

DEPENDABLE LOGISTICS LIMITED

PROPOSED BUSINESS
PLAN FOR DOMESTIC
AND CARGO TRANSIT

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PROPOSED PROJECT FOR DOMESTIC AND CARGO TRANSIT

1.0 Executive Summary

1.1 INTRODUCTION

Dependable Logistics Limited is a Tanzanian established private company incorporated for purposes of carrying out cargo transportation operations to provide both domestic and transit cargo haulage services. The company was incorporated under Companies Act 2002 with Certificate of Incorporation No: **140263524** dated **29th October 2019**. The registered office of the project will be situated at **Plot No: 20 Industrial Area Msamvu, Morogoro Township, Morogoro Region**.

The company directors are targeting to secure contracts with major import/export companies, construction companies and oil and liquefied petroleum gas (LPG) marketing companies within the country and from neighbouring countries operating in East and Central Africa to transport their general cargo, petroleum products, aviation fuel, LPG to Burundi, Congo, Zambia, Malawi, Rwanda and Inland Tanzania.

1.2 THE PROJECT

The project is about establishment of a fleet of heavy duty trucks complete with trailers with a carrying capacity of 30 to 40 tons. The proposed project capacity is **150 heavy-duty trucks, 20 fuel tankers and 150 trailers**, which will be a combination of both semi trailers/tanker trailers with tractor units and rigid trucks with drawbar trailers at full project implementation estimated at 3 years. One hundred and fifty(150) trucks are earmarked for transportation of dry cargo while Twenty (20) trucks will be tankers and specialized trucks for transportation of petroleum products, aviation fuel and liquefied petroleum gas (LPG). The proposed project will establish a workshop with modern tools and equipment to service the fleet. It will also involve procurement of communication and truck monitoring and control facilities

1.3 MANAGEMENT AND OWNERSHIP

The project is being promoted by M/S Dependable Logistics Limited based in Dar-es-salaam. This is a private registered company incorporated for purposes of carrying out cargo transport operations to provide both domestic and transit cargo haulage services. The main shareholders are **Mr. ABDULATIF TAALIB MOHAMED with 90% share and Mr. ABLA OMARY AWADH with 10% share**. They are both Tanzanians.

Dependable Logistics Limited believes in keeping on board only the very essential manpower strength, to develop them into highly motivated and sincere company team for the best and efficient operations of the company. The company will have a team of qualified and experienced functional managers in the areas of Operations/Marketing, Workshop Operations and Finance & Administration. Other senior and middle level staff will be available for the start up and subsequent operations of the company. The personnel will be qualified, well-seasoned and most possessing considerable industrial experience

1.4 THE MARKET

Recent reforms taking place in economy indicate that there is an increase in demand for transit cargo both dry and wet, including white petroleum products namely: petrol, diesel, jet fuel, kerosene, lubricants, liquefied gas (LPG) etc. The following are some of the factors that have contributed to such an increase in demand for these products in the country.

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Increased level of rehabilitation and expansion of urban and trunk roads by the Government and international assistance agencies, which has subsequently resulted in increased kilometres of passable roads by small and heavy-duty vehicles.

Increased level of engagement on transit trade and investment between Tanzania and its EAC and SADC counterpart regions especially Zambia, Uganda, Rwanda, Malawi, Burundi and the Democratic Republic of Congo.

1.5 FINANCIALS

The total cost of the project is estimated at US Dollars **12,985,964** funded by owners as an equity contribution.

The following is the summary of the capital investment cost estimates:

Capital Items	Cost (US\$)
Civil Works Structures & IParking Yard, Godowns and Workshop Sheds	275,000
Machinery, Tools and Equipment	580,000
Motor Vehicles	11,945,000
Furniture, Fixture and Fittings	25,000
Pre-operation Expenses	75,000
Sub Total	12,900,000
Add: Initial Working Capital-Spare parts, Tyres, Fuels, Initial Salaries & Wages	85,964
GRAND TOTAL	12,985,964

Sales will grow from **\$3,350,000** year one to **\$12,312,000** year three. The company net worth will grow from **\$5,392,716** year one to **\$24,758,916** year five.

1.6 SOCIAL AND ECONOMIC IMPACT

The proposed project will result into the following social and economic impacts:

Increase the provision of high quality services in the distribution of cargo, industrial products and building & construction materials in the country.

Increased availability of quality distribution and marketing products along side competitive prices of these products will result in increased healthy competition among all trading and manufacturing companies

The proposed project of the fleet of trucks investment in this sector will provide employment for about 504 people

The Government and other agencies will benefit from various taxes, fees and commissions that will be paid to the government.

1.8 CONCLUSION AND RECOMMENDATIONS

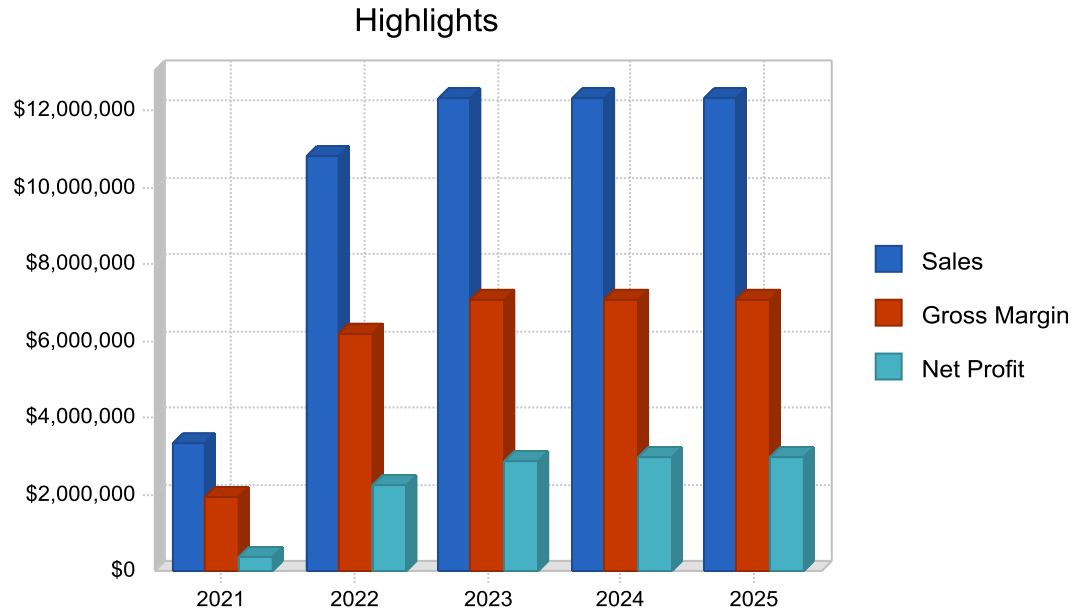
Analysis of the project confirms that the project is: Technically feasible, Financially and Economically viable, Socially desirable and Environmentally sound, manageable and sustainable.

A timely financing and implementation of the project is therefore highly recommended in order to realise the anticipated benefits outlined in this study/report.

Provided all other economic factors remain substantially the same, it is strongly recommended that the project be implemented with immediate effect. It is further recommended that applications for Cargo Transportation Business Licence for the proposed plant be submitted forthwith. It is further recommended that an application for TIC Certificate of Investment Incentives be submitted to Tanzania Investment Centre with a view to benefit from investment benefits and protection as statutorily allowed under Tanzania Investment Act, 1997.

PROPOSED PROJECT FOR DOMESTIC AND CARGO TRANSIT

Chart: Highlights



1.1.1 Objectives

This project is being established with micro objectives of:

Entering into transit cargo business and serve both Kenyan and Tanzania ports for their domestic cargo and transit cargo for neighbouring landlocked countries of East and Central Africa namely: Rwanda, Burundi, Uganda, Zambia, Malawi, the Democratic Republic of Congo; as well as Kenya.

Serving upcountry areas in general Mbeya, Mwanza, Bukoba, Shinyanga, Mara, Tabora, and Singida in particular by efficient distribution of petroleum products and aviation fuel, liquefied petroleum gas (LPG); and the general cargo including agricultural inputs such as farm implements, fertilizers, insecticides and consumer goods to rural areas.

Transporting food and cash crops and particularly maize, rice, coffee, cotton and leaf tobacco from farmers to consumers in urban areas and export outlets.

The macro objectives of establishing the project is to support economic, social and administrative activities in the mentioned areas. Also, to increase the competitiveness of Tanzania goods in the export markets and improve the building and construction industry by offering competitive transport rates.

1.1.2 Mission

The mission of Dependable Logistic Limited is to be the leading trucking company servicing the East and Cental African countries.

1.1.3 Keys to Success

1. Maintaining a reputable and untarnished reputation in the community.
2. Quality care.
3. Competitive pricing.
4. Flexible hours.

