

Acme Consulting

January 2006

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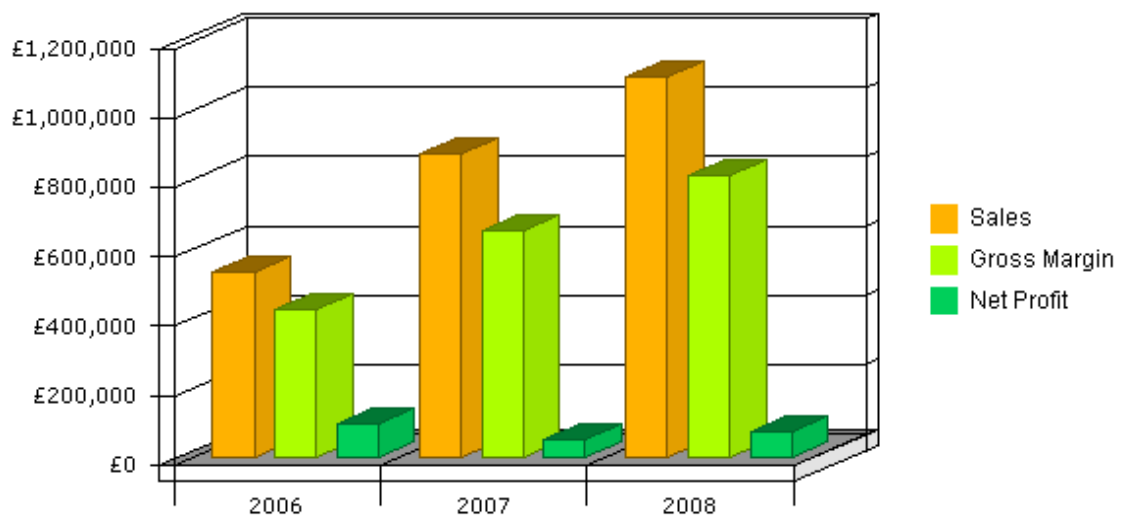
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Acme Consulting

1.0 Executive Summary

Acme Consulting will be formed as a consulting company specialising in marketing of high-technology products in international markets. Its founders are former marketers of consulting services, personal computers, and market research, all in international markets. They are founding Acme to formalise the consulting services they offer.

Highlights



1.1 Objectives

1. Sales of £550,000 in 2006 and £1 million by 2008.
2. Gross margin higher than 70%.
3. Net income remains more than 5% of sales through 2008.

1.2 Mission

Acme Consulting offers high-tech manufacturers a reliable, high-quality alternative to in-house resources for business development, market development, and channel development on an international scale. A true alternative to in-house resources offers a very high level of practical experience, know-how, contacts, and confidentiality. Clients must know that working with Acme is a more professional, less risky way to develop new areas even than working completely in-house with their own people. Acme must also be able to maintain financial balance, charging a high value for its services, and delivering an even higher value to its clients. Initial focus will be development in the European and Latin American markets, or for European clients in the United Kingdom market.

1.3 Keys to Success

1. Excellence in fulfilling the promise--completely confidential, reliable, trustworthy expertise and information.
2. Developing visibility to generate new business leads.
3. Leveraging from a single pool of expertise into multiple revenue generation opportunities: retainer consulting, project consulting, market research, and market research published reports.

2.0 Company Summary

Acme Consulting is a new company providing high-level expertise in international high-tech business development, channel development, distribution strategies, and marketing of high-tech products. It will focus initially on providing two kinds of international triangles:

- Providing United Kingdom clients with development for European and Latin American markets.
- Providing European and United Kingdom clients with development for the United States and Latin American markets.

As it grows it will take on people and consulting work in related markets, such as the rest of Latin America, the Far East, and similar markets. It will also look for additional leverage by taking brokerage positions and representation positions to create percentage holdings in product results.

2.1 Company Ownership

Acme Consulting will be created as a Limited Company based in London, England, owned by its principal investors and principal operators. As of this writing, it has not been registered with Companies House and owners are still considering alternatives of legal formation.

2.2 Start-up Summary

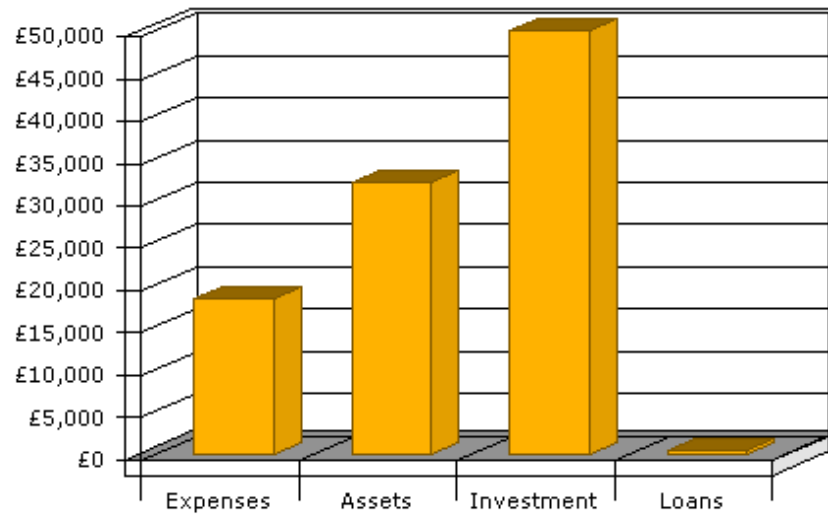
Total start-up expense (including legal costs, logo design, stationery and related expenses) comes to £18,350. Start-up assets required include £32,000 in current assets (office furniture, etc.) and £25,000 in initial cash to handle the first few months of consulting operations as sales and accounts receivable play through the cash flow. The details are included below.

Acme Consulting

Table: Start-up

Start-up	
Requirements	
Start-up Expenses	
Legal	£1,000
Stationery etc.	£3,000
Brochures	£5,000
Consultants	£5,000
Insurance	£350
Expensed equipment	£3,000
Other	£1,000
Total Start-up Expenses	£18,350
Start-up Assets	
Cash Required	£25,000
Other Current Assets	£7,000
Fixed Assets	£0
Total Assets	£32,000
Total Requirements	£50,350

Start-up



Acme Consulting

Table: Start-up Funding

<u>Start-up Funding</u>	
Start-up Expenses to Fund	£18,350
Start-up Assets to Fund	£32,000
Total Funding Required	£50,350
<u>Assets</u>	
Non-cash Assets from Start-up	£7,000
Cash Requirements from Start-up	£25,000
Additional Cash Raised	£0
Cash Balance on Starting Date	£25,000
Total Assets	£32,000
<u>Liabilities and Capital</u>	
<u>Liabilities</u>	
Current Borrowing	£0
Fixed Liabilities	£0
Accounts Payable (Outstanding Bills)	£350
Other Current Liabilities (interest-free)	£0
Total Liabilities	£350
<u>Capital</u>	
<u>Planned Investment</u>	
Investor 1	£20,000
Investor 2	£20,000
Other	£10,000
Additional Investment Requirement	£0
Total Planned Investment	£50,000
Loss at Start-up (Start-up Expenses)	(£18,350)
Total Capital	£31,650
<u>Total Capital and Liabilities</u>	
	£32,000
<u>Total Funding</u>	
	£50,350

2.3 Company Locations and Facilities

The initial office will be established in top quality office space in London's Canary Wharf, as there are high quality office spaces with security and lobby areas. It is important for a high tech consulting company to spend money on high quality centrally located office space.

