

Start-up Expenses	
Legal	\$75,500
Consultants	\$0
Insurance	\$62,750
Rent	\$22,500
Research and Development	\$42,750
Expensed Equipment	\$42,750
Signs	\$1,250
TOTAL START-UP EXPENSES	\$247,500
Start-up Assets	\$0
Cash Required	\$322,500
Start-up Inventory	\$52,625
Other Current Assets	\$222,500
Long-term Assets	\$125,000
TOTAL ASSETS	\$121,875
Total Requirements	\$245,000
START-UP FUNDING	\$0
START-UP FUNDING	\$273,125
Start-up Expenses to Fund	\$121,875
Start-up Assets to Fund	\$195,000
TOTAL FUNDING REQUIRED	\$0
Assets	\$203,125
Non-cash Assets from Start-up	\$118,750
Cash Requirements from Start-up	\$0
Additional Cash Raised	\$118,750
Cash Balance on Starting Date	\$121,875
TOTAL ASSETS	\$0
Liabilities and Capital	\$0
Liabilities	\$0
Current Borrowing	\$0
Long-term Liabilities	\$0
Accounts Payable (Outstanding Bills)	\$0
Other Current Liabilities (interest-free)	\$0
TOTAL LIABILITIES	\$0
Capital	\$0
Planned Investment	\$0
Investor 1	\$312,500
Investor 2	\$0
Other	\$0
TOTAL PLANNED INVESTMENT	\$695,000
Loss at Start-up (Start-up Expenses)	\$313,125
TOTAL CAPITAL	\$221,875

TOTAL CAPITAL AND LIABILITIES	\$221,875
Total Funding	\$265,000

Market Analysis							
Potential Customers	Growth	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	CAGR
Individual Customers	34%	11,433	13,344	16,553	18,745	20,545	13.43%
Departmental Stores	48%	22,334	32,344	43,665	52,544	66,432	10.00%
Orphanages	18%	8,322	9,455	10,655	12,867	14,433	15.32%
Total	100%	42,089	55,143	70,873	84,156	101,410	9.54%

Sales Forecast			
Unit Sales	Year 1	Year 2	Year 3
Leggings and pull on pants	187,330	260,320	258,240
One-piece outfits	802,370	815,430	823,540
Pajamas and sleepers	539,320	770,230	1,002,310
Jackets and sweaters	265,450	322,390	393,320
Shirts and pants	1,435,320	1,250,430	1,762,450
Wearable blankets	134,240	394,340	842,230
TOTAL UNIT SALES	3,364,030	3,813,140	5,082,090
Unit Prices	Year 1	Year 2	Year 3
Leggings and pull on pants	\$140.00	\$150.00	\$160.00
One-piece outfits	\$600.00	\$800.00	\$1,000.00
Pajamas and sleepers	\$700.00	\$800.00	\$900.00
Jackets and sweaters	\$650.00	\$750.00	\$850.00
Shirts and pants	\$140.00	\$120.00	\$100.00
Wearable blankets	\$1,150.00	\$1,300.00	\$1,450.00
Sales			
Leggings and pull on pants	\$214,800	\$274,000	\$333,200
One-piece outfits	\$120,050	\$194,500	\$268,500
Pajamas and sleepers	\$50,110	\$71,600	\$93,000
Jackets and sweaters	\$139,350	\$194,600	\$249,850
Shirts and pants	\$62,350	\$72,300	\$82,250
Wearable blankets	\$229,500	\$365,500	\$501,500
TOTAL SALES			
Direct Unit Costs	Year 1	Year 2	Year 3
Leggings and pull on pants	\$0.70	\$0.80	\$0.90
One-piece outfits	\$0.40	\$0.45	\$0.50

Pajamas and sleepers	\$0.30	\$0.35	\$0.40
Jackets and sweaters	\$3.00	\$3.50	\$4.00
Shirts and pants	\$0.70	\$0.75	\$0.80
Wearable blankets	\$3.00	\$3.50	\$4.00
Direct Cost of Sales			
Leggings and pull on pants	\$98,300	\$183,000	\$267,700
One-piece outfits	\$66,600	\$119,900	\$173,200
Pajamas and sleepers	\$17,900	\$35,000	\$52,100
Jackets and sweaters	\$19,400	\$67,600	\$115,800
Shirts and pants	\$27,700	\$69,200	\$110,700
Wearable blankets	\$64,200	\$224,700	\$385,200
Subtotal Direct Cost of Sales	\$294,100	\$699,400	\$1,104,700

