

Income Statement

	Assumptions	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue		40,000	75,000	100,000	200,000	300,000
Gross margin %		55.0%	55.0%	55.0%	55.0%	55.0%
Cost of sales		18,000	33,750	45,000	90,000	135,000
Gross margin		22,000	41,250	55,000	110,000	165,000
Research and development		5,000	6,000	8,000	17,000	25,000
Sales and marketing		6,000	7,000	8,000	16,000	24,000
General and administrative		6,000	6,000	9,000	17,000	26,000
Operating expenses		17,000	19,000	25,000	50,000	75,000
Depreciation	20.0%	5,000	14,000	11,600	9,680	11,744
Operating income			8,250	18,400	50,320	78,256
Finance costs	4.0%	500	990	1,250	690	230
Income before tax		-500	7,260	17,150	49,630	78,026
Income tax expense	20.0%		1,352	3,430	9,926	15,605
Net income		-500	5,908	13,720	39,704	62,421

Balance sheet

	Assumptions	Opening	Year 1	Year 2	Year 3	Year 4	Year 5
Assets							
Cash		5,000	966	396	4,580	29,521	61,126
Accounts receivable	45	6,000	4,932	9,247	12,329	24,658	36,986
Inventory	90	5,000	4,438	8,322	11,096	22,192	33,288
Current assets		16,000	10,336	17,964	28,004	76,371	131,400
Long-term assets		20,000	20,000	56,000	46,400	38,720	46,976
Total assets		36,000	30,336	73,964	74,404	115,091	178,376
Liabilities							
Accounts payable	60	3,500	2,959	5,548	7,397	14,795	22,192
Other liabilities	60	2,500	2,877	3,508	4,879	9,964	14,932
Current liabilities		6,000	5,836	9,056	12,276	24,759	37,124
Long-term debt	3	15,000	10,000	39,500	23,000	11,500	
Total liabilities		21,000	15,836	48,556	35,276	36,259	37,124
Equity							
Capital		10,000	10,000	15,000	15,000	15,000	15,000
Retained earnings		5,000	4,500	10,408	24,128	63,832	126,253
Total equity		15,000	14,500	25,408	39,128	78,832	141,253
Total liabilities and equity		36,000	30,336	73,964	74,404	115,091	178,376

Cash Flow Statement	Assumptions	Year 1	Year 2	Year 3	Year 4	Year 5
Net income		-500	5,908	13,720	39,704	62,421
Add back depreciation		5,000	14,000	11,600	9,680	11,744
Changes in working capital						
Accounts receivable		1,068	-4,315	-3,082	-12,329	-12,329
Inventory		562	-3,884	-2,774	-11,096	-11,096
Accounts payable		-541	2,589	1,849	7,397	7,397
Other liabilities		377	632	1,371	5,085	4,968
Cash flows from operating activities		5,966	14,930	22,684	38,442	63,105
Amount paid for long-term assets		-5,000	-50,000	-2,000	-2,000	-20,000
Cash flows from investing activities		-5,000	-50,000	-2,000	-2,000	-20,000
Proceeds from long-term debt	4		46,000			
Proceeds from issue of share capital			5,000			
Repayment of long-term debt		-5,000	-16,500	-16,500	-11,500	-11,500
Cash flow from financing activities		-5,000	34,500	-16,500	-11,500	-11,500
Cash flow		-4,034	-570	4,184	24,942	31,605
Beginning cash balance		5,000	966	396	4,580	29,521
Ending cash balance		966	396	4,580	29,521	61,126

Ratios

	Year 1	Year 2	Year 3	Year 4	Year 5
Profitability (Net income / Revenue)	-1.3%	7.9%	13.7%	19.9%	20.8%
Efficiency (Revenue / Assets)	1.32	1.01	1.34	1.74	1.68
Leverage (Assets / Equity)	2.09	2.91	1.90	1.46	1.26
Return on assets (ROA)	-1.6%	8.0%	18.4%	34.5%	35.0%
Return on equity (ROE)	-3.4%	23.3%	35.1%	50.4%	44.2%
Liquidity (Current assets / Current liabilities)	1.77	1.98	2.28	3.08	3.54
Breakeven revenue	40,909	61,800	68,818	109,764	158,135

Graphs

