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1.0 Executive Summary

Introduction

Mr Z ABC has been running his own successful electrical businesses in Sri Lanka and in Bangla Desh. He is the Managing Director of The XYZ Business Co. Ltd in Colombo, Sri Lanka. The company has been registering consistent growth doing business successfully since 1972 and has 130 employees contributing to a relatively high turnover of over 100 million Sri Lankan Rupees. Z is responsible for the overall management of the company. In 1992, he set up a manufacturing unit called XYZ Business Ind. (Pte) Ltd. in Colombo and has provided employment to 10 skilled people.

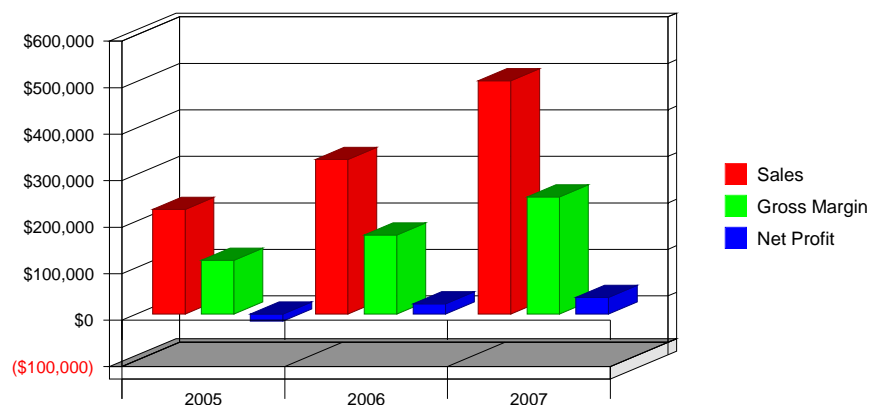
He has established an offshore manufacturing company in Dhaka, Bangla Desh and employed 10 staff members. He is the Chairman and Managing Director of the company with a 50% ownership of the business.

He wishes to translate his entrepreneurial skills and expertise, immense experience in business development, planning and scheduling of large electrical contracts, negotiation skills, technical knowledge and invaluable business acumen to set up a successful electrical and lighting business in Vulcan. He and his wife have personal assets worth over 500,000 USD.

Recently, he was in Vulcan on a business orientation visit. He is very committed to building up a profitable business in Vulcan, to provide employment to skilled people from the local community and to contribute favourably to the economy of Vulcan. He has already registered a company in Vulcan called 'XYZ Business Vulcan Limited' (XYZBVL) in June 2003. On approval of the VISA, he plans to open a lighting showroom and electrical retail business. Later on, he plans to take up large electrical contracts and projects.

Mr Z ABC will take advantage of the support offered by Vulcan City Council to new businesses by locating XYZVL in the Vulcan area. Z has sufficient assets to sustain himself for the first few years and provide the \$60,000 start-up capital required for his share of the business. The business will be profitable in the second year of operations. The business owners will take personal drawings of \$40,000 in the third year of business. It is anticipated that XYZVL will yield a net profit of over \$35,000 in Year 3, of which Z will be entitled to half as 50% owner, on top of a salary of \$40,000.

Highlights



1.1 Objectives

XYZVL is a growth-oriented business. The long term goals are to open up more branches throughout the country and to be a leading retailer of lighting equipment.

The objectives of XYZVL for the first three years include the following:

1. Develop a business whose primary aim is to exceed customer expectations.
2. Create a sustainable and growing business.
3. Increase sales in the third year to a point where cashflow will allow Z to set up an installation unit and commence electrical contract work from Year 4.
4. To become a member of the Electrical Contractors Association of Vulcan (ECAV) and The Vulcan Lighting Network (VLN).

Z wants to achieve substantial growth within three years of operations. The objectives can be described more specifically for each of the 3 years of the plan.

Year 1:

- To achieve total sales of over VD 200,000.
- To employ a full time high calibre technical person and showroom assistant.
- To build up a strong base of regular customers.

Year 2:

- To reach total sales of around VD 330,000.
- To achieve customer satisfaction and repeat orders.
- Net profit of over 5% of sales turnover.
- To be recognized as a leading lighting retailer in the community.

Year 3:

- To achieve sales turnover of around VD 500,000.
- To generate a net profit of at least \$35,000 after owner's salary.
- To employ a sales executive on a commission only basis to reach easily attainable sales targets.
- To earn a substantial revenue from installation services to justify the role of the electrician

1.2 Mission

The mission of XYZVL is to provide customers with high quality, comprehensive electrical products and services. Mr Z ABC will focus on personalised service and quality products. The aim is to give customers an affordable and easy solution to lighting and related electrical requirements. We also aim to develop very good vendor relations to ensure good quality of products and to minimise the downtime in shipping. XYZVL will join the Vulcan Importers Institute and other organisations like the Vulcan Chamber of Commerce.

1.3 Keys to Success

The main focus of the business is lighting and electrical services. In this industry, the client base is built up through established marketing processes, like advertising, offering quality products at affordable prices and effective client relationships particularly with trades people who constitute a perennial source of business. XYZVL can custom-make installation and lighting packages to suit individual client needs and provide customers the option to select lighting systems. Employee satisfaction is very important to the retention of staff and success of the company. The key factors which make a difference between success and failure are:

1. **Location**- Mr.Z ABC plans to locate the business in a strategic place in the Vulcan area, handy to the target market and clients. The showroom and office will be very tidy and well designed.
2. **High quality, expedient and convenient electrical service**- to achieve the planned sales turnover and to build up customer loyalty on a consistent basis. This will help to build up a long term relationship with clients and develop a strong customer database.
3. **Price**- the pricing strategy is market driven and will have to be competitive and affordable. Discounts can be offered for large orders from the same customer. Additional discounts can be extended to existing clients on new business acquisitions based on referrals from them to build up a database of new clients.
4. **Customer satisfaction**- is vital for the sustainability and growth of the business. Word-of-mouth advertising can be very effective in this highly competitive industry. A rapid order and delivery system of products will help maintain good customer relations.
5. **Professional qualifications of staff**- A certified electrician will be hired. A person responsible for showroom sales and administration with customer service skills and experience is an important requirement.
6. **Technology**- using reliable computers, a printer and copier with supporting features. User-friendly accounting and inventory control software which are capable of generating accurate monthly statements and generating re-order levels to ensure continuity of stock-in-trade will be used.
7. **Links to other businesses**- like community newspapers and property newsletters. Builders, interior designers, engineering consultants, architects and property developers can offer good business leads which can be converted into sales orders.
8. **Advertising and promotion**- will be required to achieve additional market capitalisation. A marketing campaign will be used to reach specific target groups. Incentives for referral can be offered for business leads. Subscribing to building and interior designing magazines, registering to receive related newsletters will enhance the knowledge base and update changes in the industry.

1.4 Benefits to Vulcan

Setting up XYZVL in Vulcan will benefit Vulcan in the following ways.

- § XYZVL will answer the need for a **high quality, reliable lighting and electrical services** to consumers in Vulcan and the South Vulcan region. There are only 21 such businesses in Vulcan as per the recent issue of Yellow Pages.
- § Mr Z ABC will bring in his **knowledge, skill sets and expertise** to Vulcan.
- § XYZVL plans to **provide employment for 5 people** from the local labour pool of whom 2 are employed full-time from outset and 3 will be employed part-time as the business grows.
- § XYZVL will **develop the business of their suppliers and support providers** like tradesmen, cleaning companies, printers and stationers etc.
- § XYZVL will provide **business opportunities and additional revenue to local business owners** like interior designers, tradesmen and builders.

2.0 Company Summary

XYZVL is envisioned to be a start-up company based in the Vulcan area. The buoyant construction and housing market in the area has resulted in increased opportunities for the sale of quality electrical fittings and lighting requirements. XYZVL is positioned to capitalize on the growing needs of the market in the area. XYZVL is planned to be a leading retailer in the area by providing comprehensive electrical and lighting services to customers.

The business will be a limited liability company with 2 shareholders. Z will be the person who manages the business on a full time basis. The initial facilities would include a sales area, a service room for repairs, office room and storage room for storage of extra stock, parts and equipment.

2.1 Company Ownership

The company has been registered as a limited liability company called 'XYZ Business Vulcan Limited' in June 2003. The directors are Mr Z ABC and Mr. PQR ST. They have an equal amount of shares in the company. On approval of the VISA, Z will concentrate full time on setting up this company in Vulcan.

Mr PQR is a Sri Lankan citizen residing in Sri Lanka. He will take no active part in the day to day operations of XYZVL.

2.2 Start-up Summary

The data obtained for the start-up table comes from the research done in the Vulcan area with existing lighting retailers, in addition to Z's previous experience within the industry.

The startup expenses for setting up XYZVL will include:

- Bond and deposit amount for a suitable property in Vulcan.
- Buying office furniture including 2 office work stations, couch and chairs in the waiting area, filing cabinet etc.
- Purchase and insurance for the office equipment including a computer/software, printer, fax machine, copier, telephones, and stationery.
- Advertising in the community newspapers and the Yellow Pages.
- Subscription to the newspapers, monthly publications and building related magazines and interior designing books.

XYZVL will require a relatively moderate amount of start-up investment. The start-up table indicates that the business would initially need around VD 120,000. Z will bring his share of the investment capital from Sri Lanka. Z will need about a month to identify the right property and make all the required renovations to suit the business and to set up the infrastructure. Utilities like electricity, water, telephones, internet, mobile phone, subscription to magazines and other running costs will be average. Moderate budgets will also be designated for payroll, advertising and business promotion. A high initial cash balance is budgeted at start up to provide working capital for stock purchases and wages during the initial period of the business.

Start-up

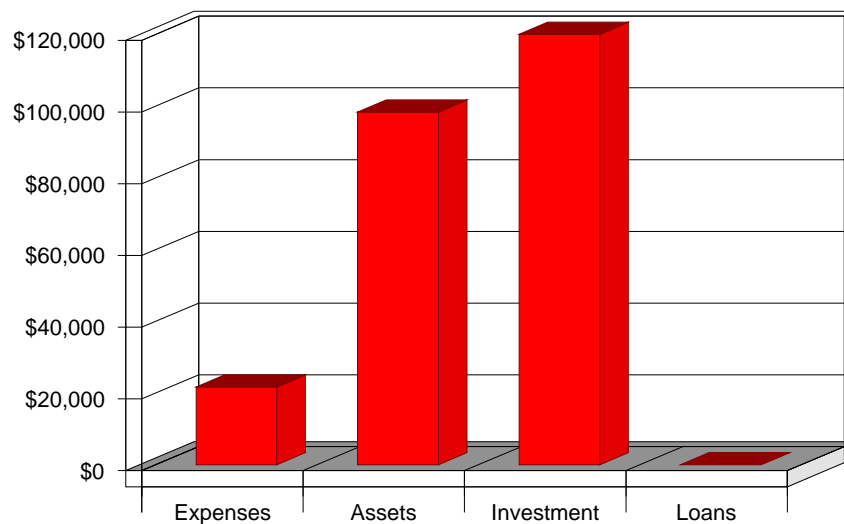


Table: Start-up

Start-up	
Requirements	
Start-up Expenses	
Legal Costs	\$0
Stationery etc.	\$1,000
Brochures & Advertising	\$3,000
Consultants	\$2,000
Insurance	\$250
Rent	\$2,400
Office & Showroom Furniture	\$8,000
Expensed Equipment	\$5,000
Other	\$0
Total Start-up Expenses	\$21,650
Start-up Assets Needed	
Cash Balance on Starting Date	\$38,000
Start-up Inventory	\$40,000
Other Current Assets	\$2,000
Total Current Assets	\$80,000
Long-term Assets	\$18,350
Total Assets	\$98,350
Total Requirements	\$120,000
Funding	
Investment	
Principal- Z ABC	\$60,000
Partner- PQR	\$60,000
Other	\$0
Total Investment	\$120,000
Current Liabilities	
Accounts Payable	\$0
Current Borrowing	\$0
Other Current Liabilities	\$0
Current Liabilities	\$0
Long-term Liabilities	\$0
Total Liabilities	\$0
Loss at Start-up	(\$21,650)
Total Capital	\$98,350
Total Capital and Liabilities	\$98,350

3.0 Products and Services

Products

XYZVL offers a wide range of products as outlined below. The products offered by XYZVL will be sourced from various suppliers. The ultimate goal of the business is to offer a one-stop facility for comprehensive electrical and lighting needs, including both sales and installation. In this way, the business can offer greater perceived value to the customer than the other established retailers in the area which only offer the sale of products.

It is the aim of XYZVL to create a competitive advantage through offering a competitive pricing policy, a wide range of products and a reliable installation service, providing excellent value to the consumer.

The products listed below are the ones that are required by our target market for indoor lighting.

- Wall Lamps
- Scones
- Billiard/Island Fixtures
- Ceiling Fixtures
- Chandeliers
- Pendants
- Forte Lighting
- Bath Bracket Lighting
- Bowl-Style Pendant Lighting
- Ceiling Mount Indoor Lighting
- Downlight Pendant Lighting
- Foyer Style Lighting
- Glass, Shades & Accessories
- Wall Mount Light Fixtures
- Adjustable Wall Lamps
- Battery Operated Picture Lights
- Cabinet And Spot Lighting
- Classic Picture Lights
- Direct Wire & Slim Line Picture Lights
- High Intensity Lamp/Accessories
- Home/Office Lamps
- Piano/Desk Lamps
- Cords & Lamps
- Undercabinet Lighting
- Mini Pendants
- Table Lamps
- Task Floor Lamps
- Vanity Lights
- Wall Mounted Task Lights
- Fluorescent Fixtures
- Tiffany Classics
- Bar & Directional Lights

Services

The services provided by XYZVL will be the installation and wiring for the lights supplied. In year 4, it plans to take up complete electrical contract jobs working on larger projects. XYZVL offers the following services:

- Consultation and lighting plan service
- Replacements or substitute light fixtures
- Quality customer service
- Reliable order processing and delivery service
- Safe installation methods completed by a certified electrician

3.1 Industry Analysis

Lighting

Light plays an essential role in our ability to perceive the world around us; the lighting system plays a critical role in how we perceive a space and can even influence how we act in that space. Lighting can affect performance, mood, morale, safety, security and decisions. The incandescent bulb was invented in 1879 by Thomas Edison. Since then, the lighting industry has made great strides.

The first step in producing the right lighting design is to ask what the space is used for. The lighting designer can then determine quantity of light, colour quality, brightness and direction. There are three basic types of lighting that work together to light your home: General, Task and Accent. A good lighting plan combines all three types to light an area, according to function and style.

Lighting and lighting fixtures also play a major role in the interior decoration of our homes, offices, schools, hotels etc. Our consumption of electricity related to lighting also affects our budgets, both at home and in our work places. The Department of Energy reports that we spend, on average, 5-10% of our electric bills on lighting in our homes. Reducing the amount of time that lights are on can be accomplished by using dimmers and other lighting controls.

Many purchasers overlook lighting benefits in order to minimize their acquisition cost. High-Benefit Lighting is energy efficient and its value far outweighs the initial cost savings of lighting systems not designed with High-Benefit Lighting principles.

High-Benefit Lighting is designed considering the requirements of the people, spaces, and tasks involved, achieving your lighting objectives while minimising the cost of energy consumption and maintenance. High-Benefit Lighting is not more expensive to install, operate, and maintain than lighting that does not provide as much added value.

High-Benefit Lighting offers:

- fewer errors and increased productivity,
- enhanced safety and security,
- reduced liability exposure,
- lower insurance premiums,
- stimulated retail sales,
- improved ambiance,
- improved image,
- and improved profitability.

'Good lighting is essential for people to see themselves in a complimentary light,' says Todd Phillips, President of lighting manufacturer Quoizel. 'Whether we are putting on makeup or combing our hair, we want a positive view of ourselves, which can only be accomplished by using the right light source.'

The Lighting and Electrical Industry

The lighting and electrical industry in Vulcan is dominated by many medium to small sized businesses. However, the large established players do enjoy a high profile and significant presence from their ability to advertise their products and services in the media. With the unprecedented growth in the building industry the demand for lighting and electrical work is bound to grow rapidly in the foreseeable future.

The Vulcan Electrical Workers Registration Board, established by statute in 1992, is responsible for the ongoing competency of over 30,000 registered electrical and electronic workers. It also promotes electrical and electronic safety to all Vulcans.

Vulcan does not require a registered electrical worker to hold a "Contractors Licence" in order to operate an electrical contracting business according to the Vulcan Electrical Workers Registration Board (VEWRB). In addition to registration Vulcan requires an annual practising licence to be held where prescribed electrical work is to be undertaken for payment or reward.

The Electrical Contractors Association of Vulcan (ECAV) has a membership of 1,355 businesses, its members employ 7,000 electrical workers and have total annual combined sales of \$700 million.

The Vulcan Lighting Network was formed in 2002 with sixteen members from throughout the country as its foundation members. All are independently and privately owned and managed Vulcan companies. This form of ownership and management is a condition of membership to ensure the integrity of all the members, the reputation and future aims of the organization.

Each retail member of the Vulcan Lighting Network (VLN) understands the subtleties of light. They know how to use light to craft an effect, highlight a feature, and create a mood. Above all, they know how to use those subtleties to reflect a home owner's personality and wishes. That is why designers make a special point of sitting with clients and involving them in the planning process. The result is invariably an exquisitely designed and truly distinctive lighting plan.

The Network was formed from the desire of its members to further enhance the products and services they offered from within the lighting industry to both trade customers and the public alike. This desire was soon realized with the Network very quickly obtaining exclusive agencies for sought after products and the communication between members and suppliers soon proved the value of the network with benefits flowing through to the showrooms where the customers are reaping the rewards.

3.2 Future Services

The future plans of XYZVL include keeping up with innovations in technology such as Lighting Control and Energy Management services.

XYZVL will also focus on the science of energy management and will move towards providing intelligent lighting control solutions to consumers. XYZVL plans to contribute towards providing effective solutions to optimise usage of energy resources for both residential and commercial consumers.

Residential consumers can transform and define the colour and space of their home and garden. XYZVL can enhance existing design features for house solutions as part of a value-add service.

XYZVL will offer affordable products and services to control lighting and to integrate systems such as security, audio-visual and HVAC (heating, ventilation and air conditioning) to make life more convenient.

In a commercial situation, the goal of a lighting control system is also to reduce energy consumption while optimising illumination levels for worker comfort.

Mail order facilities will be introduced to cover other areas throughout the country.

3.3 Sourcing Suppliers

There are many lighting manufacturers in Vulcan who manufacture lights, fittings and accessories across the whole price spectrum.

The UBD directory lists 39 lighting manufacturers. When multi-site duplicates are excluded there remain 34 different manufacturers listed.

- Marexim Export-Import Ltd, Mt Orange, Hooflicky
- Lamp Specialists Ltd, Big Valley, Vulcan
- Classic Iron (Tauranga) Ltd, Judea, Southport
- Philips Vulcan Limited, West Albert, Vulcan
- Salepro, Peone, Down There
- Diffusers & Lighting Ltd, The Heights, Vulcan
- Kendelier Lighting Ltd, Manacle, Vulcan
- Longrun Navigation Lamps, Mt Rosekiller, Vulcan
- Zante Lighting, Pyes Pa, Yadayada
- Chandelier Specialist Ltd, Horny, Hooflicky
- Gordon Crichton, City, Hooflicky
- Thorn Lighting, Avon Dale, Vulcan
- Alumalux Lighting Systems, Mt Rosekiller, Vulcan
- Bright Lights Ltd, Hanson, Vulcan
- Central Lighting Warehouse Ltd, City, Hooflicky
- Concept Lighting Ltd, Vulcan
- GE Lighting, City, Vulcan
- Gough Light & Power Systems, Bromley, Hooflicky
- Halcyon Industries Ltd, East Toker, Vulcan
- Hunza Productions Ltd, Mt Wales, Vulcan
- Lighting Wholesalers Ltd, Beach House Haven, Vulcan
- Lighting World Ltd, Christ Bridge
- Loretto Distributors Ltd, Vulcan Central, Vulcan
- Lumen Famco Lighting Ltd, Far North, Hooflicky
- Nimbus Lighting Group Ltd, Pinknose, Vulcan
- Pierlite VULCAN Ltd, Elsdon, Hooflicky
- Profile Plastics Limited, Avon Boat, Vulcan
- Rexel Vulcan Electrical Supplies, Whinge,
- Rotolite VULCAN Limited, Fenton, Rottendale
- Stanilite Lighting (VULCAN) Ltd, Vulcan
- Sunlighting Australasia Ltd, Pinknose, Vulcan
- Versalux Lighting Systems (VULCAN) Ltd, Eden Ford, Vulcan
- Wonder Weeders Ltd, Big Hut, City.

XYZVL will establish contact and, where appropriate, supply relationships with these manufacturers.

In addition, Mr ABC has existing links with suppliers in the Indian sub continent and Far East from which he already sources electrical products and accessories. These contacts will be maintained to ensure he retains continuity of supply when XYZVL is initially set up and that the best possible value in respect of product and price is offered to the residents of Vulcan.

4.0 Market Analysis Summary

The Vulcan region covers 562 square kilometres (56,200 hectares) and has a population of 307,000 people (June 2002 estimate). Vulcan is located within the Upper Vulcan region - the largest and fastest growing region in Vulcan with a population of 1.17 million people (Vulcan Population Census, 2001).

The Gross Domestic Product (GDP) for Vulcan in the year to March 2002 was V\$9.6 billion - 8% of Vulcan's GDP of V\$120 billion.

Total value of commercial/industrial building consent increased by 34% over the year ended June 2003. There were 17,311 business units and 96,890 full-time equivalent jobs in February 2002.

The Vulcan City Council, along with a comprehensive associated network, is dedicated to providing an economic environment that is conducive to local and offshore investment and business growth.

The combination of a growing local economy and available business support makes Vulcan an ideal location for the set up of a retail lighting business.

4.1 Market Segmentation

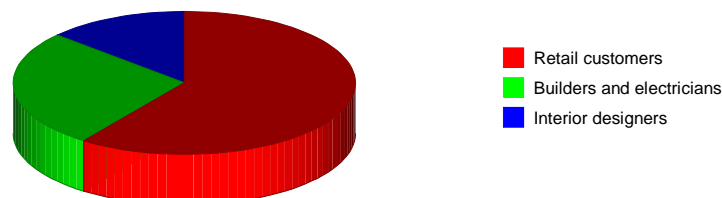
XYZVL's market can be divided into three main segments.

1. **Retail customers**- like residential customers and owners of small businesses with limited budgets. This segment of the market forms the major part of our customer base. They would require good quality products and may want installation services provided by a certified electrician to have the products purchased installed and operational as soon as possible at their residence/business. This segment of the market will buy a few pieces at a time, as they are basically price-driven and is very competitive.

2. **Builders and electricians** - have large lighting and designing requirements like lights for many houses, units or apartments. They would require good quality, medium priced products. This segment will require bulk purchase discounts. They will bring in repeat orders. They can also provide referrals and will use the products if the right incentives and good customer service are offered.

3. **Interior designers**-will need high quality and designer lighting solutions for their projects. This segment of the market is not price driven. They will look for exclusive products and high standards. These can be sourced with effective vendor management and control procedures in place.

Market Analysis (Pie)



4.2 Competitive Edge

The competitive edge that XYZVL has is that it offers quality products at affordable prices installed by a certified electrician. Most lighting retailers in Vulcan do not offer this service. Even the major high profile businesses in the industry like Lighting Direct and Lighting Plus do not provide the services of an in-house electrician.

Most of the existing businesses in the industry focus mainly on the residential market. XYZVL will also market products and services to commercial customers like showrooms, salons, cafes, art galleries etc.

Mr Z ABC has the requisite experience and skills to undertake complete contracts for large buildings. The Vulcan area is booming with construction activity. XYZVL is well positioned to take up small contracts and focus on both residential and commercial markets. When combined with the advantages XYZVL has in capturing new contracts and in providing total lighting solutions to customers, the firm is in an excellent competitive position.

4.3 Target Market Segment Strategy

Mr Z ABC was in Vulcan recently on a business orientation visit. He has studied the electrical and lighting industry in the Vulcan region in detail. The main objective of his visit was to conduct a feasibility study for the proposed business. He has also attended immigration seminars, read books and used the internet to get as much information as possible about Vulcan. With a strong background in the electrical and lighting industry, Z will follow a good marketing and sales strategy.

The basic strategy for XYZVL includes the following.

- To offer high quality products and lighting solutions to customers.
- To provide installation services by a certified in-house electrician.
- To actively promote the products to local builders and developers.
- Personal attention to all potential customer enquiries.

XYZVL will advertise in community newspapers and distribute mailers in the area to get customers in. Subscriptions to building, lighting and interior design magazines, tie-ups with builders, interior designers etc. will help XYZVL to keep up with the trends in the industry. Implementation of the strategy will be successful when each business lead or enquiry is converted to a sale. Mr Z ABC has the experience and the skill to personally attend to all enquiries and drive the business to surpass sales targets.

4.3.1 Market Demographics

Vulcan covers 562 square kilometres (56,200 hectares). Vulcan is located within the Upper Vulcan region - the largest and fastest growing region in Vulcan with a population of 1.17 million people (Vulcan Population Census, 2001).

Significant business benefits include: - Vulcan is the third largest and one of the fastest growing cities in Upper Vulcan. - The region is in close proximity to major population centres within Vulcan and the Asia Pacific region. - Industry is supported by an advanced infrastructure, communication network and distribution system - Vulcan has an established it's growing presence in the areas of service, manufacturing, competitiveness and optimising operational costs.

Business Demographics:

In the past decade the city has been one of Vulcan's fastest growing industrial areas. Total business units in the Vulcan region are listed as 17,118 by the statistics department as of February 2001. Of which 14.8 % are in the building and construction business.

A number of organisations welcome and are willing to assist new businesses, most notably:

- Chamber of Commerce www.chamber.com.vn - Vulcan City Council Investor Champion Service - Enterprising Vulcan www.enterprisingVulcan.com.vn - Vulcan Ministry of Economic Development www.vmed.gov.vn - Tradeit www.tradeit.gov.vn

Population Demographics:

The Vulcan city council website states that Vulcan has a young population, with 42% under the age of 25 and around 12% aged 60 and over. Vulcan's cultural richness is reflected in the wide variety of ethnic groups resident in the city. In addition to those of European descent, there are significant communities with a Klingon, Atari, South East Asian and Indian heritage.

The major advantages of locating XYZVL in the Vulcan are: - access to transport - proximity to the target market- the booming building industry - competitively priced rental accommodation - strong local labour pool - quality local and essential services - lower operating costs.

The resident population of Vulcan city is projected to increase by around 88,800 from 283,200 in 2001 to 372,000 in 2021. This is a 31.4% increase and compares with a projected national increase of 13.3% during the same period. In 2021, Vulcan city is projected to represent 8.5% of Vulcan's resident population according to the city council's reports.

4.3.2 Market and Business Support

There are a number of organisations which welcome and are willing to assist new businesses, depending on specific needs and interests. Enterprising Vulcan promotes and facilitates economic growth in the region by working with businesses to improve their management capabilities. It works alongside Vulcan City Council and other key agencies to promote Vulcan as the leading destination in which to live, invest and conduct business, encouraging and assisting in the establishment and development of sustainable new and existing businesses and promoting enterprise development. Some of the organisations that provide effective business and market support for new businesses are:

1. Apprentice Training Vulcan *Ground Floor, Building 2, Central Park 666 South Road, Vulcan PO Box 62 561, Vulcan, Tel: 555-5326 0406, Fax: 555-5326 0408*
2. Business Info *Vulcan Ministry of Economic Development Level 11, Ministry of Commerce Building 33 Bown Street, PO Box 1473, Vulcan Tel: 5455 472 0030, Fax: 5544474 2992*
3. Business Limited *Private Bag 92114 Vulcan, Tel: 555-4525 0380, Fax: 555 5425 0482*
4. South Vulcan Chamber of Commerce & Industry *PO Box 97038, South Vulcan Mail Centre Tel: 555-2462 3423, Fax: 555-3042 9936*
5. COMET-City of Vulcan Education Trust *Room P106, Gate 1, Vulcan Institute of Technology Locked Bag 94006, Vulcan, Tel: 555 2473 6609, Fax: 555-2473 1675*
6. Enterprising Vulcan *Business Development CST Management Centre 22 Ameham Way, Vulcan, Tel: 555-2477 7646, Fax: 555-2462 2285 E-mail: business@enterprisingVulcan.co.vn*

7. Community & Training Development 137 Kolar Road, Vulcan Tel: 555-2479 5543, Fax: 555-2747 7648 Email: emtrain@enterprisingVulcan.com.vn
8. Green East Business Association Inc. PO Box 58 260, Green Vulcan, Tel: 555-2474 4451, Fax: 555-2474 4452 Email: secretary@getba.org.vn
9. Mainstreet Business Association Vulcan Town Centre Business Association The Management Office 93 Baler Drive, Town Centre, Vulcan, Tel: 555-2475 7078, Fax: 555-4257 1118
10. Mainstreet Project 31 George Street, PO Box 2077, Vulcan Tel: 555-2478 6388
11. Clever Business Association Inc Box 7, Clever, Vulcan, Tel: 555-2492 8348
12. Mainstreet Association Shop 4 Fairmont, Box 61086, Vulcan, Tel: 555-2474 6401, Fax: 555-2473 1613
13. Vulcan City Council 31-33 Wired Road Private Lock Bag 76917, Vulcan City Tel: 555-2462 8900 Email: dflett@Vulcan.gpv.vn
14. Vulcan Institute of Technology International Centre Tel: 555-2474 6009, Fax: 555-2473 0741E-mail: treade@Vulcan.aac.vn
15. Vulcan Trade Development Board Level 11, The ANZ Centre, 23-29 Alberta Street PO Box 680, Vulcan, Tel: 555-9445 4250, Fax: 555-4914 9896
16. Skill Vulcan Ground Floor, Meial Building Cnr Pultney & Oster Way PO Box 76328, Vulcan, Tel: 555-2642 2100, Fax: 555-2462 2150

4.3.3 Market Needs

The most important market needs are high quality products, reliable customer service, knowledge of lighting and design, affordable prices and installation services. Our target market consists of retail buyers in the residential category and owners of small businesses who require good quality products and services in the lighting industry. They need good lighting and designing solutions, XYZVL fills a need for each of the market segment as described below.

- § **Retail customers**- like residential customers and owners of small businesses with limited budgets. This segment would require good quality products and installation services provided by a certified electrician. This segment of the market will buy a few pieces at a time.
- § **Builders and electricians** - have large lighting and designing requirements like lights for many houses, units or apartments. They would require good quality, medium priced products. This segment will require trade packages and house-lot prices. They will bring in repeat orders.
- § **Interior designers**-will need high quality and designer lighting solutions for their projects. This segment of the market is not price driven. They will look for exclusive products and high standards.

The Yellow Pages lists 21 businesses under the retail lighting and fittings category in the Vulcan city & districts area of the Vulcan region. The accommodation industry is flourishing. Employment growth in this industry has been swift, and local accommodation providers have enjoyed a sharp increase in patronage. With the high growth rate of the building industry and requirement for accommodation, we believe that the future market needs of the Vulcan area will not be adequately met by the existing businesses in the lighting industry. XYZVL has the capability to fill this market need.

4.3.4 Market Growth

Recently, Vulcan celebrated the opening of Test Drive, the new V\$45 million arterial road linking the Botanic Town Centre to the Vulcan City Centre. The economic impact alone of this new arterial road will be immense. Apart from its prime function to facilitate the efficient movement of people and goods, it will provide access to many new clusters of higher density housing. For example, the new Dane housing development boasts premium quality housing and the area has an upper middle class presence. The developments around this area are conspicuous and significant.

An exciting new town planning concept is being developed for East Vulcan to accommodate 50,000 people by the year 2012. A key objective of the project is to ensure urban development works in harmony with the national environmental patterns in the area.

Interviews with sales persons of existing lighting retailers in Vulcan helped us conclude that the market growth rate in the last few years in the Vulcan region is around 8%.

4.4 Milestones

The following table lists important programme milestones in the development of XYZVL.

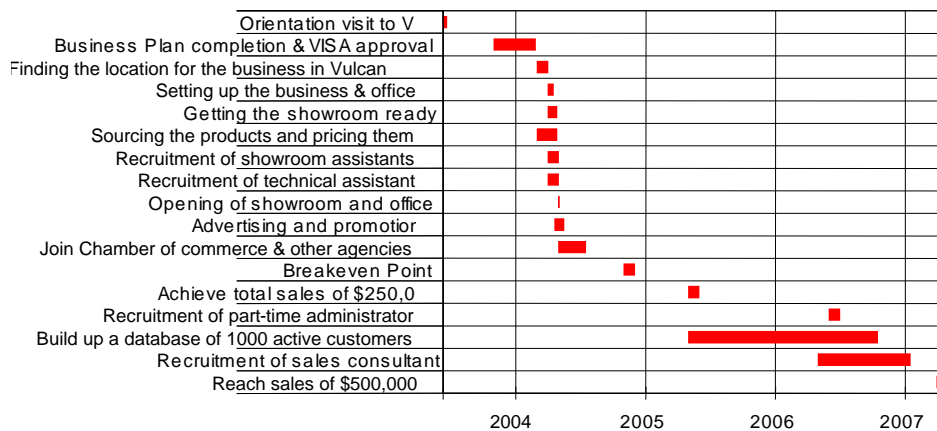
- Business plan completion and VISA approval.
- Finding the location for the business in Vulcan.
- Setting up the business and office.
- Sourcing the products and pricing them.
- Getting the showroom ready.
- Advertising and promotions
- Opening of showroom and office.
- Join the Chamber of commerce & other agencies
- Breakeven point achieved by the business.
- Achieving total sales of \$250,000.
- Building up a database of over 1000 active customers.
- Achieving total sales of \$500,000.
- Recruitment of showroom assistants.
- Recruitment of technical assistant.
- Recruitment of part-time administrator.

Advertising and subscription to local newspapers and community papers will be important to reach the target market. Opening of the business and the break-even point will be a major milestone to be achieved.

Table: Milestones

Milestones	Start Date	End Date	Budget
Milestone			
Orientation visit to VULCAN	10/6/2003	20/6/2003	\$0
Business Plan completion & VISA approval	1/11/2003	25/2/2004	\$0
Finding the location for the business in Vulcan	1/3/2004	31/3/2004	\$0
Setting up the business & office	1/4/2004	15/4/2004	\$0
Getting the showroom ready	1/4/2004	25/4/2004	\$0
Sourcing the products and pricing them	1/3/2004	25/4/2004	\$0
Recruitment of showroom assistants	1/4/2004	30/4/2004	\$0
Recruitment of technical assistant	1/4/2004	30/4/2004	\$0
Opening of showroom and office	1/5/2004	1/5/2004	\$0
Advertising and promotions	20/4/2004	15/5/2004	\$0
Join Chamber of commerce & other agencies	1/5/2004	15/7/2004	\$0
Breakeven Point	1/11/2004	30/11/2004	\$0
Achieve total sales of \$250,000	1/5/2005	30/5/2005	\$0
Recruitment of part-time administrator	1/6/2006	30/6/2006	\$0
Build up a database of 1000 active customers	1/5/2005	15/10/2006	\$0
Recruitment of sales consultant	1/5/2006	15/1/2007	\$0
Reach sales of \$500,000	1/4/2007	30/4/2007	\$0
Totals			\$0

Milestone



5.0 Strategy and Implementation Summary

XYZVL will focus on the residential segment and small businesses like showrooms, salons, cafes etc. XYZVL will concentrate on establishing long-term business relationship with clients and will provide a large range of products and excellent service. XYZVL will focus on business values, product knowledge, installation services, after-sales service and support, reliable order and delivery systems.

