



## BUSINESS PLAN



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## **Executive Summary**

The purpose of this business plan is to secure additional, long term funding to acquire an existing Restaurant Franchise based in CITY Q. The director of the company "NEW COMPANY LTD" is seeking for £160,000 long term funding, and if assumed, will be amortised over 7-year period.

The franchiser, "Restaurant" is one of the reputed franchises operating all over the world with XXXX stores in 1XX countries and XXX stores in the UK and Ireland.

The current franchise outlet is a well-established Restaurant franchise located in CITY Q city centre and is trading since May 20XX. The current franchisee is being operated as Partnership Business since January 20XX. Partnership business has been making profit from start and profits has increased year on year; a detailed snapshot of the financials is provided in page 8 under Historical Performance. The business was held on market at an asking price of £140k and the seller has agreed sale price of £90k with NEW COMPANY LTD.

The store is due for renovation of its interior and décor in August 20XX costing additional £45k. Renovation of stores is mandatory every YX years as per Restaurant guidelines. Mr NEW DIRECTOR has included the renovation costs as part of business loan requirement.

In addition, other mandatory costs such as professional, legal and accountancy fees and other mandatory costs are included in the business loan requirement. Detailed breakdown is presented in page 6.

## **Company Information**

The company NEW COMPANY LTD was incorporated on 01/01/20xx bearing company registration number 100xxxxxx.

Mr. NEW DIRECTOR is the sole director and 100% shareholder of the company.

Mr. NEW DIRECTOR is also an existing Restaurant franchise operating two Restaurant stores in CITY M and CITY Z.

CITY M LTD bearing registration number 123456789 is a Restaurant franchise based at CITY M, SW1X 2XX trading since July 20XX. Mr. NEW DIRECTOR is the sole director and 100% shareholder of the company.

CITY Z LTD bearing registration number 123456789 is a Restaurant franchise based at CITY Z, London, SWXX 2XX trading since March 20XX. Mr. NEW DIRECTOR is the sole director and 50% shareholder of the company.

## Experience Record of Director

Mr. NEW DIRECTOR is a Restaurant Franchise Diploma Holder (copy of certificate enclosed in Appendix -2) and franchisee of two Restaurant restaurants. After completing his Bachelors in Hotel Management, Mr. NEW DIRECTOR has worked in hotel and hospitality industry for over 16 years of which 10 years was with Restaurant Franchise.

Mr NEW DIRECTOR is an experienced Restaurant manager, an existing franchise and Restaurant approved Franchise trainer with proven track record in managing the Restaurant stores, increasing revenue, reducing costs and excelling customer service satisfaction standards.

After successfully working as manager of M FOOD restaurants for over 9 years, he has purchased an existing Restaurant franchise at CITY Q and since increased the sales in the store and received Highest Sales Award from Restaurant Headquarters signed by the President and Co-founder of Restaurant. A copy of the award is enclosed in Appendix-3

### Achievements

- Mr. NEW DIRECTOR is an approved Restaurant Franchise Trainer, who is responsible in training Franchise Aspirants and help them to achieve their franchise license.
- Mr. NEW DIRECTOR has involved in the operations of a new Restaurant Franchise store in CITY Q, whilst working as a Manager, has improved the overall performance of the store where the store sales has increased from £6k per week in 20XX to £10k per week by 20XX.
- As the manager of Restaurant Stores, Mr. NEW DIRECTOR is responsible to reduce costs, where he successfully reduced food cost and labour whilst not compromising on the customer service.
- Mr. NEW DIRECTOR had attained monthly targets set by the owners of the Restaurant franchise every month and was rewarded with bonuses on a regular basis.
- Whilst working as the manager, Mr. NEW DIRECTOR has constantly achieved 100% feedback from the mystery shopper in all the stores he has been involved with.
- Mr. NEW DIRECTOR has achieved his Diploma in Restaurant Franchisee course in May 20XX and since became eligible to become a Restaurant franchise
- Mr NEW DIRECTOR has achieved the highest ever sale at his current franchise

## **Store Location**

The store is based in CITY Q city centre with population of 530,000. The store is surrounded by offices, International schools, CITY Q university, MY University and is within walking distance of Railway station, Bus station, Arcade mall and Botanical gardens.

The store is about 4,804 square feet fitted premises, with 154 covers, long service counter, tiled floor, air-conditioned and customer toilets and storage room.

The rent for the store is £xx k per year with current lease until March 20XX. Currently, the store is contributing a gross profit of 45% after labour, food purchases and royalty and net profit before tax of 12%.

## **Growth Opportunities**

Mr. NEW DIRECTOR has worked in CITY Q from 20XX to 20YY as store manager and area manager for Restaurant franchisees located in ABC Centre and CITY Q Leisure Park. Mr. NEW DIRECTOR being an experienced Restaurant manager with ten years of hands on experience both as store manager and franchisee owner, will reduce the current level of food and labour costs and with his demographic knowledge of the location and proven record of increasing sales will implement strategies to increase the revenue. Furthermore, Mr. NEW DIRECTOR will oversee every day operations of the store whilst working alongside with the staff and being a director-manager of the store, thereby, ensuring cutting down on food waste and reducing additional labour hours without compromising on the quality of food and customer service.

