

# Your Business Plan is Ready

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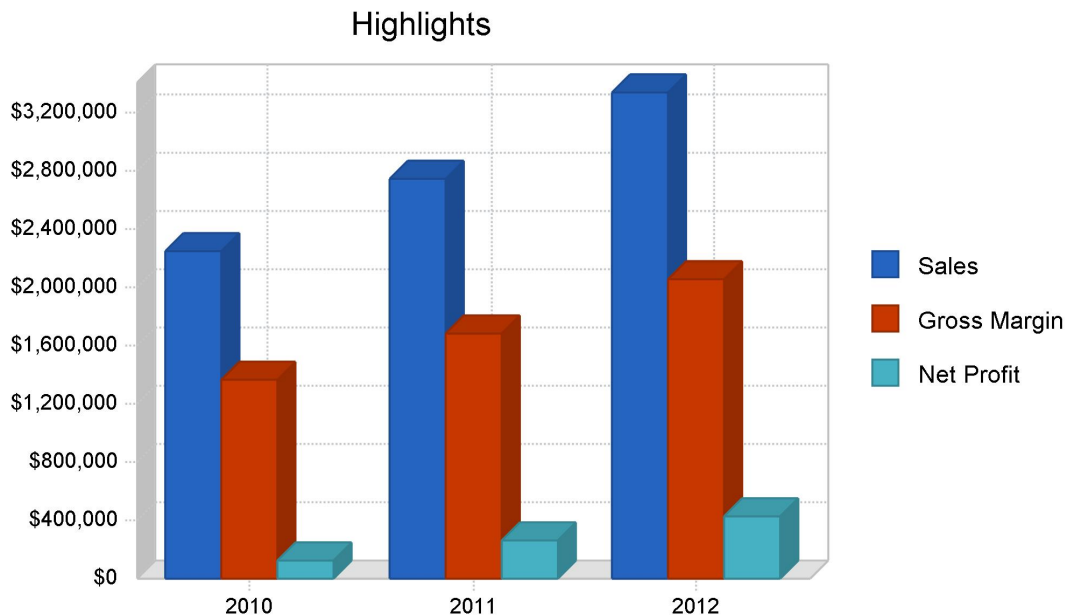
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## 1.0 Executive Summary

Glowy Events Catering is a local catering company serving both business and private clients in Fourways and the surrounding areas within a ten mile radius. Established in 2021, the business has operated a catering kitchen and specialized in full-service catering and event planning for upscale events in the region. The business event management, event staff, a variety of cuisine for breakfasts, lunches, dinners, and appetizers, alcoholic and non-alcoholic beverage service, floral design, space design and decor, musicians and DJs, event equipment and furniture rentals, and other event services. Glow Events Catering seeks to expand its operations to a dedicated venue, called The Glow Ballroom, located in Fourways, with a mortgage on the space, its own cash reserves and the issuing of a convertible debt to angel investors.

The addition of The Glow Ballroom to the services provided by Glow Events Catering will enable gross margins to rise above their previous levels and industry averages as rentals of space provide high gross margins. Both existing and new clients will be interested in using this space, and in the additional services Glow Events Catering provides. Top line sales will grow from their current level in 2022 to more than double in 2024. Net profits will rise three-fold from 2023 to 2024 after this acquisition, even with the expected increases in operating expenses. Glow Events Catering will seek to utilize the space on at least 40% of days by the end of year 3 to achieve these results.

Chart: Highlights



## **1.1 Objectives**

Glowy Events Catering has set the following objectives for the first three years of the launch of its ballroom:

- Renovate and upgrade the interior of the ballroom
- Hire and retain a facilities manager to run the logistics of the new space
- Produce a positive return on investment for the ballroom acquisition by the end of the second year
- Utilize the ballroom on 40% of days by the end of the third year

## **1.2 Mission**

Glowy Events Catering offers top-class event experiences with flawless execution to business and private clients in the Fourways area. With Glowy Events Catering running your event, the food will be delicious, the service will be excellent and the guests will be wowed.

## **1.3 Keys to Success**

Keys to success in the catering and event business include:

- Managing and exceeding client expectations
- Balancing expert opinions and advice with care for the client's preferences and vision
- Exhibiting a sense of professional showmanship on the day of the event - the show must go on
- Protecting the client's interests and liability even when it requires unpopular decisions

Glowy Events Catering keeps these keys in mind through all events they have managed and catered in the past and will renew their efforts as they open their own catering venue.

## **2.0 Company Summary**

Glowy Events Catering is a local catering company serving both business and private clients in Fourways and the surrounding towns within a ten mile radius. Established in 2021, the business has operated a catering kitchen and specialized in full-service catering and event planning for upscale events in the region both at client sites and at event spaces and halls. The business became the in-house caterer at Corporate Hall, a corporate meeting space, in Fourways in 2021, and has developed expertise related to managing client events and event planning. For most events, Glowy Events Catering provides referrals to additional vendors, manages client rental equipment needs, and provides event management expertise on the day of the event.

## **2.1 Company Ownership**

Glowy Events Catering was founded by partners Rudy Electrum and Tosca Cabrini. Built from the ground up by these partners, Rudy owns 49% of the business and Tosca 51%. The business is established as a Pvt Ltd Company.

10% of shares will be given to angel investors who purchase \$270,000 in convertible debt to help to finance the expansion of Glowy Events Catering. This will dilute Electrum's shares to 44% and Cabrini's shares to 46%.

## **2.2 Company History**

Over the past two years, Glowy Events Catering has made significant advances, developing its core business significantly after somewhat slow growth in its first year of operation. Gross and operating margins have steadily improved and the business has continued to invest in kitchen and delivery equipment, as well as some of its own event furniture.

Sales have grown due to increasing partnerships with venues, like Corporate Hall, and event planners, like \*\*\*\*\* and \*\*\*\*\* which refer clients and subcontract work to Glowy Events Catering. These referrals and partnerships have accounted for 75% of growth in the past three years. Corporate Hall alone accounted for 15% of sales in 2009. The remaining growth has been due to new client acquisition through marketing and referrals to clients directly.

Inventory has historically included raw materials for food as well as beverages and liquor. These have been accounted for as inventory and attributed to cost of sales for each job. Cost of sales has also included hourly wages to cater-waiters, event managers and other event staff, fuel for delivery, and supplies for the event (paper napkins, etc). Cost of sales also includes vendor subcontractors who the client pays through Glowy Events Catering (generally rental equipment, florists, designers and musicians/DJs). Glowy Events Catering lets clients contract directly when they prefer and recommends they contract directly with audio-visual and lighting providers.

Operating expenses have dropped from 45% of sales to 40% of sales over these previous three years, while they have grown by \$150,000 in absolute value.

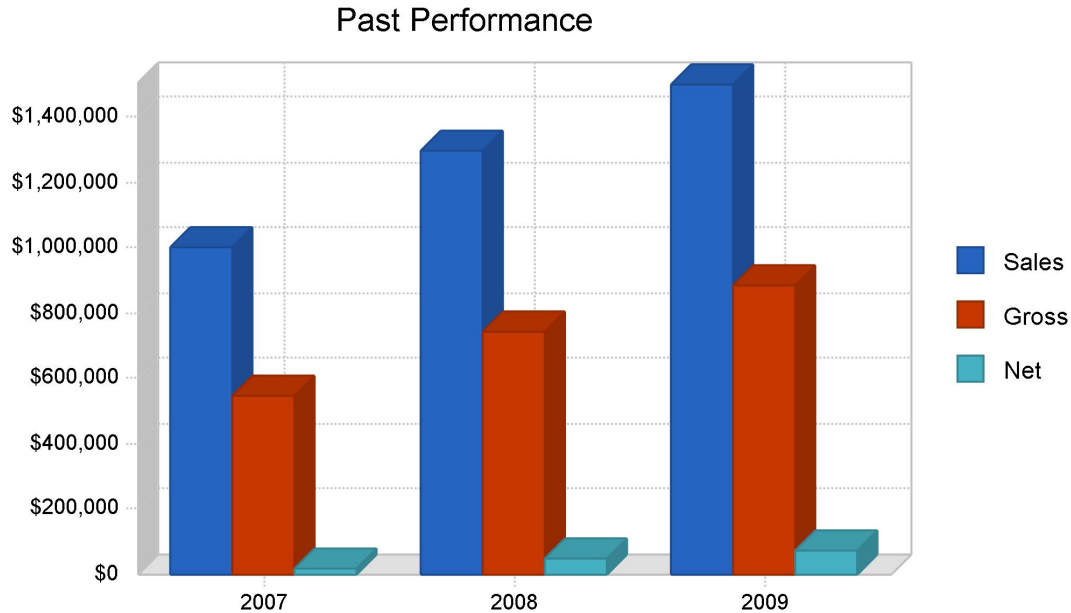


## Glowy Events

Table: Past Performance

<i>Past Performance</i>	2007	2008	2009
Sales	\$1,000,000	\$1,300,000	\$1,500,000
Gross Margin	\$550,000	\$741,000	\$885,000
Gross Margin %	55.00%	57.00%	59.00%
Operating Expenses	\$450,000	\$552,500	\$600,000
Collection Period (days)	51	58	78
Inventory Turnover	32.14	38.55	39.68
 Balance Sheet			
	2007	2008	2009
 Current Assets			
Cash	\$150,000	\$200,000	\$300,000
Accounts Receivable	\$41,667	\$83,333	\$108,333
Inventory	\$14,000	\$15,000	\$16,000
Other Current Assets	\$2,500	\$2,500	\$2,500
Total Current Assets	\$208,167	\$300,833	\$426,833
 Long-term Assets			
Long-term Assets	\$75,000	\$85,000	\$90,000
Accumulated Depreciation	\$20,000	\$27,500	\$40,000
Total Long-term Assets	\$55,000	\$57,500	\$50,000
 Total Assets	\$263,167	\$358,333	\$476,833
 Current Liabilities			
Accounts Payable	\$37,500	\$46,042	\$50,000
Current Borrowing	\$0	\$0	\$0
Other Current Liabilities (interest free)	\$0	\$0	\$0
Total Current Liabilities	\$37,500	\$46,042	\$50,000
 Long-term Liabilities	\$5,000	\$2,500	\$0
Total Liabilities	\$42,500	\$48,542	\$50,000
 Paid-in Capital	\$200,000	\$200,000	\$200,000
Retained Earnings	\$667	\$59,792	\$151,833
Earnings	\$20,000	\$50,000	\$75,000
Total Capital	\$220,667	\$309,792	\$426,833
 Total Capital and Liabilities	\$263,167	\$358,333	\$476,833
 Other Inputs			
Payment Days	30	30	30
Sales on Credit	\$300,000	\$390,000	\$450,000
<b>Receivables Turnover</b>	7.20	4.68	4.15

