



FINANCIAL ASSUMPTIONS

NAME OF COMPANY:

(This document is used to assist in Cash Flow and Business Plan Development)

Cash In (# of units you plan to sell or cash sales per unit)

Revenue (wage rate and hours or average sale price and number of units sold)

Costs

Product Cost (Inventory, Materials) (give specifics of major categories)

Direct Labor Costs (if manufacturing show wages to produce product. Otherwise show wages in Wages & Benefits below) How many staff? Average salary?

Admin/Operational Expenses:

Advertising (type of advertising, cost per issue or event- expected results; how to measure success)

Accounting, Legal & other professional fees (what service, frequency, cost? This would include monthly bookkeeping, annual tax preparation, legal advice, etc.)

Bank charges & interest (show line of credit limit and interest rate; show point of sale cost & rates as well as monthly bank fees. Don't guess. Get quotes on what bank fees and charges as well as point of sale and merchant credit card fees)



Dues, fees, licenses and memberships (give specifics i.e. memberships, licenses and cost for each)

Delivery (freight, express, postage) Give specifics of major categories

Insurance (liability, business contents, product) (show cost, what is covered. Get 2 or 3 quotes from different insurance companies)

Interest on long term debt (show loan(s) and interest portion of your loan payment – principal portion goes in bottom section of cash flow)

Maintenance and repairs (equipment, building, yard keep, snow removal)

Motor vehicle (gas, repairs/maintenance, insurance) – Show details. Get insurance quotes and ensure that vehicles are insured for business use)

Office expenses (give specifics of major categories)

Supplies (give specifics of major categories. Supplies include items that are not inventory, and may be things like cleaning supplies, toilet paper, paper towels, etc. Does not include office supplies)

Rent (terms of lease including expiry and renewals)



MERCS (Mandatory Employment Related Costs) which must be paid by the employer. This includes CPP (4.95% approx.), Employment Insurance (2.27% approx.), Vacation Pay (4% for 2 weeks, 6% for 3 weeks, 8% for 4 weeks, 10% for 5 weeks) and Workers Compensation (if there are employees and rates vary according to industry). Other benefits (extended health/dental, etc) are additional costs.

Telephone (show monthly rate and installation charges; include mobile phone, land line and internet)

Utilities (heat, light, water, sewer, etc) (show monthly rates and installation charges)

Cash In

Cash Investments- Owner or Shareholder (Name, amount, terms, if any)

Bank loan advance

Cash Out

Principal loan payments (This is the principal portion of your loan payment)

Capital asset purchases (Can use list in business plan; make sure total amount is the same)

Owner's or Shareholder draw (This will be the amount you or your shareholders will be drawing from the business every month)

Provision for taxes (% of net income). If the business is incorporated the tax rate is 11% (9% Federal tax plus 2% Provincial tax) of taxable income up to \$500,000 with active business income eligible for the Federal Small business Deduction*). Proprietorships can range between 20% and 50% depending on tax bracket, if there is a spouse, dependants, etc. For a small business with Net Income greater than \$15,000 but less than \$50,000, put away at least 15% (more put away is better than not enough)!

*We recommend you consult a tax professional for information related to your specific business idea.



Did you include snow clearing in expenses? Other periodic expenses? Enough advertising to generate customer traffic needed to achieve projected sales?