

LAKE CYLINDER LIMITED

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LIST OF ABBREVIATION

LPG Liquefied Petroleum Gas

PLC Public Limited Company

LTD Limited

EXECUTIVE SUMMARY

Lake Cylinders is a limited liability type of business which aims at manufacturing, importing and exporting of LPG Gas cylinders, fabrication of iron and metal, steel rolling etc. The ideas of making and manufacturing of LPG Cylinders came about through observing that in the society there is high demanded for the LPG cylinders, and it is not very often to find industries that are associated with manufacturing of these LPG cylinders in Tanzania.

Lake Cylinders Limited is going to be positioned at Mikocheni industrial Area which is in Kinondoni district. Whereas this location is suitable as transportation costs of raw materials and final product is minimum. The prices offered for the produced cylinders are very affordable so as to be able to accommodate all its customers.

This Lake Cylinders Limited will require a sum of TSH. 1,000,000,000/=. The money will be used to acquire machine, equipment, and to meet initial operations for the manufacturing of the cylinders.

CHAPTER ONE

1.1 BUSINESS DESCRIPTION

LAKE CYLINDERS LIMITED is Limited company whose owners are legally responsible for its debts only to the extent of the amount of capital they invested. Having limited liability status means the company is an entity in its own right. This has several advantages for instance this means that one will not be personally liable for any financial losses made by the business this gives additional protection in case things go wrong. It is easier for the company to secure loans and investments. The company will exist beyond the life of its shareholders even if they retire or resign the company will continue to exist and operate.

Lake Cylinders limited will be dealing with manufacturing of LPG Cylinders. We decided to deal with manufacturing of these LPG cylinders as it will make it easy to package our own gas and also for other companies to buy from us instead of having to import these cylinders from abroad.

Incredible services. We will ensure that our business provides incredible service to our customers by hiring employees with good customer services also professionals in the field.

This venture which requires one billion as a capital. The capital will be obtained from different sources including bank loan and subsidiary companies and the owner himself.

- a) Deliverance of the Product to the customer: service and product delivery will be of good and great standards as customers will get exactly what they ordered with little to no waiting time.
- b) Packaging: The LPG Cylinders will be packaged and labeled in accordance to customer's preferences in terms of company names for instance Oryx, Mihan, lake gas, etc.
- c) Special order options: There will be special orders for our customers those who need will need more customization of their LPG cylinders in terms of structure and how it operates, it will be delivered accordingly.
- d) Incredible services. We will ensure that our business provides incredible service to our customers by hiring employees with good customer services and competent in the manufacturing of these LPG Cylinders.

1.3 Principal Activities.

- I. Manufacturing, import and export of LPG gas cylinders,
- II. Fabrication of iron and metal.

1.4 Business objectives

- i. To achieve high customer satisfaction and loyalty.
- ii. To generate LPG Cylinders traffic by growing our client base and having busier working hours due to manufacturing of high quality and quantity of our cylinders.
- iii. To achieve specific financial goals so as to become more profitable over time.

1.5 Vision statement.

We are aspiring to become one of the Top LPG Cylinders manufacturers in Tanzania, with the best quality produces and unbeatable prices.

1.6 Mission statement.

To provide prominent, excellent and good quality LPG Cylinders, manufactured on time and to our customer's preferences and at reasonable prices.

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CHAPTER TWO

2.0 ENVIRONMENTAL AND INDUSTRIAL ANALYSIS

ENVIRONMENTAL ANALYSIS.

PESTL analysis is the external factors which used by the marketers to analyses and monitor the macro-environmental (external marketing environment) factors that have an impact on an organization. Lake Cylinders Limited is the first ever LPG Cylinders manufacturing company in TANZANIA, hence this is a breakthrough for our industrial sector as we could not have to depend on importing these cylinders anymore is they are been produced locally using the greatest technology.

Political: These factors include a government may impose a new tax or duty due to which entire revenue generating structures of organizations might change. Political factors include tax policies, Fiscal policy, trade tariffs etc. that a government may levy around the fiscal year and it may affect the business environment (economic environment) to a great extent.

Economic: These factors are determinants of an economy's performance that directly impacts a company and have resonating long term effects. [For example] a rise in the inflation rate of any economy would affect the way companies' price their products and services. Adding to that, it would affect the purchasing power of a consumer and change demand/supply models for that economy. Economic factors include inflation rate, interest rates, foreign exchange rates,

economic growth patterns etc. It also accounts for the FDI (foreign direct investment) depending on certain specific industries who're undergoing this analysis.

Due to the economic factor the Lake Cylinders Limited is affected because the Tanzania currency in the market does not have stability compared to Dollar. Hence we will come with a solution to expand to various branches inside and outside the country and we will regard the uses of dollar in our business after it has had growth.

Social Factors

Also known as socio-cultural factors are the areas that involve the shared belief and attitudes of the population. These factors include – population growth, age distribution, health consciousness, and career attitudes and so on. These factors are of particular interest as they have a direct effect on how marketers understand customers and what drives them.

