



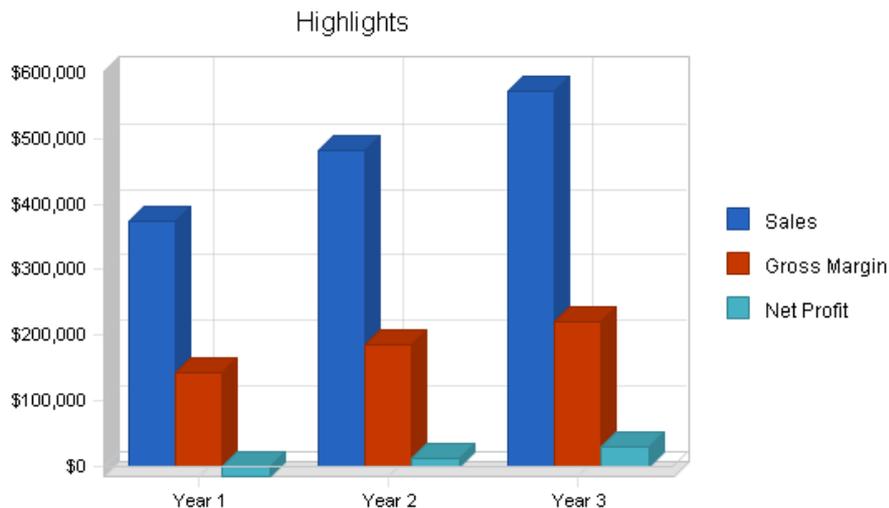
# Convenience Store Cafe Business Plan

Luna's is a brand new convenience store based close to Aspen Estates in the town of Jenniville. Aspen Estates is a new housing estates which is aimed at high income individuals and young couples. This presents a great opportunity for the store. Typical household incomes in this area are £85,000 to £100,000. In addition, it is the only food store with two miles of the housing estate.

It is a start-up company owned by Thomas and Heidi Renner. Thomas and Heidi make a perfect business partnership. Heidi has fifteen years of experience in the retail food industry and Thomas is a certified public accountant. He will deal with the financial side of the business and Heidi will deal with day to day operations.

Luna's will offer a range of fresh, organic produce, staples, packaged foods, drinks (alcoholic and nonalcoholic), prepackaged fresh meals and pastries, newspapers, pet foods, medicines, health and beauty items, etc. In addition, Luna's will rent a small section of the store to a cafe. The cafe will have seating for approximately 20 people and will provide breakfast, lunch, coffee, tea, cold drinks and pastries.

Luna's competitive edge is its location, its focus on customer service and the experience and knowledge of the owners.



## 1.1 Mission

The mission of Luna's Convenience Store is to provide packaged foods, fresh foods, fast food, soft drinks, beer, cigarettes, groceries, and selected nonfood items to residents of the Aspen Estates and surrounding neighborhoods. The store will provide fair priced items to its customers and provide a healthy profit for its owners.

## 1.2 Objectives

1. To make Luna's the preferred convenience store for the residents of the newly built Aspen Estates and surrounding neighborhoods.
2. To break-even by the end of the first year.
3. To achieve a net profit of 5% by year three.



## 1.3 Keys to Success

Keys to success:

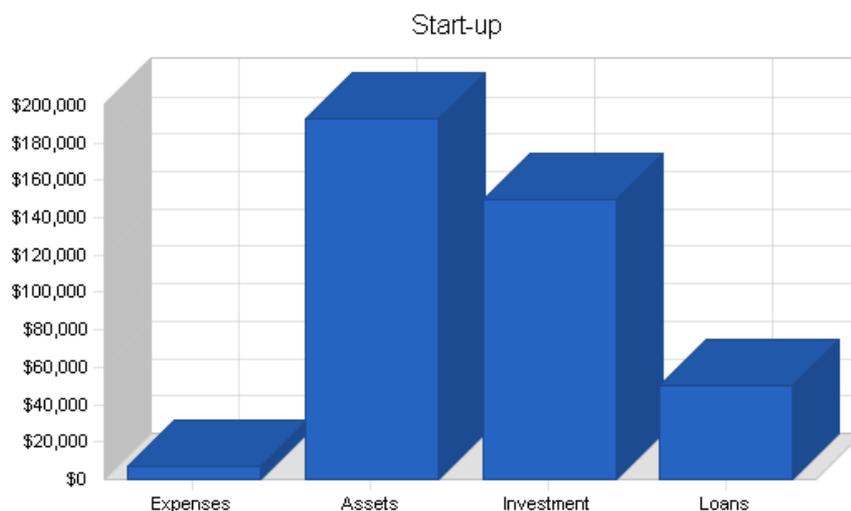
1. To convince Aspen Estates residents that Luna's is "their" convenience store.
2. To turn over inventory an average of 15 - 20 times per year.
3. To provide a broad supply of groceries, food and necessary household items.

## Company Summary

Luna's Convenience Store is a start-up venture. The store will occupy a leased property which is located on the Main Street in Jenniville approximately 30 yards from the main entrance of Aspen Estates. The new building contains five other store fronts, that were built at the same time as the apartments. On the same strip there will be a coffee shop, a gourmet chocolate shop, a gift shop and a bookstore. Luna's is owned by Thomas and Heidi Renner.

### 2.1 Start-up Summary

Funding for the enterprise will come from a combination of owner investment and bank funding. The main cost of start-up will be inventory. It is estimated that the initial inventory purchase will be £100,000. In addition, £30,000 will have to be spent on fixtures and fittings for the store. Since it is a brand new building, there will be no maintenance needed before move-in.



