



Christine & Denis Gagnon  
Christine & Denis Landscapes Limited  
123 rue Jacques  
Sherbrooke, PQ J9N 4K4

(418) 555-1212

Guy Fournier  
Royal Bank  
125 Main Street  
Sherbrooke, Quebec  
J5B 2F8

Dear Mr. Fournier:

Christine & Denis Landscapes Ltd. has been in the lawn care business in Sherbrooke for the last four years. We are currently expanding our seasonal landscape business into a year-round operation with the inclusion of a snow removal service. Our strategy is to package services for our residential and corporate clients. Our goal is to offset the fixed costs our landscaping business incurs in the winter months thereby increasing the overall profitability of our company.

As veteran small business owners, we are confident with the fundamentals of running a company. We have honed our sales and marketing skills and assembled a board of advisors to round out our skills. We have established commitments from 60 existing clients as well as a local senior citizen's home, shopping mall and local community college.

We are seeking a term loan of \$125,000 to finance the purchase of snow removal equipment. Financial statements of our existing business, which are available upon request, will illustrate how we achieved net profits in each of the past three years. We have included two sets of proforma financial statements: one for the entire company and one for the snow removal business. We are confident that our snow removal services will be popular among our existing landscaping clients and we are therefore willing to personally guarantee the loan.

Sincerely,

Christine Gagnon  
Co-Owner  
Christine & Denis Landscapes Ltd.

Denis Gagnon  
Co-Owner  
Christine & Denis Landscapes Ltd.



## Business Plan

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## Executive Summary

Christine & Denis Landscapes Limited has been in the lawn care business in Sherbrooke for the last four years. However, since the nature of the landscaping business is seasonal, we are interested in expanding our company into snow removal and making it a year-round operation. Our goal is to offset the fixed costs our landscaping business incurs in the winter months thereby increasing the overall profitability of our company. With the addition of a snow removal service, we project that our sales will increase by \$200,000 for a combined total of \$545,000. In order to achieve this goal, we are seeking a term loan of \$125,000 to purchase the necessary snow removal equipment.

We will offer our services to our existing residential and commercial client base. We have already secured commitments from 60 existing clients as well as a local senior citizens' home, a shopping mall and a local community college. In addition, the snow removal business in Sherbrooke, Quebec is on the verge of substantial growth. The City of Sherbrooke has voted to contract out all snow removal services which translates into an additional \$1.5 million in potential new business. This brings the total market for private snow removal services in Sherbrooke to \$4 million. In light of this information, we hope to reach \$500,000 in revenue from our snow removal business within three years.

Our strategy is to sell our services to both the residential and commercial sectors with two unique offers. We will guarantee service within 12 hours of a snowfall. We will implement a flat monthly rate for snow removal based on the size of the property. Since an overly severe winter would negatively impact business sales and an overly mild winter would hamper residential sales, our policy is to keep an even split between residential and business customers, thereby minimizing undue risk.

Our computerized database of landscaping clients will serve as a base from which to market our snow removal services. It will allow us to track services rendered for customers and to send out direct mail offers to them to solicit further business. In addition, as part of our launch, we will produce and deliver 10,000 hand bills door-to-door, advertise in the community newspaper on a weekly basis from November to March and post notices on bulletin boards in community centres, sports complexes, community colleges and shopping centres. All services will be provided by ourselves — Christine and Denis Gagnon — three driver/maintenance people to be hired once financing is secured and three occasional assistants on an as needed basis. As veteran small business owners, we have a good grasp of the fundamentals of running a

company and have honed our sales and marketing skills. In addition, we have assembled a board of advisors to help round out our skills. The advisors are: Jean-Marie Horvath, founder of J-M Accounting Inc.; Martine Gallant, president of Elan Communications Limited and corporate lawyer, Claude Jutra, a partner at Jutra et Leroux .

We are confident that our business idea is a sound one and would be of use to our existing client base. Complete financial statements of our existing business are available upon request. These financial statements illustrate profitability over the past three years while paying ourselves a salary of \$75,000 each.

## The Team

### Management Team Profiles & Ownership Structure

Christine & Denis Landscapes Limited was formed in Sherbrooke, Quebec by Christine and Denis Gagnon. We own 100% of the company's shares.

