Budget Project

Titans Photography Studio

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Executive Summary

This report explores the feasibility of a new photography business venture. After analyzing initial start-up fees, operating costs and projected revenues it seems that *Titans Photography Studio* has the potential of being a profitable business opportunity.

Titans will provide in-studio/location photography service, and sell limited prints in the two most common sizes of 5x7 and 8x10 but the focus of the business will be to sell memory cards containing hundreds of photos taken in the session for a flat rate. With changes in technology and more people wanting to have digital images Titans will capitalize on this new trend.

The targeted market is Modeling, Acting and other Professional industry members within the Vancouver Area which is well known worldwide as Hollywood North. Including health professionals, trainers, and even as far as consulting service providers. For large events Titans will also appeal to Weddings, Engagements, and Corporate Events.

The specific location chosen for Titans Photography Studio is *Unit 104 - 7777 Royal Oak Avenue, Burnaby, BC* it is a strata retail unit. The nature of the photography business is highly artistic and Titans will appeal to its customers through the quality of work, flexibility in terms of accommodating for location specific events, and present as a more modern, glamorous and film industry tailored photography service.

For the business there will be a need for 1 full-time employee in addition to my full-time commitment; This person would have 2 plus years photography experience and will be responsible for photography and related studio work as per business needs.

Both photography services are budgeted at $136,500 for the year at 430 in-studio hours and 360 Location hours. Keeping in mind seasonal increases for summer and spring months for location photography accounting for weddings and other outside photo shoots then reduced winter demand. This numbers are based on a very modest 1-2 hr booking per day for in-studio and 1 hr location photography.

The year's budgeted print sales are 1,800 prints of the 5x7 size for $9,000 in sales and 600 prints of the 8x10 size for $4,200 (*150*-5x7 per month; *50*-8x10 per month). Memory Card sales is based on 80% of total photography services to account for multi-hour bookings and unattained sales. The total projected sales for the year are 632 memory cards (80% of 790 photography hours).

The net sales are projected to be $228,700. The first year's projected before tax Net Income is $67,706 after accounting for Total Expenses of $141,528 and Cost of Goods Sold for $19,466.

In addition to this the report explores sensitivities in demand and their resulting impacts on operations. The latter portion of the report analyzes potential external threats and opportunities and provides specific contingency planning for one of each.

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Introduction

This Business Plan/Master Budget is created for the first year of Operations for a new business venture, *Titans Photography Studio*. It will be a start-up providing photography services and selling both digital and print images.

All the information used is from online research and through analyzing competitors already in the industry with many educated guesses and projections used in calculations and planning of the schedules and budgets. To start this business a loan will be taken out and partially funded personally.

The report will take a holistic view of the business itself, competitors, overall strategy, and breakdown of quantitative analyses, a look at the threats and available opportunities and a sensitivity analysis to depict variable outcomes.

Business Overview

Titans Photography Studio will serve as a professional photo studio specializing with in-studio portraits and photo shoots and out of studio photography services for location specific shoots, special events or occasions. The slogan will be: '*Only a Titan can capture your true essence'*.

Products & Services

Titans will sell photography services charged per hour and sell customers tangible goods: Memory cards holding all digital pictures done within the session, and photo prints in either 5x7 or 8x10 sizes as these are the most common photo sizes purchased and Titans doesn't want to focus heavily on photo printing as part of its business proposition.

Pricing Strategy:

In Studio: Photography Charge: $150/hr ***Location: Photography Charge: $200/hr***	***Memory Card (16gb): $125/each***	***5x7 Print: $ 5/each*** ***8x10 Print: $ 7/each***

Location Photography available only within the Greater Vancouver Area and will be agreed upon by both parties. Also, Location photography would last a maximum of 8 hrs in a day.

Photography service charge will include light editing on images that need it determined by the photographer.

Target Market

The photography market is made up of a wide array of individuals. Titans will mainly focus its efforts towards tailoring to repeat clientele and large scale occasion specific events. This consists of Modeling, Acting and other Professional industry members within the Vancouver Area which is well known worldwide as Hollywood North. Including health professionals, trainers, and even as far as consulting service providers. For large events Titans will appeal to Weddings, Engagements, and Corporate Events.

The competitive pricing and artistic nature of the business will induce demand from both up and coming individuals on a limited budget and established professionals. Emphasis is on 20-35 year olds who have a need for continuously updated professionally done photos and tend to be tech-centered, specifically social media, wanting a variety of digital prints in their possession.

Size and Share of The Market

Since majority of the prospective clientele consisting of actors, models, fitness enthusiasts and related service personnel are widely spread throughout the GVRD as well as the location based wedding, family or corporate events it becomes hard to estimate the market share.

The Vancouver Aggregate area is the closest area to the movie industry, modeling agencies, and personal health trainers and is largely populated with our prospective repeat clientele. It is approximately evenly split between male and female with 88,033 Males between the ages of 20-35 and 90,504 women. The entire Greater Vancouver regional district has roughly 273,820 males and 270,430 women between the ages of 20-35 (BC Statistics, 2011).

The prospective client base here is an assumed 20,000 actors that are directly employed according to the BC Film Commission plus the various part-time actors, professional and amateur models, personal trainers, professional athletes and the like estimated to be around 20,000 in the GVRD. With an assumed conservative 5% acquisition due to close proximity that is about 2,000. In addition, there is a rate of 4.92 marriages per 1,000 population this is about 3,289 marriages per year with the Vancouver Aggregate having a population of 668,690 (Vital Statistics Agency, 2012). Another conservative estimate of 10% is 32 wedding events. Estimating a total of about 2,000 individuals and 32 large scale events and other corporate and other outdoor event possibilities; With an hour session minimum booking there is a very large opportunity and not enough capacity to handle even this portion of the Vancouver Aggregate market let alone demand from clients in the GVRD (See Appendix A: Location Planning).

There are around 10 studios within the Burnaby/New Westminster Area in addition to several amateur photographers with most of the competition having a widespread appeal and serving a large variety of clientele. Also, all photography studios tend to charge in bundled rates whereas Titans will have hourly rates and focus on a demographic more inclined to memory card purchases which would include hundreds of photos at a flat card rate.

Location Analysis and Decision

In such an artistic service field and because it is essential to remain close to the core of such business practices (for example: movie studios, and modeling agencies) it is ideal to pick a location which could be accessible by both commuters and people living and working in the city where the majority of this work is available. Also, since large scale wedding events are common throughout the GVRD it is a good idea to remain central to minimize driving distance The assumption made is that there would be a larger share of the expected customer base in the chosen city. Keeping this in mind it was a choice between Burnaby or New Westminster and the second consideration is competitors nearby.

The specific location chosen for Titans Photography Studio is *Unit 104 - 7777 Royal Oak Avenue, Burnaby, BC* (See Appendix B: Location Lease). This location is one block away from a competitor but it is indirect competition as their targeted market consists of school portraits, sporting events, family portraits etc. Our focus is on a different client base and other photo studios are about 15 minutes away.

This location also has a high exposure due to the closeness to major transits such as a Sky Train station and bus routes. Also, this location is appealing because it is in a brand new building, well priced and embodies a quality upscale persona for the client base Titans is after.

Competitive Bases – Clashing with a Titan

The nature of the photography business is highly artistic and Titans will appeal to its customers through the quality of work, flexibility in terms of accommodating for location specific events, and present as a more modern, glamorous and film industry tailored photography service. It is also fairly accessible being close to Hwy 1, many film studios and a higher young population.

Emphasis is on differentiating from regular competition and becoming a higher perceived value by positioning Titans as a better alternative through maintaining superior standards. Titans will also price differently by not bundling its products and services; the photography industry has changed with almost everyone having a digital camera so our emphasis will be to take great pictures with majority of them being digital and sell memory cards since most end-users want them over prints. We'll also sell prints in the two most common sizes for the small segment of consumers, especially weddings, who want physical print outs and are usually pressed for time.

