



Business Plan

James Smith

**Example Sandwich Co.
High Street
Town
County
UK1 1XX**

0191 2668877

www.examplesandwichco.co.uk

Confidentiality Agreement

James Smith of
Example Sandwich Co.
High Street
Town
County
UK1 1XX
(Business)

and

Harold Smithfield of
Smithfield Investments
New St.
Town
County
UK5 1SD
(Recipient)

Date of this agreement....2009

It is agreed that the Recipient wishes to read and consider the Business Plan produced by the Business and the Business wants to disclose it to them so they both agree to do this on the terms of this agreement.

Signature of Business:
Name: James Smith
Date: 1st of May 2009
Title: Owner

Signature on behalf of Recipient:
Name: Harold Smithfield
Date: 1st of May 2009
Title: Investor

1. On the basis that both the Business and the Recipient are interested in meeting each other to discuss the possibilities of establishing a relationship relating to the affairs of the Business it is agreed that the Recipient undertakes to the Business to treat as confidential the Business Plan and all information in any medium or format (whether marked "confidential" or not) whether in writing or oral which the Recipient receives during the relationship from the Business (Confidential Information).
2. The Recipient undertakes not to use the information for any purpose, other than for the purpose of considering the collaboration detailed at point 1 above, without obtaining the written agreement of the Business.
3. This agreement shall not apply to any information which:
 - i. enters the public domain other than as a result of a breach of this agreement;
 - ii. is received from a third party which is under no confidentiality obligation or restriction on use in respect of that information; or
 - iii. is independently developed by the Recipient without use of or reference to the Confidential Information of the Business

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4. The Recipient acknowledges that the Confidential Information, and the media and tangible property recording it, is the absolute property of the Business.
5. Each of the parties shall ensure that each of its affiliates and employees shall comply with the terms of this agreement.
6. This agreement shall remain in full force and effect notwithstanding any termination or expiry of this Agreement.
7. The obligations under this agreement shall continue for five years.

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1 Executive Statement

1.1 Business Overview

Example Sandwich Co. is a new business offering premium sandwiches made with the best local bread, and finest local ingredients.

We hope to build up a loyal following by providing only the freshest, most select premium ingredients, all grown locally.

We will source all our ingredients from local providers, from corn fed free range chicken and beef hung for a minimum of 21 days, to locally baked ciabatta, baguettes and poppy knots and freshly grown local organic tomatoes and lettuce.

We will prepare the ingredients on site, thereby ensuring our customers receive the freshest sandwiches possible.

By focussing on particular local farmers, growers and bakers in store, we hope to personalise these local producers to give our sandwich experience a unique feel. We will also feature customers' own sandwich creations for other customers to try and rate.

We have forecasted to achieve an annual net profit of £20,518 by the end of Year 1. Year 2 is forecast at £71,160, and Year 3 at £159,775. All from an initial planned investment of £15,000.

We have currently invested £5,000, and are now looking for an additional investment of £10,000 to enable the business to start up.

1.2 Financial Overview

By looking to expand the business by approximately 5% per month, we have forecasted strong sales in the first year, following by improving this into years two and three.

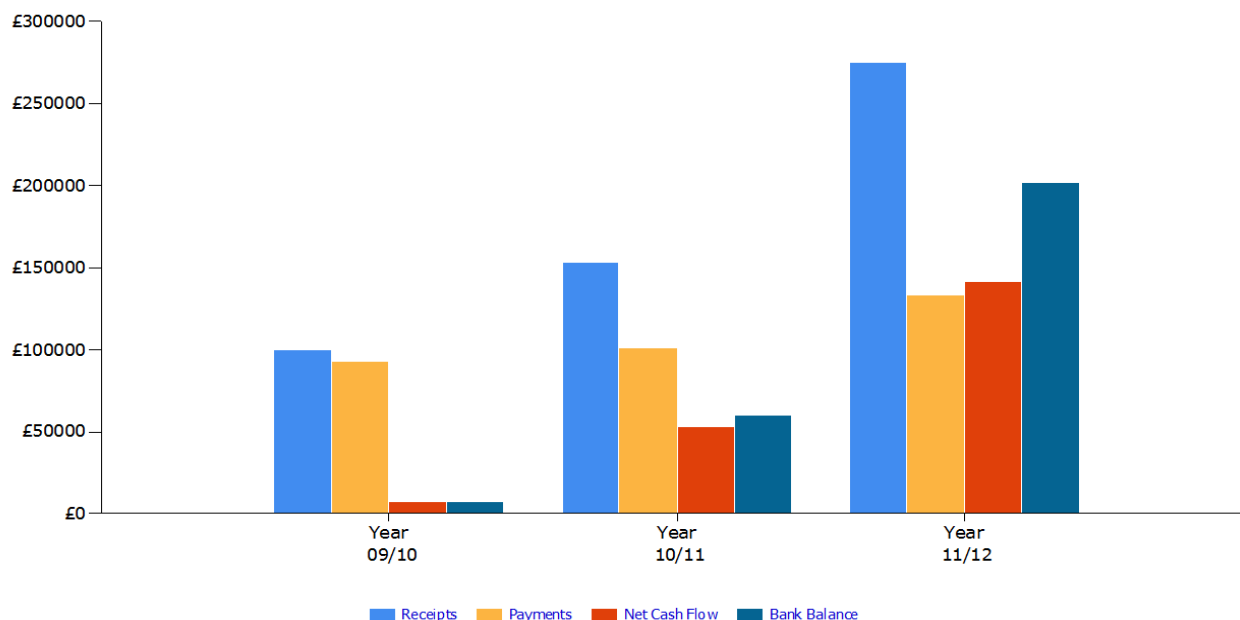
Sales for Year 1 are forecasted at £85,348.