<b>Title</b>	<b>Name</b>	<b>Job Description</b>	<b>Qualifications</b>
<b>Co-Owner</b>	Christine Gagnon	<ul style="list-style-type: none"><li>❖ Responsible for the overall running of the company, including the supervision of labour</li><li>❖ Responsible for building sales for the company and securing additional contracts from municipal government</li></ul>	<ul style="list-style-type: none"><li>❖ Degree in landscape architecture from Sherbrooke Polytechnic Institute</li><li>❖ 4 years experience in sales and operations in lawn care business</li><li>❖ Excellent management and negotiation skills</li></ul>
<b>Co-Owner</b>	Denis Gagnon	<ul style="list-style-type: none"><li>❖ Responsible for all bookkeeping and marketing tasks for the company</li><li>❖ Responsible for all customer service enquiries</li></ul>	<ul style="list-style-type: none"><li>❖ Graduate of 2 year business program at Trois Rivières College</li><li>❖ 3 years accounting experience for local trucking business</li></ul>
<b>3 Seasonal Drivers and 3 Occasional Assistants</b>	TBA	<ul style="list-style-type: none"><li>❖ Drive snow removal vehicles</li></ul>	<ul style="list-style-type: none"><li>❖ Minimum of 1 year experience in snow removal</li><li>❖ Valid drivers license with a clean driving record</li></ul>

### **Compensation**

<b>Position</b>	<b>Salary</b>
<b>Co-Owners</b>	\$75,000 each/annum
<b>3 Seasonal Drivers</b>	\$30,000 each/annum
<b>3 Occasional Assistants</b>	\$15/hour

We have decided not to increase our salaries with the addition of the snow removal business. This will keep money in the business to ensure our success in the early years.

## **Advisors**

We have assembled a board of advisors who volunteer their time and experience. They include:

❖ **Jean-Marie Horvath. J-M Accounting Inc., CPA.**

Jean-Marie Horvath is a chartered accountant and founder of J-M Accounting Inc. He is a fervent supporter of small business and is a council member of the Sherbrooke Chamber of Commerce.

❖ **Martine Gallant. President, Elan Communications Limited**

Martine is president of Elan Communications Limited, a marketing communications company that focuses on database marketing. Martine is also a contributor to the Sherbrooke Soleil, a daily Sherbrooke newspaper.

❖ **Claude Jutra. Partner, Jutra et Leroux .**

Claude Jutra is a corporate lawyer and one of the founding partners in the Montreal law firm, Jutra et Leroux. Mr. Jutra also lectures on legal issues for small business and is a regular contributor to Law and Business Magazine.

## **Professional Services**

We have established good working relationships with a number of professionals as a result of operating our landscaping business. We will continue to work with Scott Riley, a corporate lawyer with Reisse & Carr and Maureen Bradley, an accountant with Bradley & Associates.

## **Human Resources Requirements**

The three seasonal positions for driver / maintenance worker will be made available to persons with a valid driver's license and a clean driving record. One year of snow removal experience is required. Landscaping skills will be considered a great asset since, even though we currently have seasonal landscape employees, these positions have the potential to become year round. The driver / maintenance worker will be paid based on an annual salary of \$30,000. The occasional assistants, who will be under the seasonal driver's supervision, will be used on an as needed basis and will be paid an hourly wage of \$15.00.

Furthermore, we plan to send our drivers to a one-day winter driving seminar, which instructs attendees on methods of avoiding winter accidents. All of our equipment will be insured in case of accident and/or damage.

## **The Business Environment**

### **Business Summary & History**

Christine & Denis Landscapes Limited has been in the lawn care business in Sherbrooke for four years and has a history of profitability. However, since the nature of the landscaping business is seasonal, we are interested in expanding our company into snow removal and making it a year-round operation. We will offer our services to our existing residential and commercial clients.

### **Industry Overview**

As a northern country, Canada has always had a need for snow removal services during the winter. With the average person working longer hours and juggling more leisure activities than ever before, the need for professional snow removal services have increased in the residential sector. Similarly, as the number of small businesses with limited staffs continue to increase, more professional snow removal services are being used by these businesses as an alternative to bringing maintenance people in house. And, with new policies being implemented to fine people and businesses who fail to clear their property of snow hazards in the wintertime, market research indicates that snow removal services will enjoy a growth rate of approximately 4 per cent per year for the next five years.

On a local level, the city of Sherbrooke has recently voted to contract out \$1.5 million in snow removal services.