Activity Breakdown before Titans Start-Up

1) Find a few similarly priced and suitable location options to choose from.
2) Project costs for studio equipment: Cameras, flashes, office equipment, etc.
3) Acquire financing based on projected start-up costs.
4) Lease the chosen office on condition of approval for business license.
5) Obtain a business license/register name and take care of all necessary paperwork.
6) Sign the lease and begin early stages of set-up.
7) Purchase all necessary photo equipment and office furniture/products.
8) Hire an employee; figure out pay structure and hours.
9) Initiate marketing efforts and build industry relationships.
10) Complete studio set-up and begin operating.

Key Personnel

In the initial stages of the business there will be a need for 1 full-time employee in addition to my full-time commitment; the employee will be working a mix of studio and outside location events and will be responsible for photography and related studio work as per business needs.

The person would have 2+ years photography experience with an available portfolio that meets Titans expectations. Also, must have software experience to do light editing/retouching.

He/she would need to be able to build a rapport and lasting relationships with the client base and be outgoing and charismatic with the ability to handle the store front and be dependable.

Business Financing

Titans will require an initial financing to start-up, buy equipment and have the necessary cash flow for operations. A loan of $35,000 will be taken out from Royal Bank of Canada at a fixed rate of 8.5% for a 1 year term requiring monthly payments(See Appendix C: Financing Details).

Master Budget: 1st Year of Operations:

Revenues

Titans will earn revenues through 2 service options: In-studio Photography at $150/hr or Location Photography at $200/hr. There are also options of purchasing 5x7 prints at $5/each or 8x10 prints at $7/each or the option of buying a 16 GB memory card holding all the photos taken in the session for $125/card. (Appendix G: Monthly Income Statement)

Exhibit 1: Total Monthly Sales Projections

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	*Total*
In-Studio (Hr)	30	30	40	40	40	40	40	40	40	30	30	30	*430hr*
Location (Hr)	20	20	30	30	40	50	50	30	30	20	20	20	*360hr*
Print: 5x7	150	150	150	150	150	150	150	150	150	150	150	150	*1,800*
8x10	50	50	50	50	50	50	50	50	50	50	50	50	*600*
Memory Card	40	40	56	56	64	72	72	56	56	40	40	40	*632*

Photography Service

Initial demand may be slow to start and reasonably assumed at 30 hrs in-studio sessions for the 1st month of operations bringing in $4,500; and about 20 hrs of location photography for a total of $4,000.
This calculation done based on *1-2* (1hr) sessions in studio and *1* hour-long location session per day for the 1st month and operating 5 days a week for a total of 20 days for the month.

Anticipating a modest growth of 1 customer/day after a few months of operations for in-studio service rendered, to a total of 2-3 (1hr) sessions per day by the year end, due to increased marketing efforts and word of mouth buzz created from customers, repeat clientele, foot traffic, and by building industry relationships.

Also, seasonal increases for summer and spring months for location photography from average 1hr session per day for the first 2 months, increasing to 2-3 (1hr) bookings per day in summer

months accounting for weddings and other outside photo shoots followed by reduced winter demand.

Both photography services are budgeted at $136,500 for the year based on a projected 430 in-studio hours and 360 Location hours (Appendix F: Yearly Income Statement)

Print Sales

Print sales would be minimal because of decreased demand for prints in lieu of digital pictures but Titans will provide it for the small segment that want this service. Steady because Titans main customer base would be for digital prints. This is thought to be mainly for portraits or family shoots and wedding photos; Titans will sell the 2 most common print sizes. Assuming a steady sales rate on a monthly basis the sales are set: 5x7 sizes at $750 (*150* prints*$5/each), lower sales for a less traditional size of 8x10 at $350 (*50* prints*$7/each).

The year's budgeted print sales are 1,800 prints of the 5x7 size for $9,000 in sales and 600 prints of the 8x10 size for $4,200.

Cost for 5x7 photo paper is $0.25 per photo and purchased in lots of 250 at $60.83; 8x10 photo paper is $0.58 per photo and also purchased in lots of 250 at $143.64 (Amplis Store)

Additional projected cost of ink and variable overhead for the professional grade printer is an assumed $1.15 for the 5x7 and $1.33 for the 8x10 size prints. Calculated based on $400 ink cost for 10 various needed cartridges and assuming equal usage of ink volumes from each cartridge and a standard of 350: 5x7 prints and 300: 8x10 prints (Canon).

These projected ink costs are set up as a standard and may require analysis once incurred.

Contribution Margin: 5x7 print – ($5- 0.25 paper – 1.15 ink costs) = $3.60 per print;
8x10 print – ($7- 0.58 paper – 1.33 ink costs) = $5.09 per print

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Memory Card Sales

Its anticipated that majority of sales would be of the memory cards the number of cards depends on the amount of photos taken but given the quality of pictures needed for high resolution large prints each 16gb card can hold up to 1,500 – 2,000 photos accounting for maximum quality thus only 1 card per customer is assumed. It is a better value for the money.

Assuming that 80% of photo session hours booked sells a memory card instead of prints and using the assumption that 1st months photo sessions is 50 different clients (1.5 hr in studio + 1hr location shoots/day*20 days operating/month) then that's a revenue of $5,000 (50*80%= 40*$125).

Contribution Margin: $125/card - $22.95 cost per card plus tax (Best Buy, 2012) = $100/card
$100 * 40 cards = $4,000 for the 1st month.

Memory Card sales is based on 80% of monthly photography services to account for multi-hour bookings and unattained sales (it is assumed 1hr shoot each) and rounded to the nearest whole number. For every other month budgeted it is assumed that the increase in service sales will have an accompanying effect on the sales of memory cards. The total projected sales for the year are 632 memory cards (80% of 790 photography hours).

Operating Expenses

In addition to the variable costs incurred with prints and memory cards Titans will incur the following expenses (Appendix G: Monthly Income Statement):

Business Licensing Fees

There are initial out of pocket costs before operations start; business licensing fees cost $100 plus an additional non-refundable fee of $50 (City of Burnaby). Also, to approve the business name Titans will need to submit a 'name approval request form' paying a non-refundable $40 fee and $31.50(plus tax) once approved to register the name (BC Business Registry).

Rent

The base rent for the retail strata unit is $25/square feet for the year for 721 square feet of space which comes to $18,025; this breaks down to $1,502.08/month.

Trash services and other building costs such as security are charges in the form of an additional rent of $12/sq. ft. per year at a cost of $8,652 coming to a monthly cost of $721/month.

Total rent charge is $2,223.08/ month (Appendix B: Location Lease).

Strata Fees

For regular maintenance of the strata unit a monthly flat fees comes to $117.63 which totals to $1,411.56 for the year (Appendix B: Location Lease).

Utilities

Heat, Electricity and Water costs and have been calculated by using BC Hydro and City of Burnaby Utility rate sheet. Because it is a highly technology focused business with the need for high use of electricity using an estimated bracket of 5,000kwh a month is a cost of about $366 (BC Hydro) and monthly water and sewer services is roughly $79 (2012 Utilities Brochure). Total is $445/month or $5,340 for the year.

Wages

One full time employee will be hired who will do a mix of photography, photo editing, store front and sales. 40hrs/week at $19.23/hr for the year (52 weeks) is $40,000 and evenly divided for 12 months roughly comes to $3,333.33/month. This wage is set based on the average photographer salary in Canada and after considering related positions pays (Indeed Canada).

Amortization

There will be a need for acquisition of a lot of technical equipment with to start and an ongoing periodic upgrade as technology improves to stay on the cutting edge. Keeping a short useful life on the equipment of 3 years and the total value of purchases being $15,991.10 the monthly amortization expense is $444.20 ($15,991.10/36months) (Appendix D: Equipment Purchases).

