

# MIGHTY LOGISTICS LIMITED

## BUSINESS PLAN

### PROJECT FORECAST 2021-2026



MLL



*MIGHTY LOGISTICS LTD LOGISTICS LTD  
P.O BOX 79586  
Dar ss Salaam,  
Tanzania.*

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## EXECUTIVE SUMMARY

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In 2020 a private company owned by Fazlehussan Kermali and Fazlehussan Kermali P.O. Box 5584 of Dar es Salaam, was incorporated in Dar es Salaam, under Certificate of incorporation no 142746204, of 25<sup>th</sup> August 2020, under the name of Mighty Logistics Limited.

Shareholders are local entrepreneurs with diversified business in Tanzania ranging from printing, manufacturing, real estate & warehouses, and packaging. Shareholders carried out studies, and their findings contemplated, results of which indicated logistics/transportation of extra dimensions, abnormal cargo, and specialized cargo combined with cargo clearing and forwarding, which require tailor made plan of movement to destinations, were profitable and lucrative, and should be established.

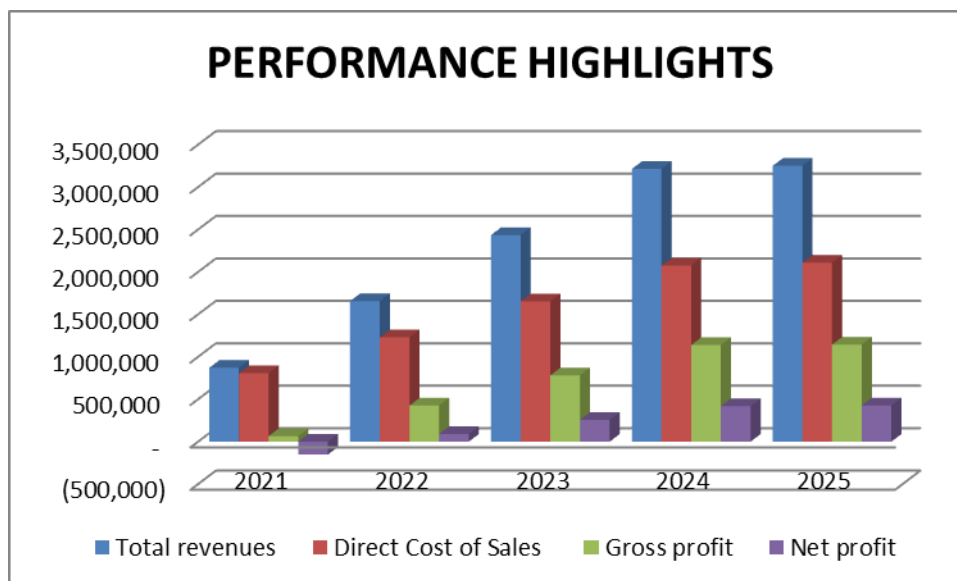
Other departments intended for integration were Transportation of lighter cargo, using lighter vehicles, Transporting new vehicles on car carriers, and building godowns for renting to would be overseas clients and others, services, Logistics Services as would be required by customers, and clients.

Proud of being Tanzanian company, Mighty Logistics Limited will deliver to its customers and to this Country as a whole, remarkable performance when discharging their duties, our company was established for

Mighty Logistics Ltd will serve businesses in Dar es Salaam, Coastal region, Arusha, Kilimanjaro, Dodoma, Morogoro, Mbeya, Iringa, and Mwanza (eventually expanding and starting crossing borders to Zambia, Malawi, Burundi, Rwanda and Congo) by carrying cargo from Dar es salaam port going to those areas, also carrying raw materials, finished products and agricultural products from those areas to Dar es salaam and other nearby regions for a maximum use of truck mileage with freight hauling and logistics management services. The business will develop a reputation for its on-time and accurate service as well as sophisticated Web and software functionality, allowing clients to align their business with Mighty Logistics Ltd.'s services and scheduling automatically. The business will be managed by Kazim Fazlehussen Kermali, CEO, and a Chief Operating Officer.

Mighty Logistics Ltd will be investing \$940,000 to this project. Twenty percent (15% ~ 141,000\$) of the total investment will be financing by shareholders' equity whereby eighty percent (85%~799,000\$) of the total Investment will be financing by borrowing from financial institutions. The business will be launched with 20-wheeler trucks (to be imported from uk) and will expand its operations more trucks after 4 years of operation. Gross margins will be around 35%, allowing for significant profit by the end of the fifth year as the business scales up.





## OBJECTIVES

Mighty Logistics Ltd will serve businesses in Dar es Salaam, Coastal region, Arusha, Kilimanjaro, Dodoma, Morogoro, Mbeya, Iringa, and Mwanza (eventually expanding and starting crossing borders to Zambia, Malawi, Burundi, Rwanda and Congo) with truck-based distribution services.

Over the first five years of operations, Mighty Logistics Ltd will seek to meet the following objectives:

- Establish bases in Dar es salaam, Tunduma, and Arusha
- Purchase eighteen (20 with 40 feet container trailers
- Hire 20 full-time truck drivers
- Achieve strong annual revenue based on 1.9 million Kilometers of hauling in the fifth year.

## MISSION

Mighty Logistics Ltd will simplify distribution of goods from Dar es salaam Port to coast region, Northern, Central and southern Tanzania by becoming their partner in operating efficiently and reliably. Mighty Logistics Ltd will use management of logistics, on-time, accurate deliveries from destination to destination in the coverage, and partnerships with distribution centers, shipping line companies and warehousing businesses to achieve its goals.

## KEYS TO SUCCESS

The keys to success in the trucking business are:

1. Robust communication systems between drivers, bases, and clients
2. Setting delivery schedules that can be met (i.e. setting the right expectations)
3. Hiring and retaining reliable, safe drivers.
4. Understanding what clients are trying to achieve, and helping them find the right distribution solution to create long-term relationships.
5. Finding gaps in the transporting service coverage and be a reliable link.

## COMPANY SUMMARY

Mighty Logistics Ltd, a startup truck company headquartered in Dar es salaam, will provide trucking and logistics management solutions for business clients in Dar es salaam, Northern, central and southern Tanzania. Beginning with operations in Dar es salaam, the business will haul freight from Dar es salaam port to manufacturers to distributors and retailers, operating in partnership with distribution centers, shipping line companies, warehouses, and wholesalers.

## COMPANY OWNERSHIP

Mighty Logistics Ltd is founded by Fazlehussan Kermali and Fazlehussan Kermali who are Tanzanians. Mighty Logistics Ltd has been established as a private limited liability company from its launching. The shareholding structure is shown here below.