Chart: Past Performance



### 3.0 Products and Services

Glowy Events Catering currently offers the following products and services:

- Event management
- Coat-check, door check, and restroom attendants
- A variety of cuisine for breakfasts, lunches, dinners, and appetizers
- Non-alcoholic, wine, beer, and liquor beverage service
- Wait service

Through subcontractors, Glowy Events Catering offers:

- Floral design
- Space design and decor
- Musicians and DJs
- Event equipment and furniture rentals
- Cakes

Through referrals, Glowy Events Catering offers:

- Lighting
- Audio-visual rentals and support
- Event security
- Valet service

Future plans include the following additions with the opening of The Glowy Ballroom:

- Ballroom rentals for half-day or full-day timespans

- Space rental with a per-head full-service catering fee or as a fee separate from catering and beverage
- Facility management service

## 4.0 Market Analysis Summary

The catering industry serves private, corporate, and non-profit events with food, drinks, event management and other services. Events are generally held by clients in order to celebrate, communicate, or both.

- Celebration: Parties and banquets as part of key events in life (birthdays, weddings, bar and bat mitzvahs, engagements, bridal and baby showers, retirement parties, etc.) or for a business (holiday or end-of-year parties, retirements, honoree galas, etc.)
- Communication: Events to communicate a message for the benefit of attendees or the press (product launches, press events, trade shows, conferences, presentations, lectures, fundraisers) or to stimulate discussion (corporate meetings, summits, etc.)

The S.A market for caterers was estimated at \$6.9 billion in 2021. The market is prone to economic cycles, as events, especially corporate events, are one of the first expenses cut during a downturn. Celebratory events may be scaled back a bit, but are generally not canceled during a downturn (i.e., spending on weddings, bar mitzvahs, etc., continues). The industry contracted by 1.5% in 2020 due to the Covid 19 Pandemic. In 2023 the industry is expected to return to positive growth. The industry is relatively mature, as 33,000 catering companies serve the S.A., or one company for every 9,000 South Africans.

There is a movement towards horizontal integration in the greater event industry, with some full-service event providers growing to provide entertainment, audio-visual and technology, catering, rentals, decor, venues and more. Businesses that provide these additional services may take on assets that are not as fully utilized as a specialist's would be, but they can earn greater margins on the sales they make. With its opening of The Glowly Ballroom, Glowly Events Catering will become part of this integration movement.

### 4.1 Market Segmentation

The market analysis chart is provided for the Fourways area in a radius of ten miles.

The **corporate** market is defined as businesses which hold at least one off-site event each year. Businesses often have A/V and public relations needs in concert with their events which may serve a marketing function for the business. Whether entertaining the press, clients, or board members, businesses require professional execution, delicious food and drinks, and alignment between the event managers/caterers and their business's objectives for the event.

The **private** market includes households with a combined household income of over \$80,000 per year (those most likely to throw an upscale event in a rented venue). This group puts a great deal of pressure on caterers and requires added attention, as lavish events may be uncommon for them. They require hands-on work and planning as well as expert advice and referrals throughout the process.

The **non-profit** market is defined as non-profit organizations which hold at least one off-site event each year. Very price conscious, the non-profit market looks for in-kind donations and discounted services whenever possible. Some non-profits realize the benefit of paying for great

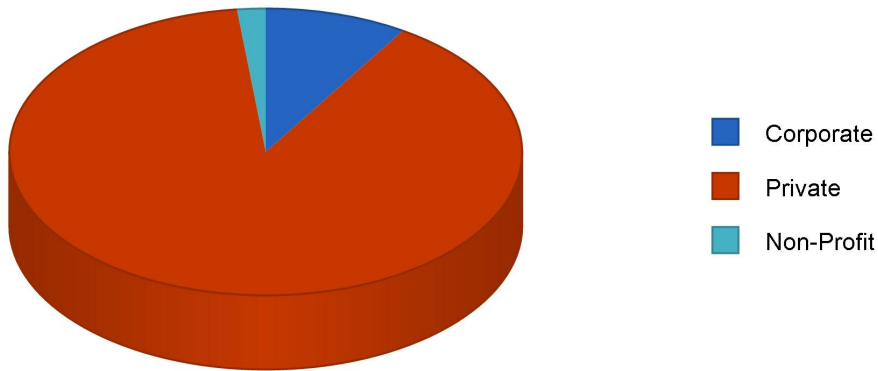
events which lead, in kind, to improved perception of the organization and donations, while others will take the lowest price available at the minimal quality level acceptable.

Table: Market Analysis

Market Analysis		2010	2011	2012	2013	2014	
Potential Customers	Growth						CAGR
Corporate	1%	2,500	2,525	2,550	2,576	2,602	1.00%
Private	2%	25,000	25,500	26,010	26,530	27,061	2.00%
Non-Profit	1%	500	505	510	515	520	0.99%
<b>Total</b>	<b>1.89%</b>	<b>28,000</b>	<b>28,530</b>	<b>29,070</b>	<b>29,621</b>	<b>30,183</b>	<b>1.89%</b>

Chart: Market Analysis (Pie)

Market Analysis (Pie)



## 4.2 Target Market Segment Strategy

Glowy Events Catering has, traditionally, targeted the private and corporate markets primarily. They will continue this focus with the launch of The Glowly Ballroom. Private clients, although requiring additional labor and handholding, can be charged somewhat higher rates than corporate clients. Furthermore, they help to "recession-proof" the business by providing steadier revenue streams in economic downturns.

Corporate business can lead to repeat engagements with clients who have annual or even quarterly events and are more valuable as clients to acquire than private clients, even though the margin percentages are lower on each event.

Non-profit clients generally seek lower cost providers and venues and, while they do seek out Glowly Events Catering without much marketing to that group, the company's bids are generally does not accepted. Glowly Events Catering will continue to choose specific non-profits to sponsor events for to create visibility for strategic purposes or based on the charitable interests of the owners, but will not market directly to non-profits.

### 4.3 Service Business Analysis

The catering industry is extremely fragmented, with 33,000 companies across South Africa. Customers find caterers through referrals, online searches, Yellow Pages, and through businesses which run restaurants they are already familiar with. They will generally contact the catering company by phone to discuss the details of their events directly.

Some businesses and private clients hire event planners or producers to handle the details of their event, including choice of caterer. In this case, these firms, which are more familiar with the industry, may act as a buffer between the end client and the caterer, sometimes making the process of planning smoother.

#### 4.3.1 Competition and Buying Patterns

Key competitors of Glowly Events Catering include:

- **Fancy Fetes:** An upscale caterer which is the in-house caterer at the King's Room, a Fourways area private event space (weddings, bar mitzvahs, etc.)
- **Food For Thought:** A cuisine caterer which provides simple drop-off service as well as full-service catering
- **Pandora's:** An upscale Italian restaurant which caters a variety of events primarily for private clients

Fourways area customers choose caterers for their events based on the following characteristics:

- **Cuisine Options:** Private clients will often seek out caterers who can offer, or specialize in, specific cuisine. Businesses looking to use a caterer multiple times are more likely to seek a caterer who can serve many different cuisines so they can vary the options from event to event (or even within a given event) to better please their clients or guests.
- **Quality:** Quality is determined through reviews and references as well as through tastings of the food. Basic quality is a must, but high-quality is sought out for once-in-a-lifetime private events and the fanciest of business functions.
- **Added Services:** Private clients and businesses/non-profits who are relatively new to event planning will prefer caterers who offer a wide range of event services (one-stop shops if possible) rather than working with half a dozen separate event vendors.
- **Price:** Especially for corporate and non-profit customers, price is a key factor. Businesses seek discounted rates for a higher volume of events, which private clients cannot provide.

Glowy Events Catering offers a range of cuisine options, high quality, and added services based on the one-stop shop model. The business does not compete on price and offers services at prices higher than average for caterers in general and on the upper side of options for the Fourways area.

## 5.0 Strategy and Implementation Summary

Glowy Events Catering intends to open The Glowly Ballroom, an event venue in Fourways. The ballroom will be purchased from the previous owner, the city of Fourways, which used the space as a community center until it was abandoned one year ago. After renovations, the ballroom will create synergy with Glowly Events Catering's business by offering a location to bring in current and future clients who will also utilize both the catering and event planning services of Glowly Events Catering.

Glowy Events Catering will:

- Target high net-worth private clients and corporate clients
- Take on dedicated facility management and salespeople for The Glowly Ballroom
- Use a combination of existing and new marketing tactics to promote the space

### **5.1 Competitive Edge**

Glowy Events Catering will create a competitive edge in Fourways by becoming a true "one-stop-shop" for all-inclusive events with the purchase of The Glowly Ballroom. Clients will not have to work with multiple vendors, but can work directly with their assigned Glowly Events Catering account executive for all of their event planning and vendor coordination needs.