Start-up

Requirements

Start-up Expenses

Legal	£500
Stationery etc.	£100
Consultants	£500
Insurance	£1,000



Rent	£3,000
Expensed Equipment	£1,300
Other	£500
Total Start-up Expenses	£6,900

Start-up Assets	
Cash Required	£58,100
Start-up Inventory	£100,000
Other Current Assets	£5,000
Long-term Assets	£30,000
Total Assets	£193,100

Total Requirements	£200,000
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#### Start-up Funding

Start-up Expenses to Fund	£6,900
Start-up Assets to Fund	£193,100
Total Funding Required	£200,000

Assets	
Non-cash Assets from Start-up	£135,000
Cash Requirements from Start-up	£58,100
Additional Cash Raised	£0
Cash Balance on Starting Date	£58,100
Total Assets	£193,100

#### Liabilities and Capital

Liabilities	
Current Borrowing	£50,000
Long-term Liabilities	£0
Accounts Payable (Outstanding Bills)	£0
Other Current Liabilities (interest-free)	£0
Total Liabilities	£50,000

#### Capital

Planned Investment	
Investor 1	£150,000
Other	£0



Additional Investment Requirement	£0
Total Planned Investment	£150,000
Loss at Start-up (Start-up Expenses)	(£6,900)
Total Capital	£143,100
Total Capital and Liabilities	£193,100
Total Funding	£200,000

## 2.2 Company Ownership

The company is incorporated in Delaware and is owned by Thomas Renner and his wife Heidi. Funds for start-up will come from the Renner's own savings, and a £50,000 bank loan.

Before starting the company Heidi Renner worked as a manager of a local supermarket, and has over 15 years of experience in this industry at management levels. Thomas is a certified CPA and ran his own practice for ten years before launching the concept of Luna's.

## Products

The store will provide typical items found in any convenience store, however, items will be "higher end" than many convenience stores. Luna's will offer a range of fresh, organic produce, staples, packaged foods, drinks (alcoholic and nonalcoholic), prepackaged fresh meals and pastries, newspapers, pet foods, medicines, health and beauty items, etc. In addition, Luna's will rent a small section of the store to a cafe. The cafe will provide breakfast, lunch, coffee, tea, cold drinks and pastries. There will be seating for approximately 20 people.

## Market Analysis Summary

The Aspen Estates is a newly built apartment complex in the western suburbs of Jenniville. Construction is scheduled to continue for the next eight months, however 350 condominiums and townhouses are already complete and approximately another 175 are scheduled for completion in the next eight months.

All of the residences are for sale, not rent, so it is expected that the household income of the residents of Aspen Estates will be higher than the national average. Household income is estimated at £85,000 - £100,000. Many of the residents are workers at seven large technology companies that are located within a 20 mile radius of the Estates. These workers tend to be young, 25 - 45, married or living with a partner.

### 4.1 Market Segmentation

The "Yuppies" are young upwardly mobile individuals aged between 23 and 33. Their household income is between £55,000 and £80,000, they have very active busy lives and are conscious of their health. They are single or living with a partner.

The "Young Parents" are couples with young families aged 27 - 37. They were Yuppies with a focus on entertainment and fun, but now their main focus is their one to two children. They have less spare time than they used to, so convenience is important to them.

The "Healthy Middles" have the highest income £90,000 to £120,000. Much of their time is still spent taking

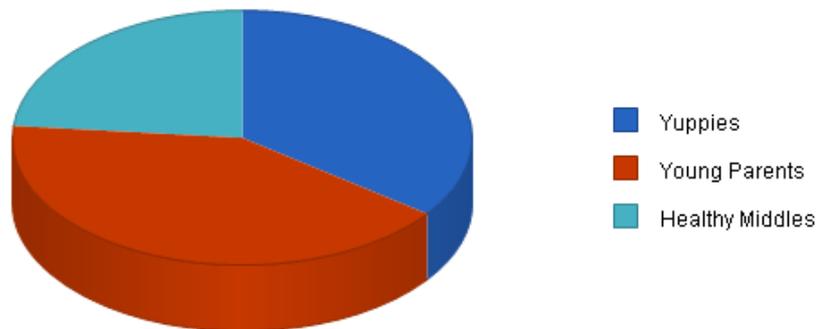


care of their children, but their children are old enough to spend the occasional evening alone if their parents want a night out.

The "Healthy Middles" is the smallest market in the Aspen Estates, but potentially the most lucrative for Luna's. This group has an expected growth rate of 5% per year, beyond the influx of new home owners as the Estate residences are filled up over the next eight to 18 months. The Yuppies are the next most lucrative group. Although they have smaller household incomes than the "Young Parent" group, they have greater disposable income, since they have no children.

The following Market Analysis table includes residents of the Aspen Estates and the surrounding neighborhoods.

Market Analysis (Pie)



## Market Analysis

		Year 1	Year 2	Year 3	Year 4	Year 5	
Potential Customers	Growth						CAGR
Yuppies	5%	750	788	827	868	911	4.98%
Young Parents	5%	880	924	970	1,019	1,070	5.01%
Healthy Middles	5%	500	525	551	579	608	5.01%
Total	5.00%	2,130	2,237	2,348	2,466	2,589	5.00%

## 4.2 Industry Analysis

- The convenience store industry is highly fragmented, though larger players, such as 7-11, dominate since they are based in very high traffic areas and have the money during the early eighties to grow quickly.
- Gross profits are typically 20 - 22%, with net profits

### 4.2.1 Competition and Buying Patterns

Convenience stores are small retail outlets, generally 2,000 to 3,000 square feet. Their product lines usually consist of staple groceries, beer, cigarettes, soft drinks, dairy products, gasoline and some nonfood items. These stores not only sell products but convenience as well. They are generally located on busy streets, with easy-access parking outside the front door. The stores are often open 24 hours a day seven days a week.

The typical customer at a convenience store is a blue collar male between the age of 18 and 34. Beer and cigarettes together represent about 1/3 of merchandise sales. However, Luna's is targeting the "Yuppies," as the professional market grows.



### 4.3 Target Market Segment Strategy

The market segments identified in the previous section are the key groups that live closest to Luna's. These groups have been chosen because of their geographical location as well as their income levels and lifestyles. Since the most attractive group have young children, the store will have a large candy area, as well as other products that parents need regularly for babies and young children, for example diapers and baby food.

## Strategy and Implementation Summary

Luna's uses a strategy of impressive customer service. Luna's will not have a typical convenience store feel. It will provide higher-end food and hard goods than are typically found in convenience stores. The store's competitive edge is its prominent location, in a high income neighborhood.

Strategic Assumptions:

1. Superior customer service will attract customers to come into the store more often.
2. Every customer can be upsold to more products that they came in for.
3. Marketing to high end individuals will lead to higher average sales per customer.

