

A Template for Financial Section of a Business Plan plus Monte Carlo Analysis

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<https://emfps.blogspot.com/2016/08/a-template-for-financial-section-of.html>

The most important part of a business plan is to prepare the financial section and the most crucial part of the financial section is, to predict assumptions, because you should prove that your business plan is feasible or not.

The purpose of this article is to make a template of the financial section on Excel spreadsheets in which all Excel files are connected together and also assumptions. In this case, you will be able to track your analysis quickly by changing the assumptions.

The good news is to apply Monte Carlo analysis on this template in which you can check the risks of the assumptions and see the impact of them on your performance by using the method mentioned in the article below:

"Discounted Cash Flow Analysis plus Monte Carlo Method to Analyze Share Price of a Company"

<http://emfps.blogspot.com/2012/01/monte-carlo-analysis-on-case-of-nike.html>

A sample for financial section of a business plan in service industry has been practiced on this template.

Financial Section of a Business Plan

The financial section of the business plan is started by assumptions. You can always change your assumptions and show your client that this business plan is feasible or vice versa. Therefore, assumptions play the most important role in your business plan. Traditionally, people forecast assumptions derived from financial data of companies or economic indicators. Definitely, this method is not true due to high speed changes in the world. We still don't have an accurate method to find out true assumptions. In fact, if we had a precise model to guess the assumptions, we could anticipate some share prices or the performances in stock markets. As I stated in my article on "External Real Forces and Pseudo-Forces to Design a Strategic Plan:

Fuzzy logic Vs. Classic Logic" posted on link: <http://emfps.blogspot.com/2013/12/external-real-forces-and-pseudo-forces.html> Maybe mathematics will give us an optimized model to forecast the assumptions in the near future.

What are the assumptions? They can be as follows:

- Initial investment
- The growth rate of sales per year
- The growth rate of variable costs per year (COGS)
- The growth rate of fixed costs per year
- Terminal value growth rate
- The cost of capital (discounted rate) each year
- Taxes
- Interest rates

When we obtain the assumptions, we should develop a cash flow statement for 12 months per year and predict it for 3 or 5 years in accordance with our initial investment and costs budgeting and also our assumptions. This is a statement that shows how money is moving in and out of our business. Making a cash flow statement is very important for our business plan because it is the basis of profit – loss projection, balance sheet and, finally, our analysis.

After developing a cash flow statement, we will be able to prepare an income statement projection (3 or 5 years) and by using data generated on a profit – loss statement, we can make the balance sheet projection for 3 or 5 years.

When we finish creating the cash flow statement, income statement and balance sheet, we will be ready to go through our analytic process included in the steps below:

- To calculate Key Ratios (Viability analysis) by using key statements and balance sheet
- Break – Even Analysis by using the Sales, Variable costs and Fixed costs
- Discounted Cash Flow Analysis

In my opinion, the most important part of our analytic process is to go to the discounted cash flow analysis which is included in the three steps below.

- Pay Back analysis
- IRR analysis
- NPV analysis

Finally, we will have six excel files connected together and our assumptions for the financial section of our business plan are as follows:

- Cash flow statement
- Income statement
- Balance sheet
- Key Ratios (Viability analysis)
- Break – Even Analysis
- Discounted Cash Flow Analysis

A Sample of Financial Section for Business Plan in Service Industry

Here, I have taken a sample of the financial section for business plans in the service industry. You can practice and also utilize this sample for your commercial purposes. This sample can be used for a lot of service industries, such as food service, boarding houses, restaurants, transportation and so on.

