

UNIVERSITY OF NIGERIA, NSUKKA
FACULTY OF THE SOCIAL SCIENCES
DEPARTMENT OF POLITICAL SCIENCE

**A BUSINESS PLAN PREPARED IN PARTIAL
FULFILLMENT OF THE COURSE: BUSINESS
CREATION AND GROWTH (CEDR 342)**

PREPARED BY

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REG NO: 2014/190888

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JULY, 2017

PHOTOGRAPHY BUSINESS PLAN



Executive Summary

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

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

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

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

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

Psalmyst studios will grow at an annual rate of over 40 percent by targeting families of professionals with newborn babies for baby pictures and then developing a relationship with the client over the years for ongoing photographs. The funding requested in this plan is projected to result in a comfortable annual net profit by Year 3.

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

Mission

Psalmyst Photo Studio helps clients preserve memories and portray themselves in the best light. Psalmyst Photography captures the world's beauty in picture form. We always know how to get the best shot. We make professional quality photographs easily available in a digital format. We do this by using a pricing structure that makes our digital photographs a household staple and by making it fun for them to come here or to have us in their homes.

Objectives

In addition to livelihood, I'm in this business for the love of photography and having fun with people. We want to keep it simple.

Our objectives are:

- .To generate a comfortable net profit by the third year.
- .To develop systems of production for each product category that are easy to replicate with new clients to keep it simple and fun.
- .To have a client relationship system and call plan that will keep us on top of each of our client's scheduled needs at all times.

Keys to Success

Our keys for success are:

- .Target marketing for the gateway products of baby pictures, high school photos and wedding albums.
- .Developing relationships with our clients through personal customer service, to turn one-time customers into lifetime clients.
- .Our system of tracking clients' ongoing needs for photos and taking the initiative to call them for appointments.

Company Summary

Imaha, Samuel Ekong has barely worked as a photography but looks forward at developing his skills in photography at a professional level. He has found that personal customer relationships are the key to a successful business.

Company Ownership

Psalmyst Photo Studio is a sole proprietorship owned by Imaha, Samuel Ekong. It will open along Ikot Ekpene road, Uyo. Akwa-Ibom State.

Imaha, Samuel Ekong is an undergraduate of University of Nigeria, Nsukka, with a lot of experience as a freelance portrait photographer.

Start-up Summary

The total start-up requirements are broken down as follows:

Start-up expenses are itemized in the table.

Start-up current assets include:

- Furniture N145,000
- Props N87,000
- Inventory of albums, mattes and frames N75,000

Cash on hand at start-up N200,000

Long-term assets required to start include:

- 2-1.4" Camera N247,000
- Camera Digital Back N450,000
- Lights N300,000
- Computer N150,000
- Sign board N30,000
- MacBook pro N850,000

START-UP REQUIREMENTS	
Start-up Expenses	
Rent	N180,000
Insurance	N45,000
Filing Fees	N15,000
Utilities and Deposits	N120,000
Paper	N45,000
Website Development	N70,000
Office Expense	N150,000
TOTAL START-UP EXPENSES	N625,000
START-UP ASSETS	
Cash Required	N180,000
Other Current Assets	N150,000
Long-term Assets	N800,000
TOTAL ASSETS	N1,130,000
Total Requirements	N1,755,000

Company Locations and Facilities

We will open in an 800 square-foot studio at 100 Main Street, the heart of the commercial district with ample free parking. The space will be leased for three years beginning at \$800 a month with cost-of-living adjustments made annually.

The studio will have a highly visible electric sign board and a 20-foot wide display window visible to passing foot and auto traffic. Customers will enter a public area with a counter, samples of our photographs and albums, and couches for waiting. A separate playroom with props and other toys will accommodate children with sitting areas for parents, while a utility area off the back door will be set up to accommodate pets and their props. Children, pets and props can be brought into the photography studio for their photographs. An office and working area will be used for assembling the final product.

Products

Photo Studio will help our clients to look their best, will keep their photos up-to-date, and will capture the special moments of their lives.

Psalmyst Photo Studio has a comprehensive program to preserve memories on an ongoing basis. We see individual pictures, especially baby pictures, as gateway products for our programs of ongoing photography.

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

Our photo studio includes quality props for portraits and baby, child and pet photography. The physical environment of the studio is fun and accessible, making families want to come here. We also go regularly to people's homes and bring cameras and lights that are out of the budget of non-professionals.

Product Description

Our products include:

Baby Pictures

Our specialty is baby pictures. We have a unique combination of props and a passion for babies. Babies are also our prime gateway product for entering families into our programs of ongoing pictures.

