

KENT EXPRESS LIMITED

P.O. Box 78701 Dar Es Salaam

**A PROPOSED
PROJECT FOR CARGO
TRANSPORTATION**

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Signature

Name (Kent Ltd)

Date

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1.0 Executive Summary

Kent Express Ltd (Kent) is a Dar es Salaam-based cargo transport company that will offer benchmarked transport services for the East and Central Africa freight region. Kent Ltd fleet of trucks will balance safety, cutting edge features, and a positive atmosphere for all transport customers. The cargo transport services will be provided with unmatched levels of customer service and attention. Sales are projected to be substantial in year one growing moderately by year three.

The Market

Kent Ltd will target three distinct customer segments. The largest segment that they will service is international cargo freight originating or destined to Dar es Salaam to and from great lakes states. This segment is growing at 10% a year with 18,000 prospective customers. This segment is especially attractive since most of the current local cargo transport projects that are geared toward foreign transport service are run-down, poor-quality trucks. The second market segment is local manufacturing sector and traders who are increasing at 4% and have 12,000 potential members. The last segment is the Mining sector investors for liquid cargo transport. This section has a 5% growth rate

Strategy

This establishment of Kent Ltd will initially focus their efforts on truck and trailers fleet replenishment and construction of yard to provide for parking and workshop services. Once the trucks are procuring, each truck will be hard wired whereby online monitoring equipment will be installed, and safety measures will be implemented ensuring a cutting edge, safe environment. This course of action will be initially pursued as a way to efficiently utilize capital and establish a reputation within the cargo transport sector

Management Team

Kent Ltd will be led by Sayed Hassan who have experience in the management of large transport companies. After seven years with [name omitted], Sayed Hassan had risen up to Vice President of Operations. It was his time at some other transportation engagement assignment that provided Sayed Hassan with valuable industry insight and experience. There will also be a general manager Mr. Abdi Barre who will bring different skills sets to the

company, coming from a customer service background. The general manager qualification includes completion of undergraduate degree and has many years working experience with transport sector in various countries.

1.1 Objectives

1. Encouragingly substantial sales in year one and growing steadily through year three.
2. Gross margin moderate and improving over the span of the plan.
3. Net profit/sales to be positive by the second year.
4. Have an accident rate of 0.

