

BUSINESS PLAN

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## **DIVINE BAKERY BUSINESS PLAN**

### **Executive summary**

Divine bakery and confectionary is a start up retail bakery that is located in the southwest region of Washington. Although there are several other restaurants located in the city, the bakery expects to catch the interest of regular coffee drinkers and snack regulars along its route with a fresh, new novelty menu. The bakery is built on the premise that the current market is shifting from regular baked goods, to more artsy inspired snacks, cakes and ideal coffee (mainly imported and homemade recipes). The company is set to bring a new ideal taste into the market, one which remains unequaled.

It has been noted that majority of the bakeries though insisting that they provide fresh home baked goodies, often fall short on both aspect. The products on the shelves are neither fresh nor do they have an excellent taste. Divine bakery ahs specialized in building unique recipes which bring together both aspects. All goods shelved on the shelves will be fresh made and therefore high quality and better tasting. Yet, the company goes even further to offer the same goods at a cheaper price than is available in the market place. This is simply because the proprietors recognize that the bakery industry is currently highly saturated. In a statement by Kotsianis



(2015) he suggests that any new restaurant and/or bakery should be so unique so that its products are not only a niche in the market place but also cheap enough to attract the regular customer. It is the regular and continued purchase of small products such as snacks, coffee and tea that produce stable profit and create publicity for the more expensive and large orders such as wedding cakes and function table sets.

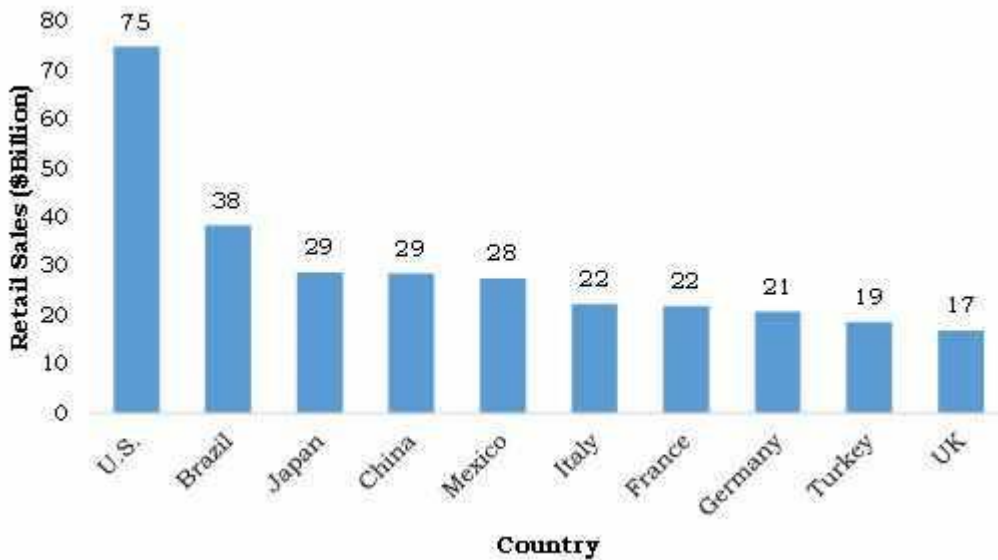
However the business is likely to encounter major competition from the chain coffee shops whose resources are large and thus easily make an impact in terms of advertising. Divine relies on its major strength which is the variety of products offered at high quality and at a very affordable cost. This strength explores a unique opportunity in the market that of fresh and affordable products to create a wide base of not just one time visitors but also loyal clientele. With this in mind, the bakery's menu will continue to be re-invented over a period of time. Although these investments may in the short term generate little profit if any, in the long term such investments will continue to generate renewed interest, which will translate to walk in customers and finally a loyal clientele creating a steady profit and an unmatched niche in the market.

### **Background and industry research**

The confectionery industry has been on a steady rise in the past five years. Much focus has been given to creating unique customer experiences through the use of unique recipes that are designed for both taste and complimentary factors. Today, a cup of coffee is no longer just a regular cup but also includes various untie elements such as the roast nature, the bean import history and even additional



taste elements including caramel and cinnamon. The more unique the taste of coffee, the more likely that a business will generate regular customers. This is in addition to offering a wide variety of snacks which the customers can select from. Kiumarsi *et al.* (2014) provide a summary of the expected projected growth of the industry below:



Kiumarsi *et al.* (2014) their study notes that a successful bakery and confectionary needs to offer the following elements:

- Variety: customers seek a wide variety of tastes that need to be catered for. The wider the menu, the more likely that the business will attract the most loyal clientele by meeting the different tastes that currently exist in the market place. This is

especially the case with coffee and other drinks which may need to be uniquely tailored and customized to meet a unique and niche market not satisfied with the current recipes in the marketplace. Variety is the foundation for a rich menu.

