

## **Airport Café**

Heathrow Airport  
Terminal 5  
Airside

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## **Executive summary**

The Airport Café is a full-service restaurant/cafe located in airside Heathrow Terminal 3. The Café features a full menu of moderately priced 'comfort' food influenced by many traditional time honoured British Café dishes. The Café is all in one section with no partitions and features, magazines, newspapers and four plasma screens showing sport and news.

The Airport Café is owned and operated by Airport Café Ltd and is 100% owned by Mr and Mrs Smith.

This plan includes sections on the company, products and services, market focus, action plans and forecasts, management team, and financial plan. The specialty restaurants are a £5m per year industry in the UK Airports and have grown at a rate in excess of 20% per year in the last decade, upon this growth the plan is to open a second site in Heathrow Terminal 5.

The aim of the business is to expand in the short and medium term. The business plan focuses on this planned expansion and on how a second Airport Café can be opened. The business plans to implement the short and medium term expansion by opening a second Airport Café. The location of this second Airport Café would be in airside Heathrow Terminal 5. The second branch will capitalise on the current Terminal 3 sites success which currently has a turnover of £380,000 and profit after tax of 14%.

The Airport Café is built upon the success of Mr & Mrs Smith's previous Café operated within high street locations. The Airport Café provide accessible and affordable high quality food traditional British food, coffee and tea based products and entertainment to the hundred and thousands of visitors that transit through Heathrow Terminal 3.

So what do we mean by traditional British café food, commonly referred to in the market as a 'greasy spoon' it's the 'all-day breakfast', sandwiches made to certain fillings, hot and cold beverages. These items will account for 90% of the menu with other seasonal items added from time to time.

The Airport Café is conveniently located next to the entrance to the exit gates as all travellers have to pass this point on their way out before they board. This provides a unique position with no direct competition and the location of the Terminal 5 branch will follow this model.

The Airport Café allows customers to dine in comfort and sample traditional British food based upon time honoured recipes from facility containing ample space for take-away and eat-in currently having 20 spacing for eating in. The Airport Cafe's aim is simple; it is to provide simple good quality food to diners that are in a rush with the high levels of service and to have a last experience of 'Britishness' before travelling.

The current site has increased turnover year on year by 10% which is set to continue at the same level in line with the increase in passenger numbers. This has been achieved whilst obtaining the current year highest net profit before interest and tax of 14%. The Heathrow Terminal 3 site employs 12 members of staff.

The key to the success of this business is the proposed expansion into Terminal 5. Terminal 5 offers an expanding customer base, with current passenger numbers on par with Terminal 3. As Terminal 5 has been open a relatively short period of time, this provides an excellent opportunity for the Airport Café. The timing of this expansion is ideal as businesses are still entering Terminal 5 before it is completely saturated and as Terminal 5 has been operating for a few years now it is not such a great risk, it is a proven entity that works.

The passenger numbers have been prudently predicted as a 10% increase year on year, this does not include additional locations being added, changes to airline alliance, a new runway, or simply the passengers increasingly exiting through Terminal 5 as compared to other Terminals.

The key to our success that will help establish a successful Terminal 5 branch are:

- Product quality - Food, coffee, tea and other beverages with a comfortable environment.
- Service - Our patrons are paying for high quality food, delivered in a short timeframe in a comfortable environment. Their experience will suffer if service is not of the highest standard and each member of the staff will be courteous, efficient, and attentive.
- Marketing - We will need to target our audience early and often. While the business is located in a central and accessible location, many people will have to be re-introduced to the Airport Café.
- Management - We maintain a firm grasp on costs, such as food, beverage and labour costs. Stock is maintained by a dedicated stock system by employee management, and quality control is critical.

Due to current market conditions and our existing relationship with the operators of Heathrow, the British Airport Authorities (BAA) there will be no lease premium payable on the Terminal 5 site. This is in contrast to the £21,000 lease premium paid to secure the Terminal 3 site originally.

Apart from the existing lease and the proposed new lease and the loan application there are no other financial commitments, no Hire purchase agreements in place nor any other loans.

