

# Your Business Plan is Ready

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# Executive Summary

## Introduction

Fosse Commercial Contractors (PVT) LTD is a small construction company formed from the merger of Fosse Painting & General Construction and West General Contractors. The company has successfully operated in the Bramfontein area for the past ten years working on both small and large scale construction, repair, and alteration projects focusing on residential contracting. With the business boom that is occurring in our local area and the desire to improve overall profit margins, the company is planning to shift its target market from residential clients to the larger commercial customers. This business plan will lay out our goals and tasks to make this transition successful and create enough market share to succeed in this highly competitive market.

## The Company

Bramfontein based Fosse Commercial Contractors (PVT) LTD began in 2005 when Mr. Robert Fosse began his own company, Fosse Painting and General Construction. In 2012 the original company was merged with another small scale local company, West General Contractors and the company began to bid successfully for larger scale projects.

As part of its growth and altered focus, FCC is planning on changing its charter from a limited liability company to a class C corporation registered in South Africa. This will allow FCC greater access to investment funds to fuel its growth.

## Services

Fosse offers comprehensive services designed to allow the company to do whatever it takes to finish a project. Some of these services include; design work, remodeling and alterations, permitting, site preparation, carpentry, cement foundations, painting, and plumbing and utilities installation. In addition, skills Fosse lacks can be subcontracted.

## The Market

The Bramfontein area is booming at this moment, overall business growth during the past seven years has averaged approximately 9.5% and is expected to continue for at least the next four years. This makes for a very attractive market for Fosse Commercial Contractors.

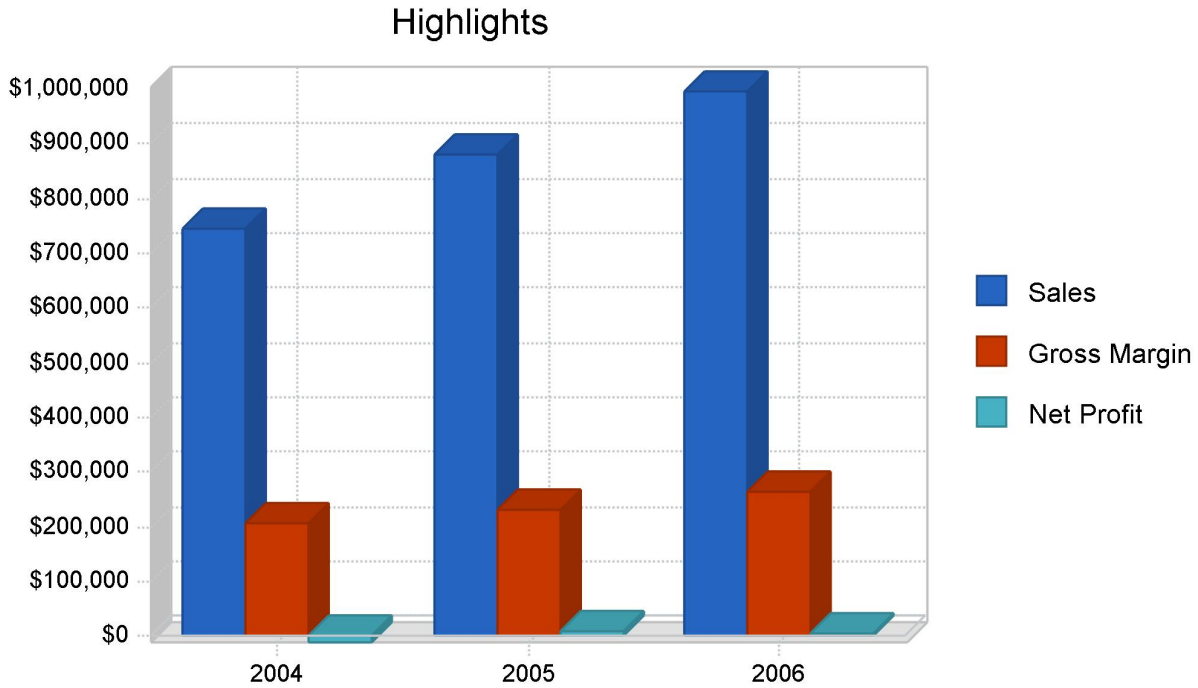
We will be concentrating on the customers that will provide us with the greatest margin, in other words those clients desiring office building construction. This is the fastest growing segment of commercial clients requiring our services. The other categories that we will serve include the restaurant segment, the special facilities segment, and all other potential commercial clients.

## Financial Considerations

Fosse has only a small amount of debt and intends to stay that way. We expect to see increased profits from our market shift efforts by the end of Year 2. Over the next three years we expect

lower profits as we make inroads into this tough market. We estimate that we will be able to reduce marginal costs and increase overall profitability by Year 3 or Year 4 as we grow and take advantages of economies of scale.

### Chart: Highlights



### Objectives

Fosse Commercial Contractors plans to:

- Significantly expand into the commercial and office building contracting market to improve profit margins and increase local market share.
- Expand services and decrease costs by creating a permanent painting crew, as well as adding a bookkeeper and an accountant to our staff.
- Begin to market and offer services in the San Antonio area in preparation for opening an office there in Year 4.

### Mission

Fosse Commercial Contractors (FCC) strives to offer the finest quality design, site preparation, cost estimates, construction, repair, and alteration to clients needing large scale construction services, whether it be office buildings, warehouses, large apartment complexes, public works, etc. Fosse maintains the highest standards of service in the commercial construction industry.

### Keys to Success

The local commercial construction market is booming at the moment. In order to achieve a defensible position in this environment, Fosse must concentrate on the following tasks.

- Secure at least five large scale commercial contracts over the next three years.
- Expand our customer base through expansion into other geographic areas to retain a sufficient level of profitability.
- Increase marketing expenditures by 15%.

## Company Summary

Fosse Commercial Contractors, (PVT) LTD began in 2005 when Mr. Robert Fosse began his own company, Fosse Painting and General Construction in the Bramfontein area. In 2012 the original company was merged with another small-scale local company, West General Contractors, and the company began to bid successfully for larger scale projects.

In 2014 the company's management came to the conclusion that the firm had grown sufficiently to alter its primary target market segment from the residential construction segment to the higher margin office and commercial construction segment. The company plans to implement this change by the middle of Year 1.

