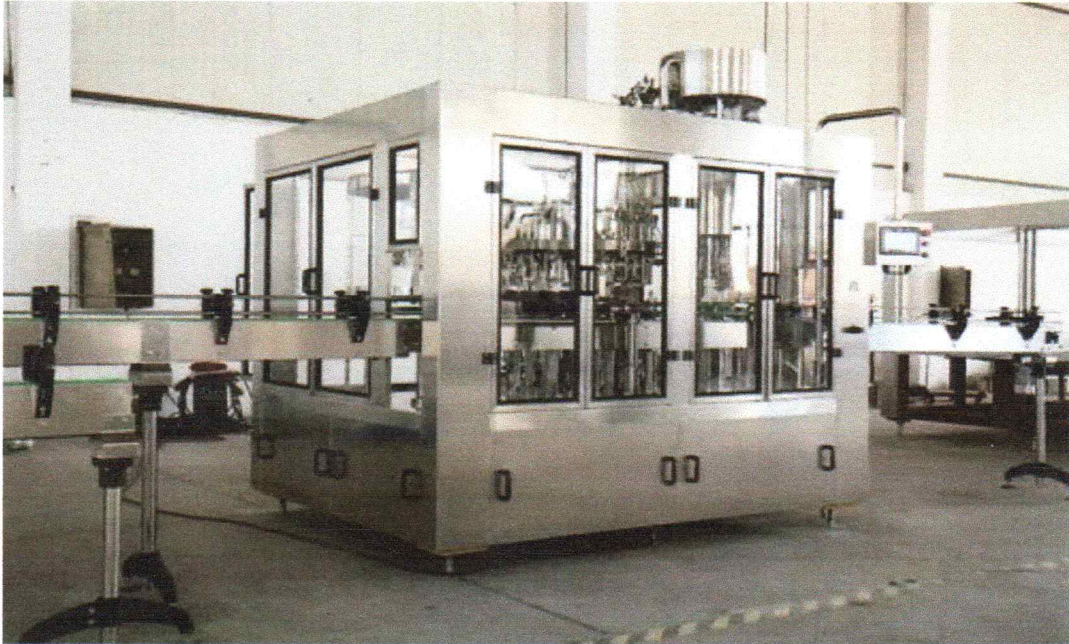


## **PARAMOUNT INDUSTRIES (EA) LIMITED**



### **BUSINESS PLAN FOR MANUFACTURE AND SALE OF ALCOHOLIC BEVERAGES**

**Contact:**

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PLOT NO. 16/BLOCK "P", UBUNGO-KISIWANI**

**DAR ES SALAAM  
JULY, 2020**

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## **ABBREVIATIONS & ACRONYMS**

<b>CAGR</b>	<b>Compound Annual Growth Rate</b>
<b>CSR</b>	<b>Corporate Social Responsibility</b>
<b>EA</b>	<b>East Africa</b>
<b>EAC</b>	<b>East African Community</b>
<b>TMDA</b>	<b>Tanzania Medicine and medical Devises Authority</b>
<b>TBS</b>	<b>Tanzania Bureau of Standards</b>
<b>TRA</b>	<b>Tanzania Revenue Authority</b>
<b>TZS</b>	<b>Tanzania Shillings</b>
<b>USD</b>	<b>United States Dollar</b>
<b>WHO</b>	<b>World Health Organisation</b>

## CORPORATE INFORMATION

**Date of Incorporation:** 14<sup>TH</sup> November, 2018  
**Registration Number:** 138161447  
**TIN Number:** 138-161-447  
**Tax Clearance Certificate:** 121-0065-0553  
**Business License Number:** 20000006511  
**Industrial License:** 00001339  
**ISIC Class:** 1101  
**Business Activity:** Manufacture and sale of alcoholic beverages .i.e. Gin, Spirits, Whisky, Vodka and Brandy.

### Share holders:

Name	Address	Number of shares
SAKILA ALLA	BSR House JR PET,Atmakur,Potti Sriramulu ( District),Andrapradesh, India, PIN-524322	500
VENKATA NARAYANA REDDY MAGUNTA	Nellore. 2/6/32, Kumar Street Nawabpest, Sriramulu 524002 Andhra Pradesh India +98	500
JAYAGOPAL MANNUR	Company Secretary-Indian	Nil

### Registered Office & Address:

PARAMOUNT INDUSTRIES (EA) LIMITED,  
P.O.BOX 13530, Dar Es Salaam, Ilala CBD, Kariakoo, Uhuru Street, Plot No. 123, House No. 123.  
Email: paramountealtd@gmail.com  
Telephone: +255 737 022470

**Business Location:** Hifadhi Export Processing Zone, Plot No 16. Block "I" Ubungo Industrial Area, Dar es Salaam.

## 1.0 EXECUTIVE SUMMARY

**Paramount Industries (EA) Limited** is a private company registered in Tanzania in November, 2018. The company among other activities is dedicated to manufacture and sale alcoholic beverages including spirits, gin, whisky, rums, brandy and malt liquors. The company has been a good compliant of Tanzania regulations including tax laws where in May, 2020 TRA issued a tax clearance certificate to the company following satisfactory tax remittance to the authority. The company has prepared this business plan to form a strategic guideline of all activities including production, operations and marketing of company's products.

There is a growing demand of spirits in Tanzania as the utilization of luxury distilled alcoholic beverages has spiralled upwards lately due to an increase in income levels of consumers. Although alcoholic beverages in Tanzania continue to be driven by the ongoing popularity of beer amongst locals and foreigners, the demand for spirits keeps on rising. Recent economic trend indicates that Tanzanians are becoming more prudent in building their own economy backed up by utilising locally made products. The intended alcoholic manufacturing plant is expected to accommodate the taste consumers who have some money at their disposal to spend up on special occasions.

The project will be broken down into two phases; Phase I is expected to have a production capacity of 490,000 litres per annum; where production in Phase II is expected to rise to 1,000,000 litres per annum. The company intends to utilise most of locally available materials as this will help to save lead time wasted during the process of importing raw materials and eventually boost the incomes of local suppliers in the country. The total investments in plant machinery and equipments and raw materials totals to **US\$ 501,746** required during the first 3 years of operation. The company is managed by experienced persons in the Alcoholic beverages manufacturing industry. The managing directors have a broad working experience through working in the manufacturing sector both within the country and other countries. The management team composes of persons with wide experience in the alcohol manufacturing sector which is a key success factor for effective and efficient management of the company and its operations. The company intends to finance this project through equity and a bank loan that will be used for all costs associated with purchase of plant machinery and equipments and initial raw materials. The total amount sought is **US\$ 501,746 (USD Five Hundred One Thousand, Seven Hundred Forty Six only) that will be**

**financed through equity.** The company is expected to employ at least 100 persons and hundreds of indirect jobs through the entire supply chain. It is expected that the company will breakeven during its second year and start making profit during the third year.

### **1.1 Company Vision, Mission and Core Values**

**Our Vision:** To be a company of choice for spirits, gin and wines among Tanzanians and our targeted foreign markets.

**Our Mission:** Our corporate mission is to achieve our vision. We are a distillery company committed to manufacture and build our brands and products both domestically and internationally, produced in accordance with international standards and quality systems that allow us to compete in the global market.

**Core Values:** Through our dedicated, competent, professional and motivated organization, modernized manufacturing facilities, capabilities and technologies and innovative distribution and marketing strategies, we are committed to the following principles:

- We ensure total continual customer satisfaction and optimum returns.
- We are committed to listening and responding to the needs of our customers and employees.
- We will set a new standard in the industry, one of uncompromising quality as a way of life; which is achieved by individuals and as a team.
- To inspire and connect with our clients to put their best selves forward every day.

### **1.2 Project Objectives**

The main objective of our project is to manufacture and sale alcoholic drinks that include Spirit, Gin, Rum, Vodka and Whisky. The project is intended to improve productivity that will ensure the local demand is well served and foreign, market demands are met as well. The following activities will ensure these objectives are met:

- To ensure availability and reliability of high quality alcoholic products in the local and foreign markets.
- To employ at least 100 people and improve livelihood to the community and join hands with the government of Tanzania in reducing unemployment level.
- To facilitate the linkages between producers of agricultural commodities and processing industries for alcohol and manufacturing sector in general.

### 1.3. Project components and costs

For the project to commence its operational activities, investments in working facilities; machineries and equipments are necessary. As of current the company requires the following assets for plant facilities and offices.

**Table 1.1 Project Working Capital and Investment Requirements**

Descriptions	Units	Qty	Value per unit (US\$)	Total value (US\$)
<b>Buildings</b>				
Plant & Office Leasing	Lamp sum	1	12,987	12,987
Civil work		1	7,000	7,000
Interior works		1	7,500	7,500
Designing Charges		1	1,500	1,500
<b>Sub-total buildings</b>				<b>28,987</b>
<b>Machinery &amp; equipment</b>				
2000 LPH RO Plant	Set	1	4510	4510
Mixed bed	Set	1	3758	3758
Conveyor (16 feet length) SS 304 grade with drive control	Set	1Nos	2255	2255
2500 ltrs capacity with stirrer)	Set	3 Nos	3007	9,021
Carton sealer	Nos	1 NOS	1429	1,429
Transfer pumps	Nos	6 NOS	121	726
CPVC Pipe lines & Fittings	Nos	1 Set	752	752
Pallet truck	Set	1Nos	451	451
Automatic bottle filling machine (90 bpm with 200 ml)	Set	1Nos	19543	19,543
Packing Tables (SS)	Nos	2 Nos	752	1504
Filters & Housings	Nos	3 Nos	53	159
Single side Automatic sticker labelling machine with servo drive 150 bpm	Nos	1 Nos	10147	10147
Hologram applicator machine with servo drive 150 bpm	Nos	1 No	5638	5638
Electrical Cables	Nos	1 Set	1504	1504
Lab equipment	Nos	1 Set	151	151
Weighing machine	Nos	1 Set	98	98
<b>Sub-total machinery &amp; equipments</b>				<b>61,646</b>
Furniture & fittings	Lampsum		20,000	20,000

Descriptions	Units	Qty	Value per unit (US\$)	Total value (US\$)
<b>Sub-total Furniture &amp; Fittings</b>				<b>20,000</b>
Motor vehicles				
Trucks( Pick-ups)	Nos	6	62,000	124,000
Directors Car	Nos	1	25,000	25,000
<b>Sub-Total Motor vehicles</b>				<b>149,000</b>
Total				259,633
Raw Materials	Lampsum		205,415	205,415
Labour	Lampsum	100		36,698
<b>GRAND TOTAL</b>				<b>501,746</b>

The project requires a total of USD 501,746 that will include leasing costs, plant machinery and equipments, starting raw materials and labour requirements for the first month of operation.

#### 1.4 Project Benefits

Implementation of the project will have economic and social benefits to the company and the country at large notably:

- The project will support industrialization process through utilization of agricultural produce available in the country;
- The project will increase employment opportunities;
- The project will improve trade of locally made gins, rums and spirits and meet the growing demand in the country and foreign markets;
- The project will increase tax revenue to the government;
- The project will increase business activities to distribution outlets across the country;
- The project will increase revenue generation to owners and improve their livelihoods.

#### 1.5 Implementation Period

The project has already commenced some preliminary activities including leasing and site preparations since April, 2019. Production will be categorized into two phases. Phase one will start in October, 2020 and Phase two is expected to commence in January, 2022. This business plan covers a period of five years from 2020 to 2024. The purpose of the business

plan is to set up a road map where the company activities should follow and then used to raise funds for funding operations. The Implementation schedule is described in Table 1.2.

**Table 1.2: Implementation Schedule**

Activity	April-2019- Dec. 2019	January – July, 2020	Oct-Dec. 2020	Jan. 2021 on wards
Leasing and site preparations				
Purchase of equipments and Installation				
Purchase of Raw materials and Sort out any production issues that may impinge on product quality.				
Start Production (Phase One)				
Product launching				
Monitor sales numbers and feedback from consumers and customers, adjust marketing tactics as may be required				
Expand production (Phase Two)				

## **2.0 BUSINESS DESCRIPTION**

The core business of the company is to manufacture and sale alcoholic drinks that include gins, rums, spirits and wines. The company has obtained a lease agreement with NSSF to utilize the area of 500m<sup>2</sup> at Hifadhi Export Processing Zone along Ubungo Industrial Area in Dar es Salaam. Therefore, Dar es Salaam is expected to be the main centre for production and distribution of the final products to the consumers within and outside the country. In this regards, the company requires a sufficient number of vehicles and staff to carry out this assignment.

### **2.1 Product Strategy**

A product is a good (tangible) or a service (intangible) that is offered to the customer to meet a requirement or satisfy a need. Its production incurs cost and it's sold to the target customer at a certain price. All products follow a lifecycle and if planned correctly through intelligent predictions, the business can adapt to the challenges that each stage of the cycle presents.

For a product to be successful it has to meet and satisfy a specific need and it should be able to function as promised. The features and benefits of the product should be clearly communicated to current and potential customers. Another vital feature of a product is branding because it's what differentiates itself from other similar products in the market. It also creates customer recall and loyalty. These factors ultimately affect product strategy. Other factors that attract customers, aside from the product itself, are packaging, quality, and consistency of service delivery. The company will ensure that all production requirements and features are properly observed to ensure high quality products and efficient delivery methods and feedback systems from our consumers.

### **2.2 Distilled Spirits**

**Distilled spirit**, also called **distilled liquor**, alcoholic beverage (such as brandy, whisky, and rum, ) that is obtained by distillation from wine or other fermented fruit or plant juice or from a starchy material (such as various grains) that has first been brewed. The alcoholic content of distilled liquor is higher than that of beer or wine. Spirits portray a symbol of luxury, pleasure and emotions: they convey the perception of being something special.

### 2.3 Key Success Factors

Starting a manufacturing and sale of alcoholic drinks business can be a rewarding endeavour; however it requires both good management and sufficient capital investment. *Paramount Industries (EA) limited* is managed by multiple skilled persons in the beverages manufacturing sector. The management team has a wide experience in this sector which is a key success factor in managing the project. The Managing Director has a broad working experience in the country through various manufacturing activities in the beverages sector. This has helped him to become better informed in terms of business operations in the country at the same time establishing good networking capabilities both within and outside the country. The General Manager is a skilled person with a bachelor degree in Mechanical Engineering with working experience in beverage industry for more than five years. The business focuses on hiring well skilled and experienced personnel in the beverage sector particularly in the manufacturing of rums, wines, gin and spirits.

The marketing skills shall be employed in assessing customer's needs and designing high quality services to satisfy these needs. In this regard, the company is intending to recruit an experienced marketing manager who shall ensure that, marketing component is carried out in a desired manner for the benefit of the company and the customers whom we serve. Specifically, provision of high standard services is expected to be a Key Success Factor through the following;

- Provision of high quality, safe and reliable products through modern production technologies;
- Improved delivery methods that will ensure our products reach to the destined markets through establishment of 4 main distribution centres in different geographical coverage; Dar, Singida, Iringa and Mwanza.
- Experienced drivers and their assistants for prompt delivery of goods to our customers and distribution centres.

### 3.0 BUSINESS ENVIRONMENT AND INDUSTRY ANALYSIS

#### 3.1 Business environment

Businesses may be affected by factors beyond owner's control, and these need to be taken into account before making any investment decision. The company has considered many opportunities and challenges that may arise out of the expected changes. Thus analysis of political, economical, socio-cultural and technological (PEST) factors is paramount to this plan in order to determine external factors and how they are likely to affect the business.

*Economically;* Tanzania is now experiencing economic growth whereby the purchasing power of people is increasing and people's interactions is increasing as trade grows with neighboring countries especially from EAC region. This has called for a lot of integrations by many people in big cities especially Dar es Salaam, Arusha and Mwanza. The increase in population and visitors to these cities necessitates additional demand for goods and services especially food and beverages which is an integral part of the welfare of the people. However, the burning issue has been the rate of inflation and continuous fall in domestic currency; this would lead to increased cost of operations as the prices of equipments are rising.

*Politically;* Currently, the political environment in the country is conducive for business operations and Tanzania has a long established peace environment due to stable political leadership. The government of Tanzania is in support of industries through a number of policies and strategies. The supportive policies are indicated through the National Development Vision 2025 (VISION 2025) which recognizes the leading role of the industrial sector in the process of transforming Tanzania's economy to a self-sustainable semi-industrial one by 2025. The Sustainable Industrial Development Policy 1996-2020 (SIDP) also recognises the role of industries in making industries as drivers of the economy led by the private sector.

*Social-Cultural:* The social aspect focuses on the forces within the society. Family, friends, colleagues, neighbours and the media are social factors. These factors can affect our attitudes, opinions and interests. So, **it can impact sales of product** and revenues earned. There is no doubt that the society is continually changing. The tastes and fashions are a great example of this change for the Tanzanian culture. Demographically, the country is increasing in population where currently the country is estimated to have over 55 million populations. The

increase in population necessitates increase in products and services. Analysis shows that social factors impact the beverage company greatly especially alcoholic beverage sector. It is essential that Paramount communicates its image as a reliable brand to change people's perception. The company will utilise marketing campaigns that will enable our buyers to be able to think of our products as something which connects them together.

*Technological factors:* Technological factors are variables that are being used for evaluating available alternatives with respect to technological capabilities. Our company consider it as an important tool for improving operations and functions. Technological factors are one of various external environment factors that affect businesses greatly and are also an integral component of the **PESTLE analysis**. In the present scenario, utmost dependence on equipment, technological factors can have more effect on business operation and success globally than ever before. Furthermore, development of technology has also introduced digital marketing strategies through which companies are able to sell their products and services. Even the research and development R&D divisions in companies have changed its way of functioning and more advanced techniques in the development of products and services have been introduced only through technological advancements. Paramount is constantly looking for development and updates within the technological environment. In this way, we do not only improve our operations but, we will also be well aware of business transformational phase. We will derive groundbreaking strategies to grow exponentially.

### **3.2 Industry Analysis**

Tanzania's alcohol industry is expected to experience positive growth over five-year forecast period done by WHO as total alcohol consumption increases by 10.4% between 2015 and 2020<sup>1</sup>. The report reveals that the industry benefits from a favourable demographic outlook. Tanzania population is forecasted to grow from 55.2 mn in 2016 to 62.3 mn by 2020, with approximately 27% between the ages of 20 to 39. We believe this will boost Tanzania's alcohol sector, as younger cohorts tend to consume greater amounts of alcohol.

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<sup>1</sup> BMI (2016): Tanzania Food and Drink report, WHO

### 3.3 Product Regulations

Standards and regulations related to spirit drinks have been established by different countries and international organizations to ensure the safety and quality of spirits. In Tanzania the standards and regulations for spirits are issued and regulated by Tanzania Bureau of Standards (TBS). Tanzania being a member of EAC there has been agreements on harmonised standards in the region. Spirits are alcoholic beverages consumed by relatively many people in East Africa and hence their effects on people in terms of health, social status and income are remarkable. The demand for spirits in the country is increasing as a result of social climbing and population increase. As a result the nation has to spend some money to import some of the spirits or their raw materials for the locally made spirits. In order to ensure that spirits that are manufactured locally or imported are safe and of good quality the preparation of this East African Standard was found necessary. The scope of East African Standard specifies requirements and methods of sampling and test for potable spirits.

The EAC standards provide the following definitions of terms:

**Potable spirits:** an ethyl alcohol product obtained by distilling fermented carbohydrate material or mixing neutral spirit with water in proportion suitable for human consumption.

**Ethanol:** alcohol (ethyl alcohol), having the chemical formula  $C_2H_5OH$ .

**Liquor:** distilled potable alcohol as distinguished from fermented beverages such as wine

**Neutral spirit:** A distillate obtained from fermented carbohydrate material, purified by fractional distillation with complete removal of fusel oil and furfural.

**Ethyl alcohol content:** The ethyl alcohol content in potable spirits shall be between 35 % and 45.0 % by volume at 20°C when determined according to the method prescribed in EAS 104 Alcoholic beverages – Method of sampling and test.

**Permitted food additives:** Potable spirits may contain food additives which are prescribed in EAS 103, Schedule for permitted food additives. Potable spirits may be flavoured with fruit or other botanical substances that are intended to impart the characteristic taste and aroma associated with the product. Such additions should not be injurious to health.

**Taste and aroma:** The potable spirit shall possess the characteristic taste and aroma associated with the product.

**Hygienic conditions:** Potable spirits shall be manufactured in premises built and maintained under hygienic conditions. The handling equipment like tanks, bottling machines and packing equipment shall be clean. In all cases EAS 39: Hygiene in the food and drink manufacturing industry – Code of practice shall apply.

**Chemical requirements:** When tested the chemical characteristics of potable spirits shall conform to the requirements specified in Table 3.1.

**Table 3.1 Chemical requirements for potable spirits**

Characteristics	Requirements	Method of test EAS 104 (see Clause 2) Clause numbers
Alcohol percent by volume	35 - 45	5
Specific gravity	0.9592 - 0.9199 (align to adjusted alcohol)	6
Acidity, as acetic acid, mg/L absolute alcohol, max	12	10
Aldehydes (as acetaldehyde), mg/ L, max	5	12
Furfural,	to pass the test	
Methanol content, mg/L, max	50	14
Fusel oil	to pass the test	
Ash, percent by mass	0.001 - 0.041	17

**Organoleptic requirements:** Spirits shall comply with the organoleptic requirements shown in Table 3.2.

**Table 3.2 Organoleptic requirements for potable spirits**

Property	Requirements
Appearance	Clear, free of suspension sediments and characteristic colour
Odour	Characteristic odour and free of foreign odour
Taste	Characteristic taste and free of foreign taste.

**Packing, marking and labelling:**

**Packaging:** Potable spirit shall be packaged in suitable food grade containers. The net volume of the spirit content in the bottle shall be the volume indicated on the container subject to a tolerance of  $\pm 1\%$  on individual bottle, measured at room temperature.

**Labelling:** Labelling of potable spirit shall be done in accordance with the requirements of EAS 38 and shall include the following in each consumer unit

- i) Common name as 'potable spirit';
- ii) Name, physical location and address of manufacturer;
- iii) Ethyl alcohol content, % by volume;
- iv) List of ingredients in descending order of proportion by mass;
- v) Net contents in accordance with the weights and measures requirements;
- vi) A declaration by common name of any additives used;
- vii) Date of manufacture, batch identification number/code;
- viii) Country of origin.
- ix) Statutory warnings.

**Sampling and test methods:** Sampling and test of potable spirit shall be done in accordance with respective clause of EAS 104 and as specified in relevant clauses.

**4.0 MARKET ANALYSIS**

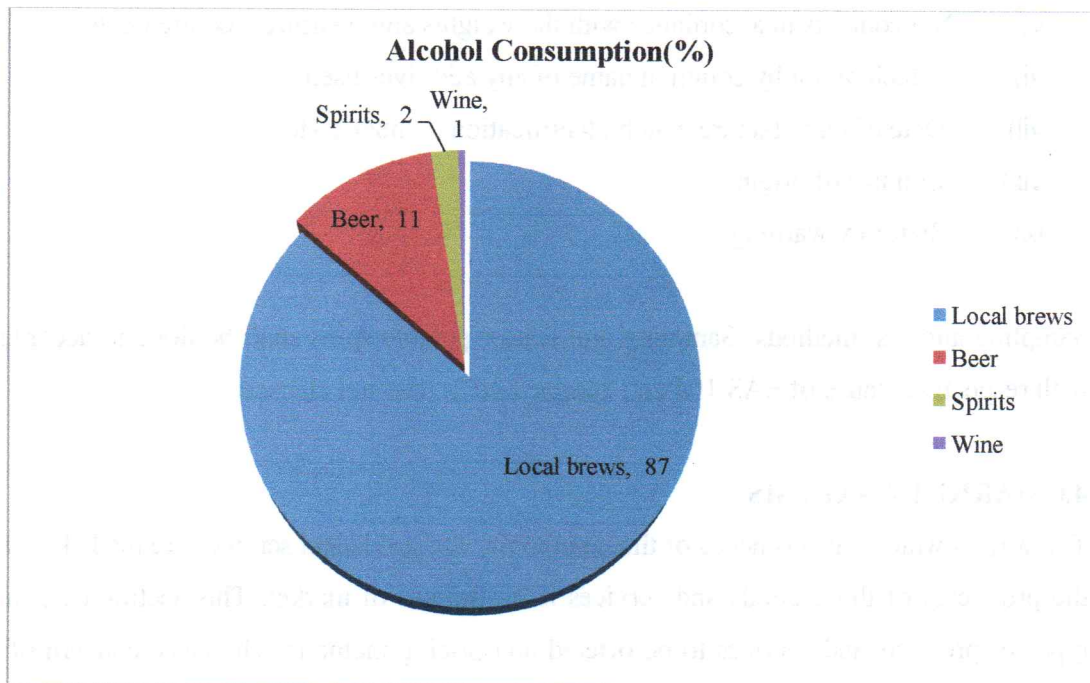
The way in which various needs of the community for goods and services are made known to the producers of those goods and services is by the use of market. This section determines types of products and services to be offered and pricing methods. The basic concern of this project is to manage the available resources to improve the living standards of the community and limit the effect of scarcity for locally made products. The market analysis helps to determine demand level and whether the company shall be able to capture some of the market share. Also, the project shall determine methods of production, market size, pricing methods and competitors' analysis.

