Contents

[1. Executive Summary 1](#_Toc452336296)

[2. Objectives 2](#_Toc452336297)

[3. Mission Statement 2](#_Toc452336298)

[4. Company 2](#_Toc452336299)

[4.1. Company Ownership 2](#_Toc452336300)

[4.2. Company History 3](#_Toc452336301)

[4.3. Company Location & Facilities 3](#_Toc452336302)

[5. Products / Services 3](#_Toc452336303)

[5.1. Service Description 3](#_Toc452336304)

[5.2. Important Service Features and Competitive Comparison 4](#_Toc452336305)

[6. Market Analysis 4](#_Toc452336306)

[Market Segmentation 5](#_Toc452336307)

[6.1. Industry Analysis 5](#_Toc452336308)

[6.2. Target Market 6](#_Toc452336309)

[6.3. Key to Success 6](#_Toc452336310)

[6.4. Advertising 6](#_Toc452336311)

[6.5. Marketing Strategy 6](#_Toc452336312)

[6.5.1. Distribution Strategy 7](#_Toc452336313)

[6.5.2. Marketing Programs 7](#_Toc452336314)

[6.5.3. Positioning Statement 7](#_Toc452336315)

[6.5.4. Pricing Strategy 7](#_Toc452336316)

[6.5.5. Promotion Strategy 7](#_Toc452336317)

[6.6. Sales Strategy 8](#_Toc452336318)

[6.6.1. Sales Forecast 8](#_Toc452336319)

[6.7. Strategic Alliance 9](#_Toc452336320)

[7. Organization 10](#_Toc452336321)

[7.1. Organizational Structure 10](#_Toc452336322)

[8. Management Team 10](#_Toc452336323)

[8.1. Management Team Gaps 10](#_Toc452336324)

[8.2. Personnel Plane 10](#_Toc452336325)

[9. Financial Analysis 11](#_Toc452336326)

[9.1. Financial Plan 11](#_Toc452336327)

[9.2. Start-up Costs and Capitalization 11](#_Toc452336328)

[10. Financial Statement 12](#_Toc452336329)

[10.1. Break-even Analysis 12](#_Toc452336330)

[10.2. Projected Profit and Loss 12](#_Toc452336331)

[10.3. Projected Cash Flow 14](#_Toc452336332)

[10.4. Projected Balance Sheet 15](#_Toc452336333)

[10.5. Business Ratios 16](#_Toc452336334)

# 

# Executive Summary

Families need photographs to capture the special moments of their lives. Families of professionals are busy, and if too much time goes by between photos, these moments are lost forever. Babies, especially, grow fast and parents need photos of them several times a year.

While nearly everyone has a camera for snapshots, people need professional quality photos when they will be shown to an important audience, and when people want to be seen in the best light. The Internet has expanded the use of photos, making it possible for anyone to send them or to publish them for wide viewing.

Professionals often have business needs for high-quality photos, and through this familiarity, they acquire a taste for them. When these professionals need photos to preserve memories, or to display family photos when they entertain at home, they have the budget and the desire for similarly high-quality photos. Just as they appoint their homes with fine furniture and decorations, the photos on their walls need to exhibit their standards of quality.

Most people use professional photo studios only on rare occasions, such as weddings, yearbook pictures, or baby portraits. Because the client has to initiate the call, many special moments are lost and the studio loses potential business. Photo studios generally charge a large fee for CDs of their clients' digital images. For these reasons, most photo studios are rarely used by families as a whole.

Therefore, according above information NIYE’s Photo Studio will meet the needs of professionals and their families to capture the special moments in their lives and present them in the best light. We will establish a relationship in which we initiate the calls to keep their photos up to date. Digital files of their photos will be available for free by e-mail or with a nominal fee for CD.  Because of our relationship with the families, when something big like a wedding comes, there's no place else they would go.

The opening of NIYE's Photo Studio will mark a change in the way professional photography is delivered.  Rather than being a rare place to visit, this photo studio will be a fun part of a family's lives, helping them capture special moments and share them in a digital world.