Shareholders Name	Nationality	Number of Shares	Percent of Shares%
Shabbar Fazlehussan Kermali	Tanzanian	12,000	40
Kazim Fazlehussan Kermali	Tanzanian	18,000	60
<b>Total</b>		<b>20,000</b>	<b>100</b>

## START-UP SUMMARY

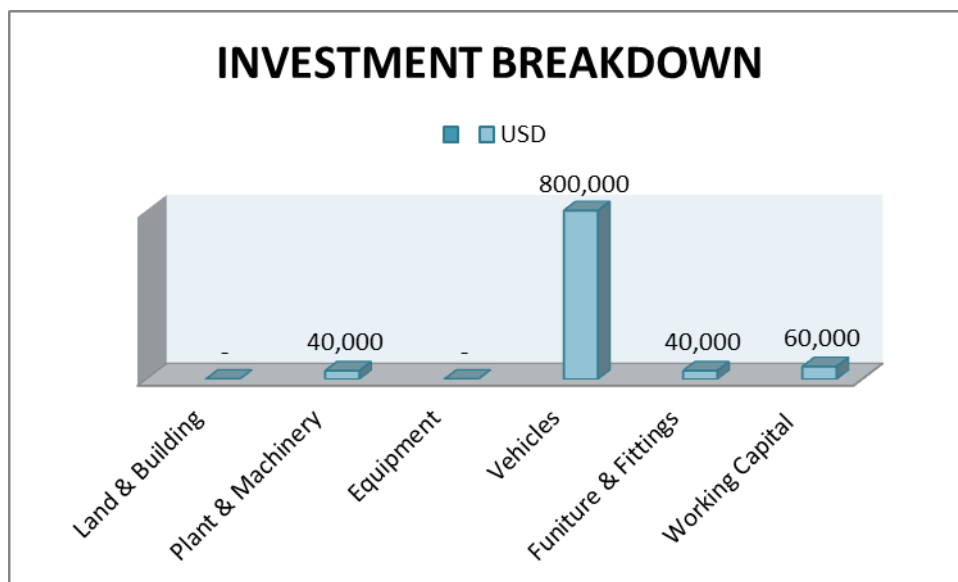
The start-up expenses include some of the basic set-up costs for the Mighty Logistics Ltd office - stationery (business cards and letterhead), rent for the office at \$3,000 per annum, computer equipment. Marketing expenses include brochures and website development (see website plan for more details). Other expenses include legal consultation fees to ensure that all precautions are taken to limit the risk of the business and to establish templates for client and partner agreements, insurance premiums for the first year of operation to cover liability associated with the service, the office, and the trucks, and licenses and permits for the business. The business will arrange for a temporary parking of trucks outside city centre for few days after their importation before the trucks get into the contract where they will be moving containers from Dar es Salaam port to container yards and importers premises. Early in the second year of operation the company



will start a construction of parking yard for its fleets, office and workshop. The company is currently eagerly seeking a land for the said purpose.

Cash required will be used to fund the months of operation before cash flow break-even is achieved and to allow for adequate cash reserves to reduce the risk of running low on cash if targets are not met. Other current assets include office supplies, software for accounting, scheduling, and resource management and light equipment. Long-term assets include 20 trucks to be imported from UK, estimated at \$40,000 each (approximately \$30,000 for the cab and \$10,000 for the trailer). The business will purchase vehicles in excellent condition trucks in order to better ensure that deliveries are made on time and that the usual risks of aging equipment are avoided. An additional \$40,000 is budgeted for long-term assets including repair equipment and tools which is cost-effective to own in-house, satellite-tracking equipment for each truck, and office furniture.

While some trucking businesses hire owner-operators of trucks, Mighty Logistics Ltd will maintain greater control over the service it offers by owning the trucks, ensuring that it always lives up to its name.



## SERVICES

Mighty Logistics Ltd will offer the following services for businesses in the Northwest:

- Pick-up and delivery of goods with a minimum per-delivery weight of 20,000 Kgs. from and to locations in its geographic range by 20-wheeler trucks hauling 20 or 40 feet container trailers
- Both "less than a truck load" and "truck load" services
- Online tracking information detailing the location of all GPS-tagged trucks and the status of deliveries, including expected arrival times for pick-up or delivery
- Phone support for all customer questions, delivery changes, and scheduling.

- Preferred client services including online accounts, regular schedules of shipping, or linking of client order information directly to Mighty Logistics Ltd's scheduling software to allow for seamless logistics.
- Clearing and forwarding both local and transit cargo

To maintain its competitiveness in its core services, Mighty Logistics Ltd will NOT offer:

- Storage or warehousing of goods awaiting delivery (goods can remain in storage in trucks for short periods, but at relatively high cost to customers)
- Packaging and crating

In the future, Mighty Logistics Ltd will add the following services:

- Open truck trailers for timber and cattle hauling also dry van trailers for loose cargo.

Trucks are operated by qualified and well-trained drivers with spotless records. Drivers are safety trained and re-tested for knowledge of laws as they change. A dedicated suite of software and communication systems will allow for the logistical management mentioned above.



## MARKET ANALYSIS SUMMARY

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The Tanzania trucking industry serves as a key link between Dar es salaam, Tanga, and Mtwara ports to raw material suppliers, manufacturers, wholesalers, distributors, and retailers in most industries and transit service from Dar es salaam port to nearby countries. The industry includes dry van, flatbed, refrigerated and bulk/tank trucking over short-haul (up to 100 Kms), medium-haul (100 to 250 Kms), and long-haul (250 Kms and up).

Mighty Logistics Ltd will compete in the market for medium and long haul container trucking in the Northern, Central and southern Tanzania. This market serves businesses ranging from importers, packaged goods/grocery industry to the mining industry to high-tech equipment, as well as commercial relocations.

## MARKET SEGMENTATION

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The market analysis table covers likely market segments within the seven regions which Mighty Logistics Ltd will serve.

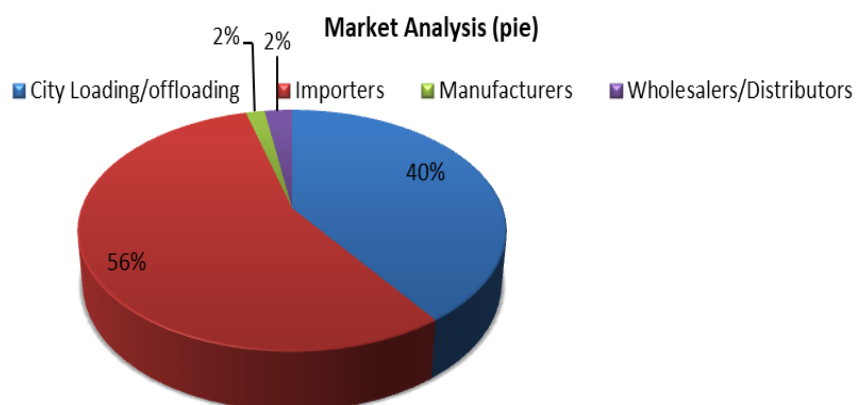
**City Loading and offloading:** This is the local transit of containers to/from Dar es salaam port to bonded warehouses, customer premises, shipping line yards and relocation of containers, shipping large quantities of imported materials and finished goods to large manufacturers, distributors, consumers and logistics and clearance services within Dar es salaam.

**Manufacturers** Most of the industries in Tanzania are located in Dar es salaam and often outsource the distribution of their goods to businesses that specialize in serving one type of retailer or business. Their packaged goods are often shipped to only one wholesaler/distributor, creating a regular business in shipping between Dar es salaam and other regions.

**Importers/Transit:** Dar es salaam port is the entry point of most of the imports to Tanzania and nearby countries like Uganda, Zambia, Malawi, Rwanda and Burundi. Mighty Logistics Ltd will provide trucking services to Northern Tanzania, central and southern regions and then start carrying transit goods from Dar es Salaam port to nearby countries.