Currently, competitors in the Fourways area do not offer the same combination of upscale catering, track record, flexibility of cuisine, and a beautiful venue which Glowly Events Catering will be able to offer.

### **5.2 Marketing Strategy**

Glowy Events Catering will focus its marketing for their new ballroom on the corporate and private upscale event markets. The business will use the following media and tactics to reach this audience:

1. Advertise in *Fourways Magazine*, a local luxury-focused magazine with half-page color ads showing a photo of the new space
2. Develop a website for The Glowly Ballroom which is separate from, but linked to, the Glowly Events Catering site
3. Promote the website through search engine optimization and search engine marketing around event and rental keywords for the local area
4. Revise the Glowly Events Catering brochure to include the new ballroom in a featured location
5. Email campaign of an e-brochure announcing the new space to all past and current clients
6. Create and send press kit with information and details on the new space to key clients and press
7. Promote introductory spring and summer rates to encourage early rentals (the normal rate of \$2,500 will be discounted to \$2,000 during this period)
8. Promote the space at local summer business fair
9. Sponsor 4 non-profit events per year, all chosen for the exposure they receive to the press and to high net worth individuals

### **5.3 Sales Strategy**

Traditionally, the sales strategy of Glowly Events Catering has been spearheaded by Rudy Electrum and two staff account managers who each handle a portfolio of clients. Rudy focuses on new business development and relies on the account managers to service, retain clients, and develop their business by encouraging them to use Glowly Events Catering for more events.

This sales strategy will continue with the opening of The Glowly Ballroom. Rentals at the ballroom will be promoted by all staff when they work with clients. An additional salesperson will field inquiries made directly about The Glowly Ballroom rentals to handle the additional volume of work required to increase the utilization of this space. Salespeople will be added for The Glowly Ballroom over the first three years of its operations as business grows. These salespeople will have the same training and knowledge of all of Glowly Events Catering's services, but will work only with clients interested in events at the ballroom.

### 5.3.1 Sales Forecast

Renovation of The Glowly Ballroom will occur in the first three months of 2022, preparing for a March 15 opening of the space.

Off-site food and beverage has traditionally been the largest revenue stream for Glowly Events Catering, as this is the driver behind all of the other revenue streams. Subcontracted services, staffing, referral fees, and event planning are only offered when there is a core food and beverage package sold for an event. The F & B for The Glowly Ballroom events has been separated out for separate tracking, going forward, as have venue rentals of The Glowly Ballroom.

A typical event is a \$10,000 food and beverage package with \$5,000 in subcontracted services, \$8,000 in staffing, and \$1,500 in event planning fees. Typical events at The Glowly Ballroom will also incur a ballroom rental of \$2,500 as a base fee.

The F & B cost is low, at 25% of the combined off-site and The Glowly Ballroom F & B revenues. Ingredients are purchased in bulk whenever possible at wholesale rates. A high markup can be earned on food and an even higher markup on liquor, which can sometimes cost as little as 15% of sales.

The cost of hourly event staff (bartenders, waiters, coat check, door check, restroom attendants, event managers, etc.) is recognized on the P & L statement under other cost of sales.

The Glowly Ballroom revenues will scale up sharply in the first year as the space is better utilized, but this growth will level off in years 2 and 3 as not all event dates are as desirable to clients and the most popular dates will book first. This projection incorporates the objective that the ballroom be utilized on 50% of days by the end of year 3.

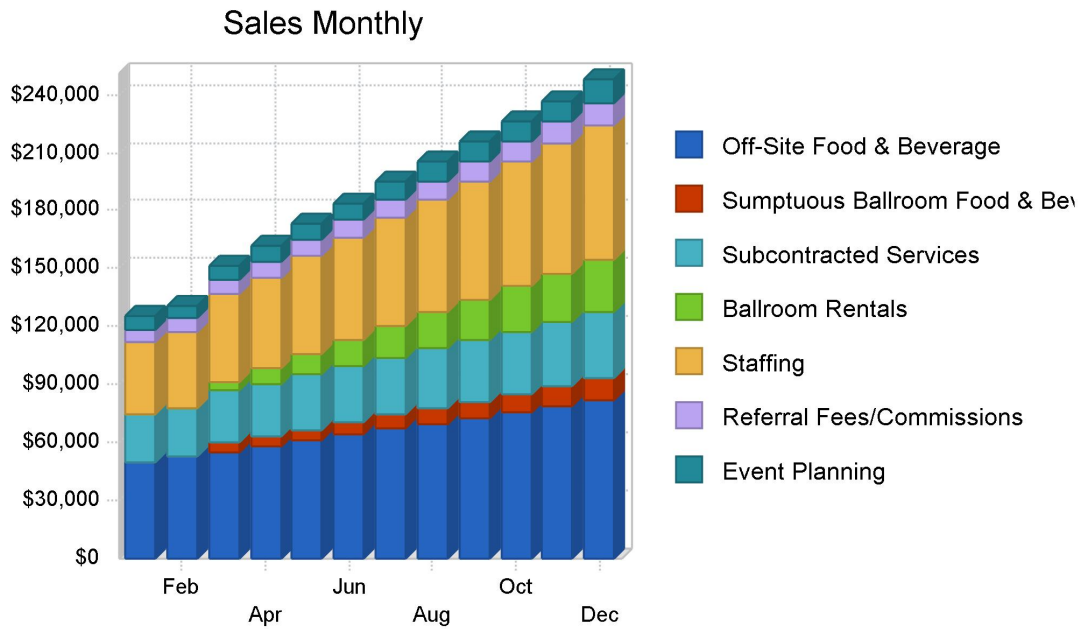
Glowly Events Catering expects that the existing line of business events at Corporate Hall will continue even with the addition of its own space, The Glowly Ballroom, because Corporate Hall hosts primarily smaller meetings than can be accommodated at The Glowly Ballroom. Glowly Events Catering considers the two spaces to not be in direct competition. The relationship with Corporate Hall will allow Glowly Events Catering to refer smaller meetings to that space, perhaps helping to build business at Corporate Hall through new inquiries.

# Glowy Events

Table: Sales Forecast

<i>Sales Forecast</i>		2010	2011	2012
<b>Sales</b>				
Off-Site Food & Beverage		\$784,537	\$941,444	\$1,129,733
Glowy Ballroom Food & Beverage		\$79,687	\$103,593	\$134,671
Subcontracted Services		\$354,801	\$425,761	\$510,913
Ballroom Rentals		\$168,750	\$236,250	\$307,125
Staffing		\$648,168	\$783,778	\$948,303
Referral Fees/Commissions		\$108,028	\$130,630	\$158,051
Event Planning		\$108,028	\$130,630	\$158,051
<b>Total Sales</b>		<b>\$2,251,998</b>	<b>\$2,752,086</b>	<b>\$3,346,846</b>
<b>Direct Cost of Sales</b>		2010	2011	2012
Food and Beverage Cost		\$216,056	\$261,259	\$316,101
Other		\$0	\$0	\$0
<b>Subtotal Direct Cost of Sales</b>		<b>\$216,056</b>	<b>\$261,259</b>	<b>\$316,101</b>

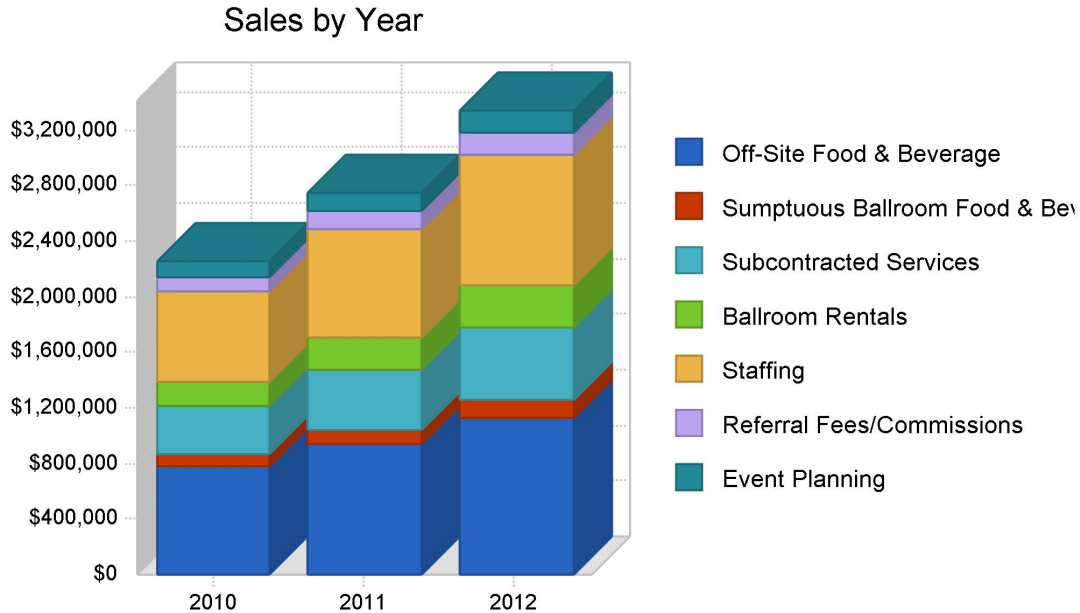
Chart: Sales Monthly





## Glowy Events

Chart: Sales by Year



### 5.4 Milestones

The milestones listed are the key steps to launching The Glowy Ballroom.