Key Success Factors

Following are Key Success Factors of the transportation industry;

Financial Resources

Working Capital

The importance of having huge funds to finance large transportation operations means that the need to have strong relationships with banks is equally important. The ability of banks to advance huge funds at short notice and at preferential bank rates depends largely on such long-term relationships established after long periods of time. New entrants may find it difficult to achieve this relationship. This requirement is crucial for successful operations of a transport firm. This will involve: personnel emoluments (especially for drivers); purchase of tyres, spares and parts, fuel and lubricants; and instant replacement of transport units in case of bread-down or serious vehicle accidents.

Hence, only those firms that are able to mobilize large sums of operating capital can achieve greater operating parameters and therefore, higher profit margins. No wonder that entry barriers are quite high in this regard.

Improved Technology/Product Innovation

Only corporate bodies that have strong financial muscles are capable to invest in better technology and be able to attain product differentiation as a cutting edge against rival firms. The use of Global Positioning System (GPS) has by and large enabled certain transport firms to instantly locate their tracks in transit. Hence, it has become possible to identify problems that drivers are facing far away from the base. This implies that should there be some break down or accident then would be reported to the firms base upon which a solution would be identified and despatched. This is critical as many clients are becoming conscious of a transportation firms ability to meet delivery times.

Ability to offer Credit Facilities Downstream

Corporate clients such as UN bodies and some of the multinational companies may require the transporters first to ferry the assigned cargo and get paid later, after some time say on delivery, after an agreed time, or after delivery of a series of group consignments. Only corporate transporters with large fleets of trucks and other sources of revenue can afford to operate at a flexible basis as it is backed by strong shareholders.

Long Term Relationships

Established transport firms enjoy the advantage of long-term relationships with corporate clients who deal with large supplies of fuel oil, equipment, machinery etc. Such corporate firms include among others; armies, huge mining companies using thermal power, etc. clearing and forwarding companies, just to mention a few. Again, the proposed project would use its

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Synergy of its relation with affiliated company in the clearing and forwarding industry in securing huge cargo.

However, it should be clearly understood that as time changes some industry forces have tended to re-modify these key success factors. Hence, generally it is the ability of a transport company to design and implement its business strategies that may suit building of a company's success in this sector.

2.0 Company Summary

2.1 Company Ownership

Dependable Logistic Limited is a privately owned limited liability partnership with two of the principal shareholders holding 90% to 10% share in the company. The main shareholders are: **ABDULATIF TAALIB MOHAMED** with 90% share and **ABLA OMARY AWADH** with 10% share.

The registered office of the project will be situated at **Plot No: 20 Industrial Area Msamvu, Morogoro Township, Morogoro Region.**

2.2 Start-up Summary

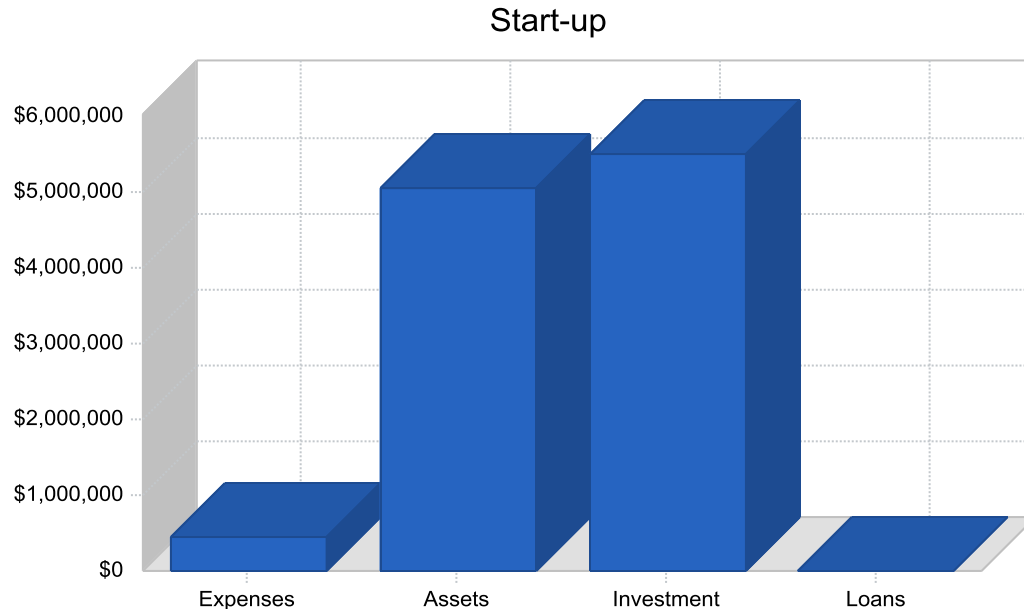
Total start-up expense (including legal costs, consultancy, port clearing charges, and related expenses) comes to \$452,450. Start-up assets required include in short-term assets (office furniture, etc.) and in initial cash to handle the first few months of consulting operations as sales and accounts receivable play through the cash flow. The details are included in Table. The total start up cost is \$5,500,000

Table: Start-up

<i>Start-up</i>	
Requirements	
Start-up Expenses	
Registration	\$550
Feasibility study	\$2,400
Clearing and taxes	\$120,000
3 month salaries	\$101,000
Insurance	\$27,500
Utilities	\$7,000
Electrical and water Installations	\$20,000
Installations and training costs	\$7,000
Web design, networking	\$12,000
Various subscription and licenses	\$20,000
Miscellaneous expenses	\$30,000
Security	\$10,000
Advert, marketing	\$20,000
Pre operational expenses	\$75,000
Total Start-up Expenses	\$452,450
Start-up Assets	
Cash Required	\$450,000
Start-up Inventory	\$426,550
Other Current Assets	\$646,000
Long-term Assets	\$3,525,000
Total Assets	\$5,047,550
Total Requirements	\$5,500,000

PROPOSED PROJECT FOR DOMESTIC AND CARGO TRANSIT

Chart: Start-up



3.0 Services

The feasibility study report sets out a proposal for the establishment of a new project to operate a fleet of trucks. The trucks will be heavy duty complete with trailers with a carrying capacity of 30 to 40 tons. The proposed project capacity is **150 heavy-duty trucks, 20 fuel tankers and 150 trailers**, which will be a combination of both semi trailers/tanker trailers with tractor units and rigid trucks with drawbar trailers at full project implementation estimated at 3 years. One hundred and fifty(150) trucks are earmarked for transportation of dry cargo while Twenty (20) trucks will be tankers and specialized trucks for transportation of petroleum products, aviation fuel and liquefied petroleum gas (LPG). The proposed project will establish a workshop with modern tools and equipment to service the fleet. It will also involve procurement of communication and truck monitoring and control facilities

4.0 Market Analysis Summary

Recent reforms taking place in economy indicate that there is an increase in demand for transit cargo both dry and wet, including white petroleum products namely: petrol, diesel, jet fuel, kerosene, lubricants, liquefied gas (LPG) etc. The following are some of the factors that have contributed to such an increase in demand for these products in the country.

- o Increased level of rehabilitation and expansion of urban and trunk roads by the Government and international assistance agencies, which has subsequently resulted in increased kilometres of passable roads by small and heavy-duty vehicles.
- o Increased level of engagement on transit trade and investment between Tanzania and its EAC and SADC counterpart regions especially Zambia, Uganda, Rwanda, Malawi, Burundi and the Democratic Republic of Congo.
- o Rise in people's standard of living and change in people's consumption patterns;

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- o General improvement in the national economy, especially the balance of payments which has made it possible for the Government of Tanzania to achieve greater capability to import and export critical products into and off the country;
- o Increase general level of investments in industrial activities which are the major users of industrial inputs;

The factors have led to increase demand for transportation services for products in the country. Furthermore, these factors have created the impetus for increased inflow of investment capital by foreign and local private investors who now have decided to venture in the importation and industrial raw materials.

The reforms, which are now being introduced in the sector, aim at influencing the inflow of and increased supply of both capital goods and other industrial products and their distribution in the country and beyond the national borders.

4.1 Market Segmentation

We have segmented our business into six main categories which will apply to every country we be doing business with.

1. Local transportation Dry
2. Local transportation Liquid
3. International transportation Dry
4. International transportation Liquid
5. Return Local transportation Dry
6. Return International transportation Dry

There is a wide market for domestic as well as transit cargo transport. Likewise, the market for transportation of building and construction materials is huge, especially for the rural road contractors and builders in general as well as the mining industry. Hence, it can be expected that the sponsors would not face marketing and operational problems in managing the proposed project.

The ports of Dar es Salaam and Mombasa have recently been undergoing major rehabilitation, modernisation and expansion so as not only to be able to compete with South African ports in handling the East, Central and Southern African import and export trade but also, as a strategy for meeting the national demands for cargo handling that have grown steadily following expansion of agricultural, mining and industrial activities especially in Tanzania. These factors would provide the proposed freight haulage project the necessary condition for its soft establishment and expansion of its future operations.