### 5.1 Competitive Edge

Luna's competitive edge is its location and its position as first to market. Luna's is located within walking distance of every residence on Aspen Estates. Currently there are no other stores offering similar products within a 2 mile radius of the Estates. As new residents move into Aspen Estates, they will naturally chose Luna's Convenience store as their first choice, because it is closest to their homes. They will quickly become aware that Luna's offers high quality organic and healthy products as well as a typical convenience store fare and it will become their preferred store for small grocery and household purchases.

### 5.2 Marketing Strategy

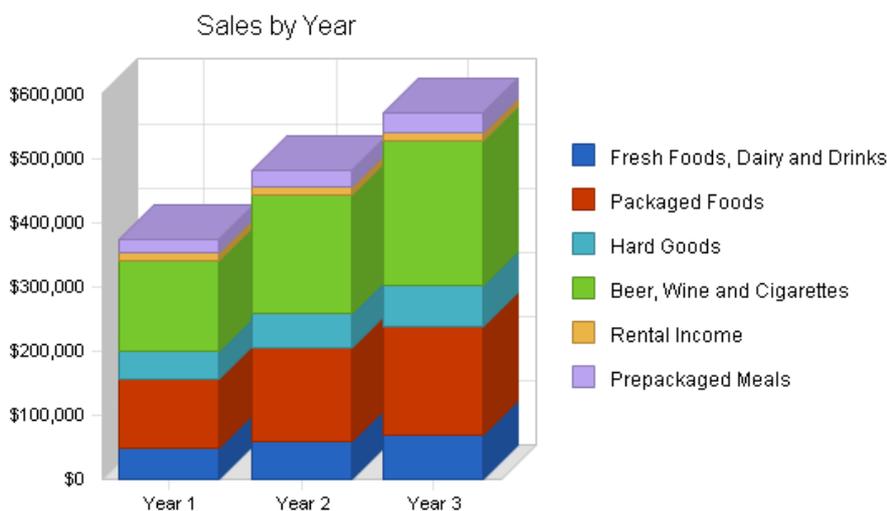
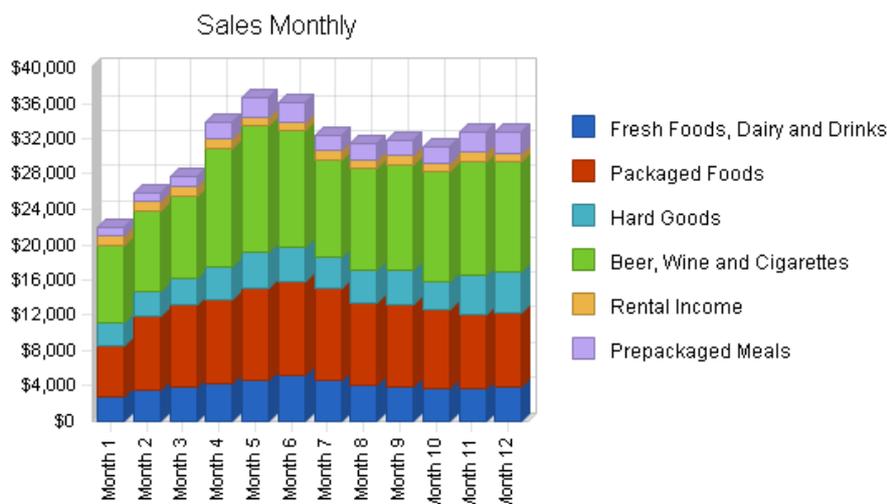
Luna's is fortunate to have access to marketing research information that was developed by the developers of Aspen Estates, so the company has knowledge of a large portion of its potential market. These relatively high income group presents a prime opportunity for Luna's. Knowing about the needs of this group will help Luna's purchase goods that are most desired by their key target markets. The convenient location of the store will mean that Luna's will have to do little above the line advertising.

### 5.3 Sales Strategy

Luna's will aim to provide a typical convenience store fare as well as items that they will purchase on impulse and that will increase the average sale per customer. The sales staff will be focused on customer service and always ask customers if they have found everything that they need.

#### 5.3.1 Sales Forecast

The average customer ticket is expected to be £5.50 cents. This is greater than the industry average of £3.75, due to the demographics of the surrounding neighborhoods and the focus on branded goods and organic, healthy foods.



### Sales Forecast

	Year 1	Year 2	Year 3
Sales			
Fresh Foods, Dairy and Drinks	£48,109	£60,136	£69,156
Packaged Foods	£108,893	£143,739	£169,612
Hard Goods	£43,378	£54,223	£65,067
Beer, Wine and Cigarettes	£140,762	£185,806	£224,825
Rental Income	£12,000	£12,600	£13,230
Prepackaged Meals	£21,239	£26,336	£30,286
<b>Total Sales</b>	<b>£374,380</b>	<b>£482,839</b>	<b>£572,176</b>

	Year 1	Year 2	Year 3
Direct Cost of Sales			
Fresh Foods	£24,054	£30,068	£34,578
Packaged Foods	£14,867	£18,435	£21,200
Hard Goods	£187,190	£241,419	£286,088
Drinks (inc. beer and wine)	£0	£0	£0
Prepackaged Meals	£7,216	£9,020	£10,373



Subtotal Direct Cost of Sales    £233,328   £298,943   £352,240

## 5.4 Milestones

The accompanying table lists important program milestones, with dates and managers in charge, and budgets for each. The milestone schedule indicates the tasks that Thomas and Heidi will have to complete in order to have a successful start up.



### Milestones

Milestone	Start Date	End Date	Budget	Manager	Department
Write Business Plan	1/12/2002	12/31/2002	£0	Thomas/Heidi	Management
Form Corporation	1/15/2003	1/15/2003	£0	Thomas	Management
Negotiate Lease on Property	1/12/2002	12/31/2002	£0	Thomas	Management
Store construction	1/15/2003	2/28/2003	£0	Contractors	-
Hire Employees	1/2/2002	1/15/2003	£0	Heidi	Management
Create Collateral Materials	1/1/2003	1/15/2003	£500	Outside Agency	Consultant
Grand Opening	1/3/2003	1/3/2003	£0	Heidi/Thomas	Management
Totals			£500		

## Management Summary

Thomas and Heidi Renner are the owners and managers of Luna's Convenience Store. They are a well qualified team to take on the role of managing the store. For the past fifteen years Heidi has worked in a management position at the local Safeway store. She has an extensive knowledge of the retail food industry and is passionate about the business. She understands inventory management and has had to deal with many employee issues, so will be able to handle any problem situation. In addition her position at Safeway gave her exposure to a large number of food vendors in the area and she has good relationships with this group.

