

BEDROCK HOTEL LIMITED

EXAMPLE BUSINESS PLAN



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BEDROCK HOTEL LIMITED

EXAMPLE BUSINESS PLAN

1) Executive Summary

This is a business plan to demonstrate the financial viability of acquiring an existing hotel business.

The hotel is to be purchased in a new company set up by Fred and Wilma Flintstone, Bedrock Hotel Limited

Profile:

- Located in Bedrock
- On the market for £600,000.
- 14 double rooms all with en-suite
- 20 table Restaurant
- Lounge Bar
- Current owners retiring

The £600k purchase price is made up of the Land & Buildings at £450k (including Stamp Duty Land Tax), equipment and fixtures of £100k and £50k Goodwill.

Financing:

- Total purchase price is £600k (£25k of which is deferred consideration on the Goodwill)
- For the property element, £360k will be financed via a Business Mortgage which is repayable over 15 years at approx. 3% APR.
- The Equipment and Fixtures will be 90% asset financed over 5 years at 5% APR
- The Goodwill will be purchased 50% up front with the remaining £25k paid monthly over 3 years

The Directors will inject a total of £135k of personal savings into the business. £125k will go towards the initial purchase with a further £10k to provide the business with working capital.

Viability:

The results in year 1 show a profit before tax of £39k with a closing cash balance of £38k. In this year the Directors receive £16k in salaries and £33k in Director's loan repayments.

The results in year 2 show a profit before tax of £46k with a closing cash balance of £34k. In this year the Directors receive £16k in salaries and £36k in Director's loan repayments.

This is what the directors hoped to achieve as the business provides them with the lifestyle they require providing reasonable returns. It is also gaining equity in the property and hopefully building a strong Goodwill value for the future.

Bedrock Hotel Limited													
Profit And Loss													
	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Total
	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	£
	£	£	£	£	£	£	£	£	£	£	£	£	£
Sales													
Accommodation	14,105	14,945	17,089	17,587	19,530	19,950	21,429	21,158	20,737	20,072	17,588	16,275	220,465
Restaurant	5,638	5,987	6,825	7,038	7,812	7,988	8,562	8,462	8,300	8,026	7,037	6,512	88,187
Bar	3,008	3,195	3,642	3,755	4,169	4,262	4,569	4,516	4,428	4,283	3,755	3,475	47,057
Total Sales	22,751	24,127	27,556	28,380	31,511	32,200	34,560	34,136	33,465	32,381	28,380	26,262	355,709
Direct Costs													
Restaurant supplies	1,804	1,916	2,184	2,252	2,500	2,556	2,740	2,708	2,656	2,568	2,252	2,084	28,220
Bar supplies	1,203	1,278	1,457	1,502	1,668	1,704	1,828	1,806	1,772	1,713	1,502	1,390	18,823
Web booking fees	1,410	1,495	1,709	1,759	1,953	1,995	2,142	2,116	2,074	2,007	1,759	1,628	22,047
Restaurant & Bar wages													