This is based upon slowly developing the business by capturing additional customers each month. These forecasted figures are based on the propensity to buy in the area, whilst including other factors such as the footfall on the main high street and being able to capture customers from our competitors.

Even by Year 3 we are well below saturation point in terms of number of customer transactions per month, and feel that even Year 1 could be relatively conservative. By the end of Year 3 we are expecting sales for the year to be £275,275 with a Net Profit of £159,775.

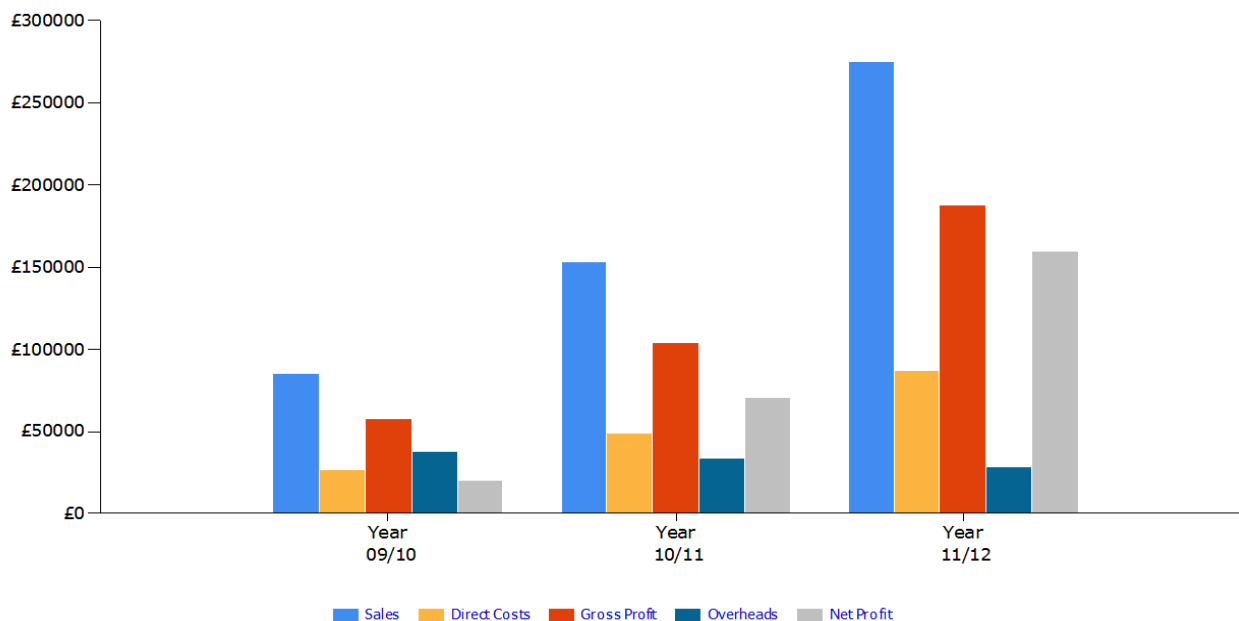
To ensure there is sufficient working capital available in the first years of trading, only the minimum amount is being drawn down from the business.

Cash Flow



	Year 09/10	Year 10/11	Year 11/12
Receipts	100348	153293	275275
Payments	92790	100624	133896
Net Cash Flow	7558	52669	141379
Bank Balance	7558	60227	201606

Profit and Loss



	Year 09/10	Year 10/11	Year 11/12
Sales	85348	153293	275275
Direct Costs	27165	48682	87421
Gross Profit	58183	104611	187854
Overheads	37665	33551	28333
Net Profit	20518	71060	159521

1.3 Vision Statement

We believe that by providing premium sandwiches, but by pricing our products competitively, we can offer customers the best of both worlds : quality and price.

By sourcing the best local ingredients we feel we can offer our customers the best of local produce for their sandwiches, and also tap into the current want by consumers to support their local businesses.

Ultimately, we want to be known as the best sandwich shop in the North East, and well renowned for supporting local food providers, farmers and growers.

1.4 Business Objectives

Short Term

Our aim is to try and grow the business by approximately 5% each month, achieving total sales by the end of the first year of £85,348.

This equates to selling 20 breakfast sandwiches and 90 lunchtime sandwiches per day, by month 12.

Medium Term

- For years 2 and 3, we plan on continuing to grow the business by 5% per month.
- Look to winning Independent Sandwich Bar of the Year.

- Expand to an extra sandwich bar in the region.

Long Term

Following successful expansion in the local region, we would look to expanding to additional cities.

1.5 Opportunities and Threats

Opportunities

- Our type of sandwich bar is unique to the area.
- There is a large volume of passing trade due to the local shops and businesses.
- New offices being built in the area.
- There may be opportunities to provide outside catering in the future.

Threats

- There are approximately 3 other sandwich shops within a 2 mile radius of our premises, therefore competition will be fierce.
- Because of the competition and the fact that we will be unique in the area, we need to ensure our individuality is visible to see, and that our focus on quality and local produce is evident to help make us stand out.
- We need to ensure that we can deliver on quality and price every time, as this is the main focus of the business.

1.6 Exit Strategy

Best case

As mentioned in the Business Objectives, our overall intention is to make this outlet successful, add an additional sandwich bar within one to two years, and then look to expanding to other cities.

Assuming the continued success of Example Sandwich Co, we will be looking to appoint a managing director and take a back seat in the day to day running of the company.

Worst case

If we fail to reach our sales targets for the first year, then the viability of the business model must be questioned. Activities will be monitored closely on a daily basis. We will review the sales and profit monthly, and conduct our first serious review of the position in month six. If we are significantly under target at that point we should re-examine our publicity and marketing. If changes made at this point do not bring the company into profit by the end of the first trading year, then we will cease trading. Outstanding debts at this point should be minimal.