Thomas brings another aspect to the business. As a certified CPA he has dealt with the financial aspects of hundreds of small businesses. He has seen why they fail and why they succeed.



## 6.1 Personnel Plan

The following table illustrates the planned personnel over the next three years. The industry typically has a high turnover rate, however, Luna's will aim to avoid this by paying higher than typical minimum wage, employing older individuals than school and college age people, and focusing on making their employees as happy as their customers.

### Personnel Plan

	Year 1	Year 2	Year 3
Heidi Renner	£30,000	£34,000	£38,000
Thomas Renner	£18,000	£22,000	£24,000
Cashiers	£43,200	£45,000	£48,000
Other	£0	£0	£0
Total People	0	0	0
Total Payroll	£91,200	£101,000	£110,000

## Financial Plan

1. Growth will be moderate, cash flows steady.
2. Marketing will be minimal, since Luna's will rely on convenient location and will not buy any advertising.
3. The company will use tight inventory controls to manage costs.
4. The company will gain higher grow margins than industry averages, since it is targeting women and professionals.

### 7.1 Important Assumptions

Luna's does not sell anything on credit. The personnel burden is very low because Luna's will employ only part time staff in addition to the owners salaries. Benefits are not paid to part-timers.

### General Assumptions

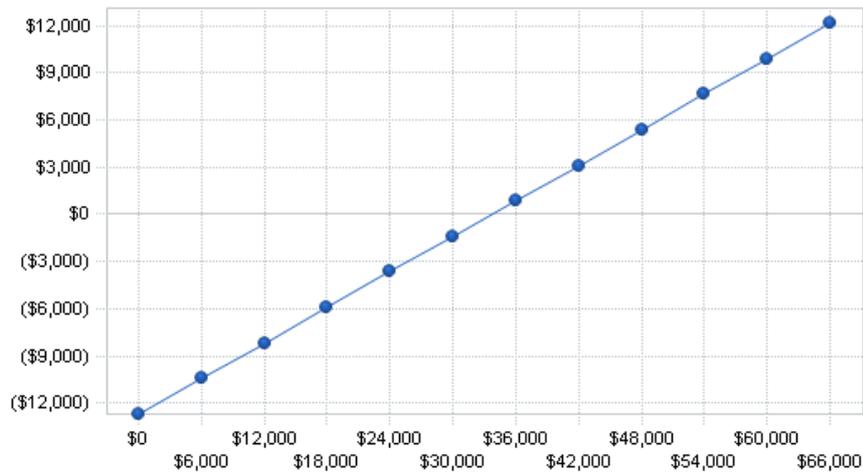
	Year 1	Year 2	Year 3
Plan Month	1	2	3
Current Interest Rate	10.00%	10.00%	10.00%
Long-term Interest Rate	10.00%	10.00%	10.00%
Tax Rate	30.00%	30.00%	30.00%
Other	0	0	0

### 7.2 Break-even Analysis

The following table and chart show the Break-even Analysis for Luna's.



Break-even Analysis



## Break-even Analysis

Monthly Revenue Break-even £33,735

Assumptions:

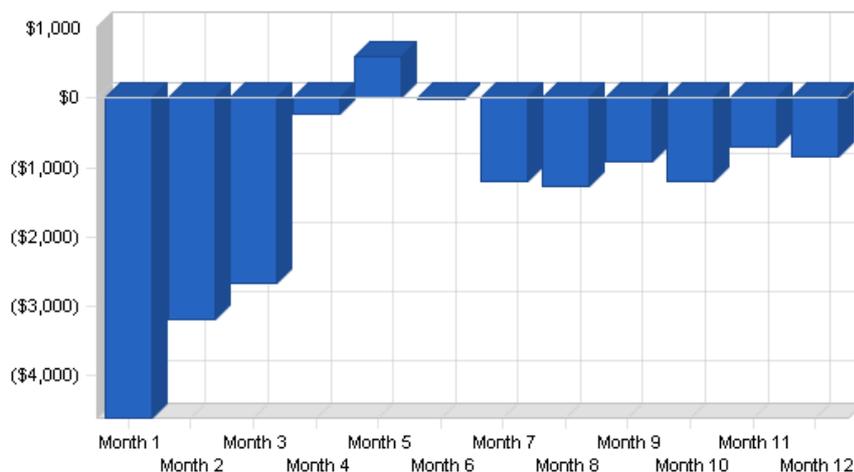
Average Percent Variable Cost 62%

Estimated Monthly Fixed Cost £12,710

## 7.3 Projected Profit and Loss

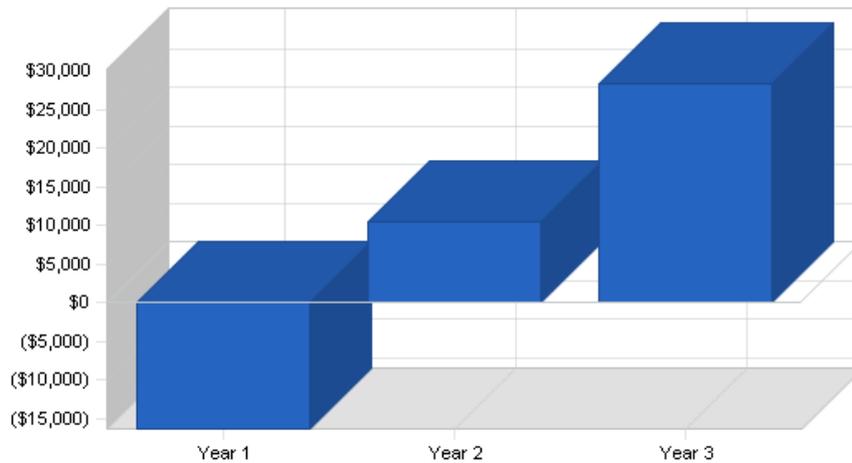
The following table and charts show the Projected Profit and Loss and Gross Margin for Luna's.