3.0 Services

Acme offers the expertise a high-technology company needs to develop new product distribution and new market segments in new markets. This can be taken as high-level retainer consulting, market research reports, or project-based consulting.

3.1 Service Description

1. **Retainer consulting:** We represent a client company as an extension of its business development and market development functions. This begins with complete understanding of the client company's situation, objectives, and constraints. We then represent the client company quietly and confidentially, sifting through new market developments and new opportunities as is appropriate to the client, representing the client in initial talks with possible allies, vendors, and channels.
2. **Project consulting:** Proposed and billed on a per-project and per-milestone basis, project consulting offers a client company a way to harness our specific qualities and use our expertise to solve specific problems, develop and/or implement plans, and develop specific information.
3. **Market research:** Group studies available to selected clients at £5,000 per unit. A group study is a packaged and published complete study of a specific market, channel, or topic. Examples might be studies of developing consumer channels in France or Mexico, or implications of changing margins in software.

3.2 Competitive Comparison

The competition comes in several forms:

1. The most significant competition is no consulting at all, companies choosing to do business development, channel development and market research in-house. Their own managers do this on their own, as part of their regular business functions. Our key advantage in competition with in-house development is that managers are already overloaded with responsibilities, they don't have time for additional responsibilities in new market development or new channel development. Also, Acme can approach alliances, vendors, and channels on a confidential basis, gathering information and making initial contacts in ways that the corporate managers can't.
2. The high-level prestige management consulting: McKinsey, Bain, Accenture, etc. These are essentially generalists who take their name-brand management consulting into specialty areas. Most of these are US firms that have expanded to the UK and have offices in London and all over continental Europe. Their other very important weakness is the management structure that has the partners selling new jobs, and inexperienced associates delivering the work. We compete against them as experts in our specific fields, and with the guarantee that our clients will have the top-level people doing the actual work.
3. The third general kind of competitor is the international market research company: International Data Corporation (IDC), Dataquest, etc. These companies are formidable competitors for published market research and market forums, but cannot provide the kind of high-level consulting that Acme will provide.

Acme Consulting

4. The fourth kind of competition is the market-specific smaller house. For example: Gloucestershire Research in the United Kingdom, Select S.A. de C.V. in Mexico (now affiliated with IDC).
5. Sales representation, brokering, and deal catalysts are an ad-hoc business form that will be defined in detail by the specific nature of each individual case.

3.3 Sales Literature

The business will begin with a general corporate brochure establishing the positioning. This brochure will be developed as part of the start-up expenses.

Literature and mailings for the initial market forums will be very important.

3.4 Fulfilment

1. The key fulfilment and delivery will be provided by the principals of the business. The real core value is professional expertise, provided by a combination of experience, hard work, and education (in that order).
2. We will turn to qualified professionals for freelance back-up in market research and presentation and report development, which are areas that we can afford to sub-contract without risking the core values provided to the clients.

3.5 Technology

Acme Consulting will maintain the latest Windows and Macintosh capabilities including:

1. Complete e-mail facilities on the Internet, CompuServe, Applelink, and others for working with clients directly through e-mail delivery of drafts and information.
2. Complete presentation facilities for preparation and delivery of multimedia presentations on Macintosh or Windows machines, in formats including on-disk presentation, live presentation, or video presentation.
3. Complete desktop publishing facilities for delivery of regular retainer reports, project output reports, marketing materials, and market research reports.

3.6 Future Services

In the future, Acme will broaden the coverage by expanding into coverage of additional markets (e.g., all of Latin America, Far East) and additional product areas (e.g., telecommunications and technology integration).

We are also studying the possibility of newsletter or electronic newsletter services, or perhaps special on-topic reports.

4.0 Market Analysis Summary

Acme will be focusing on high-technology manufacturers of computer hardware and software, services, and networking, who want to sell into markets in the United Kingdom, Europe, and Latin America. These are mostly larger companies, and occasionally medium-sized companies.

Our most important group of potential customers are executives in larger corporations. These are marketing managers, general managers, sales managers, sometimes charged with international focus and sometimes charged with market or even specific channel focus. They do not want to waste their time or risk their money looking for bargain information or questionable expertise. As they go into markets looking at new opportunities, they are very sensitive to risking their company's name and reputation.

4.1 Market Segmentation

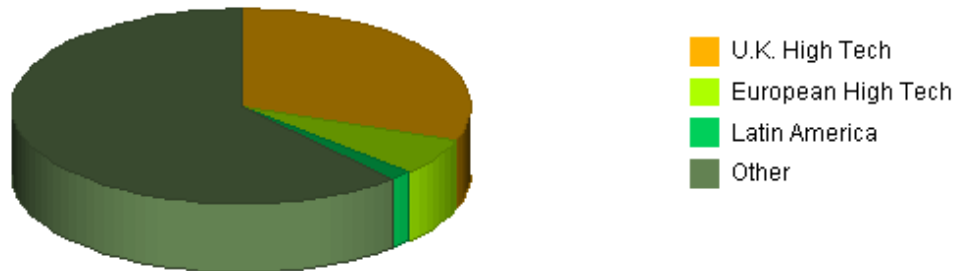
Large manufacturer corporations: Our most important market segment is the large manufacturer of high-technology products, such as Apple, Hewlett-Packard, IBM, Microsoft, Siemens, or Olivetti. These companies will be calling on Acme for development functions that are better spun off than managed in-house, for market research, and for market forums.

Medium-sized growth companies: Particularly in software, multimedia, and some related high-growth fields, Acme will offer an attractive development alternative to the company that is management constrained and unable to address opportunities in new markets and new market segments.

Table: Market Analysis

Market Analysis		2006	2007	2008	2009	2010	
Potential Customers	Growth						CAGR
U.K. High Tech	10%	5,000	5,500	6,050	6,655	7,321	10.00%
European High Tech	15%	1,000	1,150	1,323	1,521	1,749	15.00%
Latin America	35%	250	338	456	616	832	35.07%
Other	2%	10,000	10,200	10,404	10,612	10,824	2.00%
Total	6.27%	16,250	17,188	18,233	19,404	20,726	6.27%

Market Analysis (Pie)



4.2 Target Market Segment Strategy

As indicated by the previous table and Illustration, we must focus on a few thousand well-chosen potential customers in Europe and Latin America, while also offering services to UK and US firms that want to expand into European markets. These few thousand high-tech manufacturing companies are the key customers for Acme.

4.3 Service Business Analysis

The consulting "industry" is pulverised and disorganised, with thousands of smaller consulting organisations and individual consultants for every one of the few dozen well-known companies.

Consulting participants range from major international name-brand consultants to tens of thousands of individuals. One of Acme's challenges will be establishing itself as *area* consulting company, positioned as a relatively risk-free corporate purchase.

