

**SIMBA SUPER MARKET**

**Promoted by Shinyanga Emporium (1978) Limited**

**Business Plan**

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03/10/2020

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## 1.0 Executive Summary

### Introduction

Simba Super Market is the Super Market store of the 21st Century future, fulfilling a need that will continue to exist into the future - the need for speed. Simba Super Market will be the first fully automated, Super Market store that is more like an enormous dispensing machine than the traditional store.

The company expects to capture market share by becoming the low cost leader in the Super Market store industry by significantly reducing one of the primary expenses, which is labor. Through our completely automated shopping experience, customers will have the chance to shop for everyday items at reduced prices, thus undercutting competition such as Shoppers Plaza, Discount Centre, Village supermarkets, Games, Chopies, and other local Super Market store chains. The possibilities for expansion are excellent not only in Dar es Salaam area, but in neighboring Regions such as Dodoma, Arusha and Mwanza as well. "Unlike the supermarkets which failed to make it in Tanzania in the past, our company is managed by a local team, which is fully conversant with the Tanzanian business environment and consumer behavior, which in itself is a big advantage and despite the impact brought by the Covid-19 pandemic, the new entrant in the market is bringing customers an enjoyable one-stop shopping experience

### The Company (Shinyanga Emporium 1978 Ltd)

The company is a joint venture company between the principals, Mr. Pratish Kakkad and his family members. The company was incorporated as a limited liability company and the Simba Super Market brand name registered by BRELA as trading name with all shares held by private investors.

The 100% of the Simba Super Market's initially be held by listed private shareholders with an option to acquire a further shareholders by allotting existing un-allotted shares based on growth and profitability after the first five years. Simba Super Market is expected to open its first store in downtown Ilala/Temeke in October, 2020.

The company is already set up with a board of directors. Mr. Pratish Kakkad a Chairman and has strong management team

### The Products/Services

Simba Super Market will sell the same products as other Super Market stores in the same packaging sizes, quality, and quantity as other stores. This includes newspapers, magazines, soft drinks, fruit juices, sport drinks, hot and cold snacks, a limited number of grocery items such as canned soups, microwaveable meals, condiments, bread, auto products such as fuel additives and cleaning supplies, pet supplies, paper products, toothpaste, etc.

All products will be locally or nationally branded. In addition each computerized transaction machine can dispense cash, stamps, Lotto and phone cards and other coupons and will have the ability to create personal accounts that can display preferred items, retain shopping lists and other services. An automated, interactive "customer service rep" will be able to answer questions and pass on comments to the company's management.

In addition, the company is looking into ways to sell items such as beer, wine and cigarettes and to set up a separate Internet area for remote access to the Web and email for its customers.

### The Market

Super Market stores serve the entire purchasing population of its geographical area but Simba being located along the Nyerere road where most of industrial facilities are located and main

## Simba Super Market.

highway to Julius Nyerere International Airport it focuses on customers who need to purchase items outside of normal working hours such as swing shift employees and quick shoppers looking for snacks and related items, passengers to and from the airport. Therefore we have segmented our market into night shoppers, quick shoppers, and others. Growth rates for these three segments match the population growth for the surrounding area.

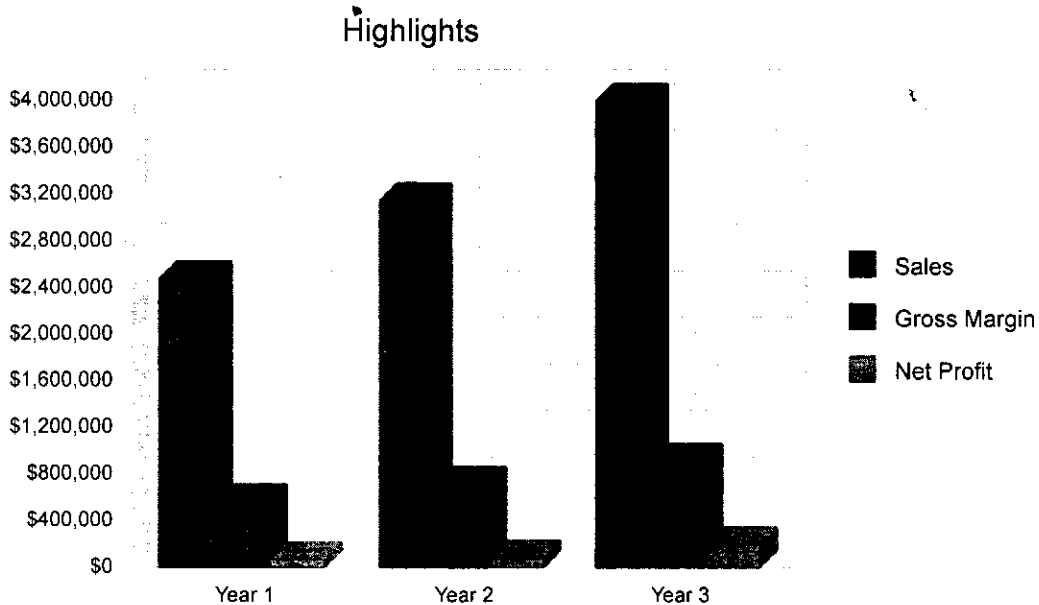
Our main competitor in Dar es Salaam is Shoppers Plaza and Discount Centre which holds together approximately 30% of the industry.

### Financial Considerations

Our start-up requirements come to \$520,000, which are largely single time fees associated with opening the store. These costs are financed by both private investors and bank loan. It should be noted that we expect to be operating at a loss for the first six months before advertising begins to take effect and draw in customers.

Simba Super Market will be receiving periodic influxes of cash in order to cover operating expenses during the first two years as it strives toward sustainable profitability. Almost all of this funding has been arranged through lending institutions and private investors already. We do not anticipate any cash flow problems during the next three years.

Chart: Highlights



# Simba Super Market.

## 1.1 Objectives

These are the goals for the next three years for Simba Super Market:

- Achieve profitability by July Year 1;
- Earn approximately \$200,000 in sales by Year 3;
- Start paying dividends by Year 3;
- Start up second store by Year 4.

## 1.2 Mission

Simba Super Market's primary objective is to create a new and revolutionary distribution outlet that will significantly reduce prices for its customers and provide greater services with an equal level of quality. The company seeks to be first to market with this daring new idea so as to capture market share and create greater than average profits.