NIYE's will grow at an annual rate of over 35 percent by targeting families of professionals with newborn babies for baby pictures and then developing a relationship with the client over the years for ongoing photographs. The funding requested in this plan is projected to result in a comfortable annual net profit by Year 3.

# Objectives

In addition to livelihood, we are in this business for the enjoyment of photography to forge new connections with a wide range of people in our area.

Our objectives are:

* To generate a comfortable net profit.
* To develop systems of production for each product category that is easy to replicate with new clients to keep it simple and easily marketable.
* To have a client relationship system and call plan that will keep us on top of each of our client's scheduled needs at all times.
* To introduce new technological effect and change to the society and so on

# Mission Statement

The main future outlook and trend of NIYE’s photo studio is to help clients preserve memories of special events in their lives and promote their organization to the larger public. We thrive on repeat business by developing lasting relationships with our clients. We make professional quality photographs available in both digital and print formats, by providing an easy-to-follow pricing system that can be tailored to a specific client’s needs.

# Company

Fiqru Alemayehu has worked as a commercial photographer and freelance event photographer in the Dire Dawa city area for 6 years. He has found that building relationships with clients is the key to a successful business and operates out of NIYE photo studio in the city. Therefor we install Fiqru Alemayehu as the manager and photo photographer and photo editor and the other employer Hana Tesfaye is the casher of NIYE Digital photo studio.

## Company Ownership

NIYE Digital Photo Studio owned by IS 4th year graduate students namely by

* Abenazzer Bayu
* Abdulnasir Nursefa
* Muhammed Ahmed
* Nardos Dawit

## Company History

Since this company is a plan to be implemented its start year is not adjusted but if it is the will of God we will start this plan for the next year.

## Company Location & Facilities

The company location is in Dire Dawa city around Sabiyan square, Additionally We will operate out of our photo digital studio in Dire Dawa city, which has an office area with desktop Mac fully equipped with design software for post-production editing and the creation of CD packages for clients. Printing and framing, if requested, will be outsourced to a local company.

# Products / Services

NIYE Photography will help our clients (customers) to capture the best moments of their events in order to promote their business and keep it fresh and cutting edge for their marketing purposes.

All of our photos are created in a high-resolution digital format, from which prints can be made if requested. Since the Internet and commonly used printers typically use the lower-resolution 300 dpi format, 300 dpi digital files are available to clients for a nominal charge. Higher-quality digital photos and prints carry full pricing. We will retain the high-resolution data and clients can order more digital copies or prints from us if they wish.

## Service Description

Our products include:

* Corporate Event Photo Package

Galas, Fundraisers, Expos, etc. are often essential events for organizations in order to both celebrate their employees, clients and products and/or to raise funds for a charity or cause. This package includes complete coverage of the highlights of the event, for the organization to use in promotional materials, with digital images on a CD. Prints are available upon request, for an extra fee.

* Nonprofit Event Photo Package

NIYE Photography values the humanitarian work that nonprofit businesses do in the local and national community and so are willing to offer discounted photo packages for small organizations looking to promote their organization through fundraisers and other community events. This package includes coverage of the highlights of the event, with digital images on a CD. Prints are available upon request for an extra fee.

* Wedding Album

Weddings are one of the most special moments of life. Our wedding album includes up to 8 hours of wedding photography, with prints displayed in a custom photo album and digital images on CD.

## Important Service Features and Competitive Comparison

NIYE photo Studio Marketing Communications will develop the logo, business cards, e-mail address, brochures, website and display ads.  All will contain branding information around the theme of capturing the highlights of special events in order to promote a company or organization.  This theme is the backdrop of our program to maintain customer relationships in order for them to continue to use our business to cover their future events.

Our innovative approach makes the most of the latest easily accessible and transferable digital imagery. By playing to this market trend, we gain new customers and provide added value, with high-quality, small file-size images our clients can easily access in order to incorporate into promotional brochures, web campaigns, and other marketing materials.

NIYE Photography will use several digital cameras, and a computer fully loaded with image-manipulating software, such as Adobe Photoshop, as well as hard drives to store backup images on. We will also need an ongoing maintenance agreement for the computer and software, and nightly backups of image files, in the event of computer failure, theft, or fire.