Profit Monthly

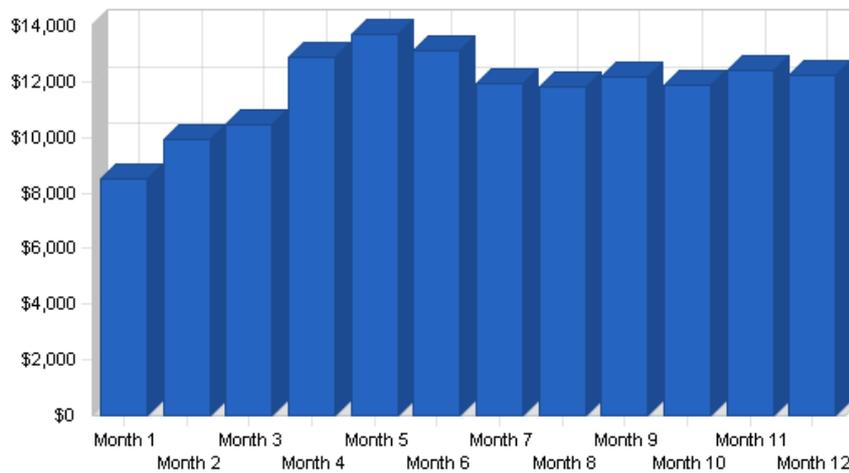




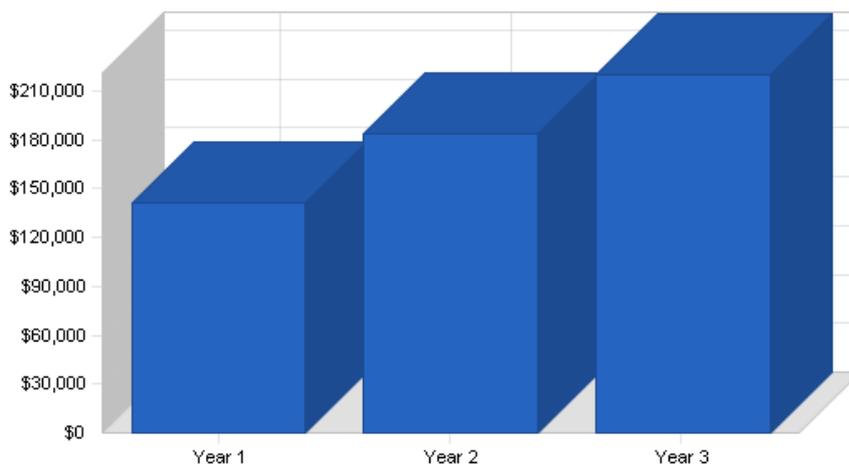
Profit Yearly



Gross Margin Monthly



Gross Margin Yearly



Pro Forma Profit and Loss

	Year 1	Year 2	Year 3
Sales	£374,380	£482,839	£572,176
Direct Cost of Sales	£233,328	£298,943	£352,240
Other Costs of Goods	£0	£0	£0



Total Cost of Sales £233,328 £298,943 £352,240

Gross Margin £141,052 £183,896 £219,936

Gross Margin % 37.68% 38.09% 38.44%

#### Expenses

Payroll £91,200 £101,000 £110,000

Sales and Marketing and Other Expenses £2,400 £2,400 £2,400

Depreciation £6,000 £6,000 £6,000

Rent £36,000 £36,000 £36,000

Utilities £6,000 £7,000 £8,000

Insurance £1,800 £1,900 £2,000

Payroll Taxes £9,120 £10,100 £11,000

Other £0 £0 £0

Total Operating Expenses £152,520 £164,400 £175,400

Profit Before Interest and Taxes (£11,468) £19,496 £44,536

EBITDA (£5,468) £25,496 £50,536

Interest Expense £4,805 £4,460 £4,100

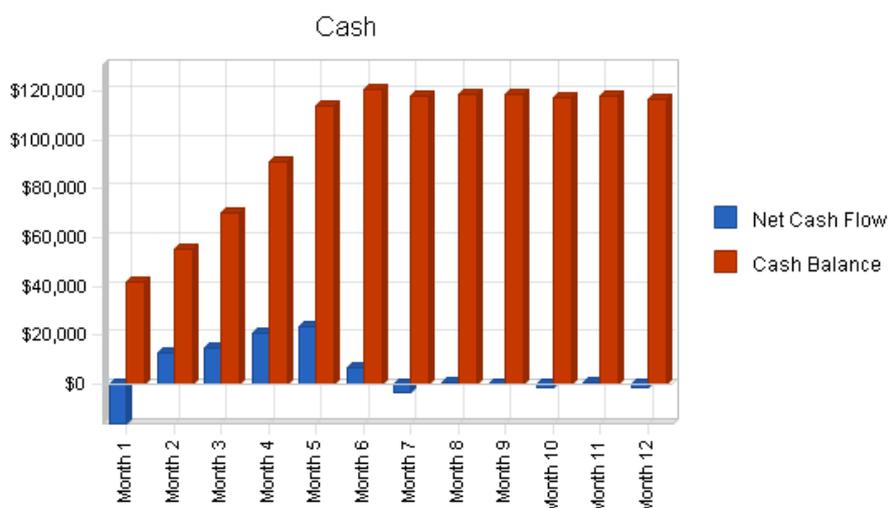
Taxes Incurred £0 £4,511 £12,131

Net Profit (£16,273) £10,525 £28,305

Net Profit/Sales -4.35% 2.18% 4.95%

## 7.4 Projected Cash Flow

The following table shows the cash flow totals for three years. As you can see by the table and chart, the cash flow remains healthy.