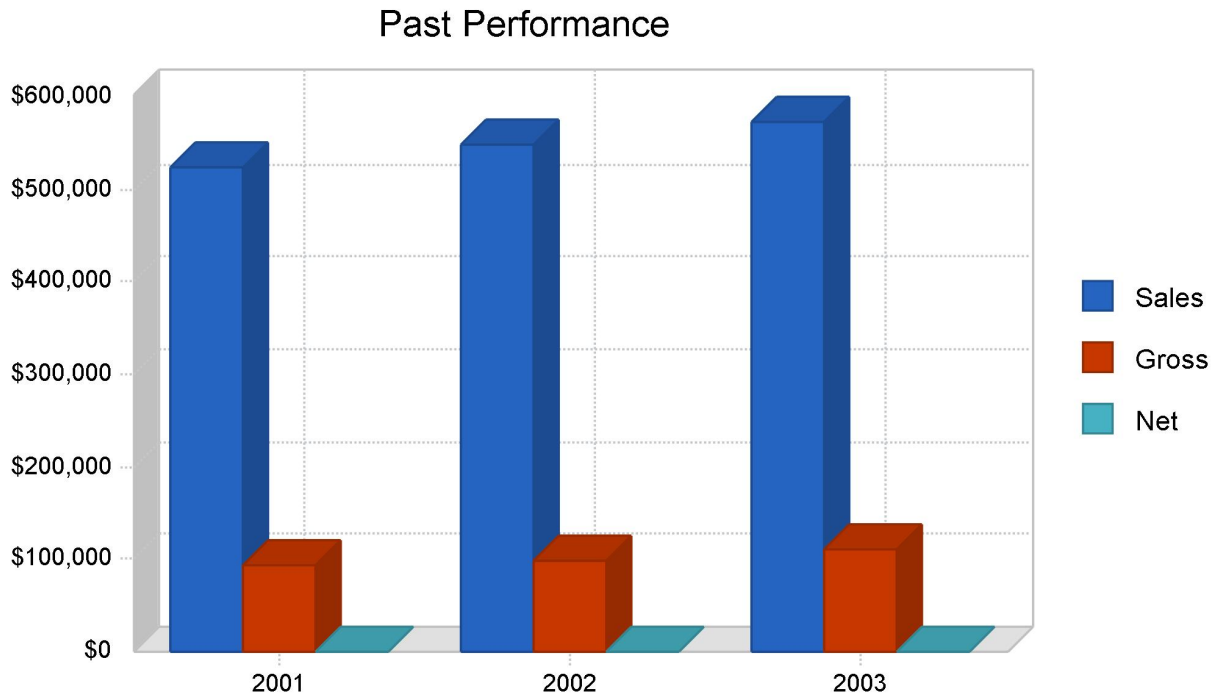
As part of its growth and altered focus, FCC is planning on changing its charter from a limited liability company to a class C corporation registered in South Africa, allowing greater access to investment funds to fuel its growth.

**Table: Past Performance**

<i>Past Performance</i>	2001	2002	2003
Sales	\$523,276	\$547,870	\$571,976
Gross Margin	\$94,190	\$98,124	\$111,364
Gross Margin %	18.00%	17.91%	19.47%
Operating Expenses	\$41,129	\$43,063	\$44,957
Collection Period (days)	42	45	48
Inventory Turnover	2.00	2.00	2.00
<b>Balance Sheet</b>			
	2017	2018	2019
<b>Current Assets</b>			
Cash	\$36,705	\$38,430	\$40,428
Accounts Receivable	\$18,215	\$22,403	\$23,157
Inventory	\$39,240	\$41,083	\$43,220
Other Current Assets	\$37,300	\$35,661	\$37,991
Total Current Assets	\$131,460	\$137,577	\$144,796
<b>Long-term Assets</b>			
Long-term Assets	\$18,540	\$19,411	\$20,421
Accumulated Depreciation	\$6,000	\$7,000	\$8,000
Total Long-term Assets	\$12,540	\$12,411	\$12,421
<b>Total Assets</b>	<b>\$144,000</b>	<b>\$149,988</b>	<b>\$157,217</b>
<b>Current Liabilities</b>			
Accounts Payable	\$23,300	\$22,600	\$25,400
Current Borrowing	\$17,000	\$18,000	\$20,000
Other Current Liabilities (interest free)	\$20,600	\$23,162	\$21,677
Total Current Liabilities	\$60,900	\$63,762	\$67,077
<b>Long-term Liabilities</b>			
Total Liabilities	\$17,438	\$18,164	\$19,039
<b>Total Liabilities</b>	<b>\$78,338</b>	<b>\$81,926</b>	<b>\$86,116</b>
<b>Paid-in Capital</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Retained Earnings	\$65,662	\$68,062	\$71,101
Earnings	\$0	\$0	\$0
Total Capital	\$65,662	\$68,062	\$71,101
<b>Total Capital and Liabilities</b>	<b>\$144,000</b>	<b>\$149,988</b>	<b>\$157,217</b>
<b>Other Inputs</b>			
Payment Days	15	15	15
Sales on Credit	\$156,983	\$164,361	\$171,593
<b>Receivables Turnover</b>	<b>8.62</b>	<b>7.34</b>	<b>7.41</b>



## Chart: Past Performance



## Company Ownership

Fosse is a Limited Liability Company registered in South Africa. Fosse Commercial Contractors, (PVT) LTD is exclusively owned by Mr. Robert Fosse (50%) and his partner, Michael West (50%). The company is expecting to alter to a Class C corporation chartered in South Africa in 2022. This will create greater investment opportunities through the acquisition of investment capital from a limited number of shareholders.

## Services

Fosse offers a comprehensive package of services designed to allow the client to work with one of our managers and create a project the company can carry forward to completion. Some of the myriad services Fosse offers are:

- Design work
- Remodeling and alterations
- Permitting

## Need Funding?

We have a list of Government Organizations, NPOs and Private institutions that provide STARTUP FUNDING in as little as 24hrs. We will also provide a link to join a network with 5k+ investors ready to sponsor startups like yours. The list costs R30 only.

[Click here to get it for R30 >>](#)

- Site preparation
- Carpentry
- Cement foundations
- Painting
- Plumbing and utilities installation
- Exterior renovations
- Subcontractor assessment and evaluation.

### Market Analysis Summary

The Bramfontein area is booming at this moment, overall business growth over the past seven years has averaged approximately 9.5% and is expected to continue for at least the next four years. This constitutes an attractive market for Fosse Commercial Contractors.

We will be concentrating on the customers that will provide us with the greatest margin, in other words those clients desiring office building construction. This is the fastest growing segment of all the commercial clients requiring our services. The other categories we will serve include the restaurant and special facilities segments, along with a segment we will call the general category, to serve all other potential commercial clients.

## Market Segmentation

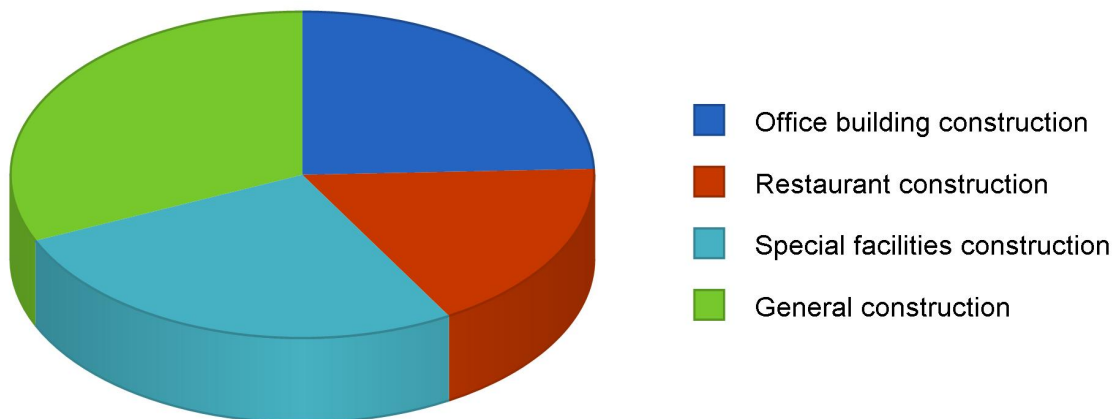
At the moment our potential list of clients includes all the various businesses in the Bramfontein area and its suburbs. According to the South Africa Small Business Association there are 512 firms of all types and sizes in the surrounding area. We will concentrate on the customers that can provide us with the greatest margin, in other words those clients desiring office building construction. This is the fastest growing segment of all the commercial clients requiring our services. The other categories that we will serve include the restaurant segment, the special facilities segment, such as gas stations, and theaters, and a category which we will call "general", encompassing all other potential commercial clients.