Dependable Logistics Limited endeavor to achieve the projected sales for both domestic and transits business in the neighboring countries of Kenya, Rwanda Burundi and Eastern parts of the Democratic Republic of Congo, Uganda and Eastern parts of Zambia.

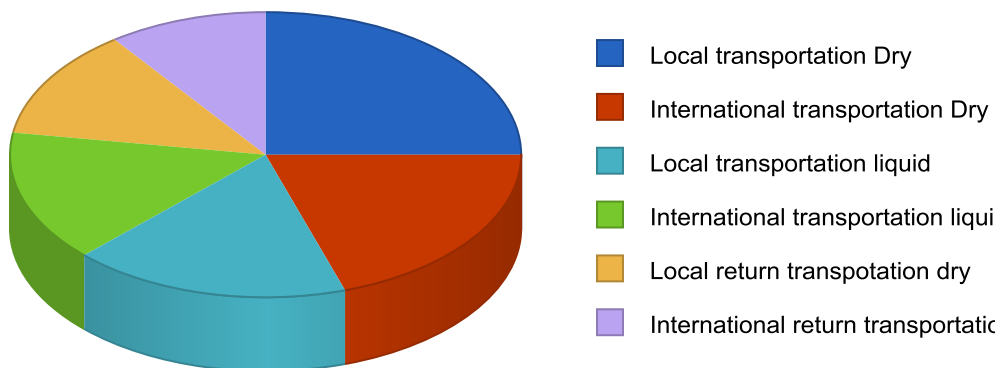
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Table: Market Analysis

Market Analysis		2021	2022	2023	2024	2025	
Potential Customers	Growth						CAGR
Local transportation Dry	20%	100	120	144	173	208	20.09%
International transportation Dry	18%	80	94	111	131	155	17.98%
Local transportation liquid	22%	70	85	104	127	155	21.99%
International transportation liquid	25%	60	75	94	118	148	25.32%
Local return transpotation dry	10%	50	55	61	67	74	10.30%
International return transportation dry	9%	40	44	48	52	57	9.26%
Total	18.81%	400	473	562	668	797	18.81%

Chart: Market Analysis (Pie)

Market Analysis (Pie)



4.2 Target Market Segment Strategy

Tanzania acts as a transit country for the landlocked countries of DRC, Zambia, Rwanda, Burundi, Uganda, and Malawi. General cargo (that is excluding bulk petroleum and other bulk liquids) handled through the Dar es Salaam port between 1994 and 1997 ranged between 1,875,395 and 2,345,700 tons. The bulk of transit cargo that traffics through Tanzania is that of Zambia with largest proportion being carried out by TAZARA.

Malawi has similarly shown a dramatic increase in passing its transit cargo through the Dar es Salaam port in recent years. The bulk of its cargo is carried by road. Recent efforts by heads of state of Malawi and Tanzania gear towards establishing and exploiting the so called Mtwara Corridor as a potential link between the two countries. Of course, it might take some time before actual implementation of the current plans are put into reality and trucks start rolling across borders of the two states.

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4.3 Service Business Analysis

As already stated, road transportation of cargo basically involves movement of trucks of agricultural produce, agricultural inputs, building materials,, soft drinks, beer, timber, consumer goods, industrial raw materials like gypsum, fuel, coal etc. Domestic road transportation of cargo is basically classified into intra-regional and inter-regional transport.

Intra-regional transport demand involves transportation of goods within the region which may be inward demand which refers to movement of goods from rural areas to urban centres, rail heads and factories or it may be outward demand which refers to movement of goods to rural areas.

Inter-regional demand of transport includes movement of goods across borders of a particular region to and fro. The movement of goods to and fro across borders of the country is referred to as international transport demand.

Dependable Logistics Limited will adhere to the company's basic objectives for which it is established; that is, to strengthen transportation related to agriculture and support building and construction activities (especially that related to rural road construction) in order to serve more efficiently the rural population with a basic view of improving agricultural production and stimulating and supporting other economic activities. Besides intra-regional and inter-regional operations, the company plans to go into international operations to serve the landlocked neighbouring countries.

Dependable Logistics Limited has an open eye on the vast opportunities that exist in the intra-regional and inter-regional transport. As stated earlier, the directors of the company have a wealth of long experience in the transportation industry in Tanzania. The project therefore targets transportation of petroleum products and aviation fuel, liquefied petroleum gas (LPG); agricultural produce in Dar-es-salaam, Mara, Shinyanga, Tabora, Singida, Dodoma etc first from the fields to the markets and thereafter to rail heads and/or directly to the processing plants or to the consumers. The project also targets transportation of tobacco and other agricultural inputs to these regions. The directors have well established ties with the major tobacco companies such that acquiring transport tenders will not be a problem, and demand for the crop haulage services is huge.

Other targeted markets are transportation of building materials like cement (from Mbeya Cement Company in Mbeya, Twiga Cement Company etc) to Dodoma, Singida, Tabora, Shinyanga, Dar-es-salaam, Mara and other neighbouring regions markets, steel (from Dar es Salaam manufacturers to the regions), timber (from Sao Hill to Dar es Salaam and neighbouring regions) and movement of industrial raw materials like gypsum for Mbeya Cement Company and coal from Kiwira Coal Mines.

Dependable Logistics Limited will also be involved in transportation of building and construction materials. They are especially targeting road construction and specifically rural roads construction, rehabilitation and maintenance projects. The directors are developing very good connections with TAN ROADS for business purposes. Likewise, they plan to be well connected to rural roads projects authorities in Iringa, Mbeya, Ruvuma, Tanga, Kilimanjaro and Arusha regions.

The other major targets in domestic transportation are in securing contracts to transportation of heavy mining equipment for major mining companies around the Lake Victoria basin. Also, there is scope for securing transportation contracts from UN bodies such as the World Food

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Programme, United Nations High Commission for Refugees, etc. The directors have already made contacts to the potential customers in these areas and so far response has been very encouraging.

On the International Transport arena, operating projections assume that the project would operate on the Mombasa and Dar es Salaam routes to Kigali, Bujumbura and Lubumbashi. However, initially the project will mainly operate on the Dar es Salaam - Burundi, Dar es Salaam - Zambia, Dar es Salaam - Malawi routes and where the project promoters have managed to establish contacts with a view to secure contracts to transport transit cargo.

Freight Charges

The rates offered for standard transportation are on a per tone basis, hence the more one carries per load, the more earnings are. The firm's expected revenue has been estimated from carrying thirty (30) ton loads, with an average coverage of 5,000 kms per month per truck which is in effect SADCC countries maximum carrying rates.

The rates currently being offered are as follows:

Average rate per km per ton is US Dollar Cent 0.065 or as follows:

Dar es Salaam to Nzega US \$ 110/ton

Dar es Salaam to Kigali US \$ 165/ton

Mombasa Kampala US \$ 160/ton

Return Loads - average 50% quoted rate.

Rates for low bed work are determined on volume rather than tonnage and for the purposes our budgets and projections we have taken an average of US Dollar Cent .95 per Ton per km. These rates are conservative as the bulk of machinery to be moved has a higher volume and would therefore attract a higher rate.

4.3.1 Competition and Buying Patterns

The general nature of competition in this business, and how the customers seem to choose one provider over another can be measured by customer loyalty and positive word of mouth. Customer loyalty and brand preference come from developing a trust between the customer and the business. To be successful in the transportation business, one must truly believe in, and always apply, the fundamental meaning of caring, which simply stated is, one must always be hospitable, and the customer must truly be made to feel welcome and cared for.

The trust that a customer feels, is based upon the business' ability to recognize what it takes to please a customer, and then is built upon by continuously delivering to that customer at, or above, the level of expectation that the customer expects. Dependable Logistic Limited will carefully selected a management team that has been specially trained in the high art of exceptional customer service. The screening, hiring and training standards for front-of-the house staff are the highest in the industry. The level of attention and care that our staff bestows upon our customers sets us far above our competition.

5.0 Strategy and Implementation Summary

Emphasize service

We will differentiate ourselves with **SERVICE!** We will establish our business offering as a clear and viable alternative for our target market, from the scores of "petroleum products", farm products, and "general haulage in" transport chains.

Build a relationship-oriented business

Build long-term relationships with customers, not single-visit deals. Become their restaurant and destination of choice. Make them understand the value of the relationship.

Focus on target markets

We need to focus our offerings on specific population groups as the key market segment we should own. We do not want to compete for the customers who go to sway and swing . We definitely want to be able to sell to smart, quality conscious customers.

5.1 Competitive Edge

The company seeks to establish a competitive edge in its new target market segment by increasing the level of customer contact and service that other competitors seem to oftentimes lack. Additionally, Dependable Logistic Limited possesses the necessary skills to produce the high quality products that are needed in this field. The establishment of the previously mentioned work processes that will ensure greater service will strengthen the contacts that promote word of mouth marketing and networking.

