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ACN: TBC

Created: August 26<sup>th</sup> 2019



**CHIPMUNKS**

Playland & Café

# COMMERCIAL BUSINESS PLAN

For the planning and the establishment of a new Chipmunk Franchisee site  
Purpose: Business Plan for Finance Application

**Disclaimer:** This business plan highlights the research completed for the clients assessment of the opportunity and the presentation of key findings and calculations to the credit assessors of the finance application process. This does not take into account the clients exact personal situation or financial needs. Please read through all of the documents herewith in conjunction with the documents provided by the franchise, seller, agents, accountants, solicitors and other information sources to form a well-rounded and unbiased decision. We always recommend seeking independent legal and financial advice before proceeding with an opportunity. We do not and cannot make any guarantees about the completeness, reliability or accuracy of this information and information and forecasts can change. Any action you take on this will be at your own risk and we will not be liable for any losses or damages in connection to this service. The information provided herewith is based on information extracted from the most trusted industry related information service providers available by our research methods, including IBIS world reports, ABS reports, id. Consulting, franchisor documentation, current financial statements and other information/s.

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## BUSINESS CONTACT DETAILS

**E:** [nunawading@chipmunks.com.au](mailto:nunawading@chipmunks.com.au)

**W:** [www.chipmunks.com.au](http://www.chipmunks.com.au)



# Opportunity Summary

This business plan provides information about a new store to be established under the Chipmunks Franchise umbrella to be owned and operated by the recipients herewith. This is an existing profitable business and proven successful business model but for expansion into a new location. These figures are benchmarked off actual accountant prepared profit and loss statements for an inferior location and the forecasts are on the basis of additional innovations within this space in becoming owners of Chipmunks Playland and Café Nunawading. The plan outlines current business operations, methods, procedures, forecasts, support structure, costs, financial structure and infrastructure.

As the Business Plan highlights, this is a tried, tested successful franchise business and supported by aggregated financials of other Chipmunk Franchisee locations to test and prove the projected increased income forecasts.

## About the Franchise

Chipmunks is an industry leader with 20 established centers in Australia and another 30+ across Indonesia and New Zealand. They have maintained growth through continuous improvement and constantly adapting to new trends and expanding to new favourable locations. The stores are backed with experienced staff, thorough training and dedicated support to make customers feel welcomed. All franchisees go through a rigorous process of personality and experience/ability assessments prior to them being accepted as a franchisee.

## Disclaimer

Information herewith is presented and forecasted based on all of the available information in the market for the industry and is represented in a non-biased and impartial manner for the perusal for both the directors of the business and for the credit assessors whom may be assessing the financial viability of the transaction.

- ✓ Business Ownership and Management Experience
- ✓ Currently Learning the industry and will gain experience via intensive franchise training prior to opening
- ✓ Secured Lending
- ✓ Risk Averse
- ✓ Intention to improve the business through innovation working with the franchisor
- ✓ Transaction feasibility
- ✓ Logical and aligned investment for the directors
- ✓ Good source of income
- ✓ Growth Industry
- ✓ Population, interest, income brackets support demand / supply of children activities
- ✓ Availability for support and transitioning into the business

## Strengths

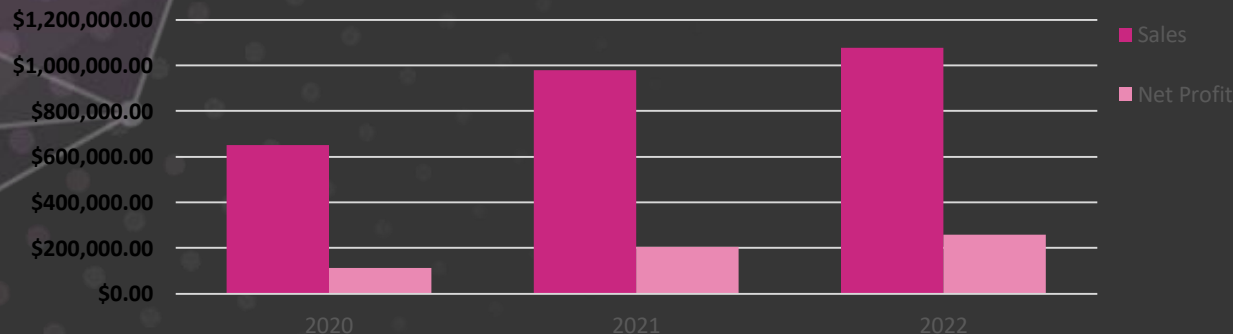
- ✓ Established well known brand, structure and business model
- ✓ Business ownership and management experience of over 2 years
- ✓ Leveraged Franchise relationships for expert advice, support, economies of scale and quality consistencies
- ✓ Marketing support and development from franchise
- ✓ Experience with accounting software and bookkeeping requirements from other business

# EXECUTIVE Summary & Objectives

Chipmunks Playland and Café are a market leader in providing seasonal-proof educational and play activities for families of all sizes. Providing fun for all ages between 0 – 11 with parties, entertainment, activities, food, beverages and merchandise in-house. There is a focus to keep things interesting and engaging by changing the play equipment's presentation and layout to spark imagination, keep the customers engaged and returning.

The intention is to build trusted, long term relationships with customers and partnerships, to create value through state-of-the-art playground equipment, facilities and activities that are of the highest safety and operational standards which creates a unique customer experience every visit.

Financial Performance Three Year Forecast



## OBJECTIVES

- ✓ Establish immediate profitability and market share
- ✓ Increase service offering to include before and afterschool care
- ✓ Increase offering to include holiday programs and childcare services
- ✓ Establish superior reputation and increase customer awareness that the site is a new innovative playcentre
- ✓ Introduce new concepts to the play centre environment which are proven business successes in America which will increase attendance and profits in the first three years



## ABOUT the Business

### LOCAL MARKET **LEADER** IN THE CHILDREN PLAY AND ENTERTAINMENT CATEGORY

Market analysis and competitor analysis shows the number of children in those areas and the income levels are comparative to where the average performing stores are located.

### **FOUNDATION** OF THE SUCCESSFUL BUSINESS MODEL

Chipmunks Playland & Café franchise is supported by a team of professional and experienced franchise expert, whom constantly refine and improve what is already a tried and tested formula and apply it to new store openings as well as to the existing store network. The carefully selected locations, pricing, operational policies and procedures ensures the ongoing success of each franchise allowing each to remain highly profitable and competitive.

### CONTINUOUS **IMPROVEMENT**

Continuous improvement is a key component to the success of any business. All Chipmunks procedures, operational policies and methods are monitored and updated regularly to support the needs of franchisees and customers and to stay in line with any market trends in addition to being market leaders and paving the way for new innovations and trends which have been proven to be a success in other countries.

### **ENGAGING** CUSTOMERS THROUGH STATE OF THE ART EQUIPMENT

With 50+ stores globally, Chipmunks centers are unique in design. Installation is project managed by a team of specialists who are qualified by equipment manufacturers. All aspects of the design and layout are proven to maximise income potential and deliver a fantastic playground experience for customers.



