
Appendix J

Business Model Assumptions

A. Common assumptions for each location

- 1) For each type of facility, the following items are identical in each location:
 - Sales revenue
 - Staffing requirements
 - Building and land requirements
 - Machinery and equipment investments
 - Working capital requirements
 - R&D expenditures
 - Inventory levels
 - Cost of capital
 - Percentage of initial investment funded with equity.
- 2) The firm is a start-up enterprise and operates as a limited company.
- 3) All revenue earned in a given period is collected in the same period.
- 4) All expenses incurred in a given period are paid in the same period.
- 5) All of the firm's business income is related to operations.
- 6) The company does not qualify as a Canadian-controlled private corporation.

B. Other general assumptions

The following assumptions were made:

- 1) All figures are shown in current dollars (US dollars).
- 2) Expenditures for land only occur in Year 0.
- 3) After Year 0, expenditures on machinery and equipment made only in Year 5. Expenditures are limited to four depreciable asset classes.