- Taste: as with any restaurant and food industry business, the first attraction for any clientele is the taste of the products. An analysis shows that there are two types of bakeries and coffee shops in current existence. On the one hand, there are shops with great tasting drinks but poorly designed confectionary recipes and snacks. Therefore, customers often find themselves stuck with bland accompaniments or forced to look for other alternatives. The second type is one in which the snacks great taste, fresh and exciting but the coffee, tea and other drinks are barely passable. Success is built on finding unique taste in both the drinks and the accompaniments; this ensures that regulars are not easily drawn to test out competition because they are fully satisfied with the services offered.
- Cost: in the current economy, it is clear that customers are highly concerned over the cost of anything they have to purchase. This especially goes for products such as tea and coffee which they have to purchase either daily or regularly. Every single cent therefore counts when it's wholesomely counted. Despite, the need for unique and high quality drinks and snacks, customers are not willing to overpay for such services. The idea is to limit the profit generated per cup and instead focus on creating a wide net of customers which then assures regular profits over time.

Majority of the bakeries and businesses have fallen short because they have not focused on ensuring high quality customer satisfaction. During the first months customers enjoy an excellent experience which then falls short when business picks up. However,



with new businesses and especially Java's and coffee houses opening on a regular basis, bakeries and coffee shops have to design new ways with which they can keep up with the customer demands as well as ensure that they maintain the regular base of customers without losing their interest to new and upcoming competition; especially when it is noted that bakeries are seasonal businesses.

### **Competitor analysis**

Divine bakery shop is set up in a busy street at the corner of several office plazas and business buildings. In essence the company is set to enjoy a wide target of consumers. However, it is to be noted that the food industry is one win which competitors are neither lacking nor are they dormant. In the vicinity of there are several competitors are highlighted below:

**Johnnie's coffee shop:** this coffee shop has been in existence for more than five years. It is renowned for serving large number of clientele. However, in the past two years, the coffee shop has been unable to meet its demand and has removed several items from the menu. Regularly customers are stuck in a long queue in the morning hours as they attempt to get a drink and this is often followed by discouraging remarks on products that are no longer in the menu or are currently unavailable. The divine Bakery will be built on this foundation, ensuring that customers are not only assured of the existence of their selected products but are also served fast and thus assured of their own convenience. By combining taste, elegance and convenience it is expected that the business will draw more customers.



**Regular coffee shop chains:** perhaps the biggest threat comes from coffee chains which are not only recognized because of their brand names such as Dormans but are also renowned for their low prices. Majority of the businesses are unable to compete with large coffee chains because they are built on the promise of the lowest prices in the marketplace. However, what they offer in the lowest price also lacks in terms of tastes and preferences. Customers are stuck with regular coffee, lacking any special additives and recipes and snacks which are limited in terms of variety. Divine bakeries may not be able to go as low priced as the regular chains, but will strive to ensure average pricing of products in addition to ensuring a highly inventive menu. Customers will be able to access high quality products, with ideal tastes (customized for the customers) and at a much lower price than the highly priced exclusive coffee shops and bakeries.

**Exclusive coffee houses:** with a large high income population surrounding the Washington area, there has been an increase in high priced exclusive coffee houses and bakeries. These bakeries are renowned for high taste and high quality products which are uniquely designed and prepared by highly professional chefs. For most of these bakeries, customers are treated to new and unique recipes on a daily basis, with exposure to goodies and drinks that may not be available elsewhere. However, the products come at a very high cost which in turn caters only for the high income earners. Further, regular customers with average incomes can only consider such places during celebrations as a form of a treat. The divine bakery will strive to provide a similarly unique experience for the average income earner. It is to be noted that average income earners are a higher population and are therefore more likely to become a regular



clientele. This will maintain a continued and steady influx of income rather than a one off high income which in turn reduces stability. Both high income and regular earners will have a place at divine.

### **Customer profile**

The bakery targets the regular clientele. The location is such that the bakery will be catering mostly to office workers. This is people who are regularly in town and often in a hurry to arrive to work. It is therefore expected that there will be an influx of business in the morning as well as evening hours as this are the times the office workers have to rush for snacks and drinks. Lunch hours will be mostly dedicated for the business crowd, entertaining potential clientele and business. As such the bakery will have a menu reflecting the needs of each customer. The average office worker, is the most likely individuals to generate a steady income for the business. However, the same worker is characterized by a lack of time and constant demands on their income. Divine bakery is designed to ensure that clients can either get their orders to go, in a fast manner or at the same time sit and enjoy the service of the workers in an equally fast fashion. Further, all products are regularly priced so that they cater for the desire of the customer to save on daily spending.

It is important to note that currently in the food industry; customers are more concerned about their health than in the past. The average consumer in a bakery wants to regulate the sugar, and ensure that products are generated from high quality natural products.



This means ensuring that menus are clearly detailed on the nature of products used for each item and that fresh products are maintained on the shelves to ensure high quality customer satisfaction.

### **Product range**

**Cakes and cookies:** the main products offered in the bakery are high quality cakes and cookies of different natures. Although there are several coffee shops in the area, none offer high quality and ideal tasting cakes and cookies. Often the customers are stuck with options that are either far away or products sold in the malls which lack the freshness and taste that comes from the high end products in the bakery. The recipes have been generated over time and tested to ensure that they can be maintained and the taste remains awesome. As such customers will be treated to new and fresh cakes, unique in taste, design and frosting as well as cookies. Customers will be able to purchase wither pieces of cake, cupcakes, muffins or large cakes in the cake section (where they can choose from an ideal variety of each) as a freshly baked product. In addition, they could select from a portion of home baked cookies and biscuits which are guaranteed to be an excellent accompaniment.

**Snacks and other pastries:** it is to be noted that there are several customers who may not be interested in the cakes and cookies. This is especially the case for the lunch crowd. For these customers the bakery will make specialized sandwiches, which will be made on order to ensure freshness as well as include all the necessary ingredients requested by the clients. In addition, there will be specialized

sugar confectionaries and doughnuts for the customers to purchase. This will be available with the desired toppings requested by the customers.

**Drinks:** majority of the bakeries often focus on the baked goods and snacks and ignore the accompaniments which are carelessly thrown together. However, it is important to note that the drinks are often the first attraction for any client into the business. Divine will offer a wide variety of both coffees and teas, which will include special customized recipes for the clients to enjoy. The bakery will also include a wide variety of fresh squeezed juices for clients who maybe more health conscious or looking for something different. Clients will be at liberty to secure drinks which they can design and customize for themselves from the available products in the bakery. It is expected that the more customers drink in the bakery, the more likely they are to make purchases of different snacks to accompany the drinks. Further, the bakery will also offer a variety of ice-cream, milkshakes and yoghurts which will be prepared directly at the bakery to ensure both quality and high taste for the customers. Each of the drinks offered at the bakery will include a wide variety of toppings which customers can select from the available menu.

To ensure high quality freshness as promised by the business, the bakeries prepare 6 batches of each product. This ensures that majority of the product is sold at the end of the day and therefore make space for a completely new batch. Mixtures are done throughout the day to ensure that the customers do not run out of the necessary purchases, and have access to equally fresh products.



Recipes are already pre-prepared but it is expected that over time, the bakery will continually experiment with new products and recipes as per the clientele tastes and preferences.

### **Personnel**

Divine bakery is a registered company that is equally owned by two individuals: Augustine Clement and Desario Blessing. The owners have each equally purchased interest in the company. Both are renowned chefs having trained and worked at major restaurants before making the decision to go into business. Each of the partners is responsible for a section of the menu, which they will continually take responsibility for. They are therefore considered not just part but the most crucial aspect of the staff of the company. To ensure that all aspects of the bakery are running as they should without considerable conflict, with respect to the fact that the owners are expected to be constantly tied up in the kitchen, the company has hired a manager. The manager will be reasonable for the accounts of the business as well as ensuring a smooth running environment.