# MANAGEMENT & LOCATION

## COMPANY OWNERSHIP / LEGAL ENTITY:

- ❖ Franchised business
- ❖ Company structure
- ❖ 2 Company Directors – who will actively own and operate the business
  - ❖ x
  - ❖ x
- ❖ ACN: x
- ❖ Licenses are required – to be determined – more information under ‘Products and Services’
- ❖ Working with children’s checks – mandatory

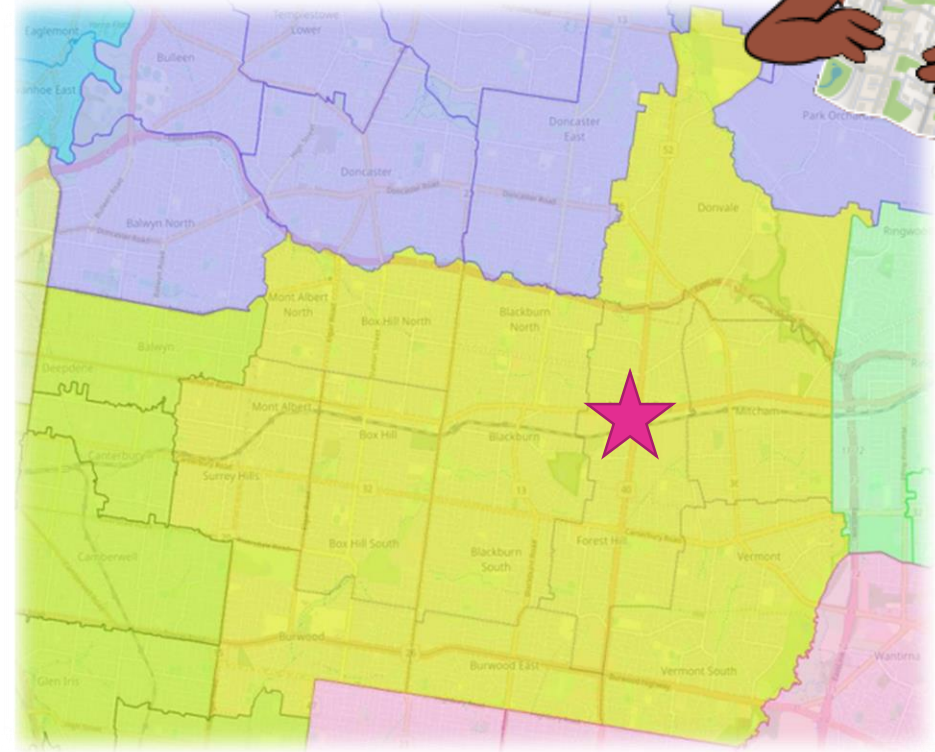
## LOCATION:

- ❖ Central location to highly populated residential areas opposed to being situated in commercial area
- ❖ Easily accessible – off main road
- ❖ Abundance of car parking and access to public transport
- ❖ Disability friendly
- ❖ Exposure to and visible from main road

## GEOGRAPHIC:

- ❖ Allotted marketing territory for Nunawading site is highlighted in Yellow
- ❖ Postcodes serviceable: 3111, 3125, 3127, 3128, 3129, 3130, 3131, 3132, 3133, 3151
- ❖ Catchment Population: 174,000

For further information please refer to ‘The Market’ Section



# The Operations

## INTERIOR

- ❖ Site size 600 – 800 sqm
- ❖ Industrial / commercial Kitchen
- ❖ Multi-level main playground structure
- ❖ Full service café and barista service
- ❖ Under 5's area
- ❖ Toddler crawling/play area
- ❖ Up to 2 inflatable's including 'mega slide'
- ❖ 1 - 3 party rooms
- ❖ Project management of layout and space efficiencies for increased engagement and effectiveness
- ❖ Possible custom alterations required to interior at the cost of the landlord and is negotiated at the same time as the lease (please see lease agreement)

## LEASE

- ❖ Lease to be negotiated and confirmed will be 10 x 5 x 5 term with possible additional terms added.
- ❖ 14 week (site set up) rent free
- ❖ Lease costings are consistent across all sites and has been factored into the cash flow forecast accordingly
- ❖ Lease costs are subject to CPI 2.5% Annual Increases

## HOURS OF OPERATION

7 days a week: 9.30am – 5.30pm (Sunday 10am-5pm) with possible extended hours and additional services to be offered subject to lease negotiations, council approval and franchisor approval (franchisor is supportive of this).

## PRODUCTS AND SERVICES

- ❖ Play equipment play
- ❖ Memorable birthday party packages
- ❖ Full-service café
- ❖ After hours functions
- ❖ Group and school bookings
- ❖ Branded merchandise sales
- ❖ Casual drop and shop (subject to licensing)
- ❖ Loyalty program
- ❖ Branded themed rides
- ❖ Before and/or After School Care (Value add - subject to licensing)
- ❖ School Holiday Care (Value add - subject to licensing)

# OPERATIONAL DETAILS CONTINUED

## Franchise Inclusions and Support:

- The franchise offers full support with a dedicated state support officer to assist with any difficulties or issues, provide guidance and support.
- The franchise assists in the establishment of the lease agreement which includes a landlord contribution to customise the commercial property to affix the required structures or bearings in which support the play centre equipment requirements and safety standards. Documentation details these factors.

## Buying A Franchise of Chipmunks Includes:

Franchise fee | New play equipment fit out | Premium site selection | Project managed, optimised playground design and installation | Induction training and support | Point of sale system including loyalty and booking system | Branded merchandise | Signage and branded marketing material | Opening stock | Specialist team | Ongoing operational support

## Management and Business Ownership Experience

Business Ownership Experience: 2 years (both directors)  
People Management Experience: 2 years (both directors)

The skills and qualifications all directors can contribute to the business are as follows:

- Business Ownership
- Business Management
- Qualification: Multimedia - Masters
- Experience in the people management, legislation, compliance, taxation, accounting and operations
- Have an existing long-term business relationship with their accountant and has other professionals in their immediate professional circle and engage in experts in other fields

Both directors intend to work in the business on rotation with the required number of staff who will manage the operations on a day to day basis with both directors working in the business on the busier days (weekends and school holidays).

The directors intend to establish a balanced roster for longevity and sustainability after the initial period.

# THE FRANCHISE

SUPPLIERS

MANAGEMENT

FRANCHISE INCLUSIONS

SUPPORT



# OPERATIONAL DETAILS

SUPPLIERS

MANAGEMENT

FRANCHISE INCLUSIONS

SUPPORT

## Management

The Store will be operated by a suitable full-time operations manager and both directors will rotate as Owner Operators with the assistance of

- 8-12 Customer Service Staff including party hosts depending on the day of the week and number of parties or events
- A Barista

A full training program is offered by franchisor to directors to ensure store consistency, operations knowledge, effectiveness and store success.

Further guidance will be provided by Chipmunks Franchisor to forecast and service the trading pattern operations successfully, coordinate multiple events and maintain and manage the centre without faults, delays or negative customer impacts.

Owners will on-train its team and will constantly review its success and use feedback of both the customers, staff and head office to ensure it remains a profitable and efficient store operation with great customer engagement and resulting high entry rates/return visits.

The purchase price includes \$10,000 worth of training services.

## Suppliers

Chipmunks franchisees receive bulk purchasing power from a full suite of vendors. This includes contracts and service agreements with point of sale, electronic payments, food service, beverages, merchandise, equipment and manufacturers.

Chipmunks also has its' own buying house to supply uniquely branded merchandise to add value to the overall customer experience and generate a valuable return on investment.

Having a panel of approved suppliers maintains consistency and quality levels throughout all stores.

# THE FRANCHISE

# THE MARKET

## DEMOGRAPHIC ANALYSIS

With the rigorous marketing plans for the local area marketing activities that will be conducted by the directors, the targets are to scale entries to attract a minimum of 200 entries per day average (however the cash flow forecast is based on lesser sensitised figures) and to ensure bookings of private hire and birthday parties are in the immediate focus.