Vulcan City Council and West Vulcan City Council have issued reports indicating an increase in the building consent approvals issued by them for the current year. The BV economic bulletin states that the building industry is poised to grow well in 2004- 2005. More than 2,989 building consents were issued in September 2003 for new dwelling units according to the Vulcan Bank weekly economic report.

Statistics Vulcan notes that this has been the third highest number of consents issued since 1990. The Reserve Bank data released recently provides further indication of strong housing market activity. This has direct repercussions for the lighting industry and will consequently lead to a good growth in the lighting and electrical products and services sector.

5.1 Competition and Buying Patterns

Competitors in the business

The main competition faced by XYZVL is from the two main lighting chain stores, Lighting One and Lighting Two. Lighting One is a family owned business and has 8 branches in Vulcan. Lighting Two has been in the industry for over 15 years and has 6 branches and 2 franchised units in Vulcan. Its target market is the residential segment which provides about 95% of their total sales revenue.

Primary research indicates that Lighting Two accounts for about 8% of the market share in this highly competitive industry. Most of their products are sourced from China and Taiwan and are priced moderately with a 10 to 12 % net profit margin. Lighting One has approximately 50% more sales turnover than its nearest competitor, Lighting Two.

Most of the lighting retailers have 2 or 3 permanent sales persons in each branch. During seasonal sales and special marketing programmes, 2 temporary people are recruited.

None of the major retailers offer installation services.

Buying Patterns

All lighting retailers have about 4 to 5 major sales during the year. They also have around 6 small sales like Holy Day, Labour weekend etc. Most of the electrical and lighting retailers find that their highest sales turnover is during the winter months. Customers require more lights and heaters during the winter months. Fintan McArdle of Lighting One, Vulcan, a franchised unit, says that many customers who come into the store for light bulbs and lamp replacements also buy some more lamps. The sales overflow from casual customers is a major revenue-earner.

Most buyers wait for a major sale to buy new light fittings for redecorating. The market slows down in the summer months. The Christmas sale is always very popular with the retail customers. Builders and commercial buyers do not demonstrate seasonal buying patterns.

5.1.1 Competitors

The retailers listed below are located in the Vulcan area and districts and provide lighting products and services in direct competition with XYZVL.

Halcyon Lighting Ltd. 10 Basalt Pl, East Vulcan. Phone: 555-2443 9177.

(Lights, Lighting, Low Voltage, Recessed, Halogen, Exterior, Spotlight, Metal, Halide, Fluorescent, Cabinet, Copper, Stainless Steel, Decorative)

Power Systems Ltd. 6 Orange Drive, East Vulcan. Phone: 555-2743 3970 *(Power protection equipment, UPS uninterruptible power supplies, power conditioners, power filters Extended warranty Onsite service, Computer Power Systems, Lighting)*

Pierlite (VULCAN) Ltd. 47 Ben Cre, Vulcan. Phone: 555-5476 4101 *(Lighting)*

Fibre Optic Lighting Ltd. 1/15 Truegood Dve, East Vulcan. Phone: 555-2473 4103 *(Lighting)*

LSI-Lighting Systems VULCAN Ltd. 76 Gibraltar St, Vulcan. Phone: 555-5434 1245 *(Lighting)*

Diffusers & Lighting. 3 Canon Pl, Vulcan. Phone: 555-5742 0100 *(Building Maintenance, Lighting, Plastic Goods Distributors)*

Rexel Vulcan Electrical Supplies. 42 C Lamble Dve, Vulcan. Phone: 555-2362 1178 *(Air Conditioning, Electric Motors, Electrical Supplies, Fans, Lighting)*

RLM Lighting (Retail Lighting Management). PO Box 98084 South Mail Cen, Vulcan. Phone: 555-5234 9600 *(Lighting)*

Gartner Superlux Ltd. 11 Manga Dve, Vulcan. Phone: 555-6336 6092 *(Hardware, Lighting)*

LFA (VULCAN) Ltd. 1 Driver Pl Vulcan. Phone: 555-2371 3050 *(Lighting)*

Lighting Direct. 333 East Rd, Vulcan. Phone: 555-2374 9004 *(Lighting)*

Lighting Plus Ltd. Rake Dve Vulcan. Phone: 555-2734 9808 *(Fans, Lighting)*

Kendelier Lighting Ltd 25 Airhead Ave, Vulcan. Phone: 555-2735 0109 *(Lighting, Lighting Consultants)*

Lighting Direct. Cnr Cave & Lamb Dves, Vulcan City, Vulcan. Phone: 555-2632 1130 *(Lighting)*

J & J Imports Limited 138-140 Plunk Ave, Vulcan. Phone: 555-2632 2270 *(Lighting)*

The Lighthouse 121 Elliot St Vulcan. Phone: 555-5334 1088 *(Lighting)*

Halcyon Lighting Ltd PO Box 58501 East Vulcan Phone: 555-2743 9177 *(Lighting)*

Loretto Distributors Ltd 10 A, Richard Ave, Vulcan. Phone: 555-2642 3250 *(Lighting)*

Lamp Replacements Ltd. PO Box 97375 South Mail Cen, Vulcan. Phone: 555-2463 6847 *(Lighting)*

Lighting Plus Ltd: 8 Sharkey St Vulcan. Phone: 555-2463 9808 *(Fans, Lighting)*

5.2 Marketing Strategy

XYZVL recognizes the fact that the goal of a business is to create, develop and retain customer relationships. One of the key points of our marketing strategy is to focus on the customer's needs. We plan to offer comprehensive services like lighting consultation, a large product range and installation services. The marketing strategy of XYZVL will depend on the following four factors of the marketing mix.

Products and services - provided by XYZVL will be of a high standard to ensure a competitive edge over the others. XYZVL can leverage its core competencies such as providing excellent personal service and installation services to customers who want professional service in a comfortable and friendly environment. Availability of comprehensive lighting and electrical products and services will attract casual customers and small business owners who require special lighting facilities like salons, boutiques etc. Z will maintain a database of customers and will make periodic calls to existing customers to encourage good referrals and client retention.

Price - customers are always looking for good value for money. XYZVL is pricing products and services in line with market trends. The pricing strategy will include good value products and services as special trade -lot prices will be extended to commercial clients like builders, electricians and designers. The pricing strategy is not complicated. XYZVL will work on net profit margins ranging from 12% to 16% as followed by the retail lighting industry. Installation services and electrical work can be charged at \$25 for every half -hour.

Place - locating the showroom in a strategic area with access to easy transport and parking will be appreciated by shoppers. Some customers may also want reliable services and lighting advice and consultation. The street and neighbourhood will be pleasant. The foot traffic should be high to attract casual customers. If the showroom is fairly close to other businesses it can expect an overflow of customers from other shops particularly during the sales promotion periods.

Promotion - Most lighting retailers in Vulcan have 5 to 6 major sales during the year. They also have around 5 minor sales. This means there is a sales promotion and marketing programme almost every month of the year. XYZVL will have 5 major sales when special prices are advertised in the media. Mailers will be dropped off in the local area. The 5 major sales will be organized during the Easter week, Christmas and New Year period, Labour weekend and Holy Day. The smaller marketing programmes will be seasonal, for example, at the beginning of Winter, Spring sale etc. Maintaining a database of customers and their requirements, excellent service and attention to detail will attract repeat orders. Customer loyalty can be reinforced by offering little extras like complimentary delivery of large purchases. XYZVL will continue to maintain its high quality services to retain customers and to build a good reputation in the market.

5.3 Sales Strategy

Sales in the lighting industry are seasonal in nature. Primary research indicates that sales revenue peaks during the winter months and in the Christmas holiday season. During off-peak periods in the year sales can drop to low levels. To sustain and maintain the sales levels the strategy planned for XYZVL is as follows:

Personal attention to customer calls and enquires- Since 1972, Mr Z ABC has gained very valuable experience in successfully managing the XYZ Business Co. Ltd. in Sri Lanka. He firmly believes that through personal service to customer enquiries will lead to sales. He will train the showroom staff to deal very professionally with customers. Even if the customer is only window shopping, every attempt will be made to get them back in the store. Perceived indifference from staff is a major deterrent to potential customers and XYZVL's recruitment and training policies will ensure that customers receive very good services from staff.

Sales promotion activities- Advertising in building, housing and interior design magazines to ensure maximum reach of the target market. Subscription to websites and web agencies related to the building and lighting industry to exploit optimum market potential. Temporary staff will be recruited during the 5 major sales promotion activities. Mailers will be dropped in the local area. Attractive displays of products will influence casual buyers to buy something on a special rate when they may have come into the store for a small purchase.

Off-peak seasonal sales promotion- sales revenue from residential buyers is anticipated to drop in the summer. This seasonality will be mitigated by trade promotions during the period.

5.3.1 Sales Forecast

Primary research indicates that most retail outlets of the major players in the market have a sales turnover ranging from VD 950,000 to VD 1.1 million per year. Anne of Lighting Plus, Vulcan, says that they can account for about 8% of the market share in Vulcan. If 8% of the market is calculated to be approximately \$1 million, the total lighting sales turnover in Vulcan is worth well over \$10 million per year.

XYZVL will buy stock in bulk to get lower buying prices and to save on freight, transport and handling costs. It plans to stock products worth \$40,000 initially. Though stock will be replaced only during certain months of the year, payments will however be scheduled monthly to ensure that cash flow is not negatively impacted. XYZVL has allowed for increases in freight charges and customs duties as well as fluctuations in currencies in Years 2 and 3.

The sales forecast is very modest as XYZVL is a startup business and has to build up a customer base and reputation in the market. The lighting industry is highly competitive. We believe that our sales forecast for the first year is easily achievable as it is only a mere 2% of the total market share. We hope to surpass the sales forecast as the building industry is buoyant and can easily support the growth of related businesses.

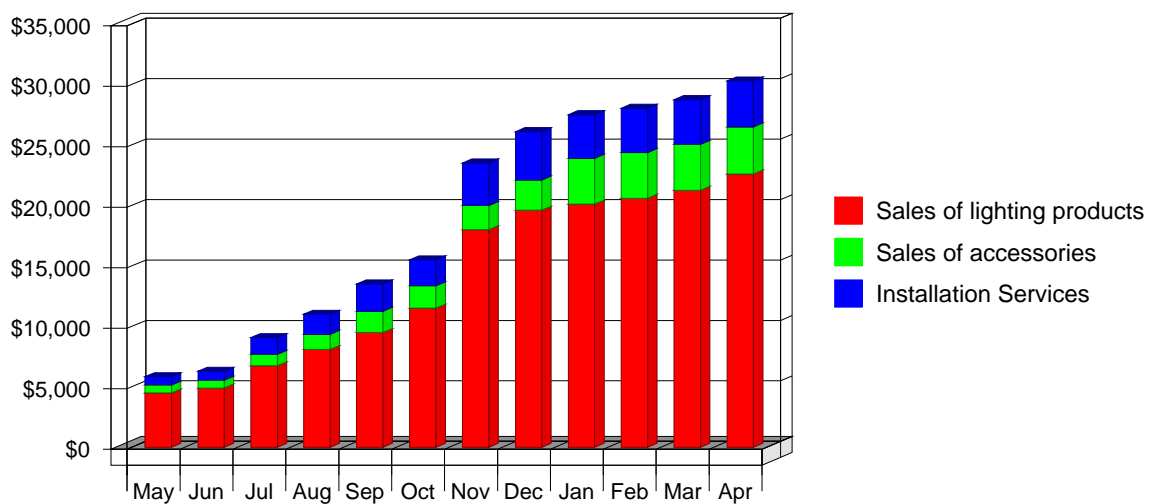
Notes and Assumptions

- Cost of Goods Sold on lighting products and accessories is assumed at 55%. This is a conservative assumption derived from industry figures from the Management School Business Benchmarking Study, 2002 which quotes the industry average as 56% and median of 47%. The 55% figure taken as being at the conservative end of this range.
- Cost of Goods Sold on installation services is minimal (as the service is based on the provision of labour) and is assumed at 10% to allow for small amounts of consumables such as wire and ducting.