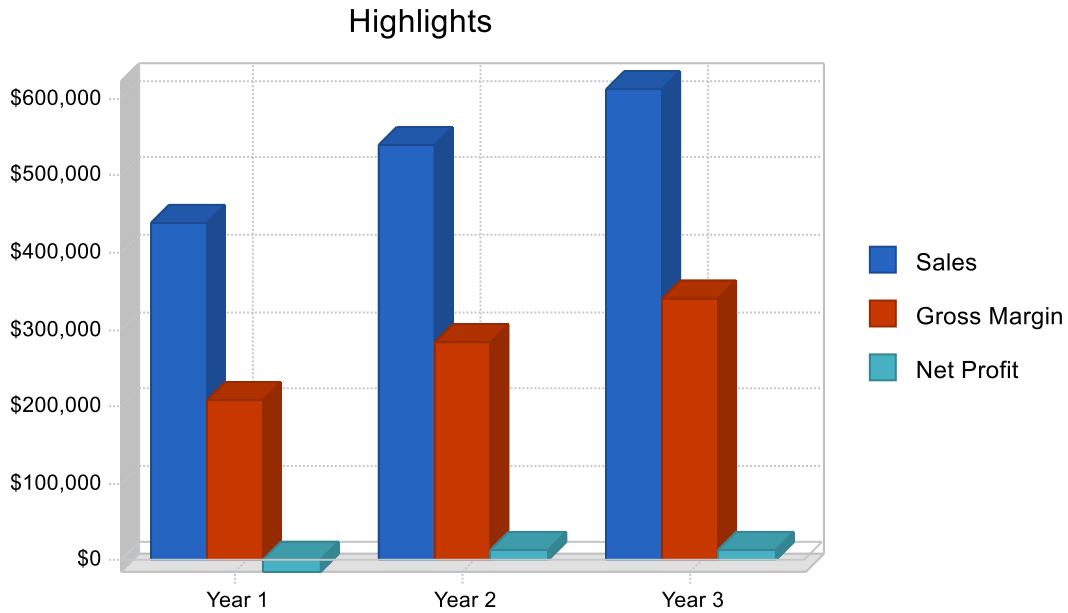
1.2 Mission

Kent Ltd provides high-quality rental trucks in Tanzania and other areas of East and central Africa. Kent's trucks will offer state-of-the-art transport services reflective of the rapid advancements in technology and a growing need for quality transport services. Our company is dedicated to a hassle-free transport environment in which our clients can enjoy all of the benefits of safe, secured cargo, and reliable trucks. Unlike many other transport companies that are solely concerned with turning profits, our primary objective at Kent Ltd is to maintain the highest level of customer satisfaction that is achievable. Client's cargo safety, happiness, and security are our main goals.

Kent Ltd maintains competitive market prices, while working toward expanding the number of trucks owned, and increasing total profits earned. Within the company we will strive to work as a cohesive, harmonious high-quality service and reliable focused on exemplifying our mission. Just as customer satisfaction is an intricate part of Kent's success, so is employee satisfaction. That is why the founder of Kent Ltd cargo believes that employee satisfaction will make the company a success and will be the key to their longevity.

Initial focus will be to develop efforts on truck and trailers fleet procurement, expansion and construction of yard to provide for parking and workshop services. In the long term we will modify and remodel other acquired equipments (yard expansion) so as to meet Kent Ltd standards and increase long-term assets and income. Trucks and trailers will predominantly be located in the Dar es Salaam neighborhood targeting both foreign expatriates and professionals. Kent Ltd fosters the ideals of the importance of tenant needs along with healthy and understanding relationships and a professional commitment to satisfaction.

Chart: Highlights



1.3 Keys to Success

1. Safe, secured and quality transport that provides state-of-the-art equipments at competitive prices.
2. Maintaining open communication between Kent Ltd and its customers in order to ensure the highest level of customer satisfaction and long-lasting reputation within the industry
3. To continue to expand the number of trucks owned and maintained, while also increasing the level of profits for both Kent Ltd and its investors.

2.0 Company Summary

Kent Express Ltd is an enterprise that was founded on 6th December, 2022 in Dar es Salaam Tanzania, planned to engage in cargo transport industry. Primary experience and expertise is in the provision of high-quality, quick and lower cost cargo transport services for all customers seeking the most up-to-date technologically advanced cargo hauling.

The first batch of this program that will be developed by the company is a 50-truck importation and expansion of the company Yard and establishment of modern workshop in Dar es Salaam City at the neighborhood that is relatively close to the Dar es Salaam port, city centre as well as the Dar es Salaam port where most of the company activities are centered around

2.1 Start-up Summary

The total expansion program expenses include legal, stationery, architect, brochures, consultants, insurance, rent, construction, expensed equipment, etc. Start-up assets required include short-term assets (truck, cell phone, etc.), and initial cash to handle the architect and contractor fees prior to opening. Additional cash is needed to pay all zoning fees and governmental regulations.

Long-term asset purchases and the assumption of long-term liabilities are anticipated.

The details are included in the following table and chart.

Table: Capital Requirements

1	Land and Building	
2	Plant	
3	Vehicles	\$511,330
4	Furniture and Fittings	\$40,000
5	Pre Expenses	\$82,000
6	Others	
7	Working Capital	\$25,000
	Total	\$658,330

Table: Project Funding

Owners Foreign Equity	Foreign Loans	Total
\$200,000	\$458,330	\$658,330

2.2 Company Ownership

Kent Express Ltd was been created as a Limited Liability Corporation based in Dar es Salaam. It is owned by its principal investors, Sayed Hassan A. Ahmed and Mohamed A. Bharkhadle as highlighted on the table below. Sayed Hassan is the CEO and holds a 30% stake in the company.

	Member	Nationality	Stake %
1	Mohamed A. Bharkhadle	British	40
2	Sayed Hassan	British	30
3	Un-Alloted	Tanzania	30

2.3 Company Locations and Facilities

Kent Express Ltd headquarters will be established in A-quality office and modern truck yard space in the downtown Kiwalani area near the port in Dar es Salaam. This will be the heart of our company, with satellite locations in Dar es Salaam and other regions-based operation intensity. We will also be installing an in-house Internet server and 24-hour answering service so that all customer or business communications are dealt with in an expedient and fluid manner.