5.2 Marketing Strategy

As mentioned in the previous section, it is important to the marketing strategy to develop an attractive image to the trade. This can be done in a number of ways:

1. **Advertising.** Through various media TVs, magazines, Radios
2. **Join Various social media groups and advertising directories.** The image of Cutting Edge Drapery would be elevated by joining ASID. This would cost only \$285 for the first year. Advertising in the ASID directory is worth considering. The present directory which comes out once per year has a full page color ad for Paul Brown and a full page black and white for Outside In look, both of whom are mentioned in the competitive analysis section of this plan. A small black and white ad by The Drapery Man can also to be found.
3. **Advertising.** Development of a top quality logo and photography which can be used in ads, brochures, name cards, etc.
4. **Participation in Show houses.** Another image-building marketing ploy is participating in show houses. These show houses are usually for the benefit of some charity event. This would require time and effort, but not much in the way of money. This should be coordinated with the company's favorite designer to insure satisfaction with the design concept when doing a show house room.

In addition to the above-mentioned activity designed to elevate the company's image, it is essential to market directly the selected target clients who are all members of certain groups. Most of them are associate members while some are professional members. Success in making in-roads into these names would set the stage for entry into the more prestigious .

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Marketing these prime prospects must be carried out in a thoughtful organized way. Color literature including the newly designed logo should be completed as a first step. When marketing these prospects it will be important to present a portfolio of Dependable Logistic Limited most innovative work. A relaxed face-to-face meeting, resulting in good communication between us and the clients, should be all that's needed to generate a first order.

Networking is also very useful. It is important, once the logo and artwork materials have been completed, for the clients to make a point of introducing ourselves to important players in the design world surrounding relevant cities and towns in different countries.

5.3 Sales Strategy

The marketing strategy discussed previously in this business plan will generate the desired sales. These sales will begin with a phone call to Dependable Logistic Limited. It is a stated objective to transfer the administrative burden away from the owner, freeing up his time to meet with clients, to network and market to prospective clients. This means that one responsible for answering the incoming calls must be carefully trained to recognize who must be called back immediately by the responsible person.

The logistic business needs--and expects--close contact with all principal business associates. The salesman is under pressure to get a quotation together, for example, and being told that "he isn't here right now" is not going to foster sales. The important caller should be told that the owner will "call right back." The more successful the marketing strategy is in making in-roads into salesman or marketing manager, the more important this communication response will become.

In respect to the prospect list of clients, it is essential that a "salesman's" approach be adopted to insure an organized, orderly approach to each prospect. Notes need to be kept on each client. Follow-up and persistence will pay off.

5.3.1 Sales Forecast

Sales Forecast Assumption:

Each truck will generate average revenue of US\$ 6,000 per month. This revenue is estimated from the vast practical experience of the project promoters. The company will start with 50 units by year one and that is 2021, add another 100 units by year two 2022 thereafter obtain and receive the final consignment of 20 trucks during 2023; therefore start full commercial operations by January 2023.

Year	Operating trucks	Monthly revenue per truck \$	Total Revenue per Annum \$
2021	50	6,000	3,600,000
2022	100	6,000	7,200,000
2023	20	6,000	1,440,000

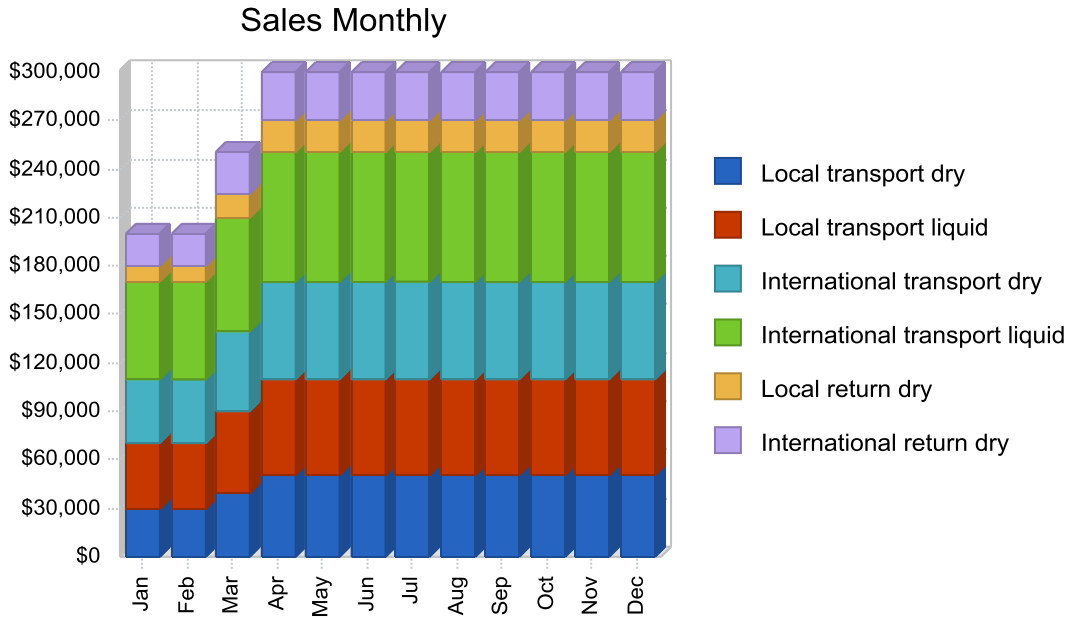
This explains why the sales growth is more than tripple in year two

PROPOSED PROJECT FOR DOMESTIC AND CARGO TRANSIT

Table: Sales Forecast

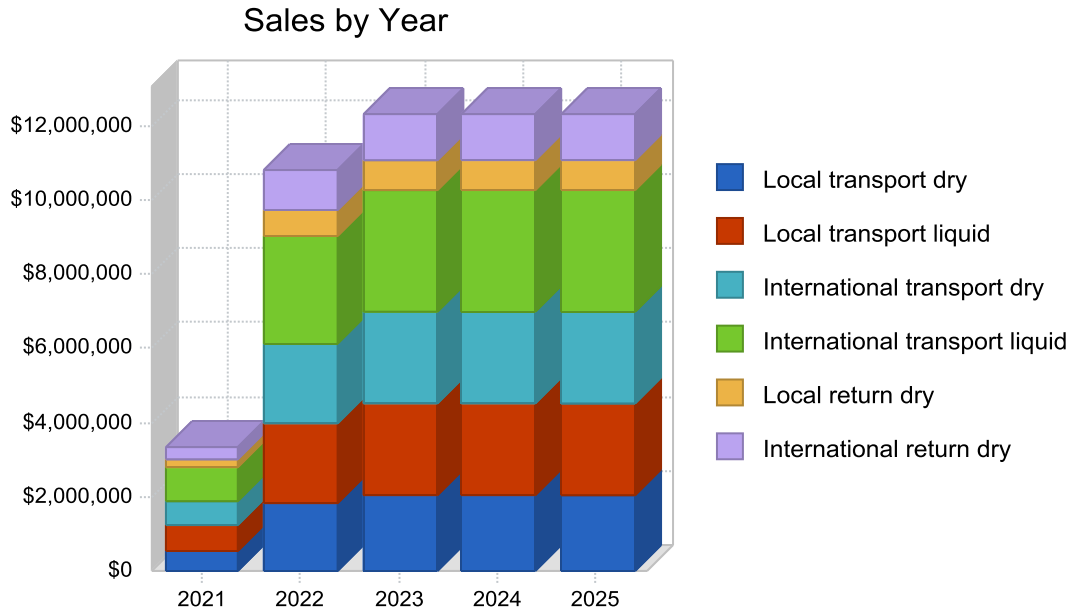
<i>Sales Forecast</i>		2021	2022	2023	2024	2025
Sales						
Local transport dry		\$550,000	\$1,800,000	\$2,052,000	\$2,052,000	\$2,052,000
Local transport liquid		\$670,000	\$2,160,000	\$2,462,400	\$2,462,400	\$2,462,400
International transport dry		\$670,000	\$2,160,000	\$2,462,400	\$2,462,400	\$2,462,400
International transport liquid		\$910,000	\$2,880,000	\$3,283,200	\$3,283,200	\$3,283,200
Local return dry		\$215,000	\$720,000	\$820,800	\$820,800	\$820,800
International return dry		\$335,000	\$1,080,000	\$1,231,200	\$1,231,200	\$1,231,200
Total Sales		\$3,350,000	\$10,800,000	\$12,312,000	\$12,312,000	\$12,312,000
Direct Cost of Sales						
Fuel	2021	\$670,000	\$2,160,000	\$2,462,400	\$2,462,400	\$2,462,400
Lubricants		\$67,000	\$216,000	\$246,240	\$246,240	\$246,240
Tyres and tubes		\$201,000	\$648,000	\$738,720	\$738,720	\$738,720
Repair and maintainance		\$251,250	\$810,000	\$923,400	\$923,400	\$923,400
Subtotal Direct Cost of Sales		\$1,189,250	\$3,834,000	\$4,370,760	\$4,370,760	\$4,370,760

Chart: Sales Monthly



PROPOSED PROJECT FOR DOMESTIC AND CARGO TRANSIT

Chart: Sales by Year



6.0 Management Summary

Management

The company policy is to have adequate manpower to manage its operations efficiently.

