Go to Tim’s Coffee Shoppe and look in the back office. Inside the file drawer labeled “Business” is Tim’s Coffee Shoppe Income Statement for the year for 2011. This is the most recent record Tim has. This year, several large businesses are moving in around his coffee shop and he expects business to increase. Tim needs to create a pro forma profit and loss (income) statement for this year, and you need to help him.

In this assignment, discuss whether each area in the pro forma income statement will increase, decrease or stay the same due to large businesses moving into the neighboring buildings into his area and explain your rationale why that line item will increase, decrease or stay the same. Remember, Tim serves coffee to many people who work in the area, so he would certainly expect a major increase in his business volume.

This assignment is not looking for dollar figures, but primarily your justification on why the line items will change and what direction they will change, if any. You may make assumptions based on the increased sales volume and how it will affect income and expenses, if and when you do make these assumptions, please describe them and their effects on each line item.

You can go on the Internet and search for videos covering financial statements.

These are the line items:

**Income earned:**

**Expenses include:**

Salaries  
Rent  
Depreciation  
Supplies  
Lease (on your refrigerator)  
Tax  
Interest (on loans currently held)  
Insurance

**Checklist:**

- If and when you made assumptions, based on the increased sales volume and how it will affect income and expenses, please describe them and their effects on each line item.
- Given what you have assumed and projected, will the total expenses increase or decrease? Why?
- Given what you have assumed and projected, will the net profit increase or decrease? Why?
In a minimum of a 1—2 page double-spaced Word document using 12 pt. New Times Roman font, please respond to the line items above and the two questions provided. Include an additional title page and references page and submit it to the Dropbox before the end of the unit.

### Kaplan University- Assignment grading sheet

<table>
<thead>
<tr>
<th>Analysis, critical thinking and correct response to checklist items: (80%)</th>
<th>Possible</th>
<th>Possible</th>
<th>Earned</th>
</tr>
</thead>
<tbody>
<tr>
<td>If and when you made assumptions, based on the increased sales volume and how it will affect income and expenses, please describe them and their effects on each line item.</td>
<td>80%</td>
<td>32</td>
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<tr>
<td>Given what you have assumed and projected, will the total expenses increase or decrease? Why?</td>
<td>80%</td>
<td>32</td>
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<tr>
<td>Given what you have assumed and projected, will the net profit increase or decrease? Why?</td>
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</tbody>
</table>

### Writing, spelling, and grammar

/1–2 pages in APA format and style

| Writing, spelling, and grammar | 20% | 8 |
Gross Project Score: 100% 40
Less: Late Penalty (Per Policy) 0
Your Project Score: