Hispanic. They will be very receptive to a concept such as this that can offer them atmosphere, cleanliness, and security at a competitive price.

It is rare in today's business world to find a true market void. That is exactly what Santiago Roller Rink has done. It is combining the latest in technology with an unfilled need and promises to deliver a high quality new product at a competitive price. Our proposed facility will have little true competition in southern Idaho.

FUNDS REQUIRED AND USAGE

The initial start-up expenses will be approximately $135,000. The inventory, equipment, furniture, fixtures, and leasehold improvements will cost approximately $106,850. Investors and/or a bank loan must be secured in the amount of $110,000 at 14.0% amortized over ten years. John Quigley and the initial investors will furnish approximately $25,000 which is 18.5% of the total. The intent is to fully repay the loan as soon as possible. After all expenses of start-up, $28,150 will remain in a new business checking account and will provide the balance of the initial working capital.

FINANCIAL SUMMARY

(MOST LIKELY CASE)	Projected Year 1	Projected Year 2	Projected Year 3	Projected Year 4	Projected Year 5
Total Revenue	759,780	984,454	1,230,567	1,415,152	1,556,667
Cost of Goods Sold	268,000	347,250	434,063	499172	549,089
Operating Income	491,780	637,204	796,505	915,980	1,007,578
Selling, General, Admin, Exp	465,290	530,506	655,112	748,194	819,147
Income Before Taxes	26,490	106,698	141,393	167,786	188,431
Income Taxes	5,298	29,875	42,418	53,692	64,067
NET INCOME	**21,192**	**76,823**	**98,975**	**114,095**	**124,364**
Dividends	3179	11,523	14,846	17,114	18,655
(OPTIMISTIC CASE)					
Total Revenue	873,747	1,132,122	1415152	1,627,425	1,790,168
Cost of Goods Sold	308,200	399,338	499172	574,048	631,452
Operating Income	565,547	732,784	915980	1,053,377	1,158,715
Selling, General, Admin, Exp	535,083	610,082	753379	860,423	942,020
Income Before Taxes	30,464	122,703	162602	192,954	216,696
Income Taxes	6,093	34,357	48781	61,745	73,677
NET INCOME	**24,371**	**88,346**	**113,821**	**131,209**	**143,019**
Dividends	3,656	13,252	17,073	19,681	21,453
(PESSIMISTIC CASE)					
Total Revenue	645,813	836,786	1,045,982	1,202,879	1,323,167
Cost of Goods Sold	227,800	295,163	368,953	424,296	466,726
Operating Income	418,013	541,623	677,029	778,583	856,442
Selling, General, Admin, Exp	395,496	450,930	556,845	635,965	696,275
Income Before Taxes	22,517	90,693	120,184	142,618	160,166
Income Taxes	4,503	25,394	36,055	45,638	54,457
NET INCOME	**18,013**	**65,299**	**84,129**	**96,980**	**105,710**
Dividends	2,702	9,795	12,619	14,547	15,856

(MOST LIKELY CASE)	Projected Year 1	Projected Year 2	Projected Year 3	Projected Year 4	Projected Year 5
Total Revenue	759,780	984,454	1,230,567	1,415,152	1,556,667
Cost of Goods Sold	268,000	347,250	434,063	499172	549,089
Operating Income	491,780	637,204	796,505	915,980	1,007,578
Selling, General, Admin, Exp	465,290	530,506	655,112	748,194	819,147
Income Before Taxes	26,490	106,698	141,393	167,786	188,431
Income Taxes	5,298	29,875	42,418	53,692	64,067
NET INCOME	**21,192**	**76,823**	**98,975**	**114,095**	**124,364**
Dividends	3179	11,523	14,846	17,114	18,655
(OPTIMISTIC CASE)					
Total Revenue	873,747	1,132,122	1415152	1,627,425	1,790,168
Cost of Goods Sold	308,200	399,338	499172	574,048	631,452
Operating Income	565,547	732,784	915980	1,053,377	1,158,715
Selling, General, Admin, Exp	535,083	610,082	753379	860,423	942,020
Income Before Taxes	30,464	122,703	162602	192,954	216,696
Income Taxes	6,093	34,357	48781	61,745	73,677
NET INCOME	**24,371**	**88,346**	**113,821**	**131,209**	**143,019**
Dividends	3,656	13,252	17,073	19,681	21,453
(PESSIMISTIC CASE)					
Total Revenue	645,813	836,786	1,045,982	1,202,879	1,323,167
Cost of Goods Sold	227,800	295,163	368,953	424,296	466,726
Operating Income	418,013	541,623	677,029	778,583	856,442
Selling, General, Admin, Exp	395,496	450,930	556,845	635,965	696,275
Income Before Taxes	22,517	90,693	120,184	142,618	160,166
Income Taxes	4,503	25,394	36,055	45,638	54,457

(MOST LIKELY CASE)	Projected Year 1	Projected Year 2	Projected Year 3	Projected Year 4	Projected Year 5
NET INCOME	**18,013**	**65,299**	**84,129**	**96,980**	**105,710**
Dividends	2,702	9,795	12,619	14,547	15,856

Notes:

1. The most likely case assumes 4,467 customers per month the first year with each spending an average of $14.18 per visit. The second year assumes that the number of customers will rise to 5,788 per month and that each will spend $14.18 per visit.
2. The optimistic case assumes revenues and expenses will increase 15% over the most likely case. The pessimistic case assumes revenues and expenses will decrease 15% below the most likely case.
3. Cost of goods sold will equal 40% of drink income.

OBJECTIVES AND GOALS

1. To provide a high quality service so that customers will perceive great value and show them how to interact with other members of the Hispanic community in a safe and clean environment.
2. Service an average of 4,467 customers per month during the first full year of business and 5,788 customers per month the second year. The ultimate goal is to reach 6,150 customers per month by the third year.
3. To repay the entire loan amount by the end of the third year and to provide the shareholders with a stable and sufficient income after that.
4. To become the premier Hispanic roller rink in Boise within the next two years.
5. Santiago Roller Rink plans to closely monitor changing technology to be certain that the company is using the latest and most cost effective equipment and that it keeps up with current trends in the marketplace.
6. When economically feasible we plan to open one or more locations and/or consider franchising our service.

When growth has stabilized we plan to add extra services for customer convenience such as a large screen television, enhanced game rooms, and food services. In addition to the above goals we will survey our customers and make changes in our programs and add services to meet their changing needs in the marketplace.

STRATEGIES FOR ACHIEVING GOALS

To obtain the first two sets of goals we will try to maximize sales with an extensive campaign to promote our service. We will utilize brochures, media advertising, pamphlets, direct customer contact, use of coupons, referrals, and a variety of other advertising and marketing tools to reach the customer base of Southern Idaho. We expect to flood the market with advertising until consumers become aware of us and more comfortable with our company. As we grow, word-of-mouth referrals will bring in increasing numbers of customers and we will reduce our reliance on advertising.

The dominant driving force behind our company will be profit and income.