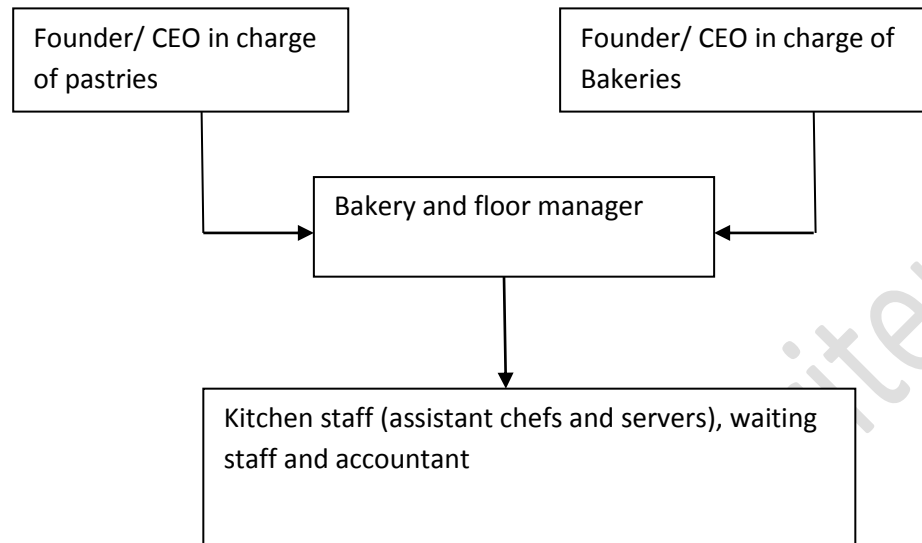
The bakery uniquely includes a wait staff who work at both the counter ensuring and filling out customer takeout orders as well as the floor where they serve the sitting clientele. They are responsible for handing out the orders, taking the orders, addressing complaints as well as receipting each order as requested by the manager. For the first few months they will be accountable directly to the manager in order to minimize operation costs. Once the business begins to pick up, the manager will be given mandate to hire a floor



manager who will be responsible for the wait staff as well as the subordinate kitchen staff. The kitchen staff will work directly under and with the head chefs to ensure that the bakery shelves and confectionary stands are filled with products for sale.

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### Operations analysis

Divine Bakery will be run by the two owners, with the help of a manager who will be hired to oversee the day to day running of the business. Although the owners are experienced chefs, none has had previous management experience. Further in order to save costs,



the owners will be running and remain responsible for the kitchen and production of a unique menu. To ensure that losses are not incurred daily and that costs are minimized in the business, the owners have agreed to hire an experienced manager.

The location of the business has been set up so that it will provide both space and access to the customers. Majority of bakeries ignore the importance of space for customers who may wish to sit and have their meals within the premise or entertain others at the same time. Space is a vital component to ensure proper and attractive sitting arrangements, avoiding congestion which makes the business unattractive. Secondly, due to the location at the corner of central business buildings, customers will have easy access to the bakery and will continually be bombarded by attractive smells and displays which will in turn draw them to the business.

Due to the variety of the menu and the need for continues fresh products; the kitchen will run from early morning hours to late in the afternoon. Chefs will prepare sell batches of 6-12 for each product dependent on the demand for the same to ensure freshness. In addition, there will be specialized orders which are designed and customized for individual customers. Such orders will be filled out as they are paid for. The chefs will also be responsible for creating novelty items for the week, which will be unique stand out products that have been researched and are rare to find within the region.