**Wholesalers/Distributors** that serve large retailers assemble truckloads of goods from the many manufacturers they serve. While they often have their own trucks or distribution means, some of these firms do not either because they are smaller or because they attempt to limit their investment in assets. Others may require additional trucking support when they are operating at capacity but not prepared to expand their shipping capacity.





## MARKET ANALYSIS

Potential Customers	Growth	2021	2022	2023	2024	2025
City Loading/offloading	10%	1,300	1,430	1,573	1,730	1,903
Importers	10%	1,800	1,980	2,178	2,396	2,635
Manufacturers	5%	40	42	44	46	49
Wholesalers/Distributors	5%	50	53	55	58	61
<b>Total</b>		<b>3,190</b>	<b>3,505</b>	<b>3,850</b>	<b>4,230</b>	<b>4,648</b>

## TARGET MARKET SEGMENT STRATEGY

Mighty Logistics Ltd will begin by focusing specifically on the segment of importers in Dar es Salaam, Coastal, Arusha, Kilimanjaro and expanding after the first year to the entire intended nine regions. By serving importers, Mighty Logistics Ltd can provide an affordable shipping solution for new and growing businesses over purchasing their own trucks.

Raw material suppliers sometimes require flatbed or bulk/tank trucking which will not be an initial service offered by Mighty Logistics Ltd and wholesalers often have their own trucks. These segments are expected to yield some customers, but by focusing first on the middle of the supply chain with manufacturers, Mighty Logistics Ltd will be introduced to suppliers and distributors who may require their services without having to engage in full marketing campaigns to these segments.

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## SERVICE BUSINESS ANALYSIS

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### COMPETITION AND BUYING PATTERNS

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In addition to competing with other trucking companies, including national carriers, Mighty Logistics Ltd will compete with cargo truck transportation. However, for the distances it intends to travel, and due to the size of the market, its business strategy Mighty Logistics Ltd is at an advantage.

Shippers choose between trucking companies based on:

- Their track record of on-time and accurate deliveries
  - Their price
  - Their ability to partner with the shipper to offer logistics expertise and added services.
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## WEB PLAN SUMMARY

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The Mighty Logistics Ltd website will serve as a source of basic information for those who find it via Internet searches, as well as a sophisticated account management portal for clients. For potential clients, the website will serve as a deeper explanation of the services and background of the company than a brochure or advertisement can provide. Specific calls to action on the website will ask users to call to speak to a salesperson or to fill in a form with their basic information and a good time to speak with them, so that a salesperson can contact them. Even one-time clients will be able to access up-to-date information about the current location of their deliveries.

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## WEBSITE MARKETING STRATEGY

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Mighty Logistics Ltd will utilize the following means to promote its website as a marketing tool:

- Initial and ongoing search engine optimization by the Web developer and then by an SEO firm
  - Google AdWords campaign which can be reduced or defunded if organic search rankings are high enough.
  - Profiles and listings on ten business and trucking company online databases
  - Mention of the website URL in all brochures and advertisements
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## DEVELOPMENT REQUIREMENTS

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The website's components will have the following requirements:

### Front End

- Homepage - Mirroring a basic brochure about Mighty Logistics Ltd
- About Us - Background on the partners, mission, and basics of the business
- Contact - Form to submit information and phone number to reach a salesperson during business hours
- Services - Deeper description of the service options along with images of the trucks and a map of the area served

### Delivery Tracking

- Form - To enter delivery code which was designated for the delivery
- Map - Shows current location of the delivery on a map
- Statistics - minutes late or ahead of schedule, status of pick-up or drop-off, other notes about the order

### Account Management

- Login - Login form for client username and password
- Account Profile - Basic client information, settings related to interface between client systems and Mighty Logistics Ltd if direct links have been established
- Scheduling - Calendar on which pickups and deliveries can be scheduled and rescheduled
- Alerts - Settings for email or text alerts about deliveries which can be sent to client

### Back End

- Database Entry - Ability to search within and make changes and edits to the client and scheduling information in the database
- Billing Interface - Website sends billing information for completed jobs directly to accounting software for bill creation

The website will be developed over a three month period and will require \$2,000. Many elements can be adapted from off-the-shelf or open source software, but others must be developed from scratch to interface between client software and the Mighty Logistics Ltd database.



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## STRATEGY AND IMPLEMENTATION SUMMARY

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Mighty Logistics Ltd will focus its strategy on the following areas:

- Establishing a strong software/Web component to its business to drive adoption of its preferred client services
- Building and maintaining its on-time reputation to command revenue per km slightly over the industry average
- Targeting importers and shipping line companies in Dar es salaam and Coastal region in the first wave of marketing as the segment most in need of Mighty Logistics Ltd services

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### COMPETITIVE EDGE

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Mighty Logistics Ltd will establish a competitive edge through its dogged focus on on-time deliveries for its specific target market. Software systems, communication systems, operational choices and marketing materials will all be oriented around this goal. By making customers more assured of on-time delivery with Mighty Logistics Ltd than with competitors, they will be more likely to use the business overall, as they can never be sure when a few hours can make an incredible difference to their potential revenues or expenses.

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### MARKETING STRATEGY

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Mighty Logistics Ltd will attempt to rapidly achieve awareness in Dar es salaam, Coastal, Arusha and Kilimanjaro regions about its business in the first year, followed with awareness in Zambia, Malawi, Rwanda, Burundi and Uganda in future years. It will seek to position itself not as the most inexpensive carrier, but as a carrier with the best on-time record coupled with advanced systems to help clients manage their logistics better. Smaller businesses may feel more comfortable working with a smaller carrier as they fear being lost in the shuffle by bigger carriers who also handle huge accounts.

- Building a website with visibility on search engines and in databases of trucking companies (see Web plan)
- Creating a compelling brochure of Mighty Logistics Ltd services which will be distributed through direct mail, and kept in stock for networking events
- Exhibiting at Saba Saba and Nane Nane trade shows.
- Advertisements in *advertise Dar* magazine.
- Public relations efforts including press releases related to the business launch and its unique preferred client account management package.