### **Sectors within industry**

- ❖ Residential sector: private residences in the Sherbrooke area; primarily those mid-to-high income dwellings inhabited by busy professionals who don't have time to shovel.
- ❖ Business sector: primarily comprised of strip mall tenants and those operating from store front locations in the greater Sherbrooke area. In addition, large institutions such as schools, hospitals and seniors' homes who, due to cutbacks, have decreased the number of maintenance workers employed, but still need to maintain a high level of winter safety.

## **Seasonal factors**

Snow removal is extremely sensitive to seasonal factors. A winter with a particularly heavy snowfall would result in an increase in demand for snow removal services; conversely, a mild winter would be potentially devastating to a snow removal company depending on the way its contracts are structured. However, Sherbrooke weather patterns for the last ten years have been extremely stable and the average snowfall from year to year doesn't vary more than 15 per cent.

## **Consumer trends**

With the risk of a substantial fine from the municipal government for failure to remove snow within 12 hours of a snowfall, residential use of snow removal services has increased by 16 per cent over the last five years. Similarly, with lawsuits stemming from property negligence on the rise, local businesses are 54 per cent more likely to contract out snow removal services than ten years ago.

## **Position in the Industry**

Having been in the lawn care business for four years, we have established a strong reputation for ourselves in the Sherbrooke community with both business and residential customers. We are known for offering friendly and competitively priced service and enjoy a high rate of referral business. Of our more than 300 customers, the vast majority have expressed a commitment to using our snow removal services once they are fully functional.

## **Competition**

There are currently a total of eight snow removal services in the Sherbrooke area. The two largest services ***Au revoir Neige*** and ***Gilles Délétang et fils Ltée*** currently control 80 per cent of the local market. These companies are well established and have both been in business for more than ten years. The remaining 20 per cent is currently split between six smaller contractors.

Although other contractors may try to cash in on the city's decision to contract out snow removal, Christine & Denis Landscapes Limited is in a particularly favourable position. We have built up relationships with clients in both the residential and business sectors as well as the municipal government over the last four

years; therefore, we are in an excellent position not only to win contracts from the government, but also from private sectors and residential customers.

### **Use of technology**

We plan to make use of our computerized database, compiled during our four years in the landscape business, to market our snow removal services to existing clients. This will be an advantage over a number of our competitors who do not use a database, since it will allow us to track services rendered for customers and to send out direct mail offers to them to solicit further business.

## **Marketing Plan**

### **The Target Market**

The total market for snow removal services is \$4,000,000 which is comprised of the following markets:

- ❖ Residential: comprised primarily of mid-to-upper income professional families in detached dwellings who are simply too busy to clear their own snow. The market is worth approximately \$1.5 million.
- ❖ Commercial: This market can be further broken down into three categories:
  1. Small Business — consists largely of strip mall and store front locations in the downtown core. This sector is worth approximately \$500,000 in the Sherbrooke market.
  2. Institutions — consists of schools, hospitals and other large public organizations, who have large budgets for maintenance and generally pay invoices within their 30 day terms. In total, the Sherbrooke market is worth approximately \$500,000.
  3. Municipal government contracts — In addition to the above-mentioned markets, a percentage of our business will be comprised of contracts from the city, who has decided to outsource all snow removal in the Sherbrooke area. The contracts are estimated to be worth about \$1.5 million

### **Services**

We will market ourselves as the year-round maintenance people who show individualized attention to our clients. Our larger competition is unable to offer this personalized service and — since they deal primarily with businesses and government contracts — they are more expensive. We will offer our clients reasonable prices and superior customer service. Through our handbills and direct marketing letters (see marketing section), we will position our services as an inexpensive and hassle-free way to maintain property. By using our services, residential customers will avoid paying fines for not clearing their property and businesses can rest assured that lawsuits due to negligence will be minimized.

### **Pricing Strategy**

**Commercial Customers** - based on a monthly flat rate of:

- ❖ \$125 for a small property
- ❖ \$220 medium property
- ❖ \$350 for a large property

### **Residential Customers:**

- ❖ We estimate an average seasonal price range of \$200 - \$300 depending upon the size of the property.

### **Credit terms**

- ❖ Residential: 30 day payment terms, cash or cheque only
- ❖ Commercial customers: net 30 days on approved credit

We have made provisions for extended payment terms in our cash flow. We expect collections to be as follows: 25% to be collected in the first 30 days, 50% within 60 days and the remaining 25% by 90 days. Special contracts would be negotiated for the significantly larger snow removal work on the senior citizens' home, shopping mall and community college.

