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Business Plan for Internet Café

1.0 Executive Summary

UIC, Ultimate Internet Café is unlike any other internet café. It's one of its kinds; UIC provides lightning fast T2 internet connection which is a lot faster than cable internet. Inside the premises there is a Café which has all your favourite beverages such as Easy Way, coffee and foods include buns, cakes and ramen. So no matter how busy you are you can always eat while you are chatting, playing games or surfing the net. At UIC we know what the public are expecting from any normal Internet Café that's why we've gone a few steps beyond what the public wants to give you the ultimate experience.

We think that the public wants:

- 1) Access to ultra-fast T2 internet, with fast downloads.
- 2) Access and use facilities at costs they can afford.
- 3) Access to a luxury internet café that knows what comfy means.

At UIC customers can buy our used or second hand games for especially cheap prices. UIC also sell accessories for your computer, as well as used computer parts, ie. Graphics cards, Motherboards etc.

This business plan is prepared to obtain financing in the amount of \$168000. The extra financing is required to have work on site preparation and modifications, equipment purchases, and to cover expenses in the first year. Additional money has already been secured in the form of: (1) \$44,000 from the AMD computers LTD. PTY (2) \$50,000 of personal savings from owner David Chen and \$30,000 in the form of short-term loans.

1.1 Where to find us?

UIC, Ultimate Internet Café is located at 26 Hunter Street Mall, Hornsby (directly opposite to Hornsby Westfield). To contact us phone: (02) 9477 -2233 or send us a fax: (02) 9477 6232. E-mail us at: uicnetcafe@bigpond.com or visit our web site www.uicnetcafe.com.au. UIC is a sole trader company which David Chen is the owner and the individual who runs the business without partners or a company structure.

1.2 Business Mission

This internet café business has lots of rivalry store, each store offers a speciality price on goods and services, but at UIC we can guarantee that there is no store that offers a lower price on membership and hourly rates. This new renovated Net café has made many members feel like that they are at home, they can surf the net and enjoy a cup of coffee or tea.

1.3 Legal Structure of the business

UIC is a sole trade company that is that owner David Chen is the only person who runs or is in charge of the place.

1.4 Keys to success

- The design and the products of UIC will be different from all the other cafes and net cafes in the local district.
- The attempt of staff to blend in with the locals or people who live in the area.
- An environment that won't intimidate the user of a PC, especially people who just started using it. UIC has expert staffs that are willingly to help and give lessons at a small fee.

1.5 Risks

- Will people continue to enjoy using the internet and playing games?
- Will the individual be willingly to pay the fixed amount hourly rates?
- Will there be a demand of more services and cheaper rates?
- Will large internet providing companies give extremely cheap prices so that every can afford cable, so significantly there won't be a market place for internet cafés?

2.0 Company summary

Very soon in the near future UIC will be located in the heart of Hornsby, it will offer the whole shire the cheapest and the best possible internet an internet café could possible offer. UIC will provide access to the latest and the best games of all time, extremely fast internet, and messengers. UIC will appeal to people of all ages no matter young and old or between people who don't know how to use a computer.

2.1 Staffing requirements

Staffing requirements aren't as high as you would expect, you just need to know some basic computer skills and you set for the job. The maximum number of staff members required are three: one at the counter-most likely the owner, one and the food bar, and one for technical support. A person requesting for the technical support job must have at least a diploma degree in computer science. The training to work at UIC doesn't take up much time and are easy to master.

2.2 Company Start-up summary (includes Finical Plan)

PROJECT COST & FINANCING SUMMARY for UIC-Ultimate Internet Café

Project Cost Summary

All values are based on best estimate from industry operating statistics, and actual professional appraisals or cost quotes from suppliers.

	\$50000
Land	
Buildings	\$24000
Office Equipment & Furniture	\$4000
Other Assets (Other Categories)	\$80000
Contributed Assets	\$10000

Total Project Costs	\$168000
Project Financing Summary	
Contributed Assets	\$10000
Contributed Cash	\$74000
Line of Credit	\$84000
Total Financing	\$168000

Note: A line of credit of \$84000 will be required for the initial startup of the operation. This line of credit will be secured from a financial institution and interest charges will only be incurred on the amount used or outstanding. The actual amount required for an operating line of credit required to cover operations in the first year will be shown in the cash flow projections based on the expected events of the first twelve months of operation.

PROJECT COSTS AND FINANCING NOTES

The following notes detail the specific assets, loans and contributions for the project.

Land Cost

The total land cost of the project is \$50000. The purchase cost of land required including any site preparation or other development is \$50000.

Building Cost:

The total building cost of the project is \$24000. The purchase cost or development cost of additional buildings required including utility installation & hook up for water, sewer, power, energy, engineers, consultants and contractors is \$24000.

Equipment & Furniture Cost:

The total equipment & furniture cost of the project is \$9000. The value of contributed equipment & furniture to the project is \$5000. The purchase cost for all additional equipment & furniture required is \$4000. This included all retail / display equipment & furnishing, all manufacturing / warehousing equipment, and all office equipment & furniture.

Other Assets:

The total other assets cost of the project is \$85000. The value of contributed other assets is \$5000. The purchase cost of additional other assets required is \$80000.

Total Assets Purchased:

The total cost of assets purchased for the project is \$158000. This included:

Land	\$50000
Buildings	\$24000
Office Equipment & Furniture	\$4000

Other Assets (Other Categories)	\$80000
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Total Cash Contributed:

Proprietor/Partner/Shareholders Loans	\$24000
Other Private Investments or Loans	\$50000

The total amount of cash contributed to purchase assets and cover the required funds for working capital of the project is \$74000.

Total Contributed Equity:

Equipment & furniture	\$5000
Other Categories	\$5000
Proprietor/Partner/Shareholders Loans	\$24000
Other Private Investments or Loans	\$50000

The total contributed equity involving assets contributed to the project, and cash contributed towards the purchase of assets and the required working capital of the project is \$84000.

Financing Required:

The total amount of financing required to be borrowed to purchase assets and cover working capital required is \$80500. And will be financed through the loans stated below.

Line of Credit (Highest for Year One)	\$80500
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Line of Credit:

A line of credit in the amount of \$80500 will be required and will be financed through a local chartered bank. The line of credit will be accessed to cover the requirements of some or all of the working capital required for the project. The interest payments on the line of credit loan will be paid based on the monthly balance of the line of credit. Interest expense will be calculated at 0%.

Summary of Project Funding:

Assets Contributed	\$10000
Cash Contributed for Project	\$74000
Line of Credit	\$80500

SALES & COST OF GOODS

This section will provide notes about sales, cost of goods and margins to be expected for the operation.

Sales:

The projected annual sales of \$169200 in year one, \$177588 in year two, and \$186394 in year three are based on estimate only. For the year one operating period, sales are incurred by the following categories:

Beverages at an annual total of \$2400.

Second hand game sales at an annual total of \$6000.

Rates per hour usage at an annual total of \$160800.

The projected revenue generated from each sale category on an annual and monthly basis is based on industry operating statistics as well as consultations with professionals and suppliers. The total sales percentage break down incurred by the stated categories in the year one operating period are as follows:

Beverages at 1.4% of total annual sales.

Second hand game sales at 3.5% of total annual sales.

Rates per hour usage at 95.0% of total annual sales.

The monthly break down of total sales incurred in the year one operating period are as follows: Month 1 at 8.3% of total annual sales, Month 2 at 8.3%, Month 3 at 8.3% , Month 4 at 8.3%, Month 5 at 8.3%, Month 6 at 8.3%, Month 7 at 8.3% , Month 8 at 8.3%, Month 9 at 8.3%, Month 10 at 8.3%, Month 11 at 8.3%, Month 12 at 8.3%.

Charge & Cash Sales:

The projected amount of sales to be incurred through credit to the consumer is 1% with the remainder 99.0% on a cash basis. Listed below is the percentage breakdown of how credit sales will be paid:

100% of credit sales to be paid after 30 days.

These percentages have been calculated based on industry operating statistics, as well as consultations with professionals and suppliers.

Cost of Sales & Gross Margin:

The over all cost of goods sold (COGS) and gross margin (GM) percentages for the stated sales categories are as follows:

Beverages with a 0% COGS and 100.0% GM

Second hand game sales with a 0% COGS and 100.0% GM

Rates per hour usage with a 25% COGS and 75.0% GM

All cost of sales and gross margin percentages are based on industry operating statistics and consultations with professionals and suppliers. Please note that the cost of sales percentages represents the costs of the products (inventory) that was sold during the period as a percentage of total sales. The cost of sales include all freight, insurance, direct labour, materials and any other expenses directly related to the purchase of goods to be sold to the consumer.