Renovation of the space will be directed by CEO, Tosca Cabrini, with insight from all staff. The work will be directed by a renovations contractor who will subcontract work to electricians, plumbers, painters, floor specialists, etc

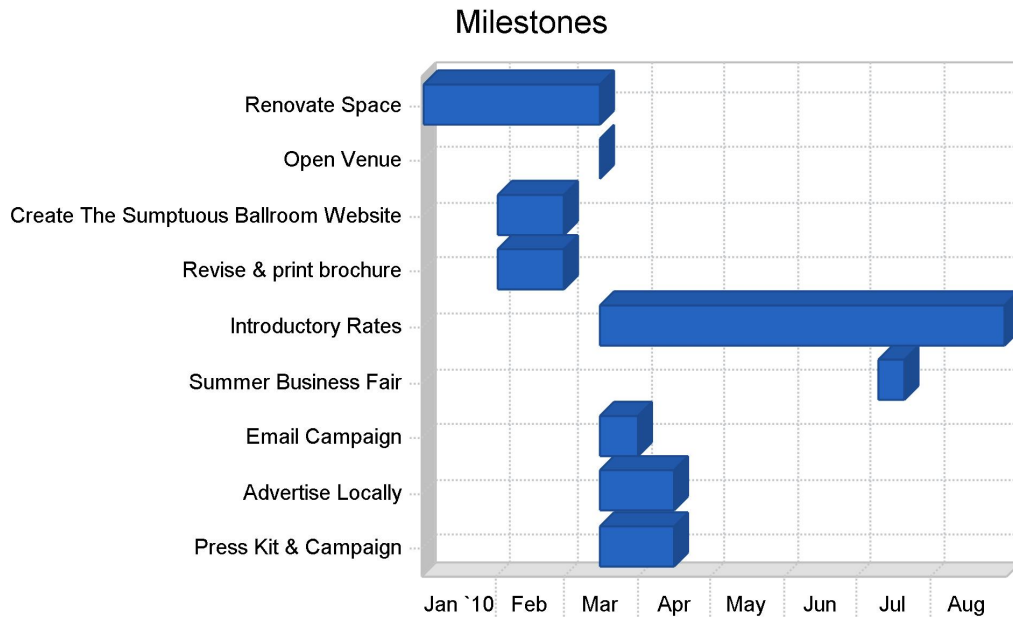
The other activities come under the marketing umbrella of Antero MacDougal, Glowy Events Catering's marketing director. The preparations will be made while the venue is being renovated, although finished photos of the new space will not be available until renovation is complete.

Introductory rates will reduce the rate of 100 events by \$500 to encourage first-time rentals of the ballroom.

Table: Milestones

Milestones					
Milestone	Start Date	End Date	Budget	Manager	Department
Renovate Space	1/1/2022	3/15/2022	\$100,000	TC	Operations
Open Venue	3/15/2022	3/15/2022	\$0	TC	Operations
Create The Glowy Ballroom Website	2/1/2022	2/28/2022	\$10,000	JR	Marketing
Revise & print brochure	2/1/2022	2/28/2022	\$5,000	JR	Marketing
Introductory Rates	3/15/2022	8/31/2022	\$50,000	JR	Marketing
Summer Business Fair	7/9/2022	7/20/2022	\$5,000	JR	Marketing
Email Campaign	3/15/2022	3/31/2022	\$500	JR	Marketing
Advertise Locally	3/15/2022	4/15/2022	\$10,000	JR	Marketing
Press Kit & Campaign	3/15/2022	4/15/2022	\$2,000	JR	Marketing
<b>Totals</b>			<b>\$182,500</b>		

Chart: Milestones



## 6.0 Management Summary

Glowy Events Catering is directed by CEO Rudy Electrum. Second-in-command is COO Tosca Cabrini.

Electrum heads sales and strategy for the business, in close consultation with Cabrini. Cabrini manages the operations of the kitchen, human resources (hiring and training) and finances.

Marketing is directed and executed by Antero MacDougal. MacDougal is the liaison to outside graphic and Web designers and other marketing service firms used by Glowy Events Catering. MacDougal reports to the CEO.

The Facility Manager will be hired to act as a manager of the hall. This will include providing information to vendors setting up in the space, providing access to the clients for set-up, light maintenance and repairs, contracting vendors for heavier repair work, and setting up cleanings of the space. The Facility Manager will have a small office at The Glowy Ballroom and will work during the daytime. Event managers from the catering staff will be present during the events. The Facility Manager will be trained by and report to the COO.

### 6.1 Personnel Plan

The personnel table shows full-time personnel only.

A full-time administrative assistant keeps the books for the business and process A/R and A/P.

## Glowy Events

Sales staff, beginning at one, are managed by the CEO. A salesperson will be added in year 2 and again in year 3. The new salespeople will be dedicated to sales of The Glowly Ballroom and will work on salary plus a 3% commission on sales.

The kitchen is staffed by a salaried head cook and one assistant cook paid by the hour.

Events are staffed by a roster of 30 event managers, cater-waiters, bartenders, and other staff. Most staff are cross-trained between the various roles.

Table: Personnel

<i>Personnel Plan</i>	2010	2011	2012
CEO	\$84,000	\$87,360	\$90,854
COO	\$72,000	\$74,880	\$77,875
Marketing Director	\$60,000	\$62,400	\$64,896
Salespeople	\$48,000	\$97,440	\$149,083
Administrative Assistant	\$48,000	\$49,920	\$51,917
Head Cook	\$60,000	\$62,400	\$64,896
Assistant Cooks	\$48,000	\$49,920	\$51,917
Facility Manager	\$54,000	\$56,160	\$58,406
Total People	8	9	10
<b>Total Payroll</b>	<b>\$474,000</b>	<b>\$540,480</b>	<b>\$609,845</b>

## 7.0 Financial Plan

Glowy Events Catering will fund its expansion largely through its own cash reserves and a loan for the purchase of The Glowly Ballroom.

The funds needed include:

- \$2 million for purchase of The Glowly Ballroom
- \$100,000 for improvements
- \$50,000 for equipment for the ballroom
- \$82,500 for marketing devoted to The Glowly Ballroom acquisition

Sources for the funds include:

- \$1.6 million mortgage
- \$270,000 in convertible debt from investors for an equity stake of 10% in Glowly Events Catering (diluting the current ownership equally) and 10% interest paid over three years. Likely investors include family and angel investors interested in lower risk than in a start-up firm, along with some guaranteed returns
- \$300,000 in cash reserves of Glowly Events Catering
- Cash flow surpluses in the later half of 2021 to make up the remainder

The business will return to stronger profits and gross margins after the acquisition.

### 7.1 Important Assumptions

The table below presents the assumptions used in the financial calculations of this business plan.

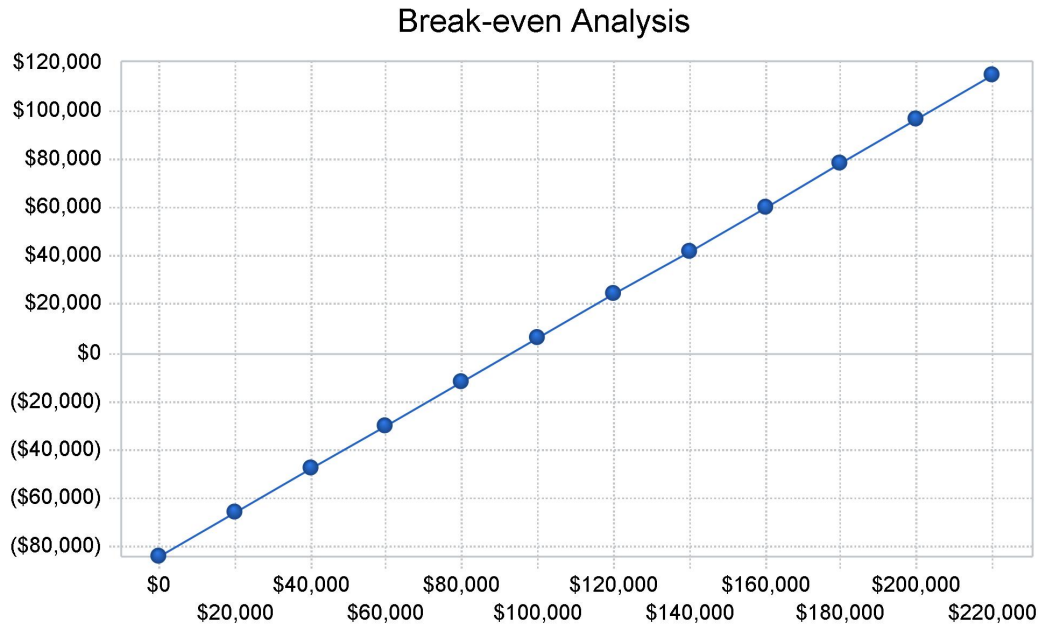
## 7.2 Break-even Analysis

Due to the high fixed costs of the venue, the monthly break even is rather high, as shown below. This would be approximately 9-10 events at \$10,000 per event. Revenue is higher for The Glowly Ballroom events due to the ballroom rental fee and greater leverage to provide additional services to clients, than for revenue from off-site events.

Table: Break-even Analysis

<i>Break-even Analysis</i>	
Monthly Revenue Break-even	\$93,206
Assumptions:	
Average Percent Variable Cost	10%
<b>Estimated Monthly Fixed Cost</b>	<b>\$84,264</b>

Chart: Break-even Analysis



## 7.3 Projected Profit and Loss

Gross margins will improve for the business as ballroom rentals build as a revenue stream. Facility rentals do not have a direct cost of sales, although higher fixed costs are associated with The Glowly Ballroom than with the core business.