Insurance Expense

Basic small business retail insurance will be purchased for $1,250 per year to cover some portions of the property, liability, and equipment (Reliance Insurance Agencies Ltd).

Lease Expense

Titans will lease a 2012 Toyota Camry to be able to provide location photography services. The cost for leasing is $365.58/month for a 60 month term with a lease end value of $10,191 (Toyota, 2012).

Car Insurance Expense

Titans will need a vehicle to be able to go out to do location specific photography. At an assumed $3,000 yearly auto insurance expense this would come to $250/month.

Gas Expense

Gas is a variable expense and will depend on the number of location specific photography services rendered. For the first month it is acquired under the assumption 20-1hr sessions happen at an average travel of 20km at $1.50 liter/km gas rate. This $600 is proportionately increased with increase in location sales and decreases proportionately due to seasonality.

Advertising Expense

Every month 2.5% of previous month's Service Revenues will be used as an advertising budget for various methods promotional campaigns for Titans. The First month will start off with an initial $500 ad budget.

Other Expenses

Basic office supplies necessary for daily operations include very negligible and various expense items including telephone expense is budgeted around $250/month.

HST Registration

At this point there is no HST registration number for the business but Titans will need to register for one once operating income reaches $30,000. There is a 6 month time frame to do this.

Capital Investments

The strata retail unit is brand new so would not be in need of any major renovations but may still need some remodeling. This would include putting up an inexpensive dividing wall to divide the unit into a front end for retail customers/consultation and the back studio for photography. Total budget is set up at $4,000 for this and other aesthetic work and purchases of artistic furnishings. Equipment purchases will total $15,991.10 this includes: 2 cameras, 2 specialized lenses, 2 speed-lights, software, computer, POS system, a studio kit including backdrops and minor office furnishings. This equipment will be kept for a useful life of 3 years to keep in pace with changing technology and updating furnishings (Appendix D: Equipment Purchases).

Inventory Purchases

Since inventories consist of fairly small scale purchases of Memory Cards, Ink, and Photo Papers they will be purchased and paid for in the month of the purchase needed. Inventories level will also be kept tight considering acquiring these inputs is fairly fast and easy. There are also various potential suppliers in case of any unforeseen issues. All purchases are based on budgeted sales and memory cards purchases will be rounded up to the nearest 10 cards as a contingency on hand (Appendix H: Supporting Schedules).

Cash Collections

Memory Card and Photo Print sales are charged when purchased and so budgeted sales per month will see the same amount of cash inflow. Photography service charges are paid 50% one week prior to scheduled date and the remaining balance once service rendered.

Service Deposit calculated based on service hours per month and allocated at the bases equal demand per day so one week deposit is paid in advance of the next month in the end of the current month. For example: In January, 50% of the charge for 7.5 hrs of In-studio and 5 hours of Location photography for the first week of February is collected in the last week of January making this a January cash inflow. The same breakdown is used for the remaining months.

Balance Sheet Analysis

The year ending balance sheet projection includes $86,106 in cash on hand, 38 (16gb) memory cards held in inventory valued at $950 purchased at $25 each, Photo paper in inventory is $50 worth of 5x7 size prints (200 prints x $0.25) and $87 worth of 8x10 prints (150 x $0.58/print). In addition, the equipment purchased for $15,991 less the accumulated yearly amortization of $5,330 brings the value of current assets to $99,843 (Appendix E: Balance Sheet).

The only current liability on hand is $1,063 in retained service deposits for photography services to be rendered the first week of January 2014. Titans will have $67,706 in retained earnings and an income tax payable of $20,312 which is calculated at a 30% tax rate. There is also a lease obligation on the Camry leased for business use equal to $10,763 calculated at $365.58/month for the remaining 48 months at 13% factor rating of 0.613 to arrive at the present value of the obligation. The total liabilities and owner's equity is equal to $99,843 (Garrison, RH).

Sensitivity Analysis

Because the photography business is set in an artistic field there can be varying seasonal demand fluctuations and issues with acquisitions of photography services based on varying preferences or requirements. So, sensitivity analysis and flexible sales budgets have been created to have some sense of the variability that could be expected and their resulting effects on Titans' cash flows and income (Appendix F: Flexible Budget).

High/Low Sales: The sensitivities explored are the Impact of higher/lower sales of photography services and their impact on resulting sales of memory cards. The other impact the amount of location services has is on the cost associated with travel noted as gas expense. Also, Advertising expense is set at 2.5% of service revenues from the previous month which would fluctuate with sales levels.

Low Sales: The low sales sensitivity explored is 30 less studio hours and 160 less location hours which result in 136 less memory card sales this reduced sales number impacts Titans potential operating income severely reducing it by $44,000 from the projected sales. Since the service produces most of the income and the memory card pays $100 after the cost of the card itself it is all realized as income directly derived from the photography service. Having a loss in these areas has the largest impact on the company's operations and success (Appendix L: Low Sales Cash Flow).

Reasons for lower service hours can be from lack of marketing efforts reaching the prospective client base, conflicts with booking larger events due to pre-booked short photo shoots, or inaccurate seasonal demand predictions – because summer hours have been set higher for location photography assuming more wedding business.

High Sales: There is also the potential of the business growing steadily from year round marketing efforts employed or from a larger than expected return clientele/seasonal demand peak (Appendix M: High Sales Cash Flow).

In the higher sales scenario explored the studio hours sold are increased by 70 and 60 more location hours. This increases the number of memory cards sold by 104 – the assumption is that the increased card sales are either due to an increase in the number of customers and/or the multi-hour bookings yield enough photos to have to use more memory cards. Again because of the high contribution of these services and good the operating income results in a large gain of almost $31,000.

Major External Opportunities & Threats

Opportunities

- In a digitally centered world people are moving away from focusing on tangible photo prints and want a collection of digital images. By not bundling services we are showing more transparency and understanding of what the service and end product are worth. There is a huge opportunity on pushing digital sales because there is no need for

additional production costs or time. So, the turnover rate is as fast as an hour after the service is rendered (because of the light editing provided). Also, the memory card is seen as a lot more value for money considering up to 1,500 photos (as many taken during the booking) can be purchased for a flat $125 for the card and possibly printed if wanted at a later date at better priced large scale print service providers instead of picking and choosing what to print at high costs from an individual photography studio.

- Vancouver has a large acting and modeling base by tailoring marketing efforts and business style towards building industry relationships with Modeling Agencies, Talent houses, and Acting studios there is the possibility of acquiring and retaining a large clientele base. Not only can we prevent competition from taking on the prospective clients by building long-term relationships but we can retain these repeat customers through discounted service offers and the promise to engage in joint marketing by using them as a promotional platform for our marketing efforts in the form of useable free models and provide them photography services for certain events.
- The great summer weather and many large outdoor events within the Vancouver area provide an opportunity to capitalize and increase Location photography service hours during the peak summer demand. Being new to the scene Titans could be more flexible and set bookings early on with large scale event organizers so not to be hampered by other obligations. This would be a great exposure for a new business.
- Usually, customers for wedding and events want both Photography and Videography services. There is an opportunity for diversifying product offerings if and when Titans starts to acquire a substantial client base and is in its growth. Titans could start offering Videography services.

Threats

- The current economy is constraining how much disposable income people have. Since this isn't a product of necessity so it is easy to believe many potential customers would rather not pay a high fee for a 'professional' service and opt-out to invest in a moderately good camera and take photos themselves. With the advancements in technology there are very good well priced cameras on the market capable of taking high resolution and great quality photographs.
- There are also many enthusiasts and amateur photographers with high end cameras willing to take photographs for much less having no overhead costs. This may not be Titans direct competition but indirectly can easily erode our market share especially when our focus is on industry members who usually know of these people and have their photos done by them in their initial career stages.
- In recent years, the BC Film Industry has experienced slow growth because Ontario has been offering better tax credits and has become more appealing to film makers. Reduced filming in Vancouver could result in less demand for professional photo shoots from local actors and models looking to make it on the big screen this would directly

impact Titans since that is the market segment which would provide the most potential repeat in business (CBC News).

