

ABC

Grocery Store

Financial Plan 2019-2020

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Investment breakdown

(CAD\$)

Investment

Amount

Start-up expenses

3,360.00

Furniture & fixtures

6,043.00

Office equipment

3,080.00

Electronic equipment

20,877.00

Vehicles

25,000.00

Start-up inventory

100,000.00

Store lease (6 months)

39,000.00

Wages cashiers (6 months)

19,472.90

Operational expenses (6 months)

44,175.00

Total investment

301,007.90

Rationale

General

| | |
|-------------------------|---|
| Projection time horizon | 2 years |
| Basis | 2 years annual summarised. |
| Sales | Revenue assumptions are based on competitor data and sales per square foot. Growth may be more than anticipated depending on the amount of retail space in the area. The location will be important. Proximity to major highways is important for revenues. |

Balance sheet

| | |
|-----------------------------|---|
| Cash/Bank | Cash balance is derived from the ending balance of the beginning period plus cash flow forecast. |
| Debtors/Accounts receivable | Accounts receivables are calculated with an estimated 25% sales on credit with 25% collected in 30 days from credit card companies. |
| Stock/Inventory | Based on the minimum stock level of each product line (see the inventory schedule for details). The beginning inventory not sold in any period is carried forward to the next period accordingly. |
| Short term investments | It includes savings and short term marketable securities (for example, bonds and notes, commercial paper). |
| Other current assets | It includes notes receivable, investments, marketable securities (for example, bonds and notes, commercial paper, and/or stock and bond investments in other companies). |
| Bonds & Securities | It includes investments and long term marketable securities (for example, bonds, notes, commercial paper, and/or stock and bond investments in other companies). |
| Fixed assets | Includes the original book value of the assets. (see the depreciable assets 5 year summary for details of depreciable assets by asset type) |
| Depreciation | Depreciation is provided for physical properties on a straight-line, double declining balance, double-declining balance, sum-of-the-years-digits basis and the estimated useful life of the property as follows: Buildings = 40 years, Office equipment = 5 years, Automobiles = 4 years, Office equipment = 5 years, Furniture & Fixtures = 5 years, Machinery = 10 years, Leasehold improvements = 15 years, Start-up costs = 2 years. |
| Creditors/Accounts payable | Estimated by utilizing 30 days payable and the expense items that are due. It includes any unpaid accumulated interest from deferred loans. |
| Suppliers' credit | Derived by utilizing 75% purchases on credit and 25% cash purchases. |
| Sales tax | Sales tax payable as calculated in the sales tax accounts. |
| Sales tax | Sales tax payable as calculated in the sales tax accounts. |
| Income tax | The company income tax payable estimated at 12% of the taxable income. |
| Shareholders' capital | Consists of the initial shareholders' investment of \$100,000. |
| Retained earnings | Previous year's net earnings (net profit) not paid out as dividends. |

Cash flow

| | |
|---------------------------------|--|
| Cash sales | Estimated 75% cash sales. |
| Collections from debtors | Accounts receivables are calculated with an estimated 25% sales on credit with 25% collected in 30 days from credit card companies. |
| Sales tax in | Total GST in minus Total GST out as calculated in the sales tax accounts. |
| Cash purchases | Estimated 25% cash purchases. |
| Suppliers payments | Derived by utilizing 75% purchases on credit and 25% cash purchases. |
| Other cost of goods | Includes any sales commissions, packaging, and shipping. |
| Operating expenses | Estimates are based on current market data and cost of goods sold. It includes expense items paid in cash and the creditors payments such as interest expense. |
| Short/Long term loans repayment | Principal repayments, excluding interest. |
| Change in other current assets | Adjustments of other current assets (increase/decrease) in the beginning and ending particular period. |
| Sales tax payments/refunds | Paid on a quarterly basis. A negative amount is a refund. |
| Dividends | 0% of the net earnings paid on an annual basis. |

Investment budget

Shareholders' capital

Beginning common stock

| | |
|---------------------------|----------------|
| No. of shares issued | 1,000 |
| Issue price / Par value | 300.00 |
| Common stock value | 300,000 |

Start-up costs

(CAD\$)

| Expendable | | Amount |
|--------------------------------|-------|---------------|
| Licenses and permits | | 1,000 |
| Professional fees | | 2,000 |
| Subtotal | | 3,000 |
| GST % | 12.0% | 360 |
| Total start-up expenses | | 3,360 |

