

FINANCIAL GAP ANALYSIS

Hello Telephone Company


Current

Sales		Net Profit	
\$		4,490,000	
		3.2%	

		% of Sales			% of Sales
Cash	25,494	0.6%	Notes Payable		Financial Gap
Accounts Receivable	928,745	20.7%	Accounts Payable	245,418	5.5%
Inventory	614,529	13.7%	Accruals	354,097	7.9%
Total Current Assets	1,568,768		Total Current Liabilities	599,515	
Equipment	299,091	6.7%	Long-Term Liabilities	627,859	
Land/Building	415,000		Total Liabilities	1,227,374	
Total Fixed Assets	714,091		Net Worth	1,055,485	
Total Assets	2,282,859		Total Liabilities & Net Worth	2,282,859	

Growth

Add Down




Sales		Percent Growth	
\$		5,612,500	
		25%	

New Net Worth = Old NW + (New Sales X Net Profit %)

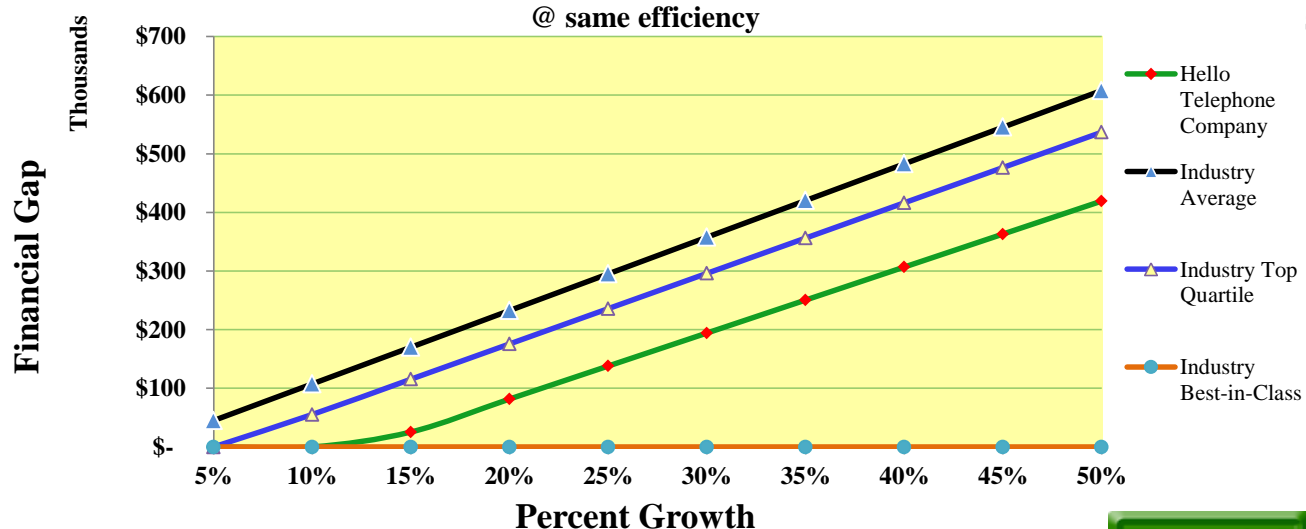
		% of Sales			% of Sales
Cash	31,868	0.6%	Notes Payable	138,054	Financial Gap
Accounts Receivable	1,160,931	20.7%	Accounts Payable	306,773	5.5%
Inventory	768,161	13.7%	Accruals	442,622	7.9%
Total Current Assets	1,960,960		Total Current Liabilities	887,449	
Equipment	373,864	6.7%	Long-Term Liabilities	627,859	
Land/Building	415,000		Total Liabilities	1,515,307	
Total Fixed Assets	788,864		New Net Worth	1,234,517	
Total Assets	2,749,824		Total Liabilities & Net Worth	2,749,824	

Subtract Up



Financial Gap Analysis

@ same efficiency



The top table labeled "Current" represents the company's most recent 12 month history for Sales and Net Profit. All the Assets (left column) and Liabilities (top half of right column) represent current month balances. The second table calculates the Financial Gap at a year-to-year 25% growth to illustrate the mathematics for such a growth rate. The bottom Chart shows the Financial Gap as it would appear if the desired annual growth varied from 5% to 50%, and as compared to your industry competitive bench marks of 50% (being the average), the upper Quartile (25%), and the best-in-class (Top 10%).

Tutorial

Note: Current Balance Sheet Accounts are last 3 month average.