### **Sales/Distribution Plan**

Through the operation of our landscaping business, we have established good working relationships with our existing client base. Our plan is to offer our snow removal services to our existing landscaping client base in the residential, and business sectors. We have already secured commitments from 60 present clients as well as a local senior citizens' home, a shopping mall and a local community college. We intend to contact the remainder our existing clients by mail and follow-up phone calls in order to introduce our new snow removal service. We will do a limited amount of targeted advertising (see below) in order to generate sales leads. Sales leads will be closed by a phone call and an in-person sales call from one of the company's owners.

## **Advertising and Promotions Plan**

Christine & Denis Landscapes Limited's new services will be advertised and promoted in a number of ways:

- ❖ Produce and deliver 10,000 hand bills to be delivered door-to-door in November (estimated cost: \$1,500)
- ❖ Advertise in the community newspaper on a weekly basis for November through March (estimated cost: \$600)
- ❖ Post notices on bulletin boards in community centres, sports complexes, community colleges and shopping centres (estimated cost: \$100)
- ❖ Send letters to our existing client base, advertising our services (estimated cost: \$300)

We estimate the costs of promoting the new service will be \$2,500 and will result in an additional \$200,000 in gross annual sales.

## Operations

### Stage of Development

We have already sourced a supplier of four-wheel-drive trucks, snow blowers and plow blades and have located a storage area for this equipment. In addition, we have interviewed our existing landscaping client base and have gauged their level of interest in snow removal services.

In order to be operational, the following steps must take place:

- ❖ Obtain \$125,000 of bank financing for additional equipment including:
  - ❖ Three trucks equipped with plow blades
  - ❖ Three snow blowers
  - ❖ Three trailers
- ❖ Secure a storage area for this equipment — budgeted cost \$600 per month
- ❖ Advertise our snow removal services to our existing client base and the population of Sherbrooke at large
- ❖ Negotiate with municipal government to obtain contracts for snow removal
- ❖ Hire and train three labourers to help with operations

### **Risks**

The following factors could pose problems to the business:

- ❖ Extremely severe winter conditions would render the commercial contracts uneconomical and could make guaranteed 12 hour residential service unrealistic
- ❖ Extremely mild winter conditions would result in a decline in the number of residential jobs undertaken and negatively impact profits
- ❖ Damage to equipment would result in costly repair and replacement fees

### **Contingency plan**

In the last decade, Sherbrooke's winter weather patterns have been relatively stable with only a 15 per cent variation in snowfall from year to year. Therefore, it is unlikely that conditions will be drastically milder or more severe than usual. However, since an overly severe winter would negatively impact business sales

and an overly mild winter would hamper residential sales, our policy is to keep an even split between residential and business customers, thereby minimizing undue risk. We will also purchase comprehensive insurance on all snow removal equipment.

### **Association membership**

In an effort to network with other entrepreneurs, we are members of :

- ❖ Quebecois Entrepreneurial Alliance
- ❖ Sherbrooke Chamber of Commerce

### **Production Process**

Christine & Denis Landscapes will lease a 1,000 square foot storage space for our equipment at a rate of \$600 per month. We plan on purchasing three trucks equipped with plow blades, three snow blowers and three trailers. We will maintain our existing home office facility, which is already equipped with a fax machine, printer, copier and computer systems all of which we own outright.

Once our client commitments have been secured, winter weather is the only factor affecting the demand on service. In Sherbrooke, we don't anticipate any drastic changes in weather conditions.

Our truck will do commercial properties in the early morning while parking lots are empty. Residential lots will be done late morning or early afternoon after people have left for work.