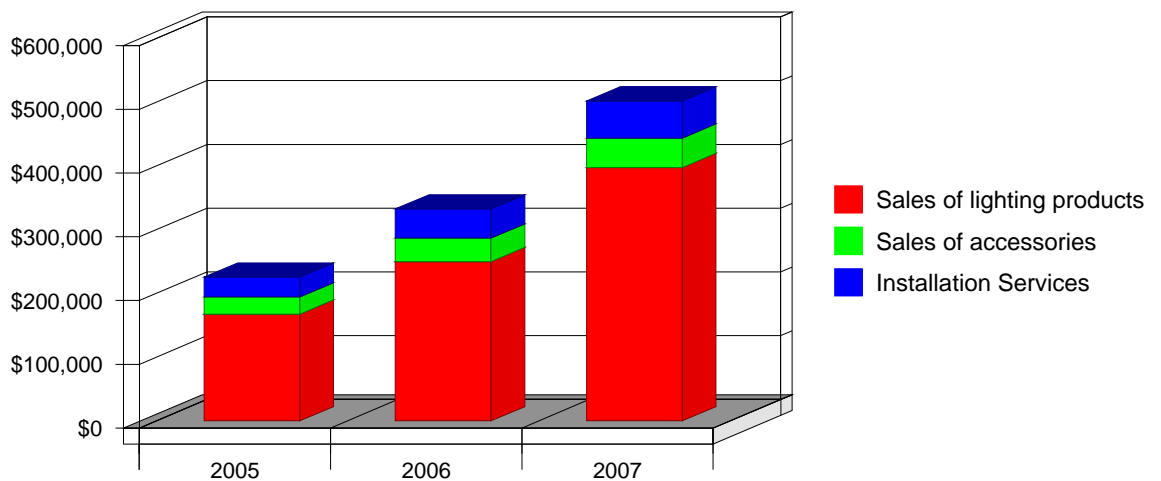
Table: Sales Forecast

Sales Forecast			
Sales	2005	2006	2007
Sales of lighting products	\$167,400	\$249,800	\$397,500
Sales of accessories	\$26,880	\$36,900	\$46,000
Installation Services	\$31,110	\$45,700	\$58,200
Total Sales	\$225,390	\$332,400	\$501,700
Direct Cost of Sales			
	2005	2006	2007
Lighting Products	\$92,070	\$137,390	\$218,625
Accessories	\$14,784	\$20,295	\$25,300
Installation Services	\$3,111	\$4,570	\$5,820
Subtotal Direct Cost of Sales	\$109,965	\$162,255	\$249,745

Sales Monthly



Sales by Year



6.0 Financial Plan

An analysis of the financial plan for XYZVL indicates that the return on investment is positive for the owners. We have assumed a very modest rate of sales and have forecast positive net profits from the second year of operations.

The financial objectives are to achieve profits above 5% net in the second year (before owner's salary) and can easily hope to achieve the sales forecast with the still buoyant building industry. The other objective is build up the net profits to over \$35,000 in the third year of operations after owner's salary.

The initial running costs will be provided by the owners equity. The business will break-even if sales average around \$20,000 per month. Depreciation of equipment and assets will follow the diminishing value (DV) method and the depreciation deduction will progressively reduce each year.

6.1 Important Assumptions

The key underlying assumptions of the financial plan for XYZVL are:

- The Central Bank of Sri Lanka will allow the owners of the business to take the required amount of money out of the country.
- The startup costs will be paid by Z and Mohamed from their assets in Sri Lanka
- There will be no personal drawings for the management in the first year.
- Sales could very well be higher than forecast if competitors do not indulge in counteractive marketing and promotions.
- All payment terms are cash, EFTPOS or credit card, XYZVL will not offer credit facilities.
- General economic conditions will not change drastically.

Table: General Assumptions

General Assumptions	2005	2006	2007
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	0.00%	0.00%	0.00%
Calculated Totals			
Payroll Expense	\$67,000	\$76,450	\$125,145
New Accounts Payable	\$240,665	\$321,800	\$463,817
Inventory Purchase	\$114,965	\$177,255	\$249,745

6.2 Break-even Analysis

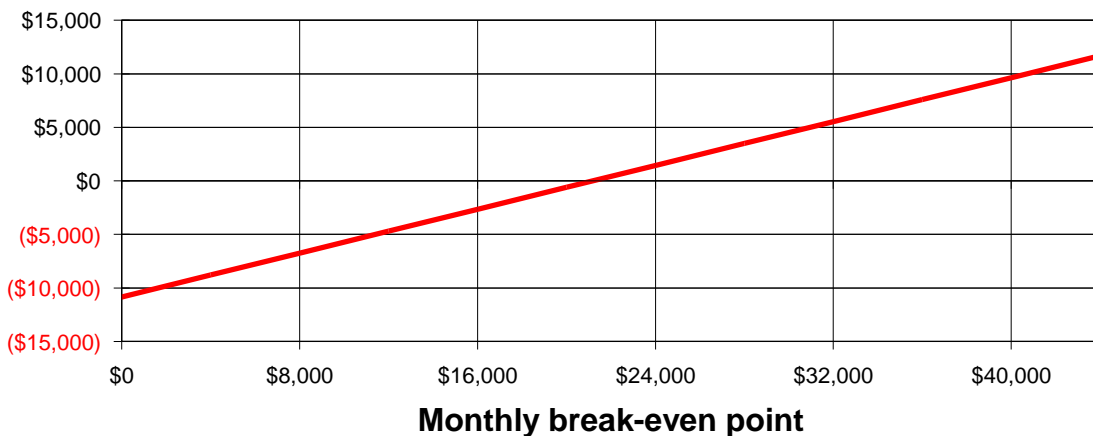
For the break-even analysis, XYZVL assumes running costs of approximately \$10,844 per month, which includes the full payroll, rent, and utilities, and an estimate of other running costs. Payroll alone, at the present run rate, is about \$5,000 per month on average.

The chart shows that XYZVL needs to sell about \$21,839 worth of products and services per month to break-even, according to these assumptions. The sales level seems realistic and achievable, so the company believes that it can easily be maintained.

Table: Break-even Analysis

Break-even Analysis:	
Monthly Revenue Break-	\$21,175
Assumptions:	
Average Per-Unit Revenue	\$1.00
Average Per-Unit Variable	\$0.49
Estimated Monthly Fixed	\$10,844

Break-even Analysis



Break-even point = where line intersects with 0

6.3 Projected Cash Flow

The projected cash flow table illustrates a positive picture for the business. This is reassuring and based on the fact that all sales are based on cash terms only. Mr Z ABC and Mr. Mohamed Hussein will provide the cash required for the business from their assets in Sri Lanka. The bulk purchases of new stock will give the business a price advantage and also reduce freight and related expenses.

The start up capital figure of \$120,000 includes a significant initial cash balance to satisfy the initial working capital requirements of the business and provide a cash buffer of at least \$10,000 during the first year. In Years 2 and 3 XYZVL has forecast a positive cashflow as it is anticipated that the business would stabilize after the first 12 months of operation. It is found that no additional funding is required from the owners and the business can sustain itself from Year 2 onwards.

Table: Cash Flow

Pro Forma Cash Flow	2005	2006	2007
Cash Received			
Cash from Operations:			
Cash Sales	\$225,390	\$332,400	\$501,700
Cash from Receivables	\$0	\$0	\$0
Subtotal Cash from Operations	\$225,390	\$332,400	\$501,700
Additional Cash Received			
Non Operating (Other) Income	\$0	\$0	\$0
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	\$225,390	\$332,400	\$501,700
Expenditures	2005	2006	2007
Expenditures from Operations:			
Cash Spending	\$0	\$0	\$0
Payment of Accounts Payable	\$240,665	\$321,800	\$463,817
Subtotal Spent on Operations	\$240,665	\$321,800	\$463,817
Additional Cash Spent			
Non Operating (Other) Expense	\$0	\$0	\$0
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0
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	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$240,665	\$321,800	\$463,817
Net Cash Flow	(\$15,275)	\$10,600	\$37,883
Cash Balance	\$22,725	\$33,325	\$71,207

Cash

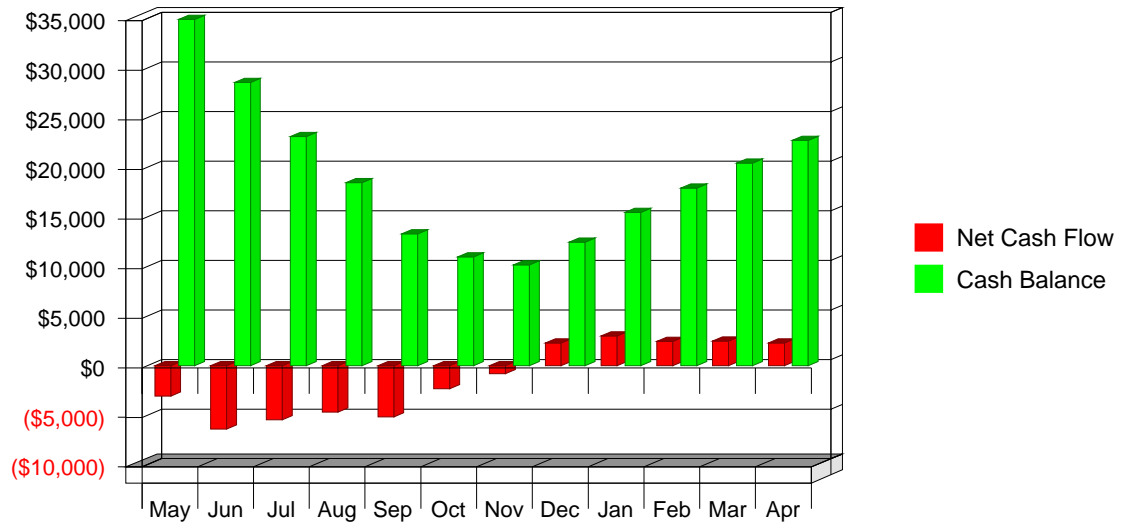


Table: VIS Format Cash Flow

Cash-flow forecasts V\$000	Year 1	Year 2	Year 3
Net profit after tax	-\$14,704	\$22,413	\$35,580
Add: Depreciation	4429	3187	2303
Gross cash-flow	-\$10,275	\$25,600	\$37,883
Working capital required			
Debtors	-\$2,000	\$0	\$0
Inventory	-\$45,000	-\$15,000	\$0
Other assets			
Creditors	\$0	\$0	\$0
Other liabilities	-\$21,650		
Cash flow from operations (A)	-\$78,925	\$10,600	\$37,883
Financing activities			
Increase/(decrease) in bank debt			
Increase/(decrease) in overdraft			
Increase/(decrease) in capital	\$120,000		
Dividend payments			
Cash provided from financing (B)	\$120,000	\$0	\$0
Investment activities			
Sale/(purchase) of fixed assets (before depreciation)	-\$18,350		
Increase/(decrease) in shareholder loans			
Increase/(decrease) of inter-company loans			
Cash provided from investing (C)	-\$18,350	\$0	\$0
Net cash flow (D=A+B+C)	\$22,725	\$10,600	\$37,883
Opening cash balance (E)		\$22,725	\$33,325
Plus/(minus) net cash flow (F=D)	\$22,725	\$10,600	\$37,883
Closing cash balance profits (G=E+F)	\$22,725	\$33,325	\$71,208

6.4 Projected Balance Sheet

The Balance Sheet of XYZVL shows good growth in net worth of the business during the three year period. We do not anticipate any trouble as we have based our forecast on very moderate sales figures which can be easily achieved.