# Market Analysis

Families with children are the biggest market for portraits. For the purpose of this analysis, these families are divided into three socio-economic categories:

* College graduates
* High school graduates
* Non-graduates

Families of college graduates are most likely to be professionals and to have the means and the taste for professional portraits.  There are nearly 20,000 such families in the DireDawa area.

We will target female professionals and wives of professionals, because women make the majority of purchasing decisions in these families.

The competitive environment is divided between magazine-quality photographers, moderate professional photographers who mostly pose their subjects, and same-day photo studios.

The trend among our targeted consumers is toward more digital photography and more sending of digital images on the Internet. As the world becomes more technical, people need more personal support.

NIYE Photo Studio will use a "high-tech, high-touch" approach to reach and retain clients for their ongoing photo needs. We will make it affordable and easy for them to disseminate their photos electronically.

Market Segmentation

People who pay for professional photo portraits are generally status-conscious professionals who have children, and so we've segmented the Eugene-Springfield metropolitan area according to the social status of families. We've used education as a measure of social status.

* Families of College Graduates

Professionals are, almost by definition, college graduates. They are the ones most likely to have a need for professional photo portraits for career purposes. They are also most likely to have the means and taste to want professional photos for their families, as well.

* Families of High School Graduates

People who have not completed college are assumed to be more likely to be employees or be in a trade. While many of them may have the means for professional photos, relatively few will use them. They are more likely to use home-made photographs, except for rare occasions, such as a high school photo or wedding.

* Families of Non-High-School Graduates

These are families who are generally without the means to hire professional photographers on a regular basis.

## Industry Analysis

Corporate companies and nonprofit organizations are the best clients for commercial event photography. For marketing purposes, they have been divided into three main categories:

* Companies and corporations
* Nonprofit organizations
* Government organizations (i.e. embassies, offices of senators, congressmen and city officials, etc.)

Nonprofit organizations are probably the most likely to request coverage of other event to use in fundraising and other promotional campaigns.

Digital photography is the new trend among consumers, especially because of how easy images are to transfer and access by multiple parties via the internet, file-sharing, and other devices. This is important for businesses wishing to use pictures on their website, in promotional brochures, and other marketing material.

By making the most of cutting edge digital imagery and software, NIYE Photography will make it affordable and easy for our clients to disseminate their photos electronically.

## Target Market

Our target market is nonprofit organizations, since these are the most likely to host events that they will wish to be documented for larger fundraising campaigns.

Since there are over 100 nonprofits located in Dire Dawa City alone, our target market will be organizations looking to expand or launch new campaigns. These organizations will be most likely to have the funds available to hire outside professionals while still maintaining the desire for images for promotional materials in order to get ahead in the competitive market of Dire Dawa City.

## Key to Success

Our keys for success are:

* Target marketing newly starting organizations looking to promote themselves through events such as fundraisers and galas.
* Developing relationships with our clients through personal customer service, in order to turn new, one-time clients into potential lifetime customers.
* Our system of tracking clients' ongoing needs for promotional photos and taking the initiative to call them for appointments or an update on future events.

## Advertising

NIYE's Photo Studio services are desired various promotion techniques on the basis of promotion such as:

* + Web site: - it is a very important part of the promotion strategy. because it helps for the company’s employer to hold all necessary information’s about the company
  + Distributed channel: - like TV, radio, internet as the company grows, marketing strategies will include radio time and advertisements in the trade journals.
  + Preparing fliers and business card: - by distributing this business card and fliers to different organizations and people’s companies will expand its promotion strategy.

## Marketing Strategy

NIYE's Photo Studio is unique in having programs to capture the special moments of a family's life. These moments can easily pass by and be lost by busy professional families. We take the initiative to call them, if they request this service, to schedule appointments to mark the special stages of growth in their families.  We're there for baby pictures, high school senior pictures, wedding pictures and photos for their professional needs.

Our prices are about the same as those at other photo studios, but we email digital files of our clients' images for free to help them put their pictures on the Web. There is no charge for our calling service, either, so we are a great value.

### Distribution Strategy

NIYE's Photo Studio will be located near where women dine and shop for higher-end clothes.  Because of our parking, toy room and ample couches, we can accommodate more than one family at a time.  Women who shop together can have their family pictures taken together or at the same time.