## 1.3 Keys to Success

In order to survive and expand, Simba Super Market must keep the following issues in mind:

- We must attain a high level of visibility through the media, billboards, and other advertising.
- We must establish rigid procedures for cost control and incentives for maintaining tight control.
- We must expend a significant amount on R&D in order to constantly be able to offer better and greater products and services.

## 2.0 Company Summary

Automated stores such as Simba Super Market are not new, they have existed in Asia, especially in Japan for a number of years now and have been quite successful there. Mr. Pratish Kakkad, Simba Super Market's founder and the driving force behind the joint venture, has been intrigued with the idea of bringing this new type of store to the Tanzania since it can significantly reduce costs and the ability of an automated store to provide products and services is only limited to the imagination of management.

The company is a joint venture start-up company between the principals, Mr. Pratish and his associates. The company is long time incorporated in Tanzania with all shares held by private investors.

## 2.1 Company Ownership

We are structured as a Limited-Corporation which operates as a standard corporation. This form was chosen by the Board of Directors because of various tax advantages. Retained earnings will not be distributed as dividends for at least Three years, thus enabling the early retirement of the debt. Additionally, the corporate structure offers limited personal liability.

The company is a joint venture owned between the principals, Mr. Pratish and his associates, and the management of strong individuals with vast experience in the industry.

Simba Super Market.

	Shareholder	Nationality	Shares taken	%
1	Pratish M Kakad	Tanzania	793,748	15.875%
2	Chintan M Kakkad	Tanzania	926,019	18.520%
3	Shilpa P Kakkad	Tanzania	651,333	13.027%
4	Hitesh P Kakkad	Tanzania	100	0.002%
5	Parag Lakhani	India	100	0.002%
6	Yogesh Kakkad	India	100	0.002%
7	Ritesh G Monani	Tanzania	5	0.000%
	Shares Taken		2,371,405	47.428%
	Un- Allotted Shares		2,628,595	52.572%
	Total Shares		5,000,000	

Simba Super Market is expected to open its first store Along Nyerere road near JKN International Airport in October, 2020.

## 2.2 Start-up Summary

Our start-up expenses come to \$520,000, which are largely single time fees associated with opening the store. These costs are financed by both private investors and borrowing.

Table: Investment Breakdown

	USD
Land and Building	20,000
Plant and Machinery	285,000
Vehicles	55,000
Furniture and Fittings	67,000
Pre-Expenses	
Working Capital	93,000
<b>Total</b>	<b>520,000</b>

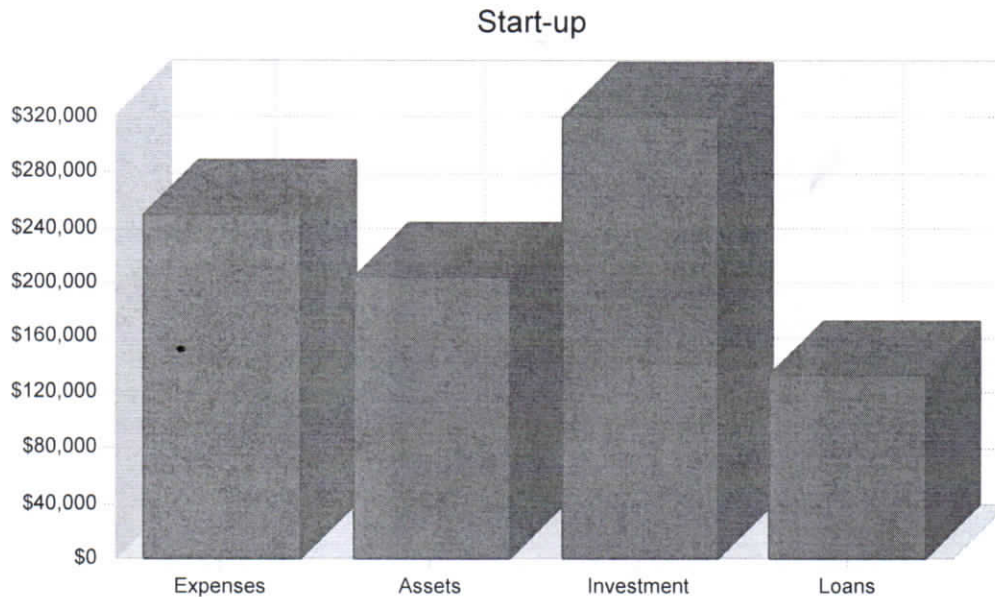
Simba Super Market.

Table: Simba Super Market Start-up Funding

<i>Start-up Funding</i>	
Start-up Expenses to Fund	\$249,180
Start-up Assets to Fund	\$203,820
Total Funding Required	\$453,000
<b>Assets</b>	
Non-cash Assets from Start-up	\$90,000
Cash Requirements from Start-up	\$113,820
Additional Cash Raised	\$0
Cash Balance on Starting Date	\$113,820
Total Assets	\$203,820
<b>Liabilities and Capital</b>	
<b>Liabilities</b>	
Current Borrowing	\$15,000
Long-term Liabilities	\$100,000
Accounts Payable (Outstanding Bills)	\$8,000
Other Current Liabilities (interest-free)	\$10,000
Total Liabilities	\$133,000
<b>Capital</b>	
<b>Planned Investment</b>	
Private Investors	\$150,000
management	\$110,000
Other	\$60,000
Additional Investment Requirement	\$0
Total Planned Investment	\$320,000
Loss at Start-up (Start-up Expenses)	(\$249,180)
Total Capital	\$70,820
Total Capital and Liabilities	\$203,820
<b>Total Funding</b>	<b>\$520,000</b>

## Simba Super Market.

Chart: Start-up



### 3.0 Products

As the most progressive company in the industry, Simba Super Market plans to offer a greater number of products and services in the future so as to create another dimension of competitive advantage. So that our customers will feel secure, we will subscribe to the security services offered by the competitive security companies. This will cut down on graffiti and loitering and insure the safety of both employees and customers.

Simba Super Market will sell the same products as other Super Market stores in the same packaging sizes, quality, and quantity as other stores. This includes newspapers, magazines, soft drinks, fruit juices, sport drinks, hot and cold snacks, a limited number of grocery items such as canned soups, microwaveable meals, condiments, bread, auto products such as fuel additives and cleaning supplies, pet supplies, paper products, toothpaste, etc.