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### SALES STRATEGY

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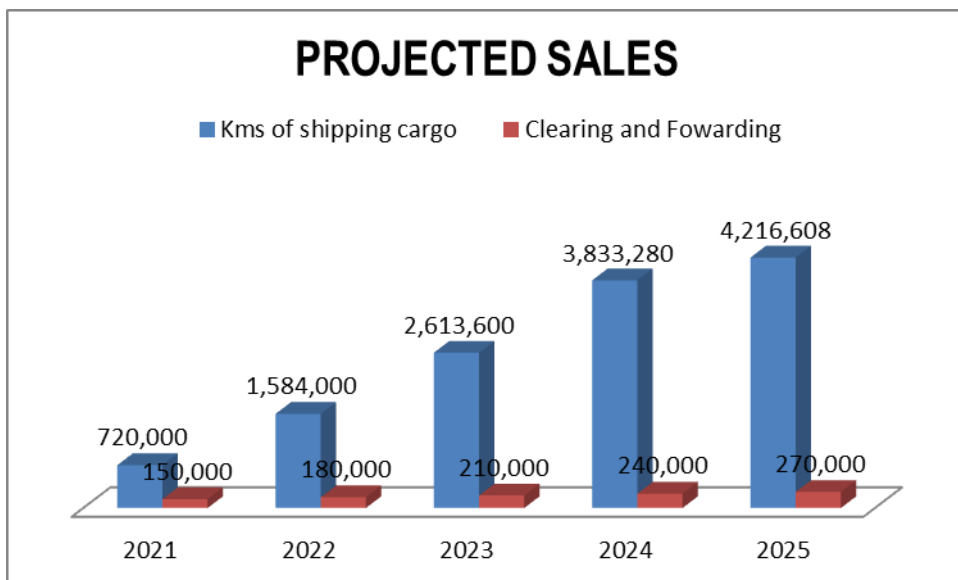
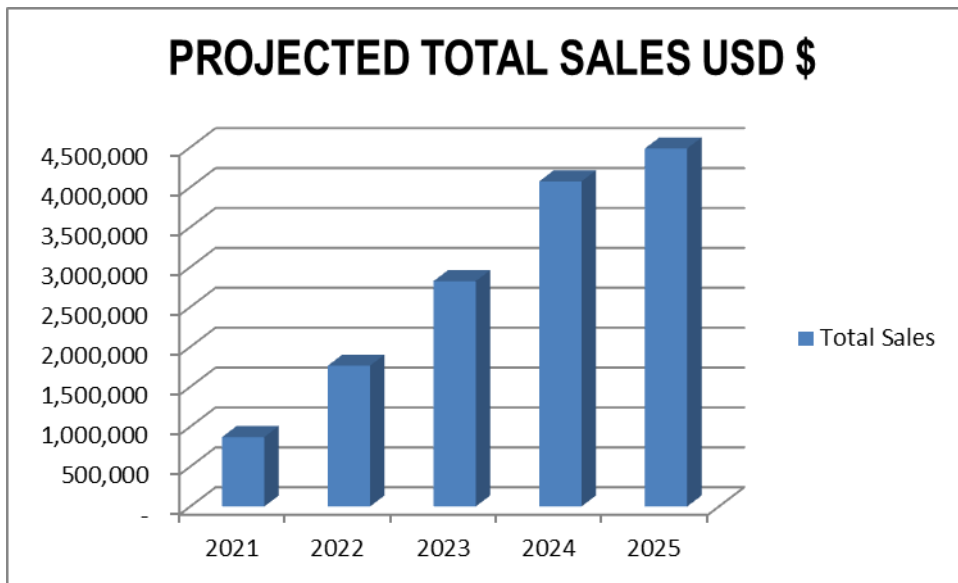
Marketing Manager will manage sales for the business, making appointments with and traveling to client businesses in the region when necessary to establish relationships based on an understanding of the client's needs for shipping. Marketing



Manager will prospect from a list of manufacturer businesses in the region, starting with small and new businesses which may not have established a long-term relationship with a carrier yet.

### SALES FORECAST

The cost of sales listed here for per-km shipping is approximately 25% for fuel based on the estimated 16kmpg for loaded trucks, and another 25% for truck driver labor hours that can be assigned to the jobs based on \$16/hour rate. Cost of sales for preferred accounts is much smaller as it consists only of set-up and maintenance labor for hourly operators. Sale resulted from clearing and forwarding is estimated to me increasing at a rate of 10% annually.



SALES FORECAST					
Planning years	2021	2022	2023	2024	2025
<b>Unit Sales</b>					
Kilometers of shipping	180,000	360,000	540,000	720,000	720,000
<b>Total Unit Sales</b>	<b>180,000</b>	<b>360,000</b>	<b>540,000</b>	<b>720,000</b>	<b>720,000</b>
<b>Unit Prices</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Per/km of shipping	\$4.00	\$4.40	\$4.84	\$5.32	\$5.86
<b>Sales</b>					
Kilometers of shipping	\$720,000	\$1,584,000	\$2,613,600	\$3,833,280	\$4,216,608
<b>Sub Total Sales</b>	<b>\$720,000</b>	<b>\$1,584,000</b>	<b>\$2,613,600</b>	<b>\$3,833,280</b>	<b>\$4,216,608</b>
<b>Sales - Clearing and forwarding</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Unit price per Container	300	300	300	300	300
Number of containers per year s	500	600	700	800	900
<b>Sub Total Sales</b>	<b>150,000</b>	<b>180,000</b>	<b>210,000</b>	<b>240,000</b>	<b>270,000</b>
<b>Total Sales</b>	<b>870,000</b>	<b>1,764,000</b>	<b>2,823,600</b>	<b>4,073,280</b>	<b>4,486,608</b>
<b>Direct Unit Costs</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Per/Km of shipping & clearing and forwarding	\$4.47	\$3.58	\$3.44	\$3.51	\$3.84
<b>Direct Cost of Sales</b>					
Kilometers of shipping	\$805,324	\$1,287,851	\$1,859,317	\$2,529,175	\$2,763,375
<b>Subtotal Direct Cost of Sales</b>	<b>\$805,324</b>	<b>\$1,287,851</b>	<b>\$1,859,317</b>	<b>\$2,529,175</b>	<b>\$2,763,375</b>

### MILESTONES

The milestones table covers the early marketing activities described in the marketing strategy summary. The first two milestones (website and brochure) are budgeted under start-up expenses and the remainders are budgeted under the first year marketing budget for operations.

Milestones					
Milestone	Start Date	End Date	Budget	Manager	Department
Create Brochure	1/8/2020	5/8/2020	\$1,500	MA	Marketing
Create Website	1/9/2020	30/9/2020	\$2,000	MA	Marketing
Generate Mailing List	12/10/2020	17/10/2020	\$300	MA	Marketing
Direct Mail Distribution	18/10/2020	30/10/2020	\$600	MA	Marketing
Run First Advertisements	1/11/2020	7/11/2020	\$10,000	MA	Marketing
Purchase of Land	1/12/2020	30/1/2021	\$35,000	MA	Administration
Construction of Yard/Office	1/4/2021	31/11/2021	\$75,000	MA	Administration

## MANAGEMENT SUMMARY

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Mighty Logistics Limited is constituted by the following management structure; Board of Directors, Managing Director who is responsible on the supervision on the entire operations of the Company, a company accountant, a General Manager who will be supervising general affairs of the project operation.

The personnel falling under this structure shall include the Head of Marketing and sales Head of Finance and Administration and Head Operations. The department of Operations shall have portfolio all logistics function of Mighty Logistics Limited

The Chief Operating Officer position will be filled by a person having an experience in mechanics administration and clearing and forwarding experience and will be promoted after meeting certain milestones. The COO will manage operations, human resources, and procurement.

The business will require additional personnel including an administrator/dispatch center operator and a sales/marketing support associate. These individuals will be managed by the COO and the CEO, respectively. Five full-time truck drivers will be hired initially.

## PERSONNEL PLAN

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Truck driver salary listed here covers only wages paid which are not directly attributable to client jobs. This includes training, repair work, returns from deliveries, and other required driving with empty trucks. It is expected that this will be less than 20% of driver wages. Truck drivers will grow from five at launch to 10 full-time by the end of year 1, ten full-time by the end of year 2, 12 full-time by the end of year 3, sixteen fulltime by the end of year 4, and 20 fulltime by the end of year 5. There will be more full-time truck drivers than trucks as the business will attempt to utilize the capacity of the trucks at least 60 hours per week and will limit overtime of drivers.

