

**Establishing a New Pharmacy
Capital Requirements/Business Plan
Self-Assessment Questions**

1. The only businesses that need to develop a business plan are those that plan to borrow funds and need the plan to submit to a lending institution.
 - A. True
 - B. False

2. Which of the following is a valid reason for establishing a business plan?
 - A. Assists in obtaining funds from a lending institution.
 - B. Assists in decision-making.
 - C. Provides management with direction for the future.
 - D. Helps owners define market province.
 - E. All of the above.

3. Which of the following projected (pro forma) financial documents would be a part of any successful business plan?
 - A. Income statement
 - B. Balance sheet
 - C. Cash flow statement
 - D. Sales and expense forecasts
 - E. All of the above

4. Both projected costs of operation as well as profits would be part of a business plan.
 - A. True
 - B. False

5. Financing that is obtained from a lending institution such as a bank is referred to as equity financing.
 - A. True
 - B. False

6. Initial capital requirements for a new pharmacy should include:
 - A. Six months' expenses
 - B. Six months' accounts receivable/third party revenue
 - C. Both of the above
 - D. None of the above

7. If the cost of goods sold is estimated at 70% and first year sales at \$500,000.
 - A. Average inventory would be >\$200,000.
 - B. Total purchases would be approximately \$35,000 the first year.
 - C. Both of the above
 - D. None of the above

8. Which is/are true of fixtures for a 1500 square foot pharmacy?

- A. Estimated value is \$15,000.
- B. More initial capital is required if leased rather than purchased.
- C. Both of the above
- D. None of the above

9. Establishing a new pharmacy versus purchasing an established pharmacy

- A. Has more risks and more unknowns.
- B. May require 1.5 -2 years before profits are realized.
- C. Both of the above
- D. None of the above

10. Goodwill

- A. is an intangible asset of a business.
- B. is valued at 1-2 years net profit of the pharmacy.
- C. Both of the above
- D. One of the above