All products will be locally or internationally branded. In addition each computerized transaction machine can dispense cash, stamps, Lotto and phone cards and other coupons and will have the ability to create personal accounts that can display preferred items, retain shopping lists and other services. An automated, interactive "customer service rep" will be able to answer questions and pass on comments to the company's management.

### 4.0 Market Analysis Summary

Super Market stores serve the entire purchasing population of its geographical area but Simba being located along the Nyerere road where most of industrial facilities are located and main highway to Julius Nyerere International Airport it focuses on customers who need to purchase items outside of normal working hours such as swing shift employees and quick shoppers looking for snacks and related items, passengers to and from the airport. Therefore we have segmented our market into night shoppers, quick shoppers, and others. Growth rates for these three segments match the population growth for the surrounding area.

## Simba Super Market.

### 4.1 Market Segmentation

Our target market for our test store encompasses a five mile radius in which the approximate population is 150,000 (based on census information).

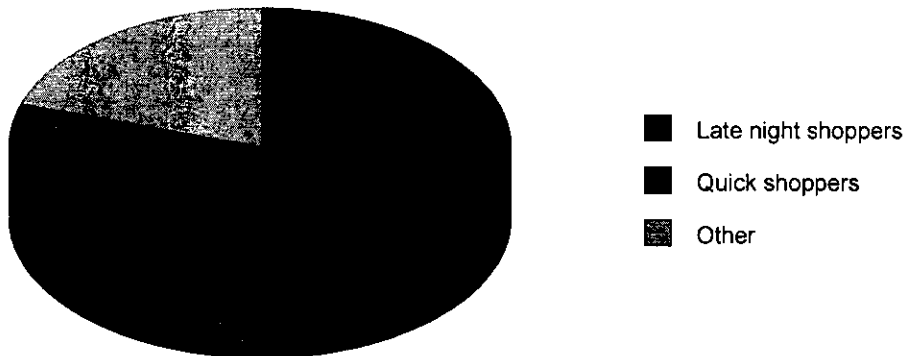
Target market segments Super Market stores serve the entire purchasing population of its geographical area but focuses on customers who need to purchase items outside of normal working hours such as swing shift employees and quick shoppers looking for snacks and related items, passengers from and to the airport.

Table: Market Analysis

<i>Market Analysis</i>							
	Growth	Year 1	Year 2	Year 3	Year 4	Year 5	CAGR
Potential Customers							
Late night shoppers	3%	78,000	80,340	82,750	85,233	87,790	3.00%
Quick shoppers	2%	42,000	42,840	43,697	44,571	45,462	2.00%
Other	3%	30,000	30,840	31,704	32,592	33,505	2.80%
<b>Total</b>	<b>2.68%</b>	<b>150,000</b>	<b>154,020</b>	<b>158,151</b>	<b>162,396</b>	<b>166,757</b>	<b>2.68%</b>

Chart: Market Analysis (Pie)

Market Analysis (Pie)



## Simba Super Market.

### 4.2 Industry Analysis

Pre-tax profit margin in the Super Market store industry has not been very promising results however in the recent past the sector has confirmed that a new, upward trend is emerging. This upward trend is based on several factors, and occurred along with a slow rebound in the general economy.

#### 4.2.1 Competition and Buying Patterns

Shoppers and Discount Centre holds approximately 30% of the industry market in Dar es Salaam.

### 5.0 Strategy and Implementation Summary

Simba Super Market's competitive edge will be the lower prices we will charge our customers and the novel purchasing experience that will draw shoppers.

The most critical element of Simba Super Market's success will be its marketing and advertising. In order to capture attention and sales Simba Super Market will use prominent signs at the store locations, billboards, media bites on local news, and radio advertisements to capture customers.

Many of the initial customers will be drawn to the unique nature of the store and will then have the opportunity to realize the cost savings of Simba Super Market. We expect an average 27% increase in sales from year to year. This may seem very high, but considering the level of initial sales and the growth possibilities, management actually considers this to be conservative.

#### 5.1 Competitive Edge

Simba Super Market's competitive edge will be the lower prices we will charge our customers and the novel purchasing experience that will draw shoppers. In the Super Market store industry, low cost and availability are the two success criteria. We plan to create these advantages in a new, high-tech environment that will retain customers.

#### 5.2 Marketing Strategy

The most critical element of Simba Super Market's success will be its marketing and advertising. Super Market stores serve the entire purchasing population of its geographical area but focuses on customers who need to purchase items outside of normal working hours such as swing shift employees and quick shoppers looking for snacks and related items. In order to capture attention and sales Simba Super Market will use prominent signs at the store locations, billboards, media bites on local news, and radio advertisements to capture customers. Many of the initial customers will be drawn to the unique nature of the store and will then have the opportunity to realize the cost savings of Simba Super Market. Since automated shopping is still in its infancy, the firm expects to invest a great deal of its available cash and revenues in marketing efforts.

#### 5.3 Sales Strategy

Since our store will be a stand-alone, remote facility, there is little in the way being able to directly influence how we close the sales other than to have an attractive storefront with our low prices and easy-to-use system. We believe that this in itself is its own seller. One critical procedure to ensure top customer service and reliability will be establishing a method for keeping enough inventory of all our products. We will be using industry data on inventory for other Super Market store chains to assist us.

Simba Super Market.

5.3.1 Sales Forecast

Based on a 20% mark-up, our forecasted sales for years one, two, and three respectively are: \$2,480,106; \$3,149,735; \$4,000,163. This gives us an average 27% increase from year to year. This may seem very high, but considering the level of initial sales and the growth possibilities, management actually considers this to be conservative.

These sales figures are based on a conglomerate of commuter and walk-by traffic with an average \$3.00 purchase amount conforming to industry averages. The target profit margin was defined as an average net profit of all merchandise.