**Table: Market Analysis**

<i>Market Analysis</i>							
		2016	2017	2018	2019	2020	
Potential Customers	Growth						CAGR
Office building construction	6%	2,517	2,668	2,828	2,998	3,178	6.00%
Restaurant construction	3%	1,779	1,832	1,887	1,944	2,002	3.00%
Special facilities construction	3%	2,750	2,833	2,917	3,005	3,095	3.00%
General construction	2%	3,264	3,329	3,396	3,464	3,533	2.00%
<b>Total</b>	<b>3.45%</b>	<b>10,310</b>	<b>10,662</b>	<b>11,028</b>	<b>11,411</b>	<b>11,808</b>	<b>3.45%</b>

**Chart: Market Analysis (Pie)**

Market Analysis (Pie)



## **Target Market Segment Strategy**

Since office building construction has the highest average profit margin, we will focus most of our marketing and servicing toward these customers. Usually these clients require the largest projects in scope, land use, and cost. In addition, they tend to be the most sensitive to completion times. Therefore, we plan to accommodate these clients through a well established and expeditious permitting program, strict cost accounting and supply management, and intensive and comprehensive project management capitalizing on Fosse's experience in the field.

## **Service Business Analysis**

The Bramfontein area is booming at this moment, with overall business growth for the past seven years averaging approximately 9.5%. This growth level is expected to continue for at least the next four years.

The commercial construction industry is highly fragmented across the nation. More than 86% of all construction companies in S,A. consist of small "mom and pop" style companies employing less than ten individuals. Contrasted to this are the large companies that engage in "heavy" construction such as roads, shopping malls, etc. who often have a nationwide scope and employ several thousands of workers. This creates a highly competitive market with low profit margins. Companies wanting to create a defensible position in this market need some form of competitive edge, such as brand name, low cost advantages, or size.

## **Competition and Buying Patterns**

Currently we have three major competitors within the Bramfontein area. These are TNT General Contractors, South Africa Specialty Construction, and Polanski Construction. Each of these companies targets the same clients as Fosse and each has a fine reputation for customer satisfaction. However, the market in Bramfontein is growing so fast that the demand is currently greater than supply. This is an excellent opportunity to gain market share and a defensible position in the industry.

One of the greatest limiting factors in this industry is its strong seasonality. During the winter months, contracts and production drop off sharply, increasing the company's short-term risk of cash flow shortfall.

## Management Summary

Fosse's management consists of Mr. Robert Fosse and Mr. David West. Mr. Fosse will concentrate on client contacts and bidding along with overall management of the company. Mr. West will be the company's General Project Manager, coordinating all project management and concentrating on cost controls, suppliers, day-to-day project supervision, labor relations, etc. Mrs. Janet Fosse will be our office manager, handling client satisfaction, invoicing, permitting, and general book keeping. Most of our labor needs will be met through Contractor-Temps a nationwide temporary labor company.

The company is planning to expand it personnel to add a number of job superintendents as soon as the number of projects increases. These superintendents will have the following duties:

- Direct supervision of all work at the job site.
- Quality control.
- Scheduling subcontractors and material deliveries.
- Verifying and insuring that all work is done in accordance with plans.
- Insuring that all work is performed in accordance with all OSHA guidelines.

In addition, as business increases, we will hire additional job superintendents and project managers as needed.

## Personnel Plan

Our personnel expansion will be focused on the number of temporary laborers we will employ. The table below gives our estimate of labor costs.

**Table: Personnel**

<i>Personnel Plan</i>	2004	2005	2006
Mr. Robert Fosse, CEO	\$42,000	\$42,000	\$42,000
Mr. David West, General Project Manager	\$42,000	\$42,000	\$42,000
Mrs. Janet Fosse, Office Manager	\$24,000	\$24,000	\$24,000
Job Supervisor	\$0	\$0	\$14,400
Temporary employees	\$72,000	\$72,000	\$90,000
Total People	9	9	12
<b>Total Payroll</b>	<b>\$180,000</b>	<b>\$180,000</b>	<b>\$212,400</b>

## Financial Plan

The following sections are the financial projections for Fosse Commercial Contractors for the next three years. These tables represent a conservative estimate of revenues, expenses, and growth. We do not anticipate a significant increase in profits until 2024, as we will need time to penetrate our new market. We plan on basing dividend payouts on overall performance and health of the company and may decide to retain such earnings for future growth.

### Important Assumptions

The following is our estimate of our financial assumptions based on previous experience.

