Assignment 4 - Develop a Financial Plan

The main inputs to the Financial Plan of Virtual Groceries Store (VGA) are categories into 8 areas namely:

1) **Business Registration Costs**: consist of a one-off Business Registration fee and annual Business Renewal License fee;

2) **Operations** **Running Costs** - consist of network access costs, office rental and maintenance costs and server hosting

and hardware and software maintenance costs essential for smooth operations of VGA’s business;

3) **Development & Deployment Costs** - consist of investment in hardware and software used for development of VGS’s apps for

supermarkets, Integration costs with Server on both client and VGS and Deployment costs ;

4) **Business Marketing Costs** - consists of paper costs, namecard costs, brochure printing costs and marketing transportation

costs;

5) **Promotion Costs** - hiring of promoters at supermarkets to distribute promotional materials on use of our VGS’s apps for online and

physical shopping experience;

6) **Manpower Costs** - consist of manpower costs associated with operations (after-sales customer’s support costs and

operational manpower costs) and developmental works (developmental manpower costs incurred during development phase;

7) **Price** - consists of 3 types of customer membership subscription plans. Each plan allows customer to pay a certain transaction

fee per successful transaction based on the type of membership plan. There are 3 plans available for selection and they are:

1. Platinum Membership (supports up to 60 outlets)
   1. Annual Membership Fee (S$1599 - 1 year subscription, S$1299 - 3 year subscription, S$999 - 5 year subscription) ;
   2. Per successful transaction - S$0.50;
2. Gold Membership (supports up to 30 outlets)
   1. Annual Membership Fee (S$1099 - 1 year subscription, S$899 - 3 year subscription, S$599 - 5 year subscription) ;
   2. Per successful transaction - S$1.00;
3. Silver Membership (supports up to 10 outlets)
   1. Annual Membership Fee (S$699 - 1 year subscription, S$499 - 3 year subscription, S$299 - 5 year subscription) ;
   2. Per successful transaction - S$1.50;

8) **Revenue** - consists of projected revenue for 3 years (2013, 2014 & 2015) for NTUC Fairprice, Cold Storage, Sheng Shiong & Giant;

The main inputs to Virtual Groceries Store (VGA) financial plan is detailed below as follow:

(The **costs incurred** is **highlighted in red** and the **revenue received** is **highlighted in green** in the table below)