### Marketing Programs

Our marketing programs include:

1. Website development by NIYE Marketing Communications
2. Direct mail program to parents of new babies in our target area
3. Newspaper display ads the first six months
4. Radio spots the first six months

Details are provided in Milestones.

### Positioning Statement

For female professionals and wives of professionals with children who need to capture their growth and special moments and share them with wall portraits and the Internet, we have a program to remind our customers when photos need taken so these moments aren't lost. Unlike our competition, we take the initiative to make these calls and include inexpensive CDs and free emails of their digital images.

### Pricing Strategy

Our prices are competitive with other high-quality professional photographers in the area, but digital files are delivered affordably by CD or free by email. Our value added is in our programs of calls to capture the growth of the family.

### Promotion Strategy

We will have a professionally designed Yellow Page ad and a website. In addition, baby pictures will be targeted using public birth records and mailings to families in our target areas.

During the first six months, we will run display ads in the local paper and radio spots on several different local stations.

## Sales Strategy

A special for the first baby picture will be a regular feature of our pricing structure. This is offered with the intent of getting the whole family on an ongoing basis as clients, because babies need photos frequently and we want these families to be clients for life.

### Sales Forecast

First year sales are projected at to double by 2015.

The sales forecast for 2013 assumes slow growth at first, a decline over summer and a large increase in fall for senior photos.

Sales are shown in terms of units of individual portraits at 900 birr each, photos at home at 1200 birr each, and wedding albums at 5000 birr.

The per-unit cost is estimated at 10 percent for portraits and family photos, and 20% for weddings. This cost includes all expenses for outsourced high-resolution printing, as well as materials for producing digital products (CDs, labels, etc.). The direct costs are higher for weddings, because this sales category is the most traditional, and will result in a much higher percentage of printed final products than digital ones.

|  |  |  |  |
| --- | --- | --- | --- |
| Sales Forecast | | | |
|  | Year 1 | Year 2 | Year 3 |
| Unit Sales in birr |  |  |  |
| Portraits | 300 | 600 | 900 |
| Family Photos On-Site | 109 | 218 | 436 |
| Weddings | 32 | 34 | 36 |
| Total Unit Sales | 441 | 852 | 1,372 |
|  |  |  |  |
| Unit Prices in birr | Year 1 | Year 2 | Year 3 |
| Portraits | 900.00 | 900.00 | 900.00 |
| Family Photos On-Site | 1200.00 | 1200.00 | 1200.00 |
| Weddings | 5000.00 | 5000.00 | 5000.00 |
|  |  |  |  |
| Sales in birr |  |  |  |
| Portraits | 30,000 | 60,000 | 90,000 |
| Family Photos On-Site | 21,800 | 43,600 | 87,200 |
| Weddings | 80,000 | 85,000 | 90,000 |
| Total Sales | 131,800 | 188,600 | 267,200 |
|  |  |  |  |
| Direct Unit Costs in birr | Year 1 | Year 2 | Year 3 |
| Portraits | 10.00 | 10.00 | 10.00 |
| Family Photos On-Site | 12.00 | 12.00 | 12.00 |
| Weddings | 500.00 | 500.00 | 500.00 |
|  |  |  |  |
| Direct Cost of Sales in birr |  |  |  |
| Portraits | 3,000 | 6,000 | 9,000 |
| Family Photos On-Site | 2,180 | 4,360 | 8,720 |
| Weddings | 16,000 | 17,000 | 18,000 |
| Subtotal Direct Cost of Sales | 21,180 | 27,360 | 35,720 |

## Strategic Alliance

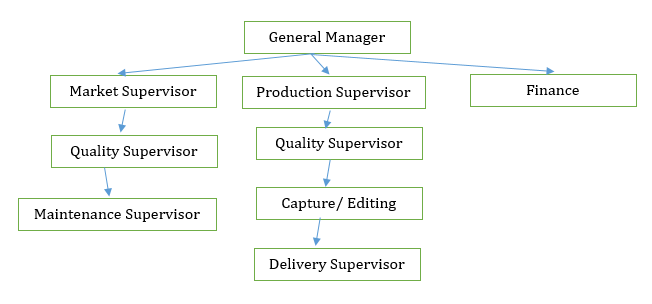
We have the ability to build strong strategic alliances with many of our suppliers, some of

which are listed below.