Dependable Logistics Limited believes in keeping on board only the very essential manpower strength, to develop them into highly motivated and sincere company team for the best and efficient operations of the company. The company will have a team of qualified and experienced functional managers in the areas of Operations/Marketing, Workshop Operations and Finance & Administration. Other senior and middle level staff will be available for the start up and subsequent operations of the company. The personnel will be qualified, well-seasoned and most possessing considerable industrial experience.

Management Policy

The day to day operations will be managed by the General Manager, to be assisted by the Operations and Marketing Manager who will be the overall in charge of the fleet and marketing operations. On the other hand, the General Manager will be assisted by Maintenance Engineer whose major responsibility will be to ensure the vehicles are road worthy at all times. The Company's fleet pool will therefore be professionally managed. The General Manager will manage the company under the policy guidance of the Board of Directors.

Organizational Structure

Once the company has well established the market its organizational structure will have to change to give it a corporate structure of freight Haulage Company. Therefore, the shareholders will have to embark on a meticulous manpower planning and recruitment, which will be preceded by a manpower consultant's report. It is proposed that the company's operations then be headed by the Managing Director under whom there will be a General Manager. Functional

PROPOSED PROJECT FOR DOMESTIC AND CARGO TRANSIT

managers will assist the General Manager, that is: Operations/Marketing Manager, Workshop Manager, and Finance & Administration Manager.

The General Manager will be functionally responsible for achieving the Business plan prepared every year. He will also be responsible for the entire function of the company subject to policy guidance set. The Operations and Marketing Manager will be responsible for both the countrywide and regional wide sales and marketing for the service. The job responsibilities will include market planning and development, sales promotion and sales co-ordination.

6.1 Personnel Plan

The detailed monthly personnel plan for the first year is included in the appendix. The annual personnel estimates are included here.

Table: Personnel

<i>Personnel Plan</i>	2021	2022	2023	2024	2025
General Manager	\$9,600	\$9,600	\$10,000	\$10,000	\$10,000
Security Officer	\$7,200	\$7,200	\$7,200	\$8,000	\$8,000
Personal Secretary	\$1,200	\$1,200	\$1,200	\$1,500	\$1,500
Operations/Marketing Manager	\$7,200	\$7,200	\$7,200	\$8,000	\$8,000
Accountant/Cashier	\$14,400	\$14,400	\$14,400	\$15,000	\$15,000
Pool Drivers	\$3,600	\$3,600	\$3,600	\$4,000	\$4,000
Security Services	\$3,840	\$3,840	\$3,840	\$4,000	\$4,000
Fleet Supervisors	\$10,800	\$10,800	\$10,800	\$11,000	\$11,000
GPS Monitor/Radio operator	\$2,400	\$2,400	\$2,400	\$3,000	\$3,000
Truck Drivers	\$168,000	\$504,000	\$569,520	\$569,520	\$569,520
Truck Helpers	\$100,800	\$302,400	\$341,712	\$341,712	\$341,712
Workshop/Technical Manager	\$6,000	\$6,000	\$6,000	\$6,500	\$6,500
Workshop Mechanics	\$12,600	\$20,000	\$20,000	\$22,000	\$22,000
Automobile Electrician	\$9,000	\$15,000	\$15,000	\$16,000	\$16,000
Office assistant	\$720	\$720	\$720	\$800	\$800
Add : 20% Social Benefits	\$71,472	\$181,672	\$202,718	\$204,206	\$204,206
Total People	164	444	504	504	504
Total Payroll	\$428,832	\$1,090,032	\$1,216,310	\$1,225,238	\$1,225,238

7.0 Financial Plan

The business of Dependable Logistic Limited does not require substantial outlays for inventory and virtually almost all sales are on a cash basis, so increases in sales will not be accompanied by initial cash-flow deficits.

7.1 Start-up Funding

The start-up costs of *Dependable Logistic Limited* will consist primarily of trucks, inventory, equipment and fixtures. The owners will invest \$5,500,000 in cash, benefits and labor to the start up.

PROPOSED PROJECT FOR DOMESTIC AND CARGO TRANSIT

Table: Start-up Funding

<i>Start-up Funding</i>	
Start-up Expenses to Fund	\$452,450
Start-up Assets to Fund	\$5,047,550
Total Funding Required	\$5,500,000
Assets	
Non-cash Assets from Start-up	\$4,597,550
Cash Requirements from Start-up	\$450,000
Additional Cash Raised	\$0
Cash Balance on Starting Date	\$450,000
Total Assets	\$5,047,550
Liabilities and Capital	
Liabilities	
Current Borrowing	\$0
Long-term Liabilities	\$0
Accounts Payable (Outstanding Bills)	\$0
Other Current Liabilities (interest-free)	\$0
Total Liabilities	\$0
Capital	
Planned Investment	
Owner	\$5,500,000
Investor	\$0
Additional Investment Requirement	\$0
Total Planned Investment	\$5,500,000
Loss at Start-up (Start-up Expenses)	(\$452,450)
Total Capital	\$5,047,550
Total Capital and Liabilities	\$5,047,550
Total Funding	\$5,500,000

7.2 Important Assumptions

Basic assumptions are presented in the table below.

7.3 Break-even Analysis

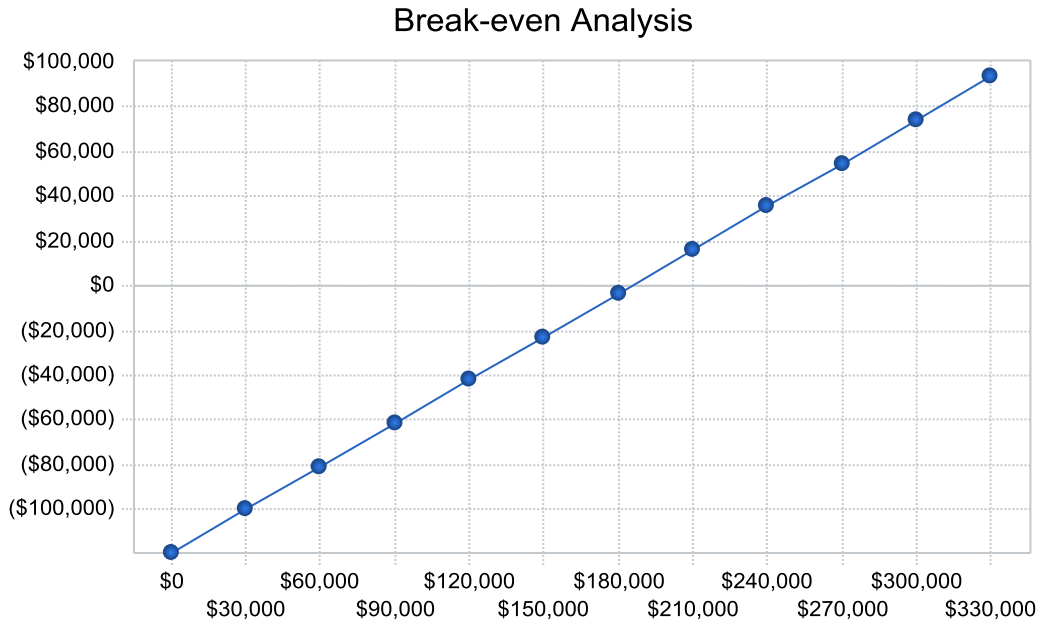
The Break-even Analysis is based on the average of the first-year figures for total sales by units, and by operating expenses. These are presented as per-unit revenue, per-unit cost, and fixed costs. These conservative assumptions make for a more accurate estimate of real risk.

Table: Break-even Analysis

<i>Break-even Analysis</i>	
Monthly Revenue Break-even	\$185,162
Assumptions:	
Average Percent Variable Cost	36%
Estimated Monthly Fixed Cost	\$119,430

PROPOSED PROJECT FOR DOMESTIC AND CARGO TRANSIT

Chart: Break-even Analysis



7.4 Projected Profit and Loss

The detailed monthly pro-forma income statement for the first year is included in the appendix. The annual estimates are included here.