- Core of the business focus is on various industry members within the GVRD so there is the potential of losing out on a large base of customers by not diversifying and spreading out marketing and business tactics to acquire them.

Contingency Planning: Opportunity for Titans

The opportunity of being able to diversify our service offering by adding Videography services to our list is very real and obtainable. Usually the two services go hand in hand for Weddings, Receptions and even some Firms like having well executed videos to display on websites under corporate events or outings.

To maximize the potential of this opportunity there are a few key things to keep in mind – one being, time constraint and the other demand (both for this and other services offered). If the demand can be handed within the operating time of Titans and by using the existing personnel then only equipment is needed to be purchased otherwise at the very least a part-time employee needs to be hired who has the applicable experience.

Steps to capitalize on potential:

- Quantify the available opportunity to make the decision of hiring of another employee.
    - If able to handle it with available personnel provide necessary training.
    - If not, hire a part-time Videographer with at least 2 years experience.
- Purchase Videography equipment: Video Camera, lighting, tripod, digital video editing software, etc.
- Initially offer the Videography as a bundled service with photography to test demand feasibility and quality of work. If successful set aside as an available service.
- Promote alongside existing business offerings.
- Set Videography service at $250/hr with minimum 2 hr booking time; Include DVD copy of footage.
- Set editing charges and options based on footage time find averages for estimated work required to create a price list.

Contingency Planning: Threat to Titans

The slowed growth in the BC Film industry has the potential of very negatively hurting Titans business; Since, the focus of the business is these industry members and the marketing concept is aligning and catering to these personnel it is important to establish a contingency plan.

If the slow growth rate continues and more Films start moving to Ontario then Titans will need to have a fast tracked marketing campaign change in order to realize a new customer base. Other than a few broad based marketing efforts for the business to begin with there need to be steps to acquire the new customer base.

Steps to mitigate threat:

- Lessen focus on building relationships with industry members like acting studios/scouts.
- Broaden marketing campaign with emphasis on the message that promotes our work, quality and capabilities rather than a glamorous Hollywood image. Preferably have ads that can be edited or altered with a fast turnover.
- Set portrait prices and bundles to attract families; extend service offerings through direct marketing to residential areas, mass public settings like malls, etc.
- Purchase furniture and furnishings for children's photography for the studio back.
- Emphasize promotions towards existing Weddings, Receptions, and Corporate Events through future discounted service offerings.

Luckily, photography services have a wide range of prospective customers so focusing on becoming flexible in terms of offerings and capabilities will help reduce the impact brought on by the reduced repeat client base.

Summary of the Report

Titans Photography Studio will serve as a professional photo studio specializing with in-studio portraits and photo shoots and out of studio photography services for location specific shoots, special events or occasions. The slogan will be: '*Only a Titan can capture your true essence'*.

The photography market is made up of a wide array of individuals. Titans will mainly focus its efforts towards tailoring to repeat clientele and large scale occasion specific events. This consists of Modeling, Acting and other Professional industry members within the Vancouver Area which is well known worldwide as Hollywood North.

The prospective client base here is an assumed 20,000 actors that are directly employed according to the BC Film Commission plus the various part-time actors, professional and amateur models, personal trainers, professional athletes and the like estimated to be around 20,000 in the GVRD. With an assumed conservative 5% acquisition due to close proximity that is about 2,000. In addition, there is a rate of 4.92 marriages per 1,000 population this is about 3,289 marriages per year with the Vancouver Aggregate having a population of 668,690. Another conservative estimate of 10% is 32 wedding events. Estimating a total of about 2,000 individuals and 32 large scale events in addition to corporate and other outdoor event possibilities.

Titans will require an initial financing to start-up, buy equipment and have the necessary cash flow for operations. A loan of $35,000 will be taken out from Royal Bank of Canada at a fixed rate of 8.5% for a 1 year term requiring monthly payments

Titans will earn revenues through 2 service options: In-studio Photography at $150/hr or Location Photography at $200/hr. There are also options of purchasing 5x7 prints at $5/each or 8x10 prints at $7/each or the option of buying a 16 GB memory card holding all the photos taken in the session for $125/card.

Both photography services are budgeted at $136,500 for the year at 430 in-studio hours and 360 Location hours. The year's budgeted print sales are 1,800 prints of the 5x7 size for $9,000 in sales and 600 prints of the 8x10 size for $4,200. For every other month budgeted it is assumed that the increase in service sales will have an accompanying effect on the sales of memory cards. The total projected sales for the year are 632 memory cards (80% of 790 photography hours).

The strata retail unit is brand new so would not be in need of any major renovations but may still need some remodeling. This would include putting up an inexpensive dividing wall to divide the unit into a front end for retail customers/consultation and the back studio for photography. Total budget is set up at $4,000 for this and other aesthetic work and purchases of artistic furnishings. Equipment purchases will total $15,991.

Because the photography business is set in an artistic field there can be varying seasonal demand fluctuations and issues with acquisitions of photography services based on varying preferences or requirements. So, sensitivity analysis and flexible sales budgets have been

created to have some sense of the variability that could be expected and their resulting effects on cash flows and income.

The sensitivities explored are the Impact of higher/lower sales of photography services and their impact on resulting sales of memory cards. The other impact the amount of location services has is on the cost associated with travel noted as gas expense. Also, Advertising expense is set at 2.5% of service revenues from the previous month which would fluctuate with sales levels. Since the service produces most of the income and the memory card pays $100 after the cost of the card itself it is all realized as income directly derived from the photography service. Having a loss in these areas has the largest impact on the company's operations and success.

Major External opportunities are: In a digitally centered world people are moving away from focusing on tangible photo prints and want a collection of digital images. By not bundling services we are showing more transparency and understanding of what the service and end product are worth. There is a huge opportunity on pushing digital sales because there is no need for additional production costs or time. Vancouver has a large acting and modeling base by tailoring marketing efforts and business style towards building industry relationships with Modeling Agencies, Talent houses, and Acting studios there is the possibility of acquiring and retaining a large clientele base. The great summer weather and many large outdoor events within the Vancouver area provide an opportunity to capitalize and increase Location photography service hours during the peak summer demand. Usually customers for wedding and events want both Photography and Videography services. There is an opportunity for diversifying product offerings

Major Threats include: The current economy is constraining how much disposable income people have. With the advancements in technology there are very good well priced cameras on the market capable of taking high resolution and great quality photographs. In recent years, the BC Film Industry has experienced slow growth because Ontario has been offering better tax credits and has become more appealing to film makers. Reduced filming in Vancouver could result in less demand for professional photo shoots. Core of the business focus is on various industry members within the GVRD so there is the potential of losing out on a large base of customers by not diversifying and spreading out marketing and business tactics to acquire them.

To capitalize on the opportunity of demand for Videography product offering there are a few key things to keep in mind – one being, time constraint and the other demand (both for this and other services offered). If the demand can be handed within the operating time of Titans and by using the existing personnel then only equipment is needed to be purchased otherwise at the very least a part-time employee needs to be hired who has the applicable experience.

To mitigate the loss from loss of demand due to slowed growth in the BC Film industry Titans will need to have a fast tracked marketing campaign change in order to realize a new customer base. Preferably have ads that can be edited or altered with a fast turnover and emphasis on the message that promotes Titans work, quality and capabilities.