To become the premier Hispanic roller rink in Southern Idaho, we will offer outstanding quality, cleanliness, long hours of operation, reasonable pricing, and efficient service. We will listen to our customers and conduct surveys.

As we grow and build a reputation for excellent service and cleanliness at a reasonable price, as well as having the best sound and lighting system available in the area, we will promote repeat business. We will offer frequent user discounts. In the future we may consider diversification and enter new market areas.

BUSINESS DESCRIPTION

Santiago will be a full roller rink combined with high-tech sound and lighting systems. We will try to promote an atmosphere that will remind many people of their homeland. This is a relatively new concept for this part of the country. John Quigley will operate the business as a corporation. The principal shareholders will be he and his wife, Jane. Initially, John Quigley will manage the operation with daily input from Jane and the other investors. Our new equipment and enhanced lighting and sound systems will also give us market advantages.

The biggest problem this venture will face will be creating customer awareness of our services. We will use a combination of advertising techniques to increase this awareness. Once a general awareness is present, the industry has a virtually unlimited growth potential.

The future holds the promise for almost unlimited growth and income as the business matures and considers other markets and products. Complementary products such as additional video games, more pool tables, dance lessons, and higher profile entertainment will all be considered in the future in response to customer surveys indicating their wants and needs.

MANAGEMENT AND OWNERSHIP

Robert Brown , Manager, ran Roller City in Center City for three years. He performed all jobs and operation of the skating rink. He will be responsible jointly with the Quigleys for sales, public relations, advertising, office management, personnel, operations, planning, purchasing, equipment, and outside labor. **John Quigley** , President, and **Jack Brown** , Vice President, will share responsibilities in sales, public relations, advertising, office management, banking, operations, planning, insurance, equipment purchases, and labor. They will both provide relief for the manager. John Quigley is currently a master technician with Farnsworth Motors. He has over eight years' experience in automotive repair. He will continue to maintain his job and its separate income at least until the loan has been paid off. Jack Brown has been the owner/operator of an embroidery, gift, and woodworking business for fifteen years. He will also continue in this business until the loan has been paid off. Jack is a 26-year retiree from the U.S. Air Force and that pension is also another source of funds that could be made available to the business if necessary. Jack Brown also owned and operated an Ace Hardware store in St. Petersburg, Florida, for nearly three years. Brown also served as an Army and Air Force Exchange concessionaire for seven years.

The Quigleys will supplement their skills by using outside consultants in areas such as legal work, income tax preparation, insurance, and general business advising.

The business will be set up as a corporation. This form of legal entity was chosen primarily for liability reasons and makes it easier to secure investors. To begin operation, as many as ten full-and part-time employees will be hired to help in ticket sales, floorman, maintenance, snack-bar, DJ, skate rental and repair, and the Pro-Shop. As the business grows, additional part-time or full-time employees may be added to handle the increased workload.

THE SERVICE - AN UNFILLED NEED

Idaho's population growth in Hispanics is the ninth greatest in the country. The past decade has seen this segment of the population grow by more than thirty percent. It is growing 5 1/2 times as fast as the general population.

The few existing roller rinks that cater to the Hispanic population are dark and dingy. They pay little attention to cleanliness, maintenance of premises, and security for their patrons. Santiago Roller Rink and its ownership will embrace the Hispanic community and try to become a focal point for them. We will promote the Hispanic culture whenever possible.

Today, there are over 5,000 roller skating rinks in the United States. Modern lighting and sound systems have made rinks into skating palaces. By adding game rooms, snack shops, and proshops they have become complete entertainment centers.

John Quigley and Robert Brown grew up in the area of the proposed rink. They have always been aware of the need for an indoor entertainment facility of any type for the south side of Boise. Their recent study of the demographics and the proven history of roller skating demonstrates that this business should easily be able to succeed in the area chosen.

The timing for such a business is perfect. A significant window of opportunity exists for a company such as the kind we are proposing. This proposed business will be providing the "Right Service at the Right Time."

UNIQUENESS OF THE SERVICE

It is rare in today's world that a true market void exists. Our service will meet the "unfilled need" described above by providing customers with competitively priced roller rink facilities combined with the latest in lighting and sound systems and longer hours. We will be considerably larger than the typical roller rink. We will have the best location of any rink in the city.

Customers will be attracted because our location makes us highly visible and accessible to a huge portion of the marketplace. They will be made to feel welcome and as part of the family.

Some major advantages Santiago Roller Rink will experience over potential competition and conventional roller rinks are:

- Larger and newer facility
- Lower operating expenses
- Best sound and lighting system in the area
- New concept-first in the area to have a separate party room with its own floor
- Location
- Longer hours
- English lessons for those interested
- Dance lessons for patrons wanting to keep up with the latest dance steps
- The cleanest restrooms in the city
- Security personnel who can speak both Spanish and English
- The largest roller rink in the area
- Display of 22 different Hispanic newspapers from around the world
- Display cabinets with pride items for purchase such as flags, hats, scarves, etc.
- Santiago Roller Rink will sponsor Spanish festivals and holidays

MARKET ANALYSIS

MARKET OVERVIEW, SIZE AND SEGMENTS

Currently, the market distribution is shared by three major participants. They are all located on the north side of Boise. This market segment has been relatively stable over the past five years.

The market area we will concentrate on is the area south of Route 100. This includes the towns of Creek, Black, White, Newton, and Blake Air Base. This area has been growing rapidly for the past several years and should continue for the foreseeable future. Once the concept catches on locally, we feel the potential is unlimited. As we grow we will have the financial capacity to carry on an advertising campaign on a regional basis.

The economy is in the midst of a particularly strong growth period. Many new jobs are being added to the local community. Ever increasing numbers of people from Kansas are coming to this location. All of these factors are cause for a much greater interest in roller rinks. All of this activity can only help our attempts to start a roller rink.

Listed below are just some of the reasons that the Boise area is growing and why it is a good time to be starting any kind of new business:

- The local economy is booming and virtually busting at the seams.
- Boise has become a magnet for insurance organizations. More than 65 nationally based insurance organizations are headquartered here. The largest has over 1,200 employees (especially women) and an operating budget of over $85 million.
- The new Hewlett Packard computer plant is setting records for production and is adding new employees monthly.
- Boise has a new airport and a nearby Free Trade Enterprise Zone that should grow and attract even more new businesses.
- Every week, we see articles in the newspapers of Kansas residents and companies relocating here.
- The world-renowned Hyatt Regency Hotel is building a new convention facility.
- IBM and X-Cell Electronics are undergoing large increases in their operations here that should add many hundreds of employees.
- Blake is only 30 minutes away and is another good market for businesses in the area.
- Many experts predict Boise to become the second fastest growing city in the state between now and the year 2000.
- The local economy is now more diversified than it was when troubles occurred in the local economy in the late 1980s and early 1990s.
- The estimated population of Big Sky County in 1992 was 451,000 people. The number of households was 175,000. Currently, this market is growing at an annual rate of 3-5%. Projections see this trend continuing for the balance of this decade.