Gross Wages	8,083	8,084	8,083	8,083	8,084	8,083	8,083	8,084	8,083	8,083	8,084	8,083	97,000
Er's Contributions	970	970	970	970	970	970	970	970	970	970	970	970	11,640
Total Restaurant & Bar wages	9,053	9,054	9,053	9,053	9,054	9,053	9,053	9,054	9,053	9,053	9,054	9,053	108,640
Total Direct Costs	13,470	13,743	14,403	14,566	15,175	15,308	15,763	15,684	15,555	15,341	14,567	14,155	177,730
Gross Profit	9,281	10,384	13,153	13,814	16,336	16,892	18,797	18,452	17,910	17,040	13,813	12,107	177,979
Overheads													
Directors' salaries	1,333	1,334	1,333	1,333	1,334	1,333	1,333	1,334	1,333	1,333	1,334	1,333	16,000
Cleaning and Laundry	800	800	800	800	800	800	800	800	800	800	800	800	9,600
Insurance	667	666	667	667	666	667	667	666	667	667	666	667	8,000
Advertising	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Utilities	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Business rates	800	800	800	800	800	800	800	800	800	800	800	800	9,600
Telephone and internet	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Entertainment	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Printing, Postage & Stationery	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Repairs and maintenance	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Accountancy and payroll	208	209	208	208	209	208	208	209	208	208	209	208	2,500
IT and website maintenance	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Legal and Professional Fees	5,000	200	200	200	200	200	200	200	200	200	200	200	7,200
Depreciation													
Land and Buildings	750	750	750	750	750	750	750	750	750	750	750	750	9,000
Fixtures and equipment	1,667	1,666	1,667	1,667	1,666	1,667	1,667	1,666	1,667	1,667	1,666	1,667	20,000
Goodwill	833	834	833	833	834	833	833	834	833	833	834	833	10,000
Total Depreciation	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	39,000
Total Overheads	14,858	10,059	10,058	10,058	10,059	10,058	10,058	10,059	10,058	10,058	10,059	10,058	125,500
Operating Profit	(5,577)	325	3,095	3,756	6,277	6,834	8,739	8,393	7,852	6,982	3,754	2,049	52,479
Interest Expense													
Loan Interest													
Fixtures and equipment	0	375	369	364	359	353	347	341	336	331	324	319	3,818
Mortgage	0	900	896	892	888	884	880	876	872	868	864	860	9,680
Total Loan Interest	0	1,275	1,265	1,256	1,247	1,237	1,227	1,217	1,208	1,199	1,188	1,179	13,498
Total Interest Expense	0	1,275	1,265	1,256	1,247	1,237	1,227	1,217	1,208	1,199	1,188	1,179	13,498
Net Profit	(5,577)	(950)	1,830	2,500	5,030	5,597	7,512	7,176	6,644	5,783	2,566	870	38,981
Corporation Tax	0	0	0	0	567	1,119	1,502	1,435	1,330	1,156	513	174	7,796
Profit After Tax	(5,577)	(950)	1,830	2,500	4,463	4,478	6,010	5,741	5,314	4,627	2,053	696	31,185
Retained Earnings	(5,577)	(950)	1,830	2,500	4,463	4,478	6,010	5,741	5,314	4,627	2,053	696	31,185
Cumulative Retained Earnings	(5,577)	(6,527)	(4,697)	(2,197)	2,266	6,744	12,754	18,495	23,809	28,436	30,489	31,185	31,185