Graduation Yearbook Portraits

Senior pictures are a long-standing tradition that brings high school seniors into photo studios. By making these photos easily accessible in digital form, and by marketing prominently on the Internet, we hope to capture much of this market.

We offer a special package of a family portrait at half price with the senior picture. It is often the parents who are paying for the senior portrait, so we want to establish a relationship with the parents. The parents will want a picture of their senior with the rest of the family. This introduction to the family will allow us to market our other services.

Family and Pet Portraits

Portraits of the entire family are needed for display, to send to relatives and to use in family newsletters and websites. Most families have pets, and we can arrange family portraits that include them. While we don't specialize in pet portraits, we have props and will take stand-alone photos of pets as well. There's an additional charge for exotic animals.

Individual Portraits

Individual portraits are commonly needed for individual and business websites, business cards, brochures and annual reports.

Model's Portfolio and Glamour Shots

Photos suitable for magazine publication.

Wedding Album

Weddings are one of the most special moments of life. Our wedding album includes up to 7 hours of wedding photography, with prints displayed in a custom photo album and digital images on CD.

Annual Portrait Program

We take the initiative to schedule the annual portrait and we replace it in last year's frame while saving last year's photo in a portfolio.

Baby Picture Program

We arrange pictures of the baby at 1 month, 3 months, 6 months, 9 months, 1 year, 18 months, 2 years, and 2½ years.

Child Portrait Program

We arrange a portrait of the child at 3 years, 4 years and 5 years, or until the child begins to be photographed annually for school pictures.

Capturing Memories Program

We arrange an annual portrait of the family and individual pictures of each member of the family. Photos can include pets and the house and grounds, if desired.

Sales Literature

SUNNYXXX Marketing and Printing Communications will develop the logo, electric sign, business cards, brochures, websites and display ads. All will contain branding information around the theme of capturing the special moments of our lives. This theme is the backdrop of our program to maintain customer relationships and to take the initiative to schedule photo shoots at our studio, in our clients' homes, or in nature, to preserve their special moments.

Technology

Our innovative approach makes the most of consumers' fascination with the latest digital imagery. By playing to this market trend, we gain new customers and provide added value, with high-quality, small file-size images our clients can easily share with friends and family members.

Psalmyst Photo Studio will use several digital cameras, and will require a computer fully loaded with image-manipulating software, such as Adobe Photoshop. We will also need an ongoing maintenance agreement for the computer and software, and nightly backups of image files, in the event of computer failure, theft, or fire.

Market Analysis Summary

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

- College graduates
- High school graduates
- Non-graduates

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

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

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

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

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

Market Segmentation

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

Families of College Graduates

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

Families of High School Graduates

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

Families of Non-High-School Graduates

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

Target Market Segment Strategy

Our target market is families of college-educated people who are most likely to be professionals. This is the population most likely to order professional photos on a regular basis, having both the means and the desire for professional quality photographs.

Since women make most of the purchasing decisions in families, our specific target market is middle-aged professional women and students in the Uyo metropolitan area, roughly 19,554 people.

Market Trends

Photography has gone digital. Digital cameras are replacing conventional cameras faster than DVDs are replacing VHS in video stores. Even cell phones have digital cameras on them. The uses of photography have expanded as well because of Web pages on the Internet and email. Digital images are needed for printing uses as well, for such uses as brochures and business cards.

Photo studios have mostly switched to digital format because it also allows for easy processing and manipulation. They have been less amenable to making digital files affordably available to clients, and this is a trend on which we intend to capitalize.

Market Needs

Families have photos taken to preserve memories. Most photos are taken by consumers with their own cameras, which are increasingly digital and are even part of their cell phones. Most of these photos are low quality but no one cares because only the family views them.

Consumers generally engage professional portrait photographers when the photos will be viewed outside the family and when quality matters. Professionals, such as those in our target market, often have business needs for quality photos and have acquired a taste for them. These professionals have families, too. They have the budget and the need to use them for their families because they often entertain at home and their family photos will be on display. Just as they appoint their homes with fine furniture and decorations, the photos on their walls need to exhibit quality.

Specifically, some of their needs include:

- baby pictures
- portraits for home or office
- senior pictures for the high school yearbook
- family pictures to send to family members
- family newsletters
- family, individual or business websites
- portraits for business cards, such as for real estate agents
- portraits for brochures and annual reports

The world has become increasingly digital, but many professional photo studios have made it difficult for people to enter the digital age. The traditional practice of retaining negatives to require clients to return for prints has been carried over to charging high fees for releasing digital files of their portraits.