Different facilities available for different age groups makes this attractive for a family day out, group activities or children celebrations. Facilities also provide safe and easy access for people with disabilities and those young and old.

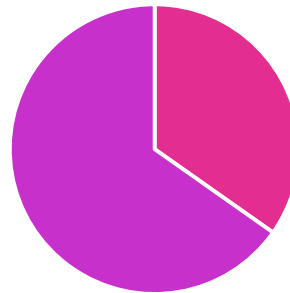
Chipmunks is currently offering young families in Nunawading and the surrounding area a new attraction, quality family recreation centre, with an inflatable mega slide, large main play structure including cannons, interactive tables, tipper, trampolines, tunnels, ramps, slides, steps, flooring, padding, netting etc. and Toddler play structure including walk on piano, rocking boat, spinning tea cups, tunnels, ramps, slides, steps, flooring, padding, netting etc. for children ages 0 to 11yrs. All equipment is safety-tested and approved, employees are trained in child safety and first aid. Parents will have special and close seating areas where they can watch their children play actively and safely (even in the worst seasonal factors of Victoria), and can purchase from a selection of snacks and drinks while they wait.

- Children aged 0 – 11 years made up 13.4% of the local population which is lesser than the averages of Australia which is 15.2%.

## Market Segmentation

- Total number of children in the allocated territory is 23,583
- This market segment is slightly lesser than average and comparable to the concentration of the target age segments in other regions of Victoria and Australia.
- Household composition is average to that of Australia
- Household median weekly income is: \$1502

## AGE SEGMENTS - VISUAL



■ 0 - 4 ■ 5 - 11

## AGE SEGMENTS - NUMBERS

Blackburn	#	Forest Hill	#
0 - 4	719	0 - 4	605
5 - 11	1151	5 - 11	834
Blackburn North	#	Mitcham	#
0 - 4	479	0 - 4	1128
5 - 11	750	5 - 11	1403
Blackburn South	#	Mont Albert	#
0 - 4	626	0 - 4	226
5 - 11	972	5 - 11	382
Box Hill	#	Mont Albert North	#
0 - 4	512	0 - 4	319
5 - 11	535	5 - 11	524
Box Hill North	#	Nunawading	#
0 - 4	705	0 - 4	786
5 - 11	933	5 - 11	994
Box Hill South	#	Surrey Hills	#
0 - 4	456	0 - 4	310
5 - 11	732	5 - 11	482
Burwood	#	Vermont	#
0 - 4	444	0 - 4	615
5 - 11	673	5 - 11	1009
Burwood East	#	Vermont South	#
0 - 4	501	0 - 4	486
5 - 11	665	5 - 11	912
Donvale	#	TOTAL TARGET AUDIENCE	23583
0 - 4	665		
5 - 11	1050		

# COMPETITION

Overall Chipmunks is most similar to Crocs in terms of the business model, offerings and pricing, but the location is very similar to Base Camp Kids – see next page for the competitor analysis.

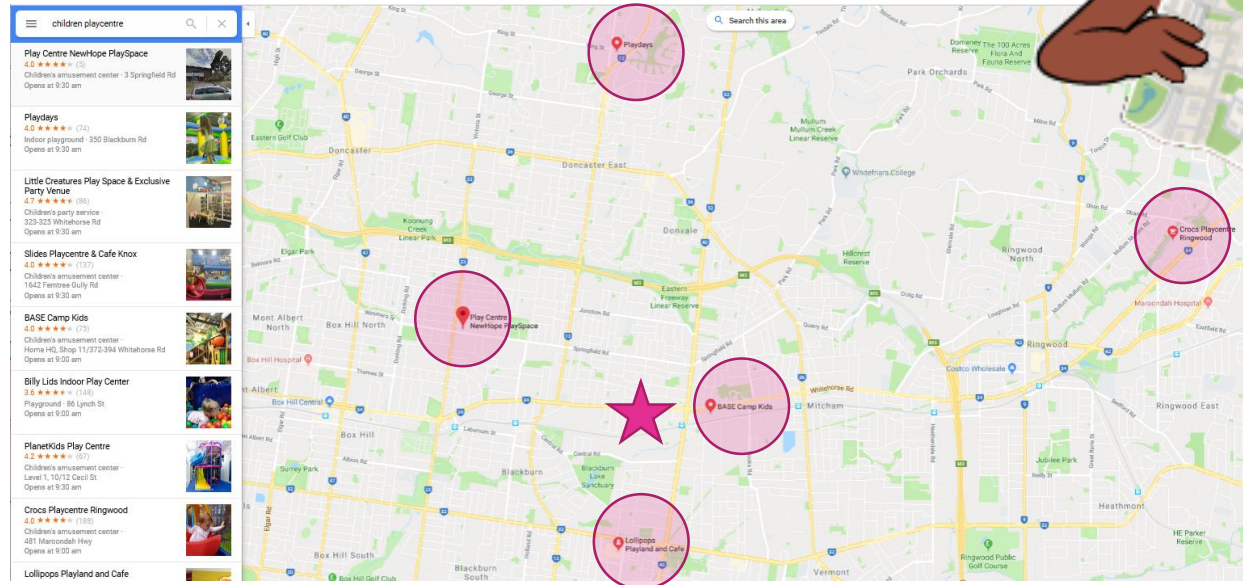
Chipmunks need to be quite strategic about their brand perception and local area marketing execution, Lollipops is the next alike model, and is located in the second closest proximity to the proposed Chipmunks site. Also note, other Chipmunks sites are located in neighbouring suburbs and the directors must adhere to marketing to their allotted territory.

Chipmunks will gauge majority of the market interest and market share quite quickly brand perception, great Chipmunks customer reviews but most importantly it's innovative approach to offering new and market leading products and services for example their interactive areas.

Both Chipmunks and Base Camp Kids are local to numerous residential estates, in the same vicinity as shops and cafes, adjacent to a local shopping district and on a main road.

Overall Chipmunks is equally as superior and will be a market leader within this region due to the interactive and innovative approach whereas Base Camp Kids appeal to the hands on, craft type activities beyond the play equipment.

(Please note at the time of this Business Plan being written the location hasn't yet been established).



Proposed new location (approximate) 