Subcontracted services are the other major cost of sales category, and incur a higher cost of sales, at 80% of subcontracted services sold, than other categories. These services (like floral design, rental furniture, etc.) are discounted by the vendors because of their relationship with Glowly Events Catering. The effect is that Glowly Events Catering bills these services on to clients at the vendor's advertised rates and takes their margin of 20% on those revenues.

## Glowy Events

Marketing will be higher in the first year to accommodate the additional marketing activities described in the marketing strategy and milestones table. Depreciation will be for the existing equipment in the catering kitchen and for the installed sound and networking equipment in the venue.

Rent is for the catering kitchen and office only, as the ballroom will be purchased by the business. Utilities will be much higher than previously due to the high electric, heating, and air conditioning costs of the new space compared with the kitchen and office alone. Insurance also must increase significantly from previous levels due to the need for general liability for the space and guests.

Payroll taxes are 15% of payroll (which includes the event staff cost of sales) and employee benefits (including health insurance, 401K contributions for employees who with tenure over 2 years, vacation and sick pay) are 10% of payroll and event staff costs.

Office expenses cover maintenance of computer equipment and sundry supplies for the office. Facility cleaning and maintenance includes a budget for \$200 of maintenance and an estimate for cleaning which will grow as use of the ballroom scales up. Cleaning will be provided by an outside vendor and managed by the Facility Manager.

Table: Profit and Loss

<i>Pro Forma Profit and Loss</i>	2010	2011	2012
Sales	\$2,251,998	\$2,752,086	\$3,346,846
Direct Cost of Sales	\$216,056	\$261,259	\$316,101
Event Staff	\$382,840	\$467,855	\$568,964
Subcontracted Services	\$283,841	\$340,609	\$408,730
Total Cost of Sales	\$882,736	\$1,069,723	\$1,293,795
Gross Margin	\$1,369,262	\$1,682,363	\$2,053,051
Gross Margin %	60.80%	61.13%	61.34%
Expenses			
Payroll	\$474,000	\$540,480	\$609,845
Marketing/Promotion	\$106,000	\$100,000	\$100,000
Depreciation	\$28,000	\$28,000	\$28,000
Rent	\$24,000	\$25,200	\$26,460
Utilities	\$7,959	\$9,000	\$10,000
Insurance	\$36,000	\$37,440	\$38,938
Payroll Taxes	\$128,526	\$151,250	\$176,821
Employee Benefits	\$85,684	\$100,833	\$117,881
Office Expenses	\$6,000	\$6,500	\$7,000
Facility Cleaning & Maintenance	\$115,000	\$137,804	\$167,542
Total Operating Expenses	\$1,011,168	\$1,136,508	\$1,282,487
Profit Before Interest and Taxes	\$358,094	\$545,855	\$770,564
EBITDA	\$386,094	\$573,855	\$798,564
Interest Expense	\$181,222	\$171,000	\$160,333
Taxes Incurred	\$53,061	\$112,457	\$183,069
Net Profit	\$123,810	\$262,399	\$427,162
<b>Net Profit/Sales</b>	<b>5.50%</b>	<b>9.53%</b>	<b>12.76%</b>

# Glowy Events

Chart: Profit Monthly

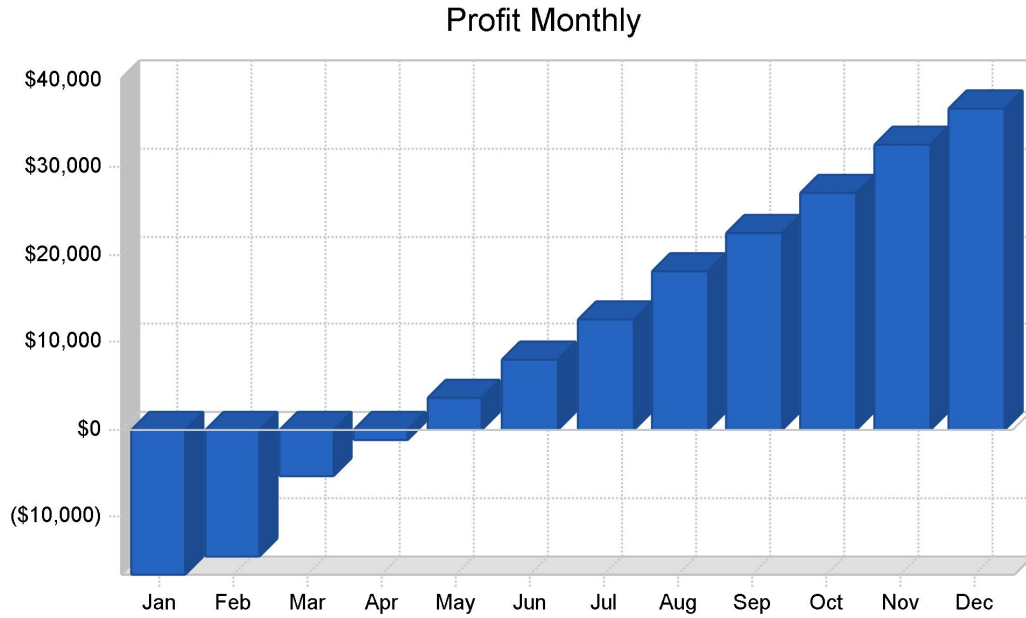
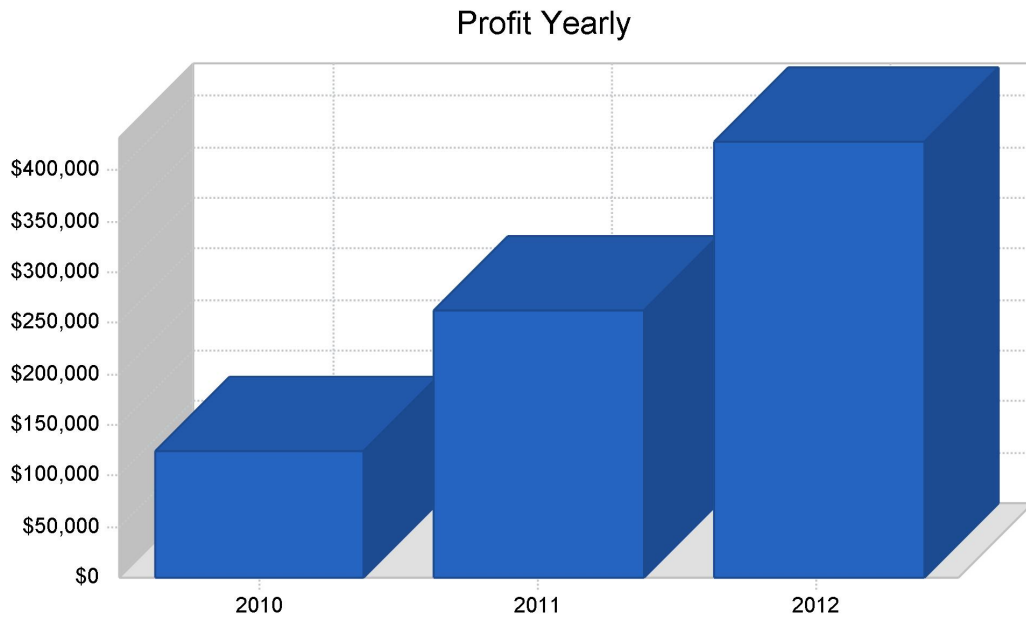


Chart: Profit Yearly



# Glowy Events

Chart: Gross Margin Monthly

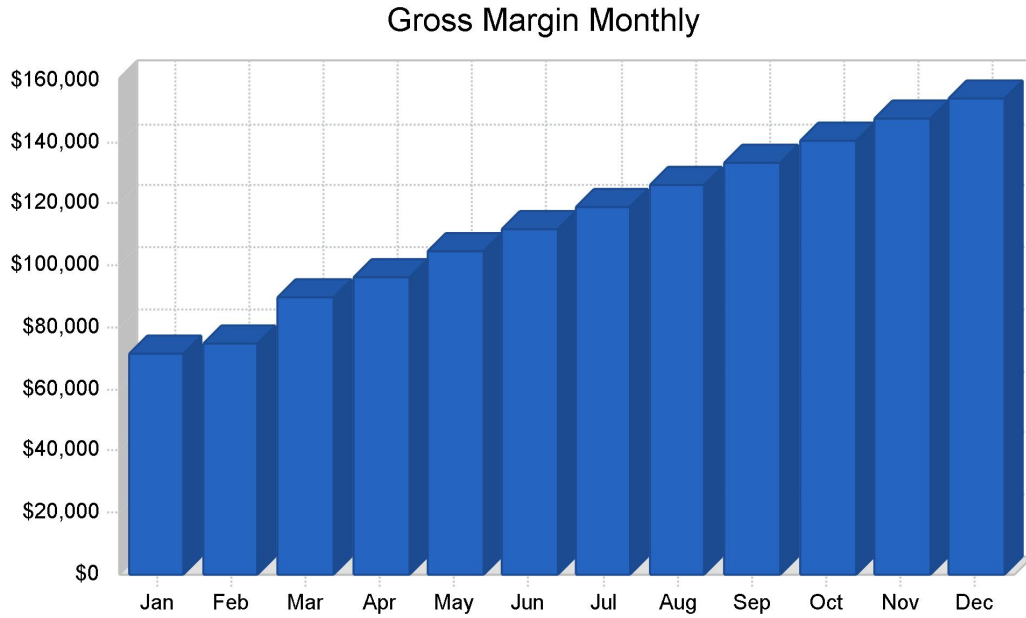
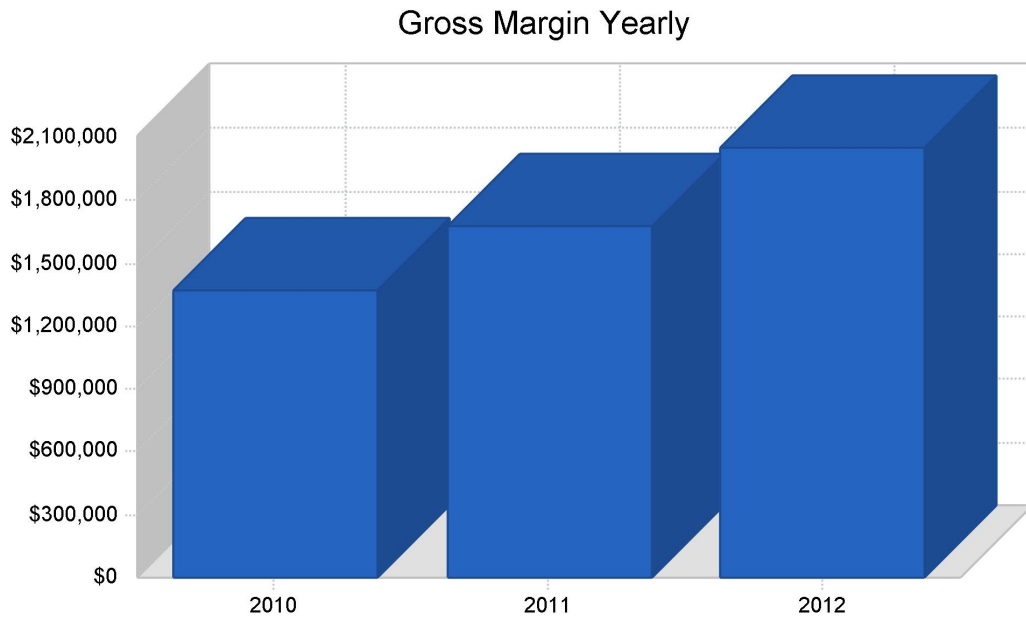


