



**Sample Widget Manufacturing Inc.**  
**FINANCIAL PROJECTIONS**  
**For the Year Ending 30 June 2010**  
and the following two years

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# 1 Accountants statement

## **Sample Widget Manufacturing Inc.**

We have compiled the financial projection of Sample Widget Manufacturing Inc. consisting of a balance sheet as at 30 June 2010 and statements of income and cash flow for the year then ending using assumptions, including the hypothesis set out in Note 3, with an effective date of 07 June 2010, and other information provided by management. Our engagement was performed in accordance with applicable Canadian guidelines on compilation of a financial projection.

A compilation is limited to presenting, in the form of a financial projection, information provided by management and does not include evaluating the support for the assumptions, including the hypothesis, or other information underlying the projection. Accordingly, we do not express an opinion or any other form of assurance. As the financial projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothesis occurs, and the variations may be material. We have no responsibility to update this communication for events and circumstances occurring after the date of this communication.

J A Smith & Associates Inc.  
Nanaimo, British Columbia

June-07-10



### 3 Assumptions and key financial indicators

#### Key Trading financial indicators

##### *Cost of goods sold*

Gold Widgets	30.00%
Black widgets	40.00%
Green widgets	70.00%

##### *Finance rates*

Line of credit	5.00%
Bank	4.50%
Vendor	6.00%
Leasehold improvements	4.50%

##### *Accounts receivable rates*

Current month	30.0%
One month	50.0%
Two months	20.0%
Three months	0.0%

##### *Accounts payable rates*

Current month	40.0%
One month	60.0%
Two months	0.0%
Three months	0.0%

##### *Taxation rates*

Income tax rate	15.5%
GST rate	5.00%
PST rate	7.00%

## **4 Notes to the financial projections**

### **Basis of Preparation**

J A Smith & Associates Inc. has prepared financial projections in accordance with Sec. 4150 of the Canadian Institute of Chartered Accountants handbook - future oriented financial information. This financial information has been prepared on the basis of hypothetical but realistic assumptions, that are reflected in possible financial results for the year ended 30 June 2010.

Sample Widget Manufacturing Inc. is a registered under the Business Corporations Act (2002).

Sample Widget Manufacturing Inc. qualifies for differential reporting exemptions.

### ***Amortization***

Amortization has been charged in the financial projections using approximate rates based on information from the Canada Revenue Agency.

### ***Fixed Assets***

Fixed assets are recorded at cost less projected accumulated amortization.

### ***Accounts Receivable***

Accounts receivable are recorded at their projected net realisable value.

### ***Inventories***

It has been assumed that inventory will remain at a static level during these projections based on the closing balance at 30 June 2010.

### ***Bank Loan***

The assumptions underlying the bank loan and associated charges and repayments are specified in the attached statement of assumptions.

## **4 Notes to the financial projections**

### *Taxation*

The income tax expense has been projected as the income tax payable in the current year. Previous years outstanding balances have been recognised as an opening amount owing on the Statement of Financial Position and a calculation has been performed to accrue the tax liability for the current financial year on income earned for the year to 30 June 2010.

### *Goods and Services Tax*

The financial projections have been prepared stating all income and expenditure exclusive of GST.

## 5 Projected income statement

	<i>Jun-10</i>	<i>Jun-11</i>	<i>Jun-12</i>
<i>Revenue</i>			
Sales	4,635,000	4,810,620	4,956,470
<i>less</i> Direct costs	3,705,540	3,835,521	3,956,401
Gross profit	<u>929,460</u>	<u>975,099</u>	<u>1,000,069</u>
<i>Expenses</i>			
General & Administration	624,849	641,887	657,417
Finance	64,891	65,546	61,484
Amortization	76,848	68,697	60,757
Shareholder salary	-	-	-
Total Expenses	<u>766,589</u>	<u>776,130</u>	<u>779,658</u>
Trading profit	162,871	198,969	220,411
Sundry income	25,188	26,388	27,648
Net profit before tax	<u>188,059</u>	<u>225,357</u>	<u>248,059</u>
Less taxation	29,149	34,930	38,449
<b>Net profit for the year</b>	<u><u>158,910</u></u>	<u><u>190,427</u></u>	<u><u>209,610</u></u>

Unaudited - Notice to Reader. These financial projections should be read subject to the Disclaimer of Liability on the contents page and the assumptions annexed hereto.

## 6 Projected balance sheet

	<i>Jun-10</i>	<i>Jun-11</i>	<i>Jun-12</i>
<i>Equity</i>			
Share capital	100	100	100
Reserves	-	-	-
Retained earnings	158,910	314,337	488,947
Dividends paid	(35,000)	(35,000)	(35,000)
	<u>124,010</u>	<u>279,437</u>	<u>454,047</u>
<i>Represented by:</i>			
<i>Current assets</i>			
Cheque account	-	90,917	205,151
Accounts receivable	390,335	405,149	417,433
Inventory	50,000	60,000	70,000
Goods & services tax	-	-	-
	<u>440,335</u>	<u>556,066</u>	<u>692,584</u>
Investments	-	-	-
Intangible Assets	655,000	655,000	655,000
Property & Equipment	1,018,152	949,455	888,698
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>2,113,487</u>	<u>2,160,521</u>	<u>2,236,282</u>
<i>Current liabilities</i>			
Bank overdraft	16,774	-	-
Accounts payable	193,995	200,480	206,339
Goods & services tax	11,385	12,012	12,427
PST	27,146	28,183	29,041
Taxation	29,149	34,930	38,449
Shareholder loan	280,000	255,000	230,000
	<u>558,449</u>	<u>530,606</u>	<u>516,257</u>
<i>Term liabilities</i>			
Bank	860,659	815,852	768,988
Vendor	186,235	170,331	153,447
Leasehold improvements	384,134	364,295	343,544
	<u>1,431,028</u>	<u>1,350,478</u>	<u>1,265,979</u>
<b>Total liabilities</b>	<u>1,989,477</u>	<u>1,881,084</u>	<u>1,782,235</u>
<b>Net assets</b>	<u>124,010</u>	<u>279,437</u>	<u>454,047</u>