* They will do "whatever they can" to help us to succeed.
* They will supply us with used testing equipment at no charge. They have indicated that they would also extend special terms and/or dating on initial stocking order of printing and camera equipment.
* They will set us up as a W.D and help out as needed with additional terms.
* They will set us up as a W.D. and could also be persuaded into extending us special terms.
* Approached properly, these vendors and many others will assist NIYE photo studio in becoming a force in the marketplace.
* They will set us up as a direct W.D. without the buy-in requirement. Will also assist us in marketing their products in this area. The following two local warehouses will help us immensely in keeping our own inventory levels in check, while still giving our customers fast service:

# Organization

## Organizational Structure



# Management Team

Fiqru Alemayehu is the Director of NIYE’s photo Studio as well as the photographer.  A receptionist / production assistant has been hired.

Fiqru Alemayehu is a graduate of Brooks Institute of Photography. he has 6 years’ experience as an industrial photographer and freelance portrait photographer.

Hana Tesfaye is a three years’ experience in working as casher in x photo studio. She is also an amateur photographer who has an active interest in and understanding of photography.

## Management Team Gaps

There may be times when both Fiqru Alemayehu and Amanuel Mintesenot will need to be on location for a photo shoot. Usually, these shoots will be scheduled on weekends when the storefront will not be scheduled to be open. If these times occur during work days, it may be necessary to hire a temp to cover the storefront rather than close it -- especially during the first five months of expensive media advertising.

## Personnel Plane

The owner, Abenazzer Bayu, Abdulnasir Nursefa, Nardos Dawit and Mohammed Ahmed will need to cover their personal living expenses of 24,000 per year during the first three years. A growth rate is assumed for cost of living.

The employee, Fiqru Alemayehu and Hana Tesfaye, will be paid a wage at 50 per day, which averages to 1,500 per month, with a raise of 1,000 per year for the first three years, as sales increase.

|  |  |  |  |
| --- | --- | --- | --- |
| Personnel Plan | | | |
|  | Year 1 | Year 2 | Year 3 |
| Owner(Four people) | 24,000(each) | 25,000(each) | 30,000(each) |
| (Employee(two) | 18,000(each) | 19,000(each) | 20,000(each) |
| Total Employee People | 2 | 2 | 2 |
| Total people | 6 | 6 | 6 |
| Total Payroll | 132000 | 138000 | 160,000 |
|  |  |  |  |

# Financial Analysis

## Financial Plan

NIYE's Photo Studio will become profitable in its fifth month of operation, by May 2013.  It will grow vigorously each year after that to its optimum level during 2014.  This optimum level will produce sales sufficient for a generous net profit, even with the owner's and employee's salaries.

The business will be funded with an investment by the owner and loan secured by real estate.

## Start-up Costs and Capitalization

The start-up requirements for NIYE to Studio including start-up expenses, current assets, cash on hand, and long-term assets were presented earlier in this plan. Start-up funding is presented in the table below.

The owner will provide a seed investment.  A loan for the balance will be secured by real estate

|  |  |
| --- | --- |
| Start-up Funding in birr | |
|  |  |
| Start-up Expenses to Fund | 32,850 |
| Start-up Assets to Fund | 95000 |
| Total Funding Required | 127850 |
|  |  |
| Assets in birr |  |
| Non-cash Assets from Start-up | 70,000 |
| Cash Requirements from Start-up | 13,000 |
| Additional Cash Raised | 0 |
| Cash Balance on Starting Date | 12,000 |
| Total Assets | 95,000 |
|  |  |
|  |  |
| Liabilities and Capital in birr |  |
|  |  |
| Liabilities |  |
| Current Borrowing | 0 |
| Long-term Liabilities | 100,000 |
| Accounts Payable (Outstanding Bills) | 0 |
| Other Current Liabilities (interest-free) | 0 |
| Total Liabilities | 100,000 |
|  |  |
| Capital in birr |  |
|  |  |
| Planned Investment |  |
| Owner | 10,000 |
| Investor | 0 |
| Additional Investment Requirement | 0 |
| Total Planned Investment | 10,000 |
|  |  |
| Loss at Start-up (Start-up Expenses) | (32850) |
| Total Capital | (28,730) |
|  |  |
|  |  |
| Total Capital and Liabilities | 95000 |
|  |  |
| Total Funding | 127850 |