Technological Factors

We all know how fast the technological landscape changes with consideration that the company is highly technologically related field and how this impacts the way we manufacture and market our products. The Lake Cylinders limited will observe properly three technology factors:

- New ways of producing goods and services
- New ways of distributing goods and services
- New ways of communicating with target market

2.1.2 SWOT Analysis

SWOT analysis is the abbreviation that stands for Strengths, Weaknesses, Opportunities, and threats related to business competition or project planning. It is intended to specify the objectives of the business venture or project and identify the internal and external factors that are favourable and unfavourable to achieving those objectives. Users of a SWOT analysis often ask and answer questions to generate meaningful information for each category to make the tool useful and identify their competitive advantage.

CHAPTER SIX

6.0 FINANCIAL PLAN

INCOME STATEMENT PROJECTIONS

STARTING CAPITAL FOR LAKE CYLINDERS LIMITED	
EQUIPMENT	Amount(USD)
Land/Building	2,000,000
Plant	2,000,000
Vehicles	400,000
Furniture & Fittings	350,000
Pre - Expenses	100,000
Others	1,000,000
Working Capital	4,000,000
Sub Total	9,850,000
Administrative and Building Costs	
Staffs payment	50,000
Insurance and Utilities	50,000
Marketing	15,000
Advertisement cost	20,000
Other Miscellaneous expenses	15,000
Sub Total	150,000
Total	10,000,000

SOURCE OF FUND	USD
Own Capital	5,000,000
Borrowings: bank loan	2,500,000
Fund from Subsidiary companies	2,500,000
Total Capital	10,000,000

Business performance

Projected Cash Flow statement For the First Month

Projected Cash Flow statement For First Month		
Cash Sales	Amount(Per Day)	Amount(Per Month) USD
LPG cylinders 30kgs	3,603,333	108,100,000
LPG cylinders 15kgs	6,900,000	207,000,000
LPG cylinders 6kgs	9,583,333	287,500,000
Cash Sales Total		602,600,000
Sub Total Cash from Operations		
Pay rolls		50,000
Fuel and		50,000
Electricity		50,000
Advertisement		50,000
Marketing		15,000
Sub Total Cash from Operations		215,000,000
Profit	(Cash Sales Total-Subtotal from Operations)	387,600,000

PROJECTED BALANCE SHEET

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YAER 5
Fixed Assets					
Long Term Assets	890,000	861,580	747,900	634,220	520,540
Depreciation	28,420	113,680	113,680	113,680	113,680
Total Long term Asset	861,580	747,900	634,220	520,540	406,860
Current Assets					
Cash	222,504	468,158	723,702	790,471	1,065,477
Accounts Receivable	32,363	39,689	41,673	43,757	45,945
Inventory	34,950	36,636	38,468	40,391	42,411
Total Current Assets	289,817	544,483	803,843	874,620	1,153,833
Total Assets	1,151,397	1,292,383	1,438,063	1,395,160	1,560,693
Current Liabilities					
Accounts Payable	2,119	3,847	4,039	5,655	5,938
Other Current Liabilities	2,260	4,103	4,308	4,524	4,750
Subtotal Current	4,379	7,950	8,348	10,179	10,688
Liabilities					
Long - term Liabilities					
Long term Liabilities	200,000	200,000	200,000		
Total Liabilities	204,379	207,950	208,348	10,179	10,688
Net Assets	947,018	1,084,433	1,229,716	1,384,981	1,550,005
Capital and Reserves					
Owners Contribution	850,000	850,000	850,000	850,000	850,000
Retained Earnings	97,017	234,434	379,715	534,982	700,005
Total Capital	947,017	1,084,434	1,229,715	1,384,982	1,550,005

PROJECTED INCOME & EXPENDITURE STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Sales Revenue	282,500	610,600	641,130	673,187	706,846
Cost of Sales	70,625	128,226	134,637	141,369	148,438
Gross Profit	211,875	482,374	506,493	531,817	558,408
Operating Expenses					
Administrative Overhead					
Costs	8,655	34,620	36,351	38,169	40,077
Motor Vehicle running expense	7,800	31,200	32,760	34,398	36,116
Salaries and wages	32,100	128,400	134,820	141,561	148,639
Depreciation	7,105	28,420	28,420	28,420	28,420
Marketing Costs	3,525	7,050	7,403	7,032	6,681
Utility Costs	5,881	23,525	24,701	25,936	27,233
Insurance	5,250	21,000	22,050	22,050	22,050
Communication	2,963	11,850	12,443	12,443	13,443
Total Expense	73,279	286,065	298,947	310,009	322,660
Profit before Tax	138,596	196,309	207,545	221,809	235,748
Tax (30%)	41,579	58,893	62,264	66,543	70,724
Profit After Tax	97,017	137,416	145,282	155,266	165,024

OTHER OPERATING COST

Other Operations Cost	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Machines and motor vehicle running expenses	30,000	30,400	30,800	31,200	31,600
Salaries and Wages	30,000	33,000	36,300	39,930	43,923
Administrative Overhead Costs	10,000	11,000	12,100	13,310	14,641
Utility Costs	4,000	4,400	4,840	5,324	5,856
Interest on Loan	1,700	1,870	2,057	2,263	2,489
Communication Expenses	14,300	15,730	17,303	19,033	20,937
Total Costs	90,000	96,400	103,400	111,060	119,446