Investments

| | Start date | Useful life (years) | Book value | Salvage value | Depreciation method |
|---------------------------------|------------|---------------------|------------|---------------|---------------------|
| Licenses and permits | | | | | |
| | Jan 2019 | 5 | 3,080 | | SLN |
| Equipment | | | | | |
| | Jan 2019 | 3 | 20,877 | 500 | SLN |
| Furniture & Fixtures | | | | | |
| Office | Jan 2019 | 5 | 22,238 | | SLN |
| Storage | Jan 2019 | 5 | 3,315 | | SLN |
| Furniture & fixtures | Jan 2019 | 5 | 18,140 | | SLN |
| Other | Jan 2019 | 5 | 2,350 | | SLN |
| Vehicles | | | | | |
| Minivan | Jan 2019 | 8 | 25,000 | 2,500 | SLN |

Beginning balance sheet

(CAD\$)

ASSETS

01/01/19

Current assets

| | |
|-----------------------------|----------------|
| Cash/Bank | 197,000 |
| Start-up costs | 3,000 |
| Stock/Inventory | 100,000 |
| Total current assets | 300,000 |

Fixed assets

| | |
|--------------------------------|----------------|
| Office equipment | |
| Furniture & Fixtures | |
| Machinery | |
| Vehicles | |
| Less: Accumulated depreciation | |
| Total fixed assets | 0 |
| TOTAL ASSETS | 300,000 |

LIABILITIES AND EQUITY

Current liabilities

| | |
|----------------------------------|----------|
| Suppliers' credit | |
| Short term loans | |
| Total current liabilities | 0 |

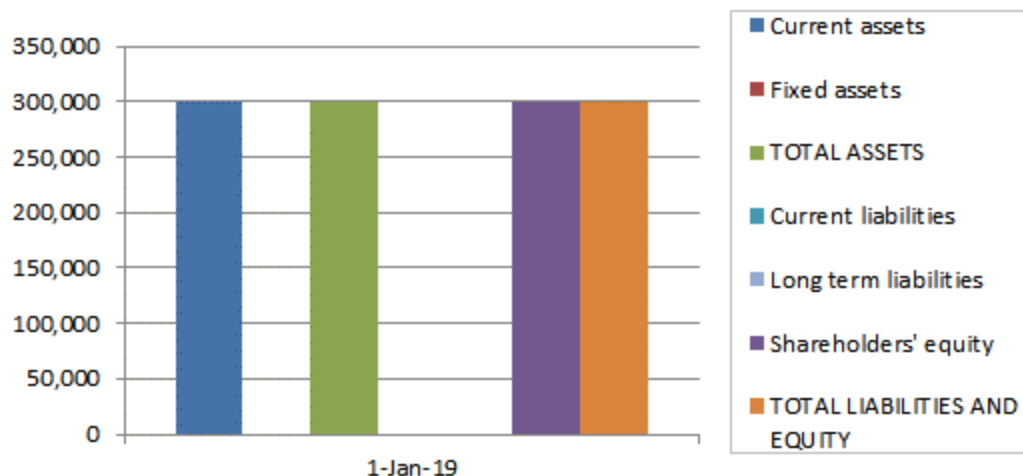
Long term liabilities

| | |
|------------------------------------|----------|
| Long term loans | |
| Total long term liabilities | 0 |

Shareholders' equity

| | |
|-------------------------------------|----------------|
| Common stock | 300,000 |
| TOTAL LIABILITIES AND EQUITY | 300,000 |

Beginning balance sheet
per main item



Personnel plan

(CAD\$)

| | 2019 | 2020 |
|-------------------|---------------|---------------|
| Management | | |
| Headcount | 1 | 1 |
| Payroll | 36,960 | 37,699 |
| Bonuses | | |
| Payroll burden | 2,550 | 2,601 |
| Total cost | 39,510 | 40,300 |
| Store | | |
| Headcount | 2 | 2 |
| Payroll | 36,432 | 36,432 |
| Bonuses | | |
| Payroll burden | 2,514 | 2,514 |
| Total cost | 38,946 | 38,946 |

Overall total

| | |
|----------------------|--|
| Headcount | |
| Payroll | |
| Bonuses | |
| Payroll burden | |
| Total personnel cost | |