Based on this expansion strategy the finances required to open a Terminal 5 branch is approximately £100,000, this would include a cash injections from the owners of £50,000, therefore requiring a loan of £50,000. The financial

requirements include three months working capital where it is predicted that the Terminal 5 site will be self sufficient from a working capital perspective.

In addition to this we would like to request an increase to our overdraft facility, currently set at £10,000. The request is to increase this to £20,000.

## **The Airport Café business and operation**

The Airport Café is located in Heathrow Terminal 3, adjacent to the exit gates. This is an excellent position as there are no competitors nearby. It is also a short distance from the main food court where most of the other food retailers are located.

The Airport Café is owned and operated by Airport Café Ltd and is 100% owned by Mr and Mrs Smith. The Airport Café has been trading for three years in Terminal 3 and has achieved an average of 10% growth in turnover over those three years.

The Airport Café Heathrow Terminal 3 location has been in business for 3 years and has been a great success. The business has received in the last two year a Terminal 3 business of the year award, due to its customer satisfaction and level of service. The award is based on customer experiences in Terminal 3. Based on this success and reputation the business aim is to open a second branch in Heathrow Terminal 5.

The Terminal 3 location is decorated like a common run of the mill roadside Café, with the theme followed through to the whole Café. This familiar theme will be copied exactly for the Terminal 5 location.

The Terminal 3 location is open for business seven days a week and from 5am till 11pm. The average customer spend is £12.54 with the most common spend between £8.89 and £15.64. The average spend split between beverages, food and others is:

- Beverages – 28%
- Food – 66%
- Others – 6%

The average seating time for diners eating in is approximately 28 minutes. As the Terminal 5 site will copy the existing site, the forecasts are based on the assumption that the Terminal 5 site will achieve the same levels.

The Terminal 5 site will follow the format of the existing Terminal 3 site being a single area for eating and counter to allow for take out meals. The Terminal 3 site seats approximately 20 with flexibility for external seating for an additional 10 patrons. The current split between eat in diners and take away food is 80/20. The Terminal 5 site will follow this model exactly.

The Airport Café provides magazines and newspapers for reading and not purchase. There is also a food court for diners located 5 metres away that is shared by a number of restaurants.

As this is all under cover and located within an environment that is controlled, the weather does not factor. Factors to consider; busy flying times, delayed flights, transit flights, breakfast time, lunch time and dinner time rushes.

### *Lease terms*

The Terminal 3 location has an existing lease of 10 years. There was also a lease premium paid of £21,000 which is being amortised over the period of the lease, 10 years. The rent review is when the existing lease finishes. The terms for the Terminal 5 will be with the same vendor BAA and due to existing relationships and the current market conditions there will be no lease premium payable on the Terminal 5 site. Apart from the existing lease and the proposed new lease there are no lease commitments.

### *Suppliers*

The Airport Café business has four main suppliers that supply all of their consumables. There another set of six suppliers that are used on occasion in emergency or on the odd occasion. With the addition of another site, there will be economies of scale and the Airport Café will be able to negotiate better trading terms.

## **Market/Competitor analysis**

The airport dining/full service restaurant market is a £100 million industry in the UK Airports, with annual increases in revenue outpacing 10% yearly. More and more people are choosing to eat out before they travel.

### *Market Segmentation Terminal 5*

An Airport Café would provide one of the best food and beverage opportunities for the more than 500,000 annual visitors to the Heathrow Terminal 5. It would be location is close to exit gates and within main retail and food corridor.

Target market audience is a mix of business travellers, transit travellers, holiday travellers and airport staff.

### *Market Analysis Terminal 5*

The figures provided are predicted passenger numbers and have been obtained from the Airport authorities with a reduction to remain prudent for strikes and adverse weather and flying conditions.