**4.1 Market Size**

The market for distilled spirit segment which includes whisky, brandy, rum, gin, and wines is huge and not exhausted. There is huge demand especially on summer seasons compared to rainy seasons. Both global and local market trends indicating a growing demand in the alcoholic beverages. The global statistics on the spirits market indicates that the value spent

in the spirits segment is projected to reach US\$ 457,434 m in 2020. The market is expected to grow annually by 3.2% (CAGR 2020-2023). In the Spirits segment, volume is expected to amount to 35,404.7 ML by 2023<sup>2</sup>. In Tanzania, the country's strategic location for exports and membership of the East African Community gives it the potential to act as gateway to the East African market for alcoholic beverages. The report by WHO (2017) indicates that Tanzania is among the top 10 countries in Africa with high alcohol consumption where the average consumption is 7.7 litres of alcohol per capita per year. The percentage consumption of alcoholic drinks is described in figure 4.1.

**Figure 4.1: Alcohol Consumption in Tanzania**



Source: WHO, 2017

The figure 4.1 shows that only about 11% of alcohol consumption comes from beer. Whereas 87% of alcohol consumption is from local alcohol brews (moonshine) like *Mbege*, *Pingu*, *Boha*, *Gongo*, *Lubisi*, and *Mnazi*, that are specific to different regions in Tanzania. The consumption of spirits is averaged at 2%; while for wine is 1%.

<sup>2</sup> Statista, 2019: Spirits Worldwide report, August, 2019

**Table 4.1: Total Alcoholic Drinks Spending and Consumption (Tanzania 2013-2019)**

Description	2013	2014	2015	2016	2017	2018	2019
Total alcohol consumption, litre (million).	457.6	512.7	562.1	619.2	682.5	755.3	834.5
Total alcohol consumption, litre mn, % change y-o-y	6.3	12.1	9.6	10.2	10.2	10.7	10.5
Total alcohol consumption, litres per capita	16.6	18.1	19.2	20.5	21.8	23.4	25
Beer, litres (million)	445.6	492.5	541.3	596.2	657.2	727.2	803.7
Beer, litres per capita	16.2	17.4	18.5	19.7	21	22.5	24
Wine, litres (million)	4.6	5.2	5.9	6.8	7.8	9	10.2
Wine, litres per capita	0.2	0.2	0.2	0.2	0.3	0.3	0.3
Spirits, litres (million)	7.4	15.1	14.9	16.3	17.5	19	20.6
Spirits, litres per capita	0.3	0.5	0.5	0.5	0.6	0.6	0.6
Alcoholic drinks spending TZS bn	569.11	591.31	639.94	696.73	761.09	832.33	905.27
Alcoholic drinks spending, TZS %	11.77	3.90	8.22	8.87	9.24	9.36	8.76
Alcoholic drinks spending, TZS per capita	11,333.78	11,410.24	11,968.12	12,632.09	13,381.29	14,194.81	14,979.77

**Source:** Business Monitor International Ltd for WHO (2013-2019)

The report reveals that total alcohol consumption in 2019 was 834.5 mn litres which is a growth of 82% from 457.6 mn litres recorded in 2013. The growth from 2018 to 2019 is shown to be 10.5%. These statistics shows that alcohol consumption in the country has been growing tremendously. The consumption of beer is estimated to be 803.7 million litres in 2019 with per capita consumption of 24 litres. While for spirits the total consumption in 2019 was 20.6 million litres with per capita consumption estimated to be 0.6 litres. The total spending on alcohol drinks has been growing from TZS bn 569.11 in 2013 to TZS bn 905.27 in 2019. All these statistics indicate a lucrative nature of the alcoholic beverages sector.

#### 4.2 Targeted Market

The company shall have 4 main distribution outlet in Dar es Salaam that will serve all the coastal regions and northern part; Singida-targeting the central part; Iringa-targeting the southern highlands regions; and Mwanza which will serve the entire lake zone. Also through

factory direct outlet, the company will be able to serve some institutions especially hotels and casinos in Dar es Salaam.

#### 4.2 Projected Demand

Table 4.1 summarizes the expected demand trends. The expected customers are categorised based on their roles; retailers, these are those who buy our products and sales to consumers directly, they may buy in large quantities and some in small quantities, this segment will be accommodated as well. Wholesalers buy in large quantities for further distributions to their networks mainly retailers in the various places; these will be given a special discount based on the quantity bought. Another category is the institutions that wish to have direct purchase from our plant or distributions centres; these will be accommodated as well at a discounted price as for retailers.

**Table 4.1: Expected Demand for Spirits per Year**

S/N	Potential Customer	Quantity demanded (Litres )	Price (USD)	Estimated Value (USD')
1	Retailers	120,000	5.2	624,000
2	Wholesalers	320,000	4.7	1,504,000
4	Institutions	50,000	5.2	260,000
	<b>Total</b>	<b>490,000</b>		<b>2,388,000</b>

#### 4.3 Customer Value

The products which are being offered will be produced and collected in modern facilities available at the processing unit. There is maximum assurance on the hygienic and sanitation available from raw materials sourcing, processing and packaging of final product.

#### 4.4 Competitors Analysis

Despite the presence of ready market in the country and foreign markets as well, the market of spirits is also facing a stiff competition from other alcoholic beverages produced in the country and imported alcoholic beverages including similar products of spirits, gins and rums and those with are close alternate such as beers and wines. There is stiff competition from Konyagi, K-vant, Valuer and host of other spirit alcohol brands i.e. gin and brandy are relatively popular amongst lower income consumers with high alcohol content usually above

35% perceived to giving consumers in this segment value for money. Although the alcoholic market in Tanzania is dominated by local brews and beers, however with a growing economy and a more educated consumer base, the consumption of spirits has been steadily rising and is now considered a commercial opportunity.

In order for the business to be able to stand out in the cloud from competition from within and outside the country, the company is focusing on the following;

*Competitive Advantages;*

- *Technology* – Based on modern production technology, the production and product packaging and labelling will provide a new look and stylish in the locally made spirits.
- *Safety and cleanliness* – Hygiene to be maintained throughout the production process. The product is processed and kept by modern tools and clean tanks.
- *Certification* – The process for obtaining certifications from relevant authorities are underway. Well packed spirits will be tested and obtain approval from TBS for assurance to customers.

*Brand awareness;* to ensure that by mid of 2021, 90% of the market is aware of the product and services offered by the organization. The company is intending to use media advertisement including print media, social media, audio and televisions.

*Sales volume;* the company intends to generate sales volume that covers both fixed and variable costs and obtain substantial profit. The company intends to keep searching new market niches in order to expand production and increase market share.

## **4.4 Marketing Strategies**

### **4.4.1 Pricing**

Both skimming and penetration strategies will be used alternately. That is charging low price and offering a high value product then later pricing high. This in one way will attract more customers both price sensitive consumers and high value consumers from competitors. The firm will use a short term incentive that is discounts for customers who buy in large quantities.

#### 4.4.2 Promotion

Trade shows / exhibitions will be used by the company to promote our products. This will enable the company to find new sales leads, contact customers, introduce new products, meet new customer, sell more to present customers and educate customers. This helps us to reach many prospects and those who are not reached through our sales forces.

The project will make advertisement of the available products via a number of media such as local newspaper, leaflets, TV, radio and social media. Different procedures of promotion will be applied, which are providing complementary to new and credit customers; visiting of customers; and making contact with potential customers. All these activities will be associated with costs. Some of the included costs are as in table 4.2.

**Table 4. 2: Marketing Expenses and Marketing Budget**

<b>Description</b>	<b>Cost per Month (USD)</b>	<b>Annual Cost (USD)</b>
Advertising	1,000	12,000
Distribution Expenses	1,500	18,000
<b>Total</b>	<b>2,500</b>	<b>30,000</b>

## 5.0 OPERATIONS PLAN

### 5.1 Production methods

Spirits are made by distilling a liquid, or mash, that contains ethanol produced by fermentation of a base ingredient that contains sugar or starch. The purpose of distillation is to increase the ethanol content and to eliminate fractions of the base liquid that are not wanted in the final product. The process of distilling involves heating the liquid so that ethanol and other volatile substances evaporate, passing the vapours through a cooling system, and collecting the liquid which then contains less water and other unwanted substances. The liquid may be redistilled, or rectified, several times to increase its purity: this process leads ultimately to a colourless neutral spirit, which can then be flavoured. In many cases, some of the original flavouring components of the base liquid are retained. The traditional distilling process is carried out in a 'pot-still', and is still used in the production of cognac, malt whisky.

## **5.2 Raw Materials**

Spirits are made from many raw materials; these may contain sugar, such as sugar cane, molasses, grapes and other fruits, or starch which is converted into sugar by malting, such as grains and potatoes. Wood is also used as a raw material. Brandies are made from a fruit mash or from wine; cognac and other varieties are made from grapes, but numerous other types are made from other fruits, such as apples, pears, pineapples, plums and strawberries. Malted grains are the base of all types of whisky. Scotch malt whisky is made almost entirely from barley, but in other whiskies grains such as maize, oats, rye and wheat are used. Gins and vodkas are produced from grain or potatoes; both are distilled to fairly high ethanol content, sometimes filtered through charcoal to attain purity, and then, in the case of gin, flavoured. Sugar cane and molasses are used to produce rum; and the Mexican spirit, tequila, is distilled from a mash made from cactus.