The gross margin is the difference between total sales and cost of goods sold as a percentage of total sales, and represents the margin of profit the business generates. With all goods and services combined, the overall average cost of sales is 23.8% with an overall average gross margin of 76.2% for the first year of operation.

Gross Margin Dollars:

The annual gross margin dollars after deducting the direct cost of inventory replacement to total gross sales incurred for the year one operating period is \$129000. Year two is projected at \$135378, and year three at \$142074.

EXPENSES

The following notes explain the operating expenses for the project.

Sales & Expense Increases:

Sales are projected to increase by 5.0% in year 2, and increase 5.0% in year three. Expenses are projected to increase by 95.3% in year 2 and decrease 4.0% in year 3 to adjust for inflation and increases or decreases in the normal operation costs. (Year one includes setup and one time fees for this calculation.)

Depreciation:

Depreciation is the expense which approximates the use of the firm's fixed assets. Yearly depreciation expense is based on an annual rate, which varies according to the asset categories. The depreciation rate in the year of acquisition of all assets is only 50% of the normal allowance.

Bad Debt:

No bad debt expense is expected for this type of business.

Depreciation:

The calculated depreciation for year one operating period is projected at \$7277. Year two is projected at \$14209, and year three at \$13641. The depreciation has been calculated using the capital cost allowance method. The depreciation rate in the year of acquisition is only 50%, which is the norm for most locations.

Total Expenses:

The total operating expenses for the year one operating period is projected at \$7277. Year two operating period is projected to increase to \$14209, and to increase in year three to \$13641.

INCOME, CASH & BREAK EVEN

This section is an overview of the income, cash position and the break even point for the business.

Operating Income Before Income Tax & Line of Credit Interest:

The total operating income for the year one operating period is projected at \$121723. Year two operating period is projected to be \$121169 with year three projected at \$128433.

Net Income Before Tax:

The net income for the year one operating period is projected at \$121723. The net income for the year two operating period is projected at \$121169, and year three at \$128433. Please note that the net income is calculated after depreciation deductions, and before loan principal payments and income tax deductions.

Cash Surplus/Deficit:

The cash surplus for the year one operating period is projected at \$45027. Year two surplus is projected at \$204906, and year three surplus at \$362982. The cash surplus or deficit total is calculated by adding back depreciation and then subtracting debt principal payments towards the long term debt. As well as taking into consideration any sales conducted on credit terms.

Breakeven Sales Volume:

The breakeven sales volume for the year one operating period is projected at \$9550 with an average monthly sales volume required of \$796. Year two operating period breakeven sales volume is projected at \$18647 with an average monthly breakeven sales volume of \$1554; and year three breakeven sales volume is projected at \$17902 with an average monthly breakeven sales volume of \$1492.

Breakeven sales are calculated by dividing total annual expenses, including loan principal payments by the average projected gross margin obtained from gross sales incurred. Breakeven sales volume increased in year two because all expenses have increased by 95.3% and have decreased in year three because all expenses have decreased by 4.0% to adjust for inflation, fluctuations in the operations and sales, and other variables.

3.0 Services

UIC will provide full access to email, WWW, FTP, HTTP//: and other Internet applications. Printing, scanning, and introductory courses to the Internet will also be available to the customer. Extra computer courses also apply during the holiday breaks. UIC will also provide customers with a unique and friendly environment for enjoying great beverages, such as coffee, cakes, ramen etc.

3.1 Service Description

UIC will provide its customers with full access to the Internet and common computer software and hardware and the latest computer games. Some of the Internet and computing services available to UIC customers are:

- Access to external e-mail accounts (POP3)
- Search all popular internet programs and utilities available.
- Access to Netscape, Mozilla firebird, or Internet explorer.
- Access to laser printing at low costs (includes colour laser).
- Access to popular programs such as: MS Word 03, Adobe Photoshop, Nero burning, CloneCD, and WINRAR.

UIC will also provide its customers with access to introductory Internet and computer use classes. These classes take place every 5 PM during holiday day breaks, and every Friday fortnight at 5 PM.