The need to capture memories lasts for people's entire lives, and business portraits require a regular update. But people generally don't look forward to seeing a photographer. In fact, they

find it a burdensome expense, have not established a relationship with a photographer and don't think often about going to one. As a result, a lot of memories are lost and ancient portraits of professionals continue to be hung on walls and portrayed in publications. This makes them appear to be trying to preserve their youth instead of embracing their maturity and experience, and doesn't show them in the best light.

Industry Analysis

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

Psalmyst Photo Studio is not a luxury, magazine-quality studio, but our service and photo quality is high compared to other moderate professional photographers. Our rates are comparable to theirs, but we add value through personal contact and easy dissemination of digital images.

Main Competitors

Competitor X is an award-winning, highly creative photographer with a style that one would expect to find in a national magazine. His prices are the highest in the area, up to N250, 000 for a wedding album. His strategy appears to be to capture the high-end market, where a magazine look is a luxury that people can afford.

Competitor Y is a more typical photographer with more staged photographs and wedding packages running up to N180, 000. His strategy appears to be to occupy the middle-ground of quality and price where most of the market is likely to be.

Competition and Buying Patterns

Purchasing decisions generally begin with an urgent need, such as a high-school senior picture or the birth of a baby. Buyers are most likely to seek a professional by referral from someone who

has used their services. If this is not available, they are most likely to look in the Yellow Pages, but increasingly online, especially if they are young.

Distribution Patterns

Photo studios are generally located in commercial areas with high visibility, but many studios are run out of the owner's home. This is possible because so much photography occurs on location: in people's homes or offices and in nature or at social events.

Industry Participants

Photo studios are run by professional photographers with various levels of education and experience. There is considerable variation in quality and taste according to the ability of the individual photographer. This is a highly individualized, creative process that makes it difficult for large corporations to enter the market or to create "chain stores." The participants are mostly individual photographers.

Strategy and Implementation Summary

The key element of Phoebe's strategy is to reach parents of newborn babies in target neighborhoods soon after they leave the hospital. Parents and other relatives want baby photos several times a year, and this pattern can form the basis of a long-term relationship. We will take the initiative to phone parents to take pictures instead of waiting for them to remember, when parents request this service.

Referrals will be solicited from clients through specialty advertising to reach their friends and family.

The target market is female professionals. Professionals are more likely to have the means and taste for professional photographs.

The world is becoming more digital and we will exceed the competition in providing access to digital files easily and affordably.

Strategy Pyramid

Our strategy is to become an indispensable, recurring family expense by developing long-term relationships with clients and taking the initiative to call them when it's time for new pictures.

Our tactics include:

- Using individual photos as gateway products to our programs of ongoing photos. Programs include:

Targeting Baby Pictures: *By correlating public records of births with zip codes of target families, we will solicit baby pictures. Baby pictures can be the gateway to our programs of ongoing pictures for the baby and the whole family.*

Web Site: *Our website will offer free CDs with digital images of photos taken for high school senior photos. Many families who order senior pictures haven't established a relationship with a photo studio for other pictures.*

- Developing long-term relationships through personal connection and programs for calling for appointments when they're due. Programs include:

Annual Portrait Program: *We take the initiative to schedule the annual portrait and we replace it in last year's frame while saving last year's photo in a portfolio.*

Baby Picture Program: *We arrange pictures of the baby at 1 month, 3 months, 6 months, 9 months, 1 year, 18 months, 2 years, and 2½ years.*

Child Portrait Program: We arrange a portrait of the child at 3 years, 4 years and 5 years, or until the child begins to be photographed annually for school pictures.

Capturing Memories Program: We arrange an annual portrait of the family and individual picture of each member of the family. Photos include pets and the house and grounds, if desired.

- Soliciting referrals from the friends and neighbors of our clients.

Specialty Advertising: Giving away interesting promotional products that are cool enough and inexpensive enough to ask them to give others away to their friends.

Competitive Edge

Our competitive edge is that we provide not only a photograph, but a program of ongoing portraits to capture the special moments in a family's life. We then make the digital images of their photos easily and affordably available for distributing on the Internet.

Marketing Strategy

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

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

We will get the word out by conventional advertising to start, and by a yellow page ad and a website. We have a targeted marketing effort to families of newborn babies.

Distribution Strategy

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

We will also be available for photo shoots at clients' homes or in nature.

Marketing Programs

Our marketing programs include:

- Website development by ACE Marketing Communications
- Yellow page ad developed by ACE Marketing Communications
- Direct mail program to parents of new babies in our target area
- Newspaper display ads the first six months
- Radio spots the first six months

Details are provided in Milestones.