# COMPETITION

	Entry Price	Birthdays	Functions	Food / Beverages	Facilities	Location	Brand/Theme
<b>Competitor 1: Crocs</b>	<1yr FREE 1-3 \$10.50 3+ \$13.50	From \$249	From \$750	Branded Café - Muffin break, muffins, sweets, fruit salads, sausage rolls, pies, tarts, salads, sandwiches	- 3 age specific play areas - older equipment	Commercial area, currently closed their local site, however they intend on reopening in the region very soon.	Yes - Crocodile
<b>Competitor 2: Lollipops</b>	<1yr FREE 1-3 \$10.90 3+ \$12.90 Carers \$3.50	From \$209	From \$650 for 2.5 hours	Café, Fruit Platters, jelly cups, sausage rolls, party pies, chips	- 2 age specific play areas - older equipment	Commercial area / bordering residential areas - second closest	Yes - Cat
<b>Competitor 3: Base Camp Kids</b>	<1yr FREE 1-3 \$10.00 3+ \$12.00	From \$400	From \$400 for 2 hours	Café, Bolognese, stir fried meals, fruit Platters, jelly cups, sausage rolls, party pies, chips	- 2 age specific play areas - interesting science or cooking activities	<b>Directly in the same area</b>	No
<b>Chipmunks</b>	1-2yrs old \$11.90 >2yrs old \$14.90	From \$245	From \$750	American style menu - Café, burgers, chips, Pizza, Wraps, Meal deals	- <b>Brand New structures</b> - 3 age specific play zones - Constantly reviewing layout for efficiencies and engagement - Interactive games area	Located in a commercial area central to numerous residential areas	Brand abassador: Charlie the Chipmunk
<b>Comparison</b>	Overall Chipmunks price point is similar to Crocs but more costly than others	Chipmunks is in the median price range for parties, however the guests will get to enjoy the brand new equipment and interactive areas where the others lack.	Chipmunks is equally cost effective	All provide a different offering all are of good quality, allergy conscious, wide range to suit different dietary requirements, all affordable.	Most similar to Crocs, however Chipmunks are more advanced due to the innovations in the interactive arena.	Overall Chipmunks proposed site is equally as superior as Base Camp Kids due to it being in the direct vicinity of this competitor which is equally located number of prospective customers, easy access, close, access from main road.	Overall most similar to Crocs or Lollipops
<b>Overall most similar to Crocs Playland and Café, however mostly directly located next to Base Camp Kids, and second to Lollipops. Chipmunks will have a large competitive advantage to capture the local market share by having more cost effective parties and functions in addition to having improved features and interactive activities.</b>							



# Advertising & Promotion

Advertising and promotion methods will include; but not be limited to:

- ★ Mail Drops
- ★ Social Media Marketing
- Website
- Local Media Prints
- Word of mouth
- Emails
- Loyalty Program

## MARKETING

The proposed initial marketing plan

Planned promotion /advertising type	Expected business improvement	Cost (\$)	Target date
★ Local Mail Drops	Keep it front of mind and create interest in the family attending. Please refer to the table showing the number of family households with kids. 6/10 houses would have a likely customer.	\$1,500	Upon settlement
★ Social Media Platform advertising and giveaways	Local area awareness and a simple platform to reach specified audiences	\$800	Upon settlement
Promotions to local primary schools and kindergartens in the local area	Brand and business awareness	\$500	School Holidays, Christmas time and other times throughout the year
Loyalty program	Improve returning customer rate - to onboard all customers on their first visit so they have incentive to accumulate points and return to add more and/or use them	\$0	Day 1
Centre promotions	Have offers of free entry hours to fill the quiet hours which will be compensated from the margin of retail sales from the café and or merchandise	\$0	Monthly
Local Media Printed Platforms	Gain wider regional area attention as the prominent attraction locally, engage with entertainment platforms and local media to present the offering to a larger audience	\$1,000	Once off paid promotional activities advising under new ownership and management

Very important to execute **prior to** and upon settlement ★

# KEY PERSONNEL

## Management staff:

- ❖ Jack Li
- ❖ Mrs Li
- ❖ Store Manager

## Other staff:

Job Title	Quantity	Expected staff turnover	Skills necessary
Barista	1-2	2 years minimum expectation	Certificate in Coffee Making Working with Children's Check
Party Host	1-2	2 years minimum expectation	Experience in hosting in an entertainment or hospitality environment Working with Children's Check
Customer Service Staff	8-10	2 years minimum expectation	Experience in customer service or hospitality industry Working with Children's Check

### Recruitment options

Local advertising for hiring of staff or through platforms e.g. Seek  
Training will be provided by owners and supported through the head office

### Training programs

Ongoing training and upskilling will occur in house to ensure best skills and that they can keep up with the market trends.  
Additional trainings will be provided by owner/managers to upskill staff for example coffee making and hosting parties.

**Market position:** Overall superior to local competitors – Competitor analysis shown

**Unique selling position:** Branded character to engage customers, with the multi-age facilities, this will create a safe and trusted environment that will keep families coming back for parties, day-play activities, mother's groups and other local entertainment

**Anticipated demand:** Entries are expected from initially 75-150 people per day (weekdays) to 200-250 entries expected on weekends at the average entry rate of \$11.90. This is exclusive of any birthday parties, events or food sales. This is easily achievable given the population size and family composition of the local area.

**Pricing strategy:** Pricing strategy is tailored to each region. This particular location will see the rates of \$11.90 for under 2 and \$14.90 for over 3-year old children. Lesser costing on weekdays or for special promotions. This is at and slightly above local market prices via competitor analysis and may impact demand.

**Value to customer:** The play centre's are deemed a cost-effective necessity to the local areas. There is a lacking of low cost entertainment options to allow children to stay active yet indoors all-year-round. It is especially effective on very hot days in Summer and cold days in Winter. The options of having parties and functions in this environment also provides another layer of value (& income to the directors) for the local area.

**Growth potential:** The anticipated annual growth ranges on a year by year basis and is benchmarked of the growth rate of similar regions but enhanced by the experience and additional services the directors will undertake.

For example, on an actual Profit and Loss Statement from a similar venue resulted in a growth rate of on average and approximately 10% year on year. Now the store turnover is over \$1mil and the Net Profit Before Tax is \$250,000 which was done within a 4-year trading period approximately.

# Financial Management

- Cash Flow Forecast in Appendix –

Accountant verified

- Cash based business with a small portion of payments paid in advance for events or birthdays

- Cash Flow positive

- Financial maintenance will be completed by one of the directors and other staff members.

Preparation and compliance will be completed through an external accountant to adhere to reporting standards, requirements and frequencies

- Accounting will occur through integrated accounting software, point of sale system and bank accounts for ease of daily reconciliation, accounting, accuracy and constant visibility – franchise requirement.

## FINANCING SUMMARY

### START UP COST SUMMARY

Category	Items	Quantity	Total Estimated Cost
Fitout - Building			\$258,933
Kitchen Equipment			\$54,141
Play Equipment			\$216,300
Café Furniture			\$12,500
Signage & Printing			\$13,350
A/V, Security & POS			\$14,000
Ktchen Smallwares			\$5,500
Stock			\$18,000
Administration			\$97,479
		Sub-Total	\$97,479
	Price confirmed	Total	\$690,203
	Price needs to be checked	+ GST 10%	\$69,020
		GRAND TOTAL incl GST	\$759,223.08

### FUNDING SUMMARY

Finance Requirements	Value
Directors Contribution & Lending	\$600,000.00
Landlords Contribution	\$150,000.00
<b>Total Funding Required</b>	<b>\$750,000.00</b>

## Pricing Strategy

Pricing strategy was developed at Franchise Head office level and has taken market factors into account including the price sensitivity of the local demographics, disposable income levels, median household incomes and costs associated with the site.

The pricing structure is slightly above the competitors but offers loyalty points and discounts for week days in addition to the superior new interactive areas.

Birthday party and events are also as cost effective as competitors and thus will also gain market share through this important revenue umbrella.

Marketing is important prior to and ongoing once opened as the Chipmunks does target all demographics, however is slightly geared toward higher income bracket families.