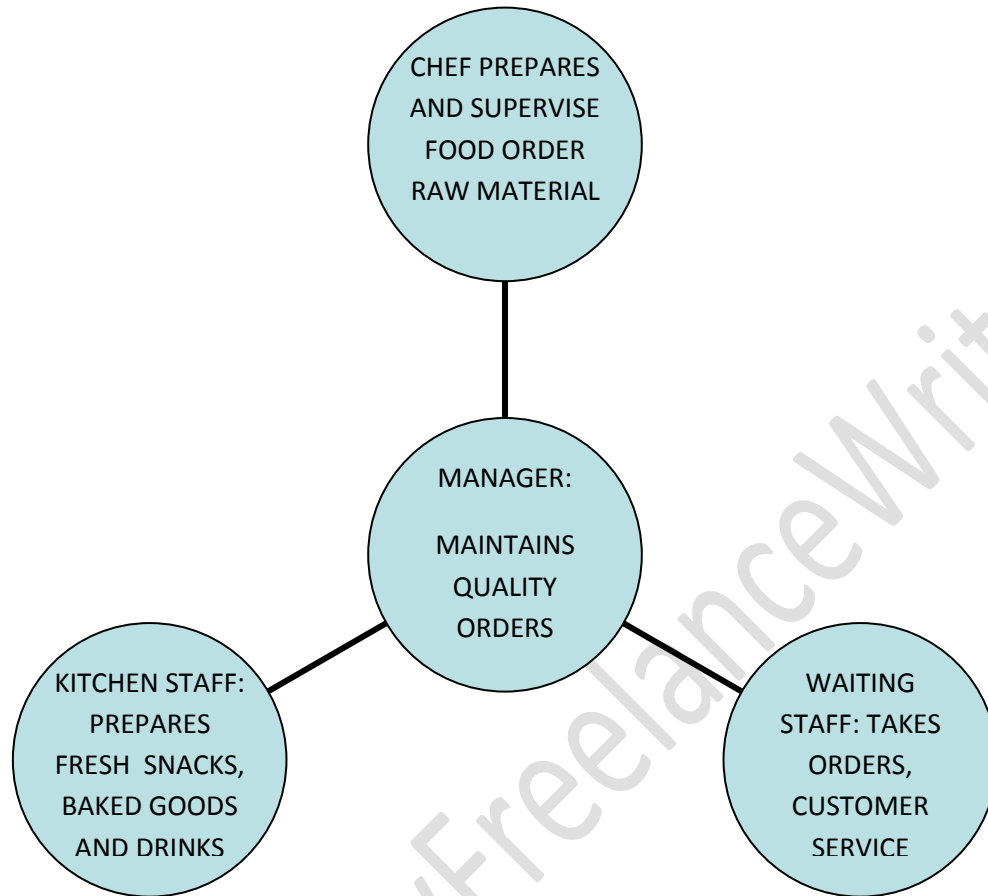
Materials and supplies will be ordered on a weekly basis (for fresh products) such as fruits and on a monthly basis (for other products such as spices). Each order will be addressed by the manager to ensure that it meets the standards of the bakery as well as being viable in terms of adding to the profits of the business.





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**Strategy and implementation**

The bakery plans to open during the week when there will be a trade fair at the park nearing the bakery. This will provide excellent foot traffic for visitors to the business exhibitions as well as the exhibitionists themselves. During the opening week, there will be several offers with majority of the products being offered at 50% off the market and sale price. Although this may generate a short term loss, it is expected that it will attract new customers through price undercuts. Once the customers have samples what is being offered, then they will be more willing to experiment with the various products offered at the bakery and thus create a loyal customer base. Further, free samples will be available with every purchase of a drink. Through the free samples, the bakery expects to gain a twofold advantage. First and foremost, free samples are attractive to any customer, and the easiest way to sell a product. Once customers have sampled the taste, they are more willing to be convinced to spend money to regain the same experience. Secondly, the free samples provide an ideal platform to get feedback from clients on what they offer to purchase, products that are worth the cost, the general tastes and preferences of the targeted customers. Free samples therefore offer a direct marketing tool as well as a cheap and reliable research tool for the bakery. The main menu may be edited following the purchases and feedback received from clients in the first week of opening in order to generate and drum up more businesses. The 50% discount will rerun for the first month of opening.



### **Competitive edge**

For a business to succeed in market that is not only fluctuating in terms of income and spending habits but is also saturated with similar businesses, the new entrepreneurship must develop an ideal competitive edge which sets it apart from other similar businesses.

Divine bakery competitive edge is three fold, that is, it includes a three pronged approach:

- **Location:** Divine is located in an area where it is surrounded by several office buildings and faces a business centre. The bakery will encounter mass foot traffic during the office hours as people run to and from their workplace. The potential of customers to be gained from this location is unequaled. This coupled with the fact that more than 67% of workers according to Oh and Yoon (2000) rely on coffee shops for their breakfasts, snacks and sometimes midmorning meals. As workers come from and to their workplaces, they will encounter the artistic display cases on the bakery windows and smell the peroration of fresh products. The result is that they are most likely to step in and enjoy a snack and drink from time to time.
- **Unique menu:** the bakery relies heavily on a variety of snacks, cakes and even drinks which set them apart. The recipes for each drink and snack have been carefully researched and tested through sampling which in turn has led to several changes making the menu the most unique to be found around the area. Each week, customers will be treated to a unique product designed by the chef and upon receiving feedback; the same product could be introduced to the menu. Therefore, customers can look forward to a new experience each time they visit the bakery.