The sales/marketing associate will be hired in the fourth month after the CEO has directly executed all sales and marketing operations for the first three months.



Personnel Plan	2021	2022	2023	2024	2025
CEO	1	1	1	1	1
COO	1	1	1	1	1
Mechanics	5	7	7	7	8
Administration/Finance	2	3	3	4	4
Truck Drivers	5	7	12	15	20
Clearing and Forwarding	3	4	4	4	6
Marketing & Logistics	2	2	3	5	5
Security	2	3	3	3	3
<b>Total number of staffs</b>	<b>21</b>	<b>27</b>	<b>36</b>	<b>38</b>	<b>41</b>

No.	Personnel Function / category	Employees Salaries				
		2021	2022	2023	2024	2025
	<b>Planning years</b>					
1	CEO	30,480	31,394	32,336	33,306	34,306
2	COO	14,880	15,326	15,786	16,260	16,748
3	Machenics	109,728	113,020	116,410	119,903	123,500
4	Administration & Finance	35,136	36,190	37,276	38,394	39,546
5	Truck Drivers	90,000	180,000	270,000	360,000	360,000
6	Clearing and forwarding	27,000	27,000	27,000	27,000	27,000
7	Logistics Manager	10,752	11,075	11,407	11,749	12,101
8	Procurement	23,808	24,522	25,258	26,016	26,796
9	Marketing and sales specialists	24,192	24,918	25,665	26,435	27,228
10	Security staffs	33,750	34,763	35,805	36,880	37,986
11	Accountants	29,520	30,406	31,318	32,257	33,225
<b>12</b>	<b>Total</b>	<b>429,246</b>	<b>528,613</b>	<b>628,262</b>	<b>728,200</b>	<b>738,436</b>

## FINANCIAL PLAN

Mighty Logistics Ltd will establish its business with five trucks and a launch financed by the owner and investor's equity. Starting debt-free will enable the business to take on debt once it has established cash flows to purchase additional trucks over the first five years. Profits will swing positive in the second year after a little profit in the first year.

Within the first five years, the business can sustain growth of at least three additional trucks per year, that is, five trucks in the first year, three trucks in the second year, and four trucks in each of the third, fourth and fifth year, and begin to add additional bases of operation throughout the region so that truck drivers who do not live in the Dar es salaam area can be hired and trucks do not have to return to this base after all jobs.



Dividends will not be paid out in the first year, as cash will be used in the business to prepare for expansion to additional offices and purchase equipment on better terms going forward. After five years of operation, the business will make a further analysis and expand its operations through huge investment in purchasing more fleet and open branches in different parts of Tanzania.

### INVESTMENT START-UP & FUNDING

Suhaila Shabbar Kermali & Fatema Kazim Kermali will provide the minority of start-up funding out of her personal savings which is equivalent to 15% of the total investment. The business will acquire a bank loan which is amounting to 85% of the total investment.

<b>Investment</b>						
<b>Planning years &gt;&gt;</b>	<b>2,021</b>	<b>2,022</b>	<b>2,023</b>	<b>2,024</b>	<b>2,025</b>	<b>Total</b>
<b>Investment</b>	USD	USD	USD	USD	USD	USD
Land & Building	-	-	-	-	-	-
Plant & Machinery	20,000	20,000	-	-	-	40,000
Equipment	-	-	-	-	-	-
Vehicles	200,000	200,000	200,000	100,000	100,000	800,000
Furniture & Fittings	20,000	20,000	-	-	-	40,000
Working Capital	30,000	30,000	-	-	-	60,000
<b>Total investment</b>	<b>270,000</b>	<b>270,000</b>	<b>200,000</b>	<b>100,000</b>	<b>100,000</b>	<b>940,000</b>

### TECHNICAL IMPLEMENTATION OF THE PROJECT

The implementations of this project will involve investment of the following equipment.

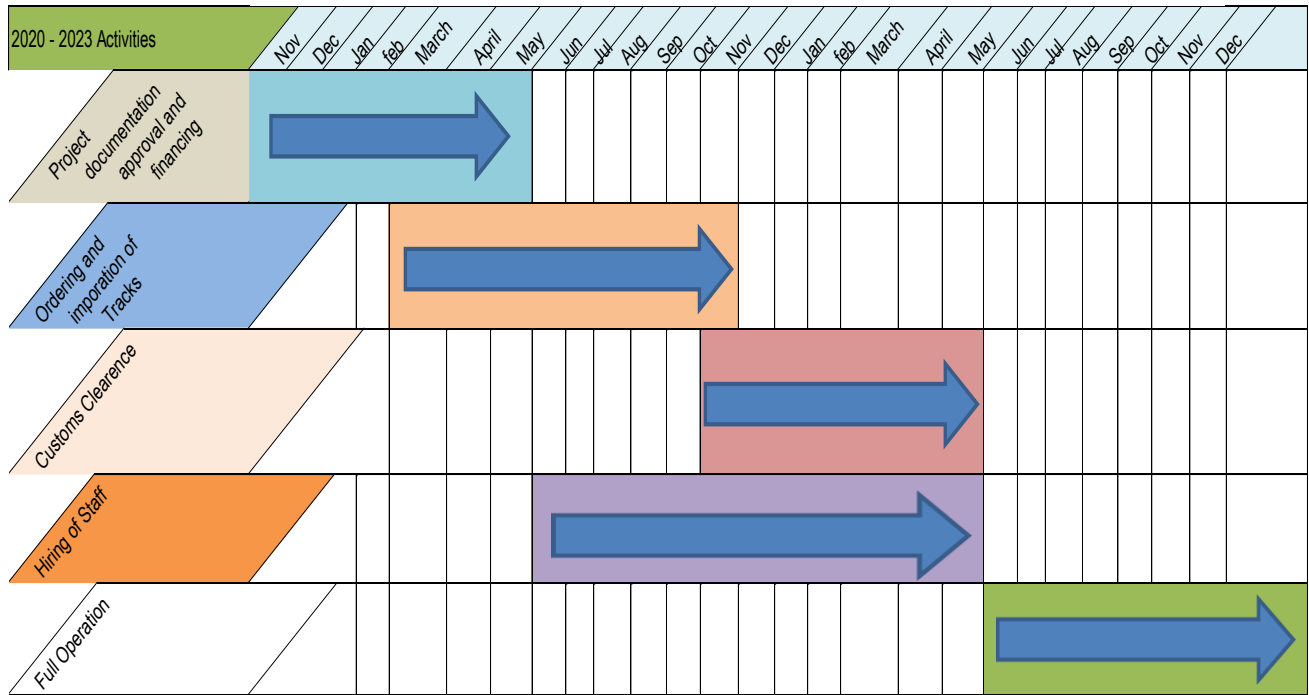
NO	ITEMS	QUANTITY/UNITS
1.	Trucks Tractors	15
2.	Truck Trailers	15
3.	Semi-Trailers	10
4.	Pickups – for road patrol	2
5.	Communication equipment	4 sets
6.	Saloon Cars	5
7.	Mini bus	1
8.	Motor cycle	3
9.	Machinery & workshop equipment	
	• Electric chain block	1
	• Manual chain Block	1
	• Gear pumps	2
	• Air pressure grease pump	1
	• Pressure washing machine	1
	• Generator	1
	• Compressor	2