|  |  |  |  |
| --- | --- | --- | --- |
| **Item No.** | **Cost Types** | **Costs in S$** | **Remarks** |
| **1** | **Business Registration Costs** |  |  |
| 1.1 | Name Approval Fee | **S$15** | One - Off Costs |
| 1.2 | Business Registration Fee | **S$50** | Annual Renewal Fee |
| **2** | **Running Costs** |  |  |
| 2.1 | VGS’s Domain Name, Email Account & Webpage; | **S$9** | Monthly Subscription Fees |
| 2.2 | Subscription for Internet Access | **Nil** | Employees use own resources from home |
| 2.3 | Virtual Office Concept | **Nil** | Employees work from home |
| 2.3 | Project Hosting Cost |  |  |
| 2.3.1 | Heroku Cloud Hosting Service for Backend API and DB | **S$100** | Monthly Fee - for the first year and increase S$50 per month to scale up the service |
| 2.5 | Hardware & Software Maintenance Costs  Software refers to MS Office Applications | Nil | Employees maintain own resources from home |
| **3** | **Development Costs** |  |  |
| 3.1 | Hardware Costs:  Equipment Costs (Personal Computers, Printers, Routers) | **Nil** | Employees use own resources from home |
| 3.2 | Software Costs:   1. Enterprise License for Apps Development    1. Android Apps    2. iPhone Apps 2. QR Code Generator Software 3. MS Office Application for administrative purposes | iPhone Apps - **S$123**  (item 1a, 2 & 3 are Nils) | **Development Costs Incurred only on Clinched Project**   1. Android Apps - open-source and released by Google under the [Apache License](http://en.wikipedia.org/wiki/Apache_License)) 2. Annual iPhone IOS Developer Program For Company - includes develop, test and distribute on Apps Store; 3. QR Code Generator - use open source; 4. MS Office Applications - employees’ own resources; |
| **4** | **Manpower Costs** |  |  |
| 4.1 | Operational Manpower Costs   1. One Full Time Secretary; 2. 1 Full Time Business Development Executive; | **S$1500**  **S$3800** | Incurred Costs from 1st Start Day of VGS  Monthly Costs |
| 4.2 | Development & Deployment Costs   1. 3 Contract engineers (1st Development) 2. 1 Contract engineer (Future Developments) | S$3500 x 3 = **S$10500** | Monthly Incurred Costs upon Clinched Contract  1st Development Lifecycle: 6 months  Subsequent Development Lifecycle: 3 months |
| 4.3 | After Sales Customer Support   1. 1 technical engineer | **S$3000** | Monthly Incurred Costs After Project Completion  Warranty Period: 6 months |
| **5** | **Business Marketing Cost** |  |  |
| 5.1 | Produce marketing materials such as proposal, powerpoint | **Nil** | Employees use own resources from home |
| 5.2 | Paper Costs | S$4.00 X 2 = **S$8.00** | Monthly Average Usage: 2 reams |
| 5.3 | Brochure Printing - 1000 quantity | **S$250** | Half Yearly Costs |
| 5.4 | Business Transportation Costs | **S$300** | Monthly Costs |
| **6** | **Promotion Cost** |  |  |
| 6.1 | Insert QR code on customers’ promotion materials | **Nil** | Idea is to insert VGS’s QR code on current customers’ promotion materials and also distribute pamphlets by VGS’s promoters to use VGS’s apps. |
| 6.2 | 2 Part time Promoters for Promotion of VGS’s Apps at MRT stations, Supermarkets, Shopping Malls; | (S$5 x 32 hours) x 2 = **S$320** | Costs Incurred Upon Contract Clinched  Monthly Promotion Hours: 4 hours for 4 weekends = 32 hours |
| **7** | **Service Price** |  |  |
| 7.1 | **Customer Membership Subscription Plan**   1. Platinum Membership (supports up to 60 outlets) | **3 Platinum Plans**  S$1599 (1 yr)  S$1299 (3 yrs)  S$999 (5 yrs)  **Per Successful Transaction Fee**  S0.50 | Supermarket’s customer must subscribe to a plan depending on the plan’s timeline and each transaction made by shopper using VGS’s Apps will allow VGS to receive a commission fee of S$0.50. |
| 7.2 | **Customer Membership Subscription Plan**  2. Gold Membership (supports up to  30 outlets) | **3 Gold Plans**  S$1099 (1 yr)  S$899 (3 yrs)  S$599 (5 yrs)  **Per Successful Transaction Fee**  S1.00 | Supermarket’s customer must subscribe to a plan depending on the plan’s timeline and each transaction made by shopper using VGS’s Apps will allow VGS to receive a commission fee of S$1.00. |
| 7.3 | **Customer Membership Subscription Plan**  3. Silver Membership (supports up to  10 outlets) | **3 Silver Plans**  S$699 (1 yr)  S$499 (3 yrs)  S$299 (5 yrs)  **Per Successful Transaction Fee**  S1.50 | Supermarket’s customer must subscribe to a plan depending on the plan’s timeline and each transaction made by shopper using VGS’s Apps will allow VGS to receive a commission fee of S$1.50. |
| **9** | **Projected Revenue Plan (Yr 2013/2014/2015)** |  |  |
| 9.1 | **Contract Clinched Date**: 1st Quarter of Yr 2013  **Customer’s Company**: NTUC Fairprice  **Subscription Plan**: Platinum Plan (1 yr)  **Estimated Transactions Per Month:** 70000 transactions (1st month)  **Projected Growth Per Quarter**: 10% of 1st Quarter Transactions | Total Estimated Revenue (Yr 2013/ 2014/2015) = S$**403454.0835** | Refer to Sales Forecast Table for the actual breakdown of respective Quarter’s revenue |
| 9.2 | **Contract Clinched Date**: 2rd Quarter of Yr 2013  **Customer’s Company**: Cold Storage  **Subscription Plan**: Gold Plan (1 yr)  **Estimated Transactions Per Month:** 10000 transactions (1st month)  **Projected Growth Per Quarter**: 10% of previous Quarter Transactions | Total Estimated Revenue (Yr 2013/ 2014/2015) = **S$79354.1** | Refer to Sales Forecast Table for the actual breakdown of respective Quarter’s revenue |
| 9.3 | **Contract Clinched Date**: 3rd Quarter of Yr 2013  **Customer’s Company**: Sheng Shiong  **Subscription Plan**: Silver Plan (1 yr)  **Estimated Transactions Per Month:** 5000 transactions (1st month)  **Projected Growth Per Quarter**: 10% of previous Quarter Transactions | Total Estimated Revenue (Yr 2014/2015) = **S$47186.25** | Refer to Sales Forecast Table for the actual breakdown of respective Quarter’s revenue |
| 9.4 | **Contract Clinched Date**: 3rd Quarter of 2013 **Customer’s Company**: Giant  **Subscription Plan**: Gold Plan (1 yr)  **Estimated Transactions Per Month:** 10000 transactions (1st month)  **Projected Growth Per Quarter**: 10% of previous Quarter Transactions | Total Estimated Revenue (Yr2014/2015) = **S$47509** | Refer to Sales Forecast Table for the actual breakdown of respective Quarter’s revenue |