Table: Profit and Loss

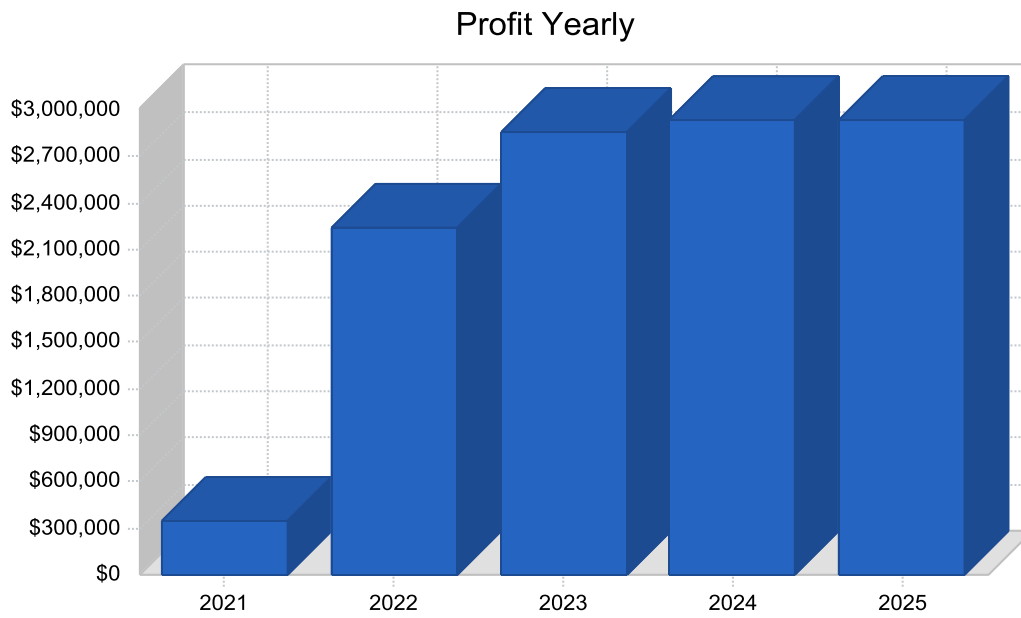
<i>Pro Forma Profit and Loss</i>					
	2021	2022	2023	2024	2025
Sales	\$3,350,000	\$10,800,000	\$12,312,000	\$12,312,000	\$12,312,000
Direct Cost of Sales	\$1,189,250	\$3,834,000	\$4,370,760	\$4,370,760	\$4,370,760
Other Costs of Sales	\$234,500	\$756,000	\$861,840	\$861,840	\$861,840
Total Cost of Sales	\$1,423,750	\$4,590,000	\$5,232,600	\$5,232,600	\$5,232,600
Gross Margin	\$1,926,250	\$6,210,000	\$7,079,400	\$7,079,400	\$7,079,400
Gross Margin %	57.50%	57.50%	57.50%	57.50%	57.50%
Expenses					
Payroll	\$428,832	\$1,090,032	\$1,216,310	\$1,225,238	\$1,225,238
Marketing/Promotion	\$240,000	\$360,000	\$360,000	\$360,000	\$360,000
Depreciation	\$360,000	\$480,000	\$480,000	\$480,000	\$480,000
Directors allowances	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000
Utilities	\$84,000	\$96,000	\$96,000	\$96,000	\$96,000
Insurance	\$220,000	\$480,000	\$500,000	\$500,000	\$500,000
Payroll Taxes	\$64,325	\$163,505	\$182,447	\$183,786	\$183,786
Other	\$0	\$306,000	\$125,000	\$0	\$0
Total Operating Expenses	\$1,433,156	\$3,011,537	\$2,995,757	\$2,881,024	\$2,881,024
Profit Before Interest and Taxes	\$493,094	\$3,198,463	\$4,083,643	\$4,198,376	\$4,198,376
EBITDA	\$853,094	\$3,678,463	\$4,563,643	\$4,678,376	\$4,678,376
Interest Expense	\$0	\$0	\$0	\$0	\$0
Taxes Incurred	\$147,928	\$959,539	\$1,225,093	\$1,259,513	\$1,259,513
Net Profit	\$345,166	\$2,238,924	\$2,858,550	\$2,938,863	\$2,938,863
Net Profit/Sales	10.30%	20.73%	23.22%	23.87%	23.87%

PROPOSED PROJECT FOR DOMESTIC AND CARGO TRANSIT

Chart: Profit Monthly



Chart: Profit Yearly



PROPOSED PROJECT FOR DOMESTIC AND CARGO TRANSIT

Chart: Gross Margin Monthly

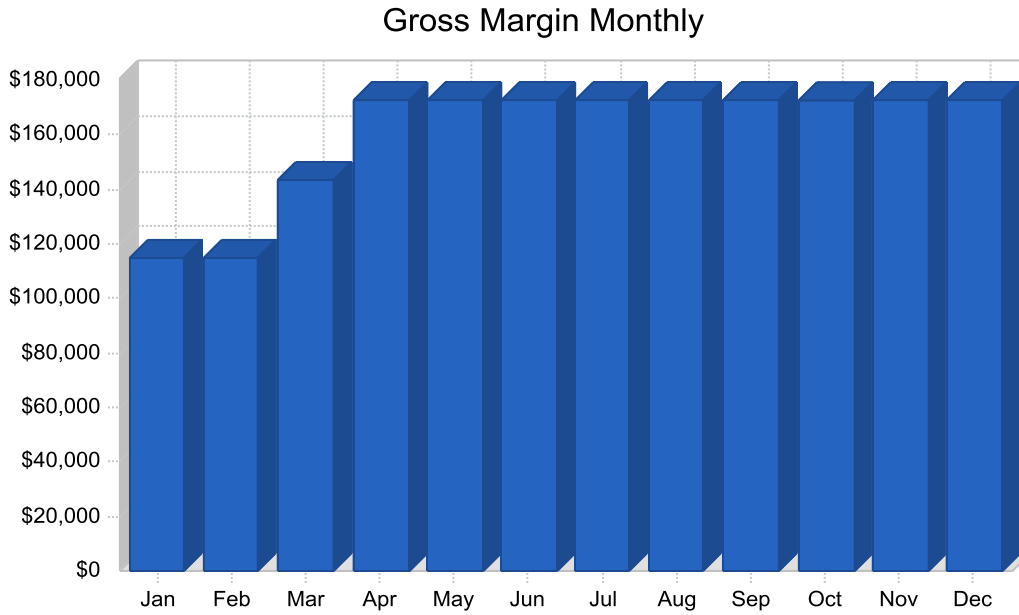
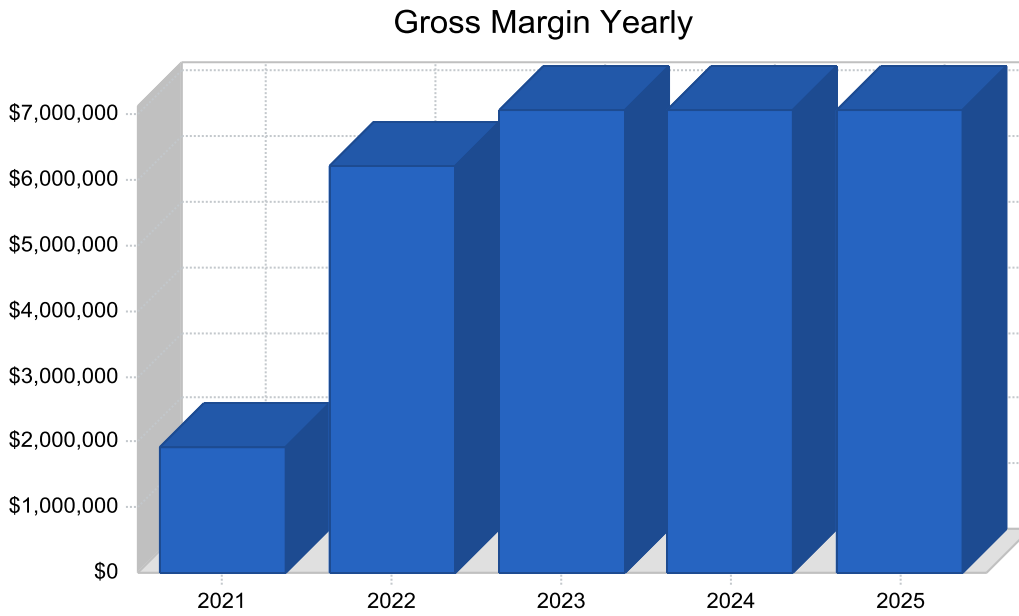


Chart: Gross Margin Yearly



PROPOSED PROJECT FOR DOMESTIC AND CARGO TRANSIT

7.5 Projected Cash Flow

As can be seen from the Cash Flow chart and table below, Dependable Logistic Limited has a number of advantages that provide for a large amount of growth in the company's cash account. Because it is the policy of the company's clients to provide the fabric for the soft window treatment products, the company has a very low cost of goods sold account and therefore a high gross margin. Furthermore, the custom nature of the business means that there is no inventory cost to speak of or accounts payable. Finally, the company does not poses any debt or long term capital assets that would affect the cash flow. With the ability to generate so much cash flow, it is assumed that the company will seek to use this asset to expand its markets and production capacity in the near future.