7.2 Average Salary of Employees

Personnel Plan			
	Year 1	Year 2	Year 3
General Manager	\$85,000	\$95,000	\$105,000
Accountant	\$45,000	\$52,000	\$59,000
Engineers	\$66,000	\$73,000	\$80,000
Sales and Marketing Executives	\$145,000	\$152,000	\$159,000
Workers for Facility	\$55,000	\$65,000	\$75,000
Field Employees	\$410,000	\$440,000	\$480,000
Drivers	\$60,000	\$63,300	\$70,000
Front Desk Officer	\$20,000	\$23,300	\$30,000
Total Salaries	\$801,000	\$868,600	\$953,000

8.1 Important Assumptions

General Assumptions			
	Year 1	Year 2	Year 3
Plan Month	1	2	3
Current Interest Rate	10.00%	11.00%	12.00%
Long-term Interest Rate	10.00%	10.00%	10.00%
Tax Rate	26.42%	27.76%	28.12%
Other	0	0	0

8.2 Brake-even Analysis

Brake-Even Analysis	
Monthly Units Break-even	5530

Monthly Revenue Break-even	\$159,740
Assumptions:	
Average Per-Unit Revenue	\$260.87
Average Per-Unit Variable Cost	\$0.89
Estimated Monthly Fixed Cost	\$196,410

Pro Forma Cash Flow			
	Year 1	Year 2	Year 3
Cash Received			
Cash from Operations			
Cash Sales	\$40,124	\$45,046	\$50,068
Cash from Receivables	\$7,023	\$8,610	\$9,297
SUBTOTAL CASH FROM OPERATIONS	\$47,143	\$53,651	\$59,359
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	\$47,143	\$53,651	\$55,359
Expenditures	Year 1	Year 2	Year 3
Expenditures from Operations			
Cash Spending	\$21,647	\$24,204	\$26,951
Bill Payments	\$13,539	\$15,385	\$170,631
SUBTOTAL SPENT ON OPERATIONS	\$35,296	\$39,549	\$43,582
Additional Cash Spent			
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	\$35,296	\$35,489	\$43,882
Net Cash Flow	\$11,551	\$13,167	\$15,683
Cash Balance	\$21,823	\$22,381	\$28,239

8.4 Projected Cash Flow

Pro Forma Profit And Loss			
	Year 1	Year 2	Year 3
Sales	\$309,069	\$385,934	\$462,799
Direct Cost of Sales	\$15,100	\$19,153	\$23,206
Other	\$0	\$0	\$0
TOTAL COST OF SALES	\$15,100	\$19,153	\$23,206
Gross Margin	\$293,969	\$366,781	\$439,593
Gross Margin %	94.98%	94.72%	94.46%
Expenses			
Payroll	\$138,036	\$162,898	\$187,760
Sales and Marketing and Other Expenses	\$1,850	\$2,000	\$2,150
Depreciation	\$2,070	\$2,070	\$2,070
Leased Equipment	\$0	\$0	\$0
Utilities	\$4,000	\$4,250	\$4,500
Insurance	\$1,800	\$1,800	\$1,800
Rent	\$6,500	\$7,000	\$7,500
Payroll Taxes	\$34,510	\$40,726	\$46,942
Other	\$0	\$0	\$0
Total Operating Expenses	\$188,766	\$220,744	\$252,722
Profit Before Interest and Taxes	\$105,205	\$146,040	\$186,875
EBITDA	\$107,275	\$148,110	\$188,945
Interest Expense	\$0	\$0	\$0
Taxes Incurred	\$26,838	\$37,315	\$47,792
Net Profit	\$78,367	\$108,725	\$139,083
Net Profit/Sales	30.00%	39.32%	48.64%

