



Party Supply Store

CELEBRATIONS

1100 Sutton Ave.
Kokomo, IN 55872

This business plan for a party supply retailer is a nearly exhaustive consideration of the party planning industry's potential in this owner's market. This entrepreneur has considered not only his initial startup, but related businesses that can be developed as adjuncts. Note the use of available data to get a commanding picture of the business' possibility for success.

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CASH FLOW ASSUMPTIONS AND CONSIDERATIONS

The market research data is based on a limited geographical sales area, the central counties of the state of Indiana. Actual market area includes parts of nine counties from the central Indiana, about 7% of the state.

All costs and expenses are taken from the high side of any estimates or ranges. The sales figures are deliberately figured from the low side of any projections. This was done to present the project in the most conservative manner.

Targeted market share projections are very conservative considering that we will be the only store of this type in the market area. The nearest full line competitors are 70 miles away.

The cash flow chart does not account for four weeks in the year. For ease of accounting all months are assumed to have exactly four weeks. This action allows for some buffer effect in cash flow assumptions.

The size of the store's inventory and projected sales figures have prompted some sizable discounts on the costs of inventory. Manufacturers are offering an additional 20% to 40% off the costs of selected lines of paper goods. These savings are not reflected in the cash flow estimates, as they are not locked in until the actual



purchases are made and are based on the size and the timing of the order.

The landlord, recognizing that the store will be a magnet store that will draw customers, offered an excellent lease at about half the going rate for the area that we are located in. We will generate shopping traffic for the other businesses in the building.

The purchases figures in the cash flow projections are calculated to include a 2% return and allowances amount.

The depreciation expense account in the cash flow projections is based on MACR schedules for assets in the 7 year category.

The cash flow projections sheet, at the beginning of the second year, shows an expenses for \$10,000 for the purchase of etching and engraving machinery. This follows the business plan for growth of the business and is expected to generate \$20,000 to \$25,000 in direct sales.

EXECUTIVE SUMMARY

This plan covers three distinct stages. The first is to open Celebrations of Kokomo. This will be a retail store selling three lines of merchandise.

- 1st. Paper products such as plates, napkins, tablecloths, balloons, decorations, and banners.
- 2nd. A full line of wedding accessories such as bridal pillows, cake tops, server sets, and so forth.
- 3rd. Etched glassware such as wine glasses and wedding and anniversary gift sets of glass and crystal and a careful selection of items suitable for gifts for weddings, anniversaries, and special occasions.

The first stage of this plan is projected to cost \$90,300. Of this amount we need to finance about \$75,000. The break even point of sales vs. expenses occurs in the 5th month of operation. Debt service is paid from the first month of operation. Total accumulated profits compared to all accumulated expenses become positive in the 10th month of the first year.

In stage two we hope to expand the business to include event planning and coordination of peripheral services such as hall, rentals, limos, and caterers. This stage does not require financing and will be implemented, as it becomes viable.

The retail market in the tri-county are of Jackson, Green, and Yardley counties is estimated at 3.2 Billion Dollars. The wedding and party accessories is about \$1,070,000. After three years of operation, we project a market share of 30%, giving us gross sales of about \$421,000 per year at that point.

Competitive advantages are:

Location: our nearest full line competitor is 70 miles away.

Selection: a complete line of merchandise to be offered in depth.

Price: Volume and selection will allow moderate pricing strategies.

Management skills of the owners:

Greg Rivers: B.S. in Business Management from Lake Superior State University, office experience with Randolph Construction, Selling experience in both wholesale and retail sales.

June Rivers: 28 years experience in billing, collection, scheduling, and office operations.



COMPANY DESCRIPTION

Name of Company : Celebrations of Kokomo.

Name of Owners : June J. and Greg M. Rivers

Legal structure of the company : "S" Corporation

Type of Business : Retail sales of decorations, paper goods and accessories for weddings, birthdays, anniversaries and all types of parties and occasions.

Reasons for formation of the company:

The main reasons for starting this company are to provide a useful and needed service to the community, to fulfil lifelong ambitions of being in charge of our destinies, to work for our own economic welfare, and to function at our potential.

Goals

The short term goals for this business are to establish a thriving and competitive presence in the accessories niche of the wedding and party business, and provide a local alternative to what is now a major trip to the nearest competitor. We also want to provide glassware engraving, a unique and specialized service that will be recognized for high quality and considered to be an appropriate gift for very special occasions.

The long term goals start with cementing the position of the business as a reasonably priced, full line, service center for the paper products and of the wedding and party accessories business. We plan to expand this service to include printing services, consulting and organizing for weddings and other events, and some rentals for these types of events.

The etching and engraving part of the business is planned to expand to provide products and services to a wider area. We would like to be a supplier of personalized, etched to order, stemware and glassware in the Indiana, Ohio, and Michigan area.