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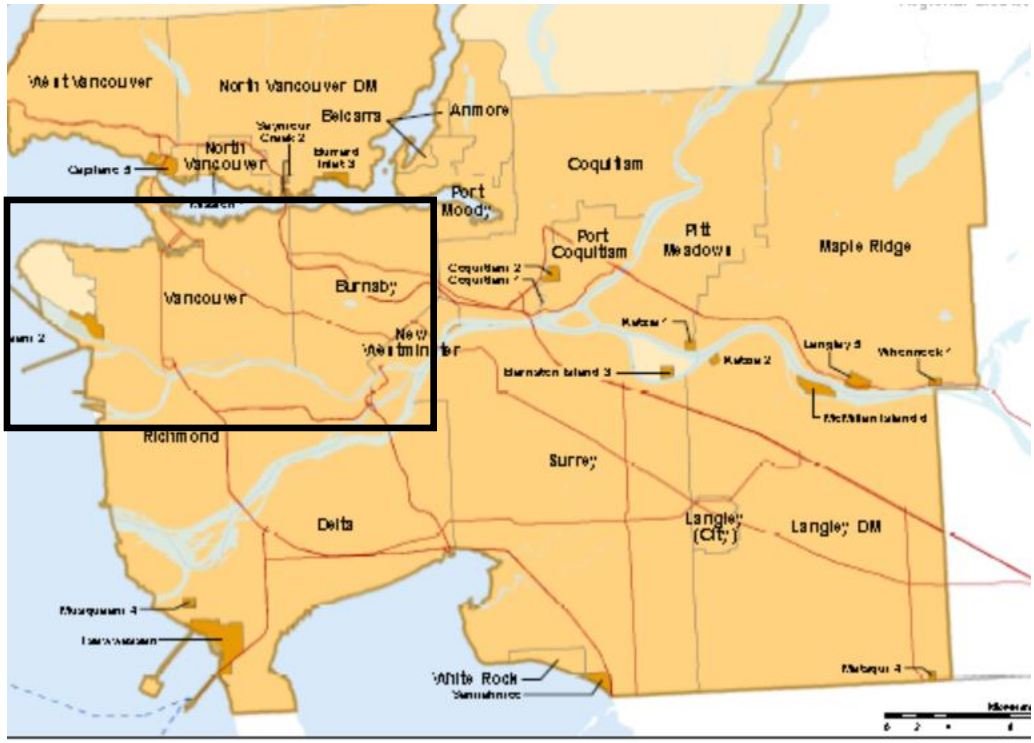
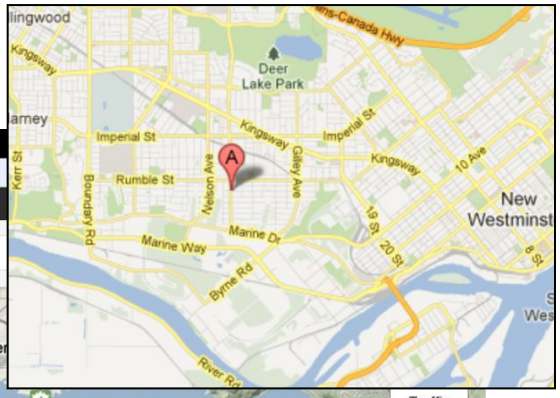
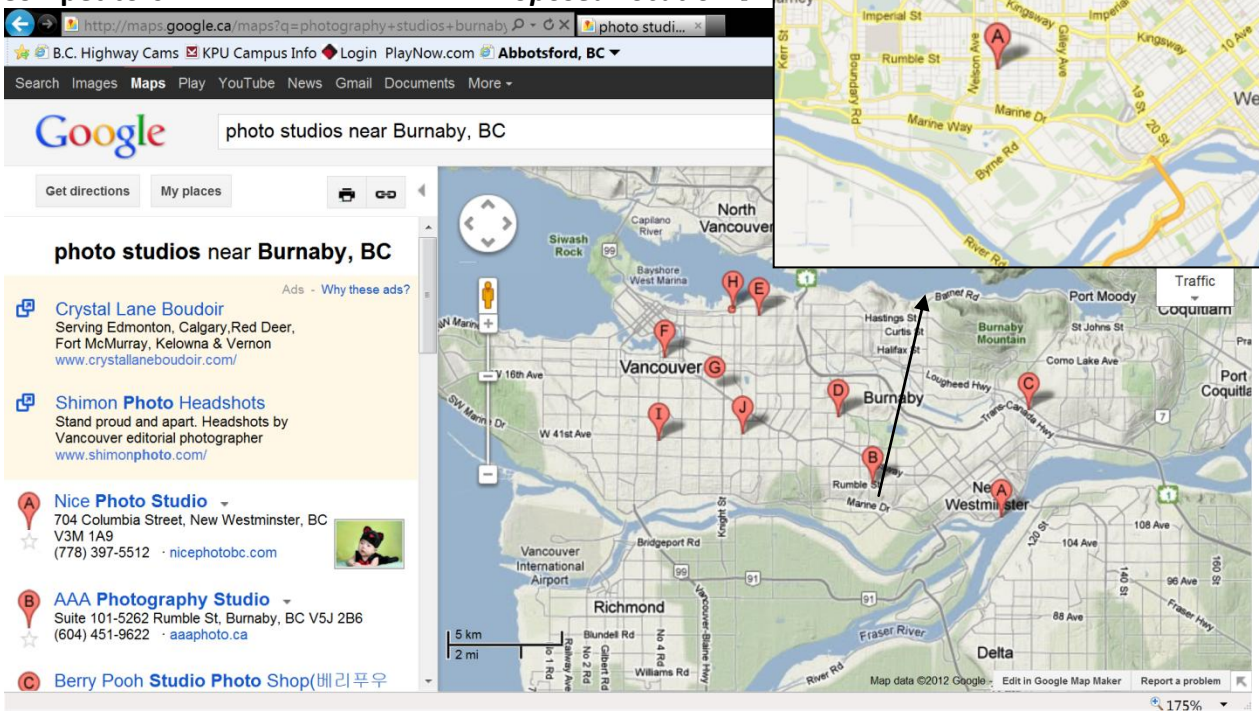
Appendix A: Location Planning



-Dark Bordered Area: Vancouver Aggregate
-All orange shaded area depicts the GVRD

Competitors: ***Proposed Location →***





Appendix B: Location Lease

Building Location: Retail strata unit for sale or for lease. The Sevens on Royal Oak is located in the heart of Burnaby on the corner of Royal Oak Avenue and Clinton Street. This location is within walking distance to all major transits including Sky Train, buses and bicycle routes. This new development includes 9 commercial random parking spots for commercial Tenants and their visitors.

Address: Unit 104 - 7777 Royal Oak Avenue.

Zoning: C9 (Urban Village Commercial District allowing a wide range of commercial and retail uses).
Area of Premises: Unit 104 - approximately 721 square feet (SL 4).

Description: Newly developed shell space.

SALE PRICE: Unit 104 - $329,000.00

Property Taxes: To be determined. Please contact listing agents for more details.

Monthly Strata Fees: Unit 104 - $117.63

Base Rent: $25.00 per square foot per annum.
Additional Rent: $12.00 per square foot per annum (estimated for 2011).

Term: Available Immediately.

For more information please contact Paul Oteman at 604-684-8291 ext. 101 or Holly Kingan at 604-684-8291 ext. 101.

Retrieved from: http://vancouver.en.craigslist.ca/bnc/off/3065470380.html

Appendix C: Financing

Term Loans

Ideal for purchasing, installing or modernizing business equipment and other fixed assets, term loans are cost-effective loans that can support your business growth plans. Flexible payment terms are available and you can choose either a fixed rate loan, allowing you to lock-in at a specific rate, or, you can choose a variable rate that changes with RBC Royal Bank's Prime rate.

How can this help my business?

- Loans to purchase new or used capital assets
- Can be used to refinance an existing debt, business expansion or acquisitions
- Flexible repayments when you need it
- Fixed rate loans:
  - Start at $10,000
  - Stabilize your payment schedule by providing consistent payment amounts
  - Provide peace of mind by maintaining your loan carrying costs when interest rates rise
  - Offers an annual 10% prepayment privilege at no charge

What else do I need to know?