From the above figures it can readily be seen that the potential market for our services is huge. We feel with our pricing and value we will become a price and industry leader within two years.

CUSTOMER PROFILE

The Roller Skating Association estimates that over 33 million people skate at skating centers each month. They have compiled the following statistics:

- 10% are children ages 1 to 5
- 60% are children ages 6 to 14
- 10% are children ages 15 to 17
- 20% are adults
- Over 55,000 birthday parties are held at skating centers each month
- 61% of all roller skaters are female
- 87% of all skating center are family-owned

Typically, our customers will be middle to upper income. Beyond the local market we could eventually tap into a more regional market. The advantage of our service is that it could appeal to all segments of the community.

The Roller Skating Association estimates that 1.5% of the population within a five-mile radius will use a roller rink on a weekly basis. If you were to apply this rule of thumb to the 246,000 people in our area, we could expect nearly 3,700 customers each week. Throughout this business plan we have taken a very conservative approach to developing our financial projections and have used a rate one-half this level or 1,845 customers weekly.

COMPETITION

The following table summarizes the local competition:

Competitor Name	% of Market	Strengths	Weaknesses
SkateAround 1920 N. Main	45	Good location on north end of town Good local support No competition	Old building Outdated facilities Failure to keep up with recent trends
SkatesAlot 4575 Main	45	Good location on north end of town Good local support No competition	Old building Outdated facilities Failure to keep up with recent trends
First Skating 2903 N. Main	10	Some updated facilities, newer light and sound system	Poor location Bad history

Competitor Name	% of Market	Strengths	Weaknesses
SkateAround 1920 N. Main	45	Good location on north end of town Good local support No competition	Old building Outdated facilities Failure to keep up with recent trends
SkatesAlot 4575 Main	45	Good location on north end of town Good local support No competition	Old building Outdated facilities Failure to keep up with recent trends
First Skating 2903 N. Main	10	Some updated facilities, newer light and sound system	Poor location Bad history

There is no competition in this part of town. Our facility will be more convenient than any other facility for over 75% of the population in Boise. The competition that does exist would not offer the advantages of the separate party room with its own skating floor or the hours open to the public we would offer.

The marketplace is currently shared by three major participants. This market is stable and increasing about 5% per year.

RISK ANALYSIS

We feel we have strengths in product features, management, planning, human resources, quality of service, product mix, options, and reliability because we will have new equipment, pricing, location, and facilities.

We will have low risk exposure in the areas of technology, inflation/interest rates, regulatory environment, management ability, location, facilities, and suppliers.

We perceive medium risk exposure in the local economy, strategy, and vulnerability to substitutes, finance and planning, company policies, sales force, and pricing. We will retain the services of specialists to help in various areas such as marketing, setting up the books, providing management reports and general overall business operation advice.

Since we are new to this type of business we will have a high degree of risk in this area. It will take a little time to gain knowledge in developing the business and create a customer awareness of our company and our concept. To help reduce this risk we will hire experienced consultants.

Marketing Strategies

PRICING AND VALUE

We will offer a series of cost savings options to the customer that uses our facility more frequently. Our intention is to raise the public's awareness of our company. We plan to review our prices and those of any competitor every three months. We will review direct material costs, direct labor costs, and total overhead expenses. We will continually monitor the cost of providing our service to each customer. We will offer discounts to larger groups. We will offer various free or reduced rate programs to get customers acquainted with us.

At this point there is a certain amount of price inelasticity in this service. With the current level of competition we must be careful not to price ourselves out of the market. On the other hand, if we offer additional services on the premises we can open up other opportunities to increase income.

Numerous package deals will be available to customers. We may try to include the following marketing strategies:

- Parents skate free with kids
- Discounts for larger groups
- Frequent skater discounts
- Special party rates
- Coupon offerings

SELLING TACTICS

Our company's marketing strategy will incorporate plans to promote our line of services through several different channels and on different levels of use.

We will try to satisfy the market void in this area for indoor entertainment. We will flood the market with advertising and try to go after our specific targets. We will try to capture their attention, pique their interest, make them feel that they must have our services.

We will offer continuous promotional rates. The results sell themselves. We will offer discounts to frequent skaters. The more a customer uses our services, the cheaper it will become for them.

We will also become a MasterCard and Visa charge card merchant to enable us to more readily charge our customers.

In order to market our facility we shall consider a variety of promotions including:

- Reserve certain hours for unique groups such as children, senior citizens, adults, etc.
- Conduct special theme nights such as buddy skate, Cheap Skate, Family night, adult night, bank night, charity promotion night, game night, contest night
- Cultivate local churches, schools and PTA groups
- Promote birthday parties
- Offer reduced price training sessions
- Early bird specials
- Merchant discounts
- Holiday discounts

ADVERTISING, PROMOTION, AND DISTRIBUTION OF SERVICES

We recognize that the key to success at this time requires extensive promotion.

Advertising goals include all of the following:

- Position the company as the roller skating rink in Southern Idaho
- Increase public awareness of skating and its benefits
- Increase public awareness of our company and establish a professional image
- Maximize efficiency by continually monitoring media effectiveness
- Consider a possible coupon in some of the advertisements

- Take out an ad in the yellow pages beginning in 1997
- Develop a brochure or pamphlet to explain our service and company
- Create a distinctive business card and company letterhead
- Consider using a direct mail approach
- Use a variety of media to saturate the marketplace
- Spend a minimum of $23,000 in advertising the first year and $29,500 the second year

PUBLIC RELATIONS

We will develop a public relations policy that will help increase awareness of our company and product. To achieve these goals we will consider some or all of the following:

- Develop a press release and a company backgrounder as a public relations tool.
- Develop a telephone script to handle customer and advertiser contact.

Develop a survey to be completed by customers to help determine the following:

1. How did they hear about us?
2. What influenced them to use our service?
3. How well did our service satisfy their needs?
4. How efficient was our service?
5. Did they have any problems getting through to us?
6. Did they shop competitors before selecting us?
7. How did they initially perceive our company and product?
8. Where are most of our customers located?
9. Are there suggestions for improving our service or our approach to advertising?
10. What additional services would they like us to offer?
11. Would they recommend us to others?

Join the Hispanic Chamber of Commerce to keep abreast of developments in the Hispanic community and market trends.

FINANCIAL PLANS

ASSUMPTIONS, DEFINITIONS, AND NOTES

Santiago Roller Rink has used the following assumptions in preparing this business plan:

Average number of customers will be 4,470 per month the first year, 5,788 per month the second year and leveling off at 6,150 per month by the third year.

Revenue sources are as follows:

Cover charge income will equal 7.08% of total.

Game and food income will be 2.65% of total.

Customer volume will be greater in warm weather months.

Growth in sales will be 29.6% the second year, 25% the third, 15% the fourth, and 10% the fifth year.

We have assumed a high and low case by adding or subtracting 15% to the most likely case.

Inflation Rates to remain stable at 3-5%.

Robust local economy.

Interest Rates to remain flat and basically unchanged.

