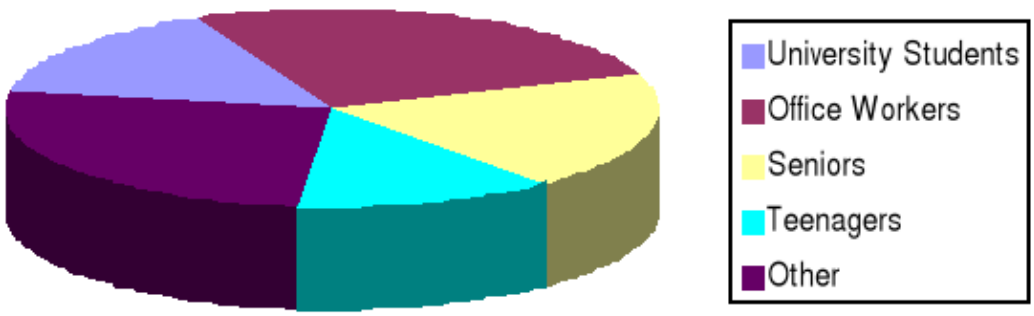
Highlights

The renovation/modification cost estimate will include the costs associated with preparing the site for opening business.

Start−up

Start−up Plan	
Start−up Expenses	
Legal	£500
Brochures	£600
Consultants	£2,000
Insurance	£700
Rent	£1,445
4−group Automatic Coffee Machine	£10,000
Coffee Grinder	£795
Computer Systems (x2)	£1500
Cooker	£800
Fridge	£600
Freezer	£700
Fume−fan	£200
Communication Lines	£140
Fixtures / Re−model	£20,000
Other	£0
Total Start−up Expense	**£40,480**
Start−up Assets Needed	
Cash Requirements	£24,000
Start−up inventory	£2,000
Other Short−term Assets	£0
Total Short−term Assets	£26,000
Long−term Assets	£0
Total Assets	**£26,000**
Total Start−up Requirements:	**£66,480**
Left to finance:	**£24,000**
Start−up Funding Plan	
Investment	
Owners	£13,000
Investors	£18,000
Other	£0
Total investment	**£31,000**
Short−term Liabilities	

Unpaid Expenses	£0
Short−term Loans	£9,290
Interest−free Short−term Loans	£0
Subtotal Short−term Liabilities	**£9,290**
Long−term Liabilities	£24,000
Total Liabilities	**£33,290**
Loss at Start−up	(£38,290)
Total Capital	(£7,290)
Total Capital and Liabilities	**£26,000**
Check−line	£0



Market Analysis (Pie)

Market Analysis							
Potential Customers	**Growth**	**1999**	**2000**	**2001**	**2002**	**2003**	**CAGR**
University Students	4%	15,000	15,600	16,224	16,873	17,548	4.00%
Office Workers	3%	25,000	25,750	26,523	27,319	28,139	3.00%
Seniors	5%	18,500	19,425	20,396	21,416	22,487	5.00%
Teenagers	2%	12,500	12,750	13,005	13,265	13,530	2.00%
Other	0%	25,000	25,000	25,000	25,000	25,000	0.00%
Total	**2.68%**	**96,000**	**98,525**	**101,148**	**103,873**	**106,704**	**2.68%**

5.4.1 Sales Forecast

Sales Monthly

Sales Forecast			
Unit Sales	**2003**	**2004**	**2005**
Coffee (based on average)	12,015	14,068	15,475
Speciality Beverages (based on average)	6,654	7,913	8,705
Baked Goods (based on average)	32,673	42,150	46,365
Other	0	0	0
Total Unit Sales	**51,342**	**64,135**	**70,544**
Unit Prices	**2003**	**2004**	**2005**
Coffee (based on average)	£1.00	£1.00	£1.00
Speciality Beverages (based on average)	£3.00	£3.00	£3.00
Baked Goods (based on average)	£1.25	£1.25	£1.25
Other	£0.00	£0.00	£0.00