8.5 Projected Balance Sheet

Pro Forma Balance Sheet			
	Year 1	Year 2	Year 3
Assets			
Current Assets			
Cash	\$184,666	\$218,525	\$252,384
Accounts Receivable	\$12,613	\$14,493	\$16,373
Inventory	\$2,980	\$3,450	\$3,920
Other Current Assets	\$1,000	\$1,000	\$1,000
TOTAL CURRENT ASSETS	\$201,259	\$237,468	\$273,677
Long-term Assets			
Long-term Assets	\$10,000	\$10,000	\$10,000
Accumulated Depreciation	\$12,420	\$14,490	\$16,560
TOTAL LONG-TERM ASSETS	\$980	\$610	\$240
TOTAL ASSETS	\$198,839	\$232,978	\$267,117
Liabilities and Capital	Year 1	Year 2	Year 3

Current Liabilities			
Accounts Payable	\$9,482	\$10,792	\$12,102
Current Borrowing	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0
SUBTOTAL CURRENT LIABILITIES	\$9,482	\$10,792	\$12,102
Long-term Liabilities	\$0	\$0	\$0
TOTAL LIABILITIES	\$9,482	\$10,792	\$12,102
Paid-in Capital	\$30,000	\$30,000	\$30,000
Retained Earnings	\$48,651	\$72,636	\$96,621
Earnings	\$100,709	\$119,555	\$138,401
TOTAL CAPITAL	\$189,360	\$222,190	\$255,020
TOTAL LIABILITIES AND CAPITAL	\$198,839	\$232,978	\$267,117
Net Worth	\$182,060	\$226,240	\$270,420

8.6 Business Ratios

Ratio Analysis				
	Year 1	Year 2	Year 3	INDUSTRY PROFILE
Sales Growth	4.35%	30.82%	63.29%	4.00%
Percent of Total Assets				
Accounts Receivable	5.61%	4.71%	3.81%	9.70%
Inventory	1.85%	1.82%	1.79%	9.80%
Other Current Assets	1.75%	2.02%	2.29%	27.40%
Total Current Assets	138.53%	150.99%	163.45%	54.60%
Long-term Assets	-9.47%	-21.01%	-32.55%	58.40%
TOTAL ASSETS	100.00%	100.00%	100.00%	100.00%
Current Liabilities	4.68%	3.04%	2.76%	27.30%
Long-term Liabilities	0.00%	0.00%	0.00%	25.80%
Total Liabilities	4.68%	3.04%	2.76%	54.10%
NET WORTH	99.32%	101.04%	102.76%	44.90%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	94.18%	93.85%	93.52%	0.00%
Selling, General & Administrative Expenses	74.29%	71.83%	69.37%	65.20%
Advertising Expenses	2.06%	1.11%	0.28%	1.40%
Profit Before Interest and Taxes	26.47%	29.30%	32.13%	2.86%
Main Ratios				
Current	25.86	29.39	32.92	1.63
Quick	25.4	28.88	32.36	0.84
Total Debt to Total Assets	2.68%	1.04%	0.76%	67.10%

Pre-tax Return on Net Worth	66.83%	71.26%	75.69%	4.40%
Pre-tax Return on Assets	64.88%	69.75%	74.62%	9.00%
Additional Ratios	Year 1	Year 2	Year 3	
Net Profit Margin	19.20%	21.16%	23.12%	N.A.
Return on Equity	47.79%	50.53%	53.27%	N.A.
Activity Ratios				
Accounts Receivable Turnover	4.56	4.56	4.56	N.A.
Collection Days	92	99	106	N.A.
Inventory Turnover	19.7	22.55	25.4	N.A.
Accounts Payable Turnover	14.17	14.67	15.17	N.A.
Payment Days	27	27	27	N.A.
Total Asset Turnover	1.84	1.55	1.26	N.A.
Debt Ratios				
Debt to Net Worth	0	-0.02	-0.04	N.A.
Current Liab. to Liab.	1	1	1	N.A.
Liquidity Ratios				
Net Working Capital	\$120,943	\$140,664	\$160,385	N.A.
Interest Coverage	0	0	0	N.A.
Additional Ratios				
Assets to Sales	0.45	0.48	0.51	N.A.
Current Debt/Total Assets	4%	3%	2%	N.A.
Acid Test	23.66	27.01	30.36	N.A.
Sales/Net Worth	1.68	1.29	0.9	N.A.
Dividend Payout	0	0	0	N.A.