2 Business Summary

2.1 Business Details

Example Sandwich Co.

High Street

Example Sandwich Co.

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Town
County
UK1 1XX

Telephone: 0191 2668877
Fax: 0191 2668878
Email: info@example sandwichco.co.uk
Website: www.example sandwichco.co.uk

VAT Details: Not VAT Registered
Legal Status: Sole Trader
Financial Year Start Month: April

2.2 Bank Details

Business Bank Account

High Street
Town
County
UK1 3KX

Account Manager - Harold West

We have an agreed overdraft limit of £2,000 for the first 12 months.
This is to be reviewed at the end of the year.

2.3 Key People

James Smith

Job Title: Owner

Skills

From working as a head chef for five years, I have acquired a number of skills. These include being able to manage people and deal with pressurised environments, to being able to design a menu and select quality food. I have a passion for food, and sandwiches in particular. By using these skills and my interest in food, I hope to create a highly successful sandwich experience for my customers.

Responsibilities

As well as helping to serve in the sandwich bar, and ensuring the customer experience is right: I will be responsible for sourcing the local ingredients by visiting farmers, growers and bakers in the region. From being a chef, I have a number of contacts in the area, and will use these contacts to source the best ingredients and prices.

2.4 Advisors

We currently have three main advisors :

- A business advice and account manager from the Bank.

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- Chris Davis, from Davis Marketing, to assist in the creation of posters, leaflets and other marketing activities.
- An independent advisor from NE Business Advice.

Bank

Type: Business Account Manager

Harold West
High Street
Town
County
UK1 3KX

Telephone: 0191 2942244

Davis Marketing

Type: Marketing and Advertising

Chris Davis
Street
Town
UK2 4SD

Telephone: 0191 2232211

The NE Business Advice Centre

Type: Independent Business Advice

Terry Jones
South Street
Town
County
UK1 9UY

Telephone: 0191 2003232

Mobile: 07711 235689

3 Market Analysis

3.1 Market Research

Conducting the following research has allowed us to validate our business idea and approach.

The UK Sandwich market is a high value growth industry. Sandwiches are typically at the centre of most people's lunches.

We have selected a prime location, with sufficient footfall and nearby residents and businesses to support the sandwich bar.

We have carefully priced our products, taking care to ensure we remain competitive but also turn a good profit.

Sandwich fillings have been researched, both generally and locally.

This ensures we can have mass appeal, but we will also use our individuality to offer something different from the competition.

Our competitor research has encompassed pricing, sampling their products and experience, customer service and observing their businesses in terms of sandwiches sold.

We have conducted research into the number of people that travel up and down the high street, as well as conducting a short questionnaire over a period of two weeks.

We have used this information to assist in pricing, to get a better idea of where people buy their sandwiches.

We have also used our research on the footfall of the high street in conjunction with checking how many customers our competitors serve to help create our sales forecast.

UK Sandwich Market

The British sandwich market bought 'on the go' is currently worth £2.8 billion.

In the last year [2006] 1.69 billion sandwiches were sold 'on the go', at an average price of £1.66.

Over 62% of the population buy a sandwich at least once a year.

55% of sandwiches eaten at home are consumed at lunchtime. A further 13% are eaten at Tea, 11% at the Evening Meal and 7% as part of a snack. Surprisingly 14% are eaten at Breakfast.

- Men account for 58% of all sandwiches purchased outside the home.
- The average price of a commercially made sandwich is now £1.67.

Over 51% of the sandwich market is made up of buyers aged 25-44.

Source :

<http://www.sandwichnews.com/sandwich-facts-and-trivia>

Local Area

By checking publicly available census and government data, we have built up the following profile for the area where the business will be based.

Population and Housing

Population of 259,536

Males : 125,473

Females : 134,063

Aged 0 to 15 : 48,697

Aged 16 to 75 : 191,158

Aged 75 and over : 19,681

Number of households with residents : 111,243

Average household size : 2.33

Average house prices : £280,000 for a terraced house

Information

The area has a large business complex, which houses a number of different organisations, including a centre for the local university and council, as well as numerous business offices.

There are a number of schools, a primary, secondary and a high school, as well as a private school.

There is a main high street which has been home to local shops for over a hundred years. Shops on and around the high street include clothes shops, restaurants, newsagents, banks, pubs, cafes, a supermarket as well as other sandwich shops. A number of small businesses are also located in and around the high street, such as accountants, solicitors and IT suppliers.

There are a number of local transport links, including bus and railway stations.

Research Findings

There are a number of reasons why this area will make an ideal location for our sandwich bar.

- The large population.
- The local business complex and its close proximity to the high street.
- The high street itself, which is a large focal point for food and drink.
- The area is reasonably affluent, with a large number of expensive houses situated around the high street and in the local area.
- It is a local area that we have knowledge of, and we feel we understand the people there.

Premises Research

Research Carried Out

As we have identified the high street as a great location for the business, we have checked three locations that are currently available.

Research Findings

There are currently three locations available.

Two are located at the far end of the high street.
One is leasehold, and the other is available to buy.

We have disregarded these two premises immediately due to their location. The top of the high street really isn't a suitable location for our business. The vast majority of the sandwich shops are located near the bottom of the high street. We want to be as close to the business complex and the other sandwich shops as possible.

The other premises are potentially a little bit too small, but the location makes up for this.

It is located very close to the bottom of the high street. It is quite close to the other sandwich shops too, which should prove a benefit.

We feel that as we need to compete with the other sandwich shops all along the high street, it will be more beneficial to be closer to them than not.

Being further towards the top of the high street could be a detractor to the business with all the other shops located near the bottom, and near the business complex.

This location is leasehold, and is at the most expensive end of the high street. It was previously a newsagents so it will need a full refurbishment.

