

Profit & Loss account

Month	January	February	March	April	May	June	July	August	September	October	November	December
SALES												
Total quantity of Services (units)	18	25	41	59	68	73	87	85	84	88	98	165
Average services per client (units)	1	1	1.5	1.2	2	2	2.1	2	1.8	1.9	2	2.6
Vintage units hired	2	6	5	11	10	15	21	18	16	20	28	42
Vintage units sold	17	27	32	47	55	71	88	75	81	88	90	139
Quantity of alterations	2	5	6	8	8	7	16	16	18	25	19	27
Bésame units sold	7	14	22	21	36	45	61	51	43	49	56	65
Mavala units sold	10	23	29	32	41	49	64	59	57	69	68	76
Quantity of retail transactions	25	43	60	81	88	105	124	109	117	127	125	153
Average units per transaction	2.2	2.7	2.2	2.2	2.4	2.5	2.7	3.0	2.5	2.6	2.8	3.4
Average Spend £	145.00	108.58	122.85	135.62	141.34	154.22	159.55	173.09	155.35	152.09	165.05	191.57
Total Sales inc. VAT £	3,691	5,996.00	7,539.00	10,973.00	12,839.00	16,039.00	20,033.00	17,540.00	18,176.00	19,889.00	21,163.00	28,962.00
Cost of sales & services £	882.01	1,438.37	1,772.31	2,481.13	3,000.73	3,973.15	4,783.33	4,102.18	4,302.44	4,707.62	4,866.68	7,261.85
FIXED COSTS												
Wages £	2,346.40	2,305.60	2,542.40	3,658.50	5,768.80	7,455.02	7,718.52	7,455.02	7,512.36	7,693.62	7,254.36	7,293.36
Repairs & maintenance £	0.00	4.50	8.85	18.50	0.00	10.50	21.00	0.00	19.80	0.00	20.00	8.45
Internet £	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Advertising £	0.00	350.00	0.00	350.00	0.00	350.00	0.00	350.00	0.00	350.00	0.00	350.00
Total Fixed Costs £	2,457.40	2,671.10	2,562.25	4,038.00	5,779.80	7,829.52	7,750.52	7,816.02	7,543.16	8,054.62	7,285.36	7,662.81
VARIABLE COSTS												
Commision (1%) £	36.91	59.96	75.39	109.73	128.39	160.03	200.33	175.40	181.76	198.89	211.63	289.62
Premises (20%) £	738.20	1,199.20	1,507.80	2,194.80	2,567.80	3,207.80	4,006.60	3,508.00	3,635.20	3,977.80	4,232.60	5,792.40
Refreshments £	106.00	52.00	64.00	65.00	69.00	70.00	69.00	51.00	55.00	58.00	71.00	135.00
Stationary £	0.00	40.00	48.00	78.00	42.00	35.00	42.00	30.00	48.00	35.00	57.00	125.00
Vintage Stock £	550.00	800.00	860.00	1,000.00	1,300.00	1,400.00	2,000.00	1,400.00	1,500.00	1,700.00	2,000.00	3,0000.00
Mavala Nailcare £	0.00	101.00	111.00	125.00	111.00	102.00	152.00	101.00	150.00	152.00	156.00	200.00
Bésame Cosmetics £	0.00	102.00	115.50	135.00	132.00	135.50	175.00	102.50	125.00	115.50	162.00	220.50
Salon supplies/Equipment £	0.00	45.00	55.00	441.00	142.00	60.00	75.00	52.00	65.00	45.00	68.00	129.00
Travel expenses £	9.00	19.50	19.50	28.00	19.50	19.50	19.50	19.50	28.00	19.50	19.50	38.50
Total Variable Costs £	1,440.11	2,418.66	2,856.19	4,176.53	4,511.69	5,189.83	6,739.43	5,439.40	5,787.96	6,301.69	6,977.73	9,930.02
PROFIT BEFORE TAX £	(206.51)	906.24	2,120.56	2,758.47	2,548.31	3,019.65	5,543.57	4,284.58	4,844.88	5,532.69	9,899.91	11,369.17

Profit & Loss account

Sales of individual aspects of Covet are detailed below. These are forecast using average prices for each department.

Management anticipates an upward trend in sales to rise as Covet becomes more established and the client base grows.