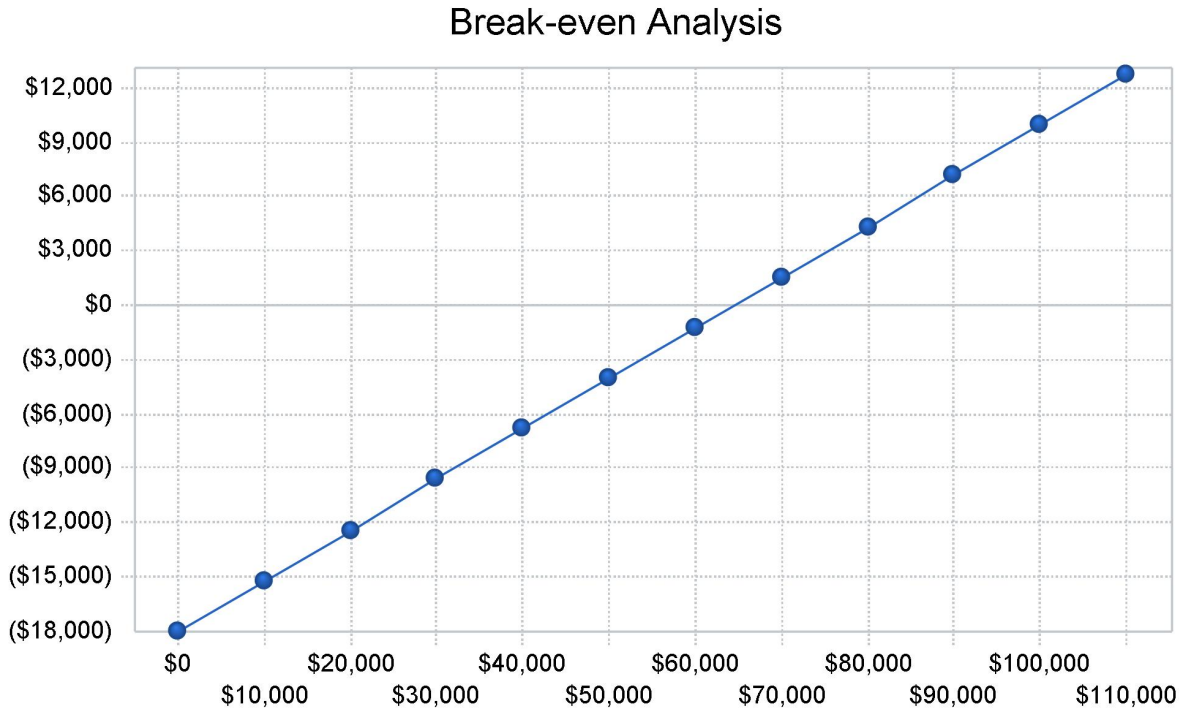
**Table: General Assumptions**

<i>General Assumptions</i>	2004	2005	2006
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%
<b>Other</b>	0	0	0

### Break-even Analysis

Our break even analysis is based on average monthly fixed costs, which in turn, is based on historical figures, plus our average price per product. This estimate is also based on experience, however because of our wide range of potential projects, its accuracy lessens. The average variable costs are based on industry standards.

**Chart: Break-even Analysis**



**Table: Break-even Analysis**

<i>Break-even Analysis</i>	
Monthly Revenue Break-even	\$64,451
Assumptions:	
Average Percent Variable Cost	72%
<b>Estimated Monthly Fixed Cost</b>	<b>\$18,043</b>

**Projected Profit and Loss**

The following is our best estimate of future revenues and costs, based on current market trends, past performance, and perceived revenue of our new target market. Readers will note that overall profits are quite low. This is because we estimate we will be paying higher labor costs immediately and the overall revenues will lag somewhat. We will also have fewer initial clients as we attempt to exert our presence in the commercial contracting market. However, we have anticipated this by buffering ourselves with sufficient cash reserves, and we estimate a significant increase in profitability within five years.