Wage Rates to remain flat.

Local unemployment rates to remain low at approximately 4-5%.

Assumes average spending per customer of $14.18 per visit.

Assume a rate of pay of $9.00 per hour for security personnel and $4.50 per hour for bartenders and waitresses.

Payroll taxes and benefits will equal 20% of payroll expenses.

Assumes salaries for officers of 3.5% of sales.

Assumes a loan of $110,000 at 14.0% amortized over ten years and having monthly payments of $1,707.93 per month.

Cost of goods sold will be 40% of rink income.

Maintenance, Repair, and Breakage equals 3% of total income.

Advertising & Marketing (Public Relations) is 3.5% of income.

Amortization of organization expenses will be over 60 months.

Depreciation will be computed using straight line method over 60 months.

Insurance is at 2% of total income.

Telephone and Utility expense will be 1.25% of total income.

Office supplies expenses are set at 1% of total income.

Contingency and miscellaneous expenses are set at 3% of total income.

Income tax for both state and federal is set at 20% for year one and 28% for year two.

Dividend payout is set at 15% of net income.

START-UP EXPENSES

Category	Amount
Cash and Working Capital	$28,150
Material-Supplies-Inventory	10,000
Furniture and Fixtures (Includes 6 pool tables)	25,500
Equipment including lights and sound system	40,000
Rent Deposits	9,700
License Fees / Permits	1,000
Insurance (First year paid in advance)	1,800
Utilities & Telephone	500
Legal, Professional and Consulting Fees	1,500
Security System & Leasehold Improvements	5,000
Initial Entertainment Budget	6,000
Opening Advertisement & Promotion	3,000
Miscellaneous	2,850
TOTAL	**$135,000**

Category	Amount
Cash and Working Capital	$28,150
Material-Supplies-Inventory	10,000
Furniture and Fixtures (Includes 6 pool tables)	25,500
Equipment including lights and sound system	40,000
Rent Deposits	9,700
License Fees /Permits	1,000
Insurance (First year paid in advance)	1,800
Utilities & Telephone	500
Legal, Professional and Consulting Fees	1,500
Security System & Leasehold Improvements	5,000
Initial Entertainment Budget	6,000
Opening Advertisement & Promotion	3,000
Miscellaneous	2,850
TOTAL	**$135,000**

Items to be purchased include 50 tables and 200 chairs, pool tables, sound and lighting systems, initial inventory, leasehold improvements, and various furniture and fixtures. After all expenses, $28,150 will remain in a checking account as working capital.

The total investment of $135,000 will be obtained as follows:

Past Performance

	1995	1996	1997
Sales	$9,562,251	$10,078,159	$7,775,189
Gross Margin	$4,398,280	$4,245,154	$2,901,531
Gross % (calculated)	46.00%	42.12%	37.32%
Operating Expenses	$3,779,000	$4,042,370	$3,056,425
Collection period (days)	45	45	45
Inventory turnover	6	6	6
Balance Sheet			
Short-term Assets			
Cash	($138,617)	$180,743	$56,817
Accounts receivable	$770,218	$596,011	$729,662
Inventory	$626,148	$504,673	$499,800
Other Short-term Assets	$343,303	$320,000	$403,100
Total Short-term Assets	$1,601,052	$1,601,427	$1,689,379
Long-term Assets			
Capital Assets	$674,455	$730,278	$769,053
Accumulated Depreciation	$226,930	$302,049	$331,303
Total Long-term Assets	$447,525	$428,229	$437,750
Total Assets	**$2,048,577**	**$2,029,656**	**$2,127,129**
Capital and Liabilities			
Accounts Payable	$680,228	$192,226	$437,433
Short-term Notes	$223,730	$549,000	$500,000
Other Short-term Liabilities	$315,458	$296,232	$398,126
Subtotal Short-term Liabilities	$1,219,416	$1,037,458	$1,335,559
Long-term Liabilities	$416,586	$587,397	$543,554
Total Liabilities	$1,636,002	$1,624,855	$1,879,113
Paid in Capital	($30,594)	$3,966	$3,966
Retained Earnings	$291,253	$260,373	$391,386
Earnings	$151,916	$140,462	($147,336)
Total Capital	$412,575	$404,801	$248,016
Total Capital and Liabilities	$2,048,577	$2,029,656	$2,127,129
Other Inputs			
Payment days	30	30	30
Sales on credit	$9,500,000	$10,000,000	$7,500,000
Receivables turnover	12.33	16.78	10.28

1. Cash	$25,0002.
2. Bank Loan /Investors (Combination)	$110,000

FIRST YEAR BREAK-EVEN ANALYSIS (Average, Optimistic, and Pessimistic Cases)

---------Per Month-1st Year---------

	Per Month-1st Year		
Cost Variables	**Optimistic 15%**	**Most Likely Case**	**Pessimistic -15%**
FIXED COSTS:			
Rentals/Leases	$5,577.50	$4,850.00	$4,122.50
Salaries (Fixed/Owners)	$2,548.40	$2,216.00	$1,883.60
Insurance	$1,456.28	$1,266.33	$1,076.38
Fixed Taxes/Benefits	$509.68	$443.20	$376.72
Interest	$1,443.25	$1,255.00	$1,066.75
Utilities/Phone/Security Sys.	$1,168.88	$1,016.42	$863.96
Total Fixed Costs	**$12,703.99**	**$11,046.95**	**$9,389.91**

Cost Variables 15%	**Optimistic Case**	**Most Likely -15%**	**Pessimistic**
FIXED COSTS:			
Rentals/Leases	$5,577.50	$4,850.00	$4,122.50
Salaries (Fixed/Owners)	$2,548.40	$2,216.00	$1,883.60
Insurance	$1,456.28	$1,266.33	$1,076.38
Fixed Taxes/Benefits	$509.68	$443.20	$376.72
Interest	$1,443.25	$1,255.00	$1,066.75
Utilities/Phone/Security Sys.	$1,168.88	$1,016.42	$863.96
Total Fixed Costs	**$12,703.99**	**$11,046.95**	**$9,389.91**

	Per Month-1st Year		
	Optimistic 15%	**Most Likely Case**	**Pessimistic -15%**
VARIABLE COSTS			
Variable Labor/Wages/Benefits	$15,069.60	$13,104.00	$11,138.40
Cost of Goods Sold		$22,333.33	
Advertising/Marketing	$2,184.33	$1,899.42	$1,614.51
Entertainment		$6,500.00	
(other variable cost)	$7,157.37	$6,223.80	$5,290.23
Total Variable Costs	**$24,411.30**	**$50,060.55**	**$18,043.14**