Firstly, we have assumptions as follows:

Assumptions:	Rials	USD
Initial investment	2,500,000,000	71428.57143
Number of customers per month	300	
Earning money from each customer/day	1,000,000	28.57142857
Growth per year for sales	3%	
Growth per year for Variable Costs	8%	
Growth per year for Fixed Costs	3%	
Terminal value growth rate	6%	
Cost of Capital	8%	
Variable Costs:	Rials	USD
Raw materials / month	60,000,000	1714.285714
labor 1/ month	35,000,000	1000
labor 2/ month	15,000,000	428.5714286
labor 3/ month	12,000,000	342.8571429
labor 4/ month	15,000,000	428.5714286
labor 5/ month	20,000,000	571.4285714
Total labor cost (including insurance)	97,000,000	
Fixed Costs		
Salaries and wages / month (including insurance)	40,000,000	1142.857143
Utilities / month	20,000,000	571.4285714
Miscellaneous / month	10,000,000	285.7142857
Property, plant, and equipment	1,650,000,000	47142.85714

Then we develop a cash flow statement:

Cash Flow Forecast - 12 Months									
Month:	Pre-Start	1	2	3	4	5	6	7	8
Receipts									
Cash sales									
Collections from credit sales									
New equity inflow	2,500,000,000								
Loans received									
Interest received (rate = 15%)	0	31,250,000	19,053,125	15,453,789	11,184,461	11,236,767	11,289,727	11,343,348	11,397,640
Total Receipts	2,500,000,000	31,250,000	19,053,125	15,453,789	11,184,461	11,236,767	11,289,727	11,343,348	11,397,640
Payments									
Cash purchases (Buying land and house)		1,000,000,000	300,000,000	350,000,000					
Labor costs									
Salaries and wages									
Employee benefits									
Payroll taxes									
Rent									
Utilities									
Repairs and maintenance (Construction costs)		7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
Insurance									
Travel									
Telephone									
Postage									
Office supplies									
Advertising									
Marketing/promotion									
Professional fees									
Training and development									

Utilities										
Repairs and maintenance (Construction costs)		7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
Insurance										
Travel										
Telephone										
Postage										
Office supplies										
Advertising										
Marketing/promotion										
Professional fees										
Training and development										
Bank charges										
Miscellaneous										
Owner's drawings										
Loan repayments										
Tax payments										
Capital purchases										
Other										
Total Payments	0	1,007,000,000	307,000,000	357,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
Cashflow Surplus/Deficit (-)	2,500,000,000	(975,750,000)	(287,946,875)	(341,546,211)	4,184,461	4,236,767	4,289,727	4,343,348	4,397,640	4,452,611
Opening Cash Balance	0	2,500,000,000	1,524,250,000	1,236,303,125	894,756,914	898,941,375	903,178,143	907,467,869	911,811,218	916,208,858
Closing Cash Balance	2,500,000,000	1,524,250,000	1,236,303,125	894,756,914	898,941,375	903,178,143	907,467,869	911,811,218	916,208,858	920,661,469

Cash Flow Forecast - 12 Months (Year 2)

Month:	1	2	3	4	5	6
Receipts						
Cash sales						
Collections from credit sales						
New equity inflow						
Loans received						
Interest received (rate = 15%)	11,679,450	11,737,944	11,797,168	11,794,633	8,942,065	
Total Receipts	11,679,450	11,737,944	11,797,168	11,794,633	8,942,065	6
Payments						
Cash purchases (raw material)				210,000,000	210,000,000	2
Labor costs						
Salaries and wages						
Employee benefits						
Payroll taxes						
Rent						
Utilities						
Repairs and maintenance	7,000,000	7,000,000	12,000,000			
Insurance						
Travel						
Postage						
Office supplies						
Advertising				30,000,000	30,000,000	4
Marketing/promotion						
Professional fees						
Training and development						A

1	Utilities									20,000,000
2	Repairs and maintenance	7,000,000	7,000,000	12,000,000						
3	Insurance									
4	Travel									
5										
6	Postage									
7	Office supplies									
8	Advertising				30,000,000	30,000,000	40,000,000			
9	Marketing/promotion									
0	Professional fees									
1	Training and development									
2	Bank charges									
3	Miscellaneous									10,000,000
4	Owner's drawings									
5	Loan repayments									
6	Tax payments									1,520,833
7	Capital purchases									
8	Other									
9	Total Payments	7,000,000	7,000,000	12,000,000	240,000,000	240,000,000	260,000,000	260,000,000	228,520,833	
0	Cashflow Surplus/Deficit (-)	4,679,450	4,737,944	(202,832)	(228,205,367)	(231,057,935)	(253,946,159)	(253,946,159)	74,358,681	
1	Opening Cash Balance	934,356,038	939,035,489	943,773,432	943,570,600	715,365,233	484,307,298	484,307,298	230,361,139	
2	Closing Cash Balance	939,035,489	943,773,432	943,570,600	715,365,233	484,307,298	230,361,139	230,361,139	304,719,820	