The company is currently in the final stages of hiring the yard in Dar es Salaam where its first office building, a 50-truck yard building will be erected.

In Year 2 the company will purchase its second batch of trucks and trailers facility. It is currently in discussions with the truck distributors worldwide who will supply the type of trucks that the company anticipates to operate. It is difficult to predict changes in the vehicles and building values over the long term, but it is estimated that we will be able to finance these activities at **\$658,330**

3.0 Services and Description

Kent Express Ltd offers high security and reliable transport services. Because we are planning to erect ultra modern workshop, we also offer an on-site repair service for trucks and trailers for other operators. There will always be an open line of communication between the clients and the management via Kent Ltd Web page and a 24-hour, call-in answering service.

3.2 Competitive Comparison

Kent's competitive advantage is as follows:

1. We offer a higher level of quality in our trucks than the average trucks available in East and Central Africa.
2. Each truck will be fully wired to the Internet via available modem jacks and/or Ethernet access. This will assist management in tracking the trucks and control of fuel theft or improper usage of the vehicles by drivers. It will also facilitate on time delivery of the cargo to our clients as truck will be allowed to stop at designated stoppage only.
3. Our marketing and advertising costs will be low due to simple marketing strategies. However, the owner's expertise in visual layout and communications will help create a unique and aesthetic product for the customer.
4. The main competition Kent Express Ltd will encounter will be average smaller trucks operators.

3.3 Sales Literature

Kent Ltd will have brochures available at all offices. These will give the customer a general outline of our trucks and will explain the benefits of utilizing our trucks services. We will also have a monthly newsletter that we will send out to our clients. This newsletter will inform the clients as to the growth and outreach of Kent Ltd. It will also contain some human-interest stories about our business performance update.

Will also advertise in the local newspapers including The Daily News, The Guardian, and The East African. Our marketing strategies are simple but aim to reach a large amount of people. The layout of our publications and advertisements will have a sophisticated and contemporary look without being overly formatted.

3.4 Fulfillment

1. Kent's key fulfillment will be provided by management's dedication to a higher quality product/service. This is achieved through the solid network of transport contractors, and cutting-edge mechanics who are all dedicated to helping Kent Ltd.
2. We will maintain a pool of professionals in which to pull from for our needed services. This will help us develop a rapport with our contractors as well maintaining our high expectations.

3.5 Technology

Kent Ltd will have the most up-to-date technology provided both to the customers and to the subcontractors and other clients.

1. Wireless Ethernet ports and/or modem jacks will be installed in each truck developed by Kent Express Ltd.
2. Access to a 24-hour copy/fax center located on the premises.
3. Each truck will contain an emergency panic alert that will automatically go through to the manager and the local police department in case of accident or unusual event should it happen.

3.6 Future Services

In the future, Kent Ltd will look to give each department within the company the opportunity to become a more independent entity. This will make expansion efforts more efficient, and will provide specialists in their departments the chance to become more focused in their field.

We are in the process of conducting surveys in order to determine the best possible markets for Kent Ltd future expansion.

4.0 Market Analysis Summary

Kent Express Ltd main consumer base will be primarily foreign clearing agents to focus on cargo to or from East African and Central Africa countries. We will also be marketing to local area transport professionals and business peoples. These customers will be looking for safe, high-quality transport service that can foster the type of atmosphere needed for investors in other sectors who need transport service for their business success.

4.1 Market Segmentation

Kent's largest market segment in will be solicited and brought to us by Transportation service and clearing and forwarding agencies in Tanzania and other countries where we operate. These Transportation service and clearing and forwarding agencies will be the most likely to desire of high level of transportation services that our company offers. We expect this to be the largest growing segment with a growth rate of about 7%. There are several potential customer segments that we will provide our transportation services to. Major customer segments include the individual industrial manufacturers haul, transit cargo and retailers. The chart and table below outline the current market size and growth estimates for these customer segments

Large established companies in the afore-mentioned segments (especially in the manufacturing industry) have their own truck fleets, while smaller players outsource the transportation function. The latter vary in the scale of their operations, but have a steady demand for reliable transportation solutions. We will actively solicit such customers.

Table: Market Analysis

		2016	2017	2018	2019	2020	
Potential Customers	Growth						CAGR
Industrial manufacturers haul	3%	3,000	3,090	3,183	3,278	3,376	3.00%
Transit cargo	5%	1,500	1,575	1,654	1,737	1,824	5.01%
Retail Industry	2%	1,500	1,530	1,561	1,592	1,624	2.01%
Other	2%	500	510	520	530	541	1.99%
Total	3.17%	6,500	6,705	6,918	7,137	7,365	3.17%

4.2 Target Market Segment Strategy

Kent Express Ltd will focus its marketing budget on a selected industry niche. A narrow-served market focus will help strengthen the company's reputation of a reliable transportation services provider and will generate favorable referrals.

The major customer segment the company is focusing on is the Industrial manufacturers haul. Companies in this segment have varying needs, and Kent Ltd has already gained valuable

experience serving such customers through its operations. The company management believes that by increasing its truck fleet it can capture additional clients and provide better service to existing clients.

4.2.1 Market Trends

This industry is constantly evolving and leaving many inflexible road cargo transportation companies stagnant. One of the major trends is the need to adapt to technological advancements as well as maintaining the overall appearance and condition of the trucks.

Another important trend is adapting to high technological equipments (trucks) which have low level of fuel burning rate due to drastic increase of fuel price as well as taking care of environment pollution concerns, etc. Kent Ltd is dedicated to following these trends while maintaining the level of reliable services that sets East and central Africa part from our competitors.

4.2.2 Market Growth

The market for high quality, reasonably priced cargo haulage has been growing at a rate of 6.7% since 2006. Tanzania haulage rates have remained even. The Tanzanian market is experiencing rapid economic growth that is fueling demand for transportation need, but not many reliable trucking companies are emerging. Not only is Kent Ltd pioneering this particular niche of affordable quality road hauling, but it is capitalizing on the strength of the current economic growth in Tanzania and the strategic location of this country

5.0 Project implementation strategy

Kent Express Ltd will focus on the three previously mentioned market segments. Our target customer is usually looking for higher end facilities that foster a safe, secured, quick, and convenient transport environment. They are technology savvy and have a desire to have access to the technological amenities that we provide.

5.1 Competitive Edge

We start with a critical competitive edge: there are very few trucking services that offer the same level of quality and technological amenities as Kent Ltd. We also have a very high regard for customer service; something that is unparalleled in this industry. Kent Ltd believes it is essential that the customer in transport industry feels he/she is being treated with the utmost

care and urgency. All staff and personnel (Drivers, marketing etc) go through a training program that teaches many of the skills needed for successful client relations and customer service.

5.2 Marketing Strategy

Marketing in a highly competitive transportation industry depends on the recognition of excellence, as well as a point of difference to display our trucks in an individualized light. Kent Express Ltd will build a reputation upon these components.

We will develop and provide a cargo transport in an environment of unmatched proportion. It starts with the commitment to customer satisfaction and fulfilling their demands. Our commitment to quality and comfort includes safety and 24-hour customer service. The aspect of our developments that differentiate Kent Ltd from all other transportation companies is our focus on maintaining the most advanced technological innovations on the market for our clients.

5.2.1 Distribution Strategy

We will focus on providing high-quality transport in convenient locations with a wide customer base. It is also important that we remain at the upper echelon in the quality range when compared to competitors. We can only do this by organizing and implementing a sound plan that will assume responsibility for the functionality and appearance of Kent Ltd equipment. We will have an updated Web site for anyone interested in the searching for services and rates for services that we offer.

5.2.2 Marketing Programs

Our most important marketing program is customer word of mouth. The only way to truly know the quality of our trucks is through experience; hence we must maintain the highest level of customer satisfaction. Rewards will be given to clients or customers that refer new clientele to the company. We confidently believe that the high level of quality that Kent Ltd will provide can attract a strong demand for our transport services.

Another incentive that we will use is the early move-in bonus program. Anyone that signs their long-term transport contract with Kent Ltd before June 2016 will receive a discount that will be decided later as well as free feeder pickup at cargo destination this will give the appearance of increased demand.