Total headcount by department



Total personnel cost by department



Sales projection

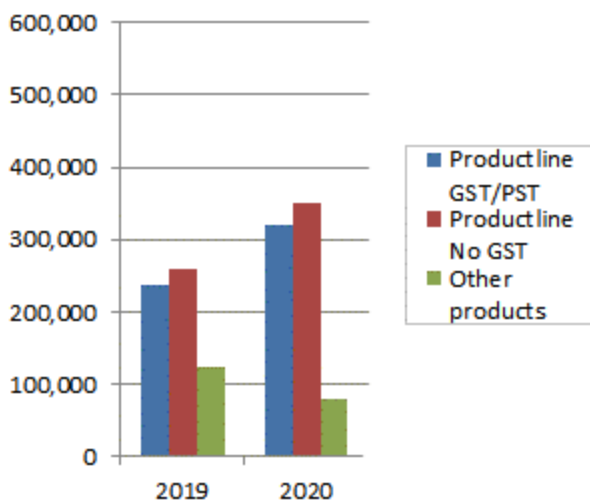
(CAD\$)

| | 2019 | 2020 |
|-------------------------------------|----------------|----------------|
| Productline GST/PST | | |
| Main products | 225,000 | 303,750 |
| Rebates & allowances | 12,000 | 16,200 |
| Net sales | 237,000 | 319,950 |
| Cost of goods | 114,750 | 157,950 |
| Cost of goods % | 48.4% | 49.4% |
| Gross profit | 122,250 | 162,000 |
| Productline No GST | | |
| Milk, bread, fish, vegetables, etc. | 260,000 | 351,000 |
| Net sales | 260,000 | 351,000 |
| Cost of goods | 132,600 | 187,000 |
| Cost of goods % | 51.0% | 53.3% |
| Gross profit | 127,400 | 164,000 |
| Other products | | |
| Household, utility, etc.. | 124,000 | 175,000 |
| Net sales | 124,000 | 175,000 |
| Cost of goods | 63,240 | 89,000 |
| Cost of goods % | 51.0% | 50.9% |
| Gross profit | 60,760 | 86,000 |

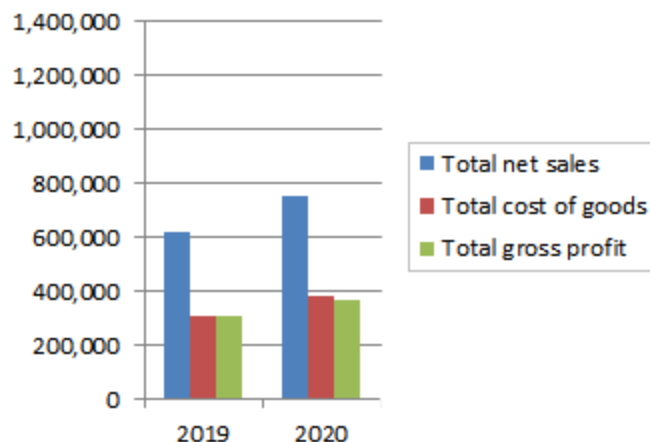
Overall total sales

| | | |
|------------------------------|----------------|----------------|
| Total net sales | 621,000 | 845,950 |
| Total cost of goods | 310,590 | 433,950 |
| Total gross profit | 310,410 | 412,000 |
| Total GST | 10,000 | 10,000 |
| Total sales incl. GST | 631,000 | 855,950 |

Total sales per productline



Total sales summary

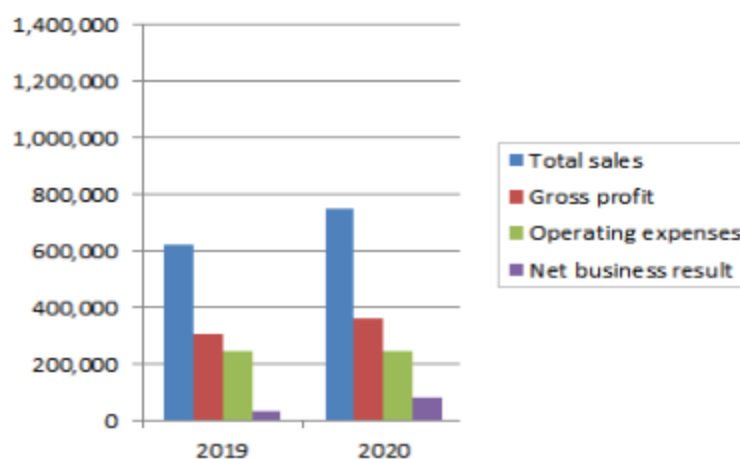


Income statement

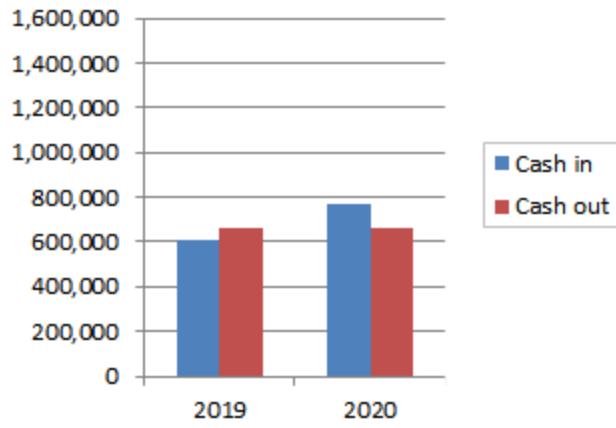
(CAD\$)