Product/Service Analysis

Description

The business intends to compete in three areas. The first area is paperware. This includes all the plates, napkins, balloon, tablecloths, banners, decorations, and so forth, that are needed to have a party or reception. This will be the largest portion of the inventory and will require the most display space.

The second area is centered around the wedding accessory market. These type of products include items such as unity candles, ring pillows, toasting glasses, garters, guest books, gift books, pompoms, and wedding albums. It is planned to expand this area to include a wedding and event co-ordinating service to provide one stop planning of all peripheral services such as the limo, hall, flowers, organist, soloist, horse and carriage, photographer or any other service that would enhance the event.

The third area is engraving and etching of stem ware and glasses. The ability to engrave names, dates, and patterns on champagne and wine toasting glasses will enhance the bridal part of the business. For other events such as birthdays, gag gifts, souvenirs and anniversaries the ability to engrave or etch names, dates, and patterns on the spot will create its own traffic. There is also a large market to be exploited in supplying other stores, businesses, and service clubs with both previously engraved glassware and glassware engraved per order.



Advantages

In the local market place there is limited direct competition in the paper products area, there are no engraving places that cater to the glassware market, and the wedding accessories market does not have business that offers a full line, in depth selection.

None of these products are necessities, but they compete in a selected market that has several advantages. Despite the ups and downs of the market place, weddings will continue to consume these products and services. People will still continue to celebrate events and occasions and they tend to view the purchase of these types of products and services as being of importance to the occasion. We believe that the business will compete very favorable in terms of price, location, and selection

INDUSTRY ANALYSIS

Growth and Competition

As a whole, the wedding and party paperware industry has shown remarkable resilience in the market place. In the last few years there has been an upswing in the purchase of these types of products. The number of suppliers has also increased significantly. Locally, there has been little attempt at serving this market.

The wedding accessory industry has been a solid part of the economy for a number of years. There is no expectation in this industry of relinquishing market share or slowing its steady growth.

As far as I can determine the glassware etching and engraving business per order is so scattered and fragmented that there is no practical industry to relate to. I have found one business in Florida that engraves glassware and one company in Plymouth, Michigan that actually does what I envision the market requires. They are in such diverse markets that trying to use their data for market size and share is impractical. There is some competition in peripheral areas from other businesses such as stained glass companies that etch or frost glass. They typically do not do stemware or glassware, however.

I anticipate slow to steady growth in the paperware and wedding accessory parts of the business. The growth of the etching and engraving business will be a little more explosive. There is no direct competition and the primary markets, tourism and giftware, are experiencing great growth.

Seasonality and Cycles of Business

The wedding industry has two major focuses in the year. Spring and fall weddings account for the majority of weddings. There is however, a long lead time in the planning and purchasing of the products in this area. This tends to flatten the purchasing cycle. The purchase of paper products for special events such as parties, anniversaries, and holiday celebrations are spread out pretty well and help keep the business in a good cash flow position. The glassware end of the business will follow the wedding and paperware cycles, but will also be influenced by the flux of the tourist seasons.

Barriers and Incentives to Entry

There are no licensing requirements, no franchising fees, or obligatory memberships in trade associations. The biggest impediments will be inventory costs, advertising budgets, and the cost of either renting or purchasing a location. The only social or economic factors that would influence the business would be a major re-adjustment in how people perceive the importance of their wedding, anniversary, birthday or holiday parties.



MARKET ANALYSIS

Customers

This will be a retail operation on the wedding and paperware side and both wholesale and retail on the engraving side of the business. In general the demographics of the retail customers, reflect the broad spectrum of income and lifestyles of the surrounding community. Sales in the areas I have selected are not limited to any specific segment of society or level of income. However, the level of spending per event rises with the level of income of the particular customer. The products will, in general, appeal more to women than men. Hobbies, education, profession, or age will not impact the buying decisions. Customers tend to purchase on the basis of price, quality, location, and service.

Competition

The competition in the paperware part of the business is mainly from one paperware retailer 70 miles away. Local competition is provided by two stationary stores, several drugstores, and a large, broad spectrum marketer. In the wedding accessory part of the business, the competition flower shops offer some accessories and the two bridal shops in the marketing area do not offer a broad spectrum, full line selection of bridal accessories. The etching and engraving part of the business have no direct competition. There are businesses that have no direct competition. That are businesses in the area that do stain or etch plate glass, but none that focus on stemware or barware.

The greatest competition my business will face will be Indiana Paper Products Company of Indianapolis, Indiana. They are a full line, well positioned company. They are at present, the best option available for the purchase of paperware products and for wedding accessories. Their price structure reflects their dominant position in the market. Their greatest attraction is the full spectrum of choices available to their customers.