Table: Cash Flow

<i>Pro Forma Cash Flow</i>	2021	2022	2023	2024	2025
Cash Received					
Cash from Operations					
Cash Sales	\$2,512,500	\$8,100,000	\$9,234,000	\$9,234,000	\$9,234,000
Cash from Receivables	\$690,000	\$2,371,978	\$3,011,427	\$3,078,000	\$3,078,000
Subtotal Cash from Operations	\$3,202,500	\$10,471,978	\$12,245,427	\$12,312,000	\$12,312,000
Additional Cash Received					
Sales Tax, VAT, HST/GST Received	\$603,000	\$1,944,000	\$2,216,160	\$2,216,160	\$2,216,160
New Current Borrowing	\$0	\$0	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0	\$0	\$0
New Investment Received	\$0	\$6,926,000	\$1,465,000	\$0	\$0
Subtotal Cash Received	\$3,805,500	\$19,341,978	\$15,926,587	\$14,528,160	\$14,528,160
Expenditures	2021	2022	2023	2024	2025
Expenditures from Operations					
Cash Spending	\$428,832	\$1,090,032	\$1,216,310	\$1,225,238	\$1,225,238
Bill Payments	\$1,751,364	\$9,515,652	\$6,123,461	\$7,363,767	\$7,654,487
Subtotal Spent on Operations	\$2,180,196	\$10,605,684	\$7,339,771	\$8,589,006	\$8,879,725
Additional Cash Spent					
Sales Tax, VAT, HST/GST Paid Out	\$603,000	\$1,944,000	\$2,216,160	\$2,216,160	\$2,216,160
Principal Repayment of Current Borrowing	\$0	\$0	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$120,000	\$40,000	\$0	\$0
Purchase Long-term Assets	\$0	\$6,500,000	\$1,300,000	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$2,783,196	\$19,169,684	\$10,895,931	\$10,805,166	\$11,095,885
Net Cash Flow	\$1,022,304	\$172,293	\$5,030,656	\$3,722,994	\$3,432,275
Cash Balance	\$1,472,304	\$1,644,598	\$6,675,254	\$10,398,248	\$13,830,523

PROPOSED PROJECT FOR DOMESTIC AND CARGO TRANSIT

7.7 Business Ratios

The following table shows the projected business ratios. We expect to maintain healthy ratios for profitability, risk, and return. The industry comparisons are for SIC 8742, management consulting services.

Table: Ratios

<i>Ratio Analysis</i>	2021	2022	2023	2024	2025	Industry Profile
Sales Growth	n.a.	222.39%	14.00%	0.00%	0.00%	0.00%
Percent of Total Assets						
Accounts Receivable	2.51%	3.09%	2.80%	2.42%	2.14%	0.00%
Inventory	7.45%	21.45%	6.86%	5.19%	4.59%	0.00%
Other Current Assets	11.01%	4.98%	4.16%	3.59%	3.17%	100.00%
Total Current Assets	46.06%	40.23%	48.31%	57.55%	64.37%	100.00%
Long-term Assets	53.94%	59.77%	51.69%	42.45%	35.63%	0.00%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Current Liabilities	8.10%	5.27%	2.46%	2.75%	2.48%	0.00%
Long-term Liabilities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Liabilities	8.10%	5.27%	2.46%	2.75%	2.48%	0.00%
Net Worth	91.90%	94.73%	97.54%	97.25%	97.52%	100.00%
Percent of Sales						
Sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Gross Margin	57.50%	57.50%	57.50%	57.50%	57.50%	0.00%
Selling, General & Administrative Expenses	47.20%	36.77%	34.28%	33.63%	33.63%	0.00%
Advertising Expenses	7.16%	3.33%	2.92%	2.92%	2.92%	0.00%
Profit Before Interest and Taxes	14.72%	29.62%	33.17%	34.10%	34.10%	0.00%
Main Ratios						
Current	5.69	7.64	19.65	20.93	25.93	0.00
Quick	4.77	3.56	16.86	19.04	24.08	0.00
Total Debt to Total Assets	8.10%	5.27%	2.46%	2.75%	2.48%	0.00%
Pre-tax Return on Net Worth	9.14%	21.97%	21.63%	19.24%	16.96%	0.00%
Pre-tax Return on Assets	8.40%	20.81%	21.10%	18.71%	16.54%	0.00%
Additional Ratios	2021	2022	2023	2024	2025	
Net Profit Margin	10.30%	20.73%	23.22%	23.87%	23.87%	n.a
Return on Equity	6.40%	15.38%	15.14%	13.47%	11.87%	n.a
Activity Ratios						
Accounts Receivable Turnover	5.68	5.68	5.68	5.68	5.68	n.a
Collection Days	57	42	60	64	64	n.a
Inventory Turnover	3.75	2.05	1.89	3.50	3.75	n.a
Accounts Payable Turnover	4.68	12.17	12.17	12.17	12.17	n.a
Payment Days	27	24	41	27	30	n.a
Total Asset Turnover	0.57	0.70	0.64	0.55	0.48	n.a
Debt Ratios						
Debt to Net Worth	0.09	0.06	0.03	0.03	0.03	n.a
Current Liab. to Liab.	1.00	1.00	1.00	1.00	1.00	n.a
Liquidity Ratios						
Net Working Capital	\$2,227,716	\$5,372,640	\$8,876,190	\$12,295,053	\$15,713,916	n.a
Interest Coverage	0.00	0.00	0.00	0.00	0.00	n.a
Additional Ratios						
Assets to Sales	1.75	1.42	1.57	1.82	2.06	n.a
Current Debt/Total Assets	8%	5%	2%	3%	2%	n.a
Acid Test	4.46	2.98	15.72	18.16	23.22	n.a
Sales/Net Worth	0.62	0.74	0.65	0.56	0.50	n.a
Dividend Payout	0.00	0.00	0.00	0.00	0.00	n.a

7.8 Long-term Plan

Our long term plan is to continue to maintain a cash flow of 19-20% while increasing sales annually, thereby increasing actual dollars earned by our investors, principals and staff.

Appendix

Table: Sales Forecast

<i>Sales Forecast</i>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sales												
Local transport dry	\$30,000	\$30,000	\$40,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Local transport liquid	\$40,000	\$40,000	\$50,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
International transport dry	\$40,000	\$40,000	\$50,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
International transport liquid	\$60,000	\$60,000	\$70,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000
Local return dry	\$10,000	\$10,000	\$15,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
International return dry	\$20,000	\$20,000	\$25,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Total Sales	\$200,000	\$200,000	\$250,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Direct Cost of Sales												
Fuel	\$40,000	\$40,000	\$50,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
Lubricants	\$4,000	\$4,000	\$5,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Tyres and tubes	\$12,000	\$12,000	\$15,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000
Repair and maintainance	\$15,000	\$15,000	\$18,750	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500
Subtotal Direct Cost of Sales	\$71,000	\$71,000	\$88,750	\$106,500	\$106,500	\$106,500	\$106,500	\$106,500	\$106,500	\$106,500	\$106,500	\$106,500

Appendix

Table: Personnel

<i>Personnel Plan</i>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
General Manager	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800
Security Officer	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600
Personal Secretary	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Operations/Marketing Manager	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600
Accountant/Cashier	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
Pool Drivers	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Security Services	\$320	\$320	\$320	\$320	\$320	\$320	\$320	\$320	\$320	\$320	\$320	\$320
Fleet Supervisors	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900
GPS Monitor/Radio operator	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Truck Drivers	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000
Truck Helpers	\$8,400	\$8,400	\$8,400	\$8,400	\$8,400	\$8,400	\$8,400	\$8,400	\$8,400	\$8,400	\$8,400	\$8,400
Workshop/Technical Manager	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Workshop Mechanics	\$1,050	\$1,050	\$1,050	\$1,050	\$1,050	\$1,050	\$1,050	\$1,050	\$1,050	\$1,050	\$1,050	\$1,050
Automobile Electrician	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750
Office assistant	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60
Add : 20% Social Benefits	\$5,956	\$5,956	\$5,956	\$5,956	\$5,956	\$5,956	\$5,956	\$5,956	\$5,956	\$5,956	\$5,956	\$5,956
Total People	164	164	164	164	164	164	164	164	164	164	164	164
Total Payroll	\$35,736	\$35,736	\$35,736	\$35,736	\$35,736	\$35,736	\$35,736	\$35,736	\$35,736	\$35,736	\$35,736	\$35,736

