

Proforma

Small Go-Kart Facility

The following proforma was patterned after a small Michigan facility with ten go-karts. The days of the month that count as weekend days are Friday, Saturday and Sunday. The rides per hour might be a little optimistic at eight per ride, but it would be very feasible with only ten karts and a 4 1/2 to 5 minute ride. The more karts you run, the longer the ride cycle, because it takes longer to get twenty go-karts in the pits than it does for ten go-karts. In addition, two seat go-karts take longer to load than single seaters.

Table 1:

The percent of maximum density is an estimate of the amount of time you will be running at full capacity, i.e. one hour of running ten go-karts, two hours of running five go-karts, or five hours of running two go-karts would equal 10% of a ten hour day. All these factors are multiplied together to find your rides per month or year. In addition, there are several other factors which should be considered. How much does it rain? How much do I charge? Is there any competition and how much are they charging?

Table 2:

Annual revenue is adjusted to consider the factors of price resistance and weather. Every area has a weather factor, even if it does not rain: too hot, too cold, or too sunny. The price of a ride is very important consideration that will affect your gross and net income. Every area has a given price level that is too high, but you will not know it until it begins to affect the business adversely. At that high point, gross revenue will actually decrease and you might lose customers as a result of pricing. People want to have a lot of fun without going broke.

Additional Notes:

1. No rent or land costs have been considered. (Table 3)

2. Weather has been considered at 10% and 15% loss. However, sales figures are more greatly affected if bad weather comes on weekends rather than weekdays. Go-karts can be operated in the rain, and rainy day business averages 40% of a dry day's revenue as long as the temperature is warm. (Table 2)

3. In a 180 day season Total Blue Sky Operation, ten karts x twelve hours per day x eight rides per hour x 180 days =172,800 rides x \$4.00 per ride= \$691, 200.00. This assumes absolutely perfect conditions which does not happen. (Table 1)

4. Labor figures do not include wages for a full-time working owner or manager, who would also serve as mechanic, if needed. (Table 4)

5. Net before taxes assumes the park was built for cash with no allowances for depreciation, interest or any other money related cost. (Table 5)

Table 1:Yearly Revenue Estimates for a Go-Kart Operation

Month	Type of Day	Days Per Month	# Karts	Hours of Operation	Rides Per Hour	% Max Density	Total Rides per month
April	Weekday	17	10	6	8	10	816
	Weekend	13	10	10	8	40	4160
May	Weekday	17	10	6	8	15	1224
	Weekend	13	10	12	8	50	6240
June	Weekday	17	10	6	8	30	4080
	Weekend	13	10	14	8	75	10920
July	Weekday	17	10	6	8	30	4896
	Weekend	13	10	14	8	75	10920
August	Weekday	17	10	6	8	30	4896
	Weekend	13	10	14	8	75	10920
September	Weekday	17	10	6	8	15	1224
	Weekend	13	10	10	8	50	5220

October	Weekday	17	10	6	8	10	816
	Weekend	13	10	10	8	40	4160
						Total	70492

Multiply days per month x hours of operation x rides per hour x % of max density = total rides per month

Table 2: Revenue Factored by Price Resistance and Weather

Total Rides	x	Price Resistance Factor	x	Weather Reduction Factor	x	Price per Ride	=	Yearly Gross
70492		0%		10%		\$4.00		253,771.20
70492		0%		10%		\$4.50		285,492.60
70492		5%		10%		\$5.00		301,353.30
70492		10%		10%		\$5.50		314,041.86
70492		0%		15%		\$4.00		239,672.80
70492		0%		15%		\$4.50		269,631.90
70492		5%		15%		\$5.00		284,611.45
70492		10%		15%		\$5.50		296,595.09

Table 1: Yearly Revenue Estimates

YEARLY FIXED COST BREAKDOWN:

Electricity	\$6,000
Telephone	1,000
Liability Insurance	12,000
Fire Insurance	700
Business Supplies (Tickets etc)	2570
Track Repairs	2000

Total Fixed Cost**\$24,270****ESTIMATED YEARLY EXPENSES VERSUS REVENUES AT VARIOUS PRICES****Expenses****Gross Revenue**

	<u>\$253,771.20</u>	<u>314,041.86</u>	<u>\$239,672.80</u>	<u>\$296,595.09</u>
Gas, Oil, and Parts @ \$0.25 per ride	15,860.70	14,227.63	14,979.55	13,481.60
Labor @ 15% of Gross (see additional note 4)	38,065.68	47,106.27	35,950.92	44,489.26
Advertising @ 5% of Gross	7,930.35	11,419.71	7,489.78	10,785.28
Fixed Costs (See chart above)	24,270.00	24,270.00	24,270.00	24,270.00
Net Before Taxes (See additional note 5)	\$167,644.47	\$216,971.25	\$156,982.55	\$203,568.95