Table: Sales Forecast

<i>Sales Forecast</i>	Year 1	Year 2	Year 3
Sales			
Drinks	\$978,070	\$1,242,149	\$1,577,529
Snacks	\$873,277	\$1,109,061	\$1,408,508
Magazines/newspapers	\$209,586	\$266,175	\$338,042
General grocery items	\$279,449	\$354,900	\$450,723
Other	\$139,724	\$177,450	\$225,361
<b>Total Sales</b>	<b>\$2,480,106</b>	<b>\$3,149,735</b>	<b>\$4,000,163</b>
Direct Cost of Sales	Year 1	Year 2	Year 3
Drinks	\$753,114	\$956,455	\$1,214,697
Snacks	\$672,423	\$853,977	\$1,084,551
Magazines/newspapers	\$161,382	\$204,955	\$260,292
General grocery items	\$215,175	\$273,273	\$347,056
Other	\$107,588	\$136,636	\$173,528
<b>Subtotal Direct Cost of Sales</b>	<b>\$1,909,682</b>	<b>\$2,425,296</b>	<b>\$3,080,125</b>

# Simba Super Market.

Chart: Sales Monthly

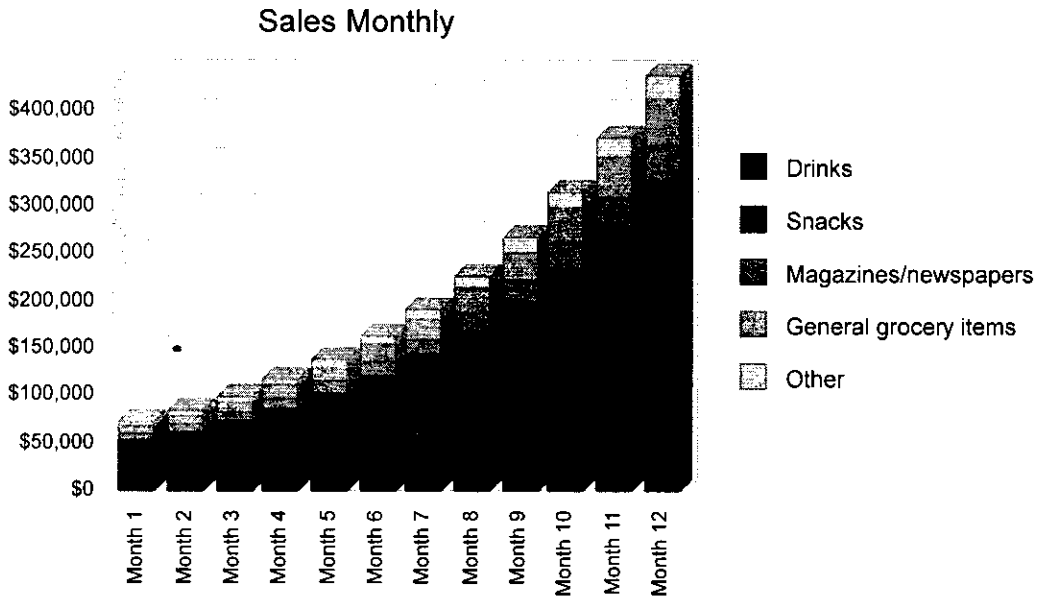
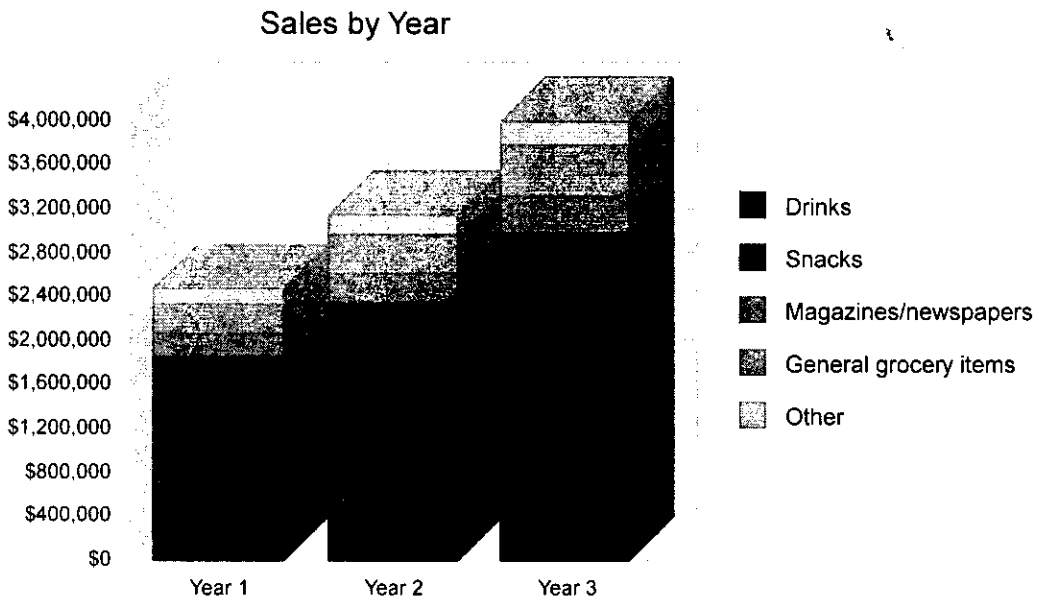


Chart: Sales by Year



## 6.0 Management Summary

As stated earlier, Simba Super Market will be a joint venture between Mr. Pratish and his associates

## Simba Super Market.

### 6.1 Personnel Plan

Initially the company will only have a small staff of 29 people including upper management, an operations technician and office manager. All other services, such as bookkeeping, will be outsourced.

Table: Personnel

<i>Personnel Plan</i>	Year 1	Year 2	Year 3
General Manager			
Sales			
Finance officer			
Office manager			
Technicians	29	34	39
Total People			

### Personnel Breakdown

	Nos
Men	12
Women	12
Foreign Expert	5
Total	39 at Year 3

### 7.0 Financial Plan

The following tables illustrate our financial projections over the next three years. Please note that we expect to be operating at a loss for the first six months before advertising begins to take effect and draw in customers.

As retained earnings increase, a debt retirement fund will be established to encourage early repayment, thus relieving interest expense. Also, a 30-day payment period for purchases will be used to avoid incurring liabilities.

### 7.1 Important Assumptions

Simba Super Market is basing its assumptions on a stable growth market using average interest rates over the past ten years.

Table: General Assumptions

<i>General Assumptions</i>	Year 1	Year 2	Year 3
Plan Month	1	2	3

Simba Super Market.

Current Interest Rate	10.00%	10.00%	10.00%
Long-term Interest Rate	10.00%	10.00%	10.00%
Tax Rate	30.00%	30.00%	30.00%
Other	0	0	0

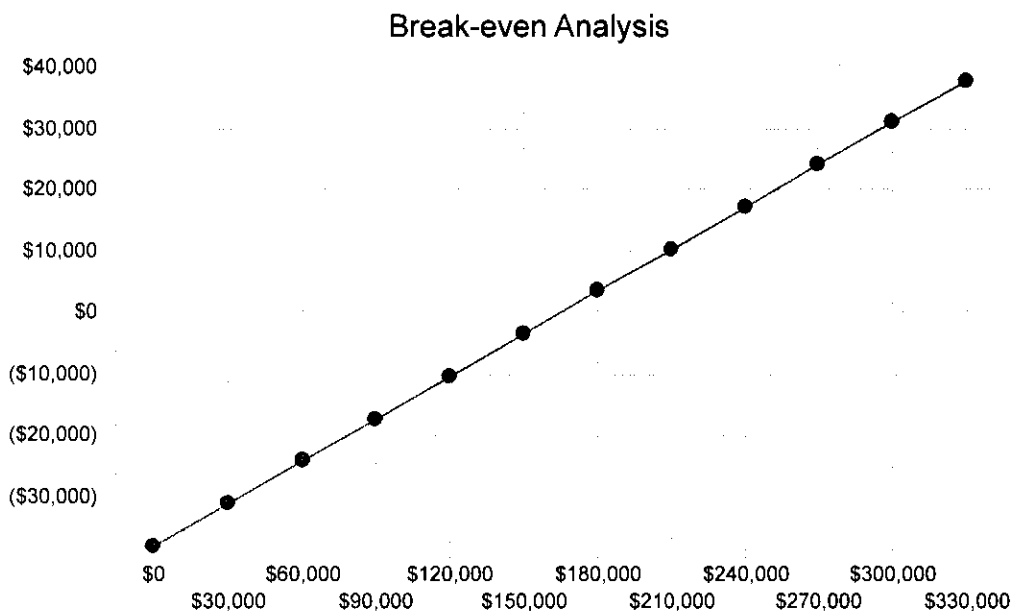
7.2 Break-even Analysis

The following table and chart show our Break-even Analysis. Although our break-even point seems quite high, we are expecting to have higher than average fixed costs during the period of this plan due to customer "creation costs," R&D costs, higher rent in a premier spot, higher percentage of payroll costs to overall fixed costs with a small company, and the need to import and pay for the store facilities. We expect to have a more reasonable positive retained earnings point around year 5.

Table: Break-even Analysis

<i>Break-even Analysis</i>	
Monthly Revenue Break-even	\$165,326
Assumptions:	
Average Percent Variable Cost	77%
<b>Estimated Monthly Fixed Cost</b>	<b>\$38,025</b>

Chart: Break-even Analysis



Simba Super Market.

7.3 Projected Profit and Loss

The following table explains our itemized costs and determines gross and net margin. Please note that these predictions are weighted toward having higher costs in comparison to revenues in case unexpected hidden costs arise. The charts give a visual representation of the data.

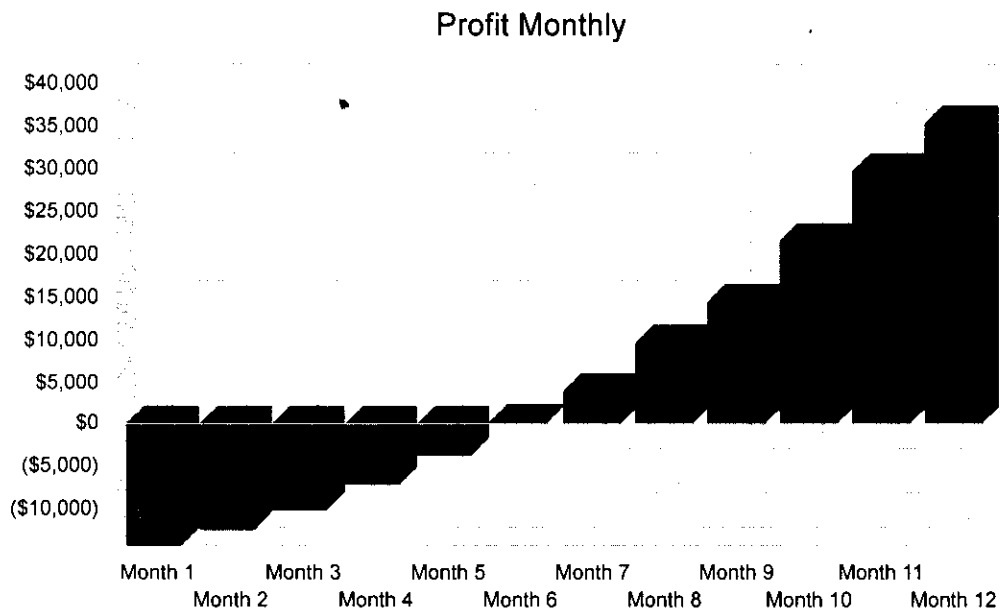
Table: Profit and Loss

	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	\$2,480,106	\$3,149,735	\$ 4,000,163	\$ 4,400,179.30	\$4,840,197.23
Direct Cost of Sales	\$1,909,682	\$2,425,296	\$ 3,080,125	\$ 3,388,137.50	\$3,726,951.25
Other Costs of Goods	\$0	\$0	\$0	\$0	\$0
Total Cost of Sales	\$1,909,682	\$2,425,296	\$ 3,080,125	\$ 3,388,137.50	\$3,726,951.25
Gross Margin	\$570,424	\$724,439	\$ 920,037	\$ 1,012,040.70	\$1,113,244.77
Gross Margin %	23.00%	23.00%	23.00%	23.00%	23.00%
Expenses					
Payroll	\$167,400	\$214,000	\$ 238,000	\$ 261,800.00	\$ 287,980.00
Sales and Marketing and Other Expenses	\$60,000	\$130,000	\$ 130,000	\$ 143,000.00	\$ 157,300.00
Depreciation	\$7,200	\$7,200	\$ 7,200	\$ 7,920.00	\$ 8,712.00
Leased equipment	\$50,000	\$60,000	\$ 60,000	\$ 66,000.00	\$ 72,600.00
Rent	\$84,000	\$84,000	\$ 84,000	\$ 92,400.00	\$ 101,640.00
Utilities	\$28,800	\$30,000	\$ 30,000	\$ 33,000.00	\$ 36,300.00
Accounting/bookeeping	\$6,500	\$9,000	\$ 9,000	\$ 9,900.00	\$ 10,890.00
Insurance	\$14,400	\$14,400	\$ 14,400	\$ 15,840.00	\$ 17,424.00
Payroll Taxes	\$0	\$0	\$0	\$0	\$0
Other	\$38,000	\$45,000	\$ 45,000	\$ 49,500.00	\$ 54,450.00

Simba Super Market.