4.3.1 Business Participants

At the highest level are the few well-established major names in management consulting. Most of these are organised as partnerships established in major markets around the world, linked together by interconnecting directors and sharing the name and corporate wisdom. Some evolved from accounting companies (e.g. Arthur Andersen, Touche Ross) and some from management consulting (McKinsey, Bain). These companies charge very high rates for consulting, and maintain relatively high overhead structures and fulfilment structures based on partners selling and junior associates fulfilling.

At the intermediate level are some function-specific or market-specific consultants, such as the market research firms (IDC, Dataquest) or channel development firms (ChannelCorp, Channel Strategies, ChannelMark).

Some kinds of consulting are little more than contract expertise provided by somebody who, while temporarily out of work, offers consulting services.

4.3.2 Distribution Patterns

Consulting is sold and purchased mainly on a word-of-mouth basis, with relationships and previous experience being, by far, the most important factor.

The major name-brand houses have locations in major cities and major markets, and executive-level managers or partners develop new business through industry associations, business associations, chambers of commerce and industry, etc., and in some cases social associations such as country clubs.

The medium-level houses are generally area specific or function specific, and are not easily able to leverage their business through distribution.

4.3.3 Competition and Buying Patterns

The key element in purchase decisions made at the Acme client level is trust in the professional reputation and reliability of the consulting firm.

4.3.4 Main Competitors

1. The high-level prestige management consulting firms:

Strengths: International locations managed by owner-partners with a high level of presentation and understanding of general business. Envidable reputations which make purchase of consulting an easy decision for a manager, despite the very high prices.

Weaknesses: General business knowledge doesn't substitute for the specific market, channel, and distribution expertise of Acme, focusing on high-technology markets and products only. Also, fees are extremely expensive, and work is generally done by very junior-level consultants, even though sold by high-level partners.

2. The international market research company:

Strengths: International offices, specific market knowledge, permanent staff developing market research information on permanent basis, good relationships with potential client companies.

Weaknesses: Market numbers are not marketing, not channel development nor market development. Although these companies compete for some of the business Acme is after, they cannot really offer the same level of business understanding at a high level.

3. Market specific or function specific experts:

Strengths: Expertise in market or functional areas. Acme should not try to compete with Gloucestershire Research or Accenture, or Select in their markets with market research, or with ChannelCorp in channel management.

Weaknesses: The inability to spread beyond a specific focus, or to rise above a specific focus, to provide actual management expertise, experience, and wisdom beyond the specifics.

4. Companies do in-house research and development:

Strengths: No incremental cost except travel; also, the general work is done by the people who are entirely responsible, the planning is done by those who will implement it.

Weaknesses: Most managers are terribly overburdened already, unable to find incremental resources in time and people to apply to incremental opportunities. Also, there is a lot of additional risk in market and channel development done in-house from the ground up. Finally, retainer-based antenna consultants can greatly enhance a company's reach and extend its position into conversations that might otherwise never have taken place.

Acme Consulting

5.0 Strategy and Implementation Summary

Acme will focus on three geographical markets, Europe, Latin America, and the United Kingdom, and in limited product segments: personal computers, software, networks, telecommunication, personal organisers, and technology integration products.

The target customer is usually a manager in a larger corporation, and occasionally an owner or president of a medium-sized corporation in a high-growth period.

5.1 Value Proposition

Acme Consulting will be priced at the upper edge of what the market will bear, competing with the name-brand consultants. The pricing fits with the general positioning of Acme as providing high-level expertise.

Consulting should be based on £3,000 per day for project consulting, £1,500 per day for market research, and £7,000 per month and up for retainer consulting. Market research reports should be priced at £3,000 per report, which will, of course, require that reports be very well planned, focused on very important topics, and very well presented.

5.2 Sales Strategy

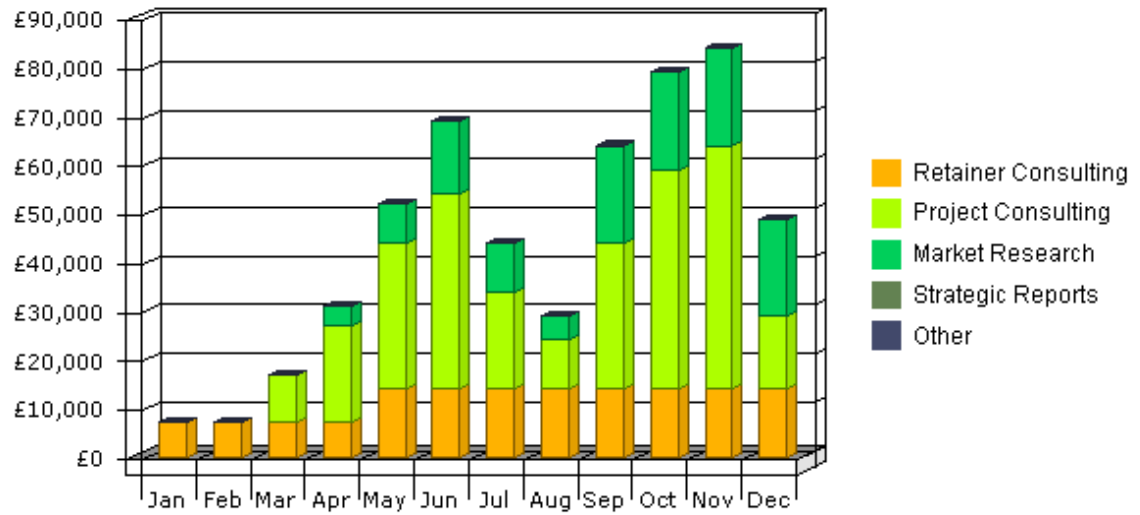
The sales forecast monthly summary is included in the appendix. The annual sales projections are included below.

Table: Sales Forecast

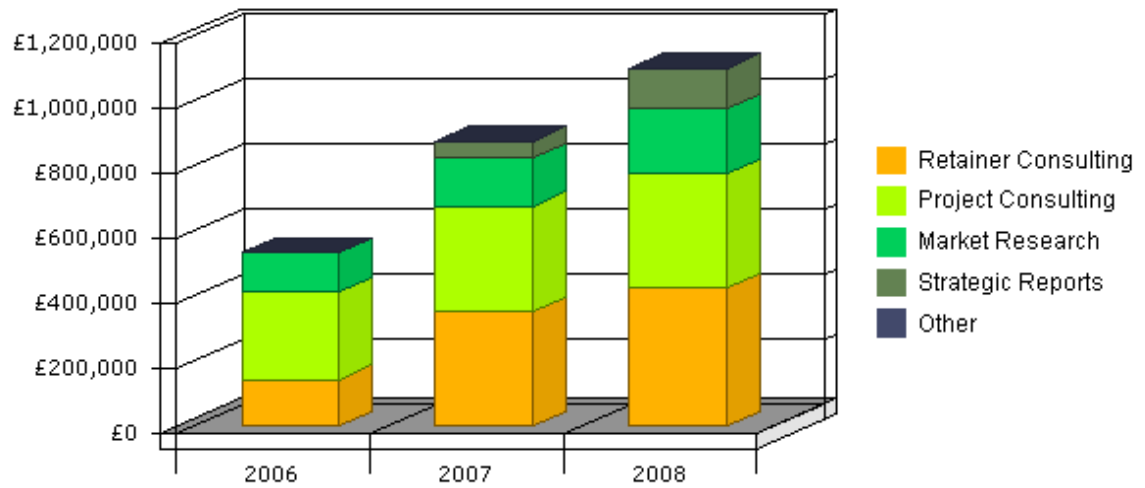
Sales Forecast	2006	2007	2008
Sales			
Retainer Consulting	£140,000	£350,000	£425,000
Project Consulting	£270,000	£325,000	£350,000
Market Research	£122,000	£150,000	£200,000
Strategic Reports	£0	£50,000	£125,000
Other	£0	£0	£0
Total Sales	£532,000	£875,000	£1,100,000
Direct Cost of Sales			
Retainer Consulting	£21,200	£38,000	£48,000
Project Consulting	£29,550	£56,000	£70,000
Market Research	£57,250	£105,000	£131,000
Strategic Reports	£0	£20,000	£40,000
Other	£0	£0	£0
Subtotal Direct Cost of Sales	£108,000	£219,000	£289,000