5.2.3 Positioning Statement

For people who desire high-quality transport with all the technological amenities available, only Kent Ltd transportation equipment will be able to fulfill their needs and desires at an affordable price. Unlike most other cargo haul management companies; Kent Ltd is committed to guaranteeing customers full satisfaction, with 24-hour on-staff service, live answering service, and a website that handles all complaints instantly.

5.2.4 Pricing Strategy

Kent's pricing will be at the top of what the market will bear. We are competing with large firms like (Omitted) who may have similar equipments. Our prices will be competitive with these larger firms while maintaining the high level of quality and expert transportation management.

5.2.5 Promotion Strategy

Kent's most successful promotion will come in the form of word of mouth. Since we will own transportation trucks, we will be highly visible to the public. Since our sales people will be positioned in the upper echelon of quality and livability, word will spread through the trucking industry about our unique appeal.

Along with word of mouth, our most consistent form of promotion will come from ads in local publications, specifically Television stations, Radio station, news papers such as The Daily News and the Guardian, as well as smaller magazines and circulations. We will also be personally promoting our product within the transportation industry.

5.3 Sales Strategy

A sale in our business is based upon providing customers with a transport concept fitting of their needs. We must be in touch with the needs and desires of our clientele in order to best attract a consistent flow of incoming clients.

5.3.1 Sales Forecast

The following table and chart give the forecasted earnings for Kent Express Ltd trucks. We perceive a gradual increase in the total number of trucks over the next year. As time goes on, the monthly per-truck rental price will slowly ascend, coupled by the decline in cost over time, producing an increased per-truck profit.

From our opening in June 2016, we expect that all trucks will be completely rented out (committed to some type of long-term service contract). In the summer months we anticipate fewer clients, so we have planned on a rent lowering process to entice agents to stay. Also, on long term rent contract, we will only rent on yearly basis to ensure that all rented trucks remain filled year-round. With the estimated profits from the previous months the annex will be completed in September 2023, adding 14 more trucks.

5.3.2 Sales Programs

Our sales program will include sales awards for length of trucks lease agreements, maintaining a full capacity status, and customer service awards for those who best exemplify Kent Ltd commitment to customers. We will also award existing customers for referring new clientele to the company.

5.4 Strategic Alliances

We depend on our alliance with other road cargo transport contracting services to develop our business, as well as technical provision establishments to assist in the layout and design of our trucks/trailers. We are also considering a marketing agency as a key factor in our development process for their continuous fair sales program when we need truck supplies.

5.5 Milestones

The accompanying table lists our company's milestones, including dates, management responsibility, and budgets. This table indicates our expectations from the company as well as outlining our plan for start up of this expansion plan. The table shows the anticipated divisions that are to occur within the company as it grows, as well as an increase in trucks owned.

This is an initial assessment, and Kent Ltd will continually adjust in order to sustain our business in all the different departments.

Table: Implementation Schedule

Milestone	Start Date	End Date	Manager	Department
Complete TIC certificate	January 2023	March 2023	(CEO)	Admin/Management
Financially Organized Institution	March 2023	June 2023	(CFO)	Finance
Construction of Yard start	June 2023	February 2024	Contractor	Management
Plant and equipment (Trucks)	July 2023	June 2024	CEO/CFO	Development
Hiring and Training	April 2023	On Going	Management	

6.0 Management Summary

The initial management team depends on the founders themselves, with back-up assistance from the business consultant specializing in transport sector. As we continue to grow, we will establish satellite offices in all of our transport countries. It will also be necessary to take on additional help in the marketing and R & D sectors as growth continues.

6.1 Organizational Structure

Kent Ltd depends on an organized division of responsibilities in order to run an efficient, diversified transport enterprise. Main decisions and responsibilities will be divided between the three top partners. They will focus on maintaining high quality and a cohesive business entity. Top division managers will be given specific responsibilities such as marketing, finance, strategic management, or research and development.

6.2 Management Team

Kent Ltd is completely departmentalized. The main departments are finance, marketing, management, and research and development. Mohamed A. Bharkhadle, co-owner of the company, assumes the responsibilities of the CFO, while his counterpart, Sayed Hassan Sayed, will be responsible for the duties of CEO. The company will make all decisions in accordance with the company mission. Employees are delegated tasks based upon their specialty.

Every six months, the three top partners will assess the results of these tasks, and the personality of the employee involved, to determine promotion and/or salary issues.