**Year 2013/2014/2015 Projected Quarterly Cash Flow for Virtual Groceries Store (VGS)**

Please refer to Cash Flow table projected for VGS in Financial Year of 2013, 2014 & 2015.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Sale Forecast Table |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  | Quarter 13/14/15 | Estimated No. of Transactions (per Quarter) estimate the transactions will increase 10% per quarter | Rate Per Transaction | Estimated Revenue (per Quarter) | Membership Fees (per Quarter) | Total Estimated Revenue |  |
|  |
| **NTUC** | 3 | 70,000 | 0.5 | 35000 | 1599 | 36599 | Start Warranty |
| 4 | 77,000 | 0.5 | 38500 |  | 38500 | End Warranty |
| 1 | 84,700 | 0.5 | 42350 |  | 42350 |  |
| 2 | 93,170 | 0.5 | 46585 |  | 46585 |  |
| 3 | 102,487 | 0.5 | 51243.5 | 1599 | 52842.5 |  |
| 4 | 112,736 | 0.5 | 56367.85 |  | 56367.85 |  |
| 1 | 124,009 | 0.5 | 62004.635 |  | 62004.635 |  |
| 2 | 136,410 | 0.5 | 68205.0985 |  | 68205.0985 | **403454.0835** |
| **Cold Storage** | 4 | 10,000 | 1 | 10000 | 1099 | 11099 | Start Warranty |
| 1 | 11,000 | 1 | 11000 |  | 11000 | End Warranty |
| 2 | 12,100 | 1 | 12100 |  | 12100 |  |
| 3 | 13,310 | 1 | 13310 |  | 13310 |  |
| 4 | 14,641 | 1 | 14641 | 1099 | 15740 |  |
| 1 | 16,105 | 1 | 16105.1 |  | 16105.1 | **79354.1** |
| **Sheng Shiong** | 1 | 5,000 | 1.5 | 7500 | 699 | 8199 | Start Warranty |
| 2 | 5,500 | 1.5 | 8250 |  | 8250 | End Warranty |
| 3 | 6,050 | 1.5 | 9075 |  | 9075 |  |
| 4 | 6,655 | 1.5 | 9982.5 |  | 9982.5 |  |
| 1 | 7,321 | 1.5 | 10980.75 | 699 | 11679.75 | **47186.25** |
| **Giant** | 2 | 10,000 | 1 | 10000 | 1099 | 11099 | Start Warranty |
| 3 | 11,000 | 1 | 11000 |  | 11000 | End Warranty |
| 4 | 12,100 | 1 | 12100 |  | 12100 |  |
| 1 | 13,310 | 1 | 13310 |  | 13310 | **47509** |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | c | s | g |  |  |  |  |  |
|  |  | **System Implementation Period** | | NTUC S | NTUC E/C S | CE/S S | SE/GS | G E |  |  |  |
|  | **Projected Costs** | **1st Q (2013)** | **2nd Q (2013)** | **3rd Q (2013)** | **4th Q (2013)** | **1st Q (2014)** | **2nd Q (2014)** | **3rd Q (2014)** | **4th Q (2014)** | **1st Q (2015)** |  |
|  | NTUC | $0.00 | $0.00 | $36,599.00 | $38,500.00 | $42,350.00 | $46,585.00 | $52,842.50 | $56,367.85 | $62,004.64 |  |
|  | Cold Storage | $0.00 | $0.00 | $0.00 | $11,099.00 | $11,000.00 | $12,100.00 | $13,310.00 | $15,740.00 | $16,105.10 |  |
|  | Sheng Shiong | $0.00 | $0.00 | $0.00 | $0.00 | $8,199.00 | $8,250.00 | $9,075.00 | $9,982.50 | $11,679.75 |  |
|  | Giant | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $11,099.00 | $11,000.00 | $12,100.00 | $13,310.00 |  |
|  | **Income** | **$0.00** | **$0.00** | **$36,599.00** | **$49,599.00** | **$61,549.00** | **$78,034.00** | **$86,227.50** | **$94,190.35** | **$103,099.49** |  |
|  | Salary | $47,400.00 | $47,400.00 | $35,400.00 | $35,400.00 | $35,400.00 | $24,900.00 | $24,900.00 | $24,900.00 | $24,900.00 |  |
|  | Initial Setup Fee | $197.00 |  |  |  |  |  |  |  |  |  |
|  | Other Expenses | $924.00 | $924.00 | $924.00 | $924.00 | $924.00 | $924.00 | $924.00 | $924.00 | $924.00 |  |