	Per Month-1st Year		
Pricing & Unit Sales Variables	**Optimistic 15%**	**Most Likely Case**	**Pessimistic -15%**
Average Income per Customer	$16.31	$14.18	$12.05
Average # of Customers per Month	5,136.67	4,466.67	3,796.67
Fixed costs per Customer	$2.84	$2.47	$2.10
Variable Costs per Customer	$12.89	$11.21	$9.53
Break-Even Number of Customers	**3,716.48**	**3,716.48**	**3,716.48**
Customers over Break-Even	**1,420.19**	**750.19**	**80.19**
Break-Even Sales Amount	**$60,604.65**	**$52,699.69**	**$44,794.74**
Gross Profit per Customer	**$3.42**	**$2.97**	**$2.53**
Gross Profit (over Break-Even)	**$4,854.62**	**$2,229.88**	**$202.60**

	---------Per Month-1st Year---------		
	Optimistic 15%	**Most Likely Case**	**Pessimistic -15%**
VARIABLE COSTS			
Variable Labor/Wages/Benefits	$15,069.60	$13,104.00	$11,138.40
Cost of Goods Sold		$22,333.33	
Advertising/Marketing	$2,184.33	$1,899.42	$1,614.51
Entertainment		$6,500.00	
(other variable cost)	$7,157.37	$6,223.80	$5,290.23
Total Variable Costs	**$24,411.30**	**$50,060.55**	**$18,043.14**

	---------Per Month-1st Year---------		
Pricing & Unit Sales Variables	**Optimistic 15%**	**Most Likely Case**	**Pessimistic -15%**
Average Income per Customer	$16.31	$14.18	$12.05
Average # of Customers per Month	5,136.67	4,466.67	3,796.67
Fixed costs per Customer	$2.84	$2.47	$2.10
Variable Costs per Customer	$12.89	$11.21	$9.53
Break-Even Number of Customers	**3,716.48**	**3,716.48**	**3,716.48**
Customers over Break-Even	**1,420.19**	**750.19**	**80.19**
Break-Even Sales Amount	**$60,604.65**	**$52,699.69**	**$44,794.74**
Gross Profit per Customer	**$3.42**	**$2.97**	**$2.53**
Gross Profit (over Break-Even)	**$4,854.62**	**$2,229.88**	**$202.60**

Break-Even Analysis is a mathematical technique for analyzing the relationship between profits and fixed and variable costs. It is also a profit planning tool for calculating the point at which sales will equal costs. The above analysis indicates the first year break-even number of customers at 3,716.48 per month and break-even income at $52,699.69 per month. Anything over these amounts will be profit.

PROJECTED FIVE-YEAR INCOME STATEMENT

	Projected Year 1	Projected Year 2	Projected Year 3	Projected Year 4	Projected Year 5
Total Revenue	759,780	984,454	1,230,568	1,415,153	1,556,668
Cost of Goods Sold	268,000	347,250	434,063	499,172	549,089
Salaries/Payroll	157,632	165,496	206,870	237,901	261,691
Payroll Taxes/Benefits	31,526	33,099	41,374	47,580	52,338
Maint./Repair/Breakage	22,793	29,534	36,918	42,455	46,701
Advertising/Marketing	22,793	34,456	43,070	49,531	54,484
Fees/Permits/Licenses	300	600	750	863	949
Amortization-Org. Costs	1,100	1,100	1,375	1,581	1,739
Rent/Deposits/Leases	58,200	58,200	72,750	83,663	92,029
Entertainment	78,000	96,000	120,000	138,000	151,180
Insurance	15,196	19,689	24,611	28,303	31,133
Phones/Utilities	9,497	12,306	15,383	17,690	19,459
Office Supplies/Postage	7,598	9,845	12,306	14,152	15,567

	Projected Year 1	Projected Year 2	Projected Year 3	Projected Year 4	Projected Year 5
Total Revenue	759,780	984,454	1,230,568	1,415,153	1,556,668
Cost of Goods Sold	268,000	347,250	434,063	499,172	549,089
Salaries/Payroll	157,632	165,496	206,870	237,901	261,691
Payroll Taxes/Benefits	31,526	33,099	41,374	47,580	52,338
Maint./Repair/Breakage	22,793	29,534	36,918	42,455	46,701
Advertising/Marketing	22,793	34,456	43,070	49,531	54,484
Fees/Permits/Licenses	300	600	750	863	949
Amortization-Org. Costs	1,100	1,100	1,375	1,581	1,739
Rent/Deposits/Leases	58,200	58,200	72,750	83,663	92,029
Entertainment	78,000	96,000	120,000	138,000	151,180
Insurance	15,196	19,689	24,611	28,303	31,133
Phones/Utilities	9,497	12,306	15,383	17,690	19,459
Office Supplies/Postage	7,598	9,845	12,306	14,152	15,567

	Projected Year 1	Projected Year 2	Projected Year 3	Projected Year 4	Projected Year 5
Professional Fees	6,000	9,600	12,000	13,800	15,180
Miscellaneous	22,793	29,534	36,918	42,455	46,701
Security System	2,700	2,700	3,375	3,881	4,269
Loan Interest Payments	15,060	14,248	13,315	12,243	11,011
Depreciation	14,100	14,100	14,100	14,100	14,100
Total Operating Expenses	**733,288**	**877,757**	**1,089,176**	**1,247,368**	**1,368,239**
Income Before Taxes	$26,492	$106,697	$141,391	$167,784	$188,429
Income Taxes	$5,298	$29,875	$42,417	$53,691	$64,066
NET INCOME	**$21,194**	**$76,822**	**$98,974**	**$114,093**	**$124,066**

	Projected Year 1	Projected Year 2	Projected Year 3	Projected Year 4	Projected Year 5
Professional Fees	6,000	9,600	12,000	13,800	15,180
Miscellaneous	22,793	29,534	36,918	42,455	46,701
Security System	2,700	2,700	3,375	3,881	4,269
Loan Interest Payments	15,060	14,248	13,315	12,243	11,011
Depreciation	14,100	14,100	14,100	14,100	14,100
Total Operating Expenses	**733,288**	**877,757**	**1,089,176**	**1,247,368**	**1,368,239**
Income Before Taxes	$26,492	$106,697	$141,391	$167,784	$188,429
Income Taxes	$5,298	$29,875	$42,417	$53,691	$64,066
NET INCOME	**$21,194**	**$76,822**	**$98,974**	**$114,093**	**$124,066**