	Growth	Year 1	Year 2	Year 3	Year 4	Year 5
Potential customers						
Airport Staff	8%	41,568	44,893	48,485	52,364	56,553
Holiday travellers	9%	232,100	252,989	275,758	300,576	327,628
Business travellers	11%	273,350	303,419	336,795	373,842	414,965
Total		547,018	601,301	661,037	726,782	799,145

### *Target Market Segment Strategy Terminal 5*

The Airport Café will appeal to business travellers, transit travellers, holiday travellers and airport staff. The business will also meet an under-served need for Café type food in Heathrow Terminal 5.

### *Market Needs Terminal 5*

Our customer's dining needs are critical to the success of the Airport Café. As a supplier of a full-service dining the Airport Café must appeal to people who are interested in traditional British Café food. The main and most significant Air carrier that operates through Terminal 5 is British Airways containing a customer base with a higher proportion of passengers interested in traditional British food. Moreover, we must also appeal to those customers who are unaware of the type of food the Airport Café provides. Other advantage of this type

### *Market Trends Terminal 5*

Heathrow Terminal 5 is experiencing a surge and growth due to its new status. The terminal is proving a popular hub with travellers estimated to grow on average 10% year on year.

### *Market Growth Terminal 5*

Heathrow airport is set to grow by 10% per year over the next 5 years with those using Terminal 5 set to increase by a minimum of 10%.



### *Industry Analysis*

The restaurants industry within the UK is set to increase by 15% per year, this is based on figures from the UK and not restricted to airport catering. The restricted restaurant industry within the UK Airports is set to increase by 10% per year.

### *Competition Terminal 5*

The general nature of the competition is typically a 70 to 150 seat restaurant with outdoor seating. The menu prices for entree's range from £7.00 to over £25.00. All of the surrounding establishments serve, at a minimum, beer and wine. Most serve liquor-spirits as well.

Some of these venues have added entertainment however most are prevented by their facilities from expanding into this area of service.

Because travellers tend to eat before travelling, they look for value. While they might not regularly frequent a restaurant featuring entree prices of £17.00 and higher, they will repeat appearances at restaurants featuring entrees ranging between £7.00 and £16.00.

Many of these patrons also seek venues close to the exit gates where the Airport Café is located. The Terminal 5 site will seats approximately 20 with flexibility for external seating for an additional 10 patrons. The average customer spend is £12.54 with the most common spend between £8.89 and £15.64.

### *Main Competitors Terminal 5*

Franchise Restaurant 1: Located in the heart of Foodcourt in Heathrow Terminal 5, this establishment features made to order sandwiches. The menu is mix of classic and regularly changes seasonally. They also offer hot beverages and cold drinks.

Franchise Restaurant 2: Located in the heart of Foodcourt in Heathrow Terminal 5. This restaurant offers only the franchised fast food.

Franchise Restaurant 3: Located in the heart of Foodcourt in Heathrow Terminal 5. This restaurant offers only the franchised fast food.

Franchise Restaurant 4: Located in the heart of Foodcourt in Heathrow Terminal 5. This restaurant offers traditional British Pub food. As with a Pub, they serve traditional pub food with a mixture of alcoholic, cold and hot beverages.

Franchise Café 1: Cafe 1, is located near the retail outlets, a small shop style outlet. The food offered is pre made sandwiches, hot and cold beverages. This is a take away only outlet with no seating area.

## **Marketing and sales**

The Airport Café's strategy is based upon targeting and serving:

- The typical Terminal 5 traveller wants to go through the airport as efficiently as possible
- There is a mix of travellers
- The location of the Airport Café is critical in attracting passing trade

### *Competitive Edge*

The Airport Café maintains a competitive edge in several significant areas:

- The facility's location puts it into close proximity to the maximum number of travellers.
- The owners, established within the industry with 20 years industry experience and great success in Café type ventures before the Terminal 3 site. The Heathrow Terminal 3 site itself is a great success and will continue to grow year on year.
- The facility's construction will easily allow for a flexible dining experience, with the additional of providing free 'wi-fi' to diners who wish to eat in.
- The facility's location in an up and coming terminal, the opportunity to establish a business at this early stage of the airport terminals opening is great advantage.
- The food is quick and relatively easy to prepare and waiting times are short

### *Value Proposition*

We think our value proposition is quite clear and quite easily distinguished from most others in the market. We offer affordable and accessible menu items and free 'wi-fi' all at an affordable price that will encourage regular visits.