However, peaks and troughs of sales are logically forecast by seasonality.

- January; consumers typically have less disposable income following the Christmas period.
- June and July; are times when many people go on vacation, therefore salon services such as manicures and pedicures will rise.
- This is also wedding season. Covet can expect brides-to-be to use salon services.
- Wedding season can expect to see a rise in hired vintage sales as wedding guests will be seeking a statement outfit.
- Finally, the Christmas period is notoriously busy for both retail and the salon sector. Therefore Covet can expect a rise in sales as consumers buy gifts and book salon services to prepare for parties.

Variable costs, such as refreshments, are also determined by these considerations.

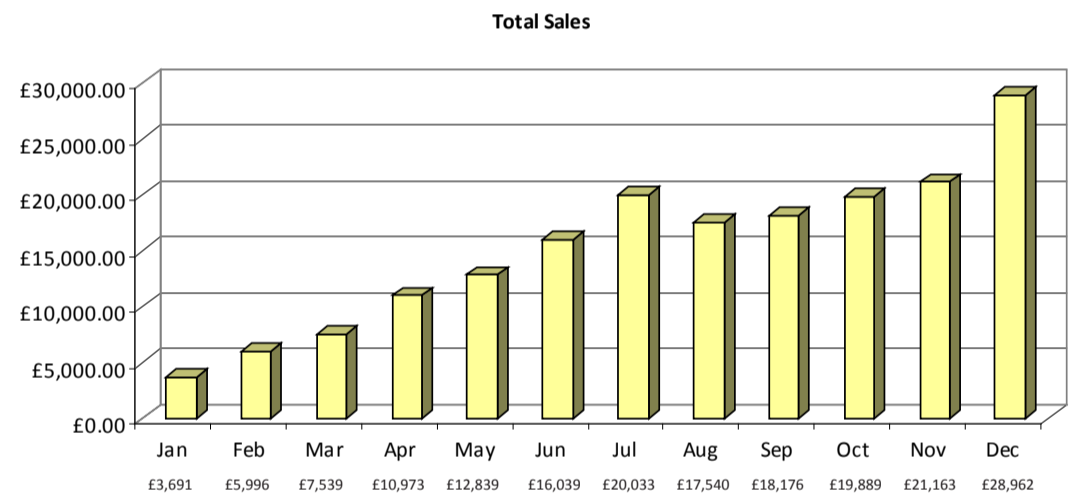


Table 1

Individual Sales

Performance

Cash Flow Forecast

Month	Pre-start	January	February	March	April	May	June	July	August	September	October	November	December
CASH ON PREMISES													
Float	0.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00
INCOME													
Cash sales inc. VAT	0.00	3,691.00	5,996.00	7,539.00	10,973.00	12,839.00	16,039.00	20,033.00	17,540.00	18,176.00	19,889.00	21,163.00	28,962.00
OUTGOINGS													
Purchases (stock) £	13,000.00	550.00	1,003.00	1,086.50	1,260.00	1,543.00	1,637.50	2,327.00	1,603.50	1,775.00	1,967.50	2,318.00	3,420.50
Wages £	0.00	2,346.40	2,305.60	2,542.40	3,658.50	5,768.50	7,455.02	7,718.52	7,455.02	7,512.36	7,693.62	7,254.36	7,293.36
Commision (1%) £	0.00	36.91	59.96	75.39	109.73	128.39	160.03	200.33	175.40	181.76	198.89	211.63	289.62
Payroll taxes £	0.00	249.99	247.86	278.13	404.18	647.62	841.80	878.26	843.65	851.29	875.10	823.91	837.95
Premises (20%) £	0.00	738.20	1,199.20	1,507.80	2,194.80	2,567.80	3,207.80	4,006.60	3,508.00	3,635.20	3,977.80	4,232.60	5,792.40
Repairs & maintenance £	0.00	0.00	4.50	8.85	18.50	0.00	10.50	21.00	0.00	19.80	0.00	20.00	8.45
Stationary £	350.00	0.00	40.00	48.00	78.00	42.00	35.00	42.00	30.00	48.00	35.00	57.00	125.00
Equipment/ Salon supplies £	2,000.00	0.00	45.00	55.00	441.00	132.00	60.00	75.00	52.00	65.00	45.00	68.00	129.00
Advertising £	0.00	0.00	350.00	0.00	350.00	0.00	350.00	0.00	350.00	0.00	350.00	0.00	350.00
Travel expenses £	78	9.00	19.50	19.50	28.00	19.50	19.50	19.50	19.50	28.00	19.50	19.50	38.50
Internet £	0.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Refreshments £	80.20	106.00	52.00	64.00	65.00	79.25	70.00	69.00	51.00	55.00	58.00	71.00	135.00
VAT (20%) £	0.00	738.20	1,199.20	1,507.80	2,194.80	2,567.80	3,207.80	4,006.60	3,508.00	3,635.20	3,977.80	4,232.60	5,792.40
Other start-up costs £	10,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Outgoings £	25,508.20	4,785.70	6,536.82	7,204.37	10,813.51	13,506.86	17,065.95	19,374.81	17,607.07	17,817.61	19,209.21	19,319.60	25,060.80
TOTAL CASH POSITION													
End of month Total £	(25,508.20)	(1,094.70)	(540.82)	334.63	159.49	(667.86)	(1026.95)	658.19	(67.07)	358.39	629.79	1,843.40	3,901.20