Acme Consulting

Sales Monthly



Sales by Year



5.3 Strategic Alliances

At this writing, strategic alliances with Smith and Jones are possibilities, given the content of existing discussions. Given the background of prospective partners, we might also be talking to European companies including Siemens, Olivetti, and others, and to United States companies related to Apple Computer. In Latin America we would be looking at the key local high-technology vendors, beginning with Printaform.

5.4 Milestones

Our detailed milestones are shown in the following table and chart. The related budgets are included with the expenses shown in the projected Profit and Loss statement, which is in the financial analysis that comes in Chapter 7 of this plan.

Table: Milestones

Milestones					
Milestone	Start Date	End Date	Budget	Manager	Department
Business plan	10/1/2005	11/19/2005	£3,500	HM	Devpt
Logo design	1/1/2006	2/1/2006	£1,500	TAJ	Marketing
Retainer contracts	2/1/2006	12/31/2006	£7,000	HM	Sales
Stationery	3/1/2006	4/15/2006	£300	JD	G&A
Brochures	3/1/2006	4/15/2006	£1,700	TAJ	Marketing
Financial backing presentations	4/1/2006	9/15/2006	£7,000	HM	Devpt
Initial mailing	6/1/2006	7/1/2006	£3,000	HM	Sales
Office location	1/15/2006	2/9/2006	£3,000	JD	G&A
Office equipment	1/15/2006	2/19/2006	£8,000	JD	G&A
Other	1/1/2006	12/31/2006	£7,000	ABC	Department
Totals			£42,000		

6.0 Management Summary

The initial management team depends on the founders themselves, with little back-up. As we grow, we will take on additional consulting help, plus graphic/editorial, sales, and marketing.

6.1 Organizational Structure

Acme should be managed by working partners, in a structure taken mainly from Smith Partners. In the beginning we assume 3-5 partners:

- Ralph Sampson.
- At least one, probably two, partners from Smith and Jones.
- One strong United States partner, based in San Francisco.
- The organisation has to be very flat in the beginning, with each of the founders responsible for his or her own work and management.
- One other strong partner.

6.2 Management Team

The Acme business requires a very high level of international experience and expertise, which means that it will not be easily leveragable in the common consulting company mode in which partners run the business and make sales, while associates fulfil. Partners will necessarily be involved in the fulfilment of the core business proposition, providing the expertise to the clients. The initial personnel plan is still tentative. It should involve 3-5 partners, 1-3 consultants, one strong editorial/graphic person with good staff support, one strong marketing person, an office manager, and a secretary. Later, we add more partners, consultants, and sales staff. Founders' resumes are included as an attachment to this plan.

6.3 Personnel Plan

The detailed monthly personnel plan for the first year is included in the appendix. The annual personnel estimates are included here.

Table: Personnel

Personnel Plan	2006	2007	2008
Partners	£96,000	£175,000	£200,000
Consultants	£0	£50,000	£63,000
Editorial/graphic	£12,000	£14,000	£17,000
VP Marketing	£14,000	£50,000	£55,000
Sales people	£0	£30,000	£33,000
Office Manager	£5,250	£30,000	£33,000
Secretarial	£5,250	£20,000	£22,000
Other	£0	£0	£0
Other	£0	£0	£0
Total People	7	14	20
Total Payroll	£132,500	£369,000	£423,000

Acme Consulting

7.0 Financial Plan

Our financial plan is based on conservative estimates and assumptions. We will need to plan on initial investment to make the financials work.

7.1 Important Assumptions

The General Assumptions table summarises key financial assumptions, including sales entirely on invoice basis, payroll burden, and present-day interest and taxation rates.

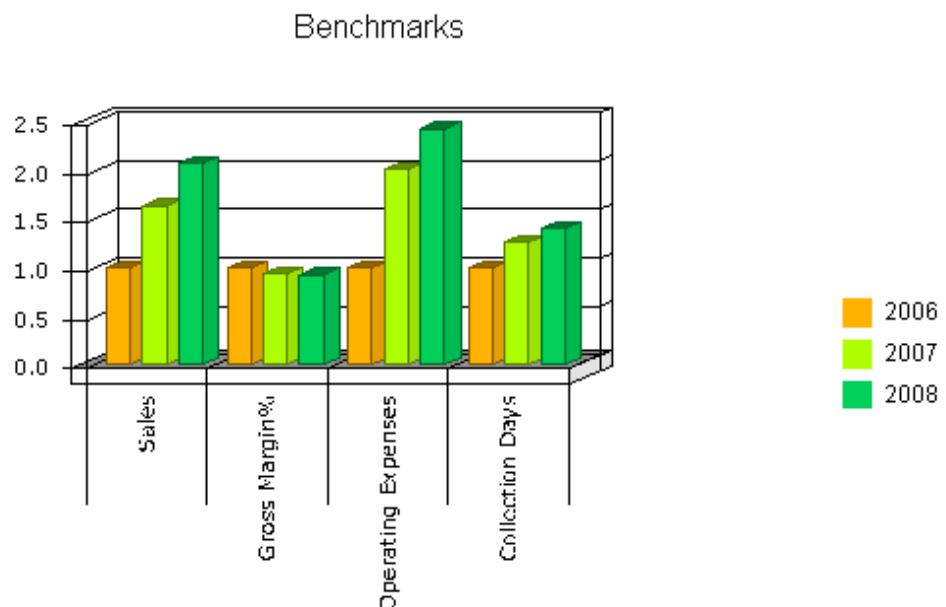
We also assume 45-day average collection days, expenses mainly on net 30 basis and 35 days on average for payment of invoices.

Table: General Assumptions

General Assumptions	2006	2007	2008
Plan Month	1	2	3
Current Interest Rate	8.00%	8.00%	8.00%
Long-term Interest Rate	10.00%	10.00%	10.00%
Tax Rate	25.42%	25.00%	25.42%
Other	0	0	0

7.2 Key Financial Indicators

The following benchmark chart indicates our key financial indicators for the first three years. We foresee major growth in sales and operating expenses, and a bump in our collection days as we spread the business during expansion.