|  | Project Cloud Hosting | $0.00 | $0.00 | $300.00 | $300.00 | $450.00 | $450.00 | $450.00 | $450.00 | $600.00 |  |
|  | Marketing | $0.00 | $0.00 |  |  | $960.00 | $960.00 | $960.00 | $960.00 | $960.00 |  |
|  | Office Rental Charges (virtual office) | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |  |
|  | **Total Expense** | **$48,521.00** | **$48,324.00** | **$36,624.00** | **$36,624.00** | **$37,734.00** | **$27,234.00** | **$27,234.00** | **$27,234.00** | **$27,384.00** |  |
|  | Operating Income (Income - Expense) | -$48,521.00 | -$48,324.00 | -$25.00 | $12,975.00 | $23,815.00 | $50,800.00 | $58,993.50 | $66,956.35 | $75,715.49 |  |
|  | Interest Incurred | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |  |
|  | Depreciation and Amortization | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |  |
|  | Income Taxes (20%) | $0.00 | $0.00 | $0.00 | $7,324.80 | 7546.8 | 5446.8 | 5446.8 | 5446.8 | 5476.8 |  |
|  | **Net Profit** | **-$48,521.00** | **-$48,324.00** | **-$25.00** | **$5,650.20** | **$16,268.20** | **$45,353.20** | **$53,546.70** | **$61,509.55** | **$70,238.69** | **252566.535** |
|  |  |  |  |  |  |  |  |  |  |  | -96870 |
|  |  |  |  |  |  |  |  |  |  |  | **155696.535** |
|  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |
| **Before System Lunch** |  | **Total** | **Description** |  | **Duration** | Remarks |  |
| 1 | Inital Setup Expenses | **197** | Business Registration Cost | 65 | 1 time Fee |  |  |
|  |  |  | Domain name and email | 9 |  |  |  |
|  |  |  | Iphone Development Licence | 123 |  |  |  |
| 2 | **Initial Implementation Cost** |  |  |  |  |  |  |
|  | Salary | **15800** | 3 Engineers' Cost | 10500 | Monthly Costs 1st project development timeline: 6 months | The reason is to allow time to build a stable apps so as to use this as the baseline for other projects, which will shorten development time to 3 months, just by configuration to the already built baseline apps. |  |
|  |  |  | Operational Manpower Costs | 5300 |  |  |  |
| 3 | **Monthly Expenses** | **308** | Paper Cost | 8 | Monthly Cost |  |  |
|  |  |  | Business Transportation Cost | 300 | Month Transportation Fees for Business Development Execuitve |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **After System Implementation** |  |  |  |  |  |  |  |
| 1 | System Hosting Cost | **4800** | 100 for the first FY and the will scale up the hosting service to the subsequence years. The monthly cost will increase $50 per year |  | Total Cost for 3 years |  |  |
|  |  | (100\*6) + (150\*12) + (200\*12) |  |  |  |  |  |
| 2 | Operation, Maintance and Support Cost | **11800** |  |  | Monthly Cost |  |  |
|  | Salary | 11800 | Operational Manpower Costs | 5300 | 1 full time Secretary and Business Development |  |  |
|  |  |  | Engineer Cost | 3500 |  |  |  |
|  |  |  | Customer Support Staff | 3000 |  |  |  |
| 3 | Monthly Expenses | **308** | Paper Cost | 8 | Monthly Cost |  |  |
|  |  |  | Business Transportation Cost | 300 | Monthly Cost |  |  |
| 4 | Marketing Cost | **320** | 2 Part time Promoters for Promotion | (S$5 x 32 hours) x 2 = S$320 | Monthly Cost |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