# CASH FLOW FORECAST

EOFY 2020 – PARTIAL YEAR

Cash Flow Forecast - 1st 9 months of Operations										
Version: August 2019 for estimated commencement October 2019										
Cash Inflows	October	November	December	January	February	March	April	May	June	Total
<b>Sales</b>	<b>\$60,000</b>	<b>\$70,000</b>	<b>\$75,000</b>	<b>\$73,000</b>	<b>\$72,000</b>	<b>\$75,000</b>	<b>\$73,000</b>	<b>\$76,000</b>	<b>\$78,000</b>	<b>\$652,000</b>
Entry Fees	\$24,600	\$28,700	\$30,750	\$29,930	\$29,520	\$30,750	\$29,930	\$31,160	\$31,980	
Food and Beverages	\$23,400	\$27,300	\$29,250	\$28,470	\$28,080	\$29,250	\$28,470	\$29,640	\$30,420	
Birthday Parties & Other	\$12,000	\$14,000	\$15,000	\$14,600	\$14,400	\$15,000	\$14,600	\$15,200	\$15,600	
<b>Cost of Sales</b>	<b>\$11,400</b>	<b>\$13,300</b>	<b>\$14,250</b>	<b>\$13,870</b>	<b>\$13,680</b>	<b>\$14,250</b>	<b>\$13,870</b>	<b>\$14,440</b>	<b>\$14,820</b>	<b>\$123,880</b>
Purchases	\$11,400	\$13,300	\$14,250	\$13,870	\$13,680	\$14,250	\$13,870	\$14,440	\$14,820	
<b>Gross Sales</b>	<b>\$48,600</b>	<b>\$56,700</b>	<b>\$60,750</b>	<b>\$59,130</b>	<b>\$58,320</b>	<b>\$60,750</b>	<b>\$59,130</b>	<b>\$61,560</b>	<b>\$63,180</b>	<b>\$528,120</b>
Cash Outflows	October	November	December	January	February	March	April	May	June	Total
Accounting	\$166	\$166	\$566	\$166	\$166	\$566	\$166	\$166	\$566	\$2,694
Advertising	\$5,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$13,000
Bank Fees	\$2,100	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$3,060
Cleaning	\$680	\$680	\$680	\$680	\$680	\$680	\$680	\$680	\$680	\$6,120
Computer Costs	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$540
Franchise Fees	\$4,500	\$5,250	\$5,625	\$5,475	\$5,400	\$5,625	\$5,475	\$5,700	\$5,850	\$48,900
Insurance	\$910	\$910	\$910	\$910	\$910	\$910	\$910	\$910	\$910	\$8,190
Kitchen Expenses	\$104	\$104	\$104	\$104	\$104	\$104	\$104	\$104	\$104	\$936
Licences and Subscriptions	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$3,753
Loan Repayments	\$5,562	\$5,562	\$5,562	\$5,562	\$5,562	\$5,562	\$5,562	\$5,562	\$5,562	\$50,058
Phone and Internet	\$147	\$147	\$147	\$147	\$147	\$147	\$147	\$147	\$147	\$1,323
Printing and Stationery	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$1,485
Rent	\$13,750	\$13,750	\$13,750	\$13,750	\$13,750	\$13,750	\$13,750	\$13,750	\$13,750	\$123,750
Repairs and Maintenance	\$0	\$0	\$0	\$350	\$0	\$0	\$0	\$350	\$0	\$700
Rubbish Collection	\$320	\$320	\$320	\$320	\$320	\$320	\$320	\$320	\$320	\$2,880
Superannuation	\$1,197	\$1,397	\$1,496	\$1,456	\$1,436	\$1,496	\$1,456	\$1,516	\$1,556	\$13,007
Uniforms	\$0	\$0	\$0	\$0	\$0	\$0	\$300	\$0	\$0	\$300
Utilities	\$1,670	\$1,670	\$1,670	\$1,670	\$1,670	\$1,670	\$1,670	\$1,670	\$1,670	\$15,030
Wages and Salaries	\$12,600	\$14,700	\$15,750	\$15,330	\$15,120	\$15,750	\$15,330	\$15,960	\$16,380	\$136,920
Water Usage	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$1,800
<b>Total Cash Outflow</b>	<b>\$49,548</b>	<b>\$46,618</b>	<b>\$48,542</b>	<b>\$47,882</b>	<b>\$47,227</b>	<b>\$48,542</b>	<b>\$47,832</b>	<b>\$48,797</b>	<b>\$49,457</b>	<b>\$434,446</b>
<b>Net Monthly Cash Flow</b>	<b>(\$948)</b>	<b>\$10,083</b>	<b>\$12,208</b>	<b>\$11,248</b>	<b>\$11,093</b>	<b>\$12,208</b>	<b>\$11,298</b>	<b>\$12,763</b>	<b>\$13,723</b>	<b>\$93,674</b>
<b>NET CASH FLOW POSITION</b>	<b>(\$948)</b>	<b>\$9,135</b>	<b>\$21,342</b>	<b>\$32,590</b>	<b>\$43,683</b>	<b>\$55,890</b>	<b>\$67,188</b>	<b>\$79,951</b>	<b>\$93,674</b>	<b>\$93,674</b>