- Pricing: most bakeries that create unique products and provide fresh snacks prepared daily for every few hours, often do so at a very high cost. The cost is such that the average consumer may not be able to afford it on a daily basis. On the other hand, divine has set itself apart by creating the same products, at a uniquely affordable price. The effect is that profit per product maybe much lower but the volume of sales is likely to be much higher so that it is able to sustain the menu as well as account for the costs of business. The more the people (the higher the sales), the more likelihood that products produced will be sold and therefore customers will be assured of their fresh products as promised. Further, there is also likelihood of enjoying free word of mouth marketing as more and more customers are drawn to enjoy the products of the Divine bakery.

### **Sales and marketing**

**Advertising:** due to the nature of the target market, the main advertising strategy will be online based. Potential customers will receive an email or social media alert on the opening of the business. The business will also prepare several flyers which will be handed to various offices and businesses surrounding the area. This is simply to ensure that customers remain aware of the potentiality of a business opening within the area, the products being offered and the services they can expect from the business. An online advertising option has been selected because the bakery is targeting the average working person. This individual has little time to interact with print media and often spends time on the television seeking entertainment rather than considering adverts. However, this same person



spends majority of their time online, answering emails or catching up with friends in social media. This is therefore the most likely and best alternative for reaching them.

**Coupons:** the bakery will use coupon sites such as Groupon to sell coupons to potential customers. The coupons will offer more than 80% off the required price for high value products. Coupon sites often have a much higher access to potential customers from a specific location. They are able to bring them together, bombard them with messages and then ensure that they provide a unique advantage to your business. This may require a heavy investment but it has several advantages which are attractive to the business. The sites traffic immediately creates a brand name for the business so that the online website and social media pages become active simply because they are directly linked to the coupon. Secondly, customers are forever looking for deals especially on products they have to purchase daily such as sandwiches and snacks. The exposure will ensure an increase in the amount of traffic being received within the business.

**Free samples:** on a weekly basis, customers will be treated to new products which will be offered as free samples. The free samples will of course be of much smaller size and will be accompanied by very purchase drink. The idea of the free samples is not the creation of sales but rather getting customers to make attempts at various purchases. Once customers have had a taste, they are likely to keep returning for more which will in turn account for the losses incurred through free samples. The general free samples will be based on customer tastes and preferences and will include what can be termed as affordable products rather than high end rick snacks



which can only serve a particular set of population and social economic class. When completed properly, it is expected that the free samples will show potential customers that the chefs and the bakery at large is an expert in the field and will not disappoint when given a chance.

The divine sales and marketing strategy is not built on increasing immediate profits but rather generating sales volumes. With good deals, customers are likely to be drawn to the doors especially here such deals are maintained for a month. This way, customers will develop a habit and taste for the products offered at the bakery. Through such deals, the business is likely to generate and build a good customer base that they can rely on for steady income. The business environment, coupled with the marketing strategy is likely to attract a variety of customers to the bakery.

### Financial plan

Start up costs

cost	Month 1	Month 2	Month 3	Month 4	Month 5
Advertising and promotion costs		6000	6000	4000	4000
Kitchen equipment	150,000				
Interior decorating: furniture and	100,000				

accessories					
Ingredients for products	20,000	10,000	10,000	8,500	8,500
Kitchen utensils	35,000				
Bakery accessories :bags, cartons	17000	5000		2500	2000
<b>Totals</b>	<b>322,000</b>	<b>21000</b>	<b>16000</b>	<b>15000</b>	<b>14500</b>

### Break even analysis

During the first months of any new business, it is expected that loss is to be made. However, it is also vital to determine the breakeven point, that is, the point when the business has earned enough income so that it is no longer making losses but neither is it making profits. Breakeven points are used to determine the potential of accessing further income and measure the growth of the business.