Bedrock Hotel Limited
Balance Sheet

	O/Bal Jan 16 Budget £	Jan 16 Budget £	Feb 16 Budget £	Mar 16 Budget £	Apr 16 Budget £	May 16 Budget £	Jun 16 Budget £	Jul 16 Budget £	Aug 16 Budget £	Sep 16 Budget £	Oct 16 Budget £	Nov 16 Budget £	Dec 16 Budget £	Total £
Fixed Assets														
Land and Buildings	0	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Fixtures and equipment	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Goodwill	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total Accumulated Depreciation	0	(3,250)	(6,500)	(9,750)	(13,000)	(16,250)	(19,500)	(22,750)	(26,000)	(29,250)	(32,500)	(35,750)	(39,000)	(39,000)
Total Fixed Assets	0	596,750	593,500	590,250	587,000	583,750	580,500	577,250	574,000	570,750	567,500	564,250	561,000	561,000
Current Assets														
Bank														
Main Bank Account	100	25,761	18,863	21,961	15,563	22,505	29,739	25,541	34,541	42,845	34,216	37,032	38,056	38,056
Total Bank	100	25,761	18,863	21,961	15,563	22,505	29,739	25,541	34,541	42,845	34,216	37,032	38,056	38,056
Stock On Hand														
Restaurant supplies	0	447	510	525	583	597	639	632	620	599	525	487	429	429
Bar supplies	0	298	340	351	389	397	427	421	414	400	350	324	287	287
Total Stock On Hand	0	745	850	876	972	994	1,066	1,053	1,034	999	875	811	716	716
Total Current Assets	100	26,506	19,713	22,837	16,535	23,499	30,805	26,594	35,575	43,844	35,091	37,843	38,772	38,772
Creditors Due Within One Year														
Total Trade Creditors	0	39,213	32,517	32,359	31,862	31,657	31,122	30,772	30,001	29,179	28,222	26,875	25,787	25,787
Other Creditors														
VAT Liability Account	0	2,257	5,768	9,891	4,264	9,090	14,032	5,367	10,660	15,834	4,991	9,269	13,173	13,173
PAYE & NIC	0	2,263	2,264	2,263	2,263	2,264	2,263	2,263	2,264	2,263	2,263	2,264	2,263	2,263
Director's loan account	0	135,000	132,000	129,000	126,000	123,000	120,000	117,000	114,000	111,000	108,000	105,000	102,000	102,000
Total Other Creditors	0	139,520	140,032	141,154	132,527	134,354	136,295	124,630	126,924	129,097	115,254	116,533	117,436	117,436
Corporation Tax	0	0	0	0	0	567	1,686	3,188	4,623	5,953	7,109	7,622	7,796	7,796
Fixtures and equipment	0	16,250	16,318	16,385	16,454	16,523	16,592	16,661	16,730	16,799	16,870	16,940	17,010	17,010
Mortgage	0	19,297	19,345	19,393	19,442	19,490	19,540	19,588	19,637	19,686	19,735	19,784	19,834	19,834
Total Creditors Due Within One Year	0	214,280	208,212	209,291	200,285	202,591	205,235	194,839	197,915	200,714	187,190	187,754	187,863	187,863
Net Current Assets / (Liabilities)	100	(187,774)	(188,499)	(186,454)	(183,750)	(179,092)	(174,430)	(168,245)	(162,340)	(156,870)	(152,099)	(149,911)	(149,091)	(149,091)
Creditors Due After One Year														
Fixtures and equipment	0	73,750	72,359	70,962	69,559	68,150	66,736	65,316	63,889	62,458	61,019	59,575	58,125	58,125
Mortgage	0	340,703	339,069	337,431	335,788	334,142	332,490	330,835	329,176	327,513	325,846	324,175	322,499	322,499
Total Creditors Due After One Year	0	414,453	411,428	408,393	405,347	402,292	399,226	396,151	393,065	389,971	386,865	383,750	380,624	380,624
Total Liabilities	0	628,733	619,640	617,684	605,632	604,883	604,461	590,990	590,980	590,685	574,055	571,504	568,487	568,487
Total Net Assets	100	(5,477)	(6,427)	(4,597)	(2,097)	2,366	6,844	12,854	18,595	23,909	28,536	30,589	31,285	31,285
Capital and Reserves														
Capital	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Retained Earnings	0	(5,477)	(6,527)	(4,697)	(2,197)	2,266	6,744	12,754	18,495	23,809	28,436	30,489	31,185	31,185
Total Capital and Reserves	100	(5,477)	(6,427)	(4,597)	(2,097)	2,366	6,844	12,854	18,595	23,909	28,536	30,589	31,285	31,285