	• Wedding set machines	1
	• Grinder	1

### PROJECT IMPLEMENTATION SCHEDULE

The project will need two to three years to be in full operational. It is projected that more time will be required for approval of relevant papers



<b>Financing plan</b>					
<b>Planning years &gt;&gt;</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Shareholders equity</b>	USD	USD	USD	USD	USD
Equity contribution (or withdrawal)	50,000	50,000	40,000	-	-
<b>Share capital</b>	<b>50,000</b>	<b>100,000</b>	<b>140,000</b>	<b>140,000</b>	<b>140,000</b>
<b>Long-term loans from bank</b>					
<b>Loans drawn at the beginning of the year</b>	<b>188,000</b>	<b>188,000</b>	<b>188,000</b>	<b>188,000</b>	<b>188,000</b>
Repayments made at the end of the year	8,922	31,498	145,207	272,877	581,798
Basis for interest calculation - end of year	188,000	367,078	523,580	566,373	481,496
Interest rate	0	0	0	0	0
Interest expenses	9,400	18,354	26,179	28,319	24,075
Loan balance: year end (goes to balance sheet)	179,078	335,580	378,373	293,496	(100,302)
<b>Liquidity control</b>					
Operating costs	969,746	1,546,533	2,210,770	2,974,512	3,212,712
Minimum cash in relation to operating costs	0	0	0	0	0
Minimum cash balance required (to be available at the end of the year)	193,949	309,307	442,154	594,902	642,542
Actual cash balance at the end of the year	(456,780)	(633,704)	(720,886)	(661,022)	(562,671)
<b>Dept to equity relation control</b>					
Dept to equity ratio - planned	(4)	11	2	1	0
Dept to equity ratio - acceptable by the bank	2	2	2	2	1
<b>Deposit of excess liquidity to a bank account</b>					
Amount deposited (at the end of the year)	6,000	6,000	6,000	6,000	6,000
Total amount deposited (per end of year) - basis for the interest calculation	-	6,000	12,000	18,000	24,000
Total amount deposited (per end of year) - basis for the balance sheet	6,000	12,000	18,000	24,000	30,000
Interest rate	0	0	0	0	0



## IMPORTANT ASSUMPTIONS

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The business assumes the cost of fuel at an average of the past two years, slightly higher than today's fuel prices. This is considered a conservative estimate as it is possible that fuel will stay below this number during at least part of the start-up phase. However, if fuel becomes significantly more expensive, the gross margins of the business will drop.

The sources of revenues will be generated from shipped cargos and cargo and clearing forwarding activities.

## PROJECTED PROFIT AND LOSS

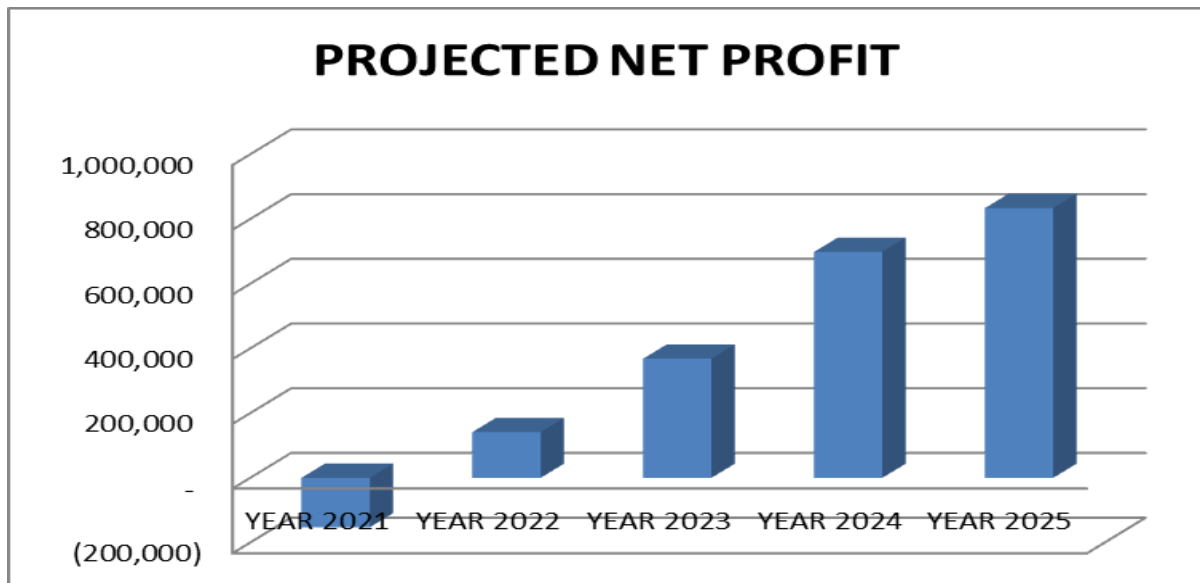
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### Major expenses include:

- **Payroll:** Covers the management, staff, and truck driver wages (when not directly attributed to jobs)
- **Marketing/Promotion:** Projected higher in the first year and then dropping due to extra marketing devoted to the launch and the weaning off of search engine marketing over time
- **Depreciation:** Reflects the growing investment in trucks and equipment over the years. Trucks are depreciated on a 15% a year straight-line schedule. The depreciation is \$500 per month per truck or \$550 per month including the additional equipment purchased with each truck. The business will grow from five trucks at the end of year 1 to eight at the end of year 2 to twelve at the end of year 3, sixteen at the end of year 4, and eighteen at the end of year 5.
- **Truck Maintenance/Repair:** Estimated at \$650 per month per truck to start and rising to \$2,250 in year 3 due to aging of some of the first trucks purchased.
- **Rent & Utilities:** Projected to rise slightly due to inflationary increases
- **Insurance:** Will grow with the number of trucks and size of operations
- **Payroll Taxes:** Applied to payroll is Skills and Development Levy (SDL) also a 10% employer contribution to pension fund for its staff members.
- **Licensing and Permitting:** Include ongoing renewals of licenses and additional licenses for new trucks as they are purchased.

The business expects a net profit in the first year as operations and sales scale up appropriately. Net profits will continue to grow in the second year.