Pricing Strategy

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

Promotion Strategy

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

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

Sales Strategy

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

Sales Forecast

First year sales are projected at to double by 2018.

The sales forecast for 2017 assumes slow growth at first, a decline over summer and a large increase in fall for senior photos.

Sales are shown in terms of units of individual portraits at N800 each, photos at home at N2, 500 each, and wedding albums at N10, 000.

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

SALES FORECAST			
	YEAR 1	YEAR 2	YEAR 3
Unit Sales			

Portraits	300	600	680
Family Photos On-Site	109	218	360
Weddings	32	34	36
TOTAL UNIT SALES	441	852	776
Unit Prices	Year 1	Year 2	Year 3
Portraits	N800	N800	N1, 000
Family Photos On-Site	N1, 500	N1, 500	N1,800
Weddings	N10,000	N10,000	N10,000
Sales			
Portraits	N240,000	N480,000	N680,000
Family Photos On-Site	N163,500	N327,000	N648,000
Weddings	N320,000	N340,000	N360, 000
TOTAL SALES	N723,500	=N1, 147, 000	N1, 688, 000

Milestones

- Installation of electric sign during the month of December.
- Move in during the month of December.
- Website development by ACE Marketing Communications by December 1, 2018.
- Yellow page ad developed by ACE Marketing Communications by December 1, 2018.
- Design direct mail program to parents of new babies in our target area, with mailings to begin January 1, 2019.

- Display advertising in the *Register-Guard* for the first six months.
- Radio spots on radio stations targeted to female professionals the first six months.

The budget for these milestones has been included as start-up expenses, except the sign, which is an asset. Other details are provided in the accompanying Milestones.

Web Plan Summary

Our website will be developed by ACE Communications and will be up and running by December 2017. For high schoolers and others in our target market under 30, websites are the preferred way of finding information. Our website will be designed to appeal to high schoolers for their senior photos, to young mothers with new babies, and engaged couples who are seeking wedding photographs.

The site will have information on our other programs for the growing number of middle-aged female professionals who shop the net. The website address will be included in the yellow page ad, display ads and radio spots (since the name will be easy to remember) to draw people to the site.

Website Marketing Strategy

We will register with the local Chamber of Commerce, which will include a link to our website from their own. We will hand out business cards with our URL and name at local high schools, especially targeting rising juniors who will need senior photos. We will advertise our website and address with fliers at local Wi-Fi cafes and clubs, especially those near schools and near where children's or baby products are sold.

Management Summary

Imaha, Samuel is the Director of Psalmyst Photo Studio as well as the photographer

Personnel Plan

The owner, Imaha Samuel Ekong, will need to cover his personal living expenses of \$24,000 per year during the first three years. A growth rate is assumed for cost of living.

PERSONNEL PLAN

YEAR 1	YEAR 2	YEAR 3
Owner N80, 000	N80, 000	N95, 000
Total Payroll N80, 000	N80, 000	N95, 000

Financial Plan

Psalmyst Studio will become profitable in its fifth month of operation, by May 2020. It will grow vigorously each year after that to its optimum level during 2020. This optimum level will produce sales sufficient for a generous net profit, even with the owner's and employee's salaries.

The business will be funded with an investment by the owner.

Start-up Funding

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

The owner, Imaha Samuel will provide a seed investment.

START-UP FUNDING	
Start-up Expenses to Fund	N625, 000
Start-up Assets to Fund	N1,755,000
TOTAL FUNDING REQUIRED	N2, 380,000
Assets	
Non-cash Assets from Start-up	N150,500
Cash Requirements from Start-up	N100,770
Additional Cash Raised	NIL
Cash Balance on Starting Date	N120,770
TOTAL ASSETS	N3, 720, 040
Liabilities and Capital	
Liabilities	
Current Borrowing	NIL
Long-term Liabilities	N350,000
Accounts Payable (Outstanding Bills)	NIL

Other Current Liabilities (interest-free)	NIL
TOTAL LIABILITIES	N350,000
Capital	
Planned Investment	
Owner	N150,000
Investor	NIL
Additional Investment Requirement	NIL
TOTAL PLANNED INVESTMENT	N150,000
Loss at Start-up (Start-up Expenses)	N143,000
TOTAL CAPITAL	(N450,000)
TOTAL CAPITAL AND LIABILITIES	N600,000
Total Funding	N743,000

Important Assumptions

We assume a stable economy with reasonable growth and a steady rise in interest rates. We also assume that our competitors won't adopt our strategy within the first two years. After that, our approach is likely to make a change in what our competitors charge for digital files, because they'll see it's effective in bringing in repeat business as well as new business.