Another strong competitor is Kokomo Bridal Salon. The area of competition is in wedding accessories. Quality and service are excellent, but the selection and price are limited. They are the dominant business in the wedding dress and tuxedo business in Kokomo.

Suppliers

In the wedding accessory market the main suppliers are the Hortense B. Hewitt co. of Rexburg, Idaho, Jamie Lynn Co. of Chicago, and Treasure Masters of Derry, NM.

The main paperware products supplier is Creative Expressions, a division of the James River Corporation. Alternative suppliers are Amscan, Inc., of Harrison, N.Y., Francis Mayer Inc. of Savannah, Ga., Prestige Balloons from Gardena Ca, and Oddity Inc. of Pottsville, PA.

Anchor Hocking and the Lumar co. are just two of many glassware suppliers that can provide plain stemware and glasses suitable for engraving and etching.

MARKETING PLAN

Market Positioning

Price : The strategy is to offer competitive prices that are lower than the market leader, yet set to indicate value and worth. Initial customer surveys indicate that a 50% mark-up is acceptable in the paperproducts part of the sales mix. The engraving and etching prices will try to reflect the idea that these are great gifts in the intermediate price range. Priced high enough to make them quality gifts, yet low enough to attract a wide section of customers. The price range will be from \$10 to \$20 per set in general, with high-end sets available.



Quality : The product quality will have to be very good as the products will be showcased in highly visible situations. This attitude will be prevalent in all three areas of the business.

Service : Highly individual service is the key to success in these types of businesses. Personal attention to the customers will result in higher sales and word of mouth advertising. Everyone's wedding or special event is very important to them and deserve attentive service.

Advantages

The business has some good advantages in this market place. The first is location. The nearest large competitor is 70 miles away. The second is range and depth of selection. The local competing companies are not in the paperware market. At best they have some products and some selection. Another advantage will be synergistic. We will offer all these products in one place and they tend to complement one another. Customers will save a three hour trip and enjoy great prices.

Entry Strategy

I will be the only company in this area to offer this combination of products. This fact combined with a good advertising strategy, aimed at brides and party givers, will make our presence known. Word of mouth will also play a large part in the introduction of this company. Physical location and a good sign will also help. Sales promotions are not viewed as good marketing strategy for entry to this market. I would much rather rely on the advantages indicated above.

Another important part of the entry strategy is our presence in the various bridal shows, and local bridal magazines. Television and radio are too expensive for inclusion in this market entry strategy at this time. Direct marketing aimed at specific customers such as graduating students is possible by market research, direct mail, and inserts in the local papers.

Sales

Presentation and selection will catch the customers attention as well as how the merchandise is displayed and how easy it is to find the items wanted. Signs marking the product sections should be attractive and bright. Displays are planned in four feet sections and will be kept in areas that are related. For example, all tablecloths, paper, plastic, and cloth should be located in the same area for comparison and customer convenience.

Sales strategy also includes a knowledgeable, courteous sales staff. Knowledge about the products and the right attitude toward the customers are part of the image the store will try to project and foster. This strategy is aimed at establishing a large volume of repeat sales.

Pricing Policies

The suggested retail prices in the catalogs seem to be very competitive and attractive to the potential customers I have surveyed. The mark up seems to average about 100%. [See attachment]. I plan to offer no discounts or promotional sales at this time. Credit sales will be limited to the sale of engraved or etched glassware to other stores. The policies will be net 30 and an appropriate % rate to be determined. Engraved or etched to order will require up-front payment. Warranties will be offered that reflect the manufacturers warranties. Refunds will require the sales slip and the item purchased. All refunds will require the initials of the manager or owner.



Advertising and Promotion

Advertising in the local newspaper seems to offer the best mix of market penetration and price advantage. Creativity is easy to achieve and fast response times are attractive also. The advertising budget will determine the frequency of advertising budget will determine the frequency of ad runs, and the number of new ads to be created. Inserts in the newspaper are also a good buy and offer excellent market presentation.

There is a wedding apparel fashion show in the area that can present the business to a lot of new customers. The show takes place two to three times a year and reaches 200 to 500 bride-to-be. It is excellent for presenting this business on a one to one basis. There is also a local bridal magazine that covers the market area.

Selected mailings to those who register at county offices for marriage licenses and word of mouth are also strategies that are under consideration.

Donating products and services to schools and churches also is a part of the advertising plan. Advertising in school papers target a prime segment of potential customers, and sponsorship of school functions reinforces our presence.

Advertising in the yellow pages listing can also be an important factor in drawing new business and the major cost of advertising is borne by the phone company. Recognition by new customers of the effectiveness of the yellow pages will draw a large volume of new business.

Visibility of the business location by means of a sign and the building itself are a primary part of the advertising package and are cost effective.