**Summary of VGS’s Cash Flow Standing Till Positive Cash Flow & Breakeven**

**1st Quarter (Yr2013) of VGS’s Startup Period**

|  |
| --- |
| 1st Quarter of VGS is the startup period and will incur both initial startup costs and operational costs of -S$$48,521.00.  During this 1st Quarter, the 1st business contract clinched is with NTUC Fairprice and the estimated development schedule is projected for 6 months,. The reason for the longer project duration is to establish a solid and functional baseline apps used for further projects, which only requires configuration and customisation to the baseline apps. This will shorten the development timeline for future projects from 6 months to 3 months.  **2nd Quarter (Yr2013) of VGS’s Startup Period**  The 2nd Quarter of VGS incurred an operational costs of -S$$48,324.00. The projected revenue from 1st business contract (NTUC Fairprice) will start in 3rd Quarter (Yr 2013) onwards.  During this period, the business development executive will secure the 2rd business contract from Cold Storage, with development starting in 3rd Quarter 2013 and revenue starting in 4th Quarter 2013. |

**3rd Quarter (Yr2013) of VGS’s Startup Period**

The 3rd Quarter of VGS incurred an operational costs of -S$$$36,624.00. The projected revenue from 1st business contract (NTUC Fairprice) in 3rd Quarter (Yr 2013) fetches $36,599.00. This results in the projected net loss for this quarter to be -$25.00, with the projected sales revenue offset by the operational costs.

During this period, the business development executive will secure the 3rd & 4th business contracts from Sheng Shiong & Giant, with Sheing Shiong’s development starting in 4th Quarter 2013 and revenue starting in 1st Quarter 2014. The Giant’s development will start in 1st Quarter 2014 and revenue starting in 2nd Quarter 2014.

The reason why parallel development is not considered was due to the business strategy of hiring 3 contract engineers during 1st and 2rd Quarters 2013 for 1st development of the VGS’s apps and subsequently retaining 1 contract engineer for customisation and configuration of future projects. The contract engineer can only work on 1 project at a time for 1 Quarter before he can start on another new project.

The 6 months warranty period for NTUC Fairprice starts this period.

**4th Quarter (Yr2013) Onwards**

The 4th Quarter of VGS will incur an operational costs of -S$$$36,624.00. The projected revenue from NTUC Fairprice and Cold Storage in 4th Quarter (Yr 2013) fetches $$49,599.00. This results in the net profit for this quarter to be $$12,975.00. VGS will achieve positive cash from 4th Quarter Yr 2013 onwards. The VGS is projected to breakeven in 3rd Quarter of Yr 2014.

Sheng Shiong’s revenue starting in 1st Quarter 2014 and revenue for Giant starting in 2nd Quarter 2014.

The 6 months warranty period for Cold Storage starts this period, Sheng Shiong in 1st Quarter ‘14 and Giant in 2rd Quarter ‘14.

There will be technical customer support for the 4 supermarkets even after the 6 months warranty period to cater for customer satisfaction and ultimately achieving customer retention objective.

From above Cash Flow, we know that it will become positive from the 4th Quarter of 2013. So the necessary capital will be as following table.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Projected Costs** | **1st Q (2013)** | **2nd Q (2013)** | **3rd Q (2013)** | **4th Q (2013)** |
| **Quarter Expense** | $48,521.00 | $48,324.00 | $36,624.00 | $36,624.00 |

Total Cost: $170,093

Contingency: $20,000

Total Amount of the Capital: $190,093

From the number of total capital amount, it still looks like higher. Need think about some other ways to reduce the total capital amount. So the possibilities of guerilla capitalism is shown as below:

* Put the web application system and database into the famous cloud hosting. (E.g. Amazon, Google) So the cost will be charged by the visiting quantity and not the fixed price. Initially, may not have a large amount of customers to use this system. If using this way, it will be cheaper than fixed rental. Anyway, their cloud hosting will be stable, fast and secure.
* Consider to communicate with the supermarket partner (E.g. NTUC, Giant, Sheng Shiong) Cooperate with them to arrange their part-time staffs to promote VGS periodically in their branches. Guide customer to try this service.
* Put advertisement on the famous search engines (E.g. Google). Based on the clicking rate, pay the advertising fee to the search engine company.
* Give some promotions for product supplier to attract them to publish their advertisement on VGS. It’s also an attractive income from such kind of service.
* Look for some rich investors. Introduce this our new product and try to get some initial capitals from them. May consider to invite them to be stockholder.
* For the contract engineer in the development stage, it’s possible to hire 2 part-time engineers and 1 principle full-time engineer. Using part-time engineer can reduce the initial cost.

One of the most challenging issues for start up is to raise sufficient fund to start and sustain the business for the next 1 - 2 years before the capital investment could potentially break even and for business to start seeing real profit coming in.

Based on the financial plan, the total initial fund required to start and run the business for the next 2 years (excluding revenue from sales) will be estimated @ 320,000 (where 30,000 as the contingency capital).

The initial fund be raised through the following means:

**1. Partnership Investment**

Each partner will come out with an initial investment of 32,000. A total of 160,000 will be raised through 5 members partnership. Getting the partners to invest from their individual capacity could help to spur their motivation and commitment to the business. It could also help partners to retain majority of the control over the business as compared to equity financing. Hence, we should aim to have at least half of the capital (160,000) raised by our partners else we may risk having our loan converted into equity and consequently allowing third-party (our creditor) to have more than 50% say in our company.

**2. Apply for government grants**

There are a few types of SME grants (e.g. cash grants, equity financing scheme business incubation scheme, debt financing schemes etc). We will go for the cash grants as other schemes/grants are may not suit our needs as these schemes/grants will require the use of equity as collateral for loan. Using such schemes will potentially means our profit will have to be shared with our creditor, hence it is really less attractive to us. Cash grants are grants given to courage entrepreneurship, innovation and research & development and do not require business to use its equity as collateral for this grant.

Under the cash grant, we will first aim to get Technology Enterprise Commercialization Scheme (TECS). This scheme has a maximum grant of up to 50% of the initial capital or maximum of $250,000 whichever is lower. But we need to first convince the granting agency (e.g. IDA) the considerable novelty and potential of our business. Our prototype and business plan will be presented to the agency to secure this grant. If the grant is approved, the remaining 160,000 required for our start-up will come from this fund and no further funds will be required.

However, should we fail to get this grant, we will proceed apply for ACE Start-ups Scheme. ACE Start-ups Scheme is a financial assistance scheme where ACE (Action Community for Entrepreneurship) will match S$7 to every S$3 raised by an entrepreneur for up to S$50,000. In other words, we will get the maximum grant of 50,000 shoud our application is approved.

**3. Other financial assistance with collateral and Bank Loan**

Should we fail to get sufficient financial grants that are free from collateral and usage of equity. We will proceed to apply for other government grants that may require collateral/equity from government agency.

Our final attempt to secure additional fund will be from bank loan. Our CEO - Jeanie, will mortgage her property to get the required fund.

**4. Sponsorship and Waiver**

To further help our company to reduce any capital or operating cost we will consider the following:

Tax Waiver:

We will apply for “Tax Exemption for Start-ups” grant under the Tax Incentive Scheme offered by the government singapore. Basically this scheme allows newly start ups to be exempted for a certain amount of taxable income for 3 consecutive years. e.g. for each of these 3 consecutive tax years, the corporate tax rate will be at 0% for the first $100,000 taxable income and 8.5% on the next 200,000 taxable income. Any taxable income above $300,000 will be chagred at the normal corporate tax rate of 17%. From the fourth tax year onwards, 8.5% tax rate on taxable income of up to S$300,000 per annum. The taxable income above S$300,000 will be charged at the normal corporate tax rate of 17%. (source:<http://www.iras.gov.sg/irasHome/page04_ektid410.aspx>). If the incentive is granted, our business will potentially pay $0 tax for the next 2 -3 years as our projected sales for the next 1 - 2 year will around 100,000.

Sponsorship for Advertisement Cost

We will work with various supermarket chains to allow our brand to be advertised in their existing advertisements (print ads, newspaper, catalogs etc) at no cost. In return, we will also place these supermarket chain advertisement in our corporate website.