6.3 Personnel Plan

The following table summarizes our personnel expenditures for the first three years, with compensation increasing from less than \$100K the first year to about \$150K in the third. The founding partners will take limited compensation for the first three years until earnings are substantiated and growth is assured. We believe this plan is a compromise between fairness and expedience and meets the commitment of our mission statement. The detailed monthly personnel plan for the first year is included in the appendix.

Table: Personnel

Personnel Plan	Year 1	Year 2	Year 3
CFO	\$10,600	\$11,660	\$12,826
CEO	\$10,600	\$11,660	\$12,826
Admin. Manager	\$9,600	\$10,560	\$11,616
Technical Manager	\$8,700	\$9,570	\$10,527
Marketing Manager	\$8,100	\$8,910	\$9,801
Other	\$24,000	\$26,400	\$29,040
Total People	30	35	40
Total Payroll	\$71,600	\$78,760	\$86,636

7.0 Financial Plan

We want to finance growth mainly through cash flow and a foreign loan. We recognize that this means we will have to grow more slowly than we might like.

The most important factor in our case is collection days. We can't push our clients hard on collection days. Therefore, we need to develop a permanent system of receivables financing, using one of the established financial companies in that business.

7.1 Important Assumptions

Kent Ltd plan depends on the assumptions that are made in the following table. These are annual and monthly assumptions that show the consistent growth of the company. Since we operate on a monthly collection basis, we are assuming that the majority of the collections will be timely and in full.

Some of the underlying assumptions are:

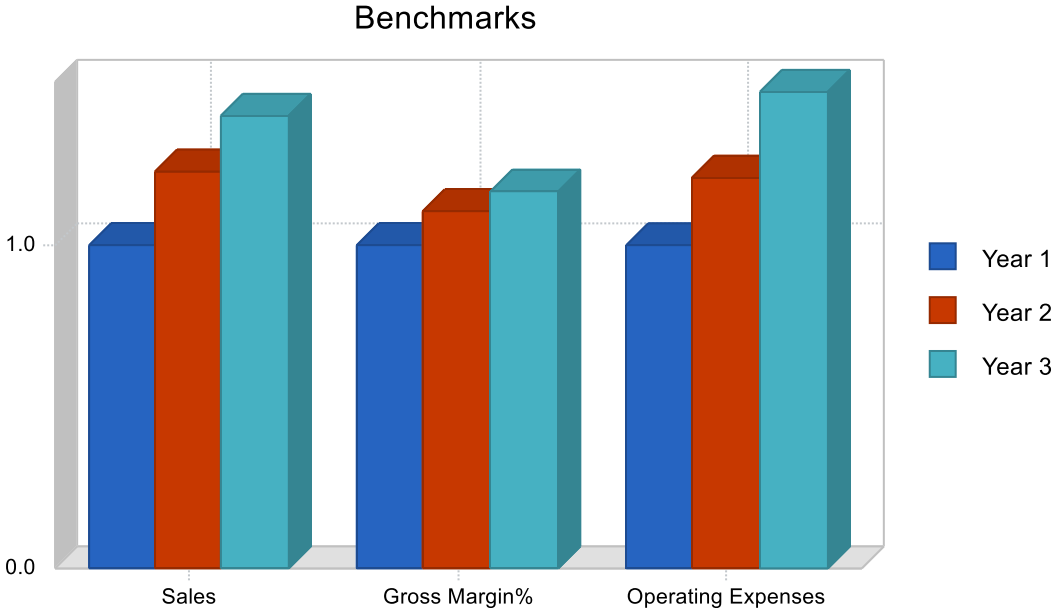
1. We assume a healthy growth trend in the local cargo transportation market, along with a continued strong local economy in Tanzania and neighboring countries.
2. We assume that we stay in line with the continuing advances in technology equipments therefore high cost of financing.

7.2 Key Financial Indicators

The following chart indicates our key financial indicators for the first three years. Kent Ltd foresees growth in both truck rentals as well as increasing the percentage of growth margin.

Kent's cash flow depends on the monthly collection from the renters. We allow for a 25-day grace period, after which unpaid accounts will inhibit our cash flow. However, since we collect on a monthly basis, cash flow should maintain at a steady level.

Chart: Benchmarks



7.3 Break-even Analysis