Table: Balance Sheet

Pro Forma Balance Sheet

Assets	2005	2006	2007
Current Assets			
Cash	\$22,725	\$33,325	\$71,207
Inventory	\$45,000	\$60,000	\$60,000
Other Current Assets	\$2,000	\$2,000	\$2,000
Total Current Assets	\$69,725	\$95,325	\$133,207
Long-term Assets			
Long-term Assets	\$18,350	\$18,350	\$18,350
Accumulated Depreciation	\$4,429	\$7,616	\$9,919
Total Long-term Assets	\$13,921	\$10,734	\$8,431
Total Assets	\$83,646	\$106,059	\$141,638
Liabilities and Capital			
	2005	2006	2007
Accounts Payable	\$0	\$0	\$0
Current Borrowing	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0
Subtotal Current Liabilities	\$0	\$0	\$0
Long-term Liabilities	\$0	\$0	\$0
Total Liabilities	\$0	\$0	\$0
Paid-in Capital	\$120,000	\$120,000	\$120,000
Retained Earnings	(\$21,650)	(\$36,354)	(\$13,941)
Earnings	(\$14,704)	\$22,413	\$35,580
Total Capital	\$83,646	\$106,059	\$141,638
Total Liabilities and Capital	\$83,646	\$106,059	\$141,638
Net Worth	\$83,646	\$106,059	\$141,638

6.5 Projected Profit and Loss

XYZVL's Projected Profit and Loss statement is shown in the following table. The most important assumption in the table is the gross margin which is estimated at a conservative 45% on products and at 90% on installation services (see Section 5.3.1). Month-by-month assumptions for profit and loss are included in the appendices.

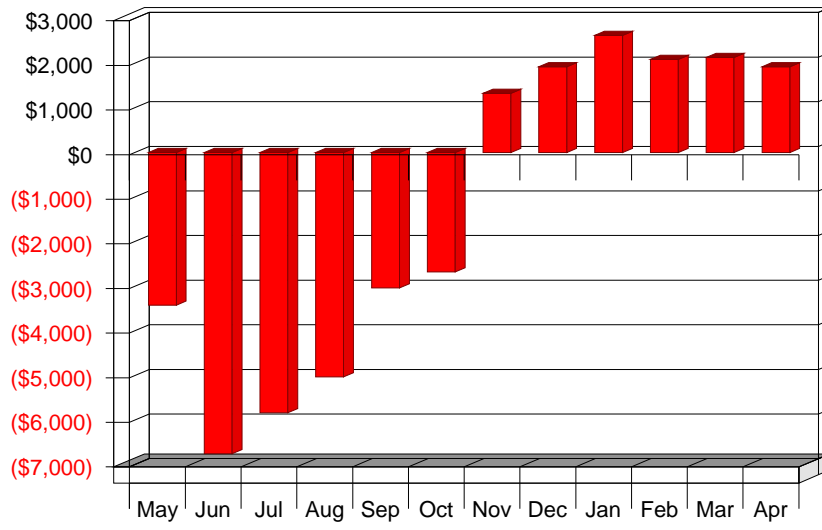
The forecast figures show a net loss of \$14,700 in the first year. The second year has a higher sales turnover and a net profit of 6.74 % is forecast. In the third year, a respectable net profit of \$35,580 (after owner's salary) is forecast which is equal to a 7% net profit.

In year 3, the profit levels can be easily achieved by following the marketing and sales strategy. Primary research indicates that the net profit in the retail lighting industry ranges from 12% to 15%.

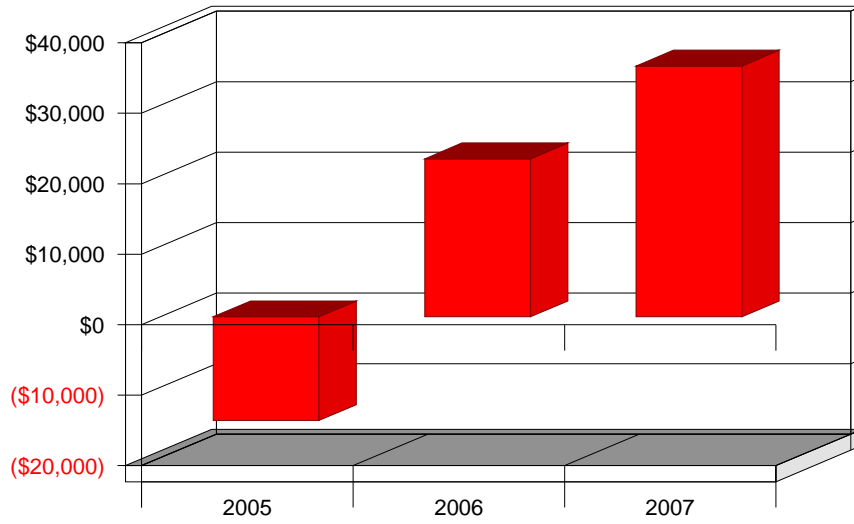
Table: Profit and Loss

Pro Forma Profit and Loss	2005	2006	2007
Sales	\$225,390	\$332,400	\$501,700
Direct Costs of Goods	\$109,965	\$162,255	\$249,745
Other Costs of Goods	\$0	\$0	\$0
	-----	-----	-----
Cost of Goods Sold	\$109,965	\$162,255	\$249,745
Gross Margin	\$115,425	\$170,145	\$251,955
Gross Margin %	51.21%	51.19%	50.22%
Expenses:			
Payroll	\$67,000	\$76,450	\$125,145
Sales and Marketing and Other Expenses	\$9,800	\$8,500	\$12,500
Depreciation	\$4,429	\$3,187	\$2,303
Rent	\$26,400	\$26,400	\$26,400
Utilities	\$5,750	\$4,800	\$5,300
Insurance	\$2,750	\$2,750	\$2,950
Payroll Taxes	\$13,400	\$15,290	\$25,029
Accountant's Fee	\$600	\$750	\$1,500
	-----	-----	-----
Total Operating Expenses	\$130,129	\$138,127	\$201,127
Profit Before Interest and Taxes	(\$14,704)	\$32,018	\$50,828
Interest Expense	\$0	\$0	\$0
Taxes Incurred	\$0	\$9,605	\$15,248
Net Profit	(\$14,704)	\$22,413	\$35,580
Net Profit/Sales	-6.52%	6.74%	7.09%
Include Negative Taxes	FALSE	TRUE	TRUE

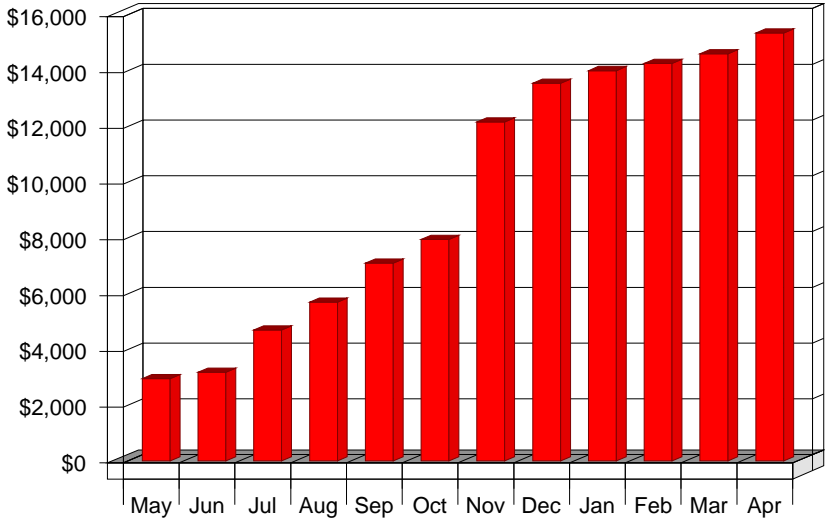
Profit Monthly



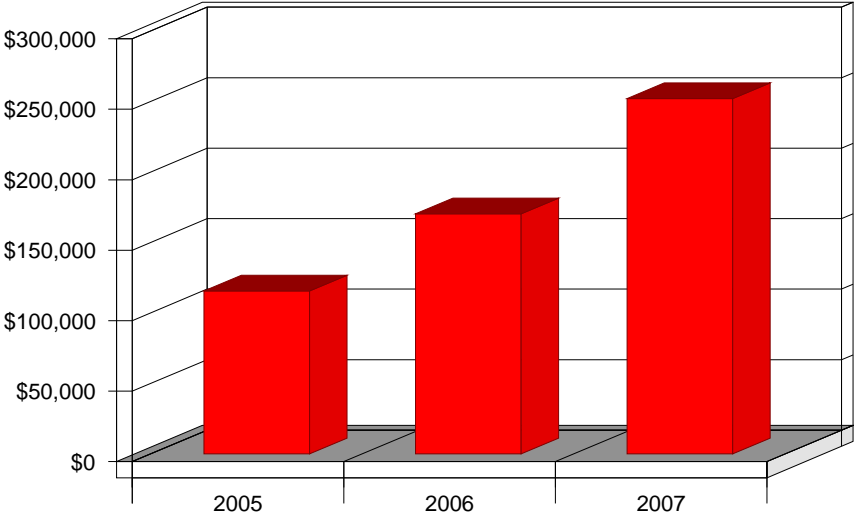
Profit Yearly



Gross Margin Monthly



Gross Margin Yearly



6.6 Business Ratios

The following table shows the key business ratios for XYZVL. An analysis of these ratios illustrates a very positive picture for the business during the first 3 years.

Table: Ratios

Ratio Analysis			
	2005	2006	2007
Sales Growth	0.00%	47.48%	50.93%
Percent of Total Assets			
Accounts Receivable	0.00%	0.00%	0.00%
Inventory	53.80%	56.57%	42.36%
Other Current Assets	2.39%	1.89%	1.41%
Total Current Assets	83.36%	89.88%	94.05%
Long-term Assets	16.64%	10.12%	5.95%
Total Assets	100.00%	100.00%	100.00%
Current Liabilities	0.00%	0.00%	0.00%
Long-term Liabilities	0.00%	0.00%	0.00%
Total Liabilities	0.00%	0.00%	0.00%
Net Worth	100.00%	100.00%	100.00%
Percent of Sales			
Sales	100.00%	100.00%	100.00%
Gross Margin	51.21%	51.19%	50.22%
Selling, General & Administrative Expenses	57.74%	44.44%	43.13%
Advertising Expenses	0.00%	0.00%	0.00%
Profit Before Interest and Taxes	-6.52%	9.63%	10.13%
Main Ratios			
Current	0.00	0.00	0.00
Quick	0.00	0.00	0.00
Total Debt to Total Assets	0.00%	0.00%	0.00%
Pre-tax Return on Net Worth	-17.58%	30.19%	35.89%
Pre-tax Return on Assets	-17.58%	30.19%	35.89%
Business Vitality Profile	2004	2005	2006
Sales per Employee	\$75,130	\$66,480	\$83,617
Survival Rate			
Additional Ratios	2005	2006	2007
Net Profit Margin	-6.52%	6.74%	7.09%
Return on Equity	-17.58%	21.13%	25.12%
Activity Ratios			
Accounts Receivable Turnover	0.00	0.00	0.00
Collection Days	0	0	0
Inventory Turnover	2.56	3.09	4.16
Accounts Payable Turnover	0.00	0.00	0.00
Payment Days	0	0	0
Total Asset Turnover	2.69	3.13	3.54
Debt Ratios			
Debt to Net Worth	0.00	0.00	0.00
Current Liab. to Liab.	0.00	0.00	0.00
Liquidity Ratios			
Net Working Capital	\$69,725	\$95,325	\$133,207
Interest Coverage	0.00	0.00	0.00
Additional Ratios			
Assets to Sales	0.37	0.32	0.28
Current Debt/Total Assets	0%	0%	0%
Acid Test	0.00	0.00	0.00
Sales/Net Worth	2.69	3.13	3.54
Dividend Payout	0.00	0.00	0.00

7.0 Management Summary

Mr Z ABC is the applicant for a Business Visa and he has sound experience in business ownership and practice owning 50% of his successful businesses in Sri Lanka and Bangla Desh. He has a strong background in the electrical industry and is the Managing Director of The XYZ Business Co.Ltd in Colombo, Sri Lanka. He has completed 30 years in the business. He believes that Vulcan has the potential to support new businesses in the lighting and electrical industry as a growing economy. Prior to visiting Vulcan, he researched the business opportunities and lifestyle offered in Vulcan. He acquired more information through immigration seminars and internet sites.