## **Finance**

### **Income Statement**

An income statement showing incremental results of the snow removal business has been prepared because the snow removal "division" is intended to be an add-on service to our existing company. This existing company already has an administrative infrastructure set up that can accommodate the snow removal business with negligible additional cost. The income statement indicates estimated gross sales of \$200,000 for the first year with after-tax profit of approximately \$18,000. Certain items included in the administrative expenses could be charged to the "division", however, that would not change the overall income or cash flow as these funds would be disbursed in the Landscape "division". Ongoing expenses relate to the operation of the vehicles and the salaries of the drivers and workers. The equipment must be stored in the off season; insurance is still required and financing costs continue to be incurred during that period. (see Appendix A)

### **Cash Flow Statement**

A term loan in the amount of \$125,000 to finance the acquisition of snow removal equipment is being sought. Since the division of our business is seasonal, cash generated is limited to the winter months, more specifically, November to April. The bulk of operating expenses also coincides with that period. However, certain fixed outflows would continue for the balance of the year including storage for the equipment, interest and insurance. The Cash Flow statement indicates that the division will generate a positive cash inflow of approximately \$65,000. (see Appendix B)

### **Balance Sheet**

The Balance Sheet demonstrates a strong financial position with \$46,000 in cash, \$41,000 of collectable accounts receivable and current liabilities of approximately \$22,000. We will have capital assets in excess of \$200,000 which will be the backbone of our future operation. As our business continues to grow, future capital additions may be required. (see Appendix C)

## **Risks & Conclusions**

It is our goal to expand our existing landscaping business to include snow removal services, making it a year-round operation. In order to achieve this goal, we are asking for a term loan of \$125,000. Once we have secured this loan, and purchased the necessary equipment, we anticipate that our sales will increase by \$200,000, approximately \$18,000 of which we are projecting as net profit.

We have taken into consideration the fact that part-time drivers could present a risk by quitting or being laid off, and have agreed to do the driving if this should ever be the case until a replacement driver is hired. Although a year with light snow fall would negatively affect our revenue from residential business, this will be offset by a reduction in part-time driver costs and will not affect the monthly billing of our corporate clients.

We are confident that our existing client base will use our services and we have secured commitments from a number of local businesses and institutions. Furthermore, since the City of Sherbrooke has voted to contract out all snow removal services to private companies, now is the perfect time for Christine & Denis Landscapes Limited to expand.

**Appendix A**

**CHRISTINE & DENIS LANDSCAPES LTD. - Landscape Division**  
**INCOME STATEMENT FOR THE PERIOD ENDING 31/10/98**

Month	Nov 1	Dec 2	Jan 3	Feb 4	Mar 5	Apr 6	May 7	June 8	July 9	Aug 10	Sept 11	Oct 12	Total
Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 40,000	\$ 50,000	\$ 60,000	\$ 65,000	\$ 60,000	\$ 45,000	\$ 345,000
<b>Expenses</b>													
Salaries						12,500	12,500	12,500	12,500	12,500	12,500	12,500	87,500
Other wages						15,000	19,547	21,820	28,640	28,640	28,640	24,093	166,378
Benefits						2,750	3,205	3,432	4,114	4,114	4,114	3,659	25,388
Equipment storage	600	600	600	600	600	600	600	600	600	600	600	600	7,200
Promotion	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Truck Operating/Maintenance cos	500	500	500	500	500	500	500	500	500	500	500	500	6,000
General and office expenses	300	300	300	300	300	300	300	300	300	300	300	300	3,600
Rent and occupancy costs	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
Insurance	600	600	600	600	600	600	600	600	600	600	600	600	7,200
Depreciation	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
	<u>5,250</u>	<u>5,250</u>	<u>5,250</u>	<u>5,250</u>	<u>5,250</u>	<u>35,500</u>	<u>40,501</u>	<u>43,002</u>	<u>50,503</u>	<u>50,503</u>	<u>50,503</u>	<u>45,502</u>	<u>342,266</u>
Income before income taxes	\$ (5,250)	\$ (5,250)	\$ (5,250)	\$ (5,250)	\$ (5,250)	\$ (10,500)	\$ (501)	\$ 6,998	\$ 9,497	\$ 14,497	\$ 9,497	\$ (502)	\$ 2,734
Income taxes	<u>(1,208)</u>	<u>(1,208)</u>	<u>(1,208)</u>	<u>(1,208)</u>	<u>(1,208)</u>	<u>(2,415)</u>	<u>(115)</u>	<u>1,610</u>	<u>2,184</u>	<u>3,334</u>	<u>2,184</u>	<u>(116)</u>	<u>629</u>
Net Income	<u>\$ (4,043)</u>	<u>\$ (4,043)</u>	<u>\$ (4,043)</u>	<u>\$ (4,043)</u>	<u>\$ (4,043)</u>	<u>\$ (8,085)</u>	<u>\$ (386)</u>	<u>\$ 5,389</u>	<u>\$ 7,312</u>	<u>\$ 11,162</u>	<u>\$ 7,312</u>	<u>\$ (387)</u>	<u>\$ 2,106</u>