# Financial Statement

## Break-even Analysis

The average monthly expenses are shown in the table below. With low average direct unit costs, we will need to make the monthly sales displayed to break even. We expect to pass the break-even point in May.

|  |  |
| --- | --- |
| **Break-even Analysis** | |
| Monthly Units Break-even | 26 |
| Monthly Revenue Break-even | 7,812 |
|  |  |
| Assumptions: |  |
| Average Per-Unit Revenue | 298.87 |
| Average Per-Unit Variable Cost | 48.03 |
| Estimated Monthly Fixed Cost | 6,557 |

## Projected Profit and Loss

This business is projected to become profitable in May 20013, after the start-up advertising is completed and customers begin to discover the service. For the year 2013, the business will be profitable. It will grow at a vigorous rate over the next two years.

The optimum level of profitability for this one-photographer shop is reached in 2015. Our profit margins are much higher than the industry average because of our innovative product-delivery options - digital images require no film, no paper, and no chemicals, just storage units (CDs and DVDs) and delivery (computer and Internet access)

Gross margin=Sales- Direct Cost of Sales

Gross margin percentage = Sales- (Direct Cost of Sales/ sales) x100%

For example, gross margin and gross margin percentage is the following one for the first year NIYE photo studio. The gross margin and gross margin percentage is increase from first year to 3th year means from 2013 to2015. As the following shown.

Gross margin=Sales- Direct Cost of

=131,800-21,180

=110,620

Gross margin percentage = (sales - direct cost of sales) / sales x100%

= (131,800 -21180)/ 131,800 x100%

= 83.93%

|  |  |  |  |
| --- | --- | --- | --- |
| **Pro Forma Profit and Loss in birr** | | | |
|  | Year 1 | Year 2 | Year 3 |
| Sales | 131,800 | 188,600 | 267,200 |
| Direct Cost of Sales | 21,180 | 27,360 | 35,720 |
| Other Costs of Sales | 0 | 0 | 0 |
| Total Cost of Sales | 21,180 | 27,360 | 35,720 |
|  |  |  |  |
| Gross Margin | 110,620 | 161,240 | 231,480 |
| Gross Margin % | 83.93% | 85.49% | 86.63% |
|  |  |  |  |
|  |  |  |  |
| Expenses in birr |  |  |  |
| Payroll | 132,000 | 138,000 | 160,000 |
| Marketing/Promotion | 7,100 | 4,800 | 4,800 |
| Depreciation | 30000 | 30000 | 30000 |
| Rent | 12000 | 13,000 | 14000 |
| Utilities | 10,000 | 10,000 | 10,000 |
| Maintenance of Cameras and Equipment | 600 | 800 | 1,000 |
| Offsite file backups and support | 500 | 800 | 1,000 |
| Software upgrades | 0 | 800 | 1,000 |
| Insurance | 300 | 300 | 300 |
| Payroll Taxes | 19800 | 20700 | 24000 |
| Other | 1,200 | 1,200 | 1,200 |
|  |  |  |  |
| Total Operating Expenses | 213,500 | 208700 | 274300 |
|  |  |  |  |
| Profit Before Interest and Taxes | 31,940 | 81,480 | 144,820 |
| EBITDA | 47,900 | 97,440 | 160,780 |
| Interest Expense | 9,376 | 8,223 | $6,923 |
| Taxes Incurred | 6,769 | 21,977 | 41,369 |
|  |  |  |  |
| Net Profit | 15,795 | 51,280 | 96,528 |
| Net Profit/Sales | 11.98% | 27.19% | 36.13% |

## Projected Cash Flow

Cash reserves reach the minimum point in May 2013.  From that point, cash flow is positive, reaching a robust level by the end of 2015.