# CASH FLOW FORECAST

EOFY2021 – FIRST FULL FINANCIAL YEAR OF TRADING

Cash Flow Forecast - 2nd 12 months of Operations													
Created: August 2019													
Cash Inflows	July	August	September	October	November	December	January	February	March	April	May	June	Total
<b>Sales</b>	<b>\$80,000</b>	<b>\$81,000</b>	<b>\$88,000</b>	<b>\$87,000</b>	<b>\$88,000</b>	<b>\$88,000</b>	<b>\$85,000</b>	<b>\$81,000</b>	<b>\$79,000</b>	<b>\$75,000</b>	<b>\$72,000</b>	<b>\$75,000</b>	<b>\$979,000</b>
Entry Fees	\$32,800	\$33,210	\$36,080	\$35,670	\$36,080	\$36,080	\$34,850	\$33,210	\$32,390	\$30,750	\$29,520	\$30,750	
Food and Beverages	\$31,200	\$31,590	\$34,320	\$33,930	\$34,320	\$34,320	\$33,150	\$31,590	\$30,810	\$29,250	\$28,080	\$29,250	
Birthday Parties & Other	\$16,000	\$16,200	\$17,600	\$17,400	\$17,600	\$17,600	\$17,000	\$16,200	\$15,800	\$15,000	\$14,400	\$15,000	
<b>Cost of Sales</b>	<b>\$15,200</b>	<b>\$15,390</b>	<b>\$16,720</b>	<b>\$16,530</b>	<b>\$16,720</b>	<b>\$16,720</b>	<b>\$16,150</b>	<b>\$15,390</b>	<b>\$15,010</b>	<b>\$14,250</b>	<b>\$13,680</b>	<b>\$14,250</b>	<b>\$186,010</b>
Purchases	\$15,200	\$15,390	\$16,720	\$16,530	\$16,720	\$16,720	\$16,150	\$15,390	\$15,010	\$14,250	\$13,680	\$14,250	
<b>Gross Sales</b>	<b>\$64,800</b>	<b>\$65,610</b>	<b>\$71,280</b>	<b>\$70,470</b>	<b>\$71,280</b>	<b>\$71,280</b>	<b>\$68,850</b>	<b>\$65,610</b>	<b>\$63,990</b>	<b>\$60,750</b>	<b>\$58,320</b>	<b>\$60,750</b>	<b>\$792,990</b>
Cash Outflows	July	August	September	October	November	December	January	February	March	April	May	June	Total
Accounting	\$166	\$166	\$566	\$166	\$166	\$566	\$166	\$166	\$566	\$166	\$166	\$566	\$3,592
Advertising	\$2,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$13,000
Bank Fees	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,800
Cleaning	\$680	\$680	\$680	\$680	\$680	\$680	\$680	\$680	\$680	\$680	\$680	\$680	\$8,160
Computer Costs	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$720
Franchise Fees	\$6,000	\$6,075	\$6,600	\$6,525	\$6,600	\$6,600	\$6,375	\$6,075	\$5,925	\$5,625	\$5,400	\$5,625	\$73,425
Insurance	\$910	\$910	\$910	\$910	\$910	\$910	\$910	\$910	\$910	\$910	\$910	\$910	\$10,920
Kitchen Expenses	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$1,440
Licences and Subscriptions	\$517	\$517	\$517	\$517	\$517	\$517	\$517	\$517	\$517	\$517	\$517	\$517	\$6,204
Loan Repayments	\$5,562	\$5,562	\$5,562	\$5,562	\$5,562	\$5,562	\$5,562	\$5,562	\$5,562	\$5,562	\$5,562	\$5,562	\$66,744
Phone and Internet	\$199	\$199	\$199	\$199	\$199	\$199	\$199	\$199	\$199	\$199	\$199	\$199	\$2,388
Printing and Stationery	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$1,980
Rent	\$13,750	\$13,750	\$13,750	\$14,093	\$14,093	\$14,093	\$14,093	\$14,093	\$14,093	\$14,093	\$14,093	\$14,093	\$168,087
Repairs and Maintenance	\$500	\$0	\$0	\$350	\$0	\$0	\$0	\$350	\$0	\$0	\$0	\$1,000	\$2,200
Rubbish Collection	\$320	\$320	\$320	\$320	\$320	\$320	\$320	\$320	\$320	\$320	\$320	\$320	\$3,840
Superannuation	\$1,596	\$1,616	\$1,756	\$1,736	\$1,756	\$1,756	\$1,696	\$1,616	\$1,576	\$1,496	\$1,436	\$1,496	\$19,531
Uniforms	\$600	\$0	\$0	\$0	\$0	\$0	\$300	\$0	\$0	\$0	\$0	\$0	\$900
Utilities	\$1,820	\$1,820	\$1,820	\$1,820	\$1,820	\$1,820	\$1,820	\$1,820	\$1,820	\$1,820	\$1,820	\$1,820	\$21,840
Wages and Salaries	\$16,800	\$17,010	\$18,480	\$18,270	\$18,480	\$18,480	\$17,850	\$17,010	\$16,590	\$15,750	\$15,120	\$15,750	\$205,590
Water Usage	\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$2,640
<b>Total Cash Outflow</b>	<b>\$52,135</b>	<b>\$50,340</b>	<b>\$52,875</b>	<b>\$52,863</b>	<b>\$52,818</b>	<b>\$53,218</b>	<b>\$52,203</b>	<b>\$51,033</b>	<b>\$50,473</b>	<b>\$48,853</b>	<b>\$47,938</b>	<b>\$50,253</b>	<b>\$615,001</b>
<b>Net Monthly Cash Flow</b>	<b>\$12,665</b>	<b>\$15,270</b>	<b>\$18,405</b>	<b>\$17,607</b>	<b>\$18,462</b>	<b>\$18,062</b>	<b>\$16,647</b>	<b>\$14,577</b>	<b>\$13,517</b>	<b>\$11,897</b>	<b>\$10,382</b>	<b>\$10,497</b>	<b>\$177,989</b>
<b>NET CASH FLOW POSITION</b>	<b>\$12,665</b>	<b>\$27,935</b>	<b>\$46,340</b>	<b>\$63,948</b>	<b>\$82,410</b>	<b>\$100,473</b>	<b>\$117,120</b>	<b>\$131,697</b>	<b>\$145,214</b>	<b>\$157,111</b>	<b>\$167,492</b>	<b>\$177,989</b>	<b>\$177,989</b>

# CASH FLOW ASSUMPTIONS

Entry fees account for 41%  
Food and Beverages account for 39%  
Parties account for the remainder 20%

## Accounting fees:

Include accounting software packages  
Include BAS lodgement  
Includes accounting fees

## Advertising:

Initial lump sum amounts are required to advertise to the local region on numerous mediums to advertise a change of ownership. This is crucial and a critical investment to boost the interest in the playcentre. It will also boost attendance from day 1 and may potentially fall within the school holidays. There is a requirement for a particular amount to be invested in marketing and advertising activities on an ongoing basis.

## Bank fees:

Includes initial bank loan establishment fee  
Merchant fees  
Account fees and so forth – this may be lesser if under relevant business packages

## Cleaning:

Ensuring a level of costs is set aside to maintain health, safety, hygiene and franchise standards of cleanliness.

## Franchise fees:

7.5% of the monthly revenue (fluctuates with sales) and includes promotional activities.

## Insurance:

Due to liability exposure, directors are required to attain comprehensive policies – as determined by an authorised and qualified advisor, this amount is an estimate, but would need to be updated once actual policy costs are attained.

## Loan repayment:

Based on \$600,000 over a 15 year term (an expressed payback period) at the approximate rate of 7.50% (monthly payments of principle and interest). Actual P&I fees to be advised and we will update accordingly.

## Marketing:

Marketing is crucial for the immediate uptake and success of the business. Marketing needs to commence prior to launching/opening the business. A minimum amount of social media activities is fundamental in conjunction with a letterbox drop in the area.

## Phone and Internet:

Inflated costings. Review of services to be undertaken once they commence trading. Current market offerings show that for appropriate services and competitive pricing, this amount shown per month is the median cost to be expected.

## Rent:

Rent has a ceiling – to be determined by the sales agent and not expecting it to exceed \$175k p.a.  
Normal rental costings for sites these range between \$150k and \$175k. Rental fees are currently in negotiations and will be updated once established. CPI annual increase of 2.5%

## Repairs and Maintenance:

Expected to increase over time as the equipment age and wear and tear increases. These are likely to occur in lump sum, but have been accounted for a portion as an expense every month as obsolescence. However, as this equipment will be brand new, this is expected to be minor costs incurred, possibly a call out fee, but the structures would be under warranty for the first few years of trade.

## Superannuation:

Calculated at 9.5% of all wages (allowance for all superannuation assuming it applies in all wage payments).

## Uniforms:

Once off cost for new uniforms are included in the start up costs. Worn out uniforms or new staff purchases will be ad-hoc expenses, however we have allowed for a portion.

## Utilities:

This estimate amount herewith is in line with the size of the building and the current market costings. This is an item to be reviewed once trading to establish benchmark.

## Wages and Salaries:

Move in line with the months birthdays, school holidays, holidays, seasonal factors and other factors. The higher the number of parties or events in a month causes the need for increased number of staff. In addition to the time of the year. School holidays and other holidays cause peaks in the attendance rates in addition to the increased staff rates. On average between 8-12 staff members are required at any time.

## Water usage:

To be reviewed once trading commences.

## TIMES IN THE YEAR AND INCREASED ATTENDANCE PROJECTED

Causes which will cause attendance fluctuations are:

- Marketing
- Innovations
- Schools Holidays
- Public Holidays
- Events
- Christmas celebration
- Private functions etc.

The influx of attendance is predominantly based on the marketing activities undertaken by both franchise head office, the franchisees in conjunction with leveraging off any existing relationships.