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## 7 Projected statement of cash flow

	<i>Jun-10</i>	<i>Jun-11</i>	<i>Jun-12</i>
<i>Cashflows from Operations</i>			
Cash from customers	4,824,865	5,398,280	5,565,422
Cash paid to suppliers	(3,773,817)	(4,049,411)	(4,168,036)
Cash paid to employees	(599,384)	(622,460)	(646,435)
PST & GST	(329,674)	(383,474)	(395,803)
Interest on term loan	(61,786)	(65,435)	(61,484)
Interest on bank overdraft	(3,105)	(112)	-
Income tax paid	-	(29,149)	(34,930)
Income tax refunded	-	-	-
	<u>57,098</u>	<u>248,240</u>	<u>258,733</u>
<i>Cashflows from Investing</i>			
Investments	-	-	-
Intangible Assets	(655,000)	-	-
Property & equipment purchases	(1,095,000)	-	-
	<u>(1,750,000)</u>	<u>-</u>	<u>-</u>
<i>Cashflows from Financing</i>			
Loan draws	1,500,000	-	-
Loan principal repayments	(68,972)	(80,549)	(84,500)
Capital introduced	300,000	-	-
Drawings	(55,000)	(60,000)	(60,000)
	<u>1,676,028</u>	<u>(140,549)</u>	<u>(144,500)</u>
<b>Net cash flow</b>	<u>(16,874)</u>	<u>107,691</u>	<u>114,234</u>
Opening bank	100	(16,774)	90,917
Closing bank	<u>(16,774)</u>	<u>90,917</u>	<u>205,151</u>

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## 8 Projected income statement

	<i>Jul-09</i>	<i>Aug-09</i>	<i>Sep-09</i>	<i>Oct-09</i>	<i>Nov-09</i>	<i>Dec-09</i>	<i>Jan-10</i>	<i>Feb-10</i>	<i>Mar-10</i>	<i>Apr-10</i>	<i>May-10</i>	<i>Jun-10</i>	<i>Total</i>
<b>Revenue</b>													
Sales	415,859	424,742	371,445	362,563	398,094	469,156	344,797	344,797	362,563	371,445	380,328	389,211	4,635,000
<i>less</i> Direct costs	320,463	323,963	302,961	299,461	313,462	341,464	292,460	292,460	299,461	302,961	306,461	309,962	3,705,540
Gross profit	95,397	100,779	68,484	63,102	84,632	127,692	52,336	52,336	63,102	68,484	73,867	79,249	929,460
<b>Expenses</b>													
General & Administration	51,654	51,654	51,654	56,654	51,654	51,654	51,654	51,654	51,654	51,654	51,654	51,654	624,849
Finance	-	4,725	6,651	6,512	6,115	6,072	5,937	5,844	5,751	5,761	5,784	5,738	64,891
Amortization	5,583	6,843	6,767	6,693	6,618	6,545	6,474	6,402	6,333	6,264	6,197	6,129	76,848
Shareholder salary	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	57,237	63,223	65,073	69,860	64,387	64,271	64,065	63,900	63,738	63,680	63,635	63,521	766,589
Trading profit	38,160	37,557	3,412	(6,758)	20,245	63,421	(11,729)	(11,563)	(637)	4,805	10,232	15,728	162,871
Sundry income	2,099	2,099	2,099	2,099	2,099	2,099	2,099	2,099	2,099	2,099	2,099	2,099	25,188
Net profit before tax	40,259	39,656	5,511	(4,659)	22,344	65,520	(9,630)	(9,464)	1,462	6,904	12,331	17,827	188,059
Less taxation	6,240	6,147	854	(722)	3,463	10,156	(1,493)	(1,467)	227	1,070	1,911	2,763	29,149
<b>Net profit for the year</b>	<b>34,019</b>	<b>33,509</b>	<b>4,656</b>	<b>(3,937)</b>	<b>18,881</b>	<b>55,365</b>	<b>(8,137)</b>	<b>(7,997)</b>	<b>1,236</b>	<b>5,834</b>	<b>10,419</b>	<b>15,064</b>	<b>158,910</b>

These financial projections should be read subject to the Disclaimer of Liability on the contents page and the assumptions annexed hereto.