As sales increase, we will supplement our prop and furniture inventory with the purchase of new items as current assets.

|  |  |  |  |
| --- | --- | --- | --- |
| **Pro Forma Cash Flow** | | | |
|  | Year 1 | Year 2 | Year 3 |
| Cash Received |  |  |  |
|  |  |  |  |
| Cash from Operations in birr |  |  |  |
| Cash Sales | 131,800 | 188,600 | 267,200 |
| Subtotal Cash from Operations | 131,800 | 188,600 | 267,200 |
|  |  |  |  |
| Additional Cash Received |  |  |  |
| Sales Tax, VAT, HST/GST Received | 0 | 0 | 0 |
| New Current Borrowing | 0 | 0 | 0 |
| New Other Liabilities (interest-free) | 0 | 0 | 0 |
| New Long-term Liabilities | 0 | 0 | 0 |
| Sales of Other Current Assets | 0 | 0 | 0 |
| Sales of Long-term Assets | 0 | 0 | 0 |
| New Investment Received | 0 | 0 | 0 |
| Subtotal Cash Received | 131,800 | 188,600 | 267,200 |
|  |  |  |  |
| Expenditures | Year 1 | Year 2 | Year 3 |
|  |  |  |  |
| Expenditures from Operations in birr |  |  |  |
| Cash Spending | 132000 | 138000 | 160,000 |
| Bill Payments | 52,845 | 76,202 | 102,464 |
| Subtotal Spent on Operations | 184845 | 214202 | 262464 |
|  |  |  |  |
| Additional Cash Spent in birr |  |  |  |
| Sales Tax, VAT, HST/GST Paid Out | 0 | 0 | 0 |
| Principal Repayment of Current Borrowing | 0 | 0 | 0 |
| Other Liabilities Principal Repayment | 0 | 0 | 0 |
| Long-term Liabilities Principal Repayment | 11,520 | 12,500 | 13,500 |
| Purchase Other Current Assets | 0 | 0 | 2,000 |
| Purchase Long-term Assets | 0 | 0 | 0 |
| Dividends | 0 | 0 | 0 |
| Subtotal Cash Spent | 106,365 | 132,702 | 167,964 |
|  |  |  |  |
| Net Cash Flow | 25,435 | 55,898 | 99,236 |
| Cash Balance | 36,205 | 92,103 | 191,339 |

## Projected Balance Sheet

Net worth becomes positive in the second year. It then steadily builds through the end of this plan, in 2015. There is an excellent return on equity by the third year.

|  |  |  |  |
| --- | --- | --- | --- |
| **Pro Forma Balance Sheet** | | | |
|  | Year 1 | Year 2 | Year 3 |
| Assets |  |  |  |
|  |  |  |  |
| Current Assets |  |  |  |
| Cash | 36,205 | 92,103 | 191,339 |
| Other Current Assets | 10,000 | 10,000 | 12,000 |
| Total Current Assets | 46,205 | 102,103 | 203,339 |
|  |  |  |  |
| Long-term Assets |  |  |  |
| Long-term Assets | 70000 | 70000 | 70000 |
| Accumulated Depreciation | 15,960 | 31,920 | 47,880 |
| Total Long-term Assets | 44,540 | 28,580 | 12,620 |
| Total Assets | 90,745 | 130,683 | `215,959 |
|  |  |  |  |
| Liabilities and Capital | Year 1 | Year 2 | Year 3 |
|  |  |  |  |
| Current Liabilities |  |  |  |
| Accounts Payable | 5,200 | 6,358 | 8,606 |
| Current Borrowing | 0 | 0 | 0 |
| Other Current Liabilities | 0 | 0 | 0 |
| Subtotal Current Liabilities | 5,200 | 6,358 | 8,606 |
|  |  |  |  |
| Long-term Liabilities | 88,480 | 75,980 | 62,480 |
| Total Liabilities | 93,680 | 82,338 | 71,086 |
|  |  |  |  |
| Paid-in Capital | 10,000 | 10,000 | 10,000 |
| Retained Earnings | (28,730) | (12,935) | 38,345 |
| Earnings | 15,795 | 51,280 | 96,528 |
| Total Capital | (2,935) | 48,345 | 144,873 |
| Total Liabilities and Capital | 90,745 | 130,683 | 215,959 |
|  |  |  |  |
| Net Worth | (2,935) | 48,345 | 144,873 |

## Business Ratios

NIYE's Photo Studios is part of the photographic portrait studio industry. Industry standard growth is currently 7.3% annually. NIYE's Photo Studio is projected to grow weed-like annually by seizing its target market early and building on it.