Total Operating Expenses	\$456,300	\$593,600	\$ 617,600	\$ 679,360.00	\$ 747,296.00
Profit Before Interest and Taxes	\$114,124	\$130,839	\$ 302,437	\$ 332,680.70	\$ 365,948.77
EBITDA	\$121,324	\$138,039	\$ 309,637	\$ 340,600.70	\$ 374,660.77
Interest Expense	\$16,250	\$16,400	\$ 14,650	\$ 16,115.00	\$ 17,726.50
Taxes Incurred	\$29,362	\$34,332	\$ 86,336	\$ 94,969.60	\$ 104,466.56
				\$ -	\$ -
Net Profit	\$68,512	\$80,107	\$ 201,451	\$ 221,596.10	\$ 243,755.71
Net Profit/Sales	2.76%	2.54%	2.54%	2.54%	2.54%

Chart: Profit Monthly



# Simba Super Market.

Chart: Profit Yearly

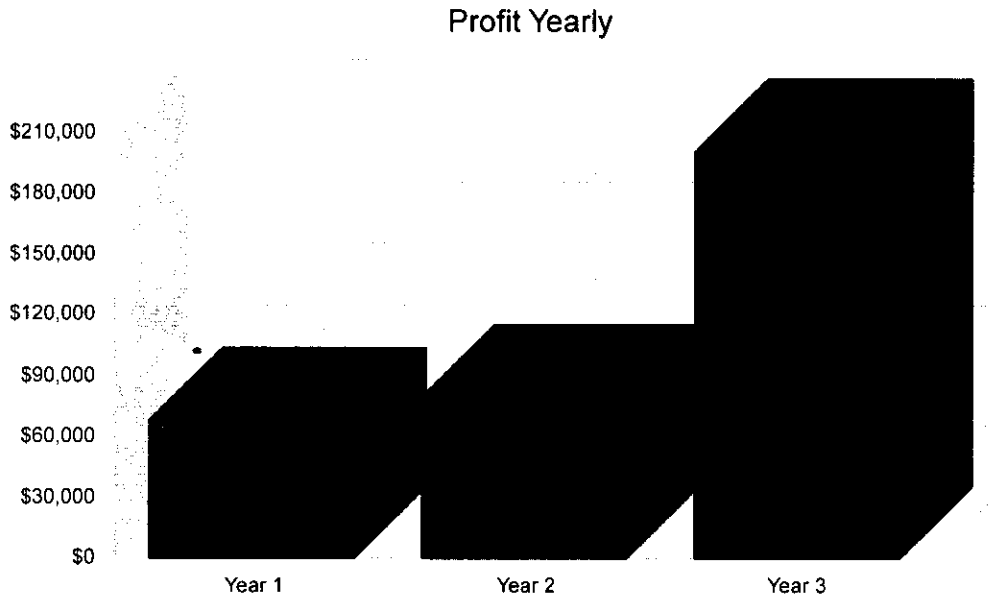
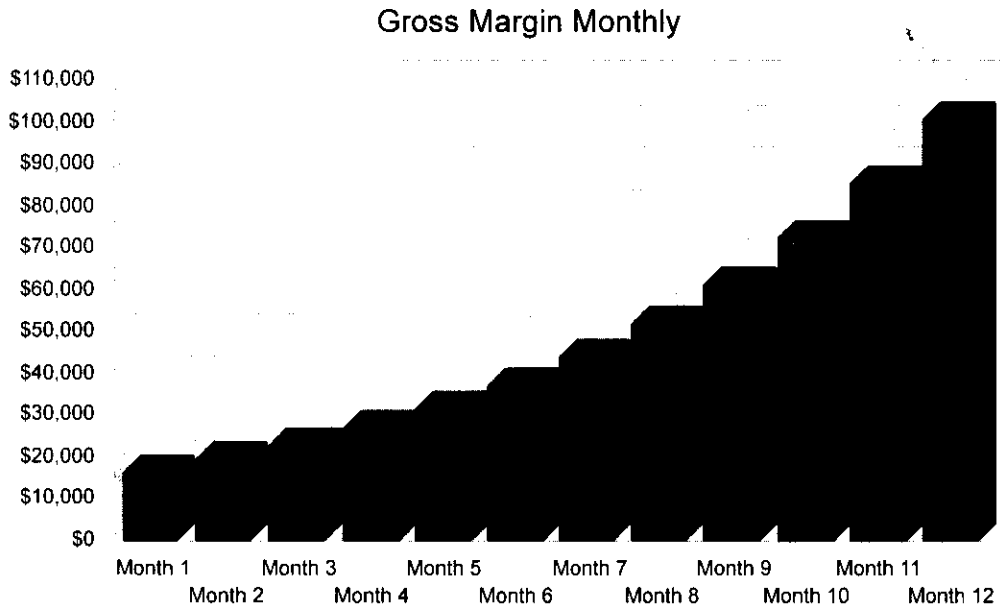
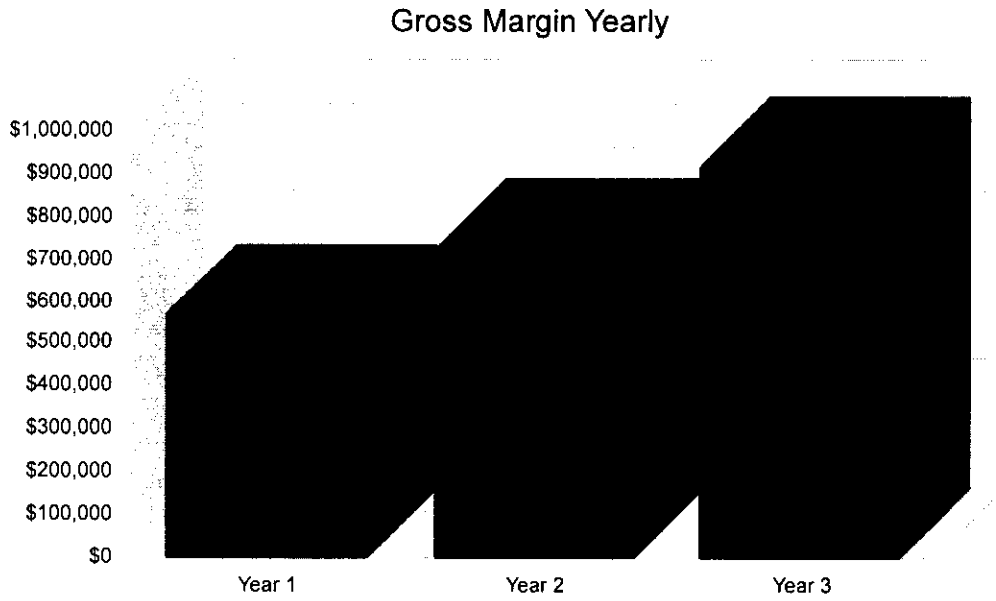