Appendix A

**CHRISTINE & DENIS LANDSCAPES LTD. - Combined Landscape & Snow Removal Divisions**  
 INCOME STATEMENT - For the year ending October 31, 1999

Month	Nov 1	Dec 2	Jan 3	Feb 4	Mar 5	Apr 6	May 7	June 8	July 9	Aug 10	Sept 11	Oct 12	Total
Sales	\$ 30,000	\$ 38,000	\$ 42,000	\$ 45,000	\$ 45,000	\$ 25,000	\$ 40,000	\$ 50,000	\$ 60,000	\$ 65,000	\$ 60,000	\$ 45,000	\$ 545,000
Expenses													
Salaries	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 150,000
Other wages	9,660	9,660	9,660	9,660	9,660	15,000	19,547	21,820	28,640	28,640	28,640	24,093	214,678
Benefits	1,551	1,551	1,551	1,551	1,551	2,750	3,205	3,432	4,114	4,114	4,114	3,659	33,144
Equipment storage	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	14,400
Promotion	2,270	370	370	370	370	250	250	250	250	250	250	250	5,500
Truck Operating/Maintenance cos	1,000	1,000	1,000	1,000	1,000	500	500	500	500	500	500	500	8,500
General and office expenses	450	450	450	450	450	300	300	300	300	300	300	300	4,350
Rent and occupancy costs	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
Insurance	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	14,400
Depreciation	4,625	4,625	4,625	4,625	4,625	4,625	4,625	4,625	4,625	4,625	4,625	4,625	55,500
Interest	-	1,042	1,028	1,015	1,001	987	973	959	945	931	916	902	10,700
	<u>35,956</u>	<u>34,056</u>	<u>34,056</u>	<u>34,056</u>	<u>34,056</u>	<u>39,825</u>	<u>44,826</u>	<u>47,327</u>	<u>54,828</u>	<u>54,828</u>	<u>54,828</u>	<u>49,827</u>	<u>518,472</u>
Net Income (loss) before income tax	(5,956)	3,944	7,944	10,944	10,944	(14,825)	(4,826)	2,673	5,172	10,172	5,172	(4,827)	26,528
Income taxes	<u>(1,370)</u>	<u>907</u>	<u>1,827</u>	<u>2,517</u>	<u>2,517</u>	<u>(3,410)</u>	<u>(1,110)</u>	<u>615</u>	<u>1,189</u>	<u>2,339</u>	<u>1,189</u>	<u>(1,110)</u>	<u>6,102</u>
Net Income (loss)	<u>\$ (4,586)</u>	<u>\$ 3,037</u>	<u>\$ 6,117</u>	<u>\$ 8,427</u>	<u>\$ 8,427</u>	<u>\$ (11,415)</u>	<u>\$ (3,716)</u>	<u>\$ 2,058</u>	<u>\$ 3,982</u>	<u>\$ 7,832</u>	<u>\$ 3,982</u>	<u>\$ (3,717)</u>	<u>\$ 20,427</u>