### **5.2.1 Flavouring**

Flavouring is an important part of spirits. The large variety of substances used in flavouring can be grouped into three main categories: herbs and spices, seeds and plants, and fruits. The flavours can be obtained from the raw ingredients by pressure, by extraction or by distillation from an alcoholic solution. One or more ingredients may be soaked in alcohol, which is sometimes warmed to hasten the process. Another method is to mix the ingredient with alcohol and then distil the mixture; the condensed vapour then contains a high proportion of both ethanol and the flavouring components of the added ingredient, provided these components are volatile. Many flavouring ingredients may be used in a single beverage. The recipes are often closely guarded secrets, but it is well known that ingredients such as angelica, aniseed, blackcurrant, camomile, caraway, cinnamon, cloves, coffee, juniper, lavender, lemon, orange and rose petals are used, as are many other fruits and berries. The required raw materials in Phase one are shown in Table 5.1.

**Table 5.1: Raw Materials**

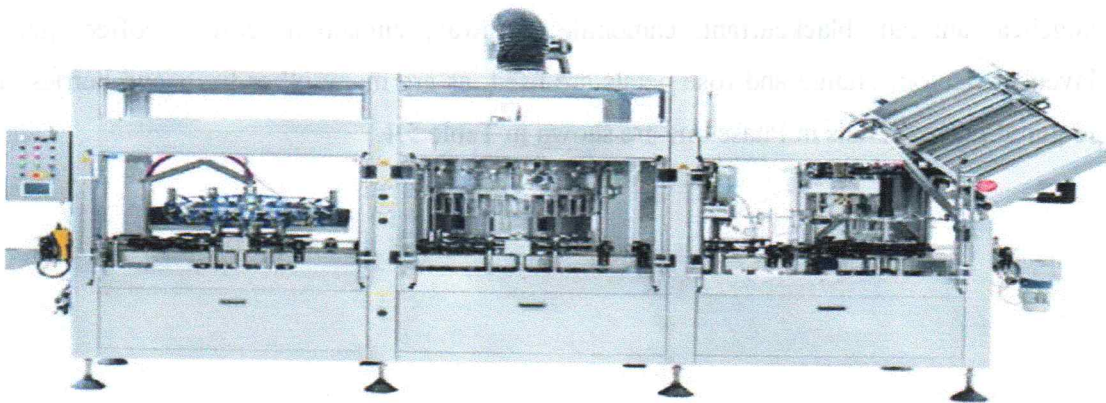
S/N	Particulars	Units	Qty	Amount(US\$)
1	Spirit	Lts	40,000	48,000
2	Preferm or Pet Bottles	Nos	600,000	33,043
3	Caps for Bottles	Nos	1,000,000	7,391
4	Flavours	Lts	1,500	17,390
5	Caramels	Lts	500	1,405
6	Carton Boxes	Nos	33,333	10,144
7	Sealing Tapes	Rolls	500	1,500
8	Sticker labels for bottles	Nos	100,000	1,606
	<b>Total</b>			<b>120,479</b>

The raw materials description table shows that at the start of the production a total of USD 120,479 will be spent on raw materials.

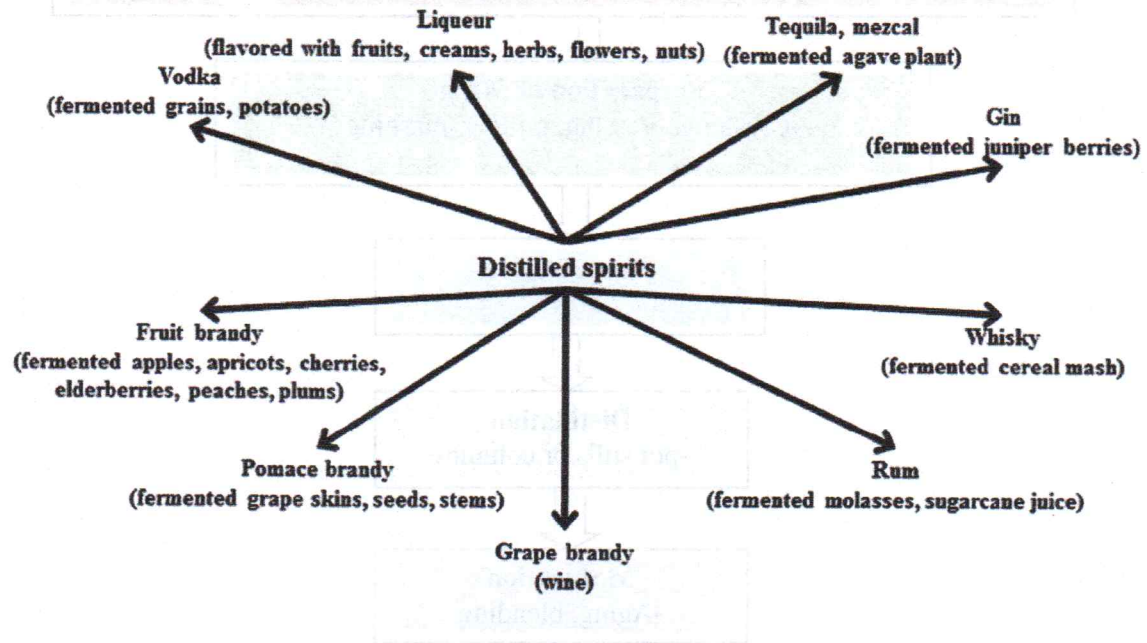
### 5.3 Production Process

Distilled spirit products result from distillation of plant or fruit juices (e.g., sugarcane or agave), seeds (anise), or fruits and fruit marcs (grape or blackberry) after previous fermentation. They are popular strong alcoholic beverages served alone or as ingredients of various alcoholic drinks. Fig 5.1 shows the production equipment and Fig. 5.1 shows the production process of distilled spirits.

**Figure 5.1 Production Equipment**

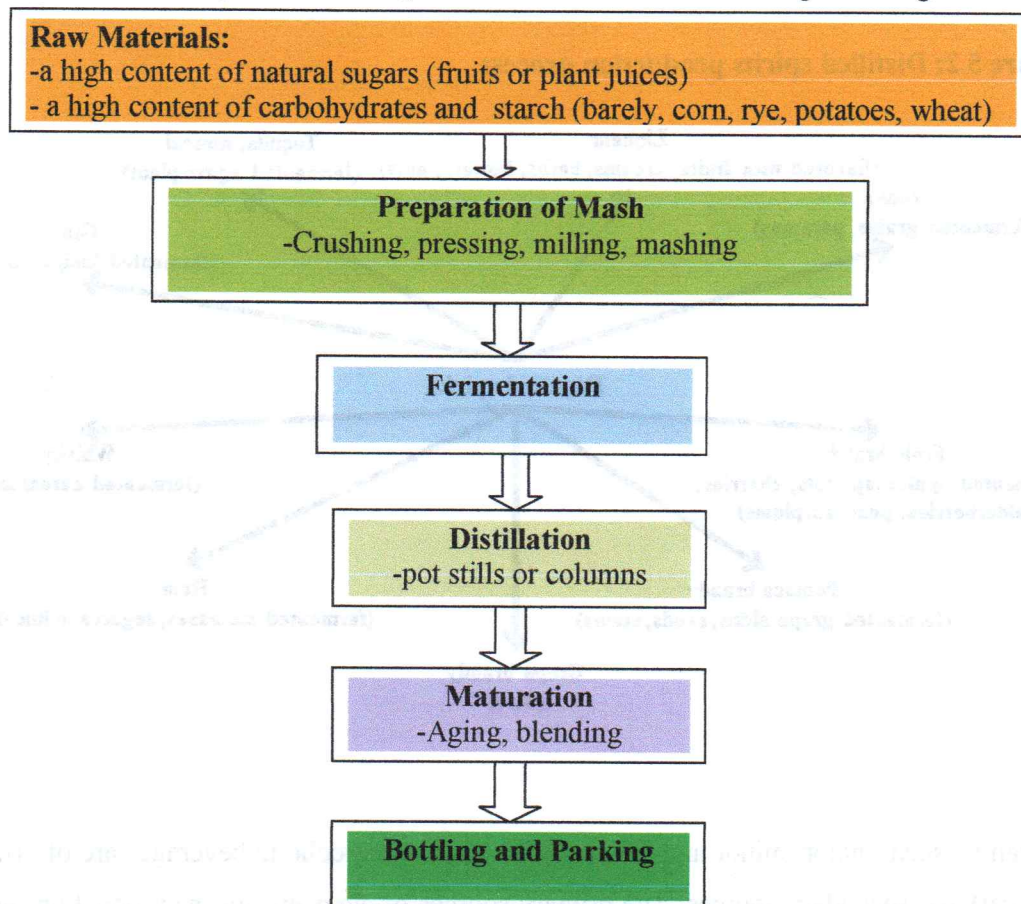


**Figure 5.2: Distilled spirits production process**



As can be seen, major, minor and trace elements in these alcoholic beverages are of primary (natural) and secondary sources. The primary sources of elements are the production region, environmental conditions (soil types and weather conditions) and other natural activities affecting the growth of plants and fruits and grains and the quality of these raw materials (i.e., fruit and plant juices, seeds and/or pomaces, and grain mashes). The secondary sources of elements in distilled spirit products are activities related to cultivation of plants, fruits and grains (e.g., fertilization, agrochemical protection and crop treatment) and production of spirits (e.g., materials and equipment used for maceration, fermentation, distillation and maturation, fabrication and storage, and, finally, technology and manufacturing process).

