

Business Proposal

of



Trading As



Produced by.....

Date.....

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Personal Survival Income

You need to work out how much money you and your family need to survive each month. These commitments will continue whether your business is making money or not. Your business must provide at least this level of income from day one. Be as realistic as possible.

This is where your financial planning starts!

	£
Mortgage / Rent	
Council Tax & Rates	
Gas & Electricity (fuels)	
Personal & Household Insurance	
Food & Housekeeping	
Clothing	
Telephone	
Hire Charges	
Entertainment	
Subscriptions	
Car tax & insurance	
Car running expenses	
Car servicing & maintenance	
Children's expenditure & presents	
Savings plans	
H.P. repayments	
Contingencies / emergencies	
Other	
Total Expenditure (A)	£

Estimated Monthly Income

From family / partner	
Other income (pension / benefits etc)	
Total Income (B)	
Minimum Personal Survival Income Required (A – B) = (C)	£

If (c) is negative you have more money coming in from non-business sources than you spend. Therefore you can be more flexible regarding how much you need to take from the business

Break - even Analysis

Any business will have overheads/indirect/fixed cost. You may also have direct materials costs. Break-even analysis will show what sales are required to cover these costs. This is a quick and simple way to check whether your idea has the potential to make a profit, how realistic are the target sales? Are there enough hours in the day? Don't worry if you don't have exact figures at this stage estimates will do, you can fine-tune the calculations as you develop your business plan.

OVERHEADS	Cost per Month
Target Earnings (all owners)	
Employees Wages including National Insurance	
Rent & Rates	
Promotion (inc advertising)	
Heat light & water	
Telephone	
Stationary & postage	
Insurance	
Other consumables	
Repairs & maintenance	
Transport (petrol/tax etc) /Travel	
Loan repayments (inc interest)	
Depreciation (value divided by duration)	
Professional fees (accountant, solicitor etc)	
Other (special licenses etc)	
(A) TOTAL INDIRECT COSTS	

(B) Total Monthly Productive Hours (Everybody involved in producing)	
(C) Direct Material Costs per Unit (representative product/service unit)	
(D) Direct Material Costs per Month ((C) times anticipated monthly production)	
(E) Selling Price per Unit (same unit as (C) above)	

<i>Method 1 Hourly Rate</i> Divide total monthly costs by total monthly productive hours.			
<i>Example per month</i>		<i>Your Values</i>	
(A) Total Indirect Costs	£542	(A) Total Indirect Costs	
(D) Direct Material Costs per Month	£150	(D) Direct Material Costs per Month	
(F) Total Monthly Costs (A) + (D)	£692	(F) Total Monthly Costs (A) + (D)	
(B) Total Monthly Productive Hours	160hrs	(B) Total Monthly Productive Hours	
Break even hourly rate (F) ÷(B)	£4.33	Break even hourly rate (F) ÷(B)	
If you charge £7.00/hr then the break even working hours are only 99 per month (£692 ÷ £7.00)			

<i>Method 2 Gross Profit Margin</i> Divide Total Indirect Costs by Gross Profit Margin			
<i>Example per month</i>		<i>Your Values</i>	
(A) Total Indirect Costs	£542	(A) Total Indirect Costs	
(E) Selling Price per Unit	£3.50	(E) Selling Price per Unit	
(C) Direct Material Costs per Unit	£1.00	(C) Direct Material Costs per Unit	
(G) Gross profit per unit (E) - (C)	£2.50	(G) Gross profit per unit (E) - (C)	
(H) Gross Profit Margin (G) ÷ (E)	0.71	(H) Gross Profit Margin (G) ÷ (E)	
(I) Break Even Sales (A) ÷ (H)	£763.38	(I) Break Even Sales (A) ÷ (H)	
Equivalent to 218 units per month, 54 per week or 10 per day.			

Profit Forecast

Business Name													
Period	1	2	3	4	5	6	7	8	9	10	11	12	totals
Month & year													
Sales Income													
Cash Sales													
Credit Sales													
TOTAL SALES (A)													
Expenditure													
Direct Materials													
Other Materials/Cons													
Other's Wages & N.I.C.													
Rent / Rates													
Promotion & Advertising													
Heat, Light, Power													
Telephone													
Stationary & Postage													
Insurance													
Repairs & Maintenance													
Transport & Travel													
Loan Interest													
Professional Fees													
Depreciation													
Other (Specify)													
TOTALS OUT (B)													
Profit / (Loss) A - B													
Drawings & Nat Ins													
Loan Repayments													
Retained Profit													

Start up or Set up Costs			
These are the costs you will incur before you start trading; some will be capital and some revenue. Do not leave blanks put zero in the costs and n/a in comments if any of these costs are not applicable to your business. Show where the money is coming from in the Source box.			
Item	Costs	Comments	Source
Premises / Land / Capital			
Purchase Price	£		
Building Costs	£		
Rental/Lease Premium	£		
Conversion costs	£		
Fittings/Decoration	£		
Section Total	£		
Equipment / Tools / Capital			
Fixed items	£		
Replaceable items	£		
Section Total	£		
Transport Capital			
Purchase Price	£		
Lease Premium	£		
Licenses	£		
Insurance	£		
Section Total	£		
Other Capital			
Telephone	£		
Office Equipment	£		
Business Machines	£		
	£		
Section Total	£		
Other Revenue			
Liability Insurance	£		
Personal Insurance	£		
Other (please state)			
	£		
Section Total	£		
Working Capital (minimum 3 months)			
Materials/Stock	£		
Wages	£		
Drawings	£		
Other (please state)	£		
	£		
Section Total	£		
Total Start – up Capital Required			£
Personal Capital to be introduced			£
Additional Capital Required			£

Cashflow Forecast

Business Name														
Period	Pre Start	1	2	3	4	5	6	7	8	9	10	11	12	totals
Month & year														
Cash In														
Cash Sales														
Credit Sales														
Loans														
Other Grants etc														
Own Cash														
TOTAL Cash In (A)														
Cash Out														
Direct Materials														
Other Materials/Cons														
Drawing & Nat Ins														
Other's Wages & N.I.C.														
Rent / Rates														
Promotion & Advertising														
Heat, Light, Power														
Telephone														
Stationary & Postage														
Insurance														
Repairs & Maintenance														
Transport & Travel														
Loan Repayments														
Professional Fees														
Capital Expenditure														
Other														
TOTAL CASH OUT (B)														
Net Cashflow in/(out) A -B														
Opening Balance/(Deficit)														
Closing Balance/(Deficit)														