Long-term assets are a smaller percentage of this business because expensive printing equipment isn't required. High resolution printing will be outsourced and is included under Cost of Goods Sold.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Ratio Analysis** | | | | |
|  | Year 1 | Year 2 | Year 3 | Industry Profile |
| Sales Growth | 0.00% | 43.10% | 41.68% | 7.32% |
|  |  |  |  |  |
| Percent of Total Assets |  |  |  |  |
| Other Current Assets | 11.02% | 7.65% | 5.56% | 51.55% |
| Total Current Assets | 50.92% | 78.13% | 94.16% | 71.67% |
| Long-term Assets | 49.08% | 21.87% | 5.84% | 28.33% |
| Total Assets | 100.00% | 100.00% | 100.00% | 100.00% |
|  |  |  |  |  |
| Current Liabilities | 5.73% | 4.87% | 3.99% | 24.01% |
| Long-term Liabilities | 97.50% | 58.14% | 28.93% | 21.85% |
| Total Liabilities | 103.23% | 63.01% | 32.92% | 45.86% |
| Net Worth | -3.23% | 36.99% | 67.08% | 54.14% |
|  |  |  |  |  |
| Percent of Sales |  |  |  |  |
| Sales | 100.00% | 100.00% | 100.00% | 100.00% |
| Gross Margin | 83.93% | 85.49% | 86.63% | 100.00% |
| Selling, General & Administrative Expenses | 71.95% | 58.30% | 50.51% | 76.37% |
| Advertising Expenses | 0.00% | 0.00% | 0.00% | 1.11% |
| Profit Before Interest and Taxes | 24.23% | 43.20% | 54.20% | 5.49% |
|  |  |  |  |  |
| Main Ratios |  |  |  |  |
| Current | 8.89 | 16.06 | 23.63 | 1.89 |
| Quick | 8.89 | 16.06 | 23.63 | 1.37 |
| Total Debt to Total Assets | 103.23% | 63.01% | 32.92% | 53.64% |
| Pre-tax Return on Net Worth | -768.74% | 151.53% | 95.19% | 11.50% |
| Pre-tax Return on Assets | 24.87% | 56.06% | 63.85% | 24.81% |
|  |  |  |  |  |
| Additional Ratios | Year 1 | Year 2 | Year 3 |  |
| Net Profit Margin | 11.98% | 27.19% | 36.13% | n.a |
| Return on Equity | 0.00% | 106.07% | 66.63% | n.a |
|  |  |  |  |  |
| Activity Ratios |  |  |  |  |
| Accounts Payable Turnover | 11.16 | 12.17 | 12.17 | n.a |
| Payment Days | 27 | 27 | 26 | n.a |
| Total Asset Turnover | 1.45 | 1.44 | 1.24 | n.a |
|  |  |  |  |  |
| Debt Ratios |  |  |  |  |
| Debt to Net Worth | 0.00 | 1.70 | 0.49 | n.a |
| Current Liab. to Liab. | 0.06 | 0.08 | 0.12 | n.a |
|  |  |  |  |  |
| Liquidity Ratios |  |  |  |  |
| Net Working Capital | 41,005 | 95,745 | 194,733 | n.a |
| Interest Coverage | 3.41 | 9.91 | 20.92 | n.a |
|  |  |  |  |  |
| Additional Ratios |  |  |  |  |
| Assets to Sales | 0.69 | 0.69 | 0.81 | n.a |
| Current Debt/Total Assets | 6% | 5% | 4% | n.a |
| Acid Test | 8.89 | 16.06 | 23.63 | n.a |
| Sales/Net Worth | 0.00 | 3.90 | 1.84 | n.a |
| Dividend Payout | 0.00 | 0.00 | 0.00 | n.a |