Источник бизнес-плана: http://www.referenceforbusiness.com

PROJECTED FIVE-YEAR BALANCE SHEET

	Projected Year 1	Projected Year 2	Projected Year 3	Projected Year 4	Projected Year 5
Cash & Equivalent	55,922	130,181	143,199	157,519	173,271
Accounts Receivable	11,651	14,175	17,294	21,098	25,740
Inventory	52,217	46,885	42,098	37,800	33,940
Other Assets & Deposits	17,700	15,378	13,362	11,610	10,088
Total Current	137,490	206,619	215,953	228,027	243,039
Leasehold Improvements	5,000	5,000	5,000	5,000	5,000
Pool Tables	18,000	18,000	18,000	18,000	18,000
Furniture/Equipment/Bar	47,500	75,900	121,440	170,016	238,022
Depreciation/Amortization	(15,200)	(32,975)	(45,600)	(60,800)	(76,000)
Intangibles	5,500	5,500	5,500	5,500	5,500
Other Assets	7,500	10,000	10,000	10,000	10,000
TOTAL ASSETS	**205,790**	**288,044**	**330,293**	**375,743**	**443,562**
Trade Acct. Payable	24,658	30,000	36,600	44,652	54,475
Current Portion L.T.D.	453	521	599	689	792
Other Current Liab.	41,689	50,784	62,983	77,469	95,287
Total Current Liab.	66,800	81,305	100,182	122,810	150,555
Long Term Debt	107,119	101,253	94,512	86,764	77,858
TOTAL LIABILITIES	**173,919**	**182,558**	**194,694**	**209,574**	**228,413**
Common Stock	25,000	25,000	25,000	25,000	25,000
Retained Earnings	6,871	80,486	110,599	141,169	190,149
EQUITY/NET WORTH	**31,871**	**105,486**	**135,599**	**166,169**	**215,149**
LIABILITIES & EQUITY	**205,790**	**288,044**	**330,293**	**375,743**	**443,562**

	Projected Year 1	Projected Year 2	Projected Year 3	Projected Year 4	Projected Year 5
Cash & Equivalent	55,922	130,181	143,199	157,519	173,271
Accounts Receivable	11,651	14,175	17,294	21,098	25,740
Inventory	52,217	46,885	42,098	37,800	33,940
Other Assets & Deposits	17,700	15,378	13,362	11,610	10,088
Total Current	137,490	206,619	215,953	228,027	243,039
Leasehold Improvements	5,000	5,000	5,000	5,000	5,000
Pool Tables	18,000	18,000	18,000	18,000	18,000
Furniture/Equipment/Bar	47,500	75,900	121,440	170,016	238,022
Depreciation/Amortization	(15,200)	(32,975)	(45,600)	(60,800)	(76,000)
Intangibles	5,500	5,500	5,500	5,500	5,500
Other Assets	7,500	10,000	10,000	10,000	10,000
TOTAL ASSETS	**205,790**	**288,044**	**330,293**	**375,743**	**443,562**
Trade Acct. Payable	24,658	30,000	36,600	44,652	54,475
Current Portion L.T.D.	453	521	599	689	792
Other Current Liab.	41,689	50,784	62,983	77,469	95,287
Total Current Liab.	66,800	81,305	100,182	122,810	150,555
Long Term Debt	107,119	101,253	94,512	86,764	77,858
TOTAL LIABILITIES	**173,919**	**182,558**	**194,694**	**209,574**	**228,413**
Common Stock	25,000	25,000	25,000	25,000	25,000
Retained Earnings	6,871	80,486	110,599	141,169	190,149
EQUITY/NET WORTH	**31,871**	**105,486**	**135,599**	**166,169**	**215,149**
LIABILITIES & EQUITY	**205,790**	**288,044**	**330,293**	**375,743**	**443,562**

Источник бизнес-плана: http://www.referenceforbusiness.com

Common Size Financial Statements

COMMON SIZE INCOME STATEMENT

	Estimated Year 1	Projected Year 2	Projected Year 3	Projected Year 4	Projected Year 5	1995 Industry Ave.
Total Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Operating Expenses	96.5%	89.2%	88.5%	88.1%	87.9%	90.9%
Operating Profit	3.5%	10.8%	11.5%	11.9%	12.1%	9.1%
Other Expenses/Income	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%
PRE-TAX PROFIT	**3.5%**	**10.8%**	**11.5%**	**11.9%**	**12.1%**	**8.2%**

	Estimated Year 1	Projected Year 2	Projected Year 3	Projected Year 4	Projected Year 5	1995 Industry Ave.
Total Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Operating Expenses	96.5%	89.2%	88.5%	88.1%	87.9%	90.9%
Operating Profit	3.5%	10.8%	11.5%	11.9%	12.1%	9.1%
Other Expenses/Income	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%
PRE-TAX PROFIT	**3.5%**	**10.8%**	**11.5%**	**11.9%**	**12.1%**	**8.2%**

COMMON SIZE BALANCE SHEET

	Estimated Year 1	Projected Year 2	Projected Year 3	Projected Year 4	Projected Year 5	1995 Industry Ave.
Cash & Equivalent	27.2%	45.1%	43.4%	41.9%	39.1%	10.1%
Accounts Receivable	5.7%	4.9%	5.2%	5.6%	5.8%	15.7%
Inventory	25.4%	24.4%	12.8%	10.1%	7.7%	
Other Current	8.6%	7.2%	4.1%	3.1%	2.3%	2.3%
Total Current Assets	**66.8%**	**81.6%**	**65.5%**	**60.7%**	**54.9%**	**28.1%**
Fixed Assets (Net)	26.9%	13.9%	30.6%	36.0%	41.6%	59.6%
Intangibles	2.7%	1.9%	1.7%	1.4%	1.2%	2.7%
Other Assets	3.6%	2.6%	2.3%	1.9%	2.3%	9.6%
TOTAL ASSETS	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Liabilities:						
Accounts Payable	12.0%	10.4%	11.1%	11.9%	10.0%	4.3%
Short Term Notes	0.0%	0.0%	0.0%	0.0%	0.0%	5.1%
Current Maturities (LTD)	0.2%	0.2%	0.2%	0.2%	0.2%	12.5%
Other Current Liabilities	20.2%	17.6%	19.1%	20.6%	19.1%	10.2%
Total Current Liabilities	**32.4%**	**28.2%**	**30.4%**	**32.7%**	**29.3%**	**32.1%**
Long-Term Debt (Loans)	52.1%	35.2%	30.4%	23.1%	17.6%	24.9%
Other Non-Current	0.0%	0.0%	28.6%	0.0%	0.0%	10.9%
TOTAL EQUITY	**15.5%**	**36.6%**	**0.0%**	**44.2%**	**53.1%**	**32.1%**
Total Liabilities & Equity	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

	Estimated Year 1	Projected Year 2	Projected Year 3	Projected Year 4	Projected Year 5	1995 Industry Ave.
Cash & Equivalent	27.2%	45.1%	43.4%	41.9%	39.1%	10.1%
Accounts Receivable	5.7%	4.9%	5.2%	5.6%	5.8%	15.7%
Inventory	25.4%	24.4%	12.8%	10.1%	7.7%	
Other Current	8.6%	7.2%	4.1%	3.1%	2.3%	2.3%
Total Current Assets	**66.8%**	**81.6%**	**65.5%**	**60.7%**	**54.9%**	**28.1%**
Fixed Assets (Net)	26.9%	13.9%	30.6%	36.0%	41.6%	59.6%
Intangibles	2.7%	1.9%	1.7%	1.4%	1.2%	2.7%

	Estimated Year 1	Projected Year 2	Projected Year 3	Projected Year 4	Projected Year 5	1995 Industry Ave.
Other Assets	3.6%	2.6%	2.3%	1.9%	2.3%	9.6%
TOTAL ASSETS	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Liabilities:						
Accounts Payable	12.0%	10.4%	11.1%	11.9%	10.0%	4.3%
Short Term Notes	0.0%	0.0%	0.0%	0.0%	0.0%	5.1%
Current Maturities (LTD)	0.2%	0.2%	0.2%	0.2%	0.2%	12.5%
Other Current Liabilities	20.2%	17.6%	19.1%	20.6%	19.1%	10.2%
Total Current Liabilities	**32.4%**	**28.2%**	**30.4%**	**32.7%**	**29.3%**	**32.1%**
Long-Term Debt (Loans)	52.1%	35.2%	30.4%	23.1%	17.6%	24.9%
Other Non-Current	0.0%	0.0%	28.6%	0.0%	0.0%	10.9%
TOTAL EQUITY	**15.5%**	**36.6%**	**0.0%**	**44.2%**	**53.1%**	**32.1%**
Total Liabilities & Equity	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

RATIO ANALYSIS

Ratio analysis can be one of the most useful financial management tools. It becomes important when you look at the trend of each ratio over time. It also becomes important when compared to averages of a particular industry.