<b>Projected Income statement</b>						
<b>Planning years &gt;&gt;</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	
	USD	USD	USD	USD	USD	USD
<b>Total net sales</b>	<b>870,000</b>	<b>1,656,000</b>	<b>2,434,800</b>	<b>3,213,600</b>	<b>3,250,800</b>	
Shipped cargo from kms	720,000	1,476,000	2,224,800	2,973,600	2,980,800	
Clearing and forwarding	150,000	180,000	210,000	240,000	270,000	
<b>Total revenues</b>	<b>870,000</b>	<b>1,656,000</b>	<b>2,434,800</b>	<b>3,213,600</b>	<b>3,250,800</b>	
<b>Direct Cost of Sales</b>	<b>805,324</b>	<b>1,230,611</b>	<b>1,653,253</b>	<b>2,075,071</b>	<b>2,107,023</b>	
<b>Gross profit</b>	<b>64,676</b>	<b>425,389</b>	<b>781,547</b>	<b>1,138,529</b>	<b>1,143,777</b>	
<b>General and administrative expenses</b>	<b>164,422</b>	<b>168,683</b>	<b>171,453</b>	<b>175,337</b>	<b>179,337</b>	
Salaries	122,022	125,683	129,453	133,337	137,337	
Workspace/Rent	15,000	15,000	15,000	15,000	15,000	
Marketing & sales expenses	17,400	18,000	17,000	17,000	17,000	
General office and utilities expenses	10,000	10,000	10,000	10,000	10,000	
<b>Operating profit / EBITDA</b>	<b>(99,746)</b>	<b>166,707</b>	<b>430,094</b>	<b>693,192</b>	<b>694,440</b>	
Depreciation	23,467	46,933	56,933	61,933	53,600	
Interest expenses (loan from bank)	9,400	18,354	26,179	28,319	24,075	
Interest income from investments (bank deposit)	-	240	480	720	960	
Extraordinary charges (or incomes)	20,000	11,000	9,000	9,000	9,000	
<b>Currency exchange adjustments</b>						
Fees and provisions	10,000	5,000	5,000	5,000	5,000	
Other	10,000	6,000	4,000	4,000	4,000	
Income tax	-	8,342	155,395	259,182	263,330	
<b>Net profit (or loss)</b>	<b>(152,613)</b>	<b>90,659</b>	<b>255,725</b>	<b>416,478</b>	<b>426,396</b>	

### PROJECTED CASH FLOW

Purchases of new trucks will be made within 5 years loans for 85% of the purchase price. The remaining 15% plus additional equipment (forklift, etc) for each purchase will be made in cash. Three additional trucks will be purchased in second year with a loan, four in the third year, and three in the fourth and fifth year.

<b>Cash flow statement</b>					
<b>Planning years &gt;&gt;</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
<b>Cash flow from operating activities</b>					
Operating profit (EBITDA)	-99746	256706.6	610094.2	963192.4	964440.4
Interest expenses	-9400	-18353.9	-26179	-28318.65	-24074.8
Interest income from investments (bank deposit)	0	240	480	720	960
Extraordinary charges (or incomes)	-20000	-11000	-9000	-9000	-9000
Income tax	0	-8342.016	-155394.6	-259182.1	-263329.7
<b>Movements in working capital</b>					
Decrease (or - increase) in accounts receivable	-214520.5	-193808.2	-192032.9	-192032.9	-9172.603
Decrease (or - increase) in inventories	-264764.1	-139820.3	-138950.8	-138680	-10504.73
Increase (or - decrease) in accounts payable	198573	104865.2	104213.1	104010	7878.547
Increase (or - decrease) in other provisions	0	0	0	0	0
<b>Total cash flow from operating activities</b>	<b>(409,858)</b>	<b>(98,568)</b>	<b>78,491</b>	<b>244,311</b>	<b>468,197</b>
<b>Cash flow from investing activities</b>					
Sale (or - purchase) of fixed assets	-270000	-270000	-200000	-100000	-100000
Sale (- purchase) of long-term financial investments	0	0	0	0	0
Decrease (or - increase) of goodwill	0	0	0	0	0
cash placed in the deposit account	-6000	-6000	-6000	-6000	-6000
<b>Total cash flow from investing activities:</b>	<b>(276,000)</b>	<b>(276,000)</b>	<b>(206,000)</b>	<b>(106,000)</b>	<b>(106,000)</b>
<b>Free cash flow</b>	<b>(685,858)</b>	<b>(374,568)</b>	<b>(127,509)</b>	<b>138,311</b>	<b>362,197</b>
<b>Cash flow from financing activities</b>					
Long term loans drawn	188000	188000	188000	188000	188000
Repayments of loans made	(8,922)	(31,498)	(145,207)	(272,877)	(581,798)
Equity contribution (or - withdrawal)	50000	50000	40000	0	0
Dividend paid	-	(18,132)	(51,145)	(83,296)	(85,279)
<b>Total cash flow from financing activities</b>	<b>229,078</b>	<b>188,370</b>	<b>31,648</b>	<b>(168,173)</b>	<b>(479,077)</b>
<b>Total net increase (- decrease) in cash</b>	<b>(456,780)</b>	<b>(186,198)</b>	<b>(95,861)</b>	<b>(29,861)</b>	<b>(116,880)</b>
<b>Cash balance: beginning of the year</b>	<b>-</b>	<b>(456,780)</b>	<b>(642,977)</b>	<b>(738,839)</b>	<b>(768,700)</b>
<b>Cash balance: end of the year</b>	<b>-456779.6</b>	<b>-642977.3</b>	<b>-738838.5</b>	<b>-768699.7</b>	<b>-885579.8</b>

## PROJECTED BALANCE SHEET

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The balance sheet illustrates the launch of the business on equity financing and augmented by safe debt over its first three years of operation to purchase additional trucks. This will allow cash and assets, as well as net worth, to continue to grow.

Retained earnings will be very little due to the profit sustained in the first year of operation and the start-up phase, but will be steadily growing in the second due to health performance rates.



<b>Balance sheet (end of year)</b>					
<b>Planning years &gt;&gt;</b>	<b>YEAR 2021</b>	<b>YEAR 2022</b>	<b>YEAR 2023</b>	<b>YEAR 2024</b>	<b>YEAR 2025</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
<b>Long-term assets</b>					
Fixed assets: property, plant and equipment	246,533	469,600	612,667	650,733	697,133
Long-term financial investments		-	-	-	-
Goodwill	-	-	-	-	-
<b>Total long-term assets</b>	<b>246,533</b>	<b>469,600</b>	<b>612,667</b>	<b>650,733</b>	<b>697,133</b>
<b>Current assets</b>					
Cash & cash equivalents (current account)	(456,780)	(570,254)	(572,844)	(444,108)	(409,788)
Deposit account	6,000	12,000	18,000	24,000	30,000
Accounts receivable	214,521	408,329	600,362	792,395	801,567
Inventories	264,764	404,584	543,535	682,215	692,720
<b>Total current assets</b>	<b>28,505</b>	<b>211,525</b>	<b>482,236</b>	<b>818,677</b>	<b>727,474</b>
<b>Total assets</b>	<b>275,038</b>	<b>681,125</b>	<b>1,094,903</b>	<b>1,469,410</b>	<b>1,424,608</b>
<b>Long-term liabilities</b>					
Long-term loans	179,078	335,580	378,373	293,496	(100,302)
<b>Total long-term liabilities</b>	<b>179,078</b>	<b>335,580</b>	<b>378,373</b>	<b>293,496</b>	<b>(100,302)</b>
<b>Current liabilities</b>					
Accounts payable	198,573	325,630	452,035	578,237	586,115
Other provisions	-	-	-	-	-
<b>Total current liabilities</b>	<b>198,573</b>	<b>325,630</b>	<b>452,035</b>	<b>578,237</b>	<b>586,115</b>
<b>Shareholders equity</b>					
Share capital	50,000	100,000	140,000	140,000	140,000
Reserves	-	4,533	22,434	64,082	106,721
Retained earnings (or - accumulated losses)	(152,613)	(84,618)	102,061	393,596	692,073
<b>Total shareholders' equity</b>	<b>(102,613)</b>	<b>19,915</b>	<b>264,495</b>	<b>597,678</b>	<b>938,794</b>
<b>Total liabilities &amp; equity</b>	<b>275,038</b>	<b>681,125</b>	<b>1,094,903</b>	<b>1,469,410</b>	<b>1,424,608</b>