Milestones					
Milestone	**Start Date**	**End Date**	**Budget**	**Manager**	**Department**
Business Plan	1/1/00	2/1/00	£1,000	Owners	Admin
Secure Start−up Funding	2/15/00	3/1/00	£1,000	Owners	Admin
Site Selection	3/1/00	3/15/00	£1,000	Owners	Admin
Architect Designs	4/1/00	5/1/00	£1,000	Owners	Admin
Designer Proposal	4/1/00	4/15/00	£1,000	Owners	Admin
Year 1 Plan	6/1/00	6/5/00	£1,000	Owners	Admin
Personnel Plan	7/1/00	7/10/00	£1,000	Owners	Admin
Accounting Plan	7/1/00	7/5/00	£1,000	Owners	Admin
Licensing	9/1/00	9/15/00	£1,000	Owners	Admin
Totals			**£10,000**		

Expenditures on staff

Personnel Plan			
Personnel	**2003**	**2004**	**2005**
Owner	£24,000	£26,400	£29,040
Part Time 1	£7,920	£7,920	£7,920
Part Time 2	£7,920	£7,920	£7,920
Part Time 3	£7,920	£7,920	£7,920
Part Time 4	£7,920	£7,920	£7,920
Part Time 5	£3,960	£7,920	£7,920
Part Time 6	£7,920	£7,920	£7,920

Manager	£4,000	£24,000	£26,400
Other	£0	£0	£0
Total Payroll	**£71,72**	**£97,94**	**£102,98**
Total Headcount	0	0	0
Payroll Burden	**£13,994**	**£18,274**	**£19,388**
Total Payroll Expenditures	**£85,71**	**£116,21**	**£122,37**

7.1 Important Assumptions

General Assumptions			
	2003	**2004**	**2005**
Short−term Interest Rate %	10.00%	10.00%	10.00%
Long−term Interest Rate %	10.00%	10.00%	10.00%
Payment Days Estimator	30	30	30
Inventory Turnover Estimator	48.00	48.00	48.00
Tax Rate %	25.00%	25.00%	25.00%
Expenses in Cash %	10.00%	10.00%	10.00%
Personnel Burden %	15.00%	15.00%	15.00%

7.2 Key Financial Indicators

Profit Monthly

7.3 Break−even Analysis

Break Even Analysis:	
Monthly Units Break−even	20,000
Monthly Sales Break−even	£20,000
Assumptions:	
Average Per−Unit Revenue	£1.00
Average Per−Unit Variable Cost	£0.50
Estimated Monthly Fixed Cost	£10,000

Break−Even Analysis

Units break−even point = where Total costs intersects with Sales revenue

7.4 Projected Profit and Loss

Profit and Loss (Income Statement)			
	2003	**2004**	**2005**
Sales	£248,878	£303,549	£333,904
Direct Cost of Sales	£62,220	£75,887	£83,476
Other	£0	£0	£0
	–––––––––––	–––––––––––	–––––––––––

Total Cost of Sales	£62,220	£75,887	£83,476
Gross Margin	**£186,659**	**£227,662**	**£250,428**
Gross Margin %	75.00%	75.00%	75.00%
Operating expenses:			
Advertising/Promotion	£25,000	£25,000	£28,000
Travel	£750	£0	£0
Miscellaneous	£12,000	£12,000	£12,000
Payroll Expense	£93,291	£121,824	£129,254
Payroll Burden	£13,994	£18,274	£19,388
Depreciation	£0	£0	£0
Utilities	£18,000	£18,000	£18,000
Insurance	£6,000	£6,000	£6,000
Rent	£24,000	£24,000	£24,000
Contract/Consultants	£6,000	£3,000	£3,000
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Total Operating Expenses	**£199,034**	**£228,097**	**£239,642**
Profit Before Interest and Taxes	(£12,376)	(£436)	£10,785
Interest Expense Short−term	£439	£0	£0
Interest Expense Long−term	£1,880	£1,190	£700
Taxes Incurred	(£3,674)	(£406)	£2,521
Net Profit	**(£11,021)**	**(£1,219)**	**£7,564**
Net Profit/Sales	**−4.43%**	**−0.40%**	**2.27%**