	Projected Year 1	Projected Year 2	Projected Year 3	Projected Year 4	Projected Year 5	Industry 1995
Liquidity Ratios:						
Current Ratio	2.06	2.54	2.16	1.86	1.61	0.9
Quick Ratio	1.01	1.78	1.6	1.45	1.32	0.5
Sales / Receivables	65.21	69.45	71.16	67.07	60.48	327.6
Days' Receivables	5.6	5.26	5.13	5.44	6.04	1.11
Cost of Sales / Inventory	5.13	7.41	10.31	13.21	16.18	2.18
Days' Inventory	71.12	49.28	35.4	27.64	22.56	
Cost of Sales / Payables	10.87	11.58	11.86	11.18	10.08	12
Day's Payables	33.58	31.53	30.78	32.65	36.21	30.42
Sales / Work. Capital	10.75	7.86	10.63	13.45	16.83	-163.4
EBIT / Interest	2.76	8.49	11.62	14.7	18.11	3.1
Net Profit + Depr. + Amort./C.L.T.D.	80.34	176.63	191.02	188.35	176.94	0
Leverage Ratios						
Fixed Assets/Tan. Net Worth	1.74	0.62	0.73	0.80	0.86	3.2
Debt/Worth	5.46	1.73	1.44	1.26	1.06	3.3
Operating Ratios						
Profit Before Tax / Tan. Net Worth	0.83	1.01	1.04	1.01	0.88	19.30
Profit Before Tax / Total Assets	0.13	0.37	0.43	0.045	0.42	6.20
Sales / Net Fixed Assets	13.74	14.93	12.45	10.7	8.41	2.8
Sales / Total Assets	3.69	3.42	3.73	3.77	1.06	2.3
Other Ratios:						
% Deprec., Amort. / Sales	0.02	0.02	0.01	0.01	0.01	3.5
% Officer's Compensation/Sales						0
Key Percentages as a Percent of Operating Income						
Rent	7.66%	5.91%	5.91%	5.91%	5.91%	5.20%
Interest Paid	1.98%	1.45%	1.08%	0.87%	0.71%	1.30%
Depreciation & Amortization	2.00%	1.54%	1.26%	1.11%	1.02%	2.30%
Officers Compensation	3.50%	3.50%	3.50%	3.50%	3.50%	4.00%
Taxes Paid	0.70%	3.03%	3.45%	3.79%	4.12%	4.00%

	Projected Year 1	Projected Year 2	Projected Year 3	Projected Year 4	Projected Year 5	Industry 1995
Liquidity Ratios:						
Current Ratio	2.06	2.54	2.16	1.86	1.61	0.9
Quick Ratio	1.01	1.78	1.6	1.45	1.32	0.5
Sales /Receivables	65.21	69.45	71.16	67.07	60.48	327.6

	Projected Year 1	Projected Year 2	Projected Year 3	Projected Year 4	Projected Year 5	Industry 1995
Days' Receivables	5.6	5.26	5.13	5.44	6.04	1.11
Cost of Sales /Inventory	5.13	7.41	10.31	13.21	16.18	2.18
Days' Inventory	71.12	49.28	35.4	27.64	22.56	
Cost of Sales /Payables	10.87	11.58	11.86	11.18	10.08	12
Day's Payables	33.58	31.53	30.78	32.65	36.21	30.42
Sales /Work. Capital	10.75	7.86	10.63	13.45	16.83	-163.4
EBIT /Interest	2.76	8.49	11.62	14.7	18.11	3.1
Net Profit + Depr. + Amort./C.L.T.D.	80.34	176.63	191.02	188.35	176.94	0
Leverage Ratios						
Fixed Assers/Tan. Net Worth	1.74	0.62	0.73	0.80	0.86	3.2
Debt/Worth	5.46	1.73	1.44	1.26	1.06	3.3
Operating Ratios						
Profit Before Tax /Tan. Net Worth	0.83	1.01	1.04	1.01	0.88	19.30
Profit Before Tax /Total Assets	0.13	0.37	0.43	0.045	0.42	6.20
Sales /Net Fixed Assets	13.74	14.93	12.45	10.7	8.41	2.8
Sales /Total Assets	3.69	3.42	3.73	3.77	1.06	2.3
Other Ratios:						
% Deprec., Amort. /Sales	0.02	0.02	0.01	0.01	0.01	3.5
% Officer's Compensation/Sales						0
Key Percentages as a Percent of Operating Income						
Rent	7.66%	5.91%	5.91%	5.91%	5.91%	5.20%
Interest Paid	1.98%	1.45%	1.08%	0.87%	0.71%	1.30%
Depreciation & Amortization	2.00%	1.54%	1.26%	1.11%	1.02%	2.30%
Officers Compensation	3.50%	3.50%	3.50%	3.50%	3.50%	4.00%
Taxes Paid	0.70%	3.03%	3.45%	3.79%	4.12%	4.00%

Revenue to Working Capital ratio is a measure of the margin of protection for current creditors. This ratio is above industry averages and indicates a good level of safety for creditors.

EBIT to interest ratio is a measure of ability to meet annual interest payments. Since this ratio is above industry averages, Santiago Roller Rink should have no problem servicing its debt.

The Earnings before Taxes to Total Assets Ratio expresses the pre-tax return on total assets and measures the effectiveness of management in employing available resources. Santiago Roller Rink would be more efficient than the industry in its effective employment of resources.