In addition, as the store is located around the office locations and Universities, delivering the food at customer door step would bring in additional revenue in addition to the in-store sales. Current management is not providing delivery option to customers. Mr. NEW DIRECTOR will start deliveries using reputed food delivery businesses such as Deliveroo and Uber Eats.

The store will also consider delivering party orders, which is being practised by many M FOOD Restaurant restaurants, in addition to the in-house sales and delivery.

## **Competitors**

The store is in busy shopping area along with other national brands such as DOMINO'S, COSTA. Despite having competition from other brands, Restaurant has its own loyal customer base who prefer healthy sub sandwiches with high nutritional value. Restaurant restaurants cater a range of low calorie, fresh and nutritional food which can't be found in other fast food restaurants. Moreover, with its presence globally, Restaurant has a greater brand awareness among public and from his past success working as manager in various Restaurant stores in CITY Q, Mr. NEW DIRECTOR is confident of increasing the current revenue year on year whilst maintaining customer service standards.

## **Funding:**

The project needs funding of £160k, which includes purchase cost, franchise fee, stock, rent prepaid costs, renovation costs and other mandatory expenses. This is being funded £16,000 by Mr. NEW DIRECTOR and is seeking a loan of £144,000 over 7 years.

Breakdown of total costs required for the purchase of franchise is as follows:

<b>Expense Type</b>	<b>Amount</b>
<b>Good Will</b>	<b>£XXXX</b>
<b>Plant &amp; Machinery</b>	<b>£XXXX</b>
<b>Furniture &amp; Fixtures</b>	<b>£XXXX</b>
<b>Renovation Costs</b>	<b>£XXXX</b>
<b>Rent Prepayment</b>	<b>£XXXX</b>
<b>Restaurant Transfer fee</b>	<b>£XXXX</b>
<b>Legal &amp; Professional fee</b>	<b>£XXXX</b>
<b>Stock purchase</b>	<b>£XXXX</b>
<b>Other costs</b>	<b>£XXXX</b>

Break down of Plant & Machinery Costs are as follows

Walk in Freezer	20,000.00	Bread Cabinet	400.00
Walk in Fridge	10,000.00	Bread Retarder	400.00
Counter Fridge	7,000.00	Microwave	400.00
Back counter Fridge (2 no's)	5,000.00	Restaurant Signs	400.00
Oven	3,500.00	A board	300.00
Toaster	3,500.00	Alarm System	250.00
Proofer	2,500.00	Preparation Table	200.00
Coffee Machine	1,800.00	Trolley	125.00
Shelf (8 no's)	1,600.00	Till	125.00
Air-condition (3 no's)	1,500.00	Bin Unit (3 no's)	125.00
POS System	1,000.00	Trays	125.00
CCTV & Sound system	860.00	Veg Slicer	100.00
Safe	550.00	Printer (2 no's)	100.00
Washing Units (3 no's)	500.00	Cookie Cabinet	75.00
Menu Panel	500.00	Chopping Boards (3 no's)	50.00
Lift	500.00	Bread & Cookie Mats	90.00

# Financial Plan

## Historical Performance

City road Restaurant has started trading from May 20xx. Current management has purchased the store in January 20xx. The table below shows the historical performance of the store since January 20xx.

	3 Months	12 Months	12 Months	7 Months	12 Months
	Y.E 31.03.20XX	Y.E 31.03.20XX	Y.E 31.03.20XX	Y.E 31.10.20XX	Y.E 31.10.20XX
<b>REVENUE</b>	47,384	275,018	271,668	151,808	287,508
<b>GROSS PROFIT</b>	18,666	107,234	113,428	68,813	129,379
<b>GP %</b>	39%	39%	42%	45%	45%
<b>NET PROFIT</b>	2,818	25,796	28,295	16,901	34,501
<b>NP %</b>	6%	9%	10%	11%	12%
<b>NET SALES PER WEEK</b>	3,949	5,289	5,224	5,422	5,529