Chart: Gross Margin Yearly



## 7.4 Projected Cash Flow

The projected cash flow table and chart show the business's investment in The Glowy Ballroom, a \$2 million purchase. The asset will be purchased with 20% down and a \$1.6 million 15-year mortgage. An additional \$270,000 in convertible debt will be raised at 10% interest for three years.

In addition to this investment, \$50,000 in depreciable assets will be purchased (sound system, office set-up for the facility). Small investments in replacing these assets and augmenting them with strategic purchases will be made in future years. Current assets (\$100,000) purchased will include signage and improvements to the venue.

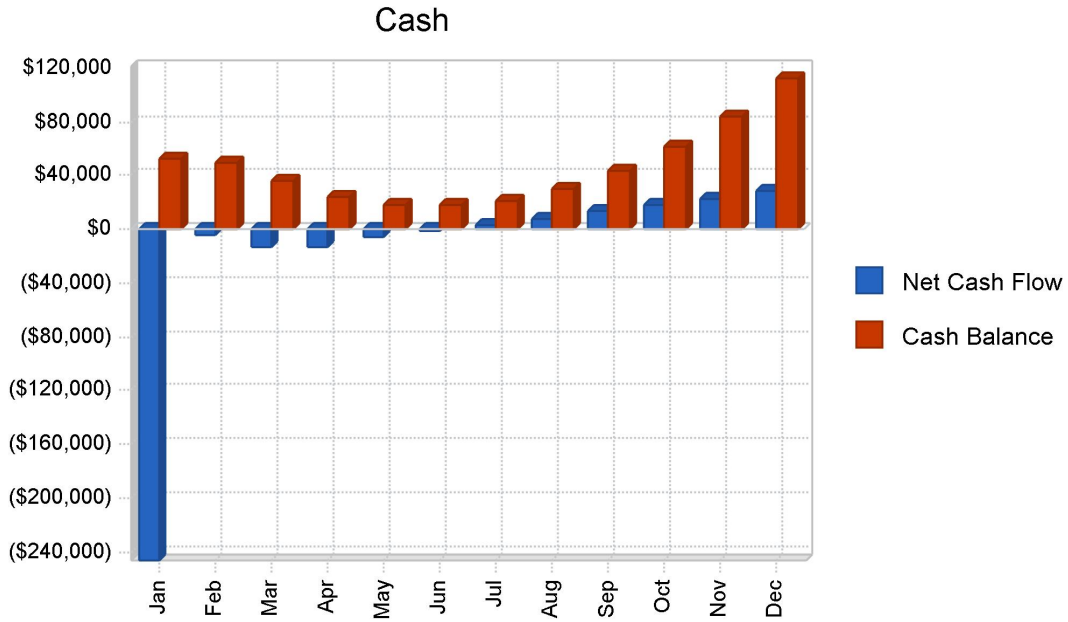
The business will reach cash flow break-even in July 2022.

Table: Cash Flow

<i>Pro Forma Cash Flow</i>	2010	2011	2012
Cash Received			
Cash from Operations			
Cash Sales	\$1,125,999	\$1,376,043	\$1,673,423
Cash from Receivables	\$1,055,339	\$1,336,295	\$1,626,150
Subtotal Cash from Operations	\$2,181,338	\$2,712,337	\$3,299,573
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	\$180,160	\$220,167	\$267,748
New Current Borrowing	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0
New Long-term Liabilities	\$1,870,000	\$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	\$4,231,498	\$2,932,504	\$3,567,321
Expenditures	2022	2023	2024
Expenditures from Operations			
Cash Spending	\$474,000	\$540,480	\$609,845
Bill Payments	\$1,508,109	\$1,928,419	\$2,254,866
Subtotal Spent on Operations	\$1,982,109	\$2,468,899	\$2,864,711
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	\$180,160	\$220,167	\$267,748
Principal Repayment of Current Borrowing	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$106,668	\$106,668	\$106,668
Purchase Other Current Assets	\$100,000	\$0	\$0
Purchase Long-term Assets	\$2,050,000	\$5,000	\$5,000
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$4,418,937	\$2,800,734	\$3,244,127
Net Cash Flow	(\$187,439)	\$131,771	\$323,194
<b>Cash Balance</b>	<b>\$112,561</b>	<b>\$244,331</b>	<b>\$567,526</b>



Chart: Cash



## 7.5 Projected Balance Sheet

The balance sheet shows the increasing strength of the business as its mortgage is paid off and profits are earned from the expansion of the business. Accounts payable will rise significantly from previous levels due to the added expenses taken on by the business when The Glowy Ballroom opens.

Table: Balance Sheet

<i>Pro Forma Balance Sheet</i>			
	2010	2011	2012
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$112,561	\$244,331	\$567,526
Accounts Receivable	\$178,994	\$218,742	\$266,015
Inventory	\$11,664	\$13,163	\$15,936
Other Current Assets	\$102,500	\$102,500	\$102,500
<b>Total Current Assets</b>	<b>\$405,719</b>	<b>\$578,737</b>	<b>\$951,976</b>
<b>Long-term Assets</b>			
Long-term Assets	\$2,140,000	\$2,145,000	\$2,150,000
Accumulated Depreciation	\$68,000	\$96,000	\$124,000
<b>Total Long-term Assets</b>	<b>\$2,072,000</b>	<b>\$2,049,000</b>	<b>\$2,026,000</b>
<b>Total Assets</b>	<b>\$2,477,719</b>	<b>\$2,627,737</b>	<b>\$2,977,976</b>
<b>Liabilities and Capital</b>	2022	2023	2024
<b>Current Liabilities</b>			
Accounts Payable	\$163,743	\$158,031	\$187,776
Current Borrowing	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0
<b>Subtotal Current Liabilities</b>	<b>\$163,743</b>	<b>\$158,031</b>	<b>\$187,776</b>
<b>Long-term Liabilities</b>	<b>\$1,763,332</b>	<b>\$1,656,664</b>	<b>\$1,549,996</b>
<b>Total Liabilities</b>	<b>\$1,927,075</b>	<b>\$1,814,695</b>	<b>\$1,737,772</b>
<b>Paid-in Capital</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>
<b>Retained Earnings</b>	<b>\$226,833</b>	<b>\$350,643</b>	<b>\$613,042</b>
<b>Earnings</b>	<b>\$123,810</b>	<b>\$262,399</b>	<b>\$427,162</b>
<b>Total Capital</b>	<b>\$550,643</b>	<b>\$813,042</b>	<b>\$1,240,204</b>
<b>Total Liabilities and Capital</b>	<b>\$2,477,719</b>	<b>\$2,627,737</b>	<b>\$2,977,976</b>
<b>Net Worth</b>	<b>\$550,643</b>	<b>\$813,042</b>	<b>\$1,240,204</b>

## 7.6 Business Ratios

The table compares the business ratios of Glowy Events Catering to caterers in the \$1 million to \$5 million revenue category. Caterers with banquet halls are covered by NAICS industry code 722320, or SIC code 5812.