## School Holidays:

School Holidays	Starts	Finishes
Autumn Holidays	28 Mar 2020 (Sat)	13 Apr 2020 (Mon)
Winter Holidays	27 Jun 2020 (Sat)	12 Jul 2020 (Sun)
Spring Holidays	21 Sep 2019 (Sat)	6 Oct 2019 (Sun)
Summer Holidays	21 Dec 2019 (Sat)	28 Jan 2020 (Tue)

## Important initial steps for the business:

- Get to know the business
- Get involved with the local community
- Get to know the customers
- Understand the books, cash flow, operational requirements
- Ensure local marketing activities are undertaken

These activities are an Australian-first and adapted from successful play centres from America. Providing a competitive advantage. There is only 1 other site with the interactive play area, and another to be established very soon, but is proving to be very popular with all ages, but is importantly engaging older children.

# PROFIT AND LOSS FORECAST STATEMENT

PROFIT & LOSS FORECAST	EOFY 2020	EOFY 2021	EOFY 2022
Sales			
	\$652,000	\$979,000	\$1,076,900
<i>less cost of goods sold</i>	\$123,880	\$186,010	\$204,611
Gross profit/net sales	\$528,120	\$792,990	\$872,289
Expenses			
Accountant fees	\$2,694	\$3,592	\$3,592
Advertising & marketing	\$13,000	\$13,000	\$12,000
Bank fees & charges	\$3,060	\$1,800	\$2,000
Bank interest	\$33,336	\$42,938	\$41,091
Cleaning	\$6,120	\$8,160	\$8,160
Computer	\$540	\$720	\$720
Franchise Fees	\$48,900	\$73,425	\$80,768
Insurance	\$8,190	\$11,000	\$11,000
Kitchen Supplies	\$936	\$1,440	\$1,500
Licences and Subscriptions	\$3,753	\$6,200	\$6,500
Utilities	\$15,030	\$22,000	\$24,000
Printing and Stationery	\$1,485	\$2,000	\$2,000
Rent	\$123,750	\$168,000	\$172,200
Repairs and Maintenance	\$700	\$2,200	\$3,000
Staff training including uniforms	\$300	\$1,600	\$1,600
Superannuation	\$13,007	\$19,531	\$21,484
Telephone and internet	\$1,323	\$2,388	\$2,388
Wages (including PAYG)	\$136,920	\$205,590	\$226,149
Water Usage	\$1,800	\$2,640	\$2,800
Total expenses	\$414,844	\$588,224	\$622,952
★ NET PROFIT	\$113,276	\$204,766	\$249,337

We are projecting based on the ratios of income into the categories of 41% entry fees, 39% food and beverages and 20% birthday parties, before and afterschool care, private functions.

**Expenses:** They are either fixed or variable and fluctuate depending on the month of the year, school holidays, seasons, event time of year etc. More information on these assumptions are found in the appendix.

## EOFY 2020 projected income breakdown

*(In the forecasts, they are pro-rata to the remaining months left in the financial year):*

Entry fees: \$364,080 = 30,588 entries in a year = 83 entries per day at the average entry of \$11.90 per person.

Food and Beverages: \$346,320 = \$11.32 per meal per person average

Parties/Functions: \$177,600. Average party/function costs \$600 = 296 parties per year. On a weekend Chipmunks can facilitate up to 12 parties but average at approximately between 6-9 parties per weekend. To achieve this figure, without adding before or afterschool care, 5 parties or functions would need to be hosted every weekend, which is achievable. This is based on 2 party rooms being utilised.

## EOFY 2021 projected income breakdown:

Entry fees: \$401,390 = 33,730 entries in a year = 92 entries per day at the average entry of \$11.90 per person.

Food and Beverages: \$381,810 = \$11.31 per meal per person average

Parties/Functions: \$195,800. Average party/function costs \$600 = 326 parties per year. On a weekend Chipmunks can facilitate up to 12 parties but average at approximately between 6-9 parties per weekend. To achieve this figure, without adding before or afterschool care, 6 parties/functions would need to be hosted every weekend. This is based on 2 party rooms being utilised.

## EOFY 2022 projected income breakdown:

Entry fees: \$441,529 = 37,103 entries in a year = 101 entries per day at the average entry of \$11.90 per person.

Food and Beverages: \$419,991 = \$11.31 per meal per person average

Parties/Functions: \$215,380. Average party/function costs \$600 = 358 parties per year. On a weekend Chipmunks can facilitate up to 12 parties but average at approximately between 6-9 parties per weekend. To achieve this figure, without adding before or afterschool care, 7 parties/functions would need to be hosted every weekend. This is based on 2 party rooms being utilised.

★ Net Profit noted herewith is the EBTDA and hasn't allowed for any further accounting adjustments (only the interest calculated off the assumed loan value – see loan comparison tables for computations).

## Insurance

*Insurance coverage will be undertaken through a consultative process with an insurance expert to ensure exposure to risks are reduced significantly or mitigated. Personal insurances are to be reviewed at this stage also*

- Workers compensation
- Public liability insurance
- Business assets
- Business revenue

## Business Initiatives

- Introduction of new play areas for children
- Possible external marketing expertise
- Before, after and holiday care packages
- Holiday activities

## Innovation

### Research & Development

Head office is constantly reviewing its product offering and product positioning in the market. It stays on top of market trends and implements strategies in store to capitalise on these. The new directors will be one of the first few new stores to feature these innovative educational activities that have proven to be successful in other countries, and this, therefore would provide a competitor advantage over the other providers



# RISKS & MITIGANTS

Risk	Likelihood	Impact	Strategy
Children injuries	Highly	High	The play equipment is set up to high Australian Safety Standards and minimise hazards in store by having a seamless and spacious play areas which are protected with padding and soft flooring in enclosed spaces. Regular maintenance and rapid response to faults will reduce this risk.
Cleanliness	Likely	Medium	Cleanliness is an important factor in this environment and extra caution should be taken to create a clean and safe environment. Cleaning will occur daily and ad-hoc when required
Illness or cuts/abrasions	Likely	Medium	Have first aid kits available and have some staff trained in first aid to ensure all issues can be managed in house. Have an issue register to maintain a record of events and also to have an emergency plan
Fire or other threats	Likely-unlikely	High	Have an evacuation plan. Have emergency response plans Have access to make announcements and or warnings to patrons.
Reputational risk	Likely-unlikely	High	Have an exit strategy Have a risk response plan Have access to make announcements.

**Legal considerations**  
All employees are required to have a working with children's check.

## 5 RISKS IN BUSINESS

- 1.Strategic Risk.
- 2.Compliance Risk.
- 3.Operational Risk.
- 4.Financial Risk.
- 5.Reputational Risk.



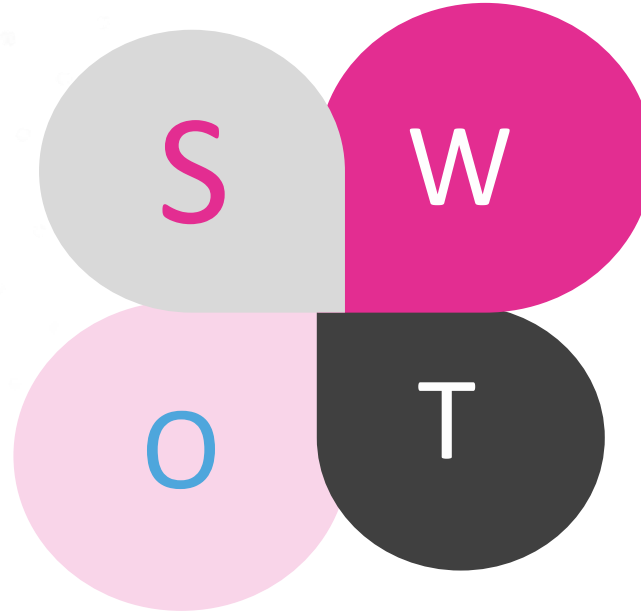
# OUR S.W.O.T

## Strengths

- ❖ Within a premium location central to this target age group
  - ❖ Brand Name
  - ❖ Growing following
- ❖ On trend industry with further future growth potential
- ❖ Support from Franchisor as they have a direct interest in the success of the business and earn a franchise fee in line with the sales of the site.