### *Sales Strategy*

The first category of our sales strategy is to establish and maintain a position with our primary constituents, travellers. We will depend upon keeping these people happy with our food and beverage products options.

Our second strategy is to utilise any spare capacity to provide the same service to airport staff. It is estimated that there are 20,000 staff members working in around Terminal 5. With the predicted expansion of this terminal it stands to reason that staff numbers will increase with this growth. This is where the greatest area for repeat business can be established.

The Terminal 3 site has successfully operated a loyalty card that will be replicated in Terminal 5. This card was originally designed to be used by staff and has had a small uptake by frequent travellers.

### *Sales Forecast Terminal 5*

Our sales forecast assumes no change in cost of prices, which is a reasonable assumption for the last few years. As detailed the sales turnover is predicted in

line with past growth to increase year on year by 10%. This is mainly achieved by an increase in customer numbers and increasing prices in line with inflation. We are predicting sales in the Terminal 5 site to reach £300,000 level achieved by Terminal 3 and then increase year on year by 10%. The assumption here is that both sites will be running exactly the same with the same in terms of turnover and profitability. The growth forecast of 10% is in line with the restaurants in the area and is tied our growth forecast for the Terminal 3 site.

The combined sales figures across both sites presume an average of five 'turns' per day for a 30 seat dining room with an average tab of £12.54. The business will be open all year around.

The forecast take into account increases for peak travelling, i.e. during school holidays and only use 360 days a year as opening per year.

#### *Sales Forecast for Terminal 3 and Terminal 5*

	Year 1	Year 2	Year 3
Total Sales	£686,601	£761,541	£833,024
Direct Cost of Sales			
Restaurant	£290,196	£327,010	£360,860
Gross profit	£396,405	£434,531	£472,164
Indirect costs	£320,281	£329,315	£353,941
Net profit before interest and tax	£76,124	£105,216	£118,223
(Net profit is profit before tax)			

#### *Marketing Strategy*

The most important element of our marketing strategy is the delivery of a quality product. Our food, beverage products must first sell themselves through word of mouth.

The packaging of The Airport Café concept and external messages have to fit with our current strategy. We offer an upscale feel without a required 'pinch' in your wallet.

Through establishing relationships with other retailers we will then attempt to create opportunities for visitors to the airport to look forward to experiencing The Airport Café.

#### *Sales Programs*

Specific Sales Programs:

- Special Event Sales: Develop opportunities to sell to individuals. The specific responsibility is with the owner with assistance from the manager.
- Festivities related events
- School holidays, child related assistance, buggy bays, colouring books
- Quick menus for travellers in a rush.
- Free 'wi-fi' to diners eating in.

### *Positioning Statement*

For our most important target market, airport travellers who wish to eat in comfort or eat traditional British food. The Airport Café is there to satisfy traveller needs as an all-in-one dining experience. Unlike our key competition, The Airport Café is designed to handle this need from its inception, starting with the general construction of the facility. The general food programming, coupled with the entertainment programming, will offer the customer an experience unlike anything he or she has currently available.

### *Pricing Strategy*

Our food and drinks, and entertainment options are priced to give us an attractive margin while at the same time offering value to the consumer. We want repeat business. We also want the experience to remain fresh. Therein lies why the food, beverages will be relatively flexible.

A sample menu is included in an appendix.

### *Promotion Strategy*

We will promote our company name and label almost more than the product itself, because to be successful we have to stand for brand-name integrity and excellent menu offerings. Therefore, our promotion strategy includes focusing on events and special offers.

### *Marketing Programs*

Our marketing program will be handled by an external marketing company, Marketing One Communications. With an annual budget of £4,000 for both sites they will assist us with our marketing strategy.