## 9 Projected balance sheet

		Opening	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
<b>Equity</b>														
Share capital		100	100	100	100	100	100	100	100	100	100	100	100	100
Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings		-	34,019	67,528	72,184	68,247	87,128	142,493	134,355	126,358	127,594	133,427	143,847	158,910
Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	(35,000)
		<u>100</u>	<u>34,119</u>	<u>67,628</u>	<u>72,284</u>	<u>68,347</u>	<u>87,228</u>	<u>142,593</u>	<u>134,455</u>	<u>126,458</u>	<u>127,694</u>	<u>133,527</u>	<u>143,947</u>	<u>124,010</u>
<b>Represented by:</b>														
<b>Current assets</b>														
Cheque account		100	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	C1	-	326,034	426,150	386,355	367,453	393,320	456,992	375,412	347,555	361,484	372,427	381,381	390,335
Inventory		-	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Goods & services tax	C3	-	65,129	79,988	76,462	-	-	-	-	-	-	-	-	-
		<u>100</u>	<u>441,162</u>	<u>556,138</u>	<u>512,817</u>	<u>417,453</u>	<u>443,320</u>	<u>506,992</u>	<u>425,412</u>	<u>397,555</u>	<u>411,484</u>	<u>422,427</u>	<u>431,381</u>	<u>440,335</u>
Investments		-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	655,000	655,000	655,000	655,000	655,000	655,000	655,000	655,000	655,000	655,000	655,000	655,000
Property & Equipment	C6	-	689,417	1,082,574	1,075,807	1,069,114	1,062,496	1,055,951	1,049,477	1,043,075	1,036,742	1,030,478	1,024,281	1,018,152
<b>Total assets</b>		<u>100</u>	<u>1,785,579</u>	<u>2,293,712</u>	<u>2,243,624</u>	<u>2,141,567</u>	<u>2,160,816</u>	<u>2,217,943</u>	<u>2,129,889</u>	<u>2,095,630</u>	<u>2,103,226</u>	<u>2,107,905</u>	<u>2,110,662</u>	<u>2,113,487</u>
<b>Current liabilities</b>														
Bank overdraft		-	84,099	190,979	163,652	74,259	70,032	43,923	27,595	11,519	20,204	31,809	27,127	16,774
Accounts payable	C2	-	232,111	202,816	189,585	190,530	196,200	213,842	182,969	182,969	187,380	189,585	191,790	193,995
Goods & services tax	C3	-	-	-	-	3,007	7,340	13,826	2,718	5,437	8,694	3,526	7,321	11,385
PST	C4	-	29,011	29,633	25,902	25,280	27,768	32,742	24,037	24,037	25,280	25,902	26,524	27,146
Taxation	C5	-	6,240	12,387	13,241	12,519	15,982	26,138	24,645	23,178	23,405	24,475	26,386	29,149
Shareholder loan	C8	-	300,000	295,000	290,000	285,000	280,000	275,000	270,000	265,000	260,000	255,000	250,000	280,000
		<u>-</u>	<u>651,461</u>	<u>730,815</u>	<u>682,380</u>	<u>590,594</u>	<u>597,322</u>	<u>605,470</u>	<u>531,965</u>	<u>512,140</u>	<u>524,962</u>	<u>530,296</u>	<u>529,148</u>	<u>558,449</u>
<b>Term liabilities</b>														
Bank		-	900,000	896,490	892,967	889,431	885,881	882,318	878,742	875,152	871,549	867,933	864,302	860,659
Vendor		-	200,000	198,780	197,553	196,320	195,082	193,837	192,585	191,328	190,064	188,794	187,518	186,235
Leasehold improvements	C7	-	-	400,000	398,440	396,874	395,303	393,725	392,141	390,552	388,957	387,355	385,748	384,134
		<u>-</u>	<u>1,100,000</u>	<u>1,495,270</u>	<u>1,488,960</u>	<u>1,482,625</u>	<u>1,476,265</u>	<u>1,469,880</u>	<u>1,463,469</u>	<u>1,457,032</u>	<u>1,450,570</u>	<u>1,444,082</u>	<u>1,437,568</u>	<u>1,431,028</u>
<b>Total liabilities</b>		<u>-</u>	<u>1,751,461</u>	<u>2,226,085</u>	<u>2,171,340</u>	<u>2,073,219</u>	<u>2,073,588</u>	<u>2,075,350</u>	<u>1,995,433</u>	<u>1,969,172</u>	<u>1,975,532</u>	<u>1,974,378</u>	<u>1,966,715</u>	<u>1,989,477</u>
<b>Net assets</b>		<u>100</u>	<u>34,119</u>	<u>67,628</u>	<u>72,284</u>	<u>68,347</u>	<u>87,228</u>	<u>142,593</u>	<u>134,455</u>	<u>126,458</u>	<u>127,694</u>	<u>133,527</u>	<u>143,947</u>	<u>124,010</u>

These financial projections should be read subject to the Disclaimer of Liability on the contents page and the assumptions annexed hereto.