The Production steps of distilled spirits are further illustrated through the diagram below:



### 5.1.1 Ethanol Content

The ethanol content of spirits varies. Generally speaking, whisky, vodka, schnapps, rum, liqueurs and brandies contain around 40% ethanol by volume, but may be stronger. Aperitifs usually have an ethanol content of around 20%. There are three different ways of indicating the ethanol content. In this monograph, the simple percentage by volume is used, which is also called the French or Gay-Lussac system. American proof is equal to twice the percentage of ethanol by volume; thus, spirits that contain 50% ethanol are 100% proof. The British proof system is slightly more complicated, 100 proof containing 57% ethanol by volume and pure (100% ethanol) alcohol being 175 proof. Paramount is planning on having various contents to suit the need of a particular market and standards.

### 5.3 Labour Requirements

Labour requirements in the spirit manufacturing involve automated and mechanized operations, usually employing a semi-skilled, blue-collar workforce. In the production facility and warehouse areas, some of the jobs shall include packaging and filling machine operator, fork-lift operator, mechanic and manual labourer. The training for these positions is completed onsite with extensive on-the-job instruction. The factory will make use of technology and automation, the workforce technical training will be more important. This semi-skilled manufacturing workforce will be supported by a highly skilled technical group consisting of industrial engineers, manufacturing managers, cost accountants and quality assurance/food safety technicians. Total labour requirements are shown in Table 5.2.

**Table 5.2: Labour Requirement**

Description	Qty		Unit price \$	Total \$	Tax	Amount \$	Annual Salary \$
Managing Director	1	Local	3,500.00	3,500.00	525.00	4,025.00	48,300.00
General Manager	1	Expert	3,200.00	3,200.00	480.00	3,680.00	44,160.00
<b>Operations</b>							
Factory Manager	1	Expert	3,000.00	3,000.00	450.00	3,450.00	41,400.00
Production Supervisors	4	Local	600.00	2,400.00	360.00	960.00	11,520.00
Assistant Supervisors	2	Local	500.00	1,000.00	150.00	650.00	7,800.00
Plant operators	3	Local	400.00	1,200.00	240.00	640.00	7,680.00
Quality Control Officer	1	Expert	2,000.00	2,000.00	400.00	2,400.00	28,800.00
Section Operators	10	Local	300	3,000.00	600	850	10,200.00
Casual labourers	40	Local	200	8,000.00	1,600.00	1,700.00	20,400.00
<b>Maintenance Department</b>							
Maintenance Manager	1	Local	2,000.00	2,000.00	300.00	2,300.00	27,600.00
Safety & Health Officer	1	Local	500.00	500.00	100.00	600.00	7,200.00
Mechanics	2	Local	175.00	350.00	70.00	245.00	2,940.00
Electricians	2	Local	175.00	350.00	70.00	245.00	2,940.00
<b>Administration Department</b>							
Human Resources Manager	1	Local	2,000.00	2,000.00	300.00	2,300.00	27,600.00
Assistant Personnel Officer	1	Local	1,000.00	1,000.00	150.00	1,150.00	13,800.00
Procurement Officer	1	Local	1,000.00	1,000.00	150.00	1,150.00	13,800.00
IT Officer	1	Local	500.00	500.00	75.00	575.00	6,900.00
Personal Secretary	1	Local	500.00	500.00	75.00	575.00	6,900.00
Receptionist	1	Local	300.00	300.00	45.00	345.00	4,140.00
House Keeping Supervisors	2	Local	300.00	600.00	90.00	390.00	4,680.00
Office Attendants	3	Local	150	450	112.5	262.5	3,150.00
Drivers	6	Local	125.00	750.00	150.00	275.00	3,300.00
Security Officer	2	Local	100.00	200.00	40.00	140.00	1,680.00
<b>Finance Department</b>							
Finance Controller	1	Expert	2,000.00	2,000.00	300.00	2,300.00	27,600.00
Accountants	4	Local	1,000.00	4,000.00	600.00	1,600.00	19,200.00
Cashiers	2	Local	500.00	1,000.00	150.00	650.00	7,800.00
Store keeper	2	Local	300.00	600.00	120.00	420.00	5,040.00

<b>Marketing Department</b>							
Marketing manager	1	Local	2,000.00	2,000.00	400.00	2,400.00	28,800.00
Sales Officers	2	Local	300.00	600.00	120.00	420.00	5,040.00
<b>Total</b>	<b>100</b>					<b>36,697.50</b>	<b>440,370.00</b>

About 100 people shall be employed where only four are expected to be foreigners and the remaining 96 employees will be locals. All these are expected to cost USD 36,697.50 per month that is USD 440,370 per year.

#### **5.4 Production Overheads**

The production process for distilled spirits involves several costs including production overheads. Production overheads in the distilled spirits are mainly on electricity; water, sanitary and quality control. The estimated production overheads are described in Table 5.3

**Table 5.3: Operational Overheads**

<b>Description</b>	<b>Monthly Expenses(US\$)</b>	<b>Annual Costs(US\$)</b>
Electricity bills	1500	18,000
Water bills	300	3,600
Cleaning expenses	750	9,000
Postage and telephone	500	6,000
Others	500	6,000
<b>Total Costs</b>	<b>3,550</b>	<b>42,600</b>

The monthly estimated production overheads amounts to US\$ 3,550 and the annual cost is estimated to be US\$ 42,600.

#### **5.4 Production Technology**

The company will use **Distillation Technology for Tasty Spirits** that will ensure efficient production to address higher demand of the spirits. The demands on the distillation technology for the market of high proof tasty spirits like Whisky, Rum or others differs a lot from the requirements for the neutral alcohol production. Paramount will maintain a typical smell and taste of the distillate: the raw material mixture, by the fermentation process and by the distillation process shall be maintained, not to forget the year's long storage in wooden barrels. Paramount's process technology systems are therefore manufactured with a fine

sense of quality. We will ensure that we harmoniously combine proven methods with innovative technology. And they are finely tuned to suit our products. Because we believe: fine spirits deserve nothing less than exclusive technology.

Our production technology contains the following 5 key elements:

- 1. Water preparation:** With the Hydronic water treatment systems, Paramount will provide a programme for careful treatment of untreated water. Regardless if handling brewing or process water or raw materials for our spirits, we will adopt a technology that will give water exactly the character which will meet the requirements of our products and customers.
- 2. Lautering with the Pegasus – high-quality worts and economical processes:** We intend to use intelligent lautering technology that ensures separation of the mash to yield high-quality worts with a low proportion of solids. This process ensures high production rate. With this technology, it is also possible to obtain almost all of the extract dissolved from the spent grains. The technology is flexible as Pegasus offers high flexibility in the selection of the type and quantity of raw materials used in production.
- 3. Mashing technology at top level: The new technology adopted ensures improved extract yield with reduced mashing times; improved heat output due to a turbulent flow pattern of the mash at the heating surface; It ensures maximum flexibility, best quality and efficiency in each individual step of the brewing process.**
- 4. Accurate tank dimensioning and production processes:** The tank is customised for application and optimally designed for the respective technological process; the pressure tank is designed according to standard regulations; it is useful for storing and production according to the individual specifications. Manufacture depending on to the container design in the plant or on-site.
- 5. Optimal cleaning for processing section and bottling systems:** The VarioClean CIP system offers coherent cleaning processes which ensure trouble-free and microbiologically safe operation of a production line. Regardless of whether manual or automatic – the cleaning concept is perfectly tailored to suit the line components to be cleaned or to the number of bottling lines.