## **Management/Owners**

The Airport Café is owned by the Airport Café Limited which owned 50% by Mr Smith and 50% by Mrs Smith. The Terminal 3 site is staffed by:

- Two Shift Managers
- Two Deputy Shift Managers
- One Head Chef
- Three Assistant Chefs
- Four Waiting staff

Part-time personnel are hired during the holiday period for all duties below the Deputy Shift Manager position during the busier holiday periods.

Having two sites relatively close would mean during an emergency or busy times staff can be moved around between the two sites. Other cost and staff saving will be the time Mr & Mrs Smith spend at each site will be split as and when they are needed.

The proposal is to replicate this exactly for the Terminal 5 site.

Mr and Mrs Smith operate a 'hands on' approach doing all the purchasing and inventory control. During busy times and holiday cover both owners pitch in and assist where needed as they have experience in all departments.

This 'hands on' approach has been both Mr and Mrs Smith's philosophy from the start of their trading career. Both Mr and Mrs Smith trained as chefs and have experience in all aspects of running a café. They both met in a café 20 years ago which they eventually managed together on behalf of the owners. After five years of running this café they offered to buy the business reaching a deal with the owners to pay a percentage of their turnover for the next five years, thus not requiring any loan.

At the end of five years they owned the café completely and started looking for a new venue. Four years ago the café run by Mr & Mrs Smith was approached by a potential buyer, they sell this business and after six months of searching invested the money into the Airport Café located in Heathrow Terminal 3.

Mr & Mrs Smith also jointly own their family home which has a current market value of £500,000 with a mortgage of £75,000.

### *Organizational Structure*

The Airport Café Limited is owned 50% by Mr Smith and 50% by Mrs Smith. The kitchen is the responsibility of the Chef who will manage kitchen operations including keeping it clean. The critical task of maintaining the food inventory and assisting in menu development will be performed by Mr Smith.

The Deputy Shift Managers will assist in all areas and will be in charge when the Shift Managers are absent.

Other tasks like cashier and ad hoc assistance will be performed by the waiting staff which includes cleaning staff.

The marketing function will be handled by independent consultants. The accounting function is handled in house by Mrs Smith. Due to Terminal 5 being a new site, the authorities wish to maintain a fresh clean look. In order to maintain standards Terminal 5 operate their own cleaning company to assist all retailers every evening at the close of business. There is no additional charge as it is included in the rental figure.

### *Personnel Plan*

The personnel plan for Terminal 5 is to hire:

- Two Shift Managers
- Two Deputy Shift Managers
- One Head Chef
- Three Assistant Chefs
- Four Waiting staff

This is based on operating a 126 hours week and falls in line with how the Terminal 3 site operates.

Any additional hires will be part time and devoted to the expansion of any catering function, as well as increased capacity/operation of a private party function.

Employee salaries are as follows:

<b>Position</b>	<b>Salary</b>
Shift Manager	£26,000
Deputy Shift Manager	£19,000
Chef	£26,000
Assistant Chef	£19,000
Waiting staff	£17,000 + Tips

### *Personnel Plan*

	Year 1	Year 2	Year 3
Shift Managers	£52,000	£54,000	£56,000
Deputy Shift Managers	£38,000	£40,000	£42,000
Chef	£26,000	£28,000	£30,000
Assistant Chefs	£57,000	£59,000	£61,000
Waiting staff	£68,000	£70,000	£72,000
Total People	12	12	12

Total Payroll	£241,000	£251,000	£261,000
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During busy times Mr and Mrs Smith will be pitching in to cover any gaps, these figures have not been included in the Employee sums.

## Financial forecasts

We want to finance growth mainly through working capital. We recognize that this means we will have to grow more slowly than we might like.

The most important indicator in our case is inventory turnover. We have to make sure that food inventory turnover stays at approximately four turns per month, or we risk loss through spoilage.

We must target a net profit before interest and tax of 14% at the least from the second year of trading from both sites.

### *Important Assumptions*

The financial plan depends on important assumptions, most of which are shown in the following table. The key underlying assumptions are:

- We assume a constant growth in the economy, without major recession.
- We assume of course that there are no unforeseen changes in technology to make equipment immediately obsolete.
- We assume access to equity capital and financing sufficient to maintain our financial plan as shown in the tables.