CATEGORY / YEAR	**1997**	**1998**	**1999**	**2000**	**2001**
Current Assets	$137,490	$206,619	$215,953	$228,027	$243,039
Fixed Assets	$55,300	$65,925	$98,840	$132,216	$185,022
Other Assets	$13,000	$15,500	$15,500	$15,500	$15,500
TOTAL ASSETS	**$205,790**	**$288,044**	**$330,743**	**$375,743**	**$443,562**
Current Liabilities	$66,800	$81,305	$100,182	$122,810	$150,555
Long-Term Liabilities	$107,119	$101,253	$94,512	$86,764	$77,858
Other Liabilities	$0	$0	$0	$0	$0
TOTAL LIABILITIES	**$173,919**	**$182,558**	**$194,694**	**$209,574**	**$228,413**
Stock	$25,000	$25,000	$25,000	$25,000	$25,000
Current earnings	$0	$0	$0	$0	$0
Retained Earnings (minus dividends)	$6,871	$80,486	$110,599	$141,169	$190,149
NET WORTH	**$31,871**	**$105,486**	**$1,355,999**	**$166,169**	**$215,149**
Liabilities + Net Worth	$205,790	$288,044	$330,293	$375,743	$443,562
Working Capital	$70,690	$125,314	$115,770	$105,217	$92,484
Sales	$759,780	$984,454	$1,230,567	$1,415,152	$1,556,667
Earning Before Taxes & Interest	$41,550	$120,946	$154,708	$180,029	$199,442
Book Value (minus intangibles)	$31,871	$105,486	$135,599	$166,169	$215,149
WC / TA = (X1)	0.34	0.44	0.35	0.28	0.21
RE / TA = (X2)	0.03	0.28	0.33	0.38	0.43
EBIT / TA = (X3)	0.2	0.42	0.47	0.48	0.45
Book Value / TL = (X4)	0.18	0.58	0.7	0.79	0.94
Sales / TA = (X5)	3.69	3.42	3.73	3.77	3.51
CALCULATED Z SCORE	**4.66**	**5.51**	**6.00**	**6.1**	**5.81**

CATEGORY /YEAR	**1997**	**1998**	**1999**	**2000**	**2001**
Current Assets	$137,490	$206,619	$215,953	$228,027	$243,039
Fixed Assets	$55,300	$65,925	$98,840	$132,216	$185,022
Other Assets	$13,000	$15,500	$15,500	$15,500	$15,500
TOTAL ASSETS	**$205,790**	**$288,044**	**$330,743**	**$375,743**	**$443,562**
Current Liabilities	$66,800	$81,305	$100,182	$122,810	$150,555
Long-Term Liabilities	$107,119	$101,253	$94,512	$86,764	$77,858
Other Liabilities	$0	$0	$0	$0	$0
TOTAL LIABILITIES	**$173,919**	**$182,558**	**$194,694**	**$209,574**	**$228,413**
Stock	$25,000	$25,000	$25,000	$25,000	$25,000
Current earnings	$0	$0	$0	$0	$0
Retained Earnings (minus dividends)	$6,871	$80,486	$110,599	$141,169	$190,149
NET WORTH	**$31,871**	**$105,486**	**$1,355,999**	**$166,169**	**$215,149**
Liabilities + Net Worth	$205,790	$288,044	$330,293	$375,743	$443,562
Working Capital	$70,690	$125,314	$115,770	$105,217	$92,484
Sales	$759,780	$984,454	$1,230,567	$1,415,152	$1,556,667
Earning Before Taxes & Interest	$41,550	$120,946	$154,708	$180,029	$199,442
Book Value (minus intangibles)	$31,871	$105,486	$135,599	$166,169	$215,149
WC /TA = (X1)	0.34	0.44	0.35	0.28	0.21
RE /TA = (X2)	0.03	0.28	0.33	0.38	0.43
EBIT /TA = (X3)	0.2	0.42	0.47	0.48	0.45
Book Value /TL = (X4)	0.18	0.58	0.7	0.79	0.94
Sales /TA = (X5)	3.69	3.42	3.73	3.77	3.51
CALCULATED Z SCORE	**4.66**	**5.51**	**6.00**	**6.1**	**5.81**

The Z Score Formula = 0.717*(X1) + 0.847*(X2) + 3.107*(X3) + 0.420*(X4) + 0.998*(X5)

If the Z Score is Greater than or Equal to 2.91 the subject firm is apparently safe from bankruptcy. If the Z Score is Less than or Equal to 1.22 the subject firm may be destined for bankruptcy. If the Z Score is between 1.23 and 2.90 the firm is in a gray area and steps could be taken by management to correct existing or potential problems in order to avoid bankruptcy.

Z Score analysis is a statistical method developed to forecast bankruptcy. It is over 90% accurate one year into the future and 80% accurate for the second year.

In this instance we used the projected figures to determine the above scores.

The Z scores indicated above are all well over 2.91 which indicates that the company will not be a candidate for bankruptcy if it can achieve the goals outlined in this plan.

GRAPHICAL ANALYSIS

Initial Investment	Net Income ($25,000)	IRR	MIRR	Annual Dividends	Total Assets
Year 1	$21,192			$3,179	$205,790
Year 2	$76,823	122.73%	213.92%	$11,523	$288,044
Year 3	$98,975	160.80%	335.85%	$14,846	$330,293
Year 4	$114,095	172.94%	408.18%	$17,144	$375,743
Year 5	$124,364	177.11%	456.56%	$18,655	$443,562

Initial Investment	Net Income ($25,000)	IRR	MIRR	Annual Dividends	Total Assets
Year 1	$21,192			$3,179	$205,790
Year 2	$76,823	122.73%	213.92%	$11,523	$288,044
Year 3	$98,975	160.80%	335.85%	$14,846	$330,293
Year 4	$114,095	172.94%	408.18%	$17,144	$375,743
Year 5	$124,364	177.11%	456.56%	$18,655	$443,562

Assumptions:

Income figures are after taxes
Dividend Payout = 50% of After Tax Income
Reinvestment rate = 7%

IRR = INTERNAL RATE OF RETURN
MIRR = MODIFIED RATE OF RETURN
ROI - RATE OF RETURN ON OWNER'S INVESTMENT
ROA = RATE OF RETURN ON TOTAL ASSETS

IRR = the interest rate received for an investment and income that occur at regular periods

MIRR = adds the cost of funds and interest received on reinvestment of cash to the IRR

	Year 1	Year 2	Year 3	Year 4	Year 5
Return on Investment	12.72%	46.09%	59.39%	68.46%	74.62%
Return on Assets	10.30%	26.67%	29.97%	30.37%	28.04%
Income Per Share	$0.85	$3.07	$3.96	$4.56	$4.97
Dividends Per Share	$0.13	$0.46	$0.59	$0.68	$0.75

	Year 1	Year 2	Year 3	Year 4	Year 5
Return on Investment	12.72%	46.09%	59.39%	68.46%	74.62%
Return on Assets	10.30%	26.67%	29.97%	30.37%	28.04%
Income Per Share	$0.85	$3.07	$3.96	$4.56	$4.97
Dividends Per Share	$0.13	$0.46	$0.59	$0.68	$0.75

CONCLUSIONS AND SUMMARY

We feel that the type of company and service we are proposing is hitting the market at just the right time. We plan to fully repay the loan by the end of the third year. However, we will schedule repayments over ten years to give us flexibility. By applying our conservative projections, income for the first year is expected to be $21,194 after taxes and debt service. This will rise to 76,822 in the second and $124,363 by the fifth year. The business should be open for business by spring of 2001.