During the first months of operation the Divine bakery will be working towards ensuring that they meet the break even income. Thus, costs will be reduced so that products can be sold at an affordable price and consumers can be drawn by the attractive prices. And further focus will be directed towards ensuring an increase in the sales volumes which will in turn ensure a higher probability of reaching the break even. The table below shows the breakeven point for divine bakery





**MONTHLY BREAKEVEN ANALYSIS**

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MONTHLY REVENUE FOR BREAK EVEN	\$32,057
ASSUMPTIONS	NONE
AVERAGE PERCENTAGE OF VARIABLE COSTS	28%
ESTIMATED FIXED COSTS (MONTHLY)	\$24,078

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**Projected profit and loss**

From the table highlighted below, it is clear that the major costs will be the payroll to be supported by the businesses. It is to be noted that a professional manager will need to be paid a much higher salary as well as the waiting staff which is expected to increase periodically as the business continues to experience significant growth. While on the one hand, it is vital to save on salary and payroll during the first months on the other hand, Dvina is priding itself on fast and professional service. Human resources are the most vital



component of ensuring the success of the business. As such, the owners have determined to invest carefully in selecting the right workers and compensating them in a manner that is competitive to the market wages.

<b>Performa profit and loss</b>			
	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>
Direct sales	422,500	469,000	522,000
Direct cost of sales	121,360	130,400	145,000
<b>Total costs of sales</b>	<b>121,360</b>	<b>130,400</b>	<b>145,000</b>
Gross margin profit	301,140	338,600	377,000
Expenditure			

Payroll (salaries and remuneration)	205,200	217,000	230,000
Marketing costs	7000	10,000	13,000
Utilities	4800	4800	4800
Insurance	6000	6000	6000
Rent	21,600	21,600	21,600
<b>Total expenditure</b>	<b>244,600</b>	<b>259,400</b>	<b>275400</b>
<b>Profit before tax</b>	<b>56,540</b>	<b>79,200</b>	<b>101,600</b>

The profit highlighted in the table above, is the amount expected before taxation and interests occur in the various investments by the business. The profit expected is slightly above 3% in the first year and in the following years will increase to at least 6.7% of the initial costs of production. Although the profit margin may seem slightly low, the expected sustainability and durability of the same is quite high. Further, there is expected to be investment after the first three years in new equipment and furniture to refurbish the

business and allow the kitchen to deal with the increasing number of customers. Because of this, the business will continually invest a percentage of the profits to ensure access to ready capital for the purchase of such equipment much more easily. Initial capital will be generated through individual savings and a business loan to be acquired from the savings cooperation at a low interest.

#### APPENDIX A: Pro-forma cash flow

<b>PROFORMA CASH FLOW</b>			
	<b>YEAR ONE</b>	<b>YEAR TWO</b>	<b>YEAR THREE</b>
Cash Received			
Cash from Operations			
Cash Sales	422,500	\$469,000	\$522,000
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
<b>SUBTOTAL CASH RECEIVED</b>	<b>\$422,500</b>	<b>\$469,000</b>	<b>\$522,000</b>
Expenditures	Year 1	Year 2	Year 3
Expenditures from Operations			
Cash Spending	\$205,200	\$217,000	\$230,000
Bill Payments	\$189,370	\$226,386	\$246,000
<b>SUBTOTAL SPENT ON OPERATIONS</b>	<b>\$394,570</b>	<b>\$443,386</b>	<b>\$476,000</b>
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	\$9,996	\$9,996	\$9,996
Purchase Other Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
<b>SUBTOTAL CASH SPENT</b>	<b>\$404,566</b>	<b>\$453,382</b>	<b>\$485,996</b>
Net Cash Flow	\$17,934	\$15,618	\$36,004
Cash Balance	\$81,134	\$96,752	\$132,756

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**APPENDIX B: Proforma Balance Sheet**

<b>PROFORMA BALANCE SHEET</b>			
Current Assets			
Cash	\$81,140	\$96,890	\$132,756
Inventory	\$14,630	\$15,720	\$17,480
Other Current Assets	\$0	\$0	\$0
<b>TOTAL CURRENT ASSETS</b>	<b>\$95,770</b>	<b>\$112,610</b>	<b>\$150,236</b>
Long-term Assets	\$60,000	\$60,000	\$60,000
Accumulated Depreciation	\$1,440	\$2,880	\$4,320
<b>TOTAL LONG TERM ASSETS</b>	<b>\$58,560</b>	<b>\$57,120</b>	<b>\$55,680</b>
<b>TOTAL ASSETS</b>	<b>\$154,324</b>	<b>\$169,531</b>	<b>\$205,915</b>
Liabilities and Capital	Year 1	Year 2	Year 3
Current Liabilities			
Accounts Payable	\$22,217	\$18,284	\$20,392
Current Borrowing	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$22,217</b>	<b>\$18,284</b>	<b>\$20,392</b>
Paid-in Capital	\$80,000	\$80,000	\$80,000
Retained Earnings	(\$11,800)	\$2,103	\$31,300
Earnings	\$13,903	\$29,197	\$44,211