3.2 Competitors

UIC isn't the only internet café in Hornsby; in fact there are around five internet café within 1km radius. UIC will be different from all the other internet cafes as it provides fine beverages that everyone will enjoy and also the extremely fast T2 internet connections.

3.3 Technology

The computers at UIC are all AMD Athlon XP+3000, which is the latest and the ultimate gaming machine released. These are nearly 1.5 times better than the Pentium 4, 2.8 processors. All machines will be operating Microsoft Windows XP professional. This makes the computers at UIC reliable and fun to play and work with. UIC will regularly upgrade new programs and expand their network to allow faster, more reliable and better services.

4.0 Marketing Plan

UIC is an internet café for all ages and people with all kinds of computing skills, the latest release games are generally for young people, while the internet and messengers are generally for all ages. For the other rival internet cafes UIC will provide the lowest prices and memberships, and UIC has the best of the BEST computers on the market which provide top performance. Food and beverages are RRP.

5.0 The Near Future

As UIC grows, more communications systems will be added and more and possibly better computer systems will be added to the network. The high demand of the best games for the people who are growing in generation X require computers with no lag and flawless graphics, that's why UIC upgrades their computer parts every Month to keep up with the best parts available on the market. As the demand for faster internet speed increases, along with the increase in competition of companies, UIC will continue to add new services to keep its customer base coming back for more. In the near future UIC might be all around Sydney but for the moment there will only be one in Hornsby.

PROJECT ASSUMPTIONS

NAME: UIC-Ultimate Internet Cafe

PERIOD: August 2004 - July 2005

DATE PREPARED: 08/22/2004

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	TOTAL
MONTHLY SALES %													
YEAR 1	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	100%

TOTAL SALES	YR.1	169200	YR.2	177588	YR.3	186394
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SALES % BY CATEGORY - YEAR 1

Beverages 1.4%

Second hand game sales 3.5%

Rates per hour usage 95.0%

GROSS MARGIN % - YEAR 1

Beverages 100.0%

Second hand game sales 100.0%

Rates per hour usage 75.0%

COST OF SALES % - YEAR 1

Beverages 0.0%

Second hand game sales 0.0%

Rates per hour usage 25.0%

CHARGE SALES %

30 DAY R.O.A. 100.0%
60 DAY R.O.A. 0.0%
90 DAY R.O.A. 0.0%

CASH SALES %

99.0%

PURCHASE TERMS %

30 DAY R.O.A. 100.0%
60 DAY R.O.A. 0.0%
90 DAY R.O.A. 0.0%

CASH PURCHASES %

95.0%

<u>[PC]=Project Costs</u> <u>[CA]=Contributed</u>	Opening	Year 1	Year 2	Year 3	Year 1 Dep. Rate
Land[<u>PC</u>] [<u>CA</u>]		50000	30000	30000	
Building(s)[<u>PC</u>] [<u>CA</u>]		24000	19000	24000	2.1%
Office Equipment & Furniture[<u>PC</u>] [<u>CA</u>]		9000	2000	1500	14.4%
Other Assets[<u>PC</u>] [<u>CA</u>]		80000	500	500	15.0%
Other Contributed Assets[<u>PC</u>] [<u>CA</u>]		5000	5000	5000	15.0%
TOTAL ASSETS	0	168000	56500	61000	

PROJECT ASSUMPTIONS

NAME: UIC-Ultimate Internet Cafe

PERIOD: August 2004 - July 2005

DATE PREPARED: 08/22/2004

<u>CONTRIBUTED CASH</u>	<u>CONTRIBUTED ASSETS</u>	<u>TOTAL CONTRIBUTED EQUITY</u>
YEAR 1 74000	YEAR 1 10000	YEAR 1 84000
<u>LINE OF CREDIT INTEREST RATE</u> 0%	<u>MINIMUM CASH BALANCE</u> 7277	