High Street Analysis

Research Carried Out

To try and gauge the number of potential customers, we spent two weeks surveying the passing trade on the high street.

We broke this down into checking the morning and afternoon trade. Morning trade was checked between 7.30 and 11.00, and afternoon trade between 11.00 and 3.00. This ties in with the different type of sandwiches we will be providing between those times.

Over the two weeks we surveyed each day, Monday through Saturday.

Research Findings

Morning Trade

On average there are approximately 1,000 people who walk along the high street between 7.30 am and 11.00 am every day.

Afternoon Trade

Between 11.00am and 3.00pm, on average there are 2,000 people who walk along the high street every day.

Competitor Research

There are three sandwich shops that are also located on the high street, as well as a supermarket.

- The Sandwich Deli
- Just Sandwiches
- Tramezzino

Further details on our competitors are covered in the Main Competitors area.

Research Carried Out

To further enable us to try and gather some sales forecast data, and to get an idea of the size of our competitors, we conducted our own research on the volume of customers they serve.

Research Findings

The Sandwich Deli :

Morning Trade

The Sandwich Deli is not open in the morning.

Afternoon Trade

Daily, The Sandwich Deli has about 150 customers.

Just Sandwiches :

Morning Trade

Just Sandwiches serve around 75 people for breakfast.

Afternoon Trade

Afternoon Trade is higher at around 200 customers per day.

Tramezzino :

Morning Trade

Tramezzino are open, but do not sell any form of sandwich in the morning.

Afternoon Trade

Tramezzino typically serve about 200 customers per day.

This includes both sit down and take away customers.

The Supermarket :

Morning Trade

The Supermarket don't sell any breakfast type sandwiches.

Afternoon Trade

From observing the sandwich fridge, The Supermarket sells about 200 to 300 sandwiches a day.

Packed lunches :

There is significant competition from customers who eat sandwiches made at home at lunchtime.

High Street Questionnaire - Product Research

Research Carried Out

To try and gather some additional information, we conducted a questionnaire on the high street. We used this questionnaire to try and get a feel for what the local customers had for breakfast and lunch, how much they paid and where they bought it.

Over a two week period we interviewed 1,000 people at different times of the day.

Research Findings

Of the 1,000 people interviewed :

- 56% were Men
- 44% were Women

Breakfast Sandwiches :

- 20% had some sort of sandwich for breakfast.
- 80% did not have a sandwich, or had no breakfast.

The top five fillings for breakfast sandwiches were :

- Bacon
- Egg
- Tomato
- Sausage
- Mushrooms

Or any combination of the above.

75% of customer stated that they usually buy a coffee with their sandwich.

Lunch Sandwiches :

- 80% had a sandwich for lunch.
- 20% did not have sandwiches, or had no lunch.

The top five fillings for lunch sandwiches were :

- Chicken
- Ham
- Cheese
- Bacon
- Tuna

75% of customer normally also buy a soft drink and crisps.

25% of customer would normally buy a coffee instead of a soft drink.

Pricing :

- Breakfast Sandwich

Customers are typically prepared to pay :

29% - Up to £1.50
51% - £1.50 to £2.00
17% - £2.00 to £2.50
3% - £2.50 and over

- Lunch Sandwich

Customers are typically prepared to pay :

21% - Up to £1.50
56% - £1.50 to £2.50
17% - £2.50 to £3.00
6% - £3.00 and over

Where they buy :

55% bought a sandwich either on the high street or at the supermarket.

45% take sandwiches to work.

High Street Questionnaire - Customer Research

Research Carried Out

From the questionnaire that we conducted on the high street, we have extrapolated the gathered data to assist in forecasting the potential number of sandwiches we can sell each day.

In total, approximately 3,000 people commute along the high street every day.

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On average, 1,000 in the morning.
2,000 in the afternoon.

Our questionnaire covered 1,000 customers over 2 weeks.

Of those 1,000 :

20% have a sandwich for breakfast
80% have a sandwich for lunch

Expanding those figures out to forecast the potential number of customers for each day, we can calculate that the highest saturation point for customers would be :

20% of 1,000 for breakfast sandwiches
80% of 2,000 for lunch sandwiches

Which equates to a maximum potential of :

200 breakfast sandwiches per day
1,600 lunch sandwiches per day

This is assuming that the survey results are an accurate representation of the total number of customers, the footfall on the high street is consistent, and that nobody buys from any other competitors.

So these values would represent the maximum number of customers it would be possible to sell to.

These figures would then need to be adjusted to cater for competition and to create an accurate uptake of the Example Sandwich Company, as we can't expect immediate take up from all customers.

This thinking is the primary focus for creating the forecasted sales figures.

UK Sandwich Fillings

Research Carried Out

The British Sandwich Association has published the following information relating to Britain's favourite sandwich fillings.

Source :

<http://www.sandwich.org.uk/premium/viewtopic.php?t=65&sid=8f191e123eeec4428226b983f527564>

Research Findings

Top 20 Selling Sandwich Flavours

Chicken Salad
Chicken & Bacon
Bacon, Lettuce & Tomato
Ploughmans
Mixed Selection
Chicken
Prawn Mayonnaise
Chicken & Stuffing
Egg & Cress
Tuna & Sweetcorn

Cheese & Onion
Breakfast
Tuna & Cucumber
Chicken Caesar
Egg & Bacon
Southern Fried Chicken
Hoisin Duck
Cheese, Ham & Pickle
Salad/Vegetables
Cheese & Ham

3.2 Types of Customer

We have built up a general profile for customers in the local area.

- Most are aged between 20 and 50.
- Work or live in the local area, and visit the high street with the intention of buying a sandwich for lunch.
- 56% are men. 44% are women.
- They earn between £18,000 and £55,000 per year.
- They are interested in fresh local produce for their sandwiches, and in helping to support local farmers and growers.