### *General Assumptions*

	Year 1	Year 2	Year 3
Plan Month	1	2	3
Current Interest Rate	6.25%	6.25%	6.25%
Long-term Interest Rate	4.75%	4.75%	4.75%
Tax Rate	21%	20%	20%

### *Projected Cash Flow*

We expect to manage cash flow over the next three years with minimal new investment required over the first two years. It is our expectation that revenue beyond projected sales will be invested in retiring long-term debt early.



*Pro Forma Cash Flow (Terminal 3 & 5)*

	Year 1	Year 2	Year 3
<b>Cash Receipts</b>			
Cash Sales	£686,601	£761,541	£833,024
Loan	£50,000	£0	£0
Other cash introduced	£50,000	£0	£0
Total cash inflow	<u>£786,601</u>	<u>£761,541</u>	<u>£833,024</u>
	Year 1	Year 2	Year 3
<b>Cash cost of sales</b>			
Cash Spending	£290,196	£331,010	£364,860
Initial inventory purchase	£38,671	£0	£0
Subtotal cost of sales	<u>£328,867</u>	<u>£331,010</u>	<u>£364,860</u>
<b>Cash expenditure</b>			
Operating expenses	£312,281	£320,315	£343,941
Interest payments	£8,095	£6,298	£4,442
Tax paid	£15,675	£17,021	£19,254
Subtotal cash expenditure	<u>£336,051</u>	<u>£343,634</u>	<u>£367,637</u>
<b>Cash capital payments</b>			
Loan repayments	£0	£10,000	£10,000
Assets purchased	£60,000	£20,000	£20,000
Drawings	£25,000	£25,000	£0
Dividends paid	£10,000	£40,000	£40,000
Subtotal cash capital payments	<u>£95,000</u>	<u>£95,000</u>	<u>£70,000</u>
Total cash outflow	<u>£759,918</u>	<u>£769,644</u>	<u>£802,497</u>
Net Cash inflow/(outflow)	<u>£26,683</u>	<u>(£8,103)</u>	<u>£30,527</u>
Opening balance	(£10,000)	£16,683	£8,580
Net cash inflow/(outflow)	£26,683	(£8,103)	£30,527
Closing balance	<u>£16,683</u>	<u>£8,580</u>	<u>£39,107</u>

### *Key Financial Indicators*

Based on our experience at Terminal 3, the most important indicators in our case are daily seating "counts" and weekly sales numbers. We must also make sure that we are turning our inventory rapidly so as to avoid food spoilage.

We must target net profit before interest and tax figures toward the 14% level with gross margins never dipping below 55%. Marketing costs should never exceed three percent of sales.

### *Break-even Analysis*

The Break-even Analysis for both sites shows that The Airport Café has a good balance of fixed costs and sufficient sales strength to remain healthy. Our break-even point is £156,101 on sales averaging £12.54 per patron. This break-even position is achieved on a monthly fixed cost of £57,873 and per customer variable cost of £5.70.

### *Break-even Analysis*

Monthly Revenue Break-even	£156,101
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#### Assumptions:

Average Percent Variable Cost	62%
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Estimated Monthly Fixed Cost	£46,841
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*Projected Profit and Loss (Terminal 3 and 5)*

We expect income to approach £1m within five years of opening the Terminal 5 site.