Pro Forma Cash Flow



	Year 1	Year 2	Year 3
Cash Received			
Cash from Operations			
Cash Sales	£374,380	£482,839	£572,176
Subtotal Cash from Operations	£374,380	£482,839	£572,176
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	£0	£0	£0
New Current Borrowing	£0	£0	£0
New Other Liabilities (interest-free)	£0	£0	£0
New Long-term Liabilities	£0	£0	£0
Sales of Other Current Assets	£0	£0	£0
Sales of Long-term Assets	£0	£0	£0
New Investment Received	£0	£0	£0
Subtotal Cash Received	£374,380	£482,839	£572,176
Expenditures	Year 1	Year 2	Year 3
Expenditures from Operations			
Cash Spending	£91,200	£101,000	£110,000
Bill Payments	£191,178	£365,820	£427,957
Subtotal Spent on Operations	£282,378	£466,820	£537,957
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	£0	£0	£0
Principal Repayment of Current Borrowing	£3,600	£3,600	£3,600
Other Liabilities Principal Repayment	£0	£0	£0
Long-term Liabilities Principal Repayment	£0	£0	£0
Purchase Other Current Assets	£0	£0	£0
Purchase Long-term Assets	£30,000	£0	£0
Dividends	£0	£0	£0
Subtotal Cash Spent	£315,978	£470,420	£541,557
Net Cash Flow	£58,402	£12,419	£30,619
Cash Balance	£116,502	£128,921	£159,540

## 7.5 Projected Balance Sheet

The following table is the Projected Balance Sheet.

### Pro Forma Balance Sheet

	Year 1	Year 2	Year 3
Assets			



<b>Current Assets</b>			
Cash	£116,502	£128,921	£159,540
Inventory	£22,460	£28,777	£33,907
Other Current Assets	£5,000	£5,000	£5,000
<b>Total Current Assets</b>	<b>£143,962</b>	<b>£162,698</b>	<b>£198,447</b>

<b>Long-term Assets</b>			
Long-term Assets	£60,000	£60,000	£60,000
Accumulated Depreciation	£6,000	£12,000	£18,000
<b>Total Long-term Assets</b>	<b>£54,000</b>	<b>£48,000</b>	<b>£42,000</b>
<b>Total Assets</b>	<b>£197,962</b>	<b>£210,698</b>	<b>£240,447</b>

<b>Liabilities and Capital</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Current Liabilities</b>			
Accounts Payable	£24,735	£30,545	£35,589
Current Borrowing	£46,400	£42,800	£39,200
Other Current Liabilities	£0	£0	£0
<b>Subtotal Current Liabilities</b>	<b>£71,135</b>	<b>£73,345</b>	<b>£74,789</b>
<b>Long-term Liabilities</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
<b>Total Liabilities</b>	<b>£71,135</b>	<b>£73,345</b>	<b>£74,789</b>
<b>Paid-in Capital</b>	<b>£150,000</b>	<b>£150,000</b>	<b>£150,000</b>
<b>Retained Earnings</b>	<b>(£6,900)</b>	<b>(£23,173)</b>	<b>(£12,647)</b>
<b>Earnings</b>	<b>(£16,273)</b>	<b>£10,525</b>	<b>£28,305</b>
<b>Total Capital</b>	<b>£126,827</b>	<b>£137,353</b>	<b>£165,658</b>
<b>Total Liabilities and Capital</b>	<b>£197,962</b>	<b>£210,698</b>	<b>£240,447</b>
<b>Net Worth</b>	<b>£126,827</b>	<b>£137,353</b>	<b>£165,658</b>

## 7.6 Business Ratios

Business ratios for the years of this plan are shown below. Industry profile ratios based on the Standard Industrial Classification (SIC) code 5411, [Convenience Stores, Independent], are shown for comparison.

### Ratio Analysis

	Year 1	Year 2	Year 3	Industry Profile
Sales Growth	0.00%	28.97%	18.50%	2.27%
<b>Percent of Total Assets</b>				
Inventory	11.35%	13.66%	14.10%	22.18%
Other Current Assets	2.53%	2.37%	2.08%	26.81%



Total Current Assets	72.72%	77.22%	82.53%	56.12%
Long-term Assets	27.28%	22.78%	17.47%	43.88%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	35.93%	34.81%	31.10%	26.39%
Long-term Liabilities	0.00%	0.00%	0.00%	24.87%
Total Liabilities	35.93%	34.81%	31.10%	51.26%
Net Worth	64.07%	65.19%	68.90%	48.74%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	37.68%	38.09%	38.44%	23.55%
Selling, General & Administrative Expenses	42.02%	35.91%	33.49%	16.21%
Advertising Expenses	0.00%	0.00%	0.00%	0.85%
Profit Before Interest and Taxes	-3.06%	4.04%	7.78%	1.02%
Main Ratios				
Current	2.02	2.22	2.65	1.68
Quick	1.71	1.83	2.20	0.71
Total Debt to Total Assets	35.93%	34.81%	31.10%	57.28%
Pre-tax Return on Net Worth	-12.83%	10.95%	24.41%	4.63%
Pre-tax Return on Assets	-8.22%	7.14%	16.82%	10.83%
Additional Ratios				
	Year 1	Year 2	Year 3	
Net Profit Margin	-4.35%	2.18%	4.95%	n.a
Return on Equity	-12.83%	7.66%	17.09%	n.a
Activity Ratios				
Inventory Turnover	6.59	11.67	11.24	n.a
Accounts Payable Turnover	8.73	12.17	12.17	n.a
Payment Days	27	27	28	n.a
Total Asset Turnover	1.89	2.29	2.38	n.a
Debt Ratios				
Debt to Net Worth	0.56	0.53	0.45	n.a
Current Liab. to Liab.	1.00	1.00	1.00	n.a
Liquidity Ratios				
Net Working Capital	£72,827	£89,353	£123,658	n.a
Interest Coverage	-2.39	4.37	10.86	n.a
Additional Ratios				
Assets to Sales	0.53	0.44	0.42	n.a



Current Debt/Total Assets	36%	35%	31%	n.a
Acid Test	1.71	1.83	2.20	n.a
Sales/Net Worth	2.95	3.52	3.45	n.a
Dividend Payout	0.00	0.00	0.00	n.a