At this time, advertising in radio or television are not within the means of the budget.

Inventory and Ordering

The industry average for turnaround on orders is about three days in house and another two to five days on the road. Minimum orders range from \$50 to \$350, depending on the supplier. In certain cases when the order totals \$350, the freight costs are paid by the shipper. Initial inventory is projected to be \$45,000. Replenishment orders will be made weekly or as needed.

FACILITIES & EQUIPMENT

Facilities

The business will be located in the downtown area of the city of Kokomo, Indiana. the requirements are adequate parking, easy access, visibility, affordability, and at least 1500 to 2000 sq. ft. of floor space.

The usual rental agreement for this area is in the range of \$700 to \$1500 per month, depending on location and condition of the building. Renovation and repair costs will depend on the condition of the building and the amount of re-arranging necessary.

Equipment and display shelving

Shelving and racks will be built or assembled by myself. Used racks and display units are available from a business in Muncie, Indiana. Other office equipment is already on hand, and includes adding machines, desk, file cabinets, and a computer.



MANAGEMENT

Owners

The owners of the business are June & Greg Rivers. Mr. Rivers is a graduate of Lake State University with a degree in Business Administration. He has experience in accounting and sales. He has taught accounting in the school system and been a tax accountant. He has held positions in both retail and wholesales sales, and has always been involved in customer relations.

Mrs. Rivers has experience in account collections, telephone work, retail sales, billing procedures, and insurance forms. She has worked in these areas for over 25 years. Another family member, who is an accountant of over fifty years experience, will help in the office.

Compensation

The compensation plan includes a salary base and bonus package. Medical and retirement plans are options that will be implemented as the business grows. Compensation will be limited in scale until profits warrant and increase.

Management Skills

The primary skills needed by a business of this type are concentrated in the personal skills area. The ability to interact with people determines the success or failure of the business. Not only customers must be handled with care, but management of any employees and relationships with suppliers are critical to success.

Prior knowledge of this type of business is not critical. The skill and experience of the sales representatives of many of the supplier companies can fill this gap. The personal skills listed above complement the reps input. Necessary skills in the advertising, insurance, tax, accounting, and other technical areas are hired as necessary.

FINANCIAL DOCUMENTS

Sales Volume Projections

Prepared with assistance from manufacturers representatives. Data from the Kokomo Regional Chamber of Commerce, the Central Indiana Council of Governments, the Extension Office of Jackson County, the Edward Lowe Foundation, and Ameritech.

This report was based on data representing a 40 mile area centered on Kokomo, Indiana. This area includes all of Jackson, Green, and Yardley counties. The extended sales area actually served by this business also includes parts of five other counties. These extended sales areas are not include in the projections listed below.



General Market Data

Population	121,283
Number of Households	46,717
Median Household Income	\$27,118
Spendable Income after Taxes for the sales area	\$950,153,000

Wedding Accessories

Number of Weddings per year	700
Estimated amounts spent on accessories	\$200
Potential Market – Wedding Accessories	\$140,000

Party goods, paper goods, decorations, and accessories

Number of Households	46,717
Amount spent per Household	\$20
Potential market – Paper goods	\$934,240

Total Potential Sales for this market area	\$1,074,340
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Targeted Market Share

Year 1	17%	\$180,000
Year 2	25%	\$265,800
Year 3	30%	\$320,400

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Year 3	30%	\$320,400

Capital Requirements

Equipment	\$1,753.00
Start up Costs and Deposits	\$3,213.00
Renovation Costs	\$10,650.00
Furnishings	\$7,000.00
Insurance, legal, and permit fees	\$2,384.00
Beginning inventory	\$45,000.00
Working Capital	\$8,000.00
Automobiles	\$7,300.00
Advertising	\$2,500.00
Travel Expenses	\$2,500.00
Total	\$90,300.00

Financial Resources	
Personal Investment	
Cash	\$8,000.00
Automobiles	\$7,300.00
Total	\$15,300.00

Proposed Loan	
Amount:	\$75,000.00
Length: 7 years	
Terms: 11% for 7 years, Monthly payments of \$1284.18	
Total	\$90,300.00



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Use of Funds Statement

Amount of Loan	\$75,000.00
Personal Funds Invested	\$8,000.00
Company Vehicles & Equipment invested as Capital	\$7,300.00

Expenditures:

Deposits, Licenses, Permits, Gas, Electric, Phone & Tra	\$612.00
Rental Deposits (Security and 1st month)	\$2,600.00
Legal Fees	\$750.00
Incorporation Fees	\$327.00
Insurance Premiums (Building, Contents, & Liability)	\$1,307.00
Office Equipment (See Start-Up Costs)	\$1,753.00
Display Racks and Shelving	\$7,000.00
Material and Construction Costs	\$8,150.00
Contractor's fees for inspections and upgrades	\$2,500.00
Electrical & Structural	
Plumbing and Gas	
Inventory (2160 Sq. Ft. of display & Shelving Area)	\$45,000.00
Advertising:	\$2,500.00
Local News Inserts	
Media Consultant Fee	
Telephone & Travel Expenses	\$2,500.00
Total Expenditures	\$75,000.00
Cash On Hand	\$8,000.00
Vehicles	\$7,300.00
Totals	\$90,300.00

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Personal Funds Invested	\$8,000.00
Company Vehicles & Equipment invested as Capital	\$7,300.00
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Media Consultant Fee	
Telephone & Travel Expenses	\$2,500.00
Total Expenditures	\$75,000.00
Cash On Hand	\$8,000.00
Vehicles	\$7,300.00
Totals	\$90,300.00

Miscellaneous Start-Up Costs and Deposits

Miscellaneous:

Gas	\$300.00
Electric	\$-
Phone	\$84.00
Trash	\$29.00
Licenses and Permits	\$200.00
Legal Fees	\$750.00

Insurance Premiums:

Building	\$300.00	Ann. Premium
Contents	\$628.00	Ann. Premium
Liability	\$379.00	Ann. Premium
Total	\$2,670.00	

Office Equipment:

Cash Register	\$300.00	ER-240 Samsung
Desk	\$200.00	Used
Office Chair	\$200.00	Used
Staplers and desk equip.	\$150.00	
Fire Extinguishers	\$120.00	6 ea. 1A-10B Dry
Smoke Alarms	\$40.00	4ea. Life Saver Co.
Cards, Paper, and labels	\$200.00	Letterhead
Business Checks	\$60.00	
Telephone	\$80.00	SW Bell 2 line phone
Adding Machine	\$60.00	
Balloon gas & machine	\$165.00	Lease Cost
Helium	\$58.00	Contents
Nozzels for balloons	\$50.00	
Safety chart for tank	\$70.00	
Interior Furnishings	\$7,000.00	Display Racks, Slotwall system with hooks & baskets

Subtotal \$8,753.00

Total \$11,423.00

Miscellaneous :

Gas	\$300.00
Electric	\$-
Phone	\$84.00
Trash	\$29.00



Licenses and Permits \$200.00

Legal Fees \$750.00

Insurance Premiums :

Building \$300.00 Ann. Premium

Contents \$628.00 Ann. Premium

Liability \$379.00 Ann. Premium

Total \$2,670.00

Office Equipment :

Cash Register \$300.00 ER-240 Samsung

Desk \$200.00 Used

Office Chair \$200.00 Used

Staplers and desk equip. \$150.00

Fire Extinguishers \$120.00 6 ea. 1A-10B Dry

Smoke Alarms \$40.00 4ea. Life Saver Co.

Cards, Paper, and labels \$200.00 Letterhead

Business Checks \$60.00

Telephone \$80.00 SW Bell 2 line phone

Adding Machine \$60.00

Balloon gas & machine \$165.00 Lease Cost

Helium \$58.00 Contents

Nozzels for balloons \$50.00

Safety chart for tank \$70.00

Interior Furnishings \$7,000.00 Display Racks, Slotwall system with hooks & baskets

Subtotal \$8,753.00

Total \$11,423.00

Opening Balance Sheet

Assets			
Cash	\$8,000.00		
Inventory	\$45,000.00		
Prepaid Startup Costs	\$21,247.00		
Current Assets		\$74,247.00	
Office Equipment	\$1,753.00		
Shelving	\$7,000.00		
Vehicles	\$7,300.00		
Accumulated Depreciation	\$-		
Net Fixed Assets		\$16,053.00	
Total Assets			\$90,300.00
Liabilities			
Payables	\$0		
Current portion of Long Term Debt	\$597.00		
Current Liabilities		\$597.00	
Bank Loan	\$74,403.00		
Long Term Liabilities	\$74,403.00		
Owners Equity			
Paid In Capital	\$15,300.00		
Total Net Worth		\$15,300.00	
Total Liabilities and Net Worth			\$90,300.00

Assets

Cash \$8,000.00

Inventory \$45,000.00



Prepaid Startup Costs	\$21,247.00	
Current Assets		\$74,247.00
Office Equipment	\$1,753.00	
Shelving	\$7,000.00	
Vehicles	\$7,300.00	
Accumulated Depreciation	\$-	
Net Fixed Assets		\$16,053.00
Total Assets		\$90,300.00
Liabilities		
Payables	\$0	
Current portion of Long Term Debt	\$597.00	
Current Liabilities		\$597.00
Bank Loan	\$74,403.00	
Long Term Liabilities	\$74,403.00	
Owners Equity		
Paid In Capital	\$15,300.00	
Total Net Worth		\$15,300.00
Total Liabilities and Net Worth		\$90,300.00