- These are secured loans for a term usually up to 7 years but not exceeding the useful life of the asset being financed
- Fixed rate loans:
  - Payments can be blended to include both principal and interest
- Monthly payments are usually required
- Business Loan Insurance Plan is available (certain restrictions may apply)
- Available in Canadian funds

Source: RBC Canada

Appendix D: Equipment Purchases

Titans Photography Studio	
Capital Expenditure Budget	
Item	*Price*
Equipment:	
Canon: Professional Series Printer	$1,127
(Canon Canada)	
Nikon: Digital SLR Camera: D700	2,812
D7000	1,327
Flash: SB-700 AF Speedlight (2)	900
People and Events Lens (2)	1,305
Imaging Software: Capture NX2	281
(Nikon Canada)	
Vu-Pro Strobe Studio Package #2	517
-Includes: Backdrops, Digital Backdrop Kit, Lights, Diffusers *(Owen's Originals)*	
Desktop Computer	1,575
(Best Buy Canada)	
POS System	3,146
(International Point of Sale)	
Miscellaneous props and Studio Furniture	3,000
Total Equipment Cost	**$15,991**
Leasehold Improvements:	
Aesthetic work and Décor furnishings*	4,000
Total Leasehold Improvement Costs	**$4,000**
Total Capital Expenditures	**$19,991**

Amortization Schedule		
Amortized at 3 years		
Total Amortization:		$15,991.10
Monthly Amortization ($15,991.10/36months):		$444.20
Yearly Amortization ($444.20*12months):		$5,330.37
Month	**Amortization expense**	**Amortization Left**
-	-	$15,991.10
January	$444.20	$15,546.90
February	$444.20	$15,102.71
March	$444.20	$14,658.51
April	$444.20	$14,214.31
May	$444.20	$13,770.11
June	$444.20	$13,325.92
July	$444.20	$12,881.72
August	$444.20	$12,437.52
September	$444.20	$11,993.33
October	$444.20	$11,549.13
November	$444.20	$11,104.93
December	$444.20	$10,660.73
Total:	**$5,330.37**	
Amortization left after 1st year of operations $10,660.73		

*Leasehold Improvement won't be amortized because it doesn't include structural changes/renovations, only aesthetic work including a self standing dividing wall to divide the space between front/back and other décor items.

Appendix E: Balance Sheet

Titans Photography Studio		
Balance Sheet		
Year Ending December 2013		
Assets		
Current Assets:		
Cash	$86,106	
Memory Card Inventory	950	
Photo Paper Invetory:5x7 Print	50	
Photo Paper Invetory:8x10 Print	87	
Ink Inventory	$1,990	
Total Current Assets		$89,183
Equipment:		
Equipment	15,991	
Less Accumulated Depreciation	5,330	
Net Equipment		10,661
Total Assets		**$99,843**
Liabilities and Owner's Equity		
Current Liabilities:		
Prepaid Service Deposit	$1,063	
Lease Obligation: Car	10,763	
Income tax payable	20,312	
Total Current Liabilities		32,137
Owner's Equity:		
Retained Earnings		67,706
Total Liabilities and Owner's Equity		**$99,843**

Appendix F: Yearly Income Statement

Titans Photography Studio			
Budgeted Yearly Income Statement			
Year Ending December 2013			
Sales:			
Photography:			
In-Studio	64,500		
Location	72,000		
Total Service Charges		136,500	
Prints:			
5x7	9,000		
8x10	4,200		
Memory Card(16gb)	79,000		
Total Goods Sales		92,200	
Net Sales:		228,700	
Cost of Goods Sold		19,466	
Gross Profit from Sales		209,234	$209,234
Operating Expenses:			
Rent	26,677		
Strata Fees	1,412		
Utilities Expense	5,340		
Wages Expense	40,000		
Amortization Expense	5,330		
Lease Expense	4,387		
Car Insurance Expense	3,000		
Gas Expense	10,800		
Other Expenses	3,000		
Total Operating Expense:		99,946	
General & Admin Expense:			
Insurance Expense	1,250		
Loan Payment	36,632		
Advertising Expense	3,700		
Total General & Admin Expense		41,582	
Total Expenses		141,528	$141,528
Net Income before Tax			$67,706
Income Tax (30%)			20,312
Net Income			**$47,394**

Appendix G: Monthly Income Statement

Titans Photography Studio													
Budgeted Monthly Income Statements													
Year Ending December 2013													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	*Total*
Sales:													
# of hours: In-studio; Out	*30;20*	*30;20*	*40;30*	*40;30*	*40;40*	*40;50*	*40;50*	*40;30*	*40;30*	*30;20*	*30;20*	*30;20*	*430;360*
Photography:													
In-Studio	4,500	4,500	6,000	6,000	6,000	6,000	6,000	6,000	6,000	4,500	4,500	4,500	*64,500*
Location	4,000	4,000	6,000	6,000	8,000	10,000	10,000	6,000	6,000	4,000	4,000	4,000	*72,000*
Total Service Charges	$8,500	$8,500	$12,000	$12,000	$14,000	$16,000	$16,000	$12,000	$12,000	$8,500	$8,500	$8,500	*$136,500*
Prints:*													
5x7	750	750	750	750	750	750	750	750	750	750	750	750	*9,000*
8x10	350	350	350	350	350	350	350	350	350	350	350	350	*4,200*
Memory Card(16gb)**	5,000	5,000	7,000	7,000	8,000	9,000	9,000	7,000	7,000	5,000	5,000	5,000	*79,000*
Total Goods Sales	$6,100	$6,100	$8,100	$8,100	$9,100	$10,100	$10,100	$8,100	$8,100	$6,100	$6,100	$6,100	*$92,200*
Total Revenue:	$14,600	$14,600	$20,100	$20,100	$23,100	$26,100	$26,100	$20,100	$20,100	$14,600	$14,600	$14,600	*$228,700*
Less COGS:													
5x7	210	210	210	210	210	210	210	210	210	210	210	210	*2,520*
8x10	96	96	96	96	96	96	96	96	96	96	96	96	*1,146*
Memory Card	1,000	1,000	1,400	1,400	1,600	1,800	1,800	1,400	1,400	1,000	1,000	1,000	*15,800*
Total COGS	$1,306	$1,306	$1,706	$1,706	$1,906	$2,106	$2,106	$1,706	$1,706	$1,306	$1,306	$1,306	*$19,466*
Gross Profit	$13,295	$13,295	$18,395	$18,395	$21,195	$23,995	$23,995	$18,395	$18,395	$13,295	$13,295	$13,295	*$209,234*

Expenses:													
Rent	2,223	2,223	2,223	2,223	2,223	2,223	2,223	2,223	2,223	2,223	2,223	2,223	*26,677*
Strata Fees	118	118	118	118	118	118	118	118	118	118	118	118	*1,412*
Utilities Expense	445	445	445	445	445	445	445	445	445	445	445	445	*5,340*
Wages Expense	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	*40,000*
Amortization Expense	444	444	444	444	444	444	444	444	444	444	444	444	*5,330*
Insurance Expense	104	104	104	104	104	104	104	104	104	104	104	104	*1,250*
Lease Expense	366	366	366	366	366	366	366	366	366	366	366	366	*4,387*
Car Insurance Expense	250	250	250	250	250	250	250	250	250	250	250	250	*3,000*
Gas Expense***	600	600	900	900	1,200	1,500	1,500	900	900	600	600	600	*10,800*
Advertising Expense	500	213	213	300	300	350	400	400	300	300	213	213	*3,700*
Other Expenses	250	250	250	250	250	250	250	250	250	250	250	250	*3,000*
Total Expenses	$8,633	$8,345	$8,645	$8,733	$9,033	$9,383	$9,433	$8,833	$8,733	$8,433	$8,345	$8,345	*$104,896*
Operating Income	$4,662	$4,949	$9,749	$9,662	$12,162	$14,612	$14,562	$9,562	$9,662	$4,862	$4,949	$4,949	*$104,338*
Less: Loan Payment	3,053	3,053	3,053	3,053	3,053	3,053	3,053	3,053	3,053	3,053	3,053	3,053	*36,632*
Net Income	$1,609	$1,896	$6,696	$6,609	$9,109	$11,559	$11,509	$6,509	$6,609	$1,809	$1,896	$1,896	*$67,706*
*Prints sales are based on an average monthly sales with no variability.													
**Memory Card Sales are 80% of total service hours - each 1 hour service is assumed to be to 1 customer													
***Gas Expense is calculated by $1.50 liter/km multiplied by an average of 20km by # monthly bookings (assumed at 1hr each)													