**Appendix B**

**CHRISTINE & DENIS LANDSCAPES INC. - Combined Landscape & Snow Removal Divisions**

CASH FLOW - For the year ending October 31, 1999

	Nov 1	Dec 2	Jan 3	Feb 4	March 5	Apr 6	May 7	June 8	July 9	Aug 10	Sept 11	Oct 12	Total
<b>Inflows</b>													
Collection of accounts receivable	\$ 30,000	\$ 32,000	\$ 37,000	\$ 41,750	\$ 44,250	\$ 40,000	\$ 33,750	\$ 38,750	\$ 50,000	\$ 58,750	\$ 62,500	\$ 57,500	\$ 526,250
Bank term loan	<u>125,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,000</u>
	<u>\$ 155,000</u>	<u>\$ 32,000</u>	<u>\$ 37,000</u>	<u>\$ 41,750</u>	<u>\$ 44,250</u>	<u>\$ 40,000</u>	<u>\$ 33,750</u>	<u>\$ 38,750</u>	<u>\$ 50,000</u>	<u>\$ 58,750</u>	<u>\$ 62,500</u>	<u>\$ 57,500</u>	<u>\$ 651,250</u>
<b>Outflows</b>													
Acquisition of fixed assets	\$ 125,000												\$ 125,000
Repayment of bank loan	-	1,614	1,628	1,641	1,655	1,669	1,683	1,697	1,711	1,725	1,739	1,754	18,515
Payment income tax installments	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Monthly expenses (excl. dep'n)	<u>31,331</u>	<u>29,431</u>	<u>29,431</u>	<u>29,431</u>	<u>29,431</u>	<u>35,200</u>	<u>40,201</u>	<u>42,702</u>	<u>50,203</u>	<u>50,203</u>	<u>50,203</u>	<u>45,202</u>	<u>462,972</u>
	<u>\$ 156,831</u>	<u>\$ 31,545</u>	<u>\$ 31,559</u>	<u>\$ 31,572</u>	<u>\$ 31,586</u>	<u>\$ 37,369</u>	<u>\$ 42,384</u>	<u>\$ 44,898</u>	<u>\$ 52,414</u>	<u>\$ 52,428</u>	<u>\$ 52,443</u>	<u>\$ 47,456</u>	<u>\$ 612,487</u>
Increase (Decrease) in cash	<u>(1,831)</u>	<u>455</u>	<u>5,441</u>	<u>10,178</u>	<u>12,664</u>	<u>2,631</u>	<u>(8,634)</u>	<u>(6,148)</u>	<u>(2,414)</u>	<u>6,322</u>	<u>10,057</u>	<u>10,044</u>	<u>38,763</u>
Cash, Beginning	7,500	5,669	6,123	11,565	21,742	34,406	37,037	28,404	22,255	19,841	26,163	36,220	-
Cash, Ending	<u>\$ 5,669</u>	<u>\$ 6,123</u>	<u>\$ 11,565</u>	<u>\$ 21,742</u>	<u>\$ 34,406</u>	<u>\$ 37,037</u>	<u>\$ 28,404</u>	<u>\$ 22,255</u>	<u>\$ 19,841</u>	<u>\$ 26,163</u>	<u>\$ 36,220</u>	<u>\$ 46,263</u>	<u>\$ 38,763</u>

**CHRISTINE & DENIS LANDSCAPES LTD.**

Combined Landscape &amp; Snow Removal Divisions

Schedule detailing cash flow statement calculations

	Nov 1	Dec 2	Jan 3	Feb 4	Mar 5	Apr 6	May 7	June 8	July 9	Aug 10	Sept 11	Oct 12	Total
<b>Accounts Receivable</b>													
Balance, beginning	\$ 22,500	\$ 22,500	\$ 28,500	\$ 33,500	\$ 36,750	\$ 37,500	\$ 22,500	\$ 28,750	\$ 40,000	\$ 50,000	\$ 56,250	\$ 53,750	
Sales, net	30,000	38,000	42,000	45,000	45,000	25,000	40,000	50,000	60,000	65,000	60,000	45,000	
Collections	(30,000)	(32,000)	(37,000)	(41,750)	(44,250)	(40,000)	(33,750)	(38,750)	(50,000)	(58,750)	(62,500)	(57,500)	
Balance, ending	<b>\$ 22,500</b>	<b>\$ 28,500</b>	<b>\$ 33,500</b>	<b>\$ 36,750</b>	<b>\$ 37,500</b>	<b>\$ 22,500</b>	<b>\$ 28,750</b>	<b>\$ 40,000</b>	<b>\$ 50,000</b>	<b>\$ 56,250</b>	<b>\$ 53,750</b>	<b>\$ 41,250</b>	

**Collection of accounts receivable**

Assuming collection of net sales within 30 days

Sales, net	\$ 30,000	\$ 38,000	\$ 42,000	\$ 45,000	\$ 45,000	\$ 25,000	\$ 40,000	\$ 50,000	\$ 60,000	\$ 65,000	\$ 60,000	\$ 45,000	
Collection 25% in the month	7,500	9,500	10,500	11,250	11,250	6,250	10,000	12,500	15,000	16,250	15,000	11,250	
Collection 50% first month following	15,000	15,000	19,000	21,000	22,500	22,500	12,500	20,000	25,000	30,000	32,500	30,000	
Collection 25% second month following	7,500	7,500	7,500	9,500	10,500	11,250	11,250	6,250	10,000	12,500	15,000	16,250	
	<b>\$ 30,000</b>	<b>\$ 32,000</b>	<b>\$ 37,000</b>	<b>\$ 41,750</b>	<b>\$ 44,250</b>	<b>\$ 40,000</b>	<b>\$ 33,750</b>	<b>\$ 38,750</b>	<b>\$ 50,000</b>	<b>\$ 58,750</b>	<b>\$ 62,500</b>	<b>\$ 57,500</b>	

**Accounts payable**

No provision for accounts payable is being set up.