7.5 Projected Cash Flow

Cash

Pro−Forma Cash Flow			
	2003	**2004**	**2005**
Net Profit	(£11,021)	(£1,219)	£7,564
Plus:			
Depreciation	£0	£0	£0
Change in Accounts Payable	£12,433	£1,036	£1,049
Current Borrowing (repayment)	(£9,290)	£0	£0
Increase (decrease) Other Liabilities	£0	£0	£0
Long−term Borrowing (repayment)	(£9,600)	(£5,000)	(£4,800)
Capital Input	£0	£0	£0
Subtotal	**(£17,478)**	**(£5,184)**	**£3,813**
Less:	**2003**	**2004**	**2005**
Change in Inventory	(£255)	£383	£213
Change in Other Short−term Assets	£0	£0	£0
Capital Expenditure	£0	£0	£0
Dividends	£0	£0	£0
Subtotal	**(£255)**	**£383**	**£213**

Net Cash Flow	**(£17,224)**	**(£5,567)**	**£3,600**
Cash Balance	£6,776	£1,209	£4,809

7.6 Projected Balance Sheet

Pro−forma Balance Sheet			
Assets			
Short−term Assets	**2003**	**2004**	**2005**
Cash	£6,776	£1,209	£4,809
Inventory	£1,745	£2,129	£2,342
Other Short−term Assets	£0	£0	£0
Total Short−term Assets	£8,522	£3,338	£7,151
Long−term Assets			
Capital Assets	£0	£0	£0
Accumulated Depreciation	£0	£0	£0
Total Long−term Assets	£0	£0	£0
Total Assets	**£8,522**	**£3,338**	**£7,151**
Liabilities and Capital			
	2003	**2004**	**2005**
Accounts Payable	£12,433	£13,469	£14,518
Short−term Notes	£0	£0	£0
Other Short−term Liabilities	£0	£0	£0
Subtotal Short−term Liabilities	£12,433	£13,469	£14,518
Long−term Liabilities	£14,400	£9,400	£4,600
Total Liabilities	**£26,833**	**£22,869**	**£19,118**
Paid in Capital	£31,000	£31,000	£31,000
Retained Earnings	(£38,290)	(£49,311)	(£50,531)
Earnings	(£11,021)	(£1,219)	£7,564
Total Capital	**(£18,311)**	**(£19,531)**	**(£11,967)**
Total Liabilities and Capital	**£8,522**	**£3,338**	**£7,151**
Net Worth	**(£18,311)**	**(£19,531)**	**(£11,967)**

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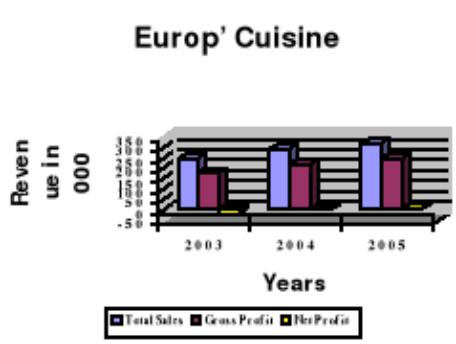

