

FINANCIAL PRACTICES

*Palmer Software***Financial Plan** (Complete or attach your current Budget.)

For a Startup Budget, list where and how you will secure capital to accomplish the startup.

We are not a startup business.

- Project a 1-year, 3-year, and 5-year Balance Sheet (Assets and Liabilities).
- Project a 1-year, 3-year, and 5-year Profit & Loss Statement (Income and Expenses).

Capital Expenses Plan

What will it cost to position the business to generate funds for the current, mid-term, and long-term plan to fund items such as buildings, equipment, technology, accounts receivable, and inventory?

We already own the facilities we will need for the next decade in the USA. We project it will cost \$500,000 a year for the next ten years to fund our equipment, technology, accounts receivable, and inventory.

- Create a detailed list with actual or projected costs for each of these capital expenses.

Debt and Credit-Management Practices

Describe your debt practices and anything you need to change:

We realise that we have used too much debt in the past and have made the strategic decision to pay off all of our debt and not use it unless there is an emergency.

Debt guidelines: List things you would borrow for and things you would not:

Our goal is to pay off all our debt over the next five years and fund all future needs with cash.

Therefore, we will limit the use of debt only to those items that are absolutely critical to the company.

Describe your business credit terms and anything that needs to be improved:

We conduct due diligence on all new customers to confirm they are good credit risks. Accounts receivables are to be paid in 30 days.

How will you handle overdue and collection accounts?

We communicate immediately and personally with any customers who are delinquent. We do a good job in this area.

Accounting/Bookkeeping Plan

Describe your current practices for accounting and analysing the financial data of your business.

We are strong in this area of our business. The leadership team discusses the financials each month to stay current with our performance and to identify any trends.

What do you need to improve in this area of your business?

We will need to focus on accounting for the new international business. We have not had experience globally and want to make every effort to do an outstanding job of this.

Describe your mid-term plans for Accounting/Bookkeeping:

Continue doing an excellent job domestically and internationally. This is a priority for our company.

Revenue Plan

Describe each revenue source and how much revenue can be expected from it.

Our current sources of revenue are (1) software sales \$5,500,000, (2) Servicing customers \$1,050,000, (3) interest \$5,000, (4) Consulting for fee \$125,000. We are projecting a domestic increase of ten percent in sales next year, and \$1,000,000 in international sales.

Describe your current revenue plan.

We project a domestic increase of ten percent in sales next year, and \$1,000,000 in international sales. We will add the VP of Marketing and VP of International to our leadership team.

Describe your mid-range revenue plan.

Our goal is to grow domestic annual revenue by 12 percent excluding hand held device revenue. Our goal is to grow hand held revenue to \$2,000,000 within three years and international revenue to \$3,000,000.

Describe your long-term revenue plan.

Our long-term goal is to grow annual revenue by 12 percent while remaining debt free and steadily building our cash reserves.

Marketing Plan

Who is your competition?

David Palmer's former company is the only real competition in our niche in America. There are several smaller local companies that service Europe and Asia. The possibility of a large competitor is likely sometime in the future.

What is your marketing plan?

Add VP of Marketing and decide how to best accelerate the growth of the company. We have not made final decision on how to accomplish this.

What will it cost you to develop and grow your market share?

We will have a better idea of the costs once we have developed the marketing plan.

How will you secure sustainable and growing business?

Continue to grow the servicing portion of our business with the objective of covering all expenses through servicing. Continue to offer excellent service. Execute our international and handheld device marketing plan.

Controlling Expenses Plan

Describe the process you use to control business expenses.

Each department submits an annual budget which is scrutinized and approved. Monthly statements are examined to confirm expenses are not exceeding budget.

How can you improve this process?

We are pleased with the process we are using.

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Describe your current revenue plan.

Describe your mid-range revenue plan.

Describe your long-term revenue plan.

Marketing Plan

Who is your competition?

What is your competitive advantage?

What will it cost you to develop and grow your market share?

How will you secure sustainable and growing business?

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How can you improve this process?