Profit & Loss Statement For the End of Year 1

Sales	\$180,000.00
Less Returns & Allowances	\$0
Net Sales	\$180,000.00
Expenses:	
Purchases	\$93,600.00
Wages	\$15,600.00
Outside Services	\$1,200.00
Supplies	\$2,400.00
Repairs & Maintenance	\$2,400.00
Advertising	\$6,000.00
Automobile & Travel	\$2,400.00
Rent	\$15,600.00
Telephone	\$2,400.00
Utilities	\$2,400.00
Insurance	\$2,400.00
Shipping	\$2,400.00
Depreciation	\$1,248.00
Loan	\$7,877.00
Miscellaneous	\$2,400.00
Total Expenses	\$160,325.00
Net Profit	\$19,675.00

Sales	\$180,000.00
Less Returns & Allowances	\$0
Net Sales	\$180,000.00
Expenses:	
Purchases	\$93,600.00
Wages	\$15,600.00
Outside Services	\$1,200.00
Supplies	\$2,400.00
Repairs & Maintenance	\$2,400.00
Advertising	\$6,000.00



Automobile & Travel	\$2,400.00	
Rent	\$15,600.00	
Telephone	\$2,400.00	
Utilities	\$2,400.00	
Insurance	\$2,400.00	
Shipping	\$2,400.00	
Depreciation	\$1,248.00	
Loan	\$7,877.00	
Miscellaneous	\$2,400.00	
Total Expenses		\$160,325.00
Net Profit		\$19,675.00

Profit & Loss Statement For the End of Year 2

Sales	\$265,800.00
Less Returns & Allowances	\$0
Net Sales	\$265,800.00

Expenses:	
Purchases	\$138,216.00
Wages	\$36,000.00
Outside Services	\$2,400.00
Supplies	\$3,600.00
Repairs & Maintenance	\$2,400.00
Advertising	\$9,000.00
Automobile & Travel	\$3,600.00
Rent	\$16,800.00
Telephone	\$3,600.00
Utilities	\$3,600.00
Insurance	\$3,000.00
Shipping	\$3,600.00
Depreciation	\$1,248.00
Loan Interest	\$7,006.00
Miscellaneous	\$4,800.00

Total Expenses	\$238,870.00
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Net Profit	\$26,930.00
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Sales	\$265,800.00
Less Returns & Allowances	\$0
Net Sales	\$265,800.00

Expenses:

Purchases	\$138,216.00
Wages	\$36,000.00
Outside Services	\$2,400.00
Supplies	\$3,600.00
Repairs & Maintenance	\$2,400.00
Advertising	\$9,000.00
Automobile & Travel	\$3,600.00
Rent	\$16,800.00
Telephone	\$3,600.00
Utilities	\$3,600.00
Insurance	\$3,000.00
Shipping	\$3,600.00
Depreciation	\$1,248.00



Loan Interest	\$7,006.00	
Miscellaneous	\$4,800.00	
Total Expenses		\$238,870.00
Net Profit		\$26,930.00

Profit & Loss Statement For the End of Year 3

Sales	\$380,400.00
Less Returns & Allowances	\$0
Net Sales	\$380,400.00

Expenses:	
Purchases	\$166,608.00
Wages	\$48,000.00
Outside Services	\$3,600.00
Supplies	\$3,600.00
Repairs & Maintenance	\$2,400.00
Advertising	\$12,000.00
Automobile & Travel	\$3,600.00
Rent	\$18,000.00
Telephone	\$4,800.00
Utilities	\$3,600.00
Insurance	\$3,600.00
Shipping	\$4,800.00
Depreciation	\$1,248.00
Loan Interest	\$6,032.00
Miscellaneous	\$4,800.00

Total Expenses	\$287,888
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Net Profit	\$32,512
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Sales	\$380,400.00
Less Returns & Allowances	\$0
Net Sales	\$380,400.00

Expenses:

Purchases	\$166,608.00
Wages	\$48,000.00
Outside Services	\$3,600.00
Supplies	\$3,600.00
Repairs & Maintenance	\$2,400.00
Advertising	\$12,000.00
Automobile & Travel	\$3,600.00
Rent	\$18,000.00
Telephone	\$4,800.00
Utilities	\$3,600.00
Insurance	\$3,600.00
Shipping	\$4,800.00
Depreciation	\$1,248.00
Loan Interest	\$6,032.00
Miscellaneous	\$4,800.00
Total Expenses	\$287,888
Net Profit	\$32,512