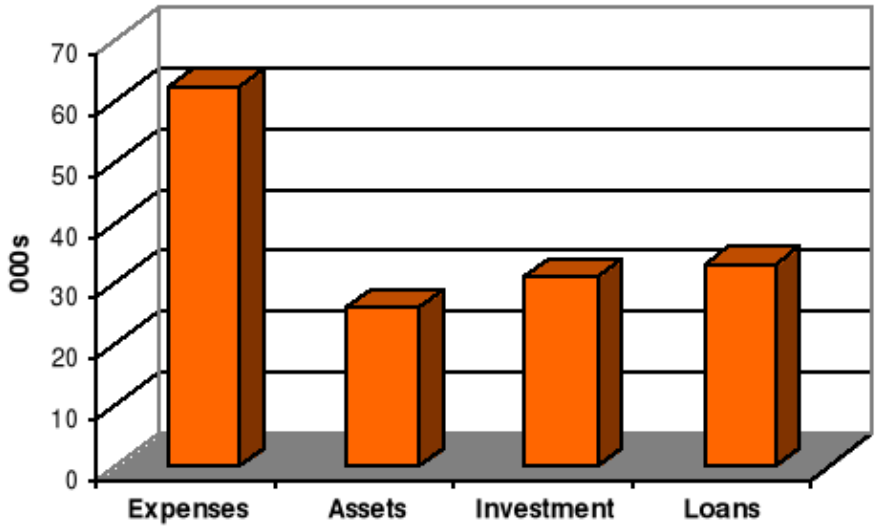

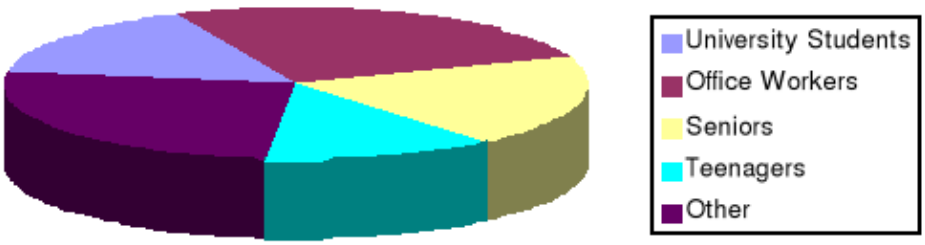

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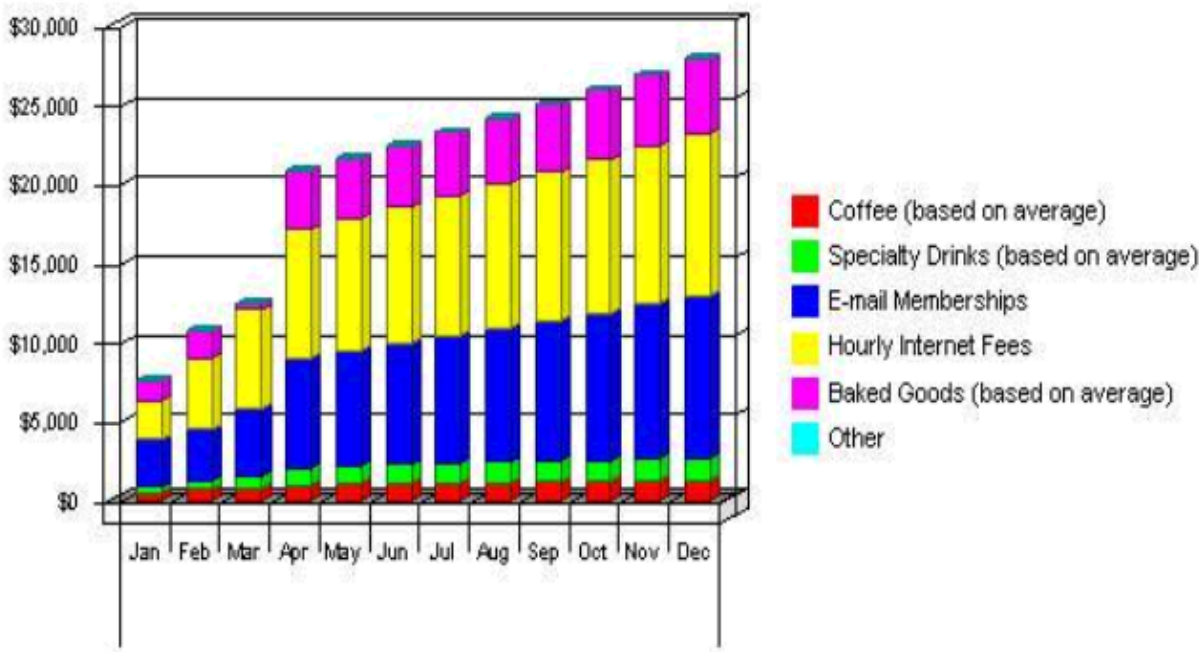
Months