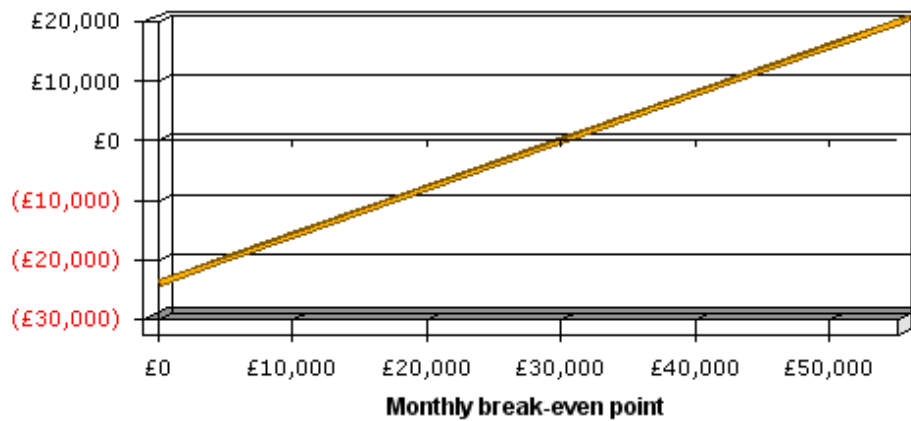
7.3 Break-even Analysis

The following table and chart summarise the break-even analysis, including monthly units and sales break-even points.

Table: Break-even Analysis

Break-even Analysis	
Monthly Revenue Break-even	£30,098
Assumptions:	
Average Percent Variable Cost	20%
Estimated Monthly Fixed Cost	£23,988

Break-even Analysis



Break-even point = where line intersects with 0

Acme Consulting

7.4 Projected Profit and Loss

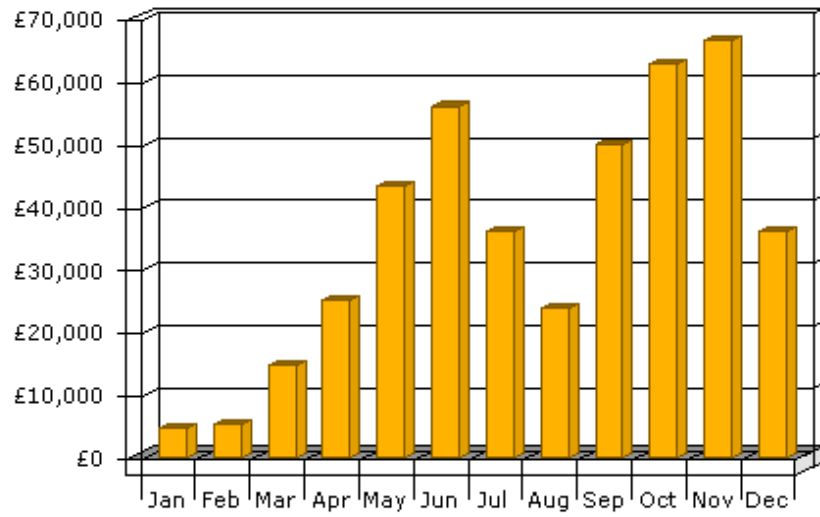
The detailed monthly pro-forma income statement for the first year is included in the appendix. The annual estimates are included here.

Table: Profit and Loss

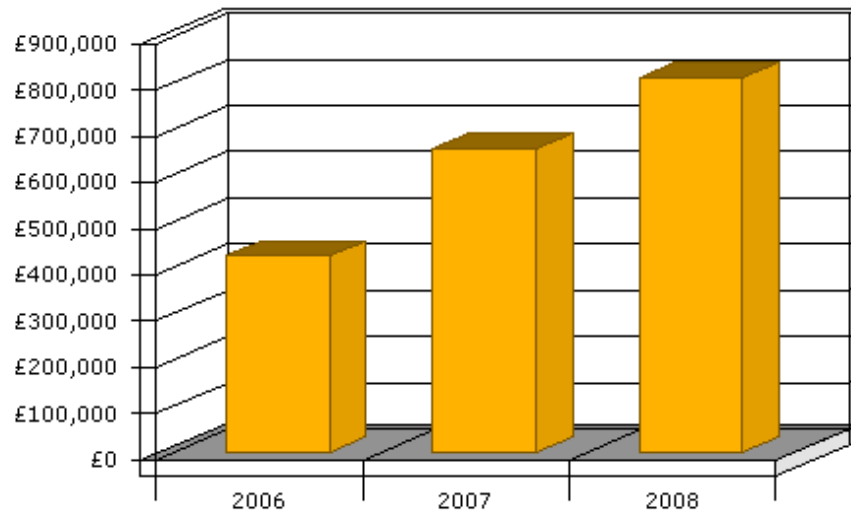
Pro Forma Profit and Loss			
	2006	2007	2008
Sales	£532,000	£875,000	£1,100,000
Direct Cost of Sales	£108,000	£219,000	£289,000
Other	£0	£0	£0
	-----	-----	-----
Total Cost of Sales	£108,000	£219,000	£289,000
Gross Margin	£424,000	£656,000	£811,000
Gross Margin %	79.70%	74.97%	73.73%
<u>Expenses</u>			
Payroll	£132,500	£369,000	£423,000
Sales and Marketing and Other Expenses	£108,600	£137,000	£195,000
Depreciation	£0	£0	£0
Leased Equipment	£3,600	£7,000	£7,000
Utilities	£9,000	£12,000	£12,000
Insurance	£3,600	£2,000	£2,000
Rent	£12,000	£0	£0
Other	£0	£0	£0
Payroll Taxes (National Insurance, etc)	£18,550	£51,660	£59,220
Other	£0	£0	£0
	-----	-----	-----
Total Operating Expenses	£287,850	£578,660	£698,220
Profit Before Interest and Taxes	£136,150	£77,340	£112,780
EBITDA	£136,150	£77,340	£112,780
Interest Expense	£6,342	£9,984	£12,984
Taxes Incurred	£31,630	£16,839	£25,365
Net Profit	£98,178	£50,517	£74,431
Net Profit/Sales	18.45%	5.77%	6.77%