## Glowy Events

Table: Ratios

<i>Ratio Analysis</i>	2010	2011	2012	Industry Profile
Sales Growth	50.13%	22.21%	21.61%	1.65%
<b>Percent of Total Assets</b>				
Accounts Receivable	7.22%	8.32%	8.93%	3.53%
Inventory	0.47%	0.50%	0.54%	6.34%
Other Current Assets	4.14%	3.90%	3.44%	43.25%
Total Current Assets	16.37%	22.02%	31.97%	53.12%
Long-term Assets	83.63%	77.98%	68.03%	46.88%
Total Assets	100.00%	100.00%	100.00%	100.00%
<b>Current Liabilities</b>				
Current Liabilities	6.61%	6.01%	6.31%	25.40%
Long-term Liabilities	71.17%	63.05%	52.05%	73.91%
Total Liabilities	77.78%	69.06%	58.35%	99.31%
Net Worth	22.22%	30.94%	41.65%	0.69%
<b>Percent of Sales</b>				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	60.80%	61.13%	61.34%	58.06%
Selling, General & Administrative Expenses	55.30%	51.60%	48.58%	23.02%
Advertising Expenses	4.71%	3.63%	2.99%	1.74%
Profit Before Interest and Taxes	15.90%	19.83%	23.02%	6.52%
<b>Main Ratios</b>				
Current	2.48	3.66	5.07	1.25
Quick	2.41	3.58	4.98	1.00
Total Debt to Total Assets	77.78%	69.06%	58.35%	99.31%
Pre-tax Return on Net Worth	32.12%	46.11%	49.20%	4325.19%
Pre-tax Return on Assets	7.14%	14.27%	20.49%	29.65%
<b>Additional Ratios</b>				
	2010	2011	2012	
Net Profit Margin	5.50%	9.53%	12.76%	n.a
Return on Equity	22.48%	32.27%	34.44%	n.a
<b>Activity Ratios</b>				
Accounts Receivable Turnover	6.29	6.29	6.29	n.a
Collection Days	44	53	53	n.a
Inventory Turnover	24.00	21.05	21.73	n.a
Accounts Payable Turnover	9.90	12.17	12.17	n.a
Payment Days	28	31	28	n.a
Total Asset Turnover	0.91	1.05	1.12	n.a
<b>Debt Ratios</b>				
Debt to Net Worth	3.50	2.23	1.40	n.a
Current Liab. to Liab.	0.08	0.09	0.11	n.a
<b>Liquidity Ratios</b>				
Net Working Capital	\$241,975	\$420,706	\$764,200	n.a
Interest Coverage	1.98	3.19	4.81	n.a
<b>Additional Ratios</b>				
Assets to Sales	1.10	0.95	0.89	n.a
Current Debt/Total Assets	7%	6%	6%	n.a
Acid Test	1.31	2.19	3.57	n.a
Sales/Net Worth	4.09	3.38	2.70	n.a
<b>Dividend Payout</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>n.a</b>

## Appendix

**Table: Sales Forecast**

<i>Sales Forecast</i>												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Sales</b>												
Off-Site Food & Beverage	\$50,000	\$52,500	\$55,125	\$57,881	\$60,775	\$63,814	\$67,005	\$69,685	\$72,472	\$75,371	\$78,386	\$81,522
Glowy Ballroom Food & Beverage	\$0	\$0	\$5,000	\$5,500	\$6,050	\$6,655	\$7,321	\$8,053	\$8,858	\$9,744	\$10,718	\$11,790
Subcontracted Services	\$25,000	\$25,750	\$26,523	\$27,318	\$28,138	\$28,982	\$29,851	\$30,747	\$31,669	\$32,619	\$33,598	\$34,606
Ballroom Rentals	\$0	\$0	\$5,000	\$7,500	\$11,250	\$13,750	\$16,250	\$18,750	\$21,250	\$23,750	\$25,000	\$26,250
Staffing	\$37,500	\$39,375	\$45,094	\$47,536	\$50,119	\$52,852	\$55,744	\$58,303	\$60,998	\$63,836	\$66,828	\$69,983
Referral Fees/Commissions	\$6,250	\$6,563	\$7,516	\$7,923	\$8,353	\$8,809	\$9,291	\$9,717	\$10,166	\$10,639	\$11,138	\$11,664
Event Planning	\$6,250	\$6,563	\$7,516	\$7,923	\$8,353	\$8,809	\$9,291	\$9,717	\$10,166	\$10,639	\$11,138	\$11,664
<b>Total Sales</b>	<b>\$125,000</b>	<b>\$130,750</b>	<b>\$151,773</b>	<b>\$161,581</b>	<b>\$173,038</b>	<b>\$183,670</b>	<b>\$194,752</b>	<b>\$204,972</b>	<b>\$215,580</b>	<b>\$226,599</b>	<b>\$236,806</b>	<b>\$247,478</b>
<b>Direct Cost of Sales</b>												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Food and Beverage Cost	25%	\$12,500	\$13,125	\$15,031	\$15,845	\$16,706	\$17,617	\$18,581	\$19,434	\$20,333	\$21,279	\$22,276
Other		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Direct Cost of Sales</b>		<b>\$12,500</b>	<b>\$13,125</b>	<b>\$15,031</b>	<b>\$15,845</b>	<b>\$16,706</b>	<b>\$17,617</b>	<b>\$18,581</b>	<b>\$19,434</b>	<b>\$20,333</b>	<b>\$21,279</b>	<b>\$22,276</b>

## Appendix

Table: Personnel

<i>Personnel Plan</i>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
CEO	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
COO	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Marketing Director	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Salespeople	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Administrative Assistant	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Head Cook	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Assistant Cooks	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Facility Manager	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500
Total People	8	8	8	8	8	8	8	8	8	8	8	8
<b>Total Payroll</b>	<b>\$39,500</b>	<b>\$39,500</b>	<b>\$39,500</b>	<b>\$39,500</b>	<b>\$39,500</b>	<b>\$39,500</b>	<b>\$39,500</b>	<b>\$39,500</b>	<b>\$39,500</b>	<b>\$39,500</b>	<b>\$39,500</b>	<b>\$39,500</b>

## Appendix

### Table: Profit and Loss

<i>Pro Forma Profit and Loss</i>		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sales		\$125,000	\$130,750	\$151,773	\$161,581	\$173,038	\$183,670	\$194,752	\$204,972	\$215,580	\$226,599	\$236,806	\$247,478
Direct Cost of Sales		\$12,500	\$13,125	\$15,031	\$15,845	\$16,706	\$17,617	\$18,581	\$19,434	\$20,333	\$21,279	\$22,276	\$23,328
Event Staff	17%	\$21,250	\$22,228	\$25,801	\$27,469	\$29,417	\$31,224	\$33,108	\$34,845	\$36,649	\$38,522	\$40,257	\$42,071
Subcontracted Services		\$20,000	\$20,600	\$21,218	\$21,855	\$22,510	\$23,185	\$23,881	\$24,597	\$25,335	\$26,095	\$26,878	\$27,685
Total Cost of Sales		\$53,750	\$55,953	\$62,051	\$65,169	\$68,633	\$72,027	\$75,570	\$78,877	\$82,316	\$85,896	\$89,411	\$93,084
Gross Margin		\$71,250	\$74,798	\$89,722	\$96,412	\$104,405	\$111,643	\$119,182	\$126,095	\$133,263	\$140,703	\$147,395	\$154,395
Gross Margin %		57.00%	57.21%	59.12%	59.67%	60.34%	60.78%	61.20%	61.52%	61.82%	62.09%	62.24%	62.39%
<b>Expenses</b>													
Payroll		\$39,500	\$39,500	\$39,500	\$39,500	\$39,500	\$39,500	\$39,500	\$39,500	\$39,500	\$39,500	\$39,500	\$39,500
Marketing/Promotion		\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$8,000	\$8,000	\$8,000	\$6,000	\$6,000
Depreciation	50000	\$2,333	\$2,333	\$2,333	\$2,333	\$2,333	\$2,333	\$2,333	\$2,333	\$2,333	\$2,333	\$2,333	\$2,333
Rent		\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Utilities		\$500	\$525	\$551	\$579	\$608	\$638	\$670	\$704	\$739	\$776	\$814	\$855
Insurance		\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Payroll Taxes	15%	\$9,113	\$9,259	\$9,795	\$10,045	\$10,337	\$10,609	\$10,891	\$11,152	\$11,422	\$11,703	\$11,964	\$12,236
Employee Benefits	10%	\$6,075	\$6,173	\$6,530	\$6,697	\$6,892	\$7,072	\$7,261	\$7,435	\$7,615	\$7,802	\$7,976	\$8,157
Office Expenses	15%	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Facility Cleaning & Maintenance		\$6,450	\$6,738	\$7,789	\$8,279	\$8,852	\$9,384	\$9,938	\$10,449	\$10,979	\$11,530	\$12,040	\$12,574
Total Operating Expenses		\$79,471	\$80,028	\$81,999	\$82,933	\$84,022	\$85,036	\$86,093	\$85,072	\$86,088	\$87,144	\$86,127	\$87,155
Profit Before Interest and Taxes		(\$8,221)	(\$5,230)	\$7,723	\$13,479	\$20,383	\$26,607	\$33,089	\$41,023	\$47,175	\$53,559	\$61,267	\$67,239
EBITDA		(\$5,888)	(\$2,897)	\$10,057	\$15,812	\$22,717	\$28,941	\$35,422	\$43,356	\$49,508	\$55,892	\$63,601	\$69,573
Interest Expense		\$15,509	\$15,435	\$15,361	\$15,287	\$15,213	\$15,139	\$15,065	\$14,991	\$14,917	\$14,843	\$14,769	\$14,694
Taxes Incurred		(\$7,119)	(\$6,200)	(\$2,291)	(\$542)	\$1,551	\$3,441	\$5,407	\$7,810	\$9,677	\$11,615	\$13,950	\$15,763
Net Profit		(\$16,611)	(\$14,466)	(\$5,346)	(\$1,266)	\$3,619	\$8,028	\$12,617	\$18,223	\$22,581	\$27,101	\$32,549	\$36,781
<b>Net Profit/Sales</b>		-13.29%	-11.06%	-3.52%	-0.78%	2.09%	4.37%	6.48%	8.89%	10.47%	11.96%	13.75%	14.86%