Chart: Profit Monthly

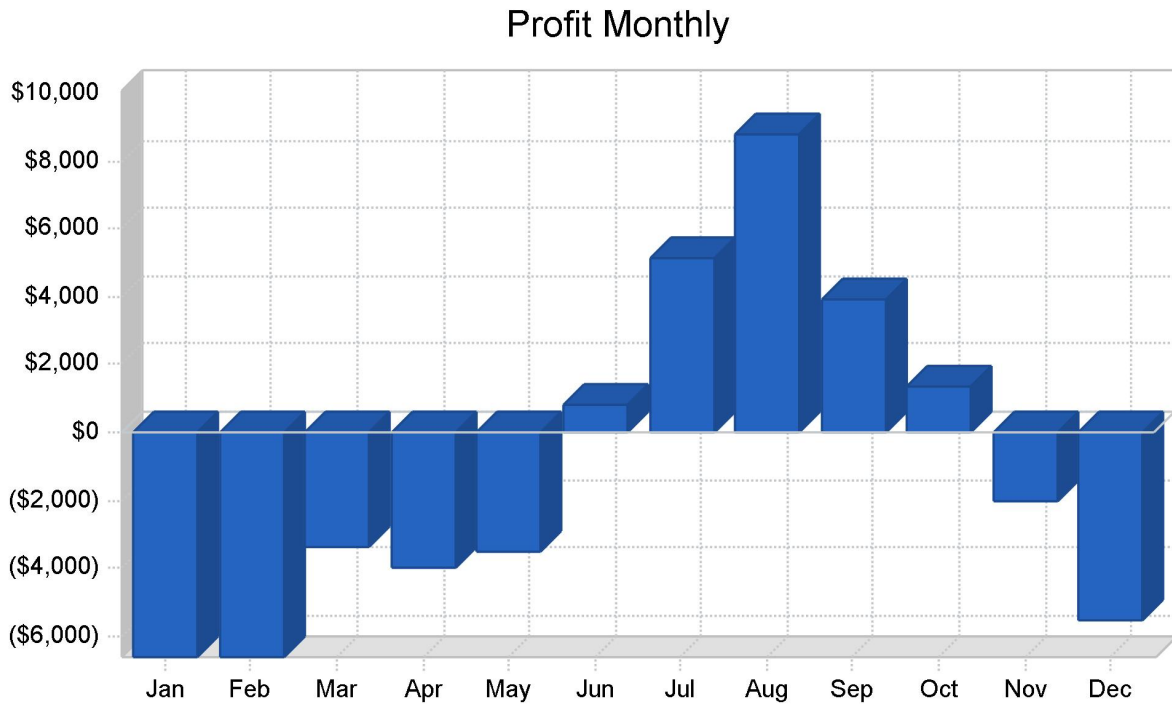


Chart: Profit Yearly

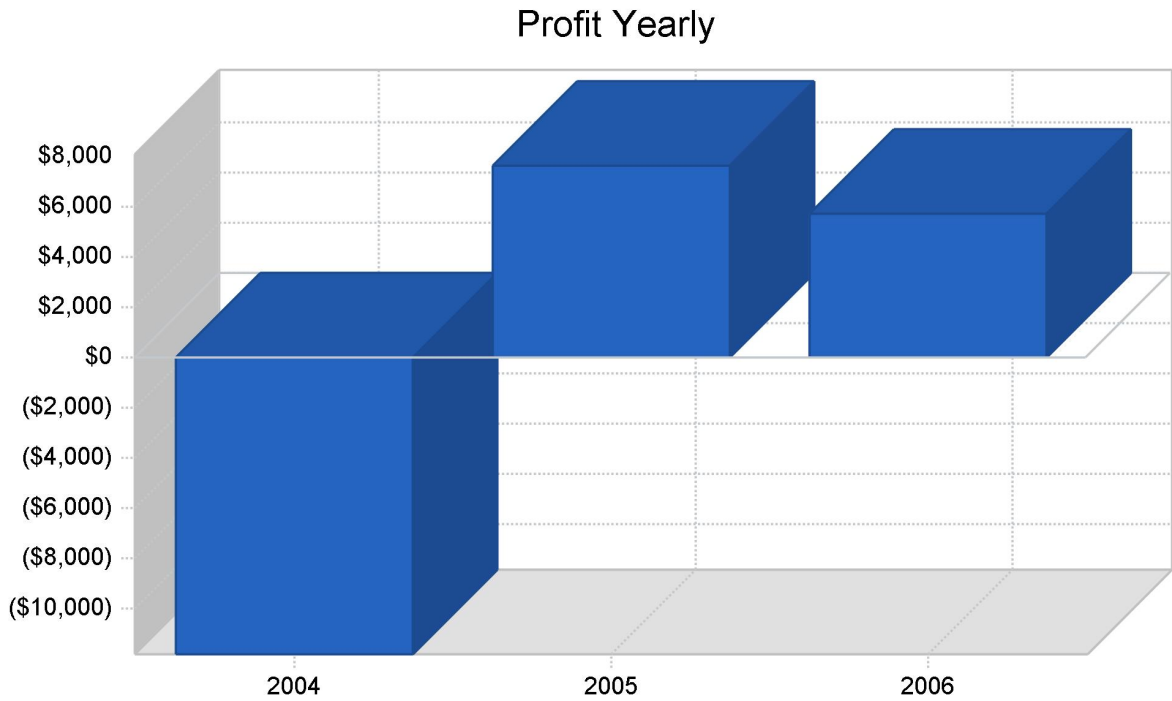




Chart: Gross Margin Monthly

Gross Margin Monthly

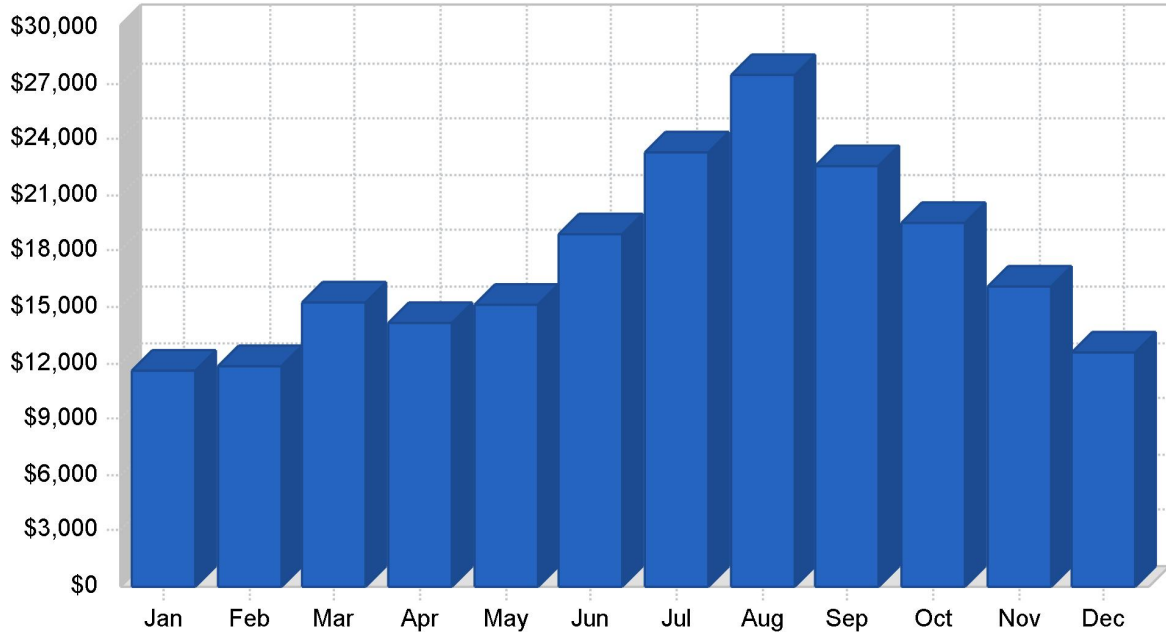
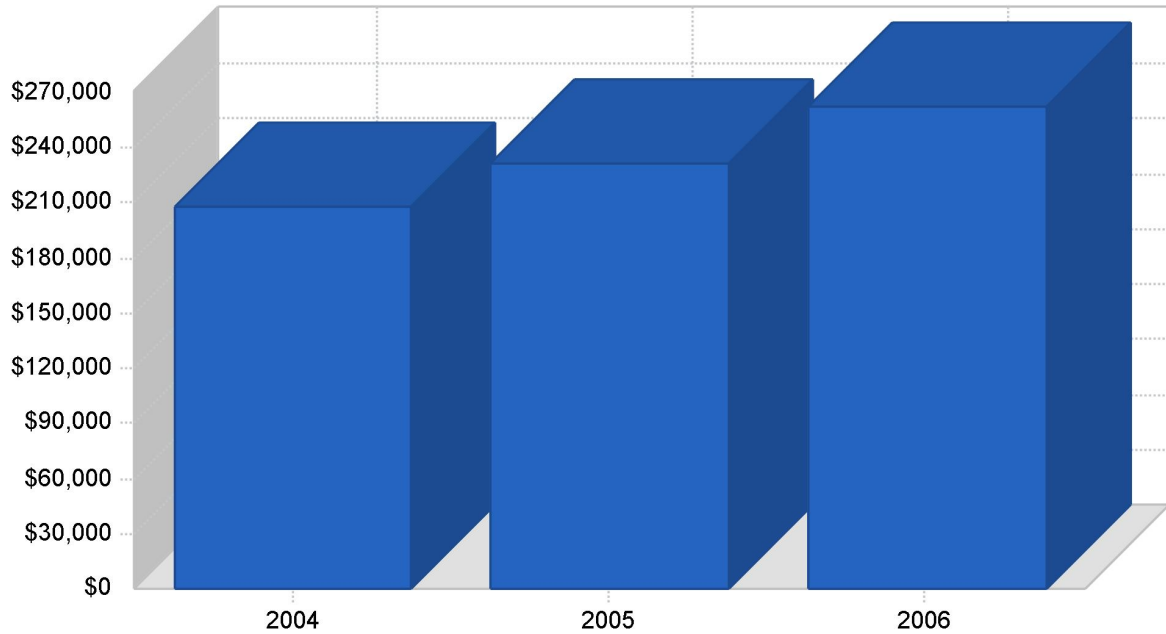


Chart: Gross Margin Yearly

Gross Margin Yearly



**Table: Profit and Loss**

<i>Pro Forma Profit and Loss</i>			
	2004	2005	2006
Sales	\$743,736	\$880,434	\$996,495
Direct Cost of Sales	\$535,525	\$648,586	\$734,085
Other Costs of Sales	\$0	\$0	\$0
Total Cost of Sales	\$535,525	\$648,586	\$734,085
Gross Margin	\$208,211	\$231,848	\$262,410
Gross Margin %	28.00%	26.33%	26.33%
<b>Expenses</b>			
Payroll	\$180,000	\$180,000	\$212,400
Sales and Marketing and Other Expenses	\$2,400	\$2,400	\$2,400
Depreciation	\$0	\$1,000	\$1,000
Rent	\$0	\$0	\$0
Utilities	\$1,320	\$1,320	\$1,600
Insurance	\$3,600	\$3,800	\$4,200
Payroll Taxes	\$27,000	\$27,000	\$27,000
Other	\$2,200	\$2,500	\$3,000
Total Operating Expenses	\$216,520	\$218,020	\$251,600
Profit Before Interest and Taxes	(\$8,309)	\$13,828	\$10,810
EBITDA	(\$8,309)	\$14,828	\$11,810
Interest Expense	\$3,498	\$2,964	\$2,564
Taxes Incurred	\$0	\$3,259	\$2,474
Net Profit	(\$11,807)	\$7,605	\$5,773
<b>Net Profit/Sales</b>	<b>-1.59%</b>	<b>0.86%</b>	<b>0.58%</b>