## Appendix

### Sales Forecast

		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Sales</b>													
Fresh Foods, Dairy and Drinks	0%	£2,750	£3,524	£3,978	£4,206	£4,718	£5,227	£4,693	£4,011	£3,829	£3,640	£3,685	£3,848
Packaged Foods	0%	£5,789	£8,438	£9,177	£9,508	£10,378	£10,653	£10,332	£9,369	£9,351	£9,020	£8,448	£8,430
Hard Goods	0%	£2,700	£2,819	£2,946	£3,802	£4,077	£3,786	£3,551	£3,730	£3,921	£3,125	£4,344	£4,578
Beer, Wine and Cigarettes	0%	£8,750	£9,088	£9,442	£13,450	£14,288	£13,216	£11,046	£11,498	£11,973	£12,471	£12,995	£12,545
Rental Income	0%	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000
Prepackaged Meals	0%	£942	£1,071	£1,188	£1,821	£2,282	£2,184	£1,784	£1,824	£1,832	£1,856	£2,192	£2,264
<b>Total Sales</b>		<b>£21,931</b>	<b>£25,940</b>	<b>£27,731</b>	<b>£33,786</b>	<b>£36,742</b>	<b>£36,066</b>	<b>£32,406</b>	<b>£31,432</b>	<b>£31,906</b>	<b>£31,112</b>	<b>£32,664</b>	<b>£32,665</b>
<b>Direct Cost of Sales</b>													
Fresh Foods		£1,375	£1,762	£1,989	£2,103	£2,359	£2,614	£2,346	£2,006	£1,914	£1,820	£1,842	£1,924
Packaged Foods		£659	£749	£831	£1,275	£1,597	£1,529	£1,249	£1,277	£1,282	£1,299	£1,534	£1,585
Hard Goods		£10,965	£12,970	£13,866	£16,893	£18,371	£18,033	£16,203	£15,716	£15,953	£15,556	£16,332	£16,333
Drinks (inc. beer and wine)		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Prepackaged Meals		£413	£529	£597	£631	£708	£784	£704	£602	£574	£546	£553	£577
<b>Subtotal Direct Cost of Sales</b>		<b>£13,412</b>	<b>£16,010</b>	<b>£17,283</b>	<b>£20,902</b>	<b>£23,035</b>	<b>£22,959</b>	<b>£20,502</b>	<b>£19,600</b>	<b>£19,724</b>	<b>£19,221</b>	<b>£20,261</b>	<b>£20,419</b>

### Personnel Plan

		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Heidi Renner	0%	£2,500	£2,500	£2,500	£2,500	£2,500	£2,500	£2,500	£2,500	£2,500	£2,500	£2,500	£2,500
Thomas Renner	0%	£1,500	£1,500	£1,500	£1,500	£1,500	£1,500	£1,500	£1,500	£1,500	£1,500	£1,500	£1,500
Cashiers	0%	£3,600	£3,600	£3,600	£3,600	£3,600	£3,600	£3,600	£3,600	£3,600	£3,600	£3,600	£3,600
Other	0%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
<b>Total People</b>		<b>0</b>											
<b>Total Payroll</b>		<b>£7,600</b>											

### General Assumptions

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Plan Month	1	2	3	4	5	6	7	8	9	10	11	12
Current Interest Rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Long-term Interest Rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Tax Rate	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Other	0	0	0	0	0	0	0	0	0	0	0	0

### Pro Forma Profit and Loss

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Sales	£21,931	£25,940	£27,731	£33,786	£36,742	£36,066	£32,406	£31,432	£31,906	£31,112	£32,664	£32,665
Direct Cost of Sales	£13,412	£16,010	£17,283	£20,902	£23,035	£22,959	£20,502	£19,600	£19,724	£19,221	£20,261	£20,419
Other Costs of Goods	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
<b>Total Cost of Sales</b>	<b>£13,412</b>	<b>£16,010</b>	<b>£17,283</b>	<b>£20,902</b>	<b>£23,035</b>	<b>£22,959</b>	<b>£20,502</b>	<b>£19,600</b>	<b>£19,724</b>	<b>£19,221</b>	<b>£20,261</b>	<b>£20,419</b>
Gross Margin	£8,519	£9,930	£10,448	£12,885	£13,707	£13,106	£11,904	£11,832	£12,182	£11,891	£12,402	£12,247
Gross Margin %	38.84%	38.28%	37.68%	38.14%	37.31%	36.34%	36.73%	37.64%	38.18%	38.22%	37.97%	37.49%
<b>Expenses</b>												
Payroll	£7,600	£7,600	£7,600	£7,600	£7,600	£7,600	£7,600	£7,600	£7,600	£7,600	£7,600	£7,600
Sales and Marketing and Other Expenses	£200	£200	£200	£200	£200	£200	£200	£200	£200	£200	£200	£200
Depreciation	£500	£500	£500	£500	£500	£500	£500	£500	£500	£500	£500	£500
Rent	£3,000	£3,000	£3,000	£3,000	£3,000	£3,000	£3,000	£3,000	£3,000	£3,000	£3,000	£3,000
Utilities	£500	£500	£500	£500	£500	£500	£500	£500	£500	£500	£500	£500
Insurance	£150	£150	£150	£150	£150	£150	£150	£150	£150	£150	£150	£150
Payroll Taxes	10%	£760	£760	£760	£760	£760	£760	£760	£760	£760	£760	£760
Other	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
<b>Total Operating Expenses</b>	<b>£12,710</b>	<b>£12,710</b>	<b>£12,710</b>	<b>£12,710</b>	<b>£12,710</b>	<b>£12,710</b>	<b>£12,710</b>	<b>£12,710</b>	<b>£12,710</b>	<b>£12,710</b>	<b>£12,710</b>	<b>£12,710</b>
Profit Before Interest and Taxes	(£4,191)	(£2,780)	(£2,262)	£175	£997	£396	(£806)	(£878)	(£528)	(£819)	(£308)	(£464)
EBITDA	(£3,691)	(£2,280)	(£1,762)	£675	£1,497	£896	(£306)	(£378)	(£28)	(£319)	£192	£37
Interest Expense	£414	£412	£409	£407	£404	£402	£399	£397	£394	£392	£389	£387
Taxes Incurred	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
<b>Net Profit</b>	<b>(£4,606)</b>	<b>(£3,192)</b>	<b>(£2,671)</b>	<b>(£232)</b>	<b>£593</b>	<b>(£5)</b>	<b>(£1,205)</b>	<b>(£1,275)</b>	<b>(£922)</b>	<b>(£1,211)</b>	<b>(£697)</b>	<b>(£850)</b>
Net Profit/Sales	-21.00%	-12.31%	-9.63%	-0.69%	1.61%	-0.01%	-3.72%	-4.06%	-2.89%	-3.89%	-2.13%	-2.60%