$30,000
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Jan
Feb
Mar
Apr
May
Jun
Jul
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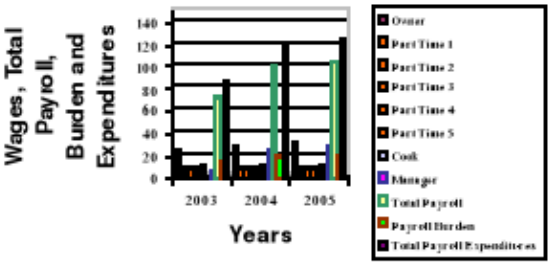
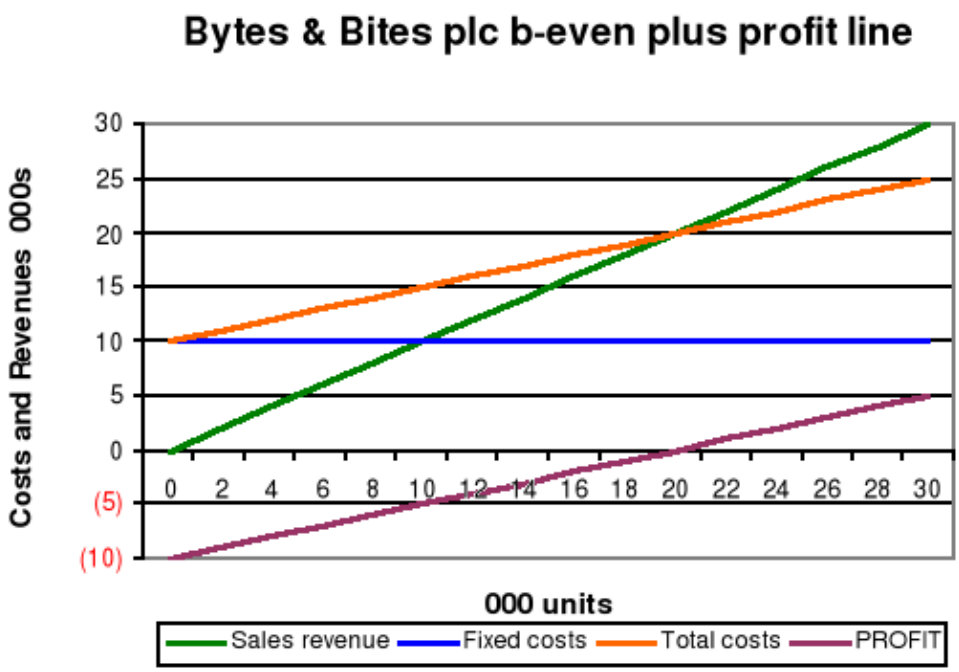
Sep
Oct
Nov
Dec
Coffee (based on average)
Specialty Drinks (based on average)
E-mail Memberships
Hourly Internet Fees
Baked Goods (based on average)
Other


Wages, Total Payroll, Burden and Expenditures
140
120
100
80
60
40
20
0
2003
2004
2005
Years
Owner
Part Time 1
Part Time 2
Part Time 3
Part Time 4
Part Time 5
Cook
Manager
Total Payroll
Payroll Burden
Total Payroll Expenditures


Bytes & Bites plc b-even plus profit line
Costs and Revenues 000s
30
25
20
15
10
5
0
(5)
(10)
0 2 4 6 8 10 12 14 16 18 20 22 24 26 28 30
000 units
Sales revenue
Fixed costs
Total costs
PROFIT