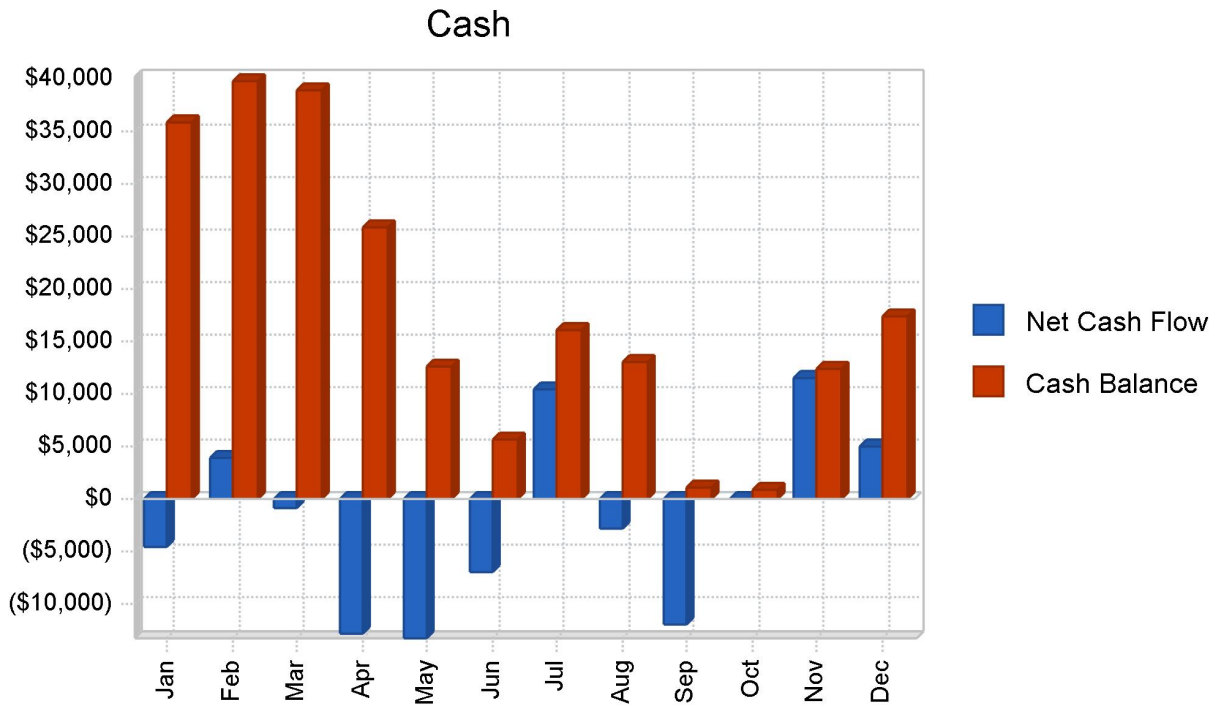
### **Projected Cash Flow**

We do not expect to have any serious cash flow problems in the future. We plan on having all short-term debts paid off quickly. The declining cash account during the period covered by this plan, and is to be expected as we build our new customer base. Once we reach a sufficient volume of sales, we will take advantages of economies of scale to decrease costs and improve profit margin.

**Table: Cash Flow**

<i>Pro Forma Cash Flow</i>	2004	2005	2006
Cash Received			
Cash from Operations			
Cash Sales	\$483,428	\$572,282	\$647,722
Cash from Receivables	\$248,641	\$301,751	\$343,339
Subtotal Cash from Operations	\$732,069	\$874,033	\$991,061
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	\$732,069	\$874,033	\$991,061
Expenditures	2004	2005	2006
Expenditures from Operations			
Cash Spending	\$180,000	\$180,000	\$212,400
Bill Payments	\$567,657	\$694,038	\$777,110
Subtotal Spent on Operations	\$747,657	\$874,038	\$989,510
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$5,000	\$2,000	\$2,000
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$2,400	\$2,000	\$2,000
Purchase Other Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$755,057	\$878,038	\$993,510
Net Cash Flow	(\$22,988)	(\$4,005)	(\$2,449)
<b>Cash Balance</b>	\$17,440	\$13,435	\$10,986

Chart: Cash



## **Projected Balance Sheet**

The following is a presentation of assets and liabilities. Because we have low debt, our net worth is higher than other comparable companies.

**Table: Balance Sheet**

<i>Pro Forma Balance Sheet</i>	2004	2005	2006
<b>Assets</b>			
Current Assets			
Cash	\$17,440	\$13,435	\$10,986
Accounts Receivable	\$34,824	\$41,224	\$46,659
Inventory	\$35,509	\$72,006	\$76,162
Other Current Assets	\$37,991	\$37,991	\$37,991
Total Current Assets	\$125,764	\$164,656	\$171,797
Long-term Assets			
Long-term Assets	\$20,421	\$20,421	\$20,421
Accumulated Depreciation	\$8,000	\$9,000	\$10,000
Total Long-term Assets	\$12,421	\$11,421	\$10,421
Total Assets	\$138,185	\$176,077	\$182,218
<b>Liabilities and Capital</b>	2004	2005	2006
Current Liabilities			
Accounts Payable	\$25,575	\$59,862	\$64,231
Current Borrowing	\$15,000	\$13,000	\$11,000
Other Current Liabilities	\$21,677	\$21,677	\$21,677
Subtotal Current Liabilities	\$62,252	\$94,539	\$96,908
Long-term Liabilities	\$16,639	\$14,639	\$12,639
Total Liabilities	\$78,891	\$109,178	\$109,547
Paid-in Capital	\$0	\$0	\$0
Retained Earnings	\$71,101	\$59,294	\$66,899
Earnings	(\$11,807)	\$7,605	\$5,773
Total Capital	\$59,294	\$66,899	\$72,671
Total Liabilities and Capital	\$138,185	\$176,077	\$182,218
<b>Net Worth</b>	\$59,294	\$66,899	\$72,671

## **Business Ratios**

The following is a presentation of industry standard ratios vs. our own projections. Our SIC industry class is currently Commercial and office building, new construction - 1542.0101. For the most part, we follow the industry averages. We expect to see higher growths than average over the next two years due to our new ventures. Also our company is relatively debt-free, meaning we have higher than average net worth.