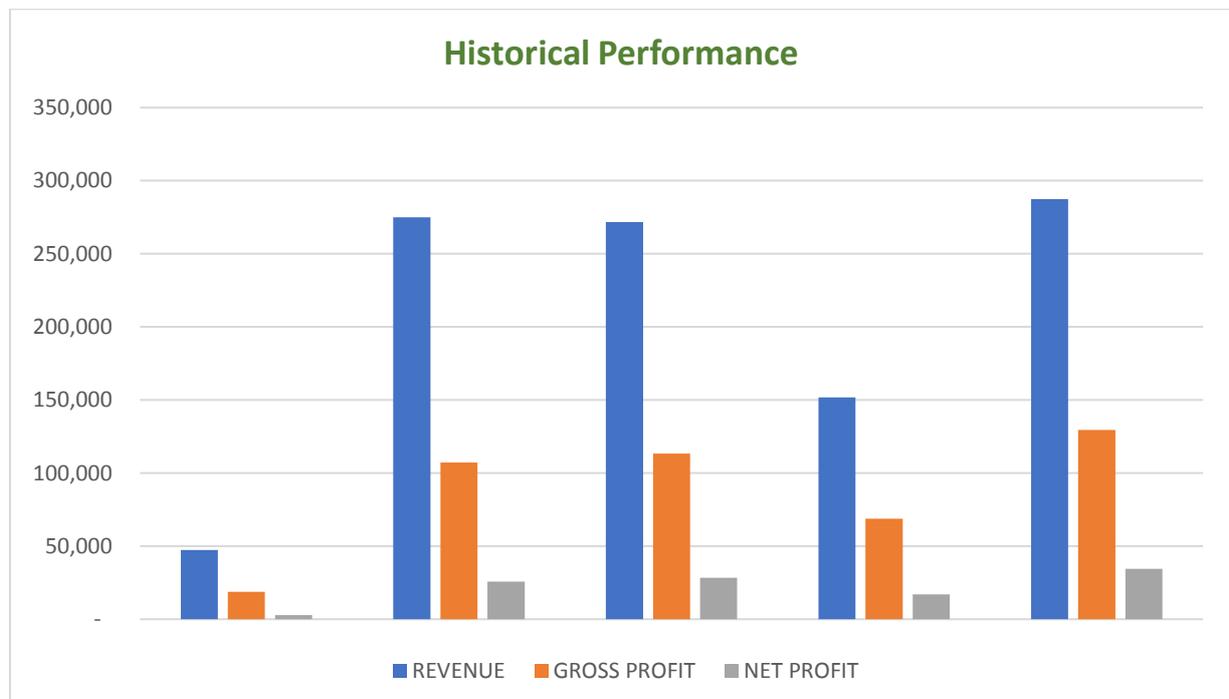


Table above is the financial snapshot of actuals submitted to HMRC from 01.01.20XX to 31.10.20XX and provisional figures based on management accounts for 31.10.20XX.

The store has seen increase in sales and profit from 20XX. Net sales per week is an indication of the level of revenue growth from Jan 20XX to October 20XX. Net sales per week has increased by £1,580 per week (£18,960 per year) i.e., 40%, from January 20XX to October 20XX.

The store has seen increasing trend in the Net sales year on year.

Copy of accounts for period ending 31.10.20XX is included in Appendix -1.

### **Financial Forecast**

The business plan includes financial projections for the first three years starting from January 20XX through to December 20XX.

The numbers are based on experience, current financials of the existing business, knowledge of the industry, growth expectations for the Restaurant franchises nationwide, past achievements of the director and common sense. The financial plan excludes some cost savings such as rates reductions, employer NIC exemptions and Annual investment allowances.

The forecasts, despite excluding general cost savings and with inclusions of full costs, the company can repay the bank loan without default and that the company will see increase in profits year on year with positive reserves.

Financial forecasts for the first three years of trading is shown below. A detailed monthly forecast is included in Appendix.

#### **Key Points:**

- 1.) Store is due for renovation in August 20XX. The store will be closed for two weeks. This reflects reduction in sales and profit in the first financial year
- 2.) Costs in the forecasts are higher than the actual costs the store currently suffers. Despite including additional costs and not including a provision for food cost and labour costs control, the company is expected to make net profit after tax of 9% and 11% in the second and third financial year.

**NEW COMPANY LTD  
FINANCIAL FORECAST**

	Year end 31-Dec-xx	Year end 31-Dec-xx	Year end 31-Dec-xx
<b>Sales</b>	263,290	301,400	331,540
Cost of sales	163,280	185,361	203,897
<b>Gross profit</b>	<b>100,010</b>	<b>116,039</b>	<b>127,643</b>
<b>GP %</b>	<b>38.0%</b>	<b>38.5%</b>	<b>38.5%</b>
Overheads	89,405	82,825	83,950
<b>Profit before tax</b>	<b>10,605</b>	<b>33,214</b>	<b>43,693</b>
<b>Profit before tax%</b>	<b>4.0%</b>	<b>11.0%</b>	<b>13.2%</b>
Corporation tax	2,015	6,311	8,302
<b>Profit after tax</b>	<b>8,590</b>	<b>26,903</b>	<b>35,391</b>
<b>Profit after tax%</b>	<b>3.3%</b>	<b>8.9%</b>	<b>10.7%</b>
<b>Net assets</b>	<b>8,600</b>	<b>35,503</b>	<b>70,894</b>
<b>Bank balance</b>	<b>28,877</b>	<b>58,833</b>	<b>93,943</b>