Bedrock Hotel Limited													
Profit And Loss													
	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Total
	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	£
	£	£	£	£	£	£	£	£	£	£	£	£	£
Sales													
Accommodation	14,387	15,244	17,431	17,939	19,921	20,349	21,858	21,581	21,152	20,475	17,939	16,601	224,877
Restaurant	5,750	6,100	6,976	7,174	7,963	8,150	8,738	8,637	8,450	8,200	7,175	6,638	89,951
Bar	3,068	3,255	3,722	3,828	4,249	4,349	4,662	4,609	4,509	4,376	3,828	3,542	47,997
Total Sales	23,205	24,599	28,129	28,941	32,133	32,848	35,258	34,827	34,111	33,051	28,942	26,781	362,825
Direct Costs													
Restaurant supplies	1,840	1,952	2,232	2,296	2,548	2,608	2,796	2,764	2,704	2,624	2,296	2,124	28,784
Bar supplies	1,227	1,302	1,489	1,531	1,700	1,739	1,865	1,844	1,803	1,751	1,531	1,417	19,199
Web booking fees	1,438	1,525	1,743	1,794	1,992	2,035	2,185	2,159	2,115	2,047	1,794	1,660	22,487
Restaurant & Bar wages													
Gross Wages	8,245	8,245	8,245	8,245	8,245	8,245	8,245	8,245	8,245	8,245	8,245	8,245	98,940
Er's Contributions	990	989	990	989	990	988	990	989	990	989	990	989	11,873
Total Restaurant & Bar wages	9,235	9,234	9,235	9,234	9,235	9,233	9,235	9,234	9,235	9,234	9,235	9,234	110,813
Total Direct Costs	13,740	14,013	14,699	14,855	15,475	15,615	16,081	16,001	15,857	15,656	14,856	14,435	181,283
Gross Profit	9,465	10,586	13,430	14,086	16,658	17,233	19,177	18,826	18,254	17,395	14,086	12,346	181,542
Overheads													
Directors' salaries	1,333	1,334	1,333	1,333	1,334	1,333	1,333	1,334	1,333	1,333	1,334	1,333	16,000
Cleaning and Laundry	816	816	816	816	816	816	816	816	816	816	816	816	9,792
Insurance	680	680	680	680	680	680	680	680	680	680	680	680	8,160
Advertising	204	204	204	204	204	204	204	204	204	204	204	204	2,448
Utilities	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	12,240
Business rates	816	816	816	816	816	816	816	816	816	816	816	816	9,792
Telephone and internet	102	102	102	102	102	102	102	102	102	102	102	102	1,224
Entertainment	255	255	255	255	255	255	255	255	255	255	255	255	3,060
Printing, Postage & Stationery	510	510	510	510	510	510	510	510	510	510	510	510	6,120
Repairs and maintenance	510	510	510	510	510	510	510	510	510	510	510	510	6,120
Accountancy and payroll	212	213	212	213	213	212	212	213	212	213	213	212	2,550
IT and website maintenance	255	255	255	255	255	255	255	255	255	255	255	255	3,060
Legal and Professional Fees	204	204	204	204	204	204	204	204	204	204	204	204	2,448
Depreciation													
Land and Buildings	750	750	750	750	750	750	750	750	750	750	750	750	9,000
Fixtures and equipment	1,667	1,666	1,667	1,667	1,666	1,667	1,667	1,666	1,667	1,667	1,666	1,667	20,000
Goodwill	833	834	833	833	834	833	833	834	833	833	834	833	10,000
Total Depreciation	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	39,000
Total Overheads	10,167	10,169	10,167	10,168	10,169	10,167	10,167	10,169	10,167	10,168	10,169	10,167	122,014
Operating Profit	(702)	417	3,263	3,918	6,489	7,066	9,010	8,657	8,087	7,227	3,917	2,179	59,528
Interest Expense													
Loan Interest													
Fixtures and equipment	313	307	302	295	290	284	278	272	267	260	254	248	3,370
Mortgage	856	852	848	843	840	835	831	827	823	819	815	810	9,999
Total Loan Interest	1,169	1,159	1,150	1,138	1,130	1,119	1,109	1,099	1,090	1,079	1,069	1,058	13,369
Total Interest Expense	1,169	1,159	1,150	1,138	1,130	1,119	1,109	1,099	1,090	1,079	1,069	1,058	13,369
Net Profit	(1,871)	(742)	2,113	2,780	5,359	5,947	7,901	7,558	6,997	6,148	2,848	1,121	46,159
Corporation Tax	0	0	0	456	1,072	1,189	1,580	1,512	1,399	1,230	569	225	9,232
Profit After Tax	(1,871)	(742)	2,113	2,324	4,287	4,758	6,321	6,046	5,598	4,918	2,279	896	36,927
Retained Earnings	(1,871)	(742)	2,113	2,324	4,287	4,758	6,321	6,046	5,598	4,918	2,279	896	36,927
Cumulative Retained Earnings	(1,871)	(2,613)	(500)	1,824	6,111	10,869	17,190	23,236	28,834	33,752	36,031	36,927	36,927