Cash Flow Forecast - 12 Months Year (3)										
Month:	1	2	3	4	5	6	7	8	9	10
Receipts										
Cash sales	310,200,000	310,200,000	310,200,000	310,200,000	310,200,000	310,200,000	310,200,000	310,200,000	310,200,000	310,200,000
Collections from credit sales										
New equity inflow										
Loans received										
Interest received (rate = 15%)	8,633,625	9,580,447	10,539,103	11,509,743	12,492,516	13,487,574	14,495,069	15,515,159	16,547,999	17,593,750
Total Receipts	318,833,625	319,780,447	320,739,103	321,709,743	322,692,516	323,687,574	324,695,069	325,715,159	326,747,999	327,793,750
Payments										
Cash purchases (raw material)	64,800,000	64,800,000	64,800,000	64,800,000	64,800,000	64,800,000	64,800,000	64,800,000	64,800,000	64,800,000
Labor costs	104,760,000	104,760,000	104,760,000	104,760,000	104,760,000	104,760,000	104,760,000	104,760,000	104,760,000	104,760,000
Salaries and wages	41,200,000	41,200,000	41,200,000	41,200,000	41,200,000	41,200,000	41,200,000	41,200,000	41,200,000	41,200,000
Employee benefits										
Payroll taxes										
Rent										
Utilities	20,600,000	20,600,000	20,600,000	20,600,000	20,600,000	20,600,000	20,600,000	20,600,000	20,600,000	20,600,000
Repairs and maintenance										
Insurance										
Travel										
Telephone										
Postage										
Office supplies										
Advertising										
Marketing/promotion										
Professional fees										

19	Payroll taxes									
20	Rent									
21	Utilities	20,600,000	20,600,000	20,600,000	20,600,000	20,600,000	20,600,000	20,600,000	20,600,000	20,600,000
22	Repairs and maintenance									
23	Insurance									
24	Travel									
25	Telephone									
26	Postage									
27	Office supplies									
28	Advertising									
29	Marketing/promotion									
30	Professional fees									
31	Training and development									
32	Bank charges									
33	Miscellaneous	10,300,000	10,300,000	10,300,000	10,300,000	10,300,000	10,300,000	10,300,000	10,300,000	10,300,000
34	Owner's drawings									
35	Loan repayments									
36	Tax payments	1,427,917	1,427,917	1,427,917	1,427,917	1,427,917	1,427,917	1,427,917	1,427,917	1,427,917
37	Capital purchases									
38	Other									
39	Total Payments	243,087,917	243,087,917	243,087,917	243,087,917	243,087,917	243,087,917	243,087,917	243,087,917	243,087,917
40										
41	Cashflow Surplus/Deficit (-)	75,745,709	76,692,530	77,651,187	78,621,827	79,604,599	80,599,657	81,607,153	82,627,242	83,660,083
42										
43	Opening Cash Balance	690,690,038	766,435,747	843,128,277	920,779,464	999,401,290	1,079,005,890	1,159,605,547	1,241,212,699	1,323,839,941
44										
45	Closing Cash Balance	766,435,747	843,128,277	920,779,464	999,401,290	1,079,005,890	1,159,605,547	1,241,212,699	1,323,839,941	1,407,500,024
46										

And then, Year (4) and Year (5)

After that, we prepare an Income statement projection:

Income Statement - Summary of Years 1 to 5						
	Year 1:	Year 2:	Year 3:	Year 4:	Year 5:	Totals
Sales						
Sales	0	1,800,000,000	3,722,400,000	3,848,961,600	3,979,826,294	13,351,187,894
Other	168,356,038	93,459,000	168,772,191	321,001,263	487,248,859	1,238,837,351
Total Sales	168,356,038	1,893,459,000	3,891,172,191	4,169,962,863	4,467,075,153	14,590,025,246
Less Cost of Goods Sold						
Materials		360,000,000	777,600,000	839,808,000	906,992,640	2,884,400,640
Labor		582,000,000	1,257,120,000	1,357,689,600	1,466,304,768	4,663,114,368
Overhead						0
Other						0
Total Cost of Goods Sold	0	942,000,000	2,034,720,000	2,197,497,600	2,373,297,408	7,547,515,008
Gross Profit	168,356,038	951,459,000	1,856,452,191	1,972,465,263	2,093,777,745	7,042,510,238
Operating Expenses						
Salaries and wages		240,000,000	494,400,000	509,232,000	524,508,960	1,768,140,960
Employee benefits						0
Payroll taxes						0
Rent						0
Utilities		120,000,000	247,200,000	254,616,000	262,254,480	884,070,480
Repairs and maintenance						0
Insurance						0
Travel						0
Telephone						0
Postage						0

A	B	C	D	E	F	G	H	I
6	Repairs and maintenance							0
7	Insurance							0
8	Travel							0
9	Telephone							0
0	Postage							0
1	Office supplies							0
2	Advertising							0
3	Marketing/promotion							0
4	Professional fees							0
5	Training and development							0
6	Bank charges							0
7	Depreciation	0	165,000,000	173,250,000	181,912,500	191,008,125		711,170,625
8	Miscellaneous		60,000,000	123,600,000	127,308,000	131,127,240		442,035,240
9	Other							0
0	Total Operating Expenses	0	585,000,000	1,038,450,000	1,073,068,500	1,108,898,805		3,805,417,305
1								
2	Operating Income	168,356,038	366,458,999	818,002,191	899,396,763	984,878,940		3,237,092,932
3								
4	Interest income (expense)							0
5	Other income (expense)							0
6	Total Nonoperating Income (Loss)	0	0	0	0	0		0
7								
8	Income (Loss) Before Taxes	168,356,038	366,458,999	818,002,191	899,396,763	984,878,940		3,237,092,932
9								
0	Income Taxes		9,125,000	17,135,000	15,839,750	14,346,629		56,446,379
1								
2	Net Income (Loss)	168,356,038	357,333,999	800,867,191	883,557,013	970,532,311		3,180,646,553
3								
4	Cumulative Net Income (Loss)	168,356,038	525,690,038	1,326,557,229	2,210,114,242	3,180,646,553		3,180,646,553
5								

According to above mentioned, we can make balance sheet:

	Year 1:	Year 2:	Year 3:	Year 4:	Year 5:
ASSETS					
Current Assets					
Cash	934,356,038	690,690,038	1,664,807,229	2,730,276,742	3,891,817,178
Marketable securities					
Accounts receivable, net	168,356,038	1,893,459,000	3,891,172,191	4,169,962,863	4,467,075,153
Inventory					
Prepaid expenses					
Other					
Total Current Assets	1,102,712,077	2,584,149,037	5,555,979,420	6,900,239,605	8,358,892,332
Long-Term Assets					
Property, plant, and equipment	1,650,000,000	1,650,000,001	1,732,500,001	1,819,125,001	1,910,081,251
Less accumulated depreciation	0	165,000,000	173,250,000	181,912,500	191,008,125
Net property, plant, and equipment	1,650,000,000	1,485,000,001	1,559,250,001	1,637,212,501	1,719,073,126
Other long-term assets	77,000,000				
Total Long-Term Assets	1,727,000,000	1,485,000,001	1,559,250,001	1,637,212,501	1,719,073,126
Total Assets	2,829,712,077	4,069,149,038	7,115,229,421	8,537,452,106	10,077,965,458
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					