**Table: Ratios**

<i>Ratio Analysis</i>	2022	2023	2024	Industry Profile
Sales Growth	30.03%	18.38%	13.18%	4.60%
Percent of Total Assets				
Accounts Receivable	25.20%	23.41%	25.61%	24.47%
Inventory	25.70%	40.89%	41.80%	26.16%
Other Current Assets	27.49%	21.58%	20.85%	37.01%
Total Current Assets	91.01%	93.51%	94.28%	87.64%
Long-term Assets	8.99%	6.49%	5.72%	12.36%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	45.05%	53.69%	53.18%	40.60%
Long-term Liabilities	12.04%	8.31%	6.94%	12.11%
Total Liabilities	57.09%	62.01%	60.12%	52.71%
Net Worth	42.91%	37.99%	39.88%	47.29%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	28.00%	26.33%	26.33%	15.22%
Selling, General & Administrative Expenses	29.58%	25.47%	25.75%	7.62%
Advertising Expenses	0.00%	0.00%	0.00%	0.24%
Profit Before Interest and Taxes	-1.12%	1.57%	1.08%	1.94%
Main Ratios				
Current	2.02	1.74	1.77	1.93
Quick	1.45	0.98	0.99	0.94
Total Debt to Total Assets	57.09%	62.01%	60.12%	4.32%
Pre-tax Return on Net Worth	-19.91%	16.24%	11.35%	56.40%
Pre-tax Return on Assets	-8.54%	6.17%	4.53%	9.90%
Additional Ratios	2004	2005	2006	
Net Profit Margin	-1.59%	0.86%	0.58%	n.a
Return on Equity	-19.91%	11.37%	7.94%	n.a
Activity Ratios				
Accounts Receivable Turnover	7.47	7.47	7.47	n.a
Collection Days	59	45	46	n.a
Inventory Turnover	10.91	12.07	9.91	n.a

Fosse Commercial Contractors

Accounts Payable Turnover	22.20	12.17	12.17	n.a
Payment Days	28	21	29	n.a
Total Asset Turnover	5.38	5.00	5.47	n.a
Debt Ratios				
Debt to Net Worth	1.33	1.63	1.51	n.a
Current Liab. to Liab.	0.79	0.87	0.88	n.a
Liquidity Ratios				
Net Working Capital	\$63,512	\$70,117	\$74,889	n.a
Interest Coverage	-2.38	4.67	4.22	n.a
Additional Ratios				
Assets to Sales	0.19	0.20	0.18	n.a
Current Debt/Total Assets	45%	54%	53%	n.a
Acid Test	0.89	0.54	0.51	n.a
Sales/Net Worth	12.54	13.16	13.71	n.a
<b>Dividend Payout</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>n.a</b>

Appendix

**Sales Forecast (With Monthly Detail)**

<i>Sales Forecast</i>													
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Sales</b>													
New Construction	0%	\$12,170	\$13,170	\$17,909	\$19,539	\$21,777	\$21,410	\$27,615	\$28,966	\$28,366	\$23,163	\$18,842	\$14,635
Repair work	0%	\$12,777	\$14,555	\$16,909	\$19,539	\$20,285	\$21,410	\$25,615	\$33,111	\$28,366	\$23,163	\$18,842	\$15,842
Alteration work	0%	\$14,222	\$12,170	\$16,909	\$19,539	\$20,285	\$21,410	\$25,615	\$30,861	\$28,366	\$23,163	\$18,842	\$14,378
<b>Total Sales</b>		<b>\$39,169</b>	<b>\$39,895</b>	<b>\$51,727</b>	<b>\$58,617</b>	<b>\$62,347</b>	<b>\$64,230</b>	<b>\$78,845</b>	<b>\$92,938</b>	<b>\$85,098</b>	<b>\$69,489</b>	<b>\$56,526</b>	<b>\$44,855</b>
<b>Direct Cost of Sales</b>													
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
New Construction		\$8,580	\$9,285	\$12,626	\$13,775	\$15,353	\$15,094	\$19,469	\$20,421	\$19,998	\$17,372	\$13,849	\$10,976
Repair work		\$9,008	\$10,261	\$11,921	\$15,338	\$15,924	\$15,094	\$18,059	\$23,343	\$21,275	\$16,330	\$13,284	\$11,169
Alteration work		\$10,027	\$8,580	\$11,921	\$15,338	\$15,924	\$15,094	\$18,059	\$21,757	\$21,275	\$16,330	\$13,284	\$10,136
<b>Subtotal Direct Cost of Sales</b>		<b>\$27,614</b>	<b>\$28,126</b>	<b>\$36,468</b>	<b>\$44,451</b>	<b>\$47,200</b>	<b>\$45,282</b>	<b>\$55,586</b>	<b>\$65,521</b>	<b>\$62,547</b>	<b>\$50,032</b>	<b>\$40,416</b>	<b>\$32,281</b>



Appendix

**Personnel (With Monthly Details)**

<i>Personnel Plan</i>		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Mr. Robert Fosse, CEO	0%	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
Mr. David West, General Project Manager	0%	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
Mrs. Janet Fosse, Office Manager	0%	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Job Supervisor	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Temporary employees	0%	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Total People		9	9	9	9	9	9	9	9	9	9	9	9
<b>Total Payroll</b>		\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000

Appendix

**General Assumptions (With Monthly Detail)**

<i>General Assumptions</i>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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%
<b>Other</b>	0	0	0	0	0	0	0	0	0	0	0	0

Appendix

**Profit and Loss Statement (With Monthly Detail)**

<i>Pro Forma Profit and Loss</i>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sales	\$39,169	\$39,895	\$51,727	\$58,617	\$62,347	\$64,230	\$78,845	\$92,938	\$85,098	\$69,489	\$56,526	\$44,855
Direct Cost of Sales	\$27,614	\$28,126	\$36,468	\$44,451	\$47,200	\$45,282	\$55,586	\$65,521	\$62,547	\$50,032	\$40,416	\$32,281
Other Costs of Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost of Sales	\$27,614	\$28,126	\$36,468	\$44,451	\$47,200	\$45,282	\$55,586	\$65,521	\$62,547	\$50,032	\$40,416	\$32,281
Gross Margin	\$11,555	\$11,769	\$15,259	\$14,166	\$15,147	\$18,948	\$23,259	\$27,417	\$22,551	\$19,457	\$16,110	\$12,574
Gross Margin %	29.50%	29.50%	29.50%	24.17%	24.29%	29.50%	29.50%	29.50%	26.50%	28.00%	28.50%	28.03%
Expenses												
Payroll	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Sales and Marketing and Other Expenses	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Utilities	\$110	\$110	\$110	\$110	\$110	\$110	\$110	\$110	\$110	\$110	\$110	\$110
Insurance	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Payroll Taxes	15% \$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250
Other	\$0	\$200	\$500	\$0	\$500	\$0	\$0	\$500	\$500	\$0	\$0	\$0
Total Operating Expenses	\$17,860	\$18,060	\$18,360	\$17,860	\$18,360	\$17,860	\$17,860	\$18,360	\$18,360	\$17,860	\$17,860	\$17,860
Profit Before Interest and Taxes	(\$6,305)	(\$6,291)	(\$3,101)	(\$3,694)	(\$3,213)	\$1,088	\$5,399	\$9,057	\$4,191	\$1,597	(\$1,750)	(\$5,286)
EBITDA	(\$6,305)	(\$6,291)	(\$3,101)	(\$3,694)	(\$3,213)	\$1,088	\$5,399	\$9,057	\$4,191	\$1,597	(\$1,750)	(\$5,286)
Interest Expense	\$320	\$314	\$309	\$304	\$299	\$294	\$289	\$284	\$279	\$274	\$269	\$264
Taxes Incurred	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Profit	(\$6,625)	(\$6,605)	(\$3,410)	(\$3,999)	(\$3,512)	\$794	\$5,111	\$8,773	\$3,912	\$1,323	(\$2,019)	(\$5,550)
Net Profit/Sales	-16.92%	-16.56%	-6.59%	-6.82%	-5.63%	1.24%	6.48%	9.44%	4.60%	1.90%	-3.57%	-12.37%