NEW LOANS & LEASES

NO LOANS OR LEASES

SALES INCREASE

TOTAL COST OF SALES	3350	3350	3350	3350	3350	3350	3350	3350	3350	3350	3350	3350	3350	40200
TOTAL GROSS MARGIN	10750	10750	10750	10750	10750	10750	10750	10750	10750	10750	10750	10750	10750	129000
EXPENSES														
<u>Accounting</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Advertising / Marketing</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Bad Debt</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Bank Charges</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Business License</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Business Name Search & Registration</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Other Licenses</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Consulting Fees</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Delivery, Freight & Postage</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Depreciation</u>	606	606	606	606	606	606	606	606	606	606	606	606	606	7277
<u>Dues, Fees, Subscriptions & Royalties</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Insurance</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Interest on Loans</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Interest on SH/Private Loans</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Legal Fees</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Miscellaneous Expenses</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Office Supplies</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Property Tax Expense</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Rent or Lease</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Repairs & Maintenance</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Shop Supplies</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Telephone & Communications</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Travel Expense</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Utilities</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Vehicle Expense</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Wages / Salaries - MGMT</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Wages / Salaries - EMP</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Wage Benefits</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Other Expenses</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	606	606	606	606	606	606	606	606	606	606	606	606	606	7277
Operating Income	10144	10144	10144	10144	10144	10144	10144	10144	10144	10144	10144	10144	10144	121723
<u>Less L/C Interest</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET INCOME BFR TAX	10144	10144	10144	10144	10144	10144	10144	10144	10144	10144	10144	10144	10144	121723
<u>Less Tax Provision</u>													0	0
NET INCOME	10144	10144	10144	10144	10144	10144	10144	10144	10144	10144	10144	10144	10144	121723

PRO-FORMA INCOME STATEMENT - 3 YEARS

NAME: UIC-Ultimate Internet Cafe

PERIOD: August 2004 - July 2005

DATE PREPARED: 08/22/2004

	YEAR 1	YEAR 1%	YEAR 2	YEAR 2%	YEAR 3	YEAR 3%
TOTAL SALES	169200	100%	177588	100%	186394	100%
TOTAL COST OF SALES	40200	23.8%	42210	23.8%	44320	23.8%
TOTAL GROSS MARGIN	129000	76.2%	135378	76.2	142074	76.2
EXPENSES						
<u>Accounting</u>	0	0.0%	0	0.0%	0	0.0%

<u>Accounts Payable Increase</u>		168	168	168	168	168	168	168	168	168	168	168	168	2016
TOTAL CASH IN	74000	24733	14874	14874	14874	14874	14874	14874	14874	14874	14874	14874	14874	262352
LESS:														
<u>Inventory Purchases</u>	0	3350	3350	3350	3350	3350	3350	3350	3350	3350	3350	3350	3350	40200
<u>Cash Expenses</u>		0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Non-Cash Expenses</u>		606	606	606	606	606	606	606	606	606	606	606	606	7277
Assets Purch. [PC] [CA]		168000												168000
<u>Dividends Paid</u>														0
<u>Principal - Loans/Leases</u>		0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Account Payable Decrease</u>		0	168	168	168	168	168	168	168	168	168	168	168	1848
<u>L/C Interest</u>		0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Contr. Cash Repaid</u>														0
<u>Income Tax Paid</u>														0
TOTAL CASH OUT	0	171956	4124	4124	4124	4124	4124	4124	4124	4124	4124	4124	4124	17325
NET CASH GAIN/LOSS	74000	147223	10750	10750	10750	10750	10750	10750	10750	10750	10750	10750	10750	45027
CASH AT START	0	74000	-73223	-62473	-51723	-40973	-30223	-19473	-8723	2027	12777	23527	34277	0
CUMULATIVE CASH	74000	-73223	-62473	-51723	-40973	-30223	-19473	-8723	2027	12777	23527	34277	45027	45027
<u>LESS MIN. CASH BAL.</u>		7277	7277	7277	7277	7277	7277	7277	7277	7277	7277	7277	7277	7277
TOTAL L/C REQUIRED	0	80500	69750	59000	48250	37500	26750	16000	5250	0	0	0	0	0
SURPLUS CASH	74000	0	0	0	0	0	0	0	2027	12777	23527	34277	45027	45027
ACCT. RECEIVABLE	0	141	141	141	141	141	141	141	141	141	141	141	141	141
ACCT. PAYABLE	0	168	168	168	168	168	168	168	168	168	168	168	168	168
INVENTORY LEVEL [PC] [CA]	0	0	0	0	0	0	0	0	0	0	0	0	0	0