Appendix H: Supporting Schedules

Schedule of Expected Cash Collections

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Cash Sales	6,100	6,100	8,100	8,100	9,100	10,100	10,100	8,100	8,100	6,100	6,100	6,100	92,200
Service Deposit	1,063	1,500	1,500	1,750	2,000	2,000	1,500	1,500	1,063	1,063	1,063	1,063	17,063
Service Rendered	8,500	7,438	10,500	10,500	12,250	14,000	14,000	10,500	10,500	7,438	7,438	7,438	120,500
Total	15,663	15,038	20,100	20,350	23,350	26,100	25,600	20,100	19,663	14,600	14,600	14,600	229,763

-Photography service charges are paid half 1 week prior to scheduled date and balance once service rendered. Memory Card and print sales are charged when purchased.
-Service Deposit calculated based on service hours per month and allocated as equal demand per day so one week deposit is paid in advance of the next month in the end of the current month. So in January: *50%* of 7.5 hrs of In-studio and 5 hours of Location photography for the 1st week of February is collected in the last week of January.
-For December's Service Deposit the amount entered is an anticipated demand from first week of January 2014 assumed to be equal to December sales

Schedule of Photo Paper Purchases

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
5x7 Photo Size	60.83	60.83	0	60.83	0	60.83	60.83	0	60.83	0	60.83	60.83	486.64
8x10 Photo Size	143.64		0	0	0	143.64	0	0	0	0	143.64	0	430.92
Total	204.47	60.83	0	60.83	0	204.47	60.83	0	60.83	0	204.47	60.83	917.56

-Print lot sizes of 250 photos; purchases are made to keep inventory minimized as shipping is only 2-3 days.

Schedule of Ink Purchases

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Ink (10 cartridge pack)	400	400	400	400	400	400	400	400	400	400	400	400	4,800

-Ink is estimated to run out after 300 prints and demanded is 200 per month; so cartridges are budgeted to be purchased monthly

Schedule of Memory Card Purchases

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Memory Card Budgeted	40	40	56	56	64	72	72	56	56	40	40	40	632
Number to purchase:	40	40	60	60	70	80	80	60	60	40	40	40	670
Cost:	$25	$25	$25	$25	$25	$25	$25	$25	$25	$25	$25	$25	$25
Purchases:	$1,000	$1,000	$1,500	$1,500	$1,750	$2,000	$2,000	$1,500	$1,500	$1,000	$1,000	$1,000	$16,750

-Purchases are based on budgeted sales rounded up to the nearest 10 as a contingency.

Appendix I: Cash Budget

Titans Photography Studio													
Monthly Cash Budget													
Year Ending December 2013													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Cash Balance, Beginning	$35,000	17,825	20,448	27,394	34,442	44,000	55,504	66,602	73,361	79,721	81,879	83,921	$35,000
Add Receipts:													
Collection from Customers	15,663	15,038	20,100	20,350	23,350	26,100	25,600	20,100	19,663	14,600	14,600	14,600	$229,763
Total Cash Available	50,663	32,863	40,548	47,744	57,792	70,100	81,104	86,702	93,023	94,321	96,479	98,521	$264,763
Less Disbursements:													
Photo Paper Purchases	204	61	-	61	-	204	61	-	61	-	204	61	918
Ink Purchases	400	400	400	400	400	400	400	400	400	400	400	400	4,800
Memory Card Purchase	1,000	1,000	1,500	1,500	1,750	2,000	2,000	1,500	1,500	1,000	1,000	1,000	$16,750
Rent	2,223	2,223	2,223	2,223	2,223	2,223	2,223	2,223	2,223	2,223	2,223	2,223	$26,677
Strata Fees	118	118	118	118	118	118	118	118	118	118	118	118	$1,412
Utilities Expense	445	445	445	445	445	445	445	445	445	445	445	445	$5,340
Wages Expense	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	$40,000
Insurance Expense	104	104	104	104	104	104	104	104	104	104	104	104	$1,250
Lease Expense	366	366	366	366	366	366	366	366	366	366	366	366	$4,387
Car Insurance Expense	250	250	250	250	250	250	250	250	250	250	250	250	$3,000
Gas Expense	600	600	900	900	1,200	1,500	1,500	900	900	600	600	600	$10,800
Advertising Expense	500	213	213	300	300	350	400	400	300	300	213	213	$3,700
Other Expenses	250	250	250	250	250	250	250	250	250	250	250	250	$3,000
Equipment Purchases	15,991	-	-	-	-	-	-	-	-	-	-	-	$15,991
Leasehold Improvements	4,000	-	-	-	-	-	-	-	-	-	-	-	$4,000
Total Disbursements	29,784	9,362	10,101	10,250	10,739	11,543	11,450	10,289	10,250	9,389	9,506	9,362	$142,024
Excess (deficiency) of cash available after disbursements	20,878	23,501	30,447	37,495	47,053	58,557	69,655	76,413	82,774	84,932	86,974	89,159	$122,738
Financing:													
Borrowed at beginning	35,000	-	-	-	-	-	-	-	-	-	-	-	$35,000
Interest Expense	136	136	136	136	136	136	136	136	136	136	136	136	$1,632
Repayment	3,053	3,053	3,053	3,053	3,053	3,053	3,053	3,053	3,053	3,053	3,053	3,053	$36,632
Cash Balance, Ending	17,825	20,448	27,394	34,442	44,000	55,504	66,602	73,361	79,721	81,879	83,921	86,106	86,106

Appendix J: Flexible Budget (Sensitivity Analysis)

Titans Photography Studio										
Flexible Sales Budget										
Year Ending December 2013										
Sales:	***Budgeted Amount per Unit***	***Low Sales*:** 400hrs In-studio; 200hrs Location; 496 Memory Card			***Projected Sales:*** 430hrs In-Studio; 360 hrs Location; 632 Memory Cards			***High Sales:*** 500hrs In-Studio; 420 hrs Location; 736 Memory Cards		
Photography:										
In-Studio	$150/hr	60,000			64,500			75,000		
Location	$200/hr	40,000			72,000			84,000		
Total Service Charges			100,000			136,500			$159,000	
Prints:										
5x7	$5/print	9,000			9,000			9,000		
8x10	$7/print	4,200			4,200			4,200		
Memory Card(16gb)*	$125/card	62,000			79,000			92,000		
Total Goods Sales			75,200			92,200			105,200	
Net Sales:			175,200	$175,200		228,700	$228,700		264,200	$264,200
Less Variable Expenses:										
Cost of Goods Sold:										
Prints: 5x7	$1.40/print	2,520			2,520			2,520		
8x10	$1.91/print	1,146			1,146			1,146		
Memory Card(16gb)	$25/card	12,400			15,800			18,400		
COGS			16,066			19,466			22,066	
Gas Expense**	$1.50/km	6,000			10,800			12,600		
Advertising Expense***	2.5% of Service Sales	2,500	8,500		*3,700*	14,500		*3,975*	16,575	
Total Variable Expenses			24,566	24,566		33,966	33,966		38,641	38,641
Contribution Margin				$150,634			$194,734			$225,559
Less Fixed Expenses				$127,028			$127,028			$127,028
Operating Income				**$23,606**			**$67,706**			**$98,531**