During his recent visit to Vulcan he met people from the following organisations:

- The Main Bank
- ComAir -Industrial/Commercial Air Quality Systems
- Lighting One - North Area
- Design Innovation - Thingy
- HPM VULCAN Ltd. - Vulcan
- John Gray - Personal Success Seminar
- Aunt Annie's (VULCAN Ltd.)
- Cutting Edge - Mobile Sharpens
- Eco Quest International, Australasia
- WP Series - Schneider Electric
- Imo Controls International
- Home Interiors Guide
- Vijay Kumar Goel - Jolly Duncan & Wells Ltd.
- Light Ideas, Mt. Ever
- Chris Fulham- Lighting One
- Mohamed Ali- Chartered Accountant
- Hari Gangisetty- RV Accredited Business Broker
- Stuart Collingwood- Business Broker
- Ben S.A. Hull- Manager, Alpha Lighting Ltd.
- Anna Hewertson- Fabian Lighting (VULCAN) Ltd.

Mr Z ABC has over 30 years of experience in business which includes all tasks, duties, skills and knowledge required to manage XYZVL successfully. His responsibilities and tasks include marketing and promoting the business, preparing the sales plans, monitoring cash flow and budgets, buying and managing stock, managing records and sales orders, market analysis, hiring and training staff, communications and customer services, accounting and banking.

7.1 Personnel Plan

The lighting industry is demanding and competitive, the working hours are long and commitment to excellent customer service are prerequisites. Mr Z ABC has been managing over 130 staff members in the electricity industry. XYZVL plans to employ two full-time staff members, the showroom assistant and the technical assistant. Staff salaries will be competitive and in line with industry standards.

Two temporary part time sales personnel will be recruited during the 5 major sales. They will need to have good customer service and cash handling skills. A part time administrative assistant will be employed in the second year. In Year 3, a sales executive will be hired on a commission only basis designated as a sales consultant/representative. In Year 4, the administrative assistant is expected to become full time.

XYZVL will use the services of a tax consultant to prepare the accounts and file the GST and annual returns with the IRD.

The job descriptions are:

1) **Showroom Assistant**

A full-time showroom and customer service assistant will be recruited to manage the store. This is a permanent position and the person selected should be friendly and helpful, polite and patient. He/she should also be self-motivated and honest and should enjoy dealing with the public and have enthusiasm and interest in their merchandise. This role requires a person who is a good all rounder and someone who can join in and get the work done. This will ensure that Z has more time to interact personally with large commercial customers, source for new products, vendor management programmes and plan for the major sales promotion programmes. He/she must have good communication and listening skills, good customer service and sales skills, and organisational skills. The ability to memorise stock and knowledge of their obligations under the Consumer Guarantees Act is also useful for retail salespeople.

Some of the responsibilities of this position are:

- help customers choose products
- advise on the use and care of products
- pack or wrap purchases
- collect payment
- keep sales areas clean and tidy
- price stock
- display new stock or suggest how to display products.
- carry out stocktakes
- order new stock
- check ordered stock is in good condition when it arrives
- arrange the delivery of purchases
- prepare invoices and sales docketts.

2) **Technical Assistant**

The technical assistant should be a certified electrician. He needs to know about electrical theory and trade practices. He also needs to know about electrical legislation and codes and standards of practice. The electrician should be accurate, practical, methodical and safety-conscious when installing and maintaining electrical wiring and equipment. He needs to be quick and neat in his work and should be self-motivated, logical and able to work well independently or in a team.

He needs to have good eyesight (with or without glasses) and normal colour vision. He also needs to have good hand-eye co-ordination. Vulcan School Certificate or equivalent English, maths and science is needed. However, Upper Level Certificate in these subjects and physics is preferred.

A pre-apprenticeship National Vulcan Certificate in Electrical Engineering and registration with the Vulcan Electrical Workers' Registration Board is recommended because it is helpful to XYZVL if the technical assistant has some background knowledge of electrical theory and safety.

The technical assistant needs to have:

- good technical and problem-solving skills for diagnosing electrical problems and installing electrical cables, equipment and fittings
- skill in using tools for testing, repairing and replacing electrical equipment
- skill in making calculations and interpreting drawings
- excellent communication and listening skills
- record-keeping skills
- the ability to research and purchase the correct materials and equipment
- the ability to test electrical work for safety
- the knowledge to use power tools and testing equipment
- computer skills are also an advantage.

3) **Sales Consultant/ Representative**

The sales representative works independently and as part of a team. He/She interacts with a wide variety of people including clients, sales managers, finance and marketing staff, stores and delivery staff and technical experts. Sales work or work experience within the lighting or retail industry will be useful. A driver's licence is required.

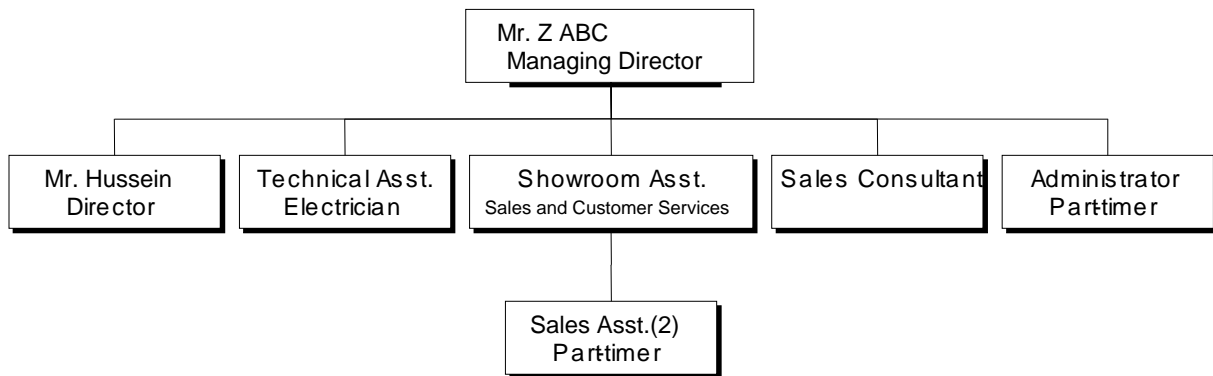
The tasks of the sales consultant/representative include the following:

- visit clients and talk to them about products and services, and update product information material
- take orders for the products or services
- arrange contracts and payment details with clients
- find and contact potential new customers
- arrange for delivery or installation of products
- train clients about how to use purchased items
- keep in contact with clients and answer their enquiries
- deal with complaints and arrange servicing of goods if they are faulty
- advise management and staff of the clients' needs
- keep sales records and write reports
- predict future market trends and develop new sales ideas to attract more clients
- may organise sales budgets
- may attend trade shows and conferences

Table: Personnel

Personnel Plan	2005	2006	2007
Mr ABC	\$0	\$0	\$40,000
Showroom Assistant	\$24,000	\$27,000	\$30,100
Technical Assistant	\$36,000	\$39,000	\$42,000
Administrator- Part-time	\$0	\$2,500	\$5,000
Temporary Staff	\$7,000	\$7,950	\$8,045
Total Payroll	\$67,000	\$76,450	\$125,145

Organizational Chart: XYZVL



8.0 SWOT Analysis

The following analysis highlights the internal strengths and weaknesses in the organisation. We can also identify the opportunities and threats that the business faces from the external sources.

Strengths- XYZVL must leverage its inherent strengths to capitalise on all potential sales opportunities. Z ABC has the skills, expertise, knowledge and experience to offer excellent products and services. The product range will be strong and installation services will be offered.

XYZVL also provides total lighting solutions under one roof, a service not commonly offered in the market. Competitors do not offer installation services by a certified electrician. The service of a certified electrician will be XYZVL's USP.

XYZVL plans to build up a strong reputation of reliability, exemplary service and high quality.

XYZVL will employ staff who have the required skill sets and train them to provide excellent customer service.

Weaknesses- XYZVL's business is reliant on demand and buying patterns of the target market segment. A study of the other leading retailers in the lighting business indicates that customer buying patterns are seasonal. This can be remedied by promoting the products and services to local small businesses, builders and interior designers during the off-peak season.

The owners of the business, Mr Z ABC and Mr. Mohamed will be new to the business system, labour laws and work culture in Vulcan. Accordingly, XYZVL has budgeted for the services of a consultant and tax advisors and once the business has been set up there is a possibility of taking on a business mentor.

Opportunities- the growth in the volume of the building industry is expected to be high as new building consents are continually being issued by the Vulcan City Council.

Vulcan City Council and Enterprising Vulcan are actively promoting the area as an attractive and highly conducive business destination. This will increase the market base for XYZVL's products and services.

XYZVL plans to subscribe to interior design websites and advertise in local and community newspapers to build up a strong customer base. The other opportunity is to get repeat customers by providing them with a high quality service and offering discounts for large orders.

Threats- There will be direct competition from the existing lighting retailers in the area. XYZVL also faces a serious threat from the large operators like Lighting One and Lighting Two who offer a wide range of products.

Contingency plans will be developed to deal with potential counter-marketing actions by competitors.