Morning Customers

- They purchase a sandwich most days, between 7.30am and 11am.
- Most are prepared to pay between £1.50 and £2.00 for a sandwich.
- Around 75% of customers are expected to also purchase a coffee.

Afternoon Customers

- They purchase a sandwich most days, between 11am and 3pm.
- Most are prepared to pay between £2.00 and £2.50 for a sandwich.
- Around 75% will buy a soft drink and some crisps.
- 25% of customers are expected to purchase a coffee instead of a soft drink.

3.3 Types of Product and Service

Our sandwiches are competitively priced, and made from only the best and freshest local ingredients.

We will work closely with local farmers, growers and bakers to provide the highest quality sandwich fillings.

This covers everything from the bread and the salad to the sandwich fillings.

We mix and create our own special sandwich fillings, to cater to the gourmet sandwich market.

As an accompaniment to the sandwiches, we also sell coffee, soft drinks and crisps.

Our soft drink and crisp range will also complement our sandwich ethos by helping to support independent UK manufacturers.

Therefore we will offer a good selection of high quality and exotic crisps and drinks.

Breakfast Sandwiches

Our breakfast sandwiches are aimed at customers who want something quick and tasty for breakfast in the morning.

Although all made with the best local ingredients, we offer quite a traditional range of fillings.

- Bacon
- Egg
- Tomato
- Sausage
- Mushrooms

To make our breakfast sandwiches also stand out from the crowd, we will be offering additional varieties of sausages and bacon, such as Caramelised Onion Sausages, Pork and Tomato Sausages, Black Sweet Cured Bacon and Smoked Bacon, amongst others.

Our breakfast sandwiches are served in traditional stotties. They are priced at an average of £2.00 per sandwich.

Lunch Sandwiches

Our range of lunch time sandwiches vary from basic fillings, right up to a more gourmet selection.

We offer a good range of specials and combinations to tempt the more adventurous sandwich connoisseur.

We offer a very wide selection of bread, from stotties to baguettes, and a whole lot in between.

Basic fillings :

- Chicken
- Ham
- Beef
- Bacon
- Cheese

An example of some of our specials :

- Cajun Chicken with Chilli Cheese
- Mexican Spicy Tuna
- Local Four Cheese Extravaganza
- Smoked Ham, Smoked Bacon and Smoky Cheese with garlic mayonnaise

Our lunch time sandwiches are priced at an average of £2.50

3.4 Marketing and Promotion

There will be four main points to the initial marketing campaign leading up to the launch of the sandwich bar.

We will be monitoring each one carefully to see how successful they are.

The main points of advertising will be :

- To announce the opening of the sandwich bar as a different type of venture in the area.
- To inform customers about what we will be selling, and how we will be supporting local businesses.
- The most important thing will be to start raising our profile in the first two to three

months of opening.

We will do this through the use of :

- Advertising in the local paper and on local radio.
- Launch events, involving tasting sessions around the high street.
- Leaflets dropped to local residents and businesses.
- Ensuring the shop front shows the opening date and information about the sandwich bar during the refurbishment.

Marketing to capture customers from competitors

As identified from the market research, our main competitors will be from the surrounding sandwich shops, the supermarket and from people who take lunches into work with them.

We will therefore need to concentrate the marketing and promotion between these two distinct areas, as they will both require a separate approach.

3.5 Main Competitors

There are three sandwich shops and one local supermarket in the area. This will be our main competition, although people taking lunches to work will also factor.

The Sandwich Deli

The Sandwich Deli is also located on the high street, on the same side as ourselves, approximately 5 units away toward the top of the street. They have been operating for two years and have a similar range of sandwiches.

Strengths

- Well known in the area.
- Competitively priced.
- Good selection of sandwich fillings.

Weaknesses

- Not open in the morning.
- Customer service is severely lacking.
- Poor selection of bread and small portions.

Our USP vs. The Sandwich Deli

Our Unique Selling Point is the major focus on providing customers with ingredients from local farmers, growers and bakers, and helping to personalise them with the sandwich bar. The Sandwich Deli doesn't have that commitment to local produce, and therefore our specific identity will be more appealing. Our outstanding customer service and great sandwich selection will also be a further selling point.

Just Sandwiches

Just Sandwiches is situated just off the high street. They have been open for a few years. Their range of sandwiches is quite basic compared to our planned menu, but they are very competitively priced.

Strengths

- Well known in the area.
- Competitively priced.
- Friendly atmosphere.

Weaknesses

- Not open in the morning.
- Basic sandwich selection.
- Poor quality control.

Our USP vs. Just Sandwiches

Our Unique Selling Point is the major focus on providing customers with ingredients from local farmers, growers and bakers, and helping to personalise them with the sandwich bar. Just Sandwiches doesn't have that commitment to local produce, and therefore our specific identity will be more appealing. We will also ensure our better sandwich selection and quality control is plain to see.

Tramezzino

Tramezzino is essentially a coffee shop that also sells sandwiches. Their main focus is therefore on coffee. Sandwiches almost take a back seat along side other lunch time snacks such as muffins and cakes. Their unit is a bit further along towards the end of the high street. They are open in the morning, but don't sell sandwiches until lunch time.

Strengths

- Inviting and pleasant atmosphere.
- Tasty sandwiches.
- Good customer service.

Weaknesses

- Expensive.
- Not focussed solely on sandwiches.
- Don't sell sandwiches in the morning.

Our USP vs. Tramezzino

Our Unique Selling Point is the major focus on providing customers with ingredients from local farmers, growers and bakers, and helping to personalise them with the sandwich bar. Tramezzino also doesn't have that commitment to local produce, and therefore our specific identity will be more appealing. Our quality and competitive pricing should also prove to be more enticing compared to Tramezzino.