First Year Cash Flow

	January	February	March	April	May	June
Cash on Hand-B.O.M.	\$15,000.00	\$10,986.00	\$7,743.00	\$4,881.00	\$2,019.00	\$309.00
Cash Receipts						
Cash Sales	\$4,800.00	\$6,000.00	\$7,200.00	\$7,200.00	\$9,600.00	\$10,800.00
Collections	\$0	\$0	\$0	\$0	\$0	\$0
Loans	\$0	\$0	\$0	\$0	\$0	\$0
Capital	\$0	\$0	\$0	\$0	\$0	\$0
Total Cash Receipts	\$4,800.00	\$6,000.00	\$7,200.00	\$7,200.00	\$9,600.00	\$10,800.00
Total Cash	\$19,800.00	\$16,986.00	\$14,943.00	\$12,081.00	\$11,619.00	\$11,109.00
Expenses						
Purchases	\$2,496.00	\$3,120.00	\$3,744.00	\$3,744.00	\$4,992.00	\$5,616.00
Wages	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00
Payroll Exp.	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
Supplies	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
Repairs & Maint.	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
Advertising	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00
Auto Exp.	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
Shipping	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
Acct. & Legal	\$0	\$0	\$0	\$0	\$0	\$0
Rent	\$0	\$0	\$0	\$0	\$0	\$0
Telephone	\$200.00	\$5.00	\$200.00	\$200.00	\$200.00	\$200.00
Utilities	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
Insurance	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
Taxes (Real Est.)	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
Interest	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
Other Exp.	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
Depr. Equip. Exp.	\$0	\$0	\$0	\$0	\$0	\$0
Depr. Bldg. Exp.	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
Misc. Exp.	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00
Subtotal Expenses	\$6,946.00	\$7,175.00	\$8,194.00	\$8,194.00	\$9,442.00	\$10,666.00
Loan Paymt.	\$1,868.00	\$1,868.00	\$1,868.00	\$1,868.00	\$1,868.00	\$1,868.00
Total Cash Paid Out	\$8,814.00	\$9,243.00	\$10,062.00	\$10,062.00	\$11,310.00	\$11,934.00
Cash Position-E.O.D.	\$10,986.00	\$7,743.00	\$4,881.00	\$2,019.00	\$309.00	\$825.00
Gross Profit	\$4,014.00	\$3,243.00	\$2,862.00	\$2,862.00	\$3,171.00	\$3,134.00
Operating Data						
Sales Volume	\$200.00	\$250.00	\$300.00	\$300.00	\$400.00	\$450.00
Bad Debts						
Inventory on Hand	\$41,000.00					
Accts. Payable						
Depreciation Accumulated	\$100.00	\$200.00	\$300.00	\$400.00	\$500.00	\$600.00

	January	February	March	April	May	June
Cash on Hand-B.O.M.	\$15,000.00	\$10,986.00	\$7,743.00	\$4,881.00	\$2,019.00	\$309.00
Cash Receipts						
Cash Sales	\$4,800.00	\$6,000.00	\$7,200.00	\$7,200.00	\$9,600.00	\$10,800.00
Collections	\$0	\$0	\$0	\$0	\$0	\$0
Loans	\$0	\$0	\$0	\$0	\$0	\$0
Capital	\$0	\$0	\$0	\$0	\$0	\$0
Total Cash Receipts	\$4,800.00	\$6,000.00	\$7,200.00	\$7,200.00	\$9,600.00	\$10,800.00
Total Cash	\$19,800.00	\$16,986.00	\$14,943.00	\$12,081.00	\$11,619.00	\$11,109.00
Expenses						
Purchases	\$2,496.00	\$3,120.00	\$3,744.00	\$3,744.00	\$4,992.00	\$5,616.00
Wages	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00
Payroll Exp.	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
Supplies	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
Repairs & Maint.	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
Advertising	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00
Auto Exp.	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
Shipping	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
Acct. & Legal	\$0	\$0	\$0	\$0	\$0	\$0
Rent	\$0	\$0	\$0	\$0	\$0	\$0
Telephone	\$200.00	\$5.00	\$200.00	\$200.00	\$200.00	\$200.00
Utilities	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
Insurance	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
Taxes (Real Est.)	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00