## 10 Projected statement of cash flow

	<i>Jul-09</i>	<i>Aug-09</i>	<i>Sep-09</i>	<i>Oct-09</i>	<i>Nov-09</i>	<i>Dec-09</i>	<i>Jan-10</i>	<i>Feb-10</i>	<i>Mar-10</i>	<i>Apr-10</i>	<i>May-10</i>	<i>Jun-10</i>	<i>Total</i>
<i>Cashflows from Operations</i>													
Cash from customers	141,729	377,595	457,814	426,973	421,998	463,783	469,752	416,029	394,142	407,075	419,014	428,962	4,824,865
Cash paid to suppliers	(158,479)	(371,060)	(332,944)	(320,343)	(325,068)	(342,500)	(339,560)	(308,687)	(311,627)	(317,508)	(321,183)	(324,858)	(3,773,817)
Cash paid to employees	(49,949)	(49,949)	(49,949)	(49,949)	(49,949)	(49,949)	(49,949)	(49,949)	(49,949)	(49,949)	(49,949)	(49,949)	(599,384)
PST & GST	(67,500)	(49,011)	(29,633)	50,560	(25,280)	(27,768)	(46,568)	(24,037)	(24,037)	(33,974)	(25,902)	(26,524)	(329,674)
Interest on term loan	-	(4,375)	(5,856)	(5,831)	(5,805)	(5,780)	(5,754)	(5,729)	(5,703)	(5,677)	(5,651)	(5,625)	(61,786)
Interest on bank overdraft	-	(350)	(796)	(682)	(309)	(292)	(183)	(115)	(48)	(84)	(133)	(113)	(3,105)
Income tax paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Income tax refunded	-	-	-	-	-	-	-	-	-	-	-	-	-
	(134,199)	(97,150)	38,637	100,728	15,586	37,495	27,738	27,513	2,778	(117)	16,196	21,893	57,098
<i>Cashflows from Investing</i>													
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets	(655,000)	-	-	-	-	-	-	-	-	-	-	-	(655,000)
Property & equipment purchases	(695,000)	(400,000)	-	-	-	-	-	-	-	-	-	-	(1,095,000)
	(1,350,000)	(400,000)	-	-	-	-	-	-	-	-	-	-	(1,750,000)
<i>Cashflows from Financing</i>													
Loan draws	1,100,000	400,000	-	-	-	-	-	-	-	-	-	-	1,500,000
Loan principal repayments	-	(4,730)	(6,310)	(6,335)	(6,360)	(6,385)	(6,411)	(6,437)	(6,462)	(6,488)	(6,514)	(6,540)	(68,972)
Capital introduced	300,000	-	-	-	-	-	-	-	-	-	-	-	300,000
Drawings	-	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(55,000)
	1,400,000	390,270	(11,310)	(11,335)	(11,360)	(11,385)	(11,411)	(11,437)	(11,462)	(11,488)	(11,514)	(11,540)	1,676,028
<b>Net cash flow</b>	(84,199)	(106,881)	27,327	89,394	4,226	26,110	16,327	16,076	(8,684)	(11,605)	4,682	10,353	(16,874)
Opening bank	100	(84,099)	(190,979)	(163,652)	(74,259)	(70,032)	(43,923)	(27,595)	(11,519)	(20,204)	(31,809)	(27,127)	100
Closing bank	(84,099)	(190,979)	(163,652)	(74,259)	(70,032)	(43,923)	(27,595)	(11,519)	(20,204)	(31,809)	(27,127)	(16,774)	(16,774)

These financial projections should be read subject to the Disclaimer of Liability on the contents page and the assumptions annexed hereto.

## A) Gross profit analysis

	<i>Jul-09</i>	<i>Aug-09</i>	<i>Sep-09</i>	<i>Oct-09</i>	<i>Nov-09</i>	<i>Dec-09</i>	<i>Jan-10</i>	<i>Feb-10</i>	<i>Mar-10</i>	<i>Apr-10</i>	<i>May-10</i>	<i>Jun-10</i>	<i>Total</i>
<i>Gold Widgets</i>													
Sales	68,906	73,828	44,297	39,375	59,063	98,438	29,531	29,531	39,375	44,297	49,219	54,141	630,000
<i>less Direct Costs</i>													
Purchases	20,672	22,148	13,289	11,813	17,719	29,531	8,859	8,859	11,813	13,289	14,766	16,242	189,000
Defects	1,034	1,107	664	591	886	1,477	443	443	591	664	738	812	9,450
Royalties	2,067	2,215	1,329	1,181	1,772	2,953	886	886	1,181	1,329	1,477	1,624	18,900
	<u>23,773</u>	<u>25,471</u>	<u>15,282</u>	<u>13,584</u>	<u>20,377</u>	<u>33,961</u>	<u>10,188</u>	<u>10,188</u>	<u>13,584</u>	<u>15,282</u>	<u>16,980</u>	<u>18,679</u>	<u>217,350</u>
<b>Gross Margin Gold Widgets</b>	45,134	48,357	29,014	25,791	38,686	64,477	19,343	19,343	25,791	29,014	32,238	35,462	412,650
<i>Black widgets</i>													
Sales	55,453	59,414	35,648	31,688	47,531	79,219	23,766	23,766	31,688	35,648	39,609	43,570	507,000
<i>less Direct Costs</i>													
Purchases	22,181	23,766	14,259	12,675	19,013	31,688	9,506	9,506	12,675	14,259	15,844	17,428	202,800
Defects	277	297	178	158	238	396	119	119	158	178	198	218	2,535
Royalties	2,773	2,971	1,782	1,584	2,377	3,961	1,188	1,188	1,584	1,782	1,980	2,179	25,350
	<u>25,231</u>	<u>27,033</u>	<u>16,220</u>	<u>14,418</u>	<u>21,627</u>	<u>36,045</u>	<u>10,813</u>	<u>10,813</u>	<u>14,418</u>	<u>16,220</u>	<u>18,022</u>	<u>19,824</u>	<u>230,685</u>
<b>Gross Margin Black widgets</b>	30,222	32,381	19,428	17,270	25,905	43,174	12,952	12,952	17,270	19,428	21,587	23,746	276,315
<i>Green widgets</i>													
Sales	291,500	291,500	291,500	291,500	291,500	291,500	291,500	291,500	291,500	291,500	291,500	291,500	3,498,000
<i>less Direct Costs</i>													
Purchases	204,050	204,050	204,050	204,050	204,050	204,050	204,050	204,050	204,050	204,050	204,050	204,050	2,448,600
Defects	-	-	-	-	-	-	-	-	-	-	-	-	-
Royalties	20,405	20,405	20,405	20,405	20,405	20,405	20,405	20,405	20,405	20,405	20,405	20,405	244,860
	<u>224,455</u>	<u>224,455</u>	<u>224,455</u>	<u>224,455</u>	<u>224,455</u>	<u>224,455</u>	<u>224,455</u>	<u>224,455</u>	<u>224,455</u>	<u>224,455</u>	<u>224,455</u>	<u>224,455</u>	<u>2,693,460</u>
<b>Gross Margin Green widgets</b>	67,045	67,045	67,045	67,045	67,045	67,045	67,045	67,045	67,045	67,045	67,045	67,045	804,540
<i>Other costs of sales</i>													
Direct labour	44,949	44,949	44,949	44,949	44,949	44,949	44,949	44,949	44,949	44,949	44,949	44,949	539,384
Freight	124	124	124	124	124	124	124	124	124	124	124	124	1,486
Credit card charges	1,931	1,931	1,931	1,931	1,931	1,931	1,931	1,931	1,931	1,931	1,931	1,931	23,175
	<u>47,004</u>	<u>47,004</u>	<u>47,004</u>	<u>47,004</u>	<u>47,004</u>	<u>47,004</u>	<u>47,004</u>	<u>47,004</u>	<u>47,004</u>	<u>47,004</u>	<u>47,004</u>	<u>47,004</u>	<u>564,045</u>
<b>Total Gross margin</b>	<u>95,397</u>	<u>100,779</u>	<u>68,484</u>	<u>63,102</u>	<u>84,632</u>	<u>127,692</u>	<u>52,336</u>	<u>52,336</u>	<u>63,102</u>	<u>68,484</u>	<u>73,867</u>	<u>79,249</u>	<u>929,460</u>