The Supermarket

The Supermarket is a small way off the bottom of the high street. This means that compared to the other sandwich shops, it represents a larger investment in time and effort to go to The Supermarket solely for a sandwich. The sandwiches are put out first thing in the morning, although the range covers only sandwiches typically eaten at lunchtime. The sandwiches are the standard fare pre-packaged triangular type.

Strengths

- Although fairly basic, sandwiches are relatively cheap.
- Well known supermarket brand, known for good quality.
- Could have the potential to compete with the other sandwich shops if they desired.

Weaknesses

- Pretty basic sandwiches.

- Quite far away from main high street.

Our USP vs. The Supermarket

Our Unique Selling Point is the major focus on providing customers with ingredients from local farmers, growers and bakers, and helping to personalise them with the sandwich bar. The Supermarket also doesn't have that commitment to local produce, and therefore our specific identity will be more appealing. We will also try and better The Supermarket in quality and price.

Packed Lunches

Home made sandwiches are very popular, and according to our survey, quite a significant number of people take sandwiches into work with them.

Strengths

- Don't need to leave work.
- You can have what you want every day.
- Depending on fillings and bread, could be quite cheap to make.

Weaknesses

- Sandwiches aren't 100% fresh by lunch time.
- Sandwiches are limited by the makers imagination.
- May not be that much cheaper once everything is added up, especially for a higher quality sandwich.

Our USP vs. Packed Lunches

For sandwiches made at home, we will concentrate on our freshness factor and our vast array of fillings and breads. We will also try and challenge peoples misconceptions that sandwiches made at home are considerably cheaper.

3.6 Key Suppliers

Research was conducted into a number of suppliers.

We checked our suppliers for price, supply and credit terms.

We visited each supplier first hand, to ensure their produce meets our exacting standards.

We also double checked with some of their other customers to ensure their quality and service was consistent.

Where possible, alternative suppliers have also been sourced in case any problems occur.

The Grange Estate

Payment Terms: 10 Days. 5% interest for late payment

Alternative Supplier: Halvour Farm

The Grange Estate will be providing a large selection of our meats for use in sandwich fillings.

They pride themselves on fresh, well cared for produce, and would make a great addition for our focus on local farmers.

They provide only the best local corn-fed free range chicken, beef hung for a minimum of 21 days and their bacon and ham comes from award winning organic pigs.

As we are a new customer to them, they have set their payment days at 10 days. This includes a 5% interest charge for any late payments. Therefore we need to monitor the cash flow carefully to ensure prompt payment, and hopefully to extend the payment days.

Halvour Farm could prove to be an alternative supplier, but they don't quite have the same quality meats as The Grange Estate.

Daves Veg

Payment Terms: 0 Days

Alternative Supplier: Halvour Farm

Dave's Veg is a local supplier of fresh fruit and veg.

Dave grows everything himself, to a very high standard.

Payment is on delivery.

An alternative supplier would be Halvour Farm, but as stated above their produce isn't to quite the same high standard.

Bread Fresco

Payment Terms: 30 Days

Alternative Supplier: None

Bread Fresco will be our main supplier for all our breads.

They have a great selection to offer and all their bread is baked fresh every morning.

They have offered us an attractive 30 days credit on all purchases.

The main issue at the moment is that we haven't managed to source any alternative bread suppliers.

We will therefore continue to look for alternative suppliers in case any issues arise.

Halvour Farm

Payment Terms: 20 Days

Alternative Supplier: None

Halvour Farm will be able to supply both meats and salad vegetables, whereas currently we will be sourcing meat and salad veg separately from The Grange Estate and Dave's Veg.

Should we encounter any issues with either of these suppliers, then Halvour Farm should be able to cater to most of our requirements.

However they don't seem to have quite the focus on quality that we expect, and can get from the other two suppliers.

4 Financial Projections

4.1 Sales Forecast

From month one we have forecast to sell :

- 10 breakfast sandwiches per day.
- 50 sandwiches at lunch time per day.

We are trying to expand the business each month by about 5%

By year 3, we are aiming to sell approximately :

- 60 sandwiches per day at breakfast.
- 280 sandwiches per day for lunch.

Along with the forecasted sales of sandwiches, we have forecasted that :

- At breakfast, 75% of customers will have a coffee.
- At lunch, 75% of people purchase crisps with lunch.
- 75% will buy a soft drink.
- 25% will have a coffee.

For forecasting the sandwiches, we have simply costed up an average sandwich.

In the sandwich bar some of the sandwiches will be cheaper, and the higher gourmet range of sandwiches will be more expensive.

As it would be exceptionally difficult and complex to predict the number of sales per type of sandwich fillings and price, we have taken the average price and simply forecast as one type of breakfast sandwich and one type of lunch sandwich.

4.2 Direct Costs

Our direct costs include :

All costs associated with selling sandwiches :

- Types of bread
- Ingredients for the sandwiches

For forecasting the costs of selling sandwiches, we have simply worked out an average cost of the different types of bread.

For the fillings we have checked on the average cost of one portion which covers all fillings including items like meats, cheeses, salad and condiments.

All costs associated with selling coffees :

- Coffee Beans
- Milk
- Sugar
- Cups

To ensure the costs are as accurate as possible we have identified the quantities required to sell each cup of coffee.

Where possible, crisps and soft drinks are bought in bulk to save on costs.

4.3 Overheads

The primary overheads will be wages, rent, electricity and water.

4.4 Fixed Assets

The business will have a range of assets that we will be purchasing at start up.

This mainly encompasses items required for the food preparation and food display, such as cookers, fridge displays, refrigerators and the coffee machine.

But also the till system, burglar alarm system and security shutters.

4.5 Investments

I have made a personal investment into the business of £5,000.