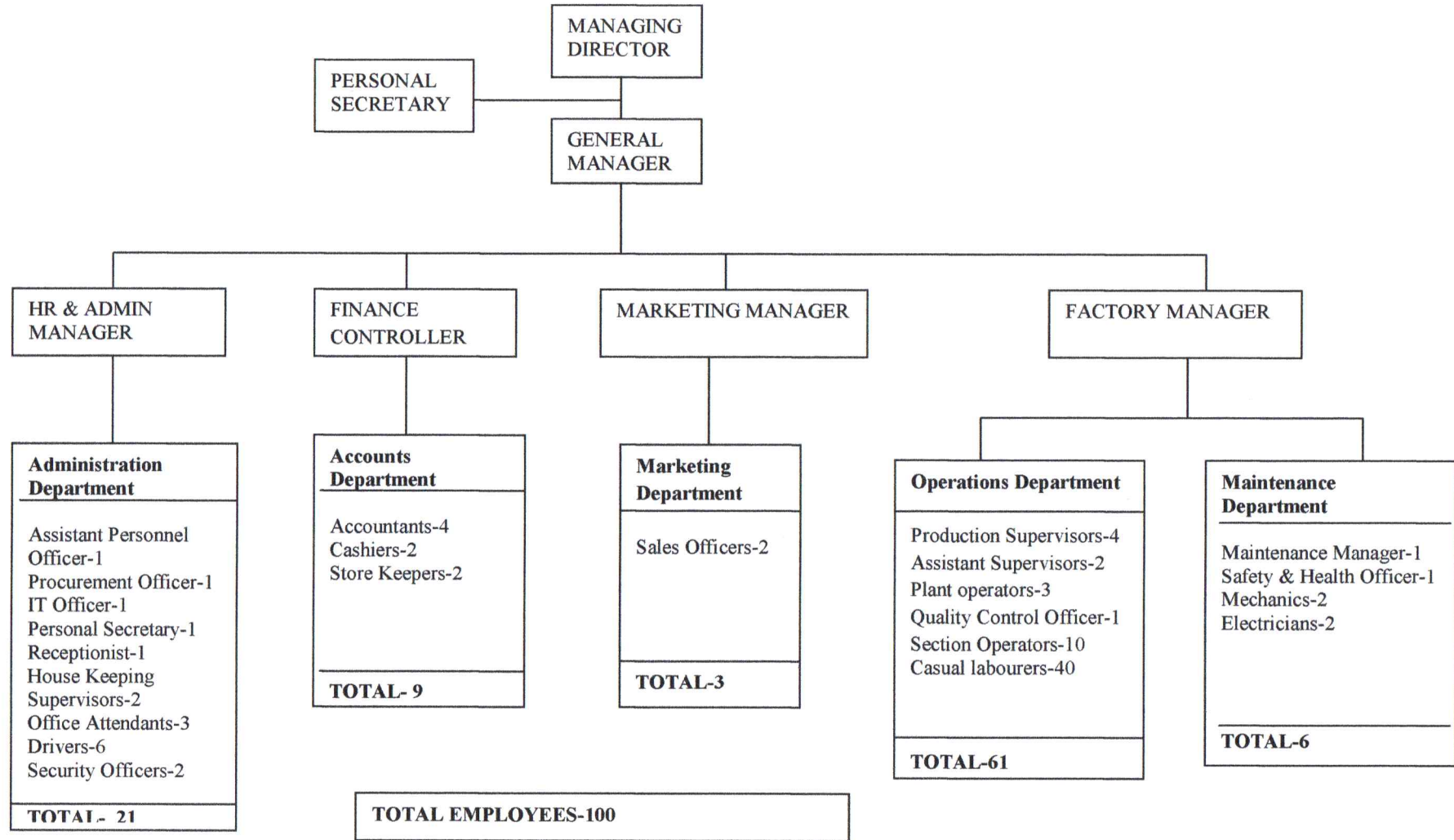
## **6.0 ORGANIZATION AND MANAGEMENT PLAN**

The project is managed by experienced persons in beverage manufacturing sector. The Managing Director has a wide experience in manufacturing sector and business in general both at local and international levels. The management team composes of persons with wide experience in the alcoholic beverages sector which is a key success factor for effective and efficient management of the business and its operations.

### **6.1 The organization structure**

The project will maintain a hierarchical system with five main departments that will be headed by the General Manager who shall be answerable to the Managing Director. The main departments are: Operations and Maintenance which shall be headed by the Factory manager; Marketing Department shall be headed by marketing manager; Finance Department shall be headed by Finance Controller; Human Resources and Administration Department shall be headed by Human Resources Manager. The details and the reporting structure of departmental managers are illustrated in Figure 6.1.

### 6.1 Organization Chart



## **7.0 RISK ASSESSMENT AND KEY ASSUMPTIONS**

### **7.1 Key Assumptions**

Several assumptions were made and considered in the preparation of this financial plan and projection. The assumptions are based on professional judgment, economic trends and current financial market environment. These are as noted below;

- (i) The investment cost shall be borne by owners by 70% and borrowed amount shall be 30% at an interest rate not exceeding 18% per annum for five years;
- (ii) Provision for bad and doubtful loans is assumed at 10% of loans and advances;
- (iii) All sales will take place throughout the month and billing will be done at the end of the month;
- (iv) The annual sales and direct cost is projected to grow by 5% per annum;
- (v) Depreciation will be charged on straight line method to allocate the cost of each value over its estimated useful life. The rates to be used are as follows;

(a) Buildings	5%
(b) Furniture & Fittings	10%
(c) Motor Vehicles	20%
(d) Machinery & Equipments	10%

### **7.2 Risks Assessments**

#### **7.2.1 Price changes**

Due to inflation, the price of materials is expected to rise up including other costs particularly fuel, lubricants and spare parts. In order to cutter for this price increase, the cost of materials has been projected to rise by 5% for each year which is within the current trend in the country. The annual performance including sales and expenses from year to year is also projected to increase by 5% as well. Suppliers may pose some threats to the business, sometimes may fail to supply as per company's requirement or even raise the price of materials. To solve this problem, the business has planned to have different sources of materials.

#### **7.2.2 Competition**

The company intends to charge fair prices in relation to other competitors. The pricing method will depend on cost of production and competitors pricing. The company is planning

to withstand competition by capitalizing on *the Key Success Factors* as indicated earlier. The conducive methods such as price discounts for bulky customers and strictly maintaining the quality are expected to be very powerful competing tools.

### **7.2.3 Accidents**

Factory areas are prone to accidents. One of the major reasons for these accidents is overworking of workers without being given enough time to rest. We intend to employ a number qualified staff who shall be working on shifts of 8 hours per session. The company also will hire the key personnel responsible for safety health and security of our employees and equipments. Safety gears will be provided to all employees and regular trainings shall be provided to safeguard our employees. First aid kits will be readily available in each section for quick service in case of any injuries or any physical disorder that might happen.

## 8.0 FINANCIAL PLAN

### 8.1 Sources of Funds

The project financing is expected to come from 100% equity. The project requires a total of US\$ 501,746 to start production. The owners have commenced some preliminary activities including leasing of the premises and installations designs for the plant and equipments. The project expects a five year financing plan where all invested amount is expected to be fully repaid.

### 8.2 Projected financial statements

The projected financial statements for five years indicate that the company shall be able to generate substantial amounts of profits as detailed below;

**Table 8.1: Project Income Statements**

Description	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	US\$	US\$	US\$	US\$	US\$
Revenue	2,388,000	2,507,400	2,632,770	2,764,409	2,902,629
Less: Cost of sales	1,565,340	1,643,607	1,725,787	1,812,077	1,902,681
Operating Profit	822,660	863,793	906,983	952,332	999,948
Less: Operating expenses	576,788	589,081	602,817	618,025	634,741
Earnings Before Interest and Tax	245,872	274,712	304,166	334,307	365,208
Less :Charges					
Earnings Before Tax	245,872	274,712	304,166	334,307	365,208
Corporate Tax (30%)	73,762	82,413	91,250	100,292	109,562
<b>Earnings After Tax</b>	<b>172,111</b>	<b>192,298</b>	<b>212,916</b>	<b>234,015</b>	<b>255,645</b>

The company projects to make substantial profits throughout the project period. In year one the profit is estimated to be US\$ **172,111**; in year two the projected profit will rise to US\$ **192,298**; in year 3 profits projection is estimated to rise to US\$ **212,916**; in the fourth year profit will be US\$ **234,015**; and profit projections in year five will be US\$ **255,645**.