| | 2019 | % | 2020 | % |
|---------------------------------|---------|--------|---------|--------|
| Revenue on operations | | | | |
| Total sales | 614,790 | 100.0% | 742,748 | 100.0% |
| Cost of goods sold | 310,590 | 50.5% | 380,913 | 51.3% |
| Gross profit | 304,200 | 49.5% | 361,835 | 48.7% |
| Operating expenses | | | | |
| General & Administrative | 105,600 | 17.2% | 109,212 | 14.7% |
| Personnel | 78,456 | 12.8% | 79,246 | 10.7% |
| Promotion | 34,700 | 5.6% | 34,700 | 4.7% |
| Insurance | 5,000 | 0.8% | 5,000 | 0.7% |
| Transportation | 21,050 | 3.4% | 21,050 | 2.8% |
| Total operating expenses | 247,806 | 40.3% | 249,208 | 33.6% |
| EBITDA | 56,394 | 9.2% | 112,626 | 15.2% |
| Depreciation & Amortization | 19,429 | 3.2% | 19,429 | 2.6% |
| Interest | | | | |
| Stock issue costs | | | | |
| Net profit / loss | 36,965 | 6.0% | 93,197 | 12.5% |
| Company tax | 4,436 | 0.7% | 11,113 | 1.5% |
| Net business result | 32,529 | 5.3% | 82,084 | 11.0% |
| Break-even sales | 500,817 | 81.5% | 500,817 | 67.4% |
| EBITDA per share | 56.39 | | 112.63 | |
| Earnings per share | 32.53 | | 82.08 | |

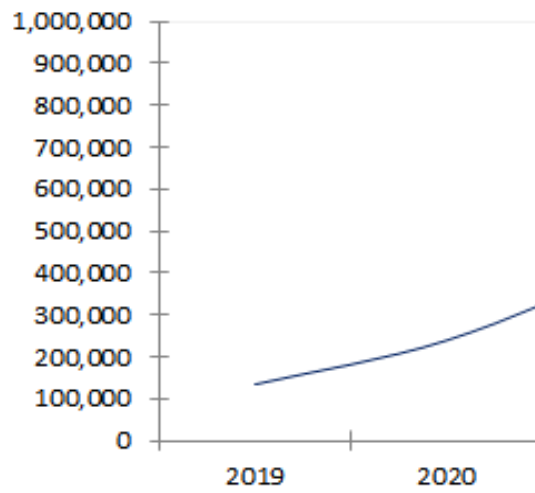
Profit and Loss projected



Cash in / Cash out per year



Cash flow 2 years



Balance sheet projection

(CAD\$)

ASSETS

31/12/19 31/12/20

Current assets

| | | |
|-----------------------------|----------------|----------------|
| Cash/Bank | 135,852 | 241,001 |
| Debtors/Accounts receivable | 25,740 | 28,673 |
| Stock/Inventory | 115,000 | 115,000 |
| Total current assets | 276,592 | 384,674 |

Fixed assets

| | | |
|--------------------------------|----------------|----------------|
| Office equipment | 23,957 | 23,957 |
| Furniture & Fixtures | 46,043 | 46,043 |
| Vehicles | 25,000 | 25,000 |
| Less: Accumulated depreciation | 19,429 | 38,859 |
| Total fixed assets | 75,571 | 56,141 |
| TOTAL ASSETS | 352,163 | 440,815 |

LIABILITIES AND EQUITY

Current liabilities

| | | |
|----------------------------------|---------------|---------------|
| Sales tax payable | 15,198 | 15,089 |
| Income tax payable | 4,436 | 11,183 |
| Total current liabilities | 19,634 | 26,272 |

Long term liabilities

Long term loans

Total long term liabilities

Shareholders' equity

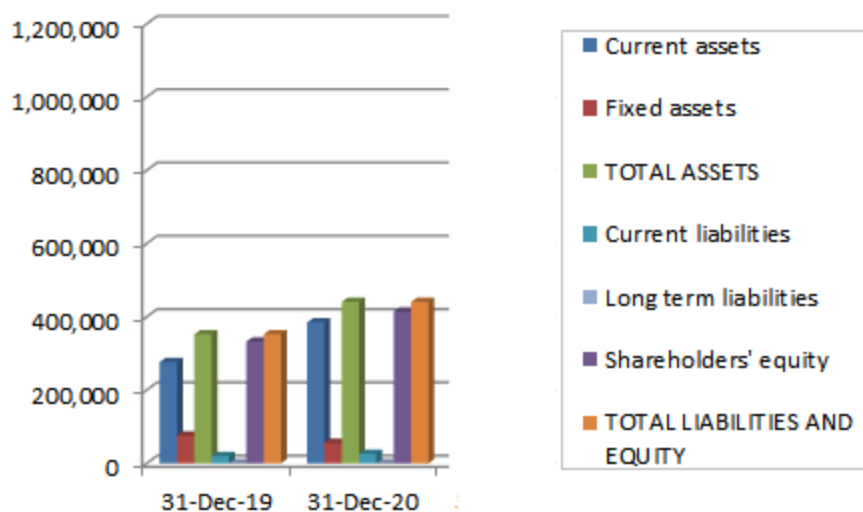
| | | |
|-----------------------------------|----------------|----------------|
| Common stock | 300,000 | 300,000 |
| Retained earnings | 32,529 | 32,529 |
| Dividends payable | | |
| Total shareholders' equity | 332,529 | 332,529 |

| | | |
|-------------------------------------|----------------|----------------|
| TOTAL LIABILITIES AND EQUITY | 352,163 | 440,815 |
|-------------------------------------|----------------|----------------|

Number of shares issued

Net asset value per share

Balance sheet per main item



Projected ratios

Profitability ratios & Break even

| | 2019 | 2020 |
|--|---------|---------|
| Gross profit margin % | 49.5% | 48.7% |
| Return on assets | 10.8% | 23.3% |
| Return on equity | 10.8% | 24.7% |
| Break even point (CAD\$) | 500,817 | 511,557 |
| Break-even sales monthly average (CAD\$) | 41,273 | 42,236 |

Liquidity ratios

| | | |
|-------------------|-------|-------|
| Current ratio | 14.09 | 14.64 |
| Quick ratio | 8.23 | 10.26 |
| Cash ratio | 6.92 | 9.17 |
| Interest coverage | | |

Solvency ratios

| | | |
|---|---------|---------|
| Total assets / Total liabilities | 17.94 | 16.78 |
| Total liabilities / Total assets x 100% | 5.58 | 5.96 |
| Shareholders' capital / Foreign capital | 16.94 | 15.78 |
| Shareholders' capital / Total assets x 100% | 94.42 | 94.04 |
| Debt to worth ratio | 0.06 | 0.06 |
| Net worth (CAD\$) | 332,529 | 414,543 |

Working capital

| | | |
|-----------------------------|---------|---------|
| Net working capital (CAD\$) | 256,958 | 358,401 |
|-----------------------------|---------|---------|

Activity ratios

| | | |
|---------------------------|-------|-------|
| Inventory turnover | | |
| Average collection period | 15.13 | 13.95 |
| Total asset turnover | 1.75 | 1.68 |
| Dividend payout | | |

Sustainable Growth Rate (SGR)

| | | |
|--|------|------|
| ROE x Earnings retention ratio | | |
| ROA x Retention ratio x Debt-to-equity | 0.6% | 1.5% |

Z-score Bankruptcy Prediction Model

| | | |
|---------------|------|------|
| Z-score ratio | 9.78 | 9.77 |
|---------------|------|------|

| Operating cash flow & Free cash flow | 2019 | 2020 |
|---|-----------------|----------------|
| EBIT | 36,965 | 93,197 |
| + | | |
| Depreciation & Amortization | 19,429 | 19,429 |
| - | | |
| Income tax | 4,436 | 11,184 |
| Operating cash flow (OCF) | 51,958 | 101,443 |
| - | | |
| Capital expenditure (Capex) | 95,000 | 0 |
| Change in working capital | 256,958 | 101,443 |
| Free cash flow (FCF) | -300,000 | -1 |

NPV/IRR

(CAD\$)

| | | |
|-------------|-------------------------------|---------|
| | Initial investment | 300,000 |
| Year | Cash flow | |
| 2019 | | -61,148 |
| 2020 | | 105,149 |
| 2021 | | 185,634 |
| 2022 | | 216,589 |
| 2023 | | 274,039 |
| | Net Present Value (NPV) | 420,263 |
| | Internal Rate of Return (IRR) | 24.156% |

10 years

| | | |
|------|-------------------------------|-----------|
| 2024 | | 341,977 |
| 2025 | | 417,409 |
| 2026 | | 503,576 |
| 2027 | | 601,256 |
| 2028 | | 711,811 |
| | Net Present Value (NPV) | 2,996,290 |
| | Internal Rate of Return (IRR) | 44.360% |