## Appendix

### Cash Flow Statement (With Monthly Detail)

<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	\$25,460	\$25,932	\$33,623	\$38,101	\$40,526	\$41,750	\$51,249	\$60,410	\$55,314	\$45,168	\$36,742	\$29,156
Cash from Receivables	\$11,579	\$12,035	\$13,718	\$14,101	\$18,185	\$20,559	\$21,843	\$22,651	\$27,760	\$32,437	\$29,602	\$24,170
Subtotal Cash from Operations	\$37,038	\$37,967	\$47,340	\$52,202	\$58,710	\$62,309	\$73,093	\$83,061	\$83,074	\$77,605	\$66,344	\$53,326
Additional Cash Received												
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	\$37,038	\$37,967	\$47,340	\$52,202	\$58,710	\$62,309	\$73,093	\$83,061	\$83,074	\$77,605	\$66,344	\$53,326
Expenditures												
Expenditures from Operations												
Cash Spending	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Bill Payments	\$25,998	\$18,420	\$32,638	\$49,549	\$56,314	\$53,631	\$47,117	\$70,403	\$79,521	\$62,130	\$39,185	\$32,750
Subtotal Spent on Operations	\$40,998	\$33,420	\$47,638	\$64,549	\$71,314	\$68,631	\$62,117	\$85,403	\$94,521	\$77,130	\$54,185	\$47,750
Additional Cash Spent												
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$400	\$500	\$400	\$400	\$500	\$400	\$400	\$400	\$400	\$400	\$400	\$400
Other Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Purchase Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$41,598	\$34,120	\$48,238	\$65,149	\$72,014	\$69,231	\$62,717	\$86,003	\$95,121	\$77,730	\$54,785	\$48,350
Net Cash Flow	(\$4,560)	\$3,847	(\$898)	(\$12,947)	(\$13,304)	(\$6,922)	\$10,375	(\$2,942)	(\$12,048)	(\$125)	\$11,559	\$4,976
<b>Cash Balance</b>	\$35,868	\$39,715	\$38,816	\$25,870	\$12,566	\$5,644	\$16,020	\$13,078	\$1,030	\$905	\$12,464	\$17,440

Appendix

**Balance Sheet (With Monthly Detail)**

<i>Pro Forma Balance Sheet</i>		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Assets	Starting Balances												
Current Assets													
Cash	\$40,428	\$35,868	\$39,715	\$38,816	\$25,870	\$12,566	\$5,644	\$16,020	\$13,078	\$1,030	\$905	\$12,464	\$17,440
Accounts Receivable	\$23,157	\$25,288	\$27,215	\$31,602	\$38,017	\$41,654	\$43,575	\$49,327	\$59,204	\$61,228	\$53,113	\$43,295	\$34,824
Inventory	\$43,220	\$30,376	\$30,939	\$40,114	\$48,896	\$51,920	\$49,810	\$61,144	\$72,073	\$68,802	\$55,035	\$44,458	\$35,509
Other Current Assets	\$37,991	\$37,991	\$37,991	\$37,991	\$37,991	\$37,991	\$37,991	\$37,991	\$37,991	\$37,991	\$37,991	\$37,991	\$37,991
Total Current Assets	\$144,796	\$129,522	\$135,860	\$148,524	\$150,774	\$144,131	\$137,020	\$164,482	\$182,347	\$169,051	\$147,044	\$138,207	\$125,764
Long-term Assets													
Long-term Assets	\$20,421	\$20,421	\$20,421	\$20,421	\$20,421	\$20,421	\$20,421	\$20,421	\$20,421	\$20,421	\$20,421	\$20,421	\$20,421
Accumulated Depreciation	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Total Long-term Assets	\$12,421	\$12,421	\$12,421	\$12,421	\$12,421	\$12,421	\$12,421	\$12,421	\$12,421	\$12,421	\$12,421	\$12,421	\$12,421
Total Assets	\$157,217	\$141,943	\$148,281	\$160,945	\$163,195	\$156,552	\$149,441	\$176,903	\$194,768	\$181,472	\$159,465	\$150,628	\$138,185
Liabilities and Capital		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Current Liabilities													
Accounts Payable	\$25,400	\$17,352	\$30,995	\$47,669	\$54,518	\$52,087	\$44,782	\$67,733	\$77,424	\$60,817	\$38,086	\$31,868	\$25,575
Current Borrowing	\$20,000	\$19,600	\$19,100	\$18,700	\$18,300	\$17,800	\$17,400	\$17,000	\$16,600	\$16,200	\$15,800	\$15,400	\$15,000
Other Current Liabilities	\$21,677	\$21,677	\$21,677	\$21,677	\$21,677	\$21,677	\$21,677	\$21,677	\$21,677	\$21,677	\$21,677	\$21,677	\$21,677
Subtotal Current Liabilities	\$67,077	\$58,629	\$71,772	\$88,046	\$94,495	\$91,564	\$83,859	\$106,410	\$115,701	\$98,694	\$75,563	\$68,945	\$62,252
Long-term Liabilities	\$19,039	\$18,839	\$18,639	\$18,439	\$18,239	\$18,039	\$17,839	\$17,639	\$17,439	\$17,239	\$17,039	\$16,839	\$16,639
Total Liabilities	\$86,116	\$77,468	\$90,411	\$106,485	\$112,734	\$109,603	\$101,698	\$124,049	\$133,140	\$115,933	\$92,602	\$85,784	\$78,891
Paid-in Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Retained Earnings	\$71,101	\$71,101	\$71,101	\$71,101	\$71,101	\$71,101	\$71,101	\$71,101	\$71,101	\$71,101	\$71,101	\$71,101	\$71,101
Earnings	\$0	(\$6,625)	(\$13,231)	(\$16,641)	(\$20,640)	(\$24,152)	(\$23,357)	(\$18,247)	(\$9,474)	(\$5,561)	(\$4,238)	(\$6,257)	(\$11,807)
Total Capital	\$71,101	\$64,476	\$57,870	\$54,460	\$50,461	\$46,949	\$47,744	\$52,854	\$61,627	\$65,540	\$66,863	\$64,844	\$59,294
Total Liabilities and Capital	\$157,217	\$141,943	\$148,281	\$160,945	\$163,195	\$156,552	\$149,441	\$176,903	\$194,768	\$181,472	\$159,465	\$150,628	\$138,185
<b>Net Worth</b>	\$71,101	\$64,476	\$57,870	\$54,460	\$50,461	\$46,949	\$47,744	\$52,854	\$61,627	\$65,540	\$66,863	\$64,844	\$59,294

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