**Table 8.2 Projected Balance Sheet**

<b>DESCRIPTION</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>
<b><u>NON CURRENT ASSETS</u></b>	<b><u>US\$</u></b>	<b><u>US\$</u></b>	<b><u>US\$</u></b>	<b><u>US\$</u></b>	<b><u>US\$</u></b>
Property, Plant & Equipment	345,619	297,506	249,393	201,280	153,167
<b>CURRENT ASSETS</b>					
Receivables And Deposits	55,690	69,912	60,597	84,695	43,369
Cash and Bank Balance	74,098	239,409	229,927	298,834	434,512
<b>TOTAL CURRENT ASSETS</b>	<b><u>129,788</u></b>	<b><u>309,321</u></b>	<b><u>290,524</u></b>	<b><u>383,529</u></b>	<b><u>477,881</u></b>
<b>TOTAL ASSETS</b>	<b><u>475,407</u></b>	<b><u>606,827</u></b>	<b><u>539,917</u></b>	<b><u>584,809</u></b>	<b><u>631,048</u></b>
<b>CAPITAL &amp; RESERVES</b>					
Share Capital	21,739	21,739	21,739	21,739	21,739
Retained Earnings	146,851	267,593	149,041	163,810	178,952
<b>Total Equity</b>	<b><u>168,590</u></b>	<b><u>289,332</u></b>	<b><u>170,780</u></b>	<b><u>185,549</u></b>	<b><u>200,691</u></b>
<b>NON -CURRENT LIABILITIES</b>					
Borrowings	0	0	0	0	0
<b>Current Liabilities</b>					
Trade Payables	290,217	301,606	240,082	375,704	395,788
Accrued expenses	16,600	15,889	29,055	23,556	34,569
<b>TOTAL LIABILITIES</b>	<b><u>306,817</u></b>	<b><u>317,495</u></b>	<b><u>369,137</u></b>	<b><u>399,260</u></b>	<b><u>430,357</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>475,407</u></b>	<b><u>606,827</u></b>	<b><u>539,917</u></b>	<b><u>584,809</u></b>	<b><u>631,048</u></b>

### 8.3 Financial Analysis

The project activities indicate to generate sufficient revenues and profits to the company.

Market growth drivers show an impressive trend throughout the project period.

### 8.3.1 Break-even Analysis

A **break-even analysis** is a financial tool which helps to determine at what stage a company, or a new service or a product, will be profitable. In other words, it's a financial calculation for determining the number of products or services a company should sell to cover its costs (particularly fixed costs). Break-even analysis (or break-even point) was calculated to determine how much of a good or service need to be sold in order to cover the total fixed costs. Table 8.3 indicates the break-even analysis.

Obtained as; *Break-even analysis in units = fixed costs / (sales price per unit – variable cost per unit)*

**Table 8.3: Break-Even Analysis**

Description	Unit	Value
Total Sales in year 1	US\$	2,388,000
Total Volume in Year 1	Litres	490,000
Sales/per unit	US\$	4.87
Fixed cost	US\$	922,407.00
Variable cost	US\$	1,565,340
Variable cost/unit	US\$	3.19
<b>Beak-even units</b>	<b>Litres</b>	<b>549,051.79</b>
<b>Break-even sales</b>	<b>US\$</b>	<b>2,675,787.07</b>

From the analysis it is clear that the project will be able to break-even in year 2 of the project when 549,051.79 units are produced. The break-even sales value is realised at US\$ 2,675,787.07.

### 8.3 Projected Cash Flow Statements

DESCRIPTIONS	Year 1	Year 2	Year 3	year 4	Year 5
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
<b>Cash from operations:</b>					
Profits before tax	245,872	274,712	304,166	334,307	365,208
<b>Adjustments for non-cash items:</b>					
Depreciations	48,113	48,113	48,113	48,113	48,113
<b>Change in Working Capital:</b>					
Receivables	(55,690)	(37,400)	(39,800)	(41,200)	(43,369)
Trade payables	290,217	301,606	185,119	150,220	87,591
Accruals	16,600	15,889	29,055	23,556	34,569
<b>Total</b>	<b>251,127</b>	<b>280,095</b>	<b>174,374</b>	<b>132,576</b>	<b>78,791</b>
Tax payments	(73,762)	(82,413)	(91,250)	(100,292)	(109,562)
<b>Total Cash Inflow from Operating Activities</b>	<b>471,351</b>	<b>520,506</b>	<b>435,403</b>	<b>414,704</b>	<b>382,549</b>
<b>Cash from investing activities:</b>					
Purchase of property, plant & equipment	(345,619)	(297,506)	(381,010)	(275,593)	(170,177)
<b>Net Cash Outflow From Investing Activities</b>	<b>125,732</b>	<b>223,000</b>	<b>54,393</b>	<b>139,111</b>	<b>212,372</b>
<b>Cash from financing activities:</b>					
Dividends	(51,633)	(57,689)	(63,875)	(70,204)	(76,694)
<b>Change in cash &amp; cash equivalent</b>	<b>74,098</b>	<b>165,311</b>	<b>-9,482</b>	<b>68,906</b>	<b>135,679</b>
<i>Beginning Cash Balance</i>	0	74,098	239,409	229,927	298,834
<i>Ending Cash Balance</i>	<b>74,098</b>	<b>239,409</b>	<b>229,927</b>	<b>298,834</b>	<b>434,512</b>

## **9.0 Conclusion**

The financial analysis indicates that the project will be able to recover all the costs within two years of the project and keep on making substantial profits in subsequent years. The risk-return assessment has been conducted to show that the project is worth undertaking it. The owners have already committed some funds for preliminary stages of the projects including property leasing, interior design and preliminary civil works. The owners are committed to fund the project by 100% equity. Upon completion, the project will be able to employ at least 140 local staff and hence accelerate the current government efforts in reduction of unemployment levels. The project will also bring positive contribution to the country's economic growth through taxes in various forms and CSR contributions to the community where the industry operates.

**ANNEX A**  
**(Normative)**

**Sampling of bulk supplies of water, distilled spirits quality**

**A.1 General Requirements of sampling**

A.1.1 In drawing, preparing, storing and handling samples, the following precautions and directions shall be observed.

A.1.2 Samples shall not be taken in an exposed place.

A.1.3 The sampling instrument shall be clean. Before use, these shall be washed several times with the material to be sampled.

A.1.4 Precautions shall be taken to protect the samples, the material being sampled, the sampling instruments and the containers for samples from adventitious contamination.

A.1.5 To draw a representative sample, the contents of each container selected for sampling shall be mixed thoroughly as possible by suitable means.

A.1.6 The samples shall be placed in clean airtight glass bottles or other suitable containers on which the material has no action and which have previously been washed several times with the material to be sampled.

A.1.7 The sample containers shall be of such a size that they are filled by the sample leaving anullage of 10 %.

A.1.8 Each sample container shall be sealed airtight after filling, and marked with full details of sampling, the date of sampling and the year of manufacture of the material.

**A.2 Scale of sampling**

A.2.1 All containers in a single consignment of the material drawn from a single batch of manufacture shall constitute a lot. If a consignment is declared or known to consist of different batches of manufacture, the batches shall be marked separately and the groups of containers in each batch constitute a separate lot.

A.2.2 For ascertaining conformity of material in a lot to the requirement of this standard, samples shall be tested for each lot separately. The number of containers to be selected at random from lots of different sizes shall be in accordance with Table 3.1.

## ANNEX B

### Colorants and flavouring used in the production of distilled spirits

Drink	Colorants	Flavourings	Sweeteners	Other additives
Brandy	Caramel, sometimes	None, but provides spirit base for many cocktails and liqueurs	None	None
Spirit-based FABs and cocktails	Caramel, sometimes	Fruit flavours or syrups, sometimes flower petals, herbs, coffee, tea	Sugar	None
Gin	None, usually	Juniper, angelica, coriander and other spices. The base spirit for many cocktails and liqueurs	None, usually	None
Liqueurs	Saffron, turmeric, cochineal. Also artificial colorants (e.g. tartrazine)	Fruit, fruit concentrates, fruit distillates and essential oils. Herbs: leaves, stems, flowers, buds, roots, bark, peels; seeds, beans, nuts; often as distillate	Sugar syrup or honey	Dairy products and emulsifiers/stabilisers Glycerine for smooth mouth feel
Rum	Caramel, sometimes	Usually unflavoured, but these two spirits form the base of many cocktails and liqueurs	None	None
Vodka	None, usually	Fruit or herbs, but usually unflavoured. Forms the spirit base for many cocktails and liqueurs	None	None, usually
Whisk(e)y	Caramel, sometimes	None, but forms the spirit base for many cocktails and liqueurs	None	None

Many distilled drinks contain colouring ingredients, although the colours of some (e.g. Armagnac, Cognac, Scotch malt whisky, Bourbon, some rum and others) are derived from a few years' maturation in oak casks. Yet others, such as absinthe, certain flavoured vodkas, some cocktails/FABs and some liqueurs obtain their colours from certain flavourings, such as fruit, herbs or spice.