Chart: Gross Margin Monthly



Simba Super Market.

Chart: Gross Margin Yearly



Simba Super Market.

7.4 Projected Cash Flow

Simba Super Market will be receiving periodic influxes of cash in order to cover operating expenses during the first two years as it strives toward sustainable profitability. Almost all of this funding has been arranged through lending institutions and private investors already. We do not anticipate any cash flow problems during the next three years.

Table: Cash Flow

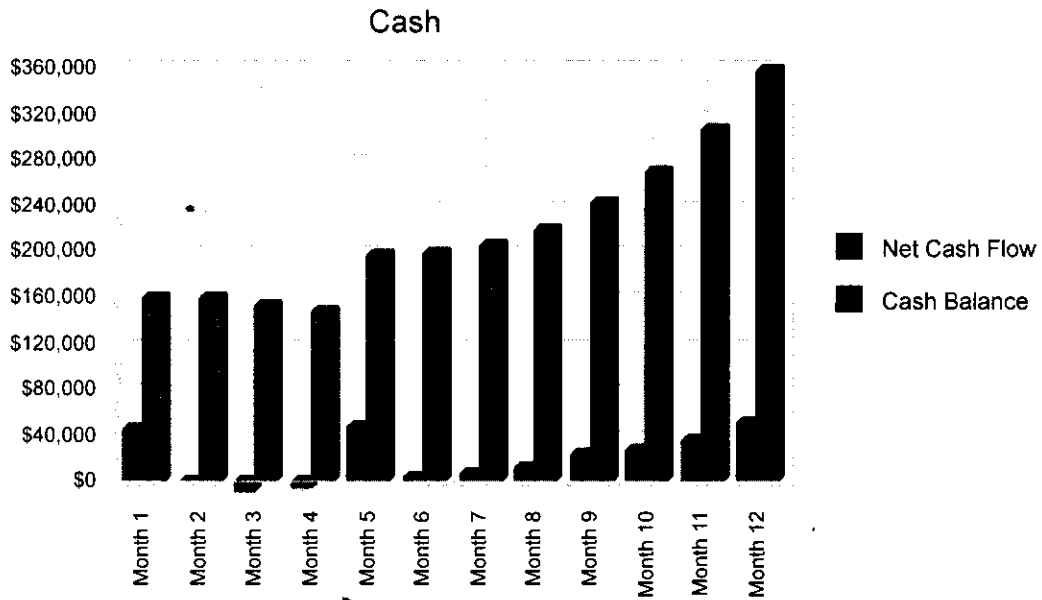
	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Received					
Cash from Operations					
Cash Sales	\$2,480,106	\$3,149,735	\$ 4,000,163.00	\$ 4,400,179.30	\$ 4,840,197.23
Subtotal Cash from Operations	\$2,480,106	\$3,149,735	\$ 4,000,163.00	\$ 4,400,179.30	\$ 4,840,197.23
Additional Cash Received					
Sales Tax, VAT, HST/GST Received	\$ -	\$ -	\$ -	\$ -	\$ -
New Current Borrowing	\$5,000	\$0	\$ -	\$ -	\$ -
New Other Liabilities (interest-free)	\$0	\$0	\$ -	\$ -	\$ -
New Long-term Liabilities	\$50,000	\$0	\$ -	\$ -	\$ -
Sales of Other Current Assets	\$0	\$0	\$ -	\$ -	\$ -
Sales of Long-term Assets	\$0	\$0	\$ -	\$ -	\$ -
New Investment Received	\$54,000	\$78,000	\$ -	\$ -	\$ -
Subtotal Cash Received	\$2,589,106	\$3,227,735	\$ 4,000,163.00	\$ 4,400,179.30	\$ 4,840,197.23
Expenditures	Year 1	Year 2	Year 3	Year 4	Year 5
Expenditures from Operations					
Cash Spending	\$167,400	\$214,000	\$ 238,000.00	\$261,800.00	\$ 287,980.00

Simba Super Market.

Bill Payments	\$2,177,877	\$2,961,091	\$ 3,558,207.00	\$3,914,027.70	\$ 4,305,430.47
Subtotal Spent on Operations	\$2,345,277	\$3,175,091	\$ 3,796,207.00	\$ 4,175,827.70	\$ 4,593,410.47
Additional Cash Spent					
Sales Tax, VAT, HST/GST Paid Out	0	0	0	0	0
Principal Repayment of Current Borrowing	\$0	\$7,000	\$13,000.00	\$ 14,300.00	\$ 15,730.00
Other Liabilities Principal Repayment					
Long-term Liabilities Principal Repayment	\$0	\$5,000	\$ 10,000.00	\$11,000.00	\$ 12,100.00
Purchase Other Current Assets					
Purchase Long-term Assets	\$0	\$0	\$ 30,000.00	\$33,000.00	\$ 36,300.00
Dividends	\$0	\$0	\$ 50,000.00	\$55,000.00	\$ 60,500.00
Subtotal Cash Spent	\$2,345,277	\$3,187,091	\$ 3,899,207.00	\$4,289,127.70	\$ 4,718,040.47
Net Cash Flow	\$243,829	\$40,643	\$ 100,956.00	\$111,051.60	\$ 122,156.76
<b>Cash Balance</b>	<b>\$357,649</b>	<b>\$398,292</b>	<b>\$ 499,248.00</b>	<b>\$ 549,172.80</b>	<b>\$ 604,090.08</b>

# Simba Super Market.

Chart: Cash



Simba Super Market.