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Gross Margin Monthly

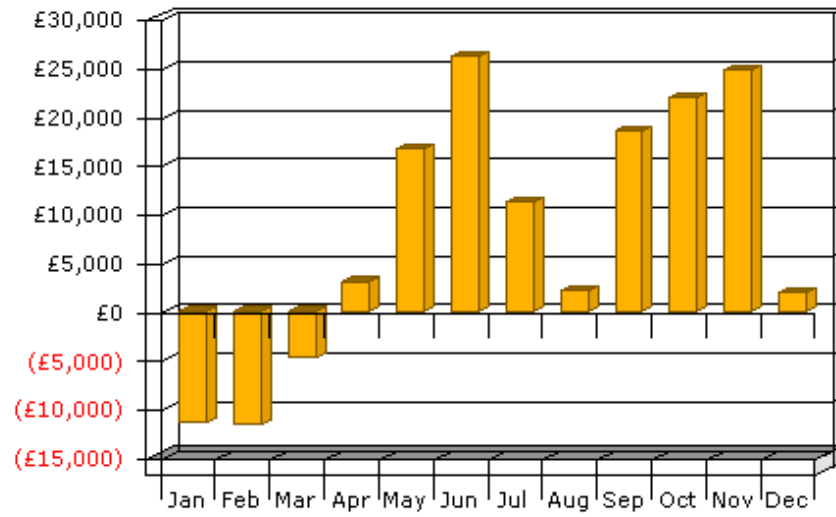


Gross Margin Yearly

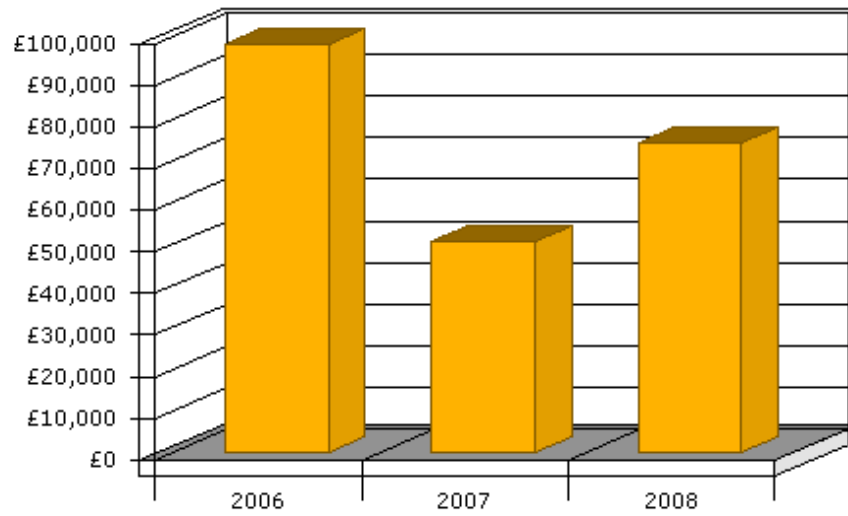


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Profit Monthly



Profit Yearly



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7.5 Projected Cash Flow

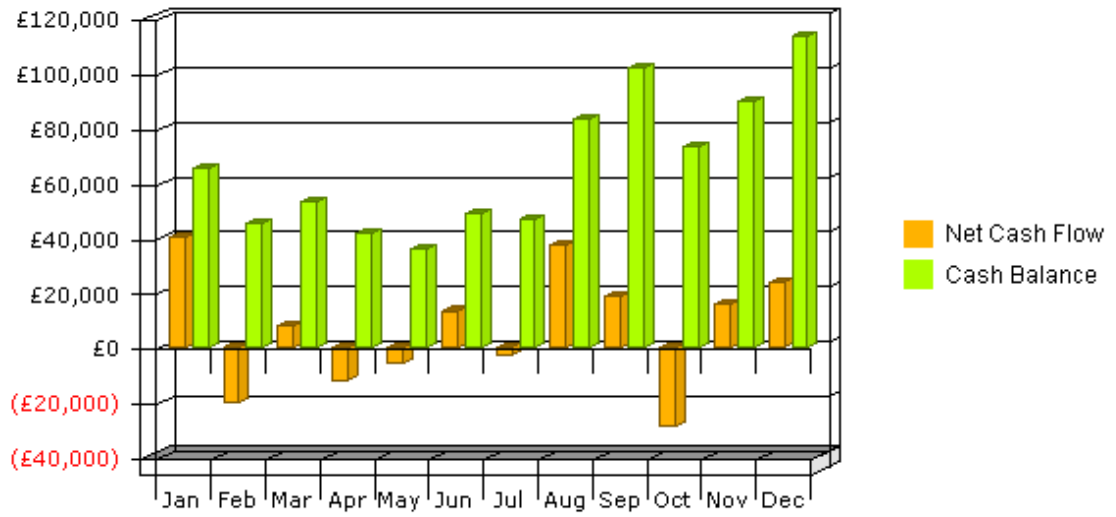
Cash flow projections are critical to our success. The monthly cash flow is shown in the illustration, with one bar representing the cash flow per month and the other representing the monthly balance. The annual cash flow figures are included below. Detailed monthly numbers are included in the appendix.

Table: Cash Flow

Pro Forma Cash Flow	2006	2007	2008
Cash Received			
Cash from Operations			
Cash Sales	£0	£0	£0
Cash from Receivables	£401,800	£791,055	£1,044,934
Subtotal Cash from Operations	£401,800	£791,055	£1,044,934
Additional Cash Received			
VAT Received (Output Tax)	£93,100	£153,125	£192,500
VAT Repayments	£1,135	£0	£0
New Current Borrowing	£30,000	£100,000	£0
New Other Liabilities (interest-free)	£0	£0	£0
New Fixed Liabilities	£50,000	£0	£0
Sales of Other Current Assets	£0	£0	£0
Sales of Fixed Assets	£0	£0	£0
New Investment Received	£0	£0	£0
Subtotal Cash Received	£576,035	£1,044,180	£1,237,434
Expenditures			
Expenditures from Operations			
Cash Spending	£132,500	£369,000	£423,000
Bill Payments	£274,484	£445,234	£590,479
Subtotal Spent on Operations	£406,984	£814,234	£1,013,479
Additional Cash Spent			
VAT Paid Out (Input Tax)	£41,288	£70,049	£93,583
VAT Payments	£30,092	£105,932	£98,917
Principal Repayment of Current Borrowing	£0	£0	£0
Other Liabilities Principal Repayment	£0	£0	£0
Fixed Liabilities Principal Repayment	£9,163	£10,000	£10,000
Purchase Other Current Assets	£0	£0	£0
Purchase Fixed Assets	£0	£0	£0
Dividends	£0	£0	£0
Subtotal Cash Spent	£487,527	£1,000,214	£1,215,979
Net Cash Flow	£88,508	£43,966	£21,455
Cash Balance	£113,508	£157,474	£178,929

Acme Consulting

Cash



Acme Consulting

7.6 Projected Balance Sheet

The balance sheet shows healthy growth of net worth, and strong financial position. The monthly estimates are included in the appendix.

Table: Balance Sheet

Pro Forma Balance Sheet			
	2006	2007	2008
Assets			
Current Assets			
Cash	£113,508	£157,474	£178,929
Accounts Receivable	£130,200	£214,145	£269,211
Other Current Assets	£7,000	£7,000	£7,000
Total Current Assets	£250,708	£378,619	£455,140
Fixed Assets			
Fixed Assets	£0	£0	£0
Accumulated Depreciation	£0	£0	£0
Total Fixed Assets	£0	£0	£0
Total Assets	£250,708	£378,619	£455,140
Liabilities and Capital			
Current Liabilities			
Accounts Payable	£27,188	£37,437	£49,526
Current Borrowing	£30,000	£130,000	£130,000
Other Current Liabilities	£22,856	£0	£0
Subtotal Current Liabilities	£80,043	£167,437	£179,526
Fixed Liabilities	£40,837	£30,837	£20,837
Total Liabilities	£120,880	£198,274	£200,363
Paid-in Capital	£50,000	£50,000	£50,000
Retained Earnings	(£18,350)	£79,828	£130,345
Earnings	£98,178	£50,517	£74,431
Total Capital	£129,828	£180,345	£254,777
Total Liabilities and Capital	£250,708	£378,619	£455,140
Net Worth	£129,828	£180,345	£254,777

Acme Consulting

7.7 Business Ratios

The following table shows the projected business ratios. We expect to maintain healthy ratios for profitability, risk, and return. The industry profile comparisons are for the Management Consulting Services.