## BUSINESS RATIOS

Ratio summary sheet					
Planning years >>	2021	2022	2023	2024	2025
<b>Liquidity ratios</b>					
Current ratio	0.1	0.6	1.1	1.4	1.2
Quick test ratio	(1.2)	(0.7)	(0.3)	0.1	(0.1)
<b>Efficiency ratios</b>					
Inventory turnover -days	120.0	120.0	120.0	120.0	120.0
Accounts receivable turnover -days	90.0	90.0	90.0	90.0	90.0
Accounts payable turnover -days	90.0	90.0	90.0	90.0	90.0
Fixed asset turnover	3.5	3.5	4.0	4.9	4.7
Total asset turnover	3.2	2.4	2.2	2.2	2.3
<b>Profitability ratios</b>					
Gross profit margin	0.1	0.2	0.2	0.3	0.3
Net profit margin	(0.2)	0.1	0.1	0.1	0.1
Operating profit margin	(0.1)	0.1	0.2	0.2	0.2
Return on assets	(0.6)	0.1	0.2	0.3	0.3
Return on equity	1.5	4.6	1.0	0.7	0.5
Dividend payout	-	0.2	0.2	0.2	0.2
<b>Solvency ratios</b>					
Debt to equity ratio	(3.7)	33.2	3.1	1.5	0.5
Total assets to equity ratio	(2.7)	34.2	4.1	2.5	1.5
Total assets to total liabilities ratio	0.7	1.0	1.3	1.7	2.9
Capitalisation ratio	2.3	0.9	0.6	0.3	(0.1)
Interest coverage ratio	(10.6)	9.1	16.4	24.5	28.8



## APPENDIX

### Salaries - Cost of goods sold COGS

No.	Personnel Funtion / category	Number of employees					Expected annual salary increase %	Annual salary (1)/ employee USD					Social insurance as % of salary	Training expenses as % of salary	Fringe benefits as % of salary	Total cost / employee USD					Total cost / category USD					
		2021	2022	2023	2024	2025		2021	2022	2023	2024	2025				2021	2022	2023	2024	2025	2021	2022	2023	2024	2025	
		1	CEO	1	1	1		1	1	3%	24,000	24,720				25,462	26,225	27,012	20.00%	5.00%	2.00%	30,480	31,394	32,336	33,306	34,306
2	COO	1	1	1	1	1	3%	12,000	12,360	12,731	13,113	13,506	20.00%	2.00%	2.00%	14,880	15,326	15,786	16,260	16,748	14,880	15,326	15,786	16,260	16,748	
3	Machernics	6	6	6	6	6	3%	14,400	14,832	15,277	15,735	16,207	20.00%	5.00%	2.00%	18,288	18,837	19,402	19,984	20,583	109,728	113,020	116,410	119,903	123,500	
4	Administration & Finance	2	2	2	2	2	3%	14,400	14,832	15,277	15,735	16,207	20.00%	1.00%	1.00%	17,568	18,095	18,638	19,197	19,773	35,136	36,190	37,276	38,394	39,546	
5	Truck Drivers	5	10	15	20	20	0%	18,000	18,000	18,000	18,000	18,000	0.00%	0.00%	0.00%	18,000	18,000	18,000	18,000	18,000	90,000	180,000	270,000	360,000	360,000	
6	Clearing and fowarding	3	3	3	3	3	0%	9,000	9,000	9,000	9,000	9,000	0.00%	0.00%	0.00%	9,000	9,000	9,000	9,000	9,000	27,000	27,000	27,000	27,000	27,000	
7		0	0	0	0	0	0%	0	0	0	0	0	0.00%	0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
8		0	0	0	0	0	0%	0	0	0	0	0	0.00%	0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
9		0	0	0	0	0	0%	0	0	0	0	0	0.00%	0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
10		0	0	0	0	0	0%	0	0	0	0	0	0.00%	0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
11		0	0	0	0	0	0%	0	0	0	0	0	0.00%	0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
12		0	0	0	0	0	0%	0	0	0	0	0	0.00%	0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>		<b>18</b>	<b>23</b>	<b>28</b>	<b>33</b>	<b>33</b>															<b>307,224</b>	<b>402,931</b>	<b>498,809</b>	<b>594,863</b>	<b>601,099</b>	

### Salaries - Selling, general and administrative expenses SG&A

No.	Personnel Funtion / category	Number of employees					Expected annual salary increase %	Annual salary (1)/ employee USD					Social insurance as % of salary	Training expenses as % of salary	Fringe benefits as % of salary	Total cost / employee USD					Total cost / category USD					
		2021	2022	2023	2024	2025		2021	2022	2023	2024	2025				2021	2022	2023	2024	2025	2021	2022	2023	2024	2025	
		1	Logistics Manager	1	1	1		1	1	3%	8,400	8,652				8,912	9,179	9,454	20.00%	5.00%	3.00%	10,752	11,075	11,407	11,749	12,101
2	Procurement	2	2	2	2	2	3%	9,600	9,888	10,185	10,490	10,805	20.00%	2.00%	2.00%	11,904	12,261	12,629	13,008	13,398	23,808	24,522	25,258	26,016	26,796	
3	Marketing and sales specialists	2	2	2	2	2	3%	9,600	9,888	10,185	10,490	10,805	20.00%	4.00%	2.00%	12,096	12,459	12,833	13,218	13,614	24,192	24,918	25,665	26,435	27,228	
4	Security staffs	3	3	3	3	3	3%	9,000	9,270	9,548	9,835	10,130	20.00%	4.00%	1.00%	11,250	11,588	11,935	12,293	12,662	33,750	34,763	35,805	36,880	37,986	
5	Accountants	2	2	2	2	2	3%	12,000	12,360	12,731	13,113	13,506	20.00%	2.00%	1.00%	14,760	15,203	15,659	16,129	16,613	29,520	30,406	31,318	32,257	33,225	
6		0	0	0	0	0	0%	0	0	0	0	0	0.00%	0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
7		0	0	0	0	0	0%	0	0	0	0	0	0.00%	0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
8		0	0	0	0	0	0%	0	0	0	0	0	0.00%	0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
9		0	0	0	0	0	0%	0	0	0	0	0	0.00%	0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
10		0	0	0	0	0	0%	0	0	0	0	0	0.00%	0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
11		0	0	0	0	0	0%	0	0	0	0	0	0.00%	0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
12		0	0	0	0	0	0%	0	0	0	0	0	0.00%	0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>		<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>															<b>122,022</b>	<b>125,683</b>	<b>129,453</b>	<b>133,337</b>	<b>137,337</b>	
<b>Total</b>		<b>28</b>	<b>33</b>	<b>38</b>	<b>43</b>	<b>43</b>															<b>429,246</b>	<b>528,613</b>	<b>628,262</b>	<b>728,200</b>	<b>738,436</b>	