These financial projections should be read subject to the Disclaimer of Liability on the contents page and the assumptions annexed hereto.

## B) Schedule of expenditure

	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Total
<i>General &amp; Administrative expenses</i>													
Accounting	3,500	3,500	3,500	8,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	47,000
Advertising	4,150	4,150	4,150	4,150	4,150	4,150	4,150	4,150	4,150	4,150	4,150	4,150	49,800
Automobile Expenses	600	600	600	600	600	600	600	600	600	600	600	600	7,200
Bank charges	505	505	505	505	505	505	505	505	505	505	505	505	6,060
Cleaning	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	49,200
Contingency	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
Insurance	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	28,800
Licences, memberships & subs.	600	600	600	600	600	600	600	600	600	600	600	600	7,200
Meals & Entertainment	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Music	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	15,600
Office expenses	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Rent	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	100,000
Property tax	833	833	833	833	833	833	833	833	833	833	833	833	10,000
Rent	4,582	4,582	4,582	4,582	4,582	4,582	4,582	4,582	4,582	4,582	4,582	4,582	54,984
Repairs & maintenance	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
Security	275	275	275	275	275	275	275	275	275	275	275	275	3,300
Sign lease	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Supplies	500	500	500	500	500	500	500	500	500	500	500	500	6,005
Telephone & internet	325	325	325	325	325	325	325	325	325	325	325	325	3,900
Travel	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Utilities	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	93,600
Wages - Administration	-	-	-	-	-	-	-	-	-	-	-	-	-
Wages - Management	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
	51,654	51,654	51,654	56,654	51,654	51,654	51,654	51,654	51,654	51,654	51,654	51,654	624,849
<i>Finance expenses</i>													
Line of credit	-	350	796	682	309	292	183	115	48	84	133	113	3,105
Bank	-	3,375	3,362	3,349	3,335	3,322	3,309	3,295	3,282	3,268	3,255	3,241	36,393
Vendor	-	1,000	994	988	982	975	969	963	957	950	944	938	10,659
Leasehold improvements	-	-	1,500	1,494	1,488	1,482	1,476	1,471	1,465	1,459	1,453	1,447	14,734
	-	4,725	6,651	6,512	6,115	6,072	5,937	5,844	5,751	5,761	5,784	5,738	64,891
<i>Sundry income</i>													
Pull Tabs\Keno	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
PST Commission	99	99	99	99	99	99	99	99	99	99	99	99	1,188
	2,099	2,099	2,099	2,099	2,099	2,099	2,099	2,099	2,099	2,099	2,099	2,099	25,188

These financial projections should be read subject to the Disclaimer of Liability on the contents page and the assumptions annexed hereto.