Table: Ratios

Ratio Analysis	2006	2007	2008	Industry Profile
Sales Growth	0.00%	64.47%	25.71%	8.52%
Percent of Total Assets				
Accounts Receivable	51.93%	56.56%	59.15%	21.99%
Other Current Assets	2.79%	1.85%	1.54%	50.95%
Total Current Assets	100.00%	100.00%	100.00%	75.87%
Fixed Assets	0.00%	0.00%	0.00%	24.13%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	31.93%	44.22%	39.44%	34.32%
Fixed Liabilities	16.29%	8.14%	4.58%	17.09%
Total Liabilities	48.22%	52.37%	44.02%	51.41%
Net Worth	51.78%	47.63%	55.98%	48.59%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	79.70%	74.97%	73.73%	100.00%
Selling, General & Administrative Expenses	61.46%	69.32%	67.09%	80.54%
Advertising Expenses	4.51%	4.57%	4.00%	1.54%
Profit Before Interest and Taxes	25.59%	8.84%	10.25%	2.69%
Main Ratios				
Current	3.13	2.26	2.54	1.63
Quick	3.13	2.26	2.54	1.31
Total Debt to Total Assets	48.22%	52.37%	44.02%	60.47%
Pre-tax Return on Net Worth	99.98%	37.35%	39.17%	4.80%
Pre-tax Return on Assets	51.78%	17.79%	21.93%	12.14%
Additional Ratios				
	2006	2007	2008	
Net Profit Margin	18.45%	5.77%	6.77%	n.a
Return on Equity	75.62%	28.01%	29.21%	n.a
Activity Ratios				
Accounts Receivable Turnover	4.09	4.09	4.09	n.a
Collection Days	57	72	80	n.a
Accounts Payable Turnover	11.08	12.17	12.17	n.a
Payment Days	27	26	26	n.a
Total Asset Turnover	2.12	2.31	2.42	n.a
Debt Ratios				
Debt to Net Worth	0.93	1.10	0.79	n.a
Current Liab. to Liab.	0.66	0.84	0.90	n.a
Liquidity Ratios				
Net Working Capital	£170,665	£211,182	£275,614	n.a
Interest Coverage	21.47	7.75	8.69	n.a
Additional Ratios				
Assets to Sales	0.47	0.43	0.41	n.a
Current Debt/Total Assets	32%	44%	39%	n.a
Acid Test	1.51	0.98	1.04	n.a
Sales/Net Worth	4.10	4.85	4.32	n.a
Dividend Payout	0.00	0.00	0.00	n.a

Appendix

Table: Sales Forecast

Sales Forecast		Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Sales	VAT Rate												
Retainer Consulting	17.50%	£7,000	£7,000	£7,000	£7,000	£14,000	£14,000	£14,000	£14,000	£14,000	£14,000	£14,000	£14,000
Project Consulting	17.50%	£0	£0	£10,000	£20,000	£30,000	£40,000	£20,000	£10,000	£30,000	£45,000	£50,000	£15,000
Market Research	17.50%	£0	£0	£0	£4,000	£8,000	£15,000	£10,000	£5,000	£20,000	£20,000	£20,000	£20,000
Strategic Reports	17.50%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Other	17.50%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total Sales		£7,000	£7,000	£17,000	£31,000	£52,000	£69,000	£44,000	£29,000	£64,000	£79,000	£84,000	£49,000
Direct Cost of Sales	VAT Rate												
Retainer Consulting	17.50%	£2,500	£1,700	£1,700	£1,700	£1,700	£1,700	£1,700	£1,700	£1,700	£1,700	£1,700	£1,700
Project Consulting	17.50%	£0	£0	£700	£2,700	£3,000	£4,250	£2,250	£700	£3,000	£5,000	£6,250	£1,700
Market Research	17.50%	£0	£0	£0	£1,500	£4,000	£7,000	£4,000	£2,750	£9,500	£9,500	£9,500	£9,500
Strategic Reports	17.50%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Other	17.50%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Subtotal Direct Cost of Sales		£2,500	£1,700	£2,400	£5,900	£8,700	£12,950	£7,950	£5,150	£14,200	£16,200	£17,450	£12,900

Appendix

Table: Personnel

Personnel Plan		Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Partners	140%	£8,000	£8,000	£8,000	£8,000	£8,000	£8,000	£8,000	£8,000	£8,000	£8,000	£8,000	£8,000
Consultants	125%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Editorial/graphic	120%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£4,000	£4,000	£4,000
VP Marketing	110%	£0	£0	£0	£0	£0	£0	£0	£0	£3,500	£3,500	£3,500	£3,500
Sales people	110%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Office Manager	110%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£1,750	£1,750	£1,750
Secretarial	110%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£1,750	£1,750	£1,750
Other	110%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Other	0%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total People		3	3	3	3	3	3	3	3	5	7	7	7
Total Payroll		£8,000	£8,000	£8,000	£8,000	£8,000	£8,000	£8,000	£8,000	£11,500	£19,000	£19,000	£19,000

Appendix

Table: General Assumptions

General Assumptions	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Plan Month	1	2	3	4	5	6	7	8	9	10	11	12
Current Interest Rate	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
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%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Other	0	0	0	0	0	0	0	0	0	0	0	0

Appendix

Table: Profit and Loss

Pro Forma Profit and Loss													
		Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Sales	VAT Rate	£7,000	£7,000	£17,000	£31,000	£52,000	£69,000	£44,000	£29,000	£64,000	£79,000	£84,000	£49,000
Direct Cost of Sales		£2,500	£1,700	£2,400	£5,900	£8,700	£12,950	£7,950	£5,150	£14,200	£16,200	£17,450	£12,900
Other	17.50%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total Cost of Sales		£2,500	£1,700	£2,400	£5,900	£8,700	£12,950	£7,950	£5,150	£14,200	£16,200	£17,450	£12,900
Gross Margin		£4,500	£5,300	£14,600	£25,100	£43,300	£56,050	£36,050	£23,850	£49,800	£62,800	£66,550	£36,100
Gross Margin %		64.29%	75.71%	85.88%	80.97%	83.27%	81.23%	81.93%	82.24%	77.81%	79.49%	79.23%	73.67%
Expenses	VAT Rate												
Payroll		£8,000	£8,000	£8,000	£8,000	£8,000	£8,000	£8,000	£8,000	£11,500	£19,000	£19,000	£19,000
Sales and Marketing and Other Expenses	17.50%	£9,050	£9,050	£9,050	£9,050	£9,050	£9,050	£9,050	£9,050	£9,050	£9,050	£9,050	£9,050
Depreciation		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Leased Equipment	0.00%	£300	£300	£300	£300	£300	£300	£300	£300	£300	£300	£300	£300
Utilities	0.00%	£750	£750	£750	£750	£750	£750	£750	£750	£750	£750	£750	£750
Insurance	0.00%	£300	£300	£300	£300	£300	£300	£300	£300	£300	£300	£300	£300
Rent	5.00%	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000
Other	17.50%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Payroll Taxes (National Insurance, etc)	15.00%	£1,120	£1,120	£1,120	£1,120	£1,120	£1,120	£1,120	£1,120	£1,610	£2,660	£2,660	£2,660
Other	17.50%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total Operating Expenses	VAT Rate	£20,520	£20,520	£20,520	£20,520	£20,520	£20,520	£20,520	£20,520	£24,510	£33,060	£33,060	£33,060
Profit Before Interest and Taxes		(£16,020)	(£15,220)	(£5,920)	£4,580	£22,780	£35,530	£15,530	£3,330	£25,290	£29,740	£33,490	£3,040
EBITDA		(£16,020)	(£15,220)	(£5,920)	£4,580	£22,780	£35,530	£15,530	£3,330	£25,290	£29,740	£33,490	£3,040
Interest Expense		£417	£410	£536	£529	£522	£582	£575	£568	£561	£554	£547	£540
Taxes Incurred		(£4,931)	(£3,907)	(£1,614)	£1,013	£5,564	£8,737	£3,739	£690	£6,182	£7,296	£8,236	£625
Net Profit		(£11,506)	(£11,722)	(£4,842)	£3,038	£16,693	£26,211	£11,216	£2,071	£18,547	£21,889	£24,707	£1,875
Net Profit/Sales		-164.37%	-167.46%	-28.48%	9.80%	32.10%	37.99%	25.49%	7.14%	28.98%	27.71%	29.41%	3.83%