## Appendix

**Table: Cash Flow**

<i>Pro Forma Cash Flow</i>		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cash Received													
Cash from Operations													
Cash Sales		\$62,500	\$65,375	\$75,886	\$80,790	\$86,519	\$91,835	\$97,376	\$102,486	\$107,790	\$113,300	\$118,403	\$123,739
Cash from Receivables		\$72,222	\$69,444	\$64,033	\$70,981	\$78,502	\$83,846	\$89,354	\$94,790	\$100,101	\$105,315	\$110,728	\$116,021
Subtotal Cash from Operations		\$134,722	\$134,819	\$139,920	\$151,771	\$165,021	\$175,681	\$186,730	\$197,276	\$207,891	\$218,614	\$229,131	\$239,761
Additional Cash Received													
Sales Tax, VAT, HST/GST Received	8.00%	\$10,000	\$10,460	\$12,142	\$12,926	\$13,843	\$14,694	\$15,580	\$16,398	\$17,246	\$18,128	\$18,944	\$19,798
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		\$1,870,000	\$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		\$2,014,722	\$145,279	\$152,061	\$164,698	\$178,864	\$190,374	\$202,310	\$213,674	\$225,137	\$236,742	\$248,076	\$259,559
Expenditures		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Expenditures from Operations													
Cash Spending		\$39,500	\$39,500	\$39,500	\$39,500	\$39,500	\$39,500	\$39,500	\$39,500	\$39,500	\$39,500	\$39,500	\$39,500
Bill Payments		\$53,001	\$90,483	\$104,113	\$116,411	\$121,640	\$128,225	\$134,482	\$140,936	\$145,552	\$151,832	\$158,297	\$163,138
Subtotal Spent on Operations		\$92,501	\$129,983	\$143,613	\$155,911	\$161,140	\$167,725	\$173,982	\$180,436	\$185,052	\$191,332	\$197,797	\$202,638
Additional Cash Spent													
Sales Tax, VAT, HST/GST Paid Out		\$10,000	\$10,460	\$12,142	\$12,926	\$13,843	\$14,694	\$15,580	\$16,398	\$17,246	\$18,128	\$18,944	\$19,798
Principal Repayment of Current Borrowing		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Liabilities Principal Repayment		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment		\$8,889	\$8,889	\$8,889	\$8,889	\$8,889	\$8,889	\$8,889	\$8,889	\$8,889	\$8,889	\$8,889	\$8,889
Purchase Other Current Assets		\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets		\$2,050,000	\$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		\$2,261,390	\$149,332	\$164,644	\$177,727	\$183,872	\$191,307	\$198,451	\$205,723	\$211,187	\$218,349	\$225,631	\$231,325
Net Cash Flow		(\$246,668)	(\$4,053)	(\$12,582)	(\$13,029)	(\$5,008)	(\$933)	\$3,860	\$7,951	\$13,951	\$18,393	\$22,445	\$28,234
<b>Cash Balance</b>		\$53,332	\$49,279	\$36,697	\$23,668	\$18,660	\$17,727	\$21,587	\$29,538	\$43,488	\$61,882	\$84,327	\$112,561

## Appendix

**Table: Balance Sheet**

<i>Pro Forma Balance Sheet</i>													
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Assets</b>	Starting Balances												
<b>Current Assets</b>													
Cash	\$300,000	\$53,332	\$49,279	\$36,697	\$23,668	\$18,660	\$17,727	\$21,587	\$29,538	\$43,488	\$61,882	\$84,327	\$112,561
Accounts Receivable	\$108,333	\$98,611	\$94,542	\$106,395	\$116,204	\$124,221	\$132,211	\$140,232	\$147,928	\$155,617	\$163,601	\$171,276	\$178,994
Inventory	\$16,000	\$6,250	\$6,563	\$7,516	\$7,923	\$8,353	\$8,809	\$9,291	\$9,717	\$10,166	\$10,639	\$11,138	\$11,664
Other Current Assets	\$2,500	\$102,500	\$102,500	\$102,500	\$102,500	\$102,500	\$102,500	\$102,500	\$102,500	\$102,500	\$102,500	\$102,500	\$102,500
<b>Total Current Assets</b>	<b>\$426,833</b>	<b>\$260,693</b>	<b>\$252,884</b>	<b>\$253,107</b>	<b>\$250,294</b>	<b>\$253,734</b>	<b>\$261,246</b>	<b>\$273,610</b>	<b>\$289,683</b>	<b>\$311,771</b>	<b>\$338,622</b>	<b>\$369,241</b>	<b>\$405,719</b>
<b>Long-term Assets</b>													
Long-term Assets	\$90,000	\$2,140,000	\$2,140,000	\$2,140,000	\$2,140,000	\$2,140,000	\$2,140,000	\$2,140,000	\$2,140,000	\$2,140,000	\$2,140,000	\$2,140,000	\$2,140,000
Accumulated Depreciation	\$40,000	\$42,333	\$44,667	\$47,000	\$49,333	\$51,667	\$54,000	\$56,333	\$58,667	\$61,000	\$63,333	\$65,667	\$68,000
<b>Total Long-term Assets</b>	<b>\$50,000</b>	<b>\$2,097,667</b>	<b>\$2,095,333</b>	<b>\$2,093,000</b>	<b>\$2,090,667</b>	<b>\$2,088,333</b>	<b>\$2,086,000</b>	<b>\$2,083,667</b>	<b>\$2,081,333</b>	<b>\$2,079,000</b>	<b>\$2,076,667</b>	<b>\$2,074,333</b>	<b>\$2,072,000</b>
<b>Total Assets</b>	<b>\$476,833</b>	<b>\$2,358,360</b>	<b>\$2,348,217</b>	<b>\$2,346,107</b>	<b>\$2,340,961</b>	<b>\$2,342,068</b>	<b>\$2,347,246</b>	<b>\$2,357,276</b>	<b>\$2,371,017</b>	<b>\$2,390,771</b>	<b>\$2,415,289</b>	<b>\$2,443,574</b>	<b>\$2,477,719</b>
<b>Liabilities and Capital</b>		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Current Liabilities</b>													
Accounts Payable	\$50,000	\$87,027	\$100,238	\$112,364	\$117,373	\$123,749	\$129,789	\$136,091	\$140,498	\$146,561	\$152,866	\$157,491	\$163,743
Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Current Liabilities</b>	<b>\$50,000</b>	<b>\$87,027</b>	<b>\$100,238</b>	<b>\$112,364</b>	<b>\$117,373</b>	<b>\$123,749</b>	<b>\$129,789</b>	<b>\$136,091</b>	<b>\$140,498</b>	<b>\$146,561</b>	<b>\$152,866</b>	<b>\$157,491</b>	<b>\$163,743</b>
<b>Long-term Liabilities</b>													
Long-term Liabilities	\$0	\$1,861,111	\$1,852,222	\$1,843,333	\$1,834,444	\$1,825,555	\$1,816,666	\$1,807,777	\$1,798,888	\$1,789,999	\$1,781,110	\$1,772,221	\$1,763,332
<b>Total Liabilities</b>	<b>\$50,000</b>	<b>\$1,948,138</b>	<b>\$1,952,460</b>	<b>\$1,955,697</b>	<b>\$1,951,817</b>	<b>\$1,949,304</b>	<b>\$1,946,455</b>	<b>\$1,943,868</b>	<b>\$1,939,386</b>	<b>\$1,936,560</b>	<b>\$1,933,976</b>	<b>\$1,929,712</b>	<b>\$1,927,075</b>
<b>Paid-in Capital</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>
<b>Retained Earnings</b>	<b>\$151,833</b>	<b>\$226,833</b>	<b>\$226,833</b>	<b>\$226,833</b>	<b>\$226,833</b>	<b>\$226,833</b>	<b>\$226,833</b>	<b>\$226,833</b>	<b>\$226,833</b>	<b>\$226,833</b>	<b>\$226,833</b>	<b>\$226,833</b>	<b>\$226,833</b>
<b>Earnings</b>	<b>\$75,000</b>	<b>(\$16,611)</b>	<b>(\$31,077)</b>	<b>(\$36,423)</b>	<b>(\$37,689)</b>	<b>(\$34,070)</b>	<b>(\$26,042)</b>	<b>(\$13,425)</b>	<b>\$4,797</b>	<b>\$27,378</b>	<b>\$54,479</b>	<b>\$87,029</b>	<b>\$123,810</b>
<b>Total Capital</b>	<b>\$426,833</b>	<b>\$410,222</b>	<b>\$395,756</b>	<b>\$390,410</b>	<b>\$389,144</b>	<b>\$392,763</b>	<b>\$400,791</b>	<b>\$413,408</b>	<b>\$431,631</b>	<b>\$454,212</b>	<b>\$481,313</b>	<b>\$513,862</b>	<b>\$550,643</b>
<b>Total Liabilities and Capital</b>	<b>\$476,833</b>	<b>\$2,358,360</b>	<b>\$2,348,217</b>	<b>\$2,346,107</b>	<b>\$2,340,961</b>	<b>\$2,342,068</b>	<b>\$2,347,246</b>	<b>\$2,357,276</b>	<b>\$2,371,017</b>	<b>\$2,390,771</b>	<b>\$2,415,289</b>	<b>\$2,443,574</b>	<b>\$2,477,719</b>
<b>Net Worth</b>	<b>\$426,833</b>	<b>\$410,222</b>	<b>\$395,756</b>	<b>\$390,410</b>	<b>\$389,144</b>	<b>\$392,763</b>	<b>\$400,791</b>	<b>\$413,408</b>	<b>\$431,631</b>	<b>\$454,212</b>	<b>\$481,313</b>	<b>\$513,862</b>	<b>\$550,643</b>



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