## C) Financial position supporting schedules

	<i>Jul-09</i>	<i>Aug-09</i>	<i>Sep-09</i>	<i>Oct-09</i>	<i>Nov-09</i>	<i>Dec-09</i>	<i>Jan-10</i>	<i>Feb-10</i>	<i>Mar-10</i>	<i>Apr-10</i>	<i>May-10</i>	<i>Jun-10</i>	<i>Total</i>
<b>1. Accounts receivable</b>													
Sales	415,859	424,742	371,445	362,563	398,094	469,156	344,797	344,797	362,563	371,445	380,328	389,211	4,635,000
PST	29,110	29,732	26,001	25,379	27,867	32,841	24,136	24,136	25,379	26,001	26,623	27,245	324,450
GST	20,793	21,237	18,572	18,128	19,905	23,458	17,240	17,240	18,128	18,572	19,016	19,461	231,750
	<u>465,763</u>	<u>475,711</u>	<u>416,019</u>	<u>406,070</u>	<u>445,865</u>	<u>525,455</u>	<u>386,173</u>	<u>386,173</u>	<u>406,070</u>	<u>416,019</u>	<u>425,968</u>	<u>435,916</u>	<u>5,191,200</u>
Opening receivables	-	326,034	426,150	386,355	367,453	393,320	456,992	375,412	347,555	361,484	372,427	381,381	-
<i>less Receipts</i>													
Current month	139,729	142,713	124,806	121,821	133,760	157,637	115,852	115,852	121,821	124,806	127,790	130,775	1,557,360
One month	-	232,881	237,856	208,009	203,035	222,933	262,728	193,086	193,086	203,035	208,009	212,984	2,377,642
Two months	-	-	93,153	95,142	83,204	81,214	89,173	105,091	77,235	77,235	81,214	83,204	865,863
Three months	-	-	-	-	-	-	-	-	-	-	-	-	-
	<u>139,729</u>	<u>375,595</u>	<u>455,814</u>	<u>424,973</u>	<u>419,998</u>	<u>461,783</u>	<u>467,752</u>	<u>414,029</u>	<u>392,142</u>	<u>405,075</u>	<u>417,014</u>	<u>426,962</u>	<u>4,800,865</u>
<b>Receivables outstanding</b>	<u>326,034</u>	<u>426,150</u>	<u>386,355</u>	<u>367,453</u>	<u>393,320</u>	<u>456,992</u>	<u>375,412</u>	<u>347,555</u>	<u>361,484</u>	<u>372,427</u>	<u>381,381</u>	<u>390,335</u>	<u>390,335</u>
<b>2. Accounts payable</b>													
Expenses	372,117	380,342	361,267	362,627	371,231	399,190	350,052	349,958	356,866	360,377	363,899	367,354	4,395,281
<i>add Increase in inventory</i>	50,000	-	-	-	-	-	-	-	-	-	-	-	50,000
<i>less GST exempt items</i>													
Wages & salaries	49,949	49,949	49,949	49,949	49,949	49,949	49,949	49,949	49,949	49,949	49,949	49,949	599,384
Bank fees	505	505	505	505	505	505	505	505	505	505	505	505	6,060
Insurance	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	28,800
Property tax	833	833	833	833	833	833	833	833	833	833	833	833	10,000
Finance charges	-	4,725	6,651	6,512	6,115	6,072	5,937	5,844	5,751	5,761	5,784	5,738	64,891
Total GST expenditure related items	368,430	321,930	300,928	302,428	311,429	339,431	290,427	290,427	297,428	300,928	304,429	307,929	3,736,145
GST	18,421	16,096	15,046	15,121	15,571	16,972	14,521	14,521	14,871	15,046	15,221	15,396	186,807
	<u>386,851</u>	<u>338,026</u>	<u>315,975</u>	<u>317,549</u>	<u>327,001</u>	<u>356,403</u>	<u>304,949</u>	<u>304,949</u>	<u>312,299</u>	<u>315,975</u>	<u>319,650</u>	<u>323,325</u>	<u>3,922,952</u>
Opening payables	-	232,111	202,816	189,585	190,530	196,200	213,842	182,969	182,969	187,380	189,585	191,790	-
<i>less Payments made</i>													
Current month	154,740	135,211	126,390	127,020	130,800	142,561	121,980	121,980	124,920	126,390	127,860	129,330	1,569,181
One month	-	232,111	202,816	189,585	190,530	196,200	213,842	182,969	182,969	187,380	189,585	191,790	2,159,776
Two months	-	-	-	-	-	-	-	-	-	-	-	-	-
Three months	-	-	-	-	-	-	-	-	-	-	-	-	-
	<u>154,740</u>	<u>367,321</u>	<u>329,206</u>	<u>316,605</u>	<u>321,330</u>	<u>338,761</u>	<u>335,821</u>	<u>304,949</u>	<u>307,889</u>	<u>313,770</u>	<u>317,445</u>	<u>321,120</u>	<u>3,728,957</u>
<b>Payables outstanding</b>	<u>232,111</u>	<u>202,816</u>	<u>189,585</u>	<u>190,530</u>	<u>196,200</u>	<u>213,842</u>	<u>182,969</u>	<u>182,969</u>	<u>187,380</u>	<u>189,585</u>	<u>191,790</u>	<u>193,995</u>	<u>193,995</u>

These financial projections should be read subject to the Disclaimer of Liability on the contents page and the assumptions annexed hereto.