Bedrock Hotel Limited
Balance Sheet

	O/Bal Jan 17 Budget £	Jan 17 Budget £	Feb 17 Budget £	Mar 17 Budget £	Apr 17 Budget £	May 17 Budget £	Jun 17 Budget £	Jul 17 Budget £	Aug 17 Budget £	Sep 17 Budget £	Oct 17 Budget £	Nov 17 Budget £	Dec 17 Budget £	Total £
Fixed Assets														
Land and Buildings	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Fixtures and equipment	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Goodwill	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total Accumulated Depreciation	(39,000)	(42,250)	(45,500)	(48,750)	(52,000)	(55,250)	(58,500)	(61,750)	(65,000)	(68,250)	(71,500)	(74,750)	(78,000)	(78,000)
Total Fixed Assets	561,000	557,750	554,500	551,250	548,000	544,750	541,500	538,250	535,000	531,750	528,500	525,250	522,000	522,000
Current Assets														
Bank														
Main Bank Account	38,056	22,538	22,093	25,464	18,072	25,331	32,897	28,813	38,183	46,809	30,428	33,472	34,602	34,602
Total Bank	38,056	22,538	22,093	25,464	18,072	25,331	32,897	28,813	38,183	46,809	30,428	33,472	34,602	34,602
Stock On Hand														
Restaurant supplies	429	456	520	536	595	608	653	644	631	613	535	496	612	612
Bar supplies	287	303	348	357	397	406	435	430	421	408	357	331	409	409
Total Stock On Hand	716	759	868	893	992	1,014	1,088	1,074	1,052	1,021	892	827	1,021	1,021
Total Current Assets	38,772	23,297	22,961	26,357	19,064	26,345	33,985	29,887	39,235	47,830	31,320	34,299	35,623	35,623
Creditors Due Within One Year														
Total Trade Creditors	25,787	24,736	24,342	24,195	23,701	23,506	22,973	22,633	21,860	21,027	20,078	18,711	17,834	17,834
Other Creditors														
VAT Liability Account	13,173	3,338	6,916	11,128	4,348	9,267	14,311	5,476	10,876	16,150	5,094	9,455	13,414	13,414
PAYE & NIC	2,263	2,310	2,307	2,310	2,307	2,310	2,308	2,309	2,308	2,309	2,308	2,310	2,307	2,307
Director's loan account	102,000	99,000	96,000	93,000	90,000	87,000	84,000	81,000	78,000	75,000	72,000	69,000	66,000	66,000
Total Other Creditors	117,436	104,648	105,223	106,438	96,655	98,577	100,619	88,785	91,184	93,459	79,402	80,765	81,721	81,721
Corporation Tax	7,796	7,796	7,796	7,796	8,252	9,324	10,513	12,093	13,605	15,004	8,438	9,007	9,232	9,232
Fixtures and equipment	17,010	17,081	17,152	17,224	17,295	17,367	17,440	17,513	17,585	17,660	17,733	17,807	17,880	17,880
Mortgage	19,834	19,884	19,934	19,984	20,033	20,085	20,134	20,184	20,234	20,285	20,336	20,387	20,438	20,438
Total Creditors Due Within One Year	187,863	174,145	174,447	175,637	165,936	168,859	171,679	161,208	164,468	167,435	145,987	146,677	147,105	147,105
Net Current Assets / (Liabilities)	(149,091)	(150,848)	(151,486)	(149,280)	(146,872)	(142,514)	(137,694)	(131,321)	(125,233)	(119,605)	(114,667)	(112,378)	(111,482)	(111,482)
Creditors Due After One Year														
Fixtures and equipment	58,125	56,669	55,207	53,738	52,264	50,783	49,296	47,803	46,304	44,798	43,286	41,768	40,245	40,245
Mortgage	322,499	320,819	319,135	317,447	315,755	314,057	312,356	310,651	308,942	307,228	305,510	303,788	302,061	302,061
Total Creditors Due After One Year	380,624	377,488	374,342	371,185	368,019	364,840	361,652	358,454	355,246	352,026	348,796	345,556	342,306	342,306
Total Liabilities	568,487	551,633	548,789	546,822	533,955	533,699	533,331	519,662	519,714	519,461	494,783	492,233	489,411	489,411
Total Net Assets	31,285	29,414	28,672	30,785	33,109	37,396	42,154	48,475	54,521	60,119	65,037	67,316	68,212	68,212
Capital and Reserves														
Capital	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Retained Earnings	31,185	29,314	28,572	30,685	33,009	37,296	42,054	48,375	54,421	60,019	64,937	67,216	68,112	68,112
Total Capital and Reserves	31,285	29,414	28,672	30,785	33,109	37,396	42,154	48,475	54,521	60,119	65,037	67,316	68,212	68,212

**BEDROCK HOTEL LIMITED
EXAMPLE BUSINESS PLAN**

3) Financial Assumptions (Note year 2 has been uplifted by 2% for inflation)

Accommodation Income:

The hotel has 14 double rooms charged at £62.50 + VAT (£75) per night – including breakfast.

The following occupancy rates have been used to forecast the income:

Month	Occupancy	Equivalent guest numbers
Jan	52%	451
Feb	61%	479
Mar	63%	546
Apr	67%	563
May	72%	625
Jun	76%	639
Jul	79%	685
Aug	78%	677
Sep	79%	664
Oct	74%	642
Nov	67%	563
Dec	60%	521

Occupancy rates are based on the actual occupancy of the hotel in recent periods. This is also consistent with UK national occupancy averages from 2013-2015.