Appendix K: Income Statement (Sensitivity Analysis)

Titans Photography Studio Budgeted Sales Sensitivity Analysis Comparative Income Statement Year Ending December 2013									
Sales:	***Low Sales*:** 400hrs In-studio; 200hrs Location; 496 Memory Card			***Projected Sales:*** 430hrs In-Studio; 360 hrs Location; 632 Memory Cards			***High Sales:*** 500hrs In-Studio; 420 hrs Location; 736 Memory Cards		
Photography:									
In-Studio	60,000			64,500			75,000		
Location	40,000			72,000			84,000		
Total Service Charges		100,000			136,500			$159,000	
Prints:									
5x7	9,000			9,000			9,000		
8x10	4,200			4,200			4,200		
Memory Card(16gb)*	62,000			79,000			92,000		
Total Goods Sales		75,200			92,200			105,200	
Net Sales:		175,200			228,700			264,200	
Cost of Goods Sold:									
Prints: 5x7	2,520			2,520			2,520		
8x10	1,146			1,146			1,146		
Memory Card(16gb)	12,400			15,800			18,400		
COGS		16,066			19,466			22,066	
Gross Profit from Sales		159,134	$159,134		209,234	$209,234		242,134	$242,134
Operating Expenses:									
Rent	26,677			26,677			26,677		
Strata Fees	1,412			1,412			1,412		
Utilities Expense	5,340			5,340			5,340		
Wages Expense	40,000			40,000			40,000		

Amortization Expense	5,330			5,330			5,330		
Lease Expense	4,387			4,387			4,387		
Car Insurance Expense	3,000			3,000			3,000		
Gas Expense**	6,000			10,800			12,600		
Other Expenses	3,000			3,000			3,000		
Total Operating Expense:		95,146			99,946			101,746	
General & Admin Expense:									
Insurance Expense	1,250			1,250			1,250		
Loan Payment	36,632			36,632			36,632		
Advertising Expense***	2,500			*3,700*			*3,975*		
Total General & Admin Expense		40,382			41,582			41,857	
Total Expenses		135,528	$135,528		141,528	$141,528		143,603	$143,603
Net Income before Tax			23,606			67,706			98,531
Income Tax Expense(30%)			7,082			20,312			29,559
Net Income			**$16,524**			**$47,394**			**$68,972**
	Average Studio Hours/Month:		*33*	*Average Studio Hours/Month:*		*36*	*Average Studio Hours/Month:*		*42*
	Location Hours/Month:		*17*	*Location Hours/Month:*		*30*	*Location Hours/Month:*		*35*

Print sales are assumed at a reasonable amount of 50-8x7 prints/month; 150-5x7 prints/month

*Memory Cards Sold are budgeted at 80% of service hr sales to account for multi-hour bookings and un-attained sales.

**Gas Expense is based on [Location Hours x 20km average distance x $1.50liter/km gas cost]

***Ad Expense is a budgeted 2.5% of service sales dollars.

Appendix L: Lows Sales Cash Flow (Sensitivity Analysis)

Titans Photography Studio													
Sensitivity Monthly Cash Budget ***(Low Sales)***													
Year Ending December 2013													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Cash Balance, Beginning	$35,000	15,888	16,813	17,799	18,723	19,709	20,490	21,414	22,400	23,325	24,310	25,091	$35,000
Add Receipts:													
Collection from Customers	15,017	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	$175,617
Total Cash Available	50,017	30,488	31,413	32,399	33,323	34,309	35,090	36,014	37,000	37,925	38,910	39,691	$210,617
Less Disbursements:													
Variable Disbursements:													
Photo Paper Purchases	204	61	-	61	-	204	61	-	61	-	204	61	$918
Ink Purchases	400	400	400	400	400	400	400	400	400	400	400	400	$4,800
Memory Card Purchase	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
Gas Expense	500	500	500	500	500	500	500	500	500	500	500	500	$6,000
Advertising Expense	500	182	182	182	182	182	182	182	182	182	182	182	$2,500
Equipment Purchases	15,991	-	-	-	-	-	-	-	-	-	-	-	$15,991
Leasehold Improvements	4,000	-	-	-	-	-	-	-	-	-	-	-	$4,000
Fixed Disbursements*	8,480	8,480	8,480	8,480	8,480	8,480	8,480	8,480	8,480	8,480	8,480	8,480	$93,280
Total Disbursements	31,076	10,623	10,562	10,623	10,562	10,766	10,623	10,562	10,623	10,562	10,766	10,623	$116,893
Excess (deficiency) of cash available after disbursements	18,941	19,866	20,851	21,776	22,761	23,542	24,467	25,453	26,377	27,363	28,144	29,068	$93,724
Financing:													
Borrowing	35,000	-	-	-	-	-	-	-	-	-	-	-	$35,000
Interest Expense	136	136	136	136	136	136	136	136	136	136	136	136	$1,632
Repayment	3,053	3,053	3,053	3,053	3,053	3,053	3,053	3,053	3,053	3,053	3,053	3,053	$36,632
Cash Balance, Ending	15,888	16,813	17,799	18,723	19,709	20,490	21,414	22,400	23,325	24,310	25,091	26,016	26,016
*Fixed Disbursements: Amalgamated costs for Wages, Rent, Strata Fees, Utilities, Lease, Insurance, Advertising, Other Expense (Compressed for the purposes of the sensitivity analysis)													

Appendix M: High Sales Cash Flow (Sensitivity Analysis)

Titans Photography Studio													
Sensitivity Monthly Cash Budget ***(High Sales)***													
Year Ending December 2013													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Cash Balance, Beginning	$35,000	22,801	29,658	36,576	43,433	50,352	57,065	63,922	70,840	77,698	84,616	91,329	$35,000
Add Receipts:													
Collection from Customers	22,679	22,017	22,017	22,017	22,017	22,017	22,017	22,017	22,017	22,017	22,017	22,017	$264,863
Total Cash Available	57,679	44,818	51,675	58,593	65,450	72,368	79,082	85,939	92,857	99,714	106,632	113,346	$299,863
Less Disbursements:													
Variable Disbursements:													
Photo Paper Purchases	204	61	-	61	-	204	61	-	61	-	204	61	$918
Ink Purchases	400	400	400	400	400	400	400	400	400	400	400	400	$4,800
Memory Card Purchase	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	$21,000
Gas Expense	500	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	$12,600
Advertising Expense	500	316	316	316	316	316	316	316	316	316	316	316	$3,975
Equipment Purchases	15,991	-	-	-	-	-	-	-	-	-	-	-	$15,991
Leasehold Improvements	4,000	-	-	-	-	-	-	-	-	-	-	-	$4,000
Fixed Disbursements*	8,480	8,480	8,480	8,480	8,480	8,480	8,480	8,480	8,480	8,480	8,480	8,480	$93,280
Total Disbursements	31,826	12,107	12,046	12,107	12,046	12,250	12,107	12,046	12,107	12,046	12,250	12,107	$133,218
Excess (deficiency) of cash available after disbursements	25,854	32,711	39,629	46,486	53,404	60,118	66,975	73,893	80,750	87,668	94,382	101,239	$166,644
Financing:													
Borrowing	35,000	-	-	-	-	-	-	-	-	-	-	-	$35,000
Interest Expense	136	136	136	136	136	136	136	136	136	136	136	136	$1,632
Repayment	3,053	3,053	3,053	3,053	3,053	3,053	3,053	3,053	3,053	3,053	3,053	3,053	$36,632
Cash Balance, Ending	22,801	29,658	36,576	43,433	50,352	57,065	63,922	70,840	77,698	84,616	91,329	98,187	98,187
*Fixed Disbursements: Amalgamated costs for Wages, Rent, Strata Fees, Utilities, Lease, Insurance, Advertising, Other Expense (Compressed for the purposes of the sensitivity analysis)													