### C) Financial position supporting schedules (continued)

	<i>Jul-09</i>	<i>Aug-09</i>	<i>Sep-09</i>	<i>Oct-09</i>	<i>Nov-09</i>	<i>Dec-09</i>	<i>Jan-10</i>	<i>Feb-10</i>	<i>Mar-10</i>	<i>Apr-10</i>	<i>May-10</i>	<i>Jun-10</i>	<i>Total</i>
<b>3. Goods and services tax</b>													
Outputs per accounts receivable schedule	20,793	21,237	18,572	18,128	19,905	23,458	17,240	17,240	18,128	18,572	19,016	19,461	231,750
Inputs per assets purchased	(67,500)	(20,000)	-	-	-	-	-	-	-	-	-	-	(87,500)
Inputs per accounts payable schedule	(18,421)	(16,096)	(15,046)	(15,121)	(15,571)	(16,972)	(14,521)	(14,521)	(14,871)	(15,046)	(15,221)	(15,396)	(186,807)
	(65,129)	(14,859)	3,526	3,007	4,333	6,486	2,718	2,718	3,257	3,526	3,795	4,064	(42,557)
Opening GST payable	-	(65,129)	(79,988)	(76,462)	3,007	7,340	13,826	2,718	5,437	8,694	3,526	7,321	-
<i>less</i> Payments (refunds)	-			(76,462)			13,826			8,694			(53,942)
<b>GST payable (refundable)</b>	<u>(65,129)</u>	<u>(79,988)</u>	<u>(76,462)</u>	<u>3,007</u>	<u>7,340</u>	<u>13,826</u>	<u>2,718</u>	<u>5,437</u>	<u>8,694</u>	<u>3,526</u>	<u>7,321</u>	<u>11,385</u>	<u>11,385</u>
<b>4. Provincial sales tax</b>													
PST Collected	29,110	29,732	26,001	25,379	27,867	32,841	24,136	24,136	25,379	26,001	26,623	27,245	324,450
PST commissions	(99)	(99)	(99)	(99)	(99)	(99)	(99)	(99)	(99)	(99)	(99)	(99)	(1,188)
	29,011	29,633	25,902	25,280	27,768	32,742	24,037	24,037	25,280	25,902	26,524	27,146	323,262
Opening PST payable	-	29,011	29,633	25,902	25,280	27,768	32,742	24,037	24,037	25,280	25,902	26,524	-
<i>less</i> Payments (refunds)	-	29,011	29,633	25,902	25,280	27,768	32,742	24,037	24,037	25,280	25,902	26,524	296,116
<b>PST payable (refundable)</b>	<u>29,011</u>	<u>29,633</u>	<u>25,902</u>	<u>25,280</u>	<u>27,768</u>	<u>32,742</u>	<u>24,037</u>	<u>24,037</u>	<u>25,280</u>	<u>25,902</u>	<u>26,524</u>	<u>27,146</u>	<u>27,146</u>

These financial projections should be read subject to the Disclaimer of Liability on the contents page and the assumptions annexed hereto.

## C) Financial position supporting schedules (continued)

	<i>Jul-09</i>	<i>Aug-09</i>	<i>Sep-09</i>	<i>Oct-09</i>	<i>Nov-09</i>	<i>Dec-09</i>	<i>Jan-10</i>	<i>Feb-10</i>	<i>Mar-10</i>	<i>Apr-10</i>	<i>May-10</i>	<i>Jun-10</i>	<i>Total</i>
<b>5. Taxation</b>													
<i>Taxation expense</i>													
Monthly Net profit before tax	40,259	39,656	5,511	(4,659)	22,344	65,520	(9,630)	(9,464)	1,462	6,904	12,331	17,827	
Taxable profit year to date	40,259	79,915	85,425	80,766	103,110	168,630	159,000	149,536	150,998	157,902	170,233	188,059	
Taxation charge year to date	6,240	12,387	13,241	12,519	15,982	26,138	24,645	23,178	23,405	24,475	26,386	29,149	
<b>Monthly tax charge</b>	6,240	6,147	854	(722)	3,463	10,156	(1,493)	(1,467)	227	1,070	1,911	2,763	
<i>Taxation Liability</i>													
Opening balance	-	6,240	12,387	13,241	12,519	15,982	26,138	24,645	23,178	23,405	24,475	26,386	
add Tax charge for month	6,240	6,147	854	(722)	3,463	10,156	(1,493)	(1,467)	227	1,070	1,911	2,763	
less Tax payments			-										
add Tax refunded													
<b>Closing balance</b>	6,240	12,387	13,241	12,519	15,982	26,138	24,645	23,178	23,405	24,475	26,386	29,149	

These financial projections should be read subject to the Disclaimer of Liability on the contents page and the assumptions annexed hereto.

## C) Financial position supporting schedules (continued)

		<i>Jul-09</i>	<i>Aug-09</i>	<i>Sep-09</i>	<i>Oct-09</i>	<i>Nov-09</i>	<i>Dec-09</i>	<i>Jan-10</i>	<i>Feb-10</i>	<i>Mar-10</i>	<i>Apr-10</i>	<i>May-10</i>	<i>Jun-10</i>	<i>Total</i>
<b>6. Property &amp; Equipment</b>	Amortization Rate													
<i>Land</i>														
Opening balance		-	-	-	-	-	-	-	-	-	-	-	-	-
add Additions		-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance		-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Leasehold improvements</i>														
Opening balance		-	448,500	845,672	842,853	840,043	837,243	834,452	831,670	828,898	826,135	823,381	820,636	
add Additions		450,000	400,000	-	-	-	-	-	-	-	-	-	-	-
less Amortization	4.00%	1,500	2,828	2,819	2,810	2,800	2,791	2,782	2,772	2,763	2,754	2,745	2,735	
Closing balance		448,500	845,672	842,853	840,043	837,243	834,452	831,670	828,898	826,135	823,381	820,636	817,901	
<i>Equipment</i>														
Opening balance		-	240,917	236,902	232,954	229,071	225,253	221,499	217,807	214,177	210,607	207,097	203,645	
add Additions		245,000	-	-	-	-	-	-	-	-	-	-	-	-
less Amortization	20.00%	4,083	4,015	3,948	3,883	3,818	3,754	3,692	3,630	3,570	3,510	3,452	3,394	
Closing balance		240,917	236,902	232,954	229,071	225,253	221,499	217,807	214,177	210,607	207,097	203,645	200,251	
<i>Computer Equipment</i>														
Opening balance		-	-	-	-	-	-	-	-	-	-	-	-	-
add Additions		-	-	-	-	-	-	-	-	-	-	-	-	-
less Amortization	45.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance		-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Office equipment &amp; furniture</i>														
Opening balance		-	-	-	-	-	-	-	-	-	-	-	-	-
add Additions		-	-	-	-	-	-	-	-	-	-	-	-	-
less Amortization	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total property &amp; equipment</b>		689,417	1,082,574	1,075,807	1,069,114	1,062,496	1,055,951	1,049,477	1,043,075	1,036,742	1,030,478	1,024,281	1,018,152	
<b>Total amortization</b>		5,583	6,843	6,767	6,693	6,618	6,545	6,474	6,402	6,333	6,264	6,197	6,129	

These financial projections should be read subject to the Disclaimer of Liability on the contents page and the assumptions annexed hereto.