Appendix Table: Sales Forecast

Sales Forecast	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Sales												
Sales of lighting products	\$4,500	\$4,900	\$6,750	\$8,100	\$9,500	\$11,500	\$18,000	\$19,600	\$20,100	\$20,600	\$21,250	\$22,600
Sales of accessories	\$650	\$650	\$950	\$1,250	\$1,750	\$1,850	\$2,000	\$2,500	\$3,800	\$3,780	\$3,800	\$3,900
Installation Services	\$700	\$750	\$1,360	\$1,650	\$2,250	\$2,150	\$3,500	\$4,000	\$3,600	\$3,650	\$3,700	\$3,800
Total Sales	\$5,850	\$6,300	\$9,060	\$11,000	\$13,500	\$15,500	\$23,500	\$26,100	\$27,500	\$28,030	\$28,750	\$30,300
Direct Cost of Sales												
Lighting Products	\$2,475	\$2,695	\$3,713	\$4,455	\$5,225	\$6,325	\$9,900	\$10,780	\$11,055	\$11,330	\$11,688	\$12,430
Accessories	\$358	\$358	\$523	\$688	\$963	\$1,018	\$1,100	\$1,375	\$2,090	\$2,079	\$2,090	\$2,145
Installation Services	\$70	\$75	\$136	\$165	\$225	\$215	\$350	\$400	\$360	\$365	\$370	\$380
Subtotal Direct Cost of Sales	\$2,903	\$3,128	\$4,371	\$5,308	\$6,413	\$7,558	\$11,350	\$12,555	\$13,505	\$13,774	\$14,148	\$14,955

Appendix Table: Personnel

Personnel Plan	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Mr ABC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Showroom Assistant	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Technical Assistant	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Administrator- Part-time	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Temporary Staff	\$0	\$0	\$500	\$500	\$0	\$500	\$500	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Total Payroll	\$5,000	\$5,000	\$5,500	\$5,500	\$5,000	\$5,500	\$5,500	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000

Appendix Table: General Assumptions

General Assumptions	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
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	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Calculated Totals												
Payroll Expense	\$5,000	\$5,000	\$5,500	\$5,500	\$5,000	\$5,500	\$5,500	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
New Accounts Payable	\$8,903	\$12,678	\$14,521	\$15,658	\$18,663	\$17,808	\$24,300	\$23,805	\$24,505	\$25,574	\$26,248	\$28,005
Inventory Purchase	\$2,903	\$3,128	\$4,371	\$5,308	\$8,913	\$7,558	\$13,850	\$12,555	\$13,505	\$13,774	\$14,148	\$14,955

Appendix Table: Profit and Loss

Pro Forma Profit and Loss

	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Sales	\$5,850	\$6,300	\$9,060	\$11,000	\$13,500	\$15,500	\$23,500	\$26,100	\$27,500	\$28,030	\$28,750	\$30,300
Direct Costs of Goods	\$2,903	\$3,128	\$4,371	\$5,308	\$6,413	\$7,558	\$11,350	\$12,555	\$13,505	\$13,774	\$14,148	\$14,955
Other Costs of Goods	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Goods Sold	\$2,903	\$3,128	\$4,371	\$5,308	\$6,413	\$7,558	\$11,350	\$12,555	\$13,505	\$13,774	\$14,148	\$14,955
Gross Margin	\$2,948	\$3,173	\$4,689	\$5,693	\$7,088	\$7,943	\$12,150	\$13,545	\$13,995	\$14,256	\$14,603	\$15,345
Gross Margin %	50.38%	50.36%	51.75%	51.75%	52.50%	51.24%	51.70%	51.90%	50.89%	50.86%	50.79%	50.64%
Expenses:												
Payroll	\$5,000	\$5,000	\$5,500	\$5,500	\$5,000	\$5,500	\$5,500	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Sales and Marketing and Other	\$0	\$500	\$500	\$600	\$600	\$600	\$800	\$1,000	\$750	\$1,200	\$1,500	\$1,750
Depreciation	\$369	\$369	\$369	\$369	\$369	\$369	\$369	\$369	\$369	\$369	\$369	\$370
Rent	\$0	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400
Utilities	\$0	\$400	\$400	\$500	\$500	\$400	\$400	\$400	\$400	\$750	\$750	\$850
Insurance	\$0	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Payroll Taxes	20% \$1,000	\$1,000	\$1,100	\$1,100	\$1,000	\$1,100	\$1,100	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
Accountant's Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,200	\$0	\$0	\$600
Total Operating Expenses	\$6,369	\$9,919	\$10,519	\$10,719	\$10,119	\$10,619	\$10,819	\$11,619	\$11,369	\$12,169	\$12,469	\$13,420
Profit Before Interest and Taxes	(\$3,422)	(\$6,747)	(\$5,830)	(\$5,027)	(\$3,032)	(\$2,677)	\$1,331	\$1,926	\$2,626	\$2,087	\$2,134	\$1,925
Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Incurred	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Profit	(\$3,422)	(\$6,747)	(\$5,830)	(\$5,027)	(\$3,032)	(\$2,677)	\$1,331	\$1,926	\$2,626	\$2,087	\$2,134	\$1,925
Net Profit/Sales	-58.49%	-107.09%	-64.35%	-45.70%	-22.46%	-17.27%	5.66%	7.38%	9.55%	7.45%	7.42%	6.35%
Include Negative Taxes												

Appendix Table: Cash Flow

Pro Forma Cash Flow	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Cash Received												
Cash from Operations:												
Cash Sales	\$5,850	\$6,300	\$9,060	\$11,000	\$13,500	\$15,500	\$23,500	\$26,100	\$27,500	\$28,030	\$28,750	\$30,300
Cash from Receivables	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash from Operations	\$5,850	\$6,300	\$9,060	\$11,000	\$13,500	\$15,500	\$23,500	\$26,100	\$27,500	\$28,030	\$28,750	\$30,300
Additional Cash Received												
Non Operating (Other) Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax, VAT, HST/GST Received	0.00% \$0	\$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- 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	\$5,850	\$6,300	\$9,060	\$11,000	\$13,500	\$15,500	\$23,500	\$26,100	\$27,500	\$28,030	\$28,750	\$30,300
Expenditures												
Expenditures from Operations:												
Cash Spending	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Payment of Accounts Payable	\$8,903	\$12,678	\$14,521	\$15,658	\$18,663	\$17,808	\$24,300	\$23,805	\$24,505	\$25,574	\$26,248	\$28,005
Subtotal Spent on Operations	\$8,903	\$12,678	\$14,521	\$15,658	\$18,663	\$17,808	\$24,300	\$23,805	\$24,505	\$25,574	\$26,248	\$28,005
Additional Cash Spent												
Non Operating (Other) Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax, VAT, HST/GST Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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	\$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	\$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	\$8,903	\$12,678	\$14,521	\$15,658	\$18,663	\$17,808	\$24,300	\$23,805	\$24,505	\$25,574	\$26,248	\$28,005
Net Cash Flow	(\$3,053)	(\$6,378)	(\$5,461)	(\$4,658)	(\$5,163)	(\$2,308)	(\$800)	\$2,295	\$2,995	\$2,456	\$2,503	\$2,295
Cash Balance	\$34,948	\$28,570	\$23,109	\$18,452	\$13,289	\$10,982	\$10,182	\$12,477	\$15,472	\$17,928	\$20,430	\$22,725

Appendix Table: Balance Sheet

Pro Forma Balance Sheet

Assets	Starting Balances	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Current Assets													
Cash	\$38,000	\$34,948	\$28,570	\$23,109	\$18,452	\$13,289	\$10,982	\$10,182	\$12,477	\$15,472	\$17,928	\$20,430	\$22,725
Inventory	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$42,500	\$42,500	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
Other Current Assets	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Total Current Assets	\$80,000	\$76,948	\$70,570	\$65,109	\$60,452	\$57,789	\$55,482	\$57,182	\$59,477	\$62,472	\$64,928	\$67,430	\$69,725
Long-term Assets													
Long-term Assets	\$18,350	\$18,350	\$18,350	\$18,350	\$18,350	\$18,350	\$18,350	\$18,350	\$18,350	\$18,350	\$18,350	\$18,350	\$18,350
Accumulated Depreciation	\$0	\$369	\$738	\$1,107	\$1,476	\$1,845	\$2,214	\$2,583	\$2,952	\$3,321	\$3,690	\$4,059	\$4,429
Total Long-term Assets	\$18,350	\$17,981	\$17,612	\$17,243	\$16,874	\$16,505	\$16,136	\$15,767	\$15,398	\$15,029	\$14,660	\$14,291	\$13,921
Total Assets	\$98,350	\$94,929	\$88,182	\$82,352	\$77,326	\$74,294	\$71,618	\$72,949	\$74,875	\$77,501	\$79,588	\$81,721	\$83,646
Liabilities and Capital													
Accounts Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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
Subtotal Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid-in Capital	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000
Retained Earnings	(\$21,650)	(\$21,650)	(\$21,650)	(\$21,650)	(\$21,650)	(\$21,650)	(\$21,650)	(\$21,650)	(\$21,650)	(\$21,650)	(\$21,650)	(\$21,650)	(\$21,650)
Earnings	\$0	(\$3,422)	(\$10,168)	(\$15,998)	(\$21,025)	(\$24,056)	(\$26,733)	(\$25,402)	(\$23,476)	(\$20,850)	(\$18,763)	(\$16,629)	(\$14,704)
Total Capital	\$98,350	\$94,929	\$88,182	\$82,352	\$77,326	\$74,294	\$71,618	\$72,949	\$74,875	\$77,501	\$79,588	\$81,721	\$83,646
Total Liabilities and Capital	\$98,350	\$94,929	\$88,182	\$82,352	\$77,326	\$74,294	\$71,618	\$72,949	\$74,875	\$77,501	\$79,588	\$81,721	\$83,646
Net Worth	\$98,350	\$94,929	\$88,182	\$82,352	\$77,326	\$74,294	\$71,618	\$72,949	\$74,875	\$77,501	\$79,588	\$81,721	\$83,646

Business Plan Depreciation Schedule																	
	Historical Cost	Purchase Date	Opening BV	Dep. Rate (DV)	Dep. (2004-5)	Book value	Weight av	Opening Date	Opening BV (20)05-6	Dep. Rate (DV)	Dep. (2005-6)	Book value	Opening Date	Opening BV (2006-7)	Dep. Rate (DV)	Dep. (2005-6)	Book value
Furniture etc							0.217										
Cupboard	\$500	20/4/2004	\$500	9.5	\$48	\$452		5/1/2005	\$452	9.5	\$43	\$409	5/1/2006	\$409	9.5	\$39	\$370
Furniture	\$8,000	20/4/2004	\$8,000	15	\$1,200	\$6,800		5/1/2005	\$6,800	15	\$1,020	\$5,780	5/1/2006	\$5,780	15	\$867	\$4,913
							0.345										
Plant & Mach																	
Stationery	\$1,000	20/4/2004	\$1,000	22	\$220	\$780		5/1/2005	\$780	22	\$172	\$608	5/1/2006	\$608	22	\$134	\$474
Software	\$300	20/4/2004	\$300	64	\$102	\$198		5/1/2005	\$198	64	\$127	\$71	5/1/2006	\$71	64	\$45	\$26
Appliances	\$1,500	20/4/2004	\$1,500	26	\$390	\$1,110		5/1/2005	\$1,110	26	\$289	\$821	5/1/2006	\$821	26	\$213	\$608
Till	\$1,000	20/4/2004	\$1,000	33	\$330	\$670		5/1/2005	\$670	33	\$221	\$449	5/1/2006	\$449	33	\$148	\$301
Calculators	\$250	20/4/2004	\$250	22	\$55	\$195		5/1/2005	\$195	22	\$43	\$152	5/1/2006	\$152	22	\$65	\$87
Coffee maker	\$1,000	20/4/2004	\$1,000	26	\$260	\$740		5/1/2005	\$740	26	\$192	\$548	5/1/2006	\$548	26	\$142	\$406
Office Eqm't							0.439										
Fax Machine	\$300	20/4/2004	\$300	33	\$99	\$201		5/1/2005	\$201	33	\$66	\$135	5/1/2006	\$135	33	\$45	\$90
Phones	\$1,000	20/4/2004	\$1,000	50	\$500	\$500		5/1/2005	\$500	50	\$250	\$250	5/1/2006	\$250	50	\$125	\$125
Computers	\$2,500	20/4/2004	\$2,500	40	\$1,000	\$1,500		5/1/2005	\$1,500	40	\$600	\$900	5/1/2006	\$900	40	\$360	\$540
Printer	\$500	20/4/2004	\$500	33	\$165	\$335		5/1/2005	\$335	33	\$111	\$224	5/1/2006	\$224	33	\$74	\$150
Cabinets	\$500	20/4/2004	\$500	12	\$60	\$440		5/1/2005	\$440	12	\$53	\$387	5/1/2006	\$387	12	\$46	\$341
TOTAL	\$18,350				\$4,429	\$13,921			\$13,921		\$3,187	\$10,734		\$10,734		\$2,303	\$8,431
Carried to P&L =		\$4,429.00	(Year 1)														
		\$3,187.00	(Year 2)														
		\$2,303.00	(Year 3)														