Appendix

Table: Cash Flow

Pro Forma Cash Flow												
	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Cash Received												
Cash from Operations												
Cash Sales	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Cash from Receivables	£0	£233	£7,000	£7,333	£17,467	£31,700	£52,567	£68,167	£43,500	£30,167	£64,500	£79,167
Subtotal Cash from Operations	£0	£233	£7,000	£7,333	£17,467	£31,700	£52,567	£68,167	£43,500	£30,167	£64,500	£79,167
Additional Cash Received												
VAT Received (Output Tax)	£1,225	£1,225	£2,975	£5,425	£9,100	£12,075	£7,700	£5,075	£11,200	£13,825	£14,700	£8,575
VAT Repayments	£0	£0	£0	£1,135	£0	£0	£0	£0	£0	£0	£0	£0
New Current Borrowing	£0	£0	£20,000	£0	£0	£10,000	£0	£0	£0	£0	£0	£0
New Other Liabilities (interest-free)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
New Fixed Liabilities	£50,000	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Sales of Other Current Assets	17.50%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Sales of Fixed Assets	17.50%	£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	£51,225	£1,458	£29,975	£13,894	£26,567	£53,775	£60,267	£73,242	£54,700	£43,992	£79,200	£87,742
Expenditures												
Expenditures from Operations												
Cash Spending	£8,000	£8,000	£8,000	£8,000	£8,000	£8,000	£8,000	£8,000	£11,500	£19,000	£19,000	£19,000
Bill Payments	£700	£10,513	£10,826	£14,046	£20,207	£27,556	£34,455	£24,589	£19,429	£34,092	£38,183	£39,887
Subtotal Spent on Operations	£8,700	£18,513	£18,826	£22,046	£28,207	£35,556	£42,455	£32,589	£30,929	£53,092	£57,183	£58,887
Additional Cash Spent												
VAT Paid Out (Input Tax)	£2,239	£2,099	£2,222	£2,834	£3,324	£4,068	£3,193	£2,703	£4,360	£4,868	£5,087	£4,290
VAT Payments	£0	£0	£0	£0	£0	£0	£16,374	£0	£0	£13,719	£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
Fixed Liabilities Principal Repayment	£0	£833	£833	£833	£833	£833	£833	£833	£833	£833	£833	£833
Purchase Other Current Assets	17.50%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Purchase Fixed Assets	17.50%	£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	£10,939	£21,445	£21,881	£25,713	£32,364	£40,457	£62,855	£36,125	£36,123	£72,511	£63,103	£64,011
Net Cash Flow	£40,286	(£19,987)	£8,094	(£11,820)	(£5,797)	£13,318	(£2,588)	£37,117	£18,577	(£28,520)	£16,097	£23,731
Cash Balance	£65,286	£45,299	£53,393	£41,573	£35,776	£49,094	£46,505	£83,622	£102,200	£73,680	£89,777	£113,508

Appendix

Table: Balance Sheet

Pro Forma Balance Sheet													
	Starting Balances	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Assets													
Current Assets													
Cash	£25,000	£65,286	£45,299	£53,393	£41,573	£35,776	£49,094	£46,505	£83,622	£102,200	£73,680	£89,777	£113,508
Accounts Receivable	£0	£7,000	£13,767	£23,767	£47,433	£81,967	£119,267	£110,700	£71,533	£92,033	£140,867	£160,367	£130,200
Other Current Assets	£7,000	£8,014	£8,889	£8,135	£7,000	£7,000	£7,000	£7,000	£7,000	£7,000	£7,000	£7,000	£7,000
Total Current Assets	£32,000	£80,300	£67,954	£85,295	£96,006	£124,742	£175,360	£164,205	£162,156	£201,233	£221,547	£257,144	£250,708
Fixed Assets													
Fixed Assets	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Accumulated Depreciation	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total Fixed Assets	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total Assets	£32,000	£80,300	£67,954	£85,295	£96,006	£124,742	£175,360	£164,205	£162,156	£201,233	£221,547	£257,144	£250,708
Liabilities and Capital													
Current Liabilities													
Accounts Payable	£350	£10,155	£10,365	£13,381	£19,296	£26,396	£33,629	£23,958	£18,298	£32,822	£36,840	£38,950	£27,188
Current Borrowing	£0	£0	£0	£20,000	£20,000	£20,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000
Other Current Liabilities	£0	£0	£0	£0	£2,591	£8,367	£16,374	£4,507	£6,879	£13,719	£8,957	£18,571	£22,856
Subtotal Current Liabilities	£350	£10,155	£10,365	£33,381	£41,887	£54,763	£80,003	£58,465	£55,177	£76,540	£75,798	£87,521	£80,043
Fixed Liabilities	£0	£50,000	£49,167	£48,334	£47,501	£46,668	£45,835	£45,002	£44,169	£43,336	£42,503	£41,670	£40,837
Total Liabilities	£350	£60,155	£59,532	£81,715	£89,388	£101,431	£125,838	£103,467	£99,346	£119,876	£118,301	£129,191	£120,880
Paid-in Capital	£50,000	£50,000	£50,000	£50,000	£50,000	£50,000	£50,000	£50,000	£50,000	£50,000	£50,000	£50,000	£50,000
Retained Earnings	(£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)
Earnings	£0	(£11,506)	(£23,228)	(£28,070)	(£25,032)	(£8,339)	£17,872	£29,089	£31,160	£49,707	£71,596	£96,303	£98,178
Total Capital	£31,650	£20,144	£8,422	£3,580	£6,618	£23,311	£49,522	£60,739	£62,810	£81,357	£103,246	£127,953	£129,828
Total Liabilities and Capital	£32,000	£80,300	£67,954	£85,295	£96,006	£124,742	£175,360	£164,205	£162,156	£201,233	£221,547	£257,144	£250,708
Net Worth	£31,650	£20,144	£8,422	£3,580	£6,618	£23,311	£49,522	£60,739	£62,810	£81,357	£103,246	£127,953	£129,828