PRO-FORMA CASH FLOW STATEMENT - 3 YEAR

NAME: UIC-Ultimate Internet Cafe

PERIOD: August 2004 - July 2005

DATE PREPARED: 08/22/2004

	YEAR 1	YEAR 2	YEAR 3
<u>TOTAL SALES</u>	169200	177588	186394
<u>Cash Sales</u>	167508	175812	184530
<u>30 Days R.O.A.</u>	1551	1628	1709
<u>60 Days R.O.A.</u>	0	0	0
<u>90 Days R.O.A.</u>	0	0	0
<u>Other R.O.A.</u>	0	141	148
<u>Contributed Cash</u>	74000	75000	71000
<u>Equity</u>	10000	6000	6000
<u>Loans/Leases Proceeds</u>	0	0	0
<u>Depreciation (Add Back)</u>	7277	14209	13641
<u>Accounts Payable Increase</u>	2016	2110	2216
TOTAL CASH IN	262352	274900	279244
LESS:			
<u>Inventory Purchases</u>	40200	42210	44320
<u>Cash Expenses</u>	0	0	0
<u>Non-Cash Expenses</u>	7277	14209	13641
Assets Purchased [PC] [CA]	168000	56500	61000
<u>Dividends Paid</u>	0	0	0
<u>Principal - Loans/Leases</u>	0	0	0
<u>Account Payable Decrease</u>	1848	2102	2207

<u>L/C Interest</u>	0	0	0
<u>Contr. Cash Repaid</u>	0	0	0
<u>Income Tax Paid</u>	0	0	0
TOTAL CASH OUT	217325	115021	121168
NET CASH GAIN/LOSS	45027	159879	158076
CASH AT START	0	45027	204906
CUMULATIVE CASH	45027	204906	362982
<u>LESS MIN. CASH BAL.</u>	7277	7277	7277
TOTAL L/C REQUIRED	0	0	355705
SURPLUS CASH	45027	204906	362982
ACCT. RECEIVABLE	141	148	155
ACCT. PAYABLE	168	176	185
INVENTORY LEVEL <u>[PC]</u> <u>[CA]</u>	0	0	0

PRO-FORMA BALANCE SHEET

NAME: UIC-Ultimate Internet Cafe

PERIOD: August 2004 - July 2005

DATE PREPARED: 08/22/2004

	OPENING	YEAR 1	YEAR 2	YEAR 3
CURRENT ASSETS				
Cash On Hand <u>[CI]</u> <u>[LN]</u>	74000	45027	204906	362982
<u>Accounts Receivable</u>		141	148	155
Inventory <u>[PC]</u> <u>[CA]</u>	0	0	0	0
Other Current Assets	0	0	0	0
TOTAL CURRENT ASSETS	74000	45168	205054	363137
FIXED ASSETS				
Land <u>[PC]</u> <u>[CA]</u>		50000	80000	110000
Building(s) <u>[PC]</u> <u>[CA]</u>		24000	43000	67000
Office Equipment & Furniture <u>[PC]</u> <u>[CA]</u>		9000	11000	12500
Other Assets <u>[PC]</u> <u>[CA]</u>		80000	80500	81000
Other Contributed Assets <u>[PC]</u> <u>[CA]</u>		5000	10000	15000
<u>Accumulated Depreciation</u>		7277	21486	35127
TOTAL FIXED ASSETS	0	160723	203014	250373
TOTAL ASSETS	74000	205891	408068	613510
CURRENT LIABILITIES				
<u>Line of Credit Utilized</u>		0	0	0
<u>Accounts Payable</u>		168	176	185
<u>Current Portion of L.T.D.</u>	0	0	0	0
TOTAL CURRENT	0	168	176	185
LONG TERM DEBT				
<u>Loans/Leases - see schedule</u>	0	0	0	0
<u>Less Current Portion of L.T.D.</u>	0	0	0	0
TOTAL LONG TERM DEBT	0	0	0	0
TOTAL LIABILITIES	0	168	176	185
EQUITY				
<u>Contributed Cash (SHL Loans, etc)</u>	74000	74000	149000	220000
<u>Share Purchase</u>	0	0	0	0

Retained Earnings		0	121723	242892
Current Year Earnings		121723	121169	128433
<u>Less Dividends</u>		0	0	0
<u>Less Income Tax</u>		0	0	0
<u>Equity - Other</u>	0	10000	16000	22000
TOTAL EQUITY	74000	205723	407892	613325
TOTAL LIABILITIES & EQUITY	74000	205891	408068	613510