## Opportunities

- ❖ To develop immediate relationships from day one of operation
  - ❖ To build relationships locally
- ❖ Leverage of the head office to ensure efficient and cost effective structure
- ❖ Marketing from head office and franchisee to attract clients locally
  - ❖ Small number of competitors that offer similar services at an inferior level



## Weaknesses

- ❖ High lease costs mitigated by it being in the prime location to attract and have the higher likelihood of success and meeting sales targets to compensate for the higher cost
- ❖ The need for approval to innovate or introduce a new concept into the business
- ❖ Price sensitivity (pricing elasticity of demand)

## Threats

- ❖ Introduction of new competitors in the market
- ❖ Changes in the household incomes
- ❖ Change in composition of the local region, e.g. aging population, lower income brackets, this however, is mitigated through the price point strategy and can reach many suburbs
- ❖ Reputational risks
- ❖ Change in entry price

- ✓ Overall the offering is equally superior in the marketplace
  - ✓ Mid price strategy
- ✓ Intimate environment which creates valued customer experiences
  - ✓ Ability to retain and foster existing Chipmunk or playcenter fans
    - ✓ Skilled staff and a caring, engaging ownership team
- ✓ Training and support ensures the franchisees are able to operate their businesses successfully with minimal effort
- ✓ Existing Business allows for immediate and automatic income streams

# BUSINESS PLAN RESOURCES

This business plan has been built impartially based on the following information:

**Disclaimer:** This business plan highlights the research completed for the clients assessment of the opportunity and the presentation of key findings and calculations to the credit assessors of the finance application process. This does not take into account the clients exact personal situation or financial needs. Please read through all of the documents herewith in conjunction with the documents provided by the franchise, seller, agents, accountants, solicitors and other information sources to form a well-rounded and unbiased decision. We always recommend seeking independent legal and financial advice before proceeding with an opportunity. We do not and cannot make any guarantees about the completeness, reliability or accuracy of this information and information and forecasts can change. Any action you take on this will be at your own risk and we will not be liable for any losses or damages in connection to this service. The information provided herewith is based on information extracted from the most trusted industry related information service providers available by our research methods, including IBIS world reports, ABS reports, id. Consulting, franchisor documentation, current financial statements and other information/s.



# DUE DILIGENCE

PLEASE ensure you look into the following further or be mindful of the following topics – but not limited to:

- ❖ Provide and discuss all financial and contractual documents with a solicitor and accountant for additional support, review and risk minimisation strategies.
- ❖ Once location sought please peruse the lease agreement. Rental fees approximate to \$165k p.a. and often have a ceiling but in the interim they increase at 2.5%. The lease overview that is often negotiated by head office is at a term of 10 + 5 + 5, meaning you have a fair bit of security around the length of time you can be at that one premise.
- ❖ Local competitor concentration is currently low. However, due to population growth factors, and demand for these services, it is likely that competitors will enter the market and will dilute the market share. However, if loyalty is built and fostering the customer experiences and responding to concerns, it is likely that these customers will be loyal to a degree.
- ❖ Advertising investments: High investment required to promote or advertise the business before launching. Launch specials? Exposure via kinders (depending on their policies – but you could have a flyer – discounted offer... and other launch offers?
- ❖ With the proposed marketing spend from the cash flow forecast, you should be able to generate sales and interest into the play centre but these marketing activities need to be maintained long term to keep your services front of mind and appeal to the parents desires as well as the well being of the child: for example come visit us at the NEW Nunawading Chipmunks Playland and Café, enjoy top quality coffee and relax while your children get to play, enjoy and run around in a safe and happy environment – ok this might be very rough as I just came up with it in a second, but along those lines. Also ensure you explain to the target audience why you exist: Providing a safe, happy and healthy environment to encourage children's physical and sensory activities, **no matter the weather** and fostering a relaxing, caring environment for the parents or carers (again – very rough sorry).
- ❖ The high surrounding population and number of local families (within proximity to the centre) supports the demand/supply needs to operate.
- ❖ There are several regulatory requirements that the business needs to comply with, please refer to the franchise agreement for specifics.
- ❖ There are additional innovative activities that you may undertake to increase the competitiveness of the centre. This has been built into the profit and loss forecast and cash flow forecasts accordingly, however as these are dependent on those activities (digital/interactive areas), please be very careful to undertake those activities in conjunction with the high level of marketing activities to see this develop.
- ❖ Request the head office update you with changes to regulatory changes and industry changes over time as they will be staying on top of policy, regulatory changes and the like; it will make it easy for you and save you time if they update you as they come about.

- ❖ Insurances is an absolute necessity for this in the business and also on a personal basis. This needs to be precisely reviewed according to your circumstances and quoted accordingly. There are insurance experts that you would need to engage with for this information and the information or categories contained within is not in completeness for what may apply so having an expert customise a cover for you is essential. If the amount quoted is significantly different to the amount we have factored into the forecast, please advise us to update it accordingly and thus reducing the risk of being underfunded. Etc. (not likely, but these are factors we can get as facts before commencement in the business should you choose to proceed)
- ❖ Being present and social on social media platforms is essential and a great way of engaging the public and prompting a call to action, whether it be a telephone call, a message on social media, an email enquiry, or a new visit. The exposure on social media will increase the chances of new customers attending and increase the rate of returning customers. An amount has been allocated for this and we would recommend not undercutting this important aspect of the budget.
- ❖ All employees will need a working with children's check and all food handling staff will require the food handling certificate. They also require a barista who may be certified.
- ❖ PAYG withholding requirements for staff
- ❖ Staff costs may be lesser or more than the estimates, but it will significantly depend on the time of year, birthdays or events and the involvement and availability of the directors to work within the business.
- ❖ Superannuation has been assumed at 9.5%, however, I understand some workers may be contractors or may not have the requirement to pay the superannuation. It has been included in case superannuation is payable on all wages. Any variances, advised to be consulted by a reputable accountant.
- ❖ Please arrange your utilities before you open as it is important to get a good deal for the usage as the wrong plan can double the normal costs – e.g. peak/off peak deals.
- ❖ The rubbish collection please ensure you have sourced a good and cost effective provider.
- ❖ Telephones and internet to be looked at and bundled where possible. You do need high speed internet as your point of sale system can usually be integrated in it to free up or avoid additional phone line charges.

These are all of the items that I have recorded for your attention, I have tried my best to provide you with a very in-depth analysis of the opportunity for your perusal. This, however is one part in the many steps of due diligence and please for your protection, I understand you have already decided to proceed prior to engaging me for this plan, but do not act on this alone, use it as a part of the entire research and due diligence process to form your own view and judgement on the opportunity at hand. If any further items come up, I will bring it to your attention if and before you commence trading (even post-launch).

***We always highly recommend and encourage engaging a solicitor and independent accountant before you decide to pursue a business opportunity. There are many risks and rewards involved in business ownership, but we aim to reduce risks as much as possible and provide you with the support required to get into business with the best possible structure, support and confidence. Thank you for being our customer.***

***From Pathways to Business***