## C) Financial position supporting schedules (continued)

	<i>Jul-09</i>	<i>Aug-09</i>	<i>Sep-09</i>	<i>Oct-09</i>	<i>Nov-09</i>	<i>Dec-09</i>	<i>Jan-10</i>	<i>Feb-10</i>	<i>Mar-10</i>	<i>Apr-10</i>	<i>May-10</i>	<i>Jun-10</i>	<i>Total</i>
<b>7. Term Liabilities</b>													
<i>Bank</i>													
Opening balance	-	900,000	896,490	892,967	889,431	885,881	882,318	878,742	875,152	871,549	867,933	864,302	
<i>add</i> Draws	900,000	-	-	-	-	-	-	-	-	-	-	-	
<i>add</i> Interest	-	3,375	3,362	3,349	3,335	3,322	3,309	3,295	3,282	3,268	3,255	3,241	
<i>less</i> Repayments	-	(6,885)	(6,885)	(6,885)	(6,885)	(6,885)	(6,885)	(6,885)	(6,885)	(6,885)	(6,885)	(6,885)	
Closing balance	900,000	896,490	892,967	889,431	885,881	882,318	878,742	875,152	871,549	867,933	864,302	860,659	
<i>Vendor</i>													
Opening balance	-	200,000	198,780	197,553	196,320	195,082	193,837	192,585	191,328	190,064	188,794	187,518	
<i>add</i> Draws	200,000	-	-	-	-	-	-	-	-	-	-	-	
<i>add</i> Interest	-	1,000	994	988	982	975	969	963	957	950	944	938	
<i>less</i> Repayments	-	(2,220)	(2,220)	(2,220)	(2,220)	(2,220)	(2,220)	(2,220)	(2,220)	(2,220)	(2,220)	(2,220)	
Closing balance	200,000	198,780	197,553	196,320	195,082	193,837	192,585	191,328	190,064	188,794	187,518	186,235	
<i>Leasehold improvements</i>													
Opening balance	-	-	400,000	398,440	396,874	395,303	393,725	392,141	390,552	388,957	387,355	385,748	
<i>add</i> Draws	-	400,000	-	-	-	-	-	-	-	-	-	-	
<i>add</i> Interest	-	-	1,500	1,494	1,488	1,482	1,476	1,471	1,465	1,459	1,453	1,447	
<i>less</i> Repayments	-	-	(3,060)	(3,060)	(3,060)	(3,060)	(3,060)	(3,060)	(3,060)	(3,060)	(3,060)	(3,060)	
Closing balance	-	400,000	398,440	396,874	395,303	393,725	392,141	390,552	388,957	387,355	385,748	384,134	

These financial projections should be read subject to the Disclaimer of Liability on the contents page and the assumptions annexed hereto.

## C) Financial position supporting schedules (continued)

	<i>Jul-09</i>	<i>Aug-09</i>	<i>Sep-09</i>	<i>Oct-09</i>	<i>Nov-09</i>	<i>Dec-09</i>	<i>Jan-10</i>	<i>Feb-10</i>	<i>Mar-10</i>	<i>Apr-10</i>	<i>May-10</i>	<i>Jun-10</i>	<i>Total</i>
<b>8. Shareholder Loans</b>													
<i>John Smith</i>													
Opening balance	-	50,000	47,500	45,000	42,500	40,000	37,500	35,000	32,500	30,000	27,500	25,000	-
<i>add</i> Shareholder salary	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital introduced	50,000	-	-	-	-	-	-	-	-	-	-	-	50,000
Dividend received												35,000	35,000
<i>less</i> Drawings	-	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(27,500)
Personal tax payments													-
Closing balance	<u>50,000</u>	<u>47,500</u>	<u>45,000</u>	<u>42,500</u>	<u>40,000</u>	<u>37,500</u>	<u>35,000</u>	<u>32,500</u>	<u>30,000</u>	<u>27,500</u>	<u>25,000</u>	<u>57,500</u>	<u>57,500</u>
<i>Jane Smith</i>													
Opening balance	-	250,000	247,500	245,000	242,500	240,000	237,500	235,000	232,500	230,000	227,500	225,000	-
<i>add</i> Shareholder salary	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital introduced	250,000	-	-	-	-	-	-	-	-	-	-	-	250,000
Dividend received												-	-
<i>less</i> Drawings	-	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(27,500)
Personal tax payments													-
Closing balance	<u>250,000</u>	<u>247,500</u>	<u>245,000</u>	<u>242,500</u>	<u>240,000</u>	<u>237,500</u>	<u>235,000</u>	<u>232,500</u>	<u>230,000</u>	<u>227,500</u>	<u>225,000</u>	<u>222,500</u>	<u>222,500</u>

These financial projections should be read subject to the Disclaimer of Liability on the contents page and the assumptions annexed hereto.