RATIO ANALYSIS

NAME: UIC-Ultimate Internet Cafe

PERIOD: August 2004 - July 2005

DATE PREPARED: 08/22/2004

	OPENING	YEAR 1	YEAR 2	YEAR 3
<u>COST OF GOODS SOLD (%)</u>		23.8%	23.8%	23.8%
<u>GROSS MARGIN (%)</u>		76.2%	76.2%	76.2%
<u>TOTAL EXPENSES TO SALES (%)</u>		4.3%	8.0%	7.3%
<u>NET PROFIT BFR. TAX TO SALES (%)</u>		71.9%	68.2%	68.9%
<u>CURRENT RATIO</u>		268.9 : 1	1165.1 : 1	1962.9 : 1
<u>QUICK RATIO</u>		268.9 : 1	1165.1 : 1	1962.9 : 1
<u>A/R COLLECTION PERIOD (DAYS)</u>		0 : 1	0 : 1	0 : 1
<u>SALES TO EQUITY</u>		0.8 : 1	0.4 : 1	0.3 : 1
<u>FIXED ASSETS TO EQUITY</u>	0.0 : 1	0.8 : 1	0.5 : 1	0.4 : 1
<u>CURRENT DEBT TO EQUITY</u>	0.0 : 1	0.0 : 1	0.0 : 1	0.0 : 1
<u>TOTAL DEBT TO EQUITY</u>	0.0 : 1	0.0 : 1	0.0 : 1	0.0 : 1
<u>RETURN ON INVESTMENT AFTER TAX (%)</u>		144.9%	73.4%	53.1%
<u>RETURN ON NET WORTH AFTER TAX (%)</u>		59.2%	29.7%	20.9%
<u>PLAN SALES VOLUME</u>		169200	177588	186394
<u>BREAK EVEN SALES VOLUME</u> INCLUDES TOTAL EXPENSES (INCL. DEPRECIATION), PLUS L/C INTEREST, PLUS LOAN PRINCIPLE PAYMENTS, PLUS OWNERS DRAW OR DIVIDENDS BY THE GROSS MARGIN PERCENTAGE		9550	18647	17902
<u>AVERAGE MONTHLY BREAK EVEN SALES VOLUME</u>		796	1554	1492
<u>INVENTORY TURNOVER (TIMES)</u>		N/A	N/A	N/A

DEPRECIATION SCHEDULE

NAME: UIC-Ultimate Internet Cafe

PERIOD: August 2004 - July 2005

DATE PREPARED: 08/22/2004

	Opening	Year 1	Year 2	Year 3
BUILDING [PC] [CA]				
OPENING BOOK VALUE			23748	42074
ADD AQUISITIONS		24000	19000	24000
LESS DISPOSALS			0	0
DEPRECIATIONS		252	674	1093
ENDING BOOK VALUE		23748	42074	64981
RENOV./LEASE HOLD IMPROVEMENTS [PC] [CA]				
OPENING BOOK VALUE			0	0
ADD AQUISITIONS		0	0	0
LESS DISPOSALS			0	0
DEPRECIATIONS		0	0	0
ENDING BOOK VALUE		0	0	0
EQUIPMENT & FURNITURE (ALL TYPES) [PC] [CA]				
OPENING BOOK VALUE			8350	9021
ADD AQUISITIONS		9000	2000	1500
LESS DISPOSALS			0	0
DEPRECIATIONS		650	1329	1348
ENDING BOOK VALUE		8350	9021	9173
VEHICLES [PC] [CA]				
OPENING BOOK VALUE			0	0
ADD AQUISITIONS		0	0	0
LESS DISPOSALS			0	0
DEPRECIATIONS		0	0	0
ENDING BOOK VALUE		0	0	0
GOODWILL, FRAN.FEES, PATENT & COPY., AND ALL INTANGABLE ASSETS [PC] [CA]				
OPENING BOOK VALUE			0	0
ADD AQUISITIONS		0	0	0
LESS DISPOSALS			0	0
DEPRECIATIONS		0	0	0
ENDING BOOK VALUE		0	0	0
OTHER ASSETS [PC] [CA]				
OPENING BOOK VALUE			78625	71918
ADD AQUISITIONS		85000	5500	5500
LESS DISPOSALS			0	0
DEPRECIATIONS		6375	12206	11200
ENDING BOOK VALUE		78625	71918	86218