<b>TOTAL CAPITAL</b>	<b>\$82,103</b>	<b>\$111,300</b>	<b>\$155,511</b>
Net Worth	\$82,103	\$111,300	\$155,511

**APPENDIX C: Cost Forecast**

cost forecast													
	<b>bakery costs</b>												<b>TOTALS</b>
	1	2	3	4	5	6	7	8	9	10	11	12	
	4	4	5	4	4	5	4	4	5	4	4	5	
unit price/order value	1800	1800	1800	1800	1800	1800	1800	1800	1800	1800	1800	1800	<b>21600</b>
no of orders							150	200	200	200	150	100	<b>1000</b>
sales value							270000	360000	360000	360000	270000	180000	<b>1800000</b>
direct costs													<b>0</b>
	<b>pastries and snacks</b>												
	1	2	3	4	5	6	7	8	9	10	11	12	





	4	4	5	4	4	5	4	4	5	4	4	5		
unit price/order value	2600	2600	2600	2600	2600	2600	2600	2600	2600	2600	2600	2600	2600	<b>31200</b>
no of orders								150	150	150	150	100	<b>700</b>	
sales value														
direct costs	0	0	0	0	0	0	0	390,000	390000	390000	390000	260000	<b>182000</b>	
	drinks												<b>0</b>	
	1	2	3	4	5	6	7	8	9	10	11	12		
	4	4	5	4	4	5	4	4	5	4	4	5		
unit price/order value	18.6	18.6	18.6	18.6	18.6	18.6	18.6	18.6	18.6	18.6	18.6	18.6	18.6	<b>223.2</b>
no of orders			300	500	800	800	800	600	600	600	400	300	<b>5700</b>	
sales value														
direct costs			55800	93000	148800	148800	148800	111160	111160	111160	74400	55800	<b>105888</b>	
						0							<b>0</b>	

YEAR ONE: CASH FLOW FORECAST

<b>YEAR ONE CASH FLOW</b>													
MONTH	1	2	3	4	5	6	7	8	9	10	11	12	
NO OF WEEKS	4	4	5	4	4	5	4	4	5	4	4	5	
INCOME	0	0	42,250	42,250	42,250	42,250	42,250	42,250	42,250	42,250	42,250	42,250	<b>422,500</b>
vat			4200	4200	4200	4200	4200	4200	4200	4200	4200	4200	<b>42000</b>
<b>TOTAL</b>			<b>38050</b>	<b>38050</b>	<b>38050</b>	<b>38050</b>	<b>38050</b>	<b>38050</b>	<b>38050</b>	<b>38050</b>	<b>38050</b>	<b>38050</b>	<b>380500</b>



EXPENDITURE													
CASH PURCHASE	0	0	20,520	20,520	20,520	20,520	20,520	20,520	20,520	20,520	20,520	20,520	<b>205,200</b>
BILL PAYMENTS	0	0	1893	1893	1893	1893	1893	1893	1893	1893	1893	1893	<b>18930</b>
RENT	0	0	500	500	500	500	500	500	500	500	500	500	<b>5000</b>
INSURANCE	0	0	430	430	430	430	430	430	430	430	430	430	<b>4300</b>
WAGES	0	0	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	<b>20000</b>
<b>TOTAL PAY</b>			<b>25,343</b>	<b>25,343</b>	<b>25,343</b>	<b>25,343</b>	<b>25,343</b>	<b>25,343</b>	<b>25,343</b>	<b>25,343</b>	<b>25,343</b>	<b>25,343</b>	<b>253,430</b>
<b>NET CASH FLOW</b>			<b>12707</b>	<b>12707</b>	<b>12707</b>	<b>12707</b>	<b>12707</b>	<b>12707</b>	<b>12707</b>	<b>12707</b>	<b>12707</b>	<b>12707</b>	<b>127070</b>

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