This then gives us an equivalent guest number per month. This is based on the number of hotel rooms (14) x number of nights in a month x 2 (being 2 people per room) reduced by the occupancy rate.

Web booking fees:

Web booking fees have been included at 10% of accommodation income to account for hotel booking websites commissions. These are usually around 15% but this has been reduced for the fact that some bookings will be made direct.

Restaurant and Bar Income:

The Restaurant has 20 tables. It doubles as a breakfast room for the hotel.

The Restaurant has 20 tables compared the hotel having only 14 rooms. The restaurant can therefore also accommodate non-hotel guests.

The estimated average spend per head in an evening is £15 (incl VAT). The number of customers in the restaurant is expected to reflect how busy the hotel is. Therefore the same occupancy rate has been applied to the restaurant. E.G. In September it assumed the Restaurant will operate at 79% capacity of the 20 tables.

The Bar Takings are based on the same assumptions but with an average spend per head of £8 (incl VAT)

**BEDROCK HOTEL LIMITED
EXAMPLE BUSINESS PLAN**

Restaurant and Bar – Direct Costs:

The costs of food and drink for the bar and restaurant are estimated in order to provide the following Gross Profit Margins:

Food – 68%

Drink – 60%

There is also an estimated days of stock on hand at any time.

Suppliers are expected to be paid after 14 days.

Restaurant and Bar Wages:

Staff numbers and salaries are included as follows:

Staff	Salary
Bar & Restaurant Manager	£22k pa
Chef	£23k pa (UK average for a hotel chef)
4 x waiters / bar staff	£13k pa (UK living wage 35 hours per week)

The company will contribute 2% of staff pay to a pension scheme.

Fred and Wilma will run the hotel side of the business and also provide extra help when needed in the Bar and Restaurant.

**BEDROCK HOTEL LIMITED
EXAMPLE BUSINESS PLAN**

Overheads:

Overhead	Amount	Narrative
Director's salaries	£8k pa each	Basic pay for Directors. Any more to be taken as dividends/Directors Loan Repayment
Cleaning and Laundry	£800 per month	To use a contract cleaning & housekeeping company.
Insurance	£8,000 per year	Based on a quote from a reputable insurance company
Advertising	£200 per month	This is a basic budget for a small hotel
Utilities	£1,000 per month	To cover Gas, Electricity and Water rates
Business rates	£800 per month	Assumed rateable value of £20k @ current standard multiplier of 48.2p
Telephone and internet	£100 per month	Covers the landline and broadband
Entertainment	£250 per month	The Bar will have entertainment on one evening per month.
Printing, Postage & Stationery	£500 per month	Estimated budget
Repairs and maintenance	£500 per month	A contract maintenance company will cover all minor repairs and maintenance for a monthly fee
Accountancy and Payroll	£2,500 per year	This is the estimated annual cost and will be paid monthly
IT and Website maintenance	£3,000 per year	An IT company will provide web-hosting and general IT support. They will be paid monthly
Legal and Professional fees	£5,000 initial and £200 per month thereafter	In January £5,000 has been included to cover the professional fees in relation to the purchase of the hotel. Then the fees afterwards are to cover HR and other general support that may be required

Most suppliers are expected to give 30 days credit. VAT is charged where appropriate

**BEDROCK HOTEL LIMITED
EXAMPLE BUSINESS PLAN**

Depreciation:

Fixed assets are depreciated at the following rates:

Land & Buildings – 2% Straight Line
Fixtures & Fittings – 20% Straight Line
Goodwill – Over 5 years Straight Line

Interest charges:

Fixtures and equipment asset finance – 5% p.a.
Mortgage – 3% p.a.

Corporation Tax:

Corporation Tax has been provided at the current rate of 20%. For the purposes of this forecast it has been assumed that taxable profits will roughly equate to accounting profits.

Other Cash Flow Items:

Taxes:

Employment taxes are paid to HMRC 1 month in arrears

VAT Returns will be prepared quarterly with the payment made 37 days after the quarter end

Corporation Tax is paid nine months and 1 day after the company year end

Directors Loan Account:

The Directors will live off the basic salary and will draw down £1,500 each from the Director's loan account until fully repaid.