*Pro Forma Profit and Loss*

	Year 1	Year 2	Year 3
Sales	£686,601	£761,541	£833,024
Cost of Sales	£290,196	£327,010	£360,860
Gross Margin	£396,405	£434,531	£472,164
Gross Margin %	57.73%	57.06%	56.68%
Expenses			
Payroll including taxes	£241,000	£251,000	£261,000
National insurance and pensions	£17,000	£20,000	£23,000
Staff training and recruitment	£5,000	£0	£2,000
Rent and rates	£33,000	£33,000	£36,000
Sales and Marketing and Other Expenses	£4,000	£4,000	£4,000
Depreciation	£8,000	£9,000	£10,000
Leased Equip/Van/Dispensing Systems	£1,600	£1,600	£1,600
Utilities	£4,000	£4,000	£4,000
Insurance	£6,000	£6,000	£9,000
Sundry expenses	£681	£715	£3,341
Total Operating Expenses	£320,281	£329,315	£353,941
Profit Before Interest and Taxes	£76,124	£105,216	£118,223
Net Profit before interest and tax %	11.09%	13.82%	14.19%
Interest Expense	£8,095	£6,298	£4,442
Taxes Incurred	£15,675	£17,021	£19,254
Net Profit after tax	£52,354	£81,897	£94,527
Net Profit after tax %	7.63%	10.75%	11.35%
Dividends	£10,000	£40,000	£40,000
Retained earnings after dividends	£42,354	£41,897	£54,527

### *Projected Balance Sheet*

As shown in the Balance Sheet, we expect a healthy growth in balance sheet with no diminution in the company's value by the end of three years.

### *Pro Forma Balance Sheet (Terminal 3 & 5)*

	Year 1	Year 2	Year 3
<b>Fixed Assets</b>			
Fixed assets	£155,000	£175,000	£195,000
Lease premium	£21,000	£21,000	£21,000
Accumulated Depreciation	<u>(£36,000)</u>	<u>(£45,000)</u>	<u>(£55,000)</u>
Total Fixed Assets	£140,000	£151,000	£161,000
<b>Current Assets</b>			
Cash	£16,683	£8,580	£39,107
Inventory	£58,671	£62,671	£66,671
Other Current Assets	<u>£0</u>	<u>£0</u>	<u>£0</u>
Total Current Assets	£72,354	£71,251	£105,778
<b>Total assets</b>	<u>£215,354</u>	<u>£222,251</u>	<u>£266,778</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	£18,000	£18,000	£18,000
Current Borrowing	£0	£0	£0
Other Current Liabilities	<u>£25,000</u>	<u>£0</u>	<u>£0</u>
Total Current Liabilities	£43,000	£18,000	£18,000
<b>Long-term Liabilities</b>	£50,000	£40,000	£30,000
Total Liabilities	<u>£93,000</u>	<u>£58,000</u>	<u>£48,000</u>
<b>Net assets</b>	<u>£122,354</u>	<u>£164,251</u>	<u>£218,778</u>
<b>Share Capital</b>	£1,000	£1,000	£1,000
Profit and loss account	£42,354	£41,897	£54,527
Retained earnings	<u>£79,000</u>	<u>£121,354</u>	<u>£163,251</u>
Total Capital	<u>£122,354</u>	<u>£164,251</u>	<u>£218,778</u>

### Financial requirements

The business requirements fall in line with the expansion into Heathrow Terminal 5, which requires an investment of £100,000 (detailed below). This will be financed with a loan of £50,000 and a cash injection from the owners of £50,000. The loan is required for a period of five years as that is the period in which is expected to be repaid by under a commercial repayment mortgage. Mr & Mrs Smith also jointly own their family home which has a current market value of £500,000 with a mortgage of £75,000, this will be offered as a security for the loan.

In addition to the loan, we are requesting an extension to the current overdraft facilities of £10,000 to £20,000 to cover the initial two year of trading at which point the facility can revert back to £10,000. This would be used to ease working capital and help smooth out any Cashflow requirements.

The money will be used as follows:

Equipment	£60,000
Working capital (3 months)	£20,000
Staff training	£1,500
Marketing and sales promotions	£2,000
Recruitment	£1,500
Initial inventory (part of a total inventory purchase of £38,671)	<u>£15,000</u>
Total	<u><u>£100,000</u></u>

The figures are based on our experience gained from operating the Terminal 3 site.

## **Appendices**

This section will contain that is used to compile the Business plan and includes:

- Market analysis
- Last three years of statutory accounts
- Directors CVs
- Assumptions used
- Detailed Cashflow statement (monthly)
- Menu
- Incorporation certificate
- Mr And Mrs Smith's property and mortgage details