Expenses relating to the operation of the vehicles and wages are assumed to be paid in the month incurred.

## Appendix B2

### CHRISTINE & DENIS LANDSCAPES INC. - Snow Removal Division

CASH FLOW - For the year ending October 31, 1999

	Nov 1	Dec 2	Jan 3	Feb 4	March 5	Apr 6	May 7	June 8	July 9	Aug 10	Sept 11	Oct 12	Total
<b>Inflows</b>													
Collection of accounts receivable	\$ 22,500	\$ 32,000	\$ 37,000	\$ 41,750	\$ 44,250	\$ 33,750	\$ 11,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 222,500
Bank term loan	<u>125,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,000</u>
	<u>\$ 147,500</u>	<u>\$ 32,000</u>	<u>\$ 37,000</u>	<u>\$ 41,750</u>	<u>\$ 44,250</u>	<u>\$ 33,750</u>	<u>\$ 11,250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 347,500</u>
<b>Outflows</b>													
Acquisition of fixed assets	\$ 125,000												\$ 125,000
Repayment of bank loan	-	1,614	1,628	1,641	1,655	1,669	1,683	1,697	1,711	1,725	1,739	1,754	18,515
Payment of accounts payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Monthly expenses (excl. dep'n)	<u>27,581</u>	<u>25,681</u>	<u>25,681</u>	<u>25,681</u>	<u>25,681</u>	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>138,706</u>
	<u>\$ 152,581</u>	<u>\$ 27,295</u>	<u>\$ 27,309</u>	<u>\$ 27,322</u>	<u>\$ 27,336</u>	<u>\$ 2,869</u>	<u>\$ 2,883</u>	<u>\$ 2,897</u>	<u>\$ 2,911</u>	<u>\$ 2,925</u>	<u>\$ 2,939</u>	<u>\$ 2,954</u>	<u>\$ 282,221</u>
Increase (Decrease) in cash	<u>(5,081)</u>	<u>4,705</u>	<u>9,691</u>	<u>14,428</u>	<u>16,914</u>	<u>30,881</u>	<u>8,367</u>	<u>(2,897)</u>	<u>(2,911)</u>	<u>(2,925)</u>	<u>(2,939)</u>	<u>(2,954)</u>	<u>65,279</u>
Cash, Beginning	0	(5,081)	(377)	9,315	23,742	40,656	71,537	79,905	77,008	74,097	71,172	68,233	-
Cash, Ending	<u>\$ (5,081)</u>	<u>\$ (377)</u>	<u>\$ 9,315</u>	<u>\$ 23,742</u>	<u>\$ 40,656</u>	<u>\$ 71,537</u>	<u>\$ 79,905</u>	<u>\$ 77,008</u>	<u>\$ 74,097</u>	<u>\$ 71,172</u>	<u>\$ 68,233</u>	<u>\$ 65,279</u>	<u>\$ 65,279</u>



## Appendix C

### CHRISTINE & DENIS LANDSCAPES INC

#### BALANCE SHEET - As at October 31, 1999

#### ASSETS

##### Current Assets

Cash	\$	46,263
Sundry assets and supplies		20,000
Accounts Receivable		<u>41,250</u>
		<u>107,513</u>

##### Fixed Assets

Equipment, landscape	90,000
Equipment, snow removal	<u>125,000</u>
	215,000
Less: Accumulated depreciation	<u>(85,500)</u>
	<u>129,500</u>

**Total Assets** **\$ 237,013**

#### Liabilities

##### Current Liabilities

Income taxes	102
Current portion of long term debt	<u>22,222</u>
	<u>22,324</u>

##### Long Term Liabilities

Bank term loan	106,485
Less portion to be paid within one year	<u>(22,222)</u>
	<u>84,263</u>

#### Owners' Equity

Capital Stock	100
Retained Earnings	
Balance, beginning of year	109,900
Net Income	<u>20,427</u>
Balance, end of year	<u>130,327</u>
	130,427
<b>Total Liabilities and Shareholder Equity</b>	<b>\$ 237,013</b>