7.5 Projected Balance Sheet

The following table shows the Projected Balance Sheet for Simba Super Market.

Table: Balance Sheet

	Year 1	Year 2	Year 3	Year 4	Year 5
Assets					
Current Assets					
Cash	\$357,649	\$398,292	\$ 499,248	\$ 798,797	\$ 1,278,075
Inventory	\$371,402	\$282,345	\$ 358,578	\$ 573,725	\$ 917,960
Other Current Assets	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Total Current Assets	\$737,050	\$688,637	\$ 865,826	\$ 1,385,322	\$ 2,216,515
Long-term Assets					
Long-term Assets	\$72,000	\$72,000	\$ 102,000	\$ 163,200	\$ 261,120
Accumulated Depreciation	\$7,200	\$14,400	\$ 21,600	\$ 34,560	\$ 55,296
Total Long-term Assets	\$64,800	\$57,600	\$ 80,400	\$ 128,640	\$ 205,824
Total Assets	\$801,850	\$746,237	\$ 946,226	\$ 1,513,962	\$ 2,422,339
Liabilities and Capital	Year 1	Year 2	Year 3	Year 4	Year 5
Current Liabilities					
Accounts Payable	\$428,518	\$226,798	\$ 298,335	\$ 477,336	\$ 763,738
Current Borrowing	\$20,000	\$13,000	\$ -	\$ -	\$ -
Other Current Liabilities	\$10,000	\$10,000	\$ 10,000	\$ 16,000	\$ 25,600
Subtotal Current Liabilities	\$458,518	\$249,798	\$ 308,335	\$ 493,336	\$ 789,338
Long-term Liabilities	\$150,000	\$145,000	\$ 135,000	\$ 216,000	\$ 345,600
Total Liabilities	\$608,518	\$394,798	\$ 443,335	\$ 709,336	\$ 1,134,938

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Paid-in Capital	\$374,000	\$452,000	\$ 452,000	\$ 723,200	\$ 1,157,120
Retained Earnings	(\$249,180)	(\$180,668)	\$ (150,561)	\$ (240,898)	\$ (385,436)
Earnings	\$68,512	\$80,107	\$ 201,451	\$ 322,322	\$ 515,715
Total Capital	\$193,332	\$351,439	\$ 502,891	\$ 804,626	\$ 1,287,401
Total Liabilities and Capital	\$801,850	\$746,237	\$ 946,226	\$ 1,513,962	\$ 2,422,339
<b>Net Worth</b>	\$193,332	\$351,439	\$ 502,891	\$ 804,626	\$ 1,287,401

7.6 Business Ratios

We are using the industry standard business ratios for independent Super Market store chains as a comparison to our own. There are some significant differences between the two since we have a completely different storefront than our competitors. First of all our accounts receivable are very different as we expect to have higher sales using credit cards than other stores, due to the Super Market of using credit cards and cash cards at our facility. There is generally a three day waiting period to receive funds from the credit card company. This is a short period of time compared to a normal collection day period of 30 days, but it is still something we need to factor for.

In addition, we expect higher percentages in inventory as we will be operating only one store initially and even many independent Super Market store owners often have two or more facilities. Our long-term assets are low since we are only renting our facilities.

Simba Super Market.

Table: Ratios

<i>Ratio Analysis</i>	Year 1	Year 2	Year 3	Industry Profile
Sales Growth	n.a.	27.00%	27.00%	2.27%
Percent of Total Assets				
Inventory	46.32%	37.84%	37.90%	22.18%
Other Current Assets	1.00%	1.07%	0.85%	26.81%
Total Current Assets	91.92%	92.28%	91.50%	56.12%
Long-term Assets	8.08%	7.72%	8.50%	43.88%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	57.18%	33.47%	32.59%	26.39%
Long-term Liabilities	18.71%	19.43%	14.27%	24.87%
Total Liabilities	75.89%	52.91%	46.85%	51.26%
Net Worth	24.11%	47.09%	53.15%	48.74%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	23.00%	23.00%	23.00%	23.55%
Selling, General & Administrative Expenses	20.26%	20.10%	17.78%	16.21%
Advertising Expenses	0.00%	0.00%	0.00%	0.85%
Profit Before Interest and Taxes	4.60%	4.15%	7.56%	1.02%
Main Ratios				
Current	1.61	2.76	2.81	1.68
Quick	0.80	1.63	1.65	0.71
Total Debt to Total Assets	75.89%	52.91%	46.85%	4.63%
Pre-tax Return on Net Worth	50.63%	32.56%	57.23%	57.28%
Pre-tax Return on Assets	12.21%	15.34%	30.41%	10.83%
Additional Ratios	Year 1	Year 2	Year 3	
Net Profit Margin	2.76%	2.54%	5.04%	n.a
Return on Equity	35.44%	22.79%	40.06%	n.a
Activity Ratios				
Inventory Turnover	10.91	7.42	9.61	n.a
Accounts Payable Turnover	6.06	12.17	12.17	n.a
Payment Days	27	43	26	n.a
Total Asset Turnover	3.09	4.22	4.23	n.a
Debt Ratios				
Debt to Net Worth	3.15	1.12	0.88	n.a
Current Liab. to Liab.	0.75	0.63	0.70	n.a
Liquidity Ratios				
Net Working Capital	\$278,532	\$438,839	\$557,491	n.a
Interest Coverage	7.02	7.98	20.64	n.a

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<b>Additional Ratios</b>				
Assets to Sales	0.32	0.24	0.24	n.a
Current Debt/Total Assets	57%	33%	33%	n.a
Acid Test	0.80	1.63	1.65	n.a
Sales/Net Worth	12.83	8.96	7.95	n.a
<b>Dividend Payout</b>	0.00	0.00	0.25	n.a