Appendix

Table: Profit and Loss

<i>Pro Forma Profit and Loss</i>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sales	\$200,000	\$200,000	\$250,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Direct Cost of Sales	\$71,000	\$71,000	\$88,750	\$106,500	\$106,500	\$106,500	\$106,500	\$106,500	\$106,500	\$106,500	\$106,500	\$106,500
Other Costs of Sales	\$14,000	\$14,000	\$17,500	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000
Total Cost of Sales	\$85,000	\$85,000	\$106,250	\$127,500	\$127,500	\$127,500	\$127,500	\$127,500	\$127,500	\$127,500	\$127,500	\$127,500
Gross Margin	\$115,000	\$115,000	\$143,750	\$172,500	\$172,500	\$172,500	\$172,500	\$172,500	\$172,500	\$172,500	\$172,500	\$172,500
Gross Margin %	57.50%	57.50%	57.50%	57.50%	57.50%	57.50%	57.50%	57.50%	57.50%	57.50%	57.50%	57.50%
Expenses												
Payroll	\$35,736	\$35,736	\$35,736	\$35,736	\$35,736	\$35,736	\$35,736	\$35,736	\$35,736	\$35,736	\$35,736	\$35,736
Marketing/Promotion	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Depreciation	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Directors allowances	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Utilities	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
Insurance	\$10,000	\$10,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Payroll Taxes	15% \$5,360	\$5,360	\$5,360	\$5,360	\$5,360	\$5,360	\$5,360	\$5,360	\$5,360	\$5,360	\$5,360	\$5,360
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$111,096	\$111,096	\$121,096	\$121,096	\$121,096	\$121,096	\$121,096	\$121,096	\$121,096	\$121,096	\$121,096	\$121,096
Profit Before Interest and Taxes	\$3,904	\$3,904	\$22,654	\$51,404	\$51,404	\$51,404	\$51,404	\$51,404	\$51,404	\$51,404	\$51,404	\$51,404
EBITDA	\$33,904	\$33,904	\$52,654	\$81,404	\$81,404	\$81,404	\$81,404	\$81,404	\$81,404	\$81,404	\$81,404	\$81,404
Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Incurred	\$1,171	\$1,171	\$6,796	\$15,421	\$15,421	\$15,421	\$15,421	\$15,421	\$15,421	\$15,421	\$15,421	\$15,421
Net Profit	\$2,733	\$2,733	\$15,858	\$35,983	\$35,983	\$35,983	\$35,983	\$35,983	\$35,983	\$35,983	\$35,983	\$35,983
Net Profit/Sales	1.37%	1.37%	6.34%	11.99%	11.99%	11.99%	11.99%	11.99%	11.99%	11.99%	11.99%	11.99%

Appendix

Table: Cash Flow

<i>Pro Forma Cash Flow</i>		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cash Received													
Cash from Operations													
Cash Sales		\$150,000	\$150,000	\$187,500	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000
Cash from Receivables		\$0	\$1,667	\$50,000	\$50,417	\$62,917	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
Subtotal Cash from Operations		\$150,000	\$151,667	\$237,500	\$275,417	\$287,917	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Additional Cash Received													
Sales Tax, VAT, HST/GST Received	18.00%	\$36,000	\$36,000	\$45,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000
New Current Borrowing		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Other Liabilities (interest-free)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Other Current Assets		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Investment Received		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received		\$186,000	\$187,667	\$282,500	\$329,417	\$341,917	\$354,000	\$354,000	\$354,000	\$354,000	\$354,000	\$354,000	\$354,000
Expenditures		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Expenditures from Operations													
Cash Spending		\$35,736	\$35,736	\$35,736	\$35,736	\$35,736	\$35,736	\$35,736	\$35,736	\$35,736	\$35,736	\$35,736	\$35,736
Bill Payments		\$2,018	\$60,531	\$61,169	\$93,394	\$478,448	\$91,781	\$91,781	\$105,115	\$478,448	\$91,781	\$91,781	\$105,115
Subtotal Spent on Operations		\$37,754	\$96,267	\$96,905	\$129,130	\$514,184	\$127,517	\$127,517	\$140,851	\$514,184	\$127,517	\$127,517	\$140,850
Additional Cash Spent													
Sales Tax, VAT, HST/GST Paid Out		\$36,000	\$36,000	\$45,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000
Principal Repayment of Current Borrowing		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Liabilities Principal Repayment		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Other Current Assets		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent		\$73,754	\$132,267	\$141,905	\$183,130	\$568,184	\$181,517	\$181,517	\$194,851	\$568,184	\$181,517	\$181,517	\$194,850
Net Cash Flow		\$112,246	\$55,399	\$140,595	\$146,287	(\$226,267)	\$172,483	\$172,483	\$159,149	(\$214,184)	\$172,483	\$172,483	\$159,150
Cash Balance		\$562,246	\$617,645	\$758,240	\$904,527	\$678,260	\$850,742	\$1,023,225	\$1,182,374	\$968,190	\$1,140,672	\$1,313,155	\$1,472,304

Appendix

Table: Balance Sheet

<i>Pro Forma Balance Sheet</i>													
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Assets	Starting Balances												
Current Assets													
Cash	\$450,000	\$562,246	\$617,645	\$758,240	\$904,527	\$678,260	\$850,742	\$1,023,225	\$1,182,374	\$968,190	\$1,140,672	\$1,313,155	\$1,472,304
Accounts Receivable	\$0	\$50,000	\$98,333	\$110,833	\$135,417	\$147,500	\$147,500	\$147,500	\$147,500	\$147,500	\$147,500	\$147,500	\$147,500
Inventory	\$426,550	\$355,550	\$284,550	\$195,800	\$489,300	\$382,800	\$276,300	\$169,800	\$463,300	\$356,800	\$250,300	\$143,800	\$437,300
Other Current Assets	\$646,000	\$646,000	\$646,000	\$646,000	\$646,000	\$646,000	\$646,000	\$646,000	\$646,000	\$646,000	\$646,000	\$646,000	\$646,000
Total Current Assets	\$1,522,550	\$1,613,796	\$1,646,529	\$1,710,874	\$2,175,244	\$1,854,560	\$1,920,542	\$1,986,525	\$2,439,174	\$2,118,490	\$2,184,472	\$2,250,455	\$2,703,104
Long-term Assets													
Long-term Assets	\$3,525,000	\$3,525,000	\$3,525,000	\$3,525,000	\$3,525,000	\$3,525,000	\$3,525,000	\$3,525,000	\$3,525,000	\$3,525,000	\$3,525,000	\$3,525,000	\$3,525,000
Accumulated Depreciation	\$0	\$30,000	\$60,000	\$90,000	\$120,000	\$150,000	\$180,000	\$210,000	\$240,000	\$270,000	\$300,000	\$330,000	\$360,000
Total Long-term Assets	\$3,525,000	\$3,495,000	\$3,465,000	\$3,435,000	\$3,405,000	\$3,375,000	\$3,345,000	\$3,315,000	\$3,285,000	\$3,255,000	\$3,225,000	\$3,195,000	\$3,165,000
Total Assets	\$5,047,550	\$5,108,796	\$5,111,529	\$5,145,874	\$5,580,244	\$5,229,560	\$5,265,542	\$5,301,525	\$5,724,174	\$5,373,490	\$5,409,472	\$5,445,455	\$5,868,104
Liabilities and Capital													
Current Liabilities													
Accounts Payable	\$0	\$58,514	\$58,514	\$77,001	\$475,389	\$88,722	\$88,722	\$88,722	\$475,389	\$88,722	\$88,722	\$88,722	\$475,389
Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Current Liabilities	\$0	\$58,514	\$58,514	\$77,001	\$475,389	\$88,722	\$88,722	\$88,722	\$475,389	\$88,722	\$88,722	\$88,722	\$475,389
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$0	\$58,514	\$58,514	\$77,001	\$475,389	\$88,722	\$88,722	\$88,722	\$475,389	\$88,722	\$88,722	\$88,722	\$475,389
Paid-in Capital	\$5,500,000	\$5,500,000	\$5,500,000	\$5,500,000	\$5,500,000	\$5,500,000	\$5,500,000	\$5,500,000	\$5,500,000	\$5,500,000	\$5,500,000	\$5,500,000	\$5,500,000
Retained Earnings	(\$452,450)	(\$452,450)	(\$452,450)	(\$452,450)	(\$452,450)	(\$452,450)	(\$452,450)	(\$452,450)	(\$452,450)	(\$452,450)	(\$452,450)	(\$452,450)	(\$452,450)
Earnings	\$0	\$2,733	\$5,465	\$21,323	\$57,305	\$93,288	\$129,270	\$165,253	\$201,235	\$237,218	\$273,200	\$309,183	\$345,166
Total Capital	\$5,047,550	\$5,050,283	\$5,053,015	\$5,068,873	\$5,104,855	\$5,140,838	\$5,176,820	\$5,212,803	\$5,248,785	\$5,284,768	\$5,320,750	\$5,356,733	\$5,392,716
Total Liabilities and Capital	\$5,047,550	\$5,108,796	\$5,111,529	\$5,145,874	\$5,580,244	\$5,229,560	\$5,265,542	\$5,301,525	\$5,724,174	\$5,373,490	\$5,409,472	\$5,445,455	\$5,868,104
Net Worth	\$5,047,550	\$5,050,283	\$5,053,015	\$5,068,873	\$5,104,855	\$5,140,838	\$5,176,820	\$5,212,803	\$5,248,785	\$5,284,768	\$5,320,750	\$5,356,733	\$5,392,716