Key Financial Indicators

The benchmarks chart, below, shows a quick comparison of Sales, Gross Margin %, and Operating Expenses over the next three years. Although Operating Expenses will rise slightly in future years, they are not rising proportionally with sales growth. The higher operating cost ratio in the first reflects the higher costs of advertising to establish visibility at the start of the business.

Projected Profit and Loss

This business is projected to become profitable in May 2020, after the start-up advertising is completed and customers begin to discover the service. For the year 2017, the business will be profitable. It will grow at a vigorous rate over the next two years.

Our utility costs include monthly charges for high-speed Internet access via a corporate account, which will be essential to delivering our finished images to most of our customers.

The optimum level of profitability for this one-photographer shop is reached in 2018. Our profit margins are much higher than the industry average because of our innovative product-delivery options - digital images require no film, no paper, and no chemicals, just storage units (CDs and DVDs) and delivery (computer and Internet access).

PRO FORMA PROFIT AND LOSS			
	YEAR 1	YEAR 2	YEAR 3
Sales	N131,800	N188,600	N267,200
Direct Cost of Sales	N21,180	N27,360	N35,720
Other Costs of Sales	NIL	NIL	NIL
TOTAL COST OF SALES	N21,180	N27,360	N35,720
Gross Margin	N110,620	N161,240	N231,480
Gross Margin %	83.93%	85.49%	86.63%
Expenses			
Payroll	N42,000	N44,000	N50,000
Marketing/Promotion	N7,100	N4,800	N4,800
Depreciation	N15,960	N15,960	N15,960
Rent	N9,600	N10,000	N10,400
Utilities	N1,200	N1,200	N1,200
Maintenance of Cameras and Equipment	N600	N800	N1,000
Offsite file backups and support	N720	N1,000	N1,000
Software upgrades	NIL	N500	N800
Insurance	N300	N300	N300
Payroll Taxes	NIL	NIL	NIL
Other	N1,200	N1,200	N1,200
Total Operating Expenses	N78,680	N79,760	N86,660

Profit Before Interest and Taxes	N31,940	N81,480	N144,820
EBITDA	N47,900	N97,440	N160,780
Interest Expense	N9,376	N8,223	N6,923
Taxes Incurred	N6,769	N21,977	N41,369
Net Profit	N15,795	N51,280	N96,528
Net Profit/Sales	11.98%	27.19%	36.13%

Projected Cash Flow

Cash reserves reach the minimum point in March 2006. From that point, cash flow is positive, reaching a robust level by the end of 2008.

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

PRO FORMA CASH FLOW			
	YEAR 1	YEAR 2	YEAR 3
Cash Received			
Cash from Operations			
Cash Sales	N131,800	N188,600	N267,200
SUBTOTAL CASH FROM OPERATIONS	N131,800	N188,600	N267,200
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	NIL	NIL	NIL
New Current Borrowing	NIL	NIL	NIL
New Other Liabilities (interest-free)	NIL	NIL	NIL
New Long-term Liabilities	NIL	NIL	NIL
Sales of Other Current Assets	NIL	NIL	NIL
Sales of Long-term Assets	NIL	NIL	NIL
New Investment Received	NIL	NIL	NIL
SUBTOTAL CASH RECEIVED	N131,800	N188,600	N267,200
Expenditures	Year 1	Year 2	Year 3

Expenditures from Operations			
Cash Spending	N42,000	N44,000	N50,000
Bill Payments	N52,845	N76,202	N102,464
SUBTOTAL SPENT ON OPERATIONS	N94,845	N120,202	N152,464
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	NIL	NIL	NIL
Principal Repayment of Current Borrowing	NIL	NIL	NIL
Other Liabilities Principal Repayment	NIL	NIL	NIL
Long-term Liabilities Principal Repayment	N11,520	N12,500	N13,500
Purchase Other Current Assets	NIL	NIL	\$2,000
Purchase Long-term Assets	NIL	NIL	NIL
Dividends	NIL	NIL	NIL
SUBTOTAL CASH SPENT	N106,365	N132,702	N167,964
Net Cash Flow	N25,435	N55,898	N99,236
Cash Balance	N36,205	N92,103	N191,339

Projected Balance Sheet

Net worth becomes positive in the second year. It then steadily builds through the end of this plan, in 2018. There is an excellent return on equity by the third year.

Business Ratios

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

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