Total Assets	2,829,712,077	4,069,149,038	7,115,229,421	8,537,452,106	10,077,965,458
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Short-term debt					
Current maturities of long-term debt					
Accounts payable	77,000,000	1,308,000,000	2,600,400,000	2,860,440,000	3,146,484,000
Income taxes payable		9,125,000	78,750,000	82,687,500	86,821,875
Accrued liabilities		180,000,000	396,000,000	435,600,000	479,160,000
Other	1,650,000,000				
Total Current Liabilities	1,727,000,000	1,497,125,000	3,075,150,000	3,378,727,500	3,712,465,875
Long-Term Liabilities					
Long-term debt less current maturities					
Deferred income taxes					
Other long-term liabilities					
Total Long-Term Liabilities	0	0	0	0	0
Shareholders' Equity					
Common stock	934,356,038	2,214,690,039	3,239,212,230	4,275,167,593	5,394,967,272
Additional paid-in capital					
Retained earnings	168,356,038	357,333,999	800,867,191	883,557,013	970,532,311
Other					
Total Shareholders' Equity	1,102,712,077	2,572,024,038	4,040,079,421	5,158,724,606	6,365,499,583
Total Liabilities and Shareholders' Equity	2,829,712,077	4,069,149,038	7,115,229,421	8,537,452,106	10,077,965,458
Balance	0	0	0	0	0

Now, we can start the discount cash flow analysis as follows:

Discounted Cash Flow Analysis					
	Year 1	Year 2	Year 3	Year 4	Year 5
Net Income (Loss)	168,356,038	357,333,999	800,867,191	883,557,013	970,532,311
Depreciation	0	165,000,000	173,250,000	181,912,500	191,008,125
Total Current Asstes	1,102,712,077	2,584,149,037	1,821,667,900	3,017,446,458	4,310,339,953
Accounts payable	77,000,000	1,308,000,000	2,600,400,000	2,860,440,000	3,146,484,000
Accrued liabilities	0	180,000,000	396,000,000	435,600,000	479,160,000
Total Current Liabilities	77,000,000	1,488,000,000	2,996,400,000	3,296,040,000	3,625,644,000
Change in NWC	0	70,436,961	(2,270,881,137)	896,138,558	963,289,495
Free Cash Flow	168,356,038	451,897,039	3,244,998,328	169,330,955	198,250,941
Terminal value	0	0	0	0	10507299885
Total Cash Flows	168,356,038	451,897,039	3,244,998,328	169,330,955	10,705,550,827
PV	\$155,885,220.69	\$387,428,874.15	\$2,575,984,295.16	\$124,463,306.94	\$7,286,018,007.52
Enterprise Value	\$10,529,779,704.45				

Then, we are able to analysis of the Pay back method:

Payback Method			
Initial investment:	2,500,000,000		
Year	Total Cash Flow	Cumulative Cash Flow	
1	168,356,038	168356038.3	
2	451,897,039	620253077.1	
3	3,244,998,328	3865251406	
4	169,330,955	4034582361	
5	10,705,550,827	14740133187	
	Payback	3.85665545	Year

Next analysis is, IRR and NPV method:

IRR Analysis			
	Year	Total Cash Flow	
	0	-2,500,000,000	
	1	168,356,038	
	2	451,897,039	
	3	3,244,998,328	
	4	169,330,955	
	5	10,705,550,827	
	IRR	53%	> 25% discount rate
NPV Analysis			
	Year	Total Cash Flow	USD
	0	-2,500,000,000	-71428.57143
	1	168,356,038	4810.172524
	2	451,897,039	12911.34397
	3	3,244,998,328	92714.23796
	4	169,330,955	4838.027286
	5	10,705,550,827	305872.8808
	Discount Rate	8%	8%
	NPV	8,029,779,704	229.422

In this case, if we change some variables of our assumptions, we can see that all discounted cash flow analysis simultaneously changes so that our business plan will not be feasible:

Here, I change the variable of “Earning money from each customer/day” from 1000,000 to 963,000:

Assumptions:	Rials	USD
Initial investment	2,500,000,000	71428.57143
Number of customers per month	300	
Earning money from each customer/day	963,000	27.51428571
Growth per year for sales	3%	
Growth per year for Variable Costs	8%	
Growth per year for Fixed Costs	3%	
Terminal value growth rate	6%	
Cost of Capital	8%	
Variable Costs:	Rials	USD
Raw materials / month	60,000,000	1714.285714
labor 1/ month	35,000,000	1000
labor 2/ month	15,000,000	428.5714286
labor 3/ month	12,000,000	342.8571429
labor 4/ month	15,000,000	428.5714286
labor 5/ month	20,000,000	571.4285714
Total labor cost (including insurance)	97,000,000	
Fixed Costs		
Salaries and wages / month (including insurance)	40,000,000	1142.857143
Utilities / month	20,000,000	571.4285714
Miscellaneous / month	10,000,000	285.7142857
Property, plant, and equipment	1,650,000,000	47142.85714

We can see that this business plan will not be feasible now.

Discounted Cash Flow Analysis					
	Year 1	Year 2	Year 3	Year 4	Year 5
Net Income (Loss)	168,356,038	290,049,324	645,522,436	698,325,920	750,443,442
Depreciation	0	165,000,000	173,250,000	181,912,500	191,008,125
Total Current Asstes	1,102,712,077	2,584,149,037	1,821,667,900	3,017,446,458	4,310,339,953
Accounts payable	77,000,000	1,308,000,000	2,600,400,000	2,860,440,000	3,146,484,000
Accrued liabilities	0	180,000,000	396,000,000	435,600,000	479,160,000
Total Current Liabilities	77,000,000	1,488,000,000	2,996,400,000	3,296,040,000	3,625,644,000
Change in NWC	0	70,436,961	(2,270,881,137)	896,138,558	963,289,495
Free Cash Flow	168,356,038	384,612,363	3,089,653,574	(15,900,138)	(21,837,928)
Terminal value	0	0	0	0	-1157410187
Total Cash Flows	168,356,038	384,612,363	3,089,653,574	(15,900,138)	(1,179,248,115)
PV	\$155,885,220.69	\$329,743,109.84	\$2,452,666,620.55	-\$11,687,075.75	-\$802,576,452.46
Enterprise Value	\$2,124,031,422.87				

Terminal Value = FCF (Year 5) * (1+ Terminal Value growth rate) / (Cost of Capital - g)

Payback Method			
Initial investment:	2,500,000,000		
Year	Total Cash Flow	Cumulative Cash Flow	
1	168,356,038	168356038.3	
2	384,612,363	552968401.7	
3	3,089,653,574	3642621976	
4	(15,900,138)	3626721838	
5	(1,179,248,115)	2447473723	
Payback	4.955457824	Year	

IRR Analysis			
	Year	Total Cash Flow	
	0	-2,500,000,000	
	1	168,356,038	
	2	384,612,363	
	3	3,089,653,574	
	4	(15,900,138)	
	5	(1,179,248,115)	
	IRR	-1%	> 25% discount rate

NPV Analysis			
	Year	Total Cash Flow	USD
	0	-2,500,000,000	-71428.57143
	1	168,356,038	4810.172524
	2	384,612,363	10988.92467
	3	3,089,653,574	88275.8164
	4	(15,900,138)	-454.2896438
	5	(1,179,248,115)	-33692.8033
	Discount Rate	8%	8%
	NPV	-375,968,577	-10,742

In fact, this is a goal for our analysis. In the near future, I will show you, how we can use from this method to reach the optimized variables? For instance, how can we obtain the bottom line for unit price of the goods?

Finally, we have Key ratios and Break – Even Analysis as follows:

Summary of Key Ratios - Years 1 to 5						
	Year 1	Year 2	Year 3	Year 4	Year 5	
DATA COLLECTION						
Balance Sheet						
Cash	927,000,000	2,136,000,000	3,875,500,000	3,944,275,000	4,016,488,750	
Marketable securities						
Accounts receivable, net	168,356,038	92,557,363	156,860,671	287,169,716	418,522,775	
Total current assets	1,095,356,038	2,228,557,363	4,032,360,671	4,231,444,716	4,435,011,525	
Total long-term assets	1,650,000,000	2,061,000,000	2,164,050,000	2,272,252,500	2,385,865,125	
Total current liabilities	77,000,000	1,525,500,000	3,075,150,000	3,378,727,500	3,712,465,875	
Total long-term liabilities						
Total shareholders' equity	2,668,356,038	2,764,057,363	3,121,260,671	3,124,969,716	3,108,410,775	
Income Statement						
Total sales	168,356,038	1,892,557,363	3,936,860,671	4,256,169,716	4,585,972,775	
Gross profit	168,356,038	1,532,557,363	3,144,860,671	3,384,969,716	3,627,652,775	
Total operating expenses	0	1,231,000,000	2,444,850,000	2,677,312,500	2,932,420,125	
Income (loss) before taxes	168,356,038	301,557,363	700,010,671	707,657,216	695,232,650	
Net income (loss)	168,356,038	264,057,363	621,260,671	624,969,716	608,410,775	
KEY RATIOS						
Profitability Ratios						
Return on equity	6%	10%	20%	20%	20%	
Return on assets	6%	6%	10%	10%	9%	
Return on sales	100%	14%	16%	15%	13%	
Gross profit margin	100%	81%	80%	80%	79%	
Asset turnover ratio	6%	44%	64%	65%	67%	

28	Income Statement					
29	Total sales	168,356,038	1,892,557,363	3,936,860,671	4,256,169,716	4,585,972,775
30	Gross profit	168,356,038	1,532,557,363	3,144,860,671	3,384,969,716	3,627,652,775
31	Total operating expenses	0	1,231,000,000	2,444,850,000	2,677,312,500	2,932,420,125
32	Income (loss) before taxes	168,356,038	301,557,363	700,010,671	707,657,216	695,232,650
33	Net income (loss)	168,356,038	264,057,363	621,260,671	624,969,716	608,410,775
34	KEY RATIOS					
35	Profitability Ratios					
36						
37						
38	Return on equity	6%	10%	20%	20%	20%
39	Return on assets	6%	6%	10%	10%	9%
40	Return on sales	100%	14%	16%	15%	13%
41	Gross profit margin	100%	81%	80%	80%	79%
42	Asset turnover ratio	6%	44%	64%	65%	67%
43	Leverage and Liquidity Ratios					
44						
45	Current ratio	14	1	1	1	1
46	Quick or acid test ratio	1423%	146%	131%	125%	119%
47	Leverage ratio	103%	155%	199%	208%	219%
48	Long-term debt ratio	0	0	0	0	0
49	Debt to equity ratio	0	1	1	1	1
50						

	A	B	C	D
11		Break-Even Analysis		
12				
13				
14		Number of Months		1
15				
16		CALCULATE YOUR CONTRIBUTION MARGIN		
17				
18		Projected Sales	300000000	
19				
20		Less Variable Expenses		
21		Materials	60000000	
22		Labor	62000000	
23		Variable overhead	35000000	
24		Other		
25		Contribution Margin	143000000	
26				
27		Contribution Margin Ratio		0
28				
29		CALCULATE YOUR FIXED EXPENSES		
30				
31		Fixed Expenses		
32		Salaries and wages	40000000	
33		Rent		
34		Utilities - fixed portion	20000000	
35		Repairs and maintenance		
36		Insurance		
37		Travel		
38		Telephone		
39		Postage		
40		Printing		
41		Advertising		

	A	B	C
27		Contribution Margin Ratio	0
28			
29		CALCULATE YOUR FIXED EXPENSES	
30			
31		Fixed Expenses	
32		Salaries and wages	40000000
33		Rent	
34		Utilities - fixed portion	20000000
35		Repairs and maintenance	
36		Insurance	
37		Travel	
38		Telephone	
39		Postage	
40		Printing	
41		Advertising	
42		Marketing/promotion	
43		Professional fees	
44		Training and development	
45		Bank charges	
46		Depreciation	
47		Miscellaneous	10000000
48		Interest income (expense)	
49		Other	
50		Total Fixed Expenses	70000000
51			
52		Break-Even Sales	146853147
53		Break-Even in number of customers	147
54		Monthly Break-Even Sales	146853147
55			
56		Profit During Period	73000000
57			