This investment will be put towards the start up costs to start the business.

My total personal outgoings are £1,500 per month.
 Based on the current projections, I am planning on taking drawings of £1,800 each month.
 This will enable me to live within my means whilst the business becomes established.

Additional investment

The business is looking for additional investment to assist in funding the start up of The Example Sandwich Company.
 We are currently looking for an investment of £10,000.

We are currently also approaching the Bank and additional funding bodies in search of suitable grants.

4.6 Loans

The business currently has a start up deficit of £10,000.
 I am currently approaching my bank to assist in starting the Example Sandwich Company.

4.7 Grants

We are also looking for any relevant grants to assist in starting the Example Sandwich Company.

5 Start-up Costs and Funding

The major start-up costs will include refurbishing the premises and buying in all the required equipment to get us up and running from day one.
 This includes all the necessary food preparation and display equipment.

Apart from the investment required to fund all the equipment, funds are required to purchase the required amounts of stock.

Start-up costs to date are totalling £15,262.
 I have made a personal investment of £5,000.
 The business currently requires an additional £10,000 of funding to enable it to start up.

I am hoping to raise the additional £10,000 through a combination of loans, grants and outside investment.

Start-Up Costs

	Amount
Start up Costs and Funding	
Start up Costs	
Direct Costs	
Bread	20
Coffee Beans	10
Crisps	20

Cups	70
Fillings	50
Milk	3
Sandwich Bags	10
Soft Drinks	29
Sugar	70
Total Direct Costs	<u>282</u>
Overheads	
Marketing and Advertising	200
Property Rent	1150
Shop Refurbishment	1150
Total Overheads	<u>2500</u>
Fixed Assets	
Alarm System	600
Bin	5
Blackboard Price List	60
Chilled Display Counter	2000
Coffee Machine	1500
Commercial Refrigerator	400
Cooker	1000
Double Commercial Sink	600
Electric Grill	200
External Fascia Sign	300
Food Mixer	150
Food Preparation Counter	200
Glass Fronted Refrigerator	1000
Hand Basin	50
Kitchen Utensils	150
Paper Towel Dispenser	10
Pavement Sign	75
PC	600
Printer	100
Security Shutters	1200
Shop fittings and fixtures	1000
Slicing Machine	500
Soap Dispenser	20
Till System	460
Toilet	150
UV Hygiene Light	150
Total Fixed Assets	<u>12480</u>
Total Start up Costs	<u>15262</u>
Funding	
Investors	
James Smith	5000
Required Additional	10000

Investment	
Total Investors	<u>15000</u>
Total Funding	<u>15000</u>
Totals	
Total Trade Creditors	1360
Closing Bank Balance	1098
Total Overdraft Facility	2000
Total Available Bank Balance	3098

6 Reports

6.1 Projected Cash Flow

Cash Flow

	Start-up	Apr 09	May 09	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Year 09/10	Year 10/11	Year 11/12
Receipts																
Sandwiches	0	3770	3958	4157	4362	4582	4812	5050	5305	5568	5846	6140	6448	59998	107773	193527
Drinks	0	1105	1160	1218	1280	1343	1410	1481	1555	1632	1715	1800	1891	17590	31584	56723
Snacks	0	488	512	537	564	593	622	654	686	720	756	794	834	7760	13936	25025
Reserves	15000	0	0	0	0	0	0	0	0	0	0	0	0	15000	0	0
Total Receipts	15000	5363	5630	5912	6206	6518	6844	7185	7546	7920	8317	8734	9173	100348	153293	275275
Payments																
Sandwich fillings, bread, drinks and snacks	272	618	1593	1787	1912	2008	2109	2215	2326	2443	2562	2692	2828	25365	47248	84847
Staff Wages	0	911	913	911	912	912	912	913	911	911	913	911	912	10942	10943	11049
Rent	0	1150	1150	1150	1150	1150	1150	1150	1150	1150	1150	1175	1175	13850	14150	14400
Water Rates	0	0	34	35	34	35	34	35	34	35	34	36	35	381	425	432
Electricity	0	0	115	115	115	115	115	115	115	115	115	117	118	1270	1415	1440
Gas	0	0	115	115	115	115	115	115	115	115	115	117	118	1270	1415	1440
Telephone	0	0	34	35	34	35	34	35	34	35	34	36	35	381	425	432
Audit and Accountancy Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	294	0
Insurance	0	0	57	58	57	58	57	58	57	58	57	59	59	635	707	720
Other Expenses	1150	0	0	0	0	0	0	0	0	0	0	0	0	1150	0	0
Other Professional Fees	0	200	100	0	0	100	0	0	100	0	0	100	0	600	0	0
Freehold Property	10	0	0	0	0	0	0	0	0	0	0	0	0	10	0	0
Office Equipment	2960	0	0	0	0	0	0	0	0	0	0	0	0	2960	0	0
Furniture and Fixtures	9510	0	0	0	0	0	0	0	0	0	0	0	0	9510	0	0
Bank Charges and Interest	0	0	-6	-6	-4	-3	-3	-3	-5	-7	-10	-15	-21	-83	-1214	-5480
Reserves	0	1800	1800	1800	1800	1800	1800	1800	1800	1800	1800	1800	1800	21600	21600	21600
Total Payments	13902	4679	5905	6000	6125	6325	6323	6433	6637	6655	6770	7028	7059	89841	97408	130880
Net Cash Flow	1098	684	-544	-355	-188	-74	253	484	642	996	1278	1439	1845	7558	52669	141379
Opening Bank Balance	0	1098	1782	1238	883	695	621	874	1358	2000	2996	4274	5713	7558	0	7558
Closing Bank Balance	1098	1782	1238	883	695	621	874	1358	2000	2996	4274	5713	7558	7558	60227	201606
Total Overdraft Facility	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000