	January	February	March	April	May	June
Interest	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
Other Exp.	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
Depr. Equip. Exp.	\$0	\$0	\$0	\$0	\$0	\$0
Depr. Bld. Exp.	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
Misc. Exp.	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00
Subtotal Expenses	\$6,946.00	\$7,375.00	\$8,194.00	\$8,194.00	\$9,442.00	\$10,066.00
Loan Paymt.	\$1,868.00	\$1,868.00	\$1,868.00	\$1,868.00	\$1,868.00	\$1,868.00
Total Cash Paid Out	\$8,814.00	\$9,243.00	\$10,062.00	\$10,062.00	\$11,310.00	\$11,934.00
Cash Position-E.O.D.	\$10,986.00	\$7,743.00	\$4,881.00	\$2,019.00	\$309.00	\$(825.00)
Gross Profit	\$(4,014.00)	\$(3,243.00)	\$(2,862.00)	\$(2,862.00)	\$(1,710.00)	\$(1,134.00)
Operating Data						
Sales Volume	\$200.00	\$250.00	\$300.00	\$300.00	\$400.00	\$450.00
Bad Debts						
Inventory on Hand	\$41,000.00					
Accts. Payable						
Depreciation Accumulated	\$100.00	\$200.00	\$300.00	\$400.00	\$500.00	\$600.00

July	August	September	October	November	December	Yearly Total
\$(825.00)	\$(1,383.00)	\$(1,365.00)	\$(771.00)	\$399.00	\$1,569.00	\$3,315.00
\$12,000.00	\$13,200.00	\$14,400.00	\$15,600.00	\$15,600.00	\$16,800.00	\$133,200.00
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$12,000.00	\$13,200.00	\$14,400.00	\$15,600.00	\$15,600.00	\$16,800.00	\$133,200.00
\$11,175.00	\$11,817.00	\$13,035.00	\$14,829.00	\$15,999.00	\$18,369.00	\$136,515.00
\$6,240.00	\$6,864.00	\$7,488.00	\$8,112.00	\$8,112.00	\$8,736.00	\$69,264.00
\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$12,000.00
\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$1,200.00
\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$1,200.00
\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$1,200.00
\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$3,000.00
\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$1,200.00
\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$1,200.00
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$1,200.00
\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$1,200.00
\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$1,200.00
\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$1,200.00
\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$1,200.00
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$1,200.00
\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$300.00
\$10,690.00	\$11,314.00	\$11,938.00	\$12,562.00	\$12,562.00	\$13,186.00	\$122,469.00
\$1,868.00	\$1,868.00	\$1,868.00	\$1,868.00	\$1,868.00	\$1,868.00	\$11,208.00
\$12,558.00	\$13,182.00	\$13,806.00	\$14,430.00	\$14,430.00	\$15,054.00	\$114,885.00
\$(1,383.00)	\$(1,365.00)	\$(771.00)	\$399.00	\$1,569.00	\$3,315.00	\$8,370.00
\$558.00	\$180.00	\$594.00	\$1,170.00	\$1,170.00	\$1,746.00	\$11,685.00
\$500.00	\$550.00	\$600.00	\$650.00	\$650.00	\$700.00	\$4,100.00
\$700.00	\$800.00	\$900.00	\$1,000.00	\$1,100.00	\$1,200.00	\$1,200.00

July	August	September	October	November	December	Yearly Total
\$(825.00)	\$(1,383.00)	\$(1,365.00)	\$(771.00)	\$399.00	\$1,569.00	\$3,315.00
\$12,000.00	\$13,200.00	\$14,400.00	\$15,600.00	\$15,600.00	\$16,800.00	\$133,200.00
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$12,000.00	\$13,200.00	\$14,400.00	\$15,600.00	\$15,600.00	\$16,800.00	\$133,200.00
\$11,175.00	\$11,817.00	\$13,035.00	\$14,829.00	\$15,999.00	\$18,369.00	\$136,515.00
\$6,240.00	\$6,864.00	\$7,488.00	\$8,112.00	\$8,112.00	\$8,736.00	\$69,264.00



July	August	September	October	November	December	Yearly Total
\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$24,000.00
\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$1,200.00
\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$2,400.00
\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$2,400.00
\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$6,000.00
\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$2,400.00
\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$2,400.00
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$2,205.00
\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$2,400.00
\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$2,400.00
\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$1,200.00
\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$1,200.00
\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$1,200.00
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$1,200.00
\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$600.00
\$10,690.00	\$11,314.00	\$11,938.00	\$12,562.00	\$12,562.00	\$13,186.00	\$122,469.00
\$1,868.00	\$1,868.00	\$1,868.00	\$1,868.00	\$1,868.00	\$1,868.00	\$22,416.00
\$12,558.00	\$13,182.00	\$13,806.00	\$14,430.00	\$14,430.00	\$15,054.00	\$144,885.00
\$(1,383.00)	\$(1,365.00)	\$(771.00)	\$399.00	\$1,569.00	\$3,315.00	\$(8,370.00)
\$(558.00)	\$18.00	\$594.00	\$1,170.00	\$1,170.00	\$1,746.00	\$(11,685.00)
\$500.00	\$550.00	\$600.00	\$650.00	\$650.00	\$700.00	
						\$41,000.00
\$700.00	\$800.00	\$900.00	\$1,000.00	\$1,100.00	\$1,200.00	\$1,200.00