Cash Flow Forecast

The break-even analysis for Covet takes into account cumulative costs, including start-up costs, and total monthly costs against cumulative total sales.

It is inaccurate to forecast break-even by units sold as Covet provides various products and services with very different prices.

Average prices for individual departments, such as services or vintage clothing, are used to forecast future sales but break-even is forecast with total sales predictions.

Table 10 Shows Covet will break-even by September, month nine of trade.

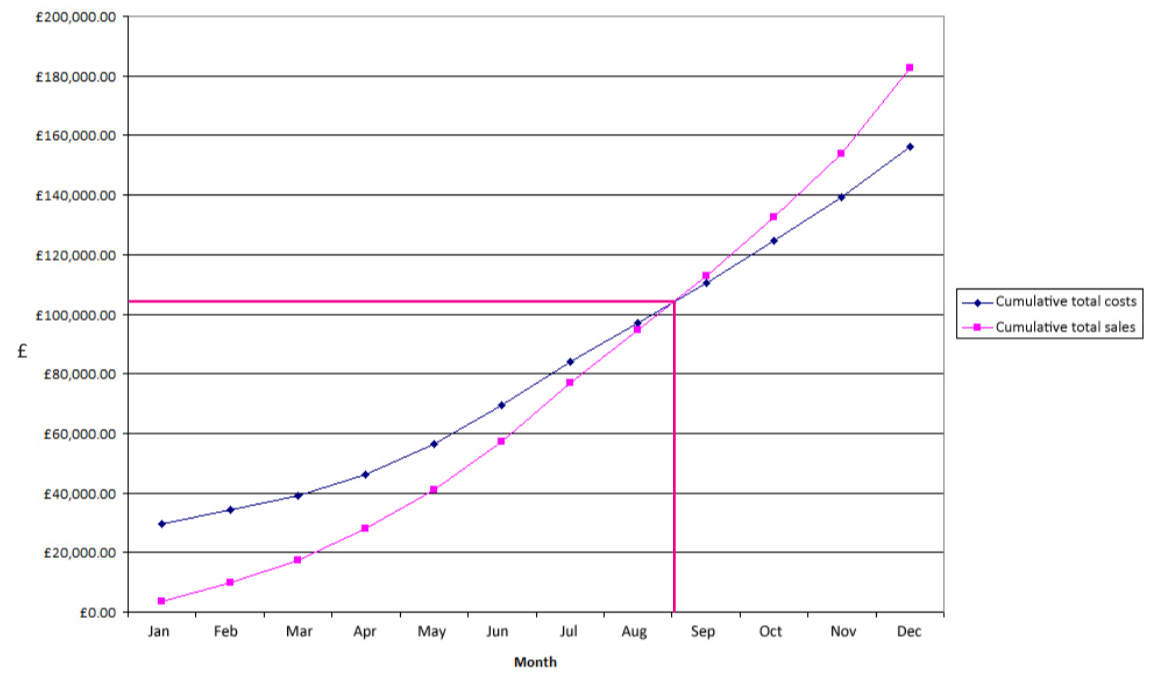


Table 10

Break-even Analysis