6.2 Projected Profit and Loss

Profit and Loss

	Start-up	Apr 09	May 09	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Year 09/10	Year 10/11	Year 11/12
Sales																
Sandwiches	0	3770	3958	4157	4362	4582	4812	5050	5305	5568	5846	6140	6448	59998	107773	193527
Drinks	0	1105	1160	1218	1280	1343	1410	1481	1555	1632	1715	1800	1891	17590	31584	56723
Snacks	0	488	512	537	564	593	622	654	686	720	756	794	834	7760	13936	25025
Total Sales	0	5363	5630	5912	6206	6518	6844	7185	7546	7920	8317	8734	9173	85348	153293	275275
Direct Costs																
Sandwich fillings, bread, drinks and snacks	0	1733	1820	1877	1970	2069	2174	2282	2398	2514	2642	2774	2912	27165	48682	87421
Total Direct Costs	0	1733	1820	1877	1970	2069	2174	2282	2398	2514	2642	2774	2912	27165	48682	87421
Gross Profit/Loss	0	3630	3810	4035	4236	4449	4670	4903	5148	5406	5675	5960	6261	58183	104611	187854
Overheads																
Bank Charges and Interest	0	-6	-6	-4	-3	-3	-3	-5	-7	-10	-15	-21	-28	-111	-1422	-6048
Depreciation	0	184	191	184	191	184	190	187	188	185	189	187	189	2249	2243	1471
Staff Wages	0	1180	1180	1180	1179	1180	1180	1180	1180	1180	1180	1180	1179	14158	14159	14046
Rent	1150	1150	1150	1150	1150	1150	1150	1150	1150	1150	1175	1175	1175	15025	14175	14400
Water Rates	0	34	35	34	35	34	35	34	35	34	36	35	35	416	426	432
Electricity	0	115	115	115	115	115	115	115	115	115	117	118	117	1387	1418	1440
Gas	0	115	115	115	115	115	115	115	115	115	117	118	117	1387	1418	1440
Telephone	0	34	35	34	35	34	35	34	35	34	36	35	35	416	426	432
Audit and Accountancy Fees	0	0	0	0	0	0	0	0	0	0	0	0	294	294	0	0
Insurance	0	57	58	57	58	57	58	57	58	57	59	59	59	694	708	720
Other Expenses	1150	0	0	0	0	0	0	0	0	0	0	0	0	1150	0	0
Other Professional Fees	200	100	0	0	100	0	0	100	0	0	100	0	0	600	0	0
Total Overheads	2500	2963	2873	2865	2975	2866	2875	2967	2869	2860	2994	2886	3172	37665	33551	28333
Net Profit/Loss	-2500	667	937	1170	1261	1583	1795	1936	2279	2546	2681	3074	3089	20518	71060	159521

6.3 Projected Balance Sheet

Balance Sheet

	Apr 09	May 09	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Year 10	Year 11	Year 12
Fixed Assets															
Freehold Property	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Office Equipment	2960	2960	2960	2960	2960	2960	2960	2960	2960	2960	2960	2960	2960	2960	2960
Furniture and Fixtures	9510	9510	9510	9510	9510	9510	9510	9510	9510	9510	9510	9510	9510	9505	7960
Accumulated Depreciation															
Office Equipment	-30	-60	-90	-120	-149	-180	-211	-241	-271	-301	-330	-361	-361	-722	-1083
Furniture and Fixtures	-154	-315	-469	-630	-785	-944	-1100	-1258	-1413	-1572	-1730	-1888	-1888	-3765	-3330
Total Accumulated Depreciation	-184	-375	-559	-750	-934	-1124	-1311	-1499	-1684	-1873	-2060	-2249	-2249	-4487	-4413
Total Fixed Assets	12296	12105	11921	11730	11546	11356	11169	10981	10796	10607	10420	10231	10231	7988	6517
Current Assets															
Stock	68	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Business Bank Account	1782	1238	883	695	621	874	1358	2000	2996	4274	5713	7558	7558	60227	201606
Income Accruals															
Interest Accrual															
Business Bank Account	6	6	4	3	3	3	5	7	10	15	21	28	28	236	804
Total Interest Accrual	6	6	4	3	3	3	5	7	10	15	21	28	28	236	804
Total Income Accruals	6	6	4	3	3	3	5	7	10	15	21	28	28	236	804
Total Current Assets	1856	1244	887	698	624	877	1363	2007	3006	4289	5734	7586	7586	60463	202410
Current Liabilities															
Creditors Control Account	2516	2578	2665	2826	2784	2852	3016	2991	3059	3274	3256	3632	3632	4806	7380
Total Current Liabilities	2516	2578	2665	2826	2784	2852	3016	2991	3059	3274	3256	3632	3632	4806	7380
Current Assets less Current Liabilities	-929	-1601	-2047	-2395	-2428	-2243	-1920	-1253	-322	748	2209	3687	3687	55390	194782
Total Assets less Current Liabilities	11367	10504	9874	9335	9118	9113	9249	9728	10474	11355	12629	13918	13918	63378	201299
Total Liabilities	2785	2845	2934	3093	3052	3120	3283	3260	3328	3541	3525	3899	3899	5073	7628
Total Assets less Total Liabilities	11367	10504	9874	9335	9118	9113	9249	9728	10474	11355	12629	13918	13918	63378	201299
Capital & Reserves															
P&L Account	-1833	-896	274	1535	3118	4913	6849	9128	11674	14355	17429	20518	20518	91578	251099
Reserves	13200	11400	9600	7800	6000	4200	2400	600	-1200	-3000	-4800	-6600	-6600	-28200	-49800
Total Capital & Reserves	11367	10504	9874	9335	9118	9113	9249	9728	10474	11355	12629	13918	13918	63378	201299