**Pro Forma Cash Flow**

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Cash Received</b>												
Cash from Operations												
Cash Sales	£21,931	£25,940	£27,731	£33,786	£36,742	£36,066	£32,406	£31,432	£31,906	£31,112	£32,664	£32,665
Subtotal Cash from Operations	£21,931	£25,940	£27,731	£33,786	£36,742	£36,066	£32,406	£31,432	£31,906	£31,112	£32,664	£32,665
<b>Additional Cash Received</b>												
Sales Tax, VAT, HST/GST Received	0.00%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
New Current Borrowing	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
New Other Liabilities (Interest-free)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
New Long-term Liabilities	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Sales of Other Current Assets	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Sales of Long-term Assets	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
New Investment Received	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Subtotal Cash Received	£21,931	£25,940	£27,731	£33,786	£36,742	£36,066	£32,406	£31,432	£31,906	£31,112	£32,664	£32,665
<b>Expenditures</b>												
Expenditures from Operations												
Cash Spending	£7,600	£7,600	£7,600	£7,600	£7,600	£7,600	£7,600	£7,600	£7,600	£7,600	£7,600	£7,600
Bill Payments	£167	£5,024	£5,022	£5,019	£5,549	£21,223	£27,719	£22,835	£23,656	£24,825	£23,761	£26,378
Subtotal Spent on Operations	£7,767	£12,624	£12,622	£12,619	£13,149	£28,823	£35,319	£30,435	£31,256	£32,425	£31,361	£33,978
<b>Additional Cash Spent</b>												
Sales Tax, VAT, HST/GST Paid Out	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Principal Repayment of Current Borrowing	£300	£300	£300	£300	£300	£300	£300	£300	£300	£300	£300	£300
Other Liabilities Principal Repayment	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Long-term Liabilities Principal Repayment	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Purchase Other Current Assets	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Purchase Long-term Assets	£30,000	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Dividends	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Subtotal Cash Spent	£38,067	£12,924	£12,922	£12,919	£13,449	£29,123	£35,619	£30,735	£31,556	£32,725	£31,661	£34,278
<b>Net Cash Flow</b>	(£16,137)	£13,016	£14,810	£20,867	£23,293	£6,943	(£3,213)	£697	£349	(£1,613)	£1,003	(£1,613)
<b>Cash Balance</b>	£41,963	£54,979	£69,788	£90,656	£113,949	£120,891	£117,678	£118,375	£118,724	£117,112	£118,115	£116,502

**Pro Forma Balance Sheet**

	Starting Balances	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Assets</b>													
<b>Current Assets</b>													
Cash	£58,100	£41,963	£54,979	£69,788	£90,656	£113,949	£120,891	£117,678	£118,375	£118,724	£117,112	£118,115	£116,502
Inventory	£100,000	£86,588	£70,578	£53,295	£32,393	£25,338	£25,255	£22,552	£21,560	£21,696	£21,143	£22,288	£22,460
Other Current Assets	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000
<b>Total Current Assets</b>	£163,100	£133,551	£130,557	£128,083	£128,049	£144,287	£151,146	£145,230	£144,935	£145,421	£143,255	£145,402	£143,962
<b>Long-term Assets</b>													
Long-term Assets	£30,000	£60,000	£60,000	£60,000	£60,000	£60,000	£60,000	£60,000	£60,000	£60,000	£60,000	£60,000	£60,000
Accumulated Depreciation	£0	£500	£1,000	£1,500	£2,000	£2,500	£3,000	£3,500	£4,000	£4,500	£5,000	£5,500	£6,000
<b>Total Long-term Assets</b>	£30,000	£59,500	£59,000	£58,500	£58,000	£57,500	£57,000	£56,500	£56,000	£55,500	£55,000	£54,500	£54,000
<b>Total Assets</b>	£193,100	£193,051	£189,557	£186,583	£186,049	£201,787	£208,146	£201,730	£200,935	£200,921	£198,255	£199,902	£197,962
<b>Liabilities and Capital</b>													
<b>Current Liabilities</b>													
Accounts Payable	£0	£4,857	£4,854	£4,852	£4,849	£20,294	£26,959	£22,048	£22,828	£24,036	£22,881	£25,525	£24,735
Current Borrowing	£50,000	£49,700	£49,400	£49,100	£48,800	£48,500	£48,200	£47,900	£47,600	£47,300	£47,000	£46,700	£46,400
Other Current Liabilities	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Subtotal Current Liabilities	£50,000	£54,557	£54,254	£53,952	£53,649	£68,794	£75,159	£69,948	£70,428	£71,336	£69,881	£72,225	£71,135
<b>Long-term Liabilities</b>													
Long-term Liabilities	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
<b>Total Liabilities</b>	£50,000	£54,557	£54,254	£53,952	£53,649	£68,794	£75,159	£69,948	£70,428	£71,336	£69,881	£72,225	£71,135
<b>Paid-in Capital</b>	£150,000	£150,000	£150,000	£150,000	£150,000	£150,000	£150,000	£150,000	£150,000	£150,000	£150,000	£150,000	£150,000
Retained Earnings	(£6,900)	(£6,900)	(£6,900)	(£6,900)	(£6,900)	(£6,900)	(£6,900)	(£6,900)	(£6,900)	(£6,900)	(£6,900)	(£6,900)	(£6,900)
Earnings	£0	(£4,606)	(£7,797)	(£10,468)	(£10,700)	(£10,107)	(£10,112)	(£11,318)	(£12,592)	(£13,515)	(£14,726)	(£15,422)	(£16,273)
<b>Total Capital</b>	£143,100	£138,494	£135,303	£132,632	£132,400	£132,993	£132,988	£131,782	£130,508	£129,585	£128,374	£127,678	£126,827
<b>Total Liabilities and Capital</b>	£193,100	£193,051	£189,557	£186,583	£186,049	£201,787	£208,146	£201,730	£200,935	£200,921	£198,255	£199,902	£197,962
<b>Net Worth</b>	£143,100	£138,494	£135,303	£132,632	£132,400	£132,993	£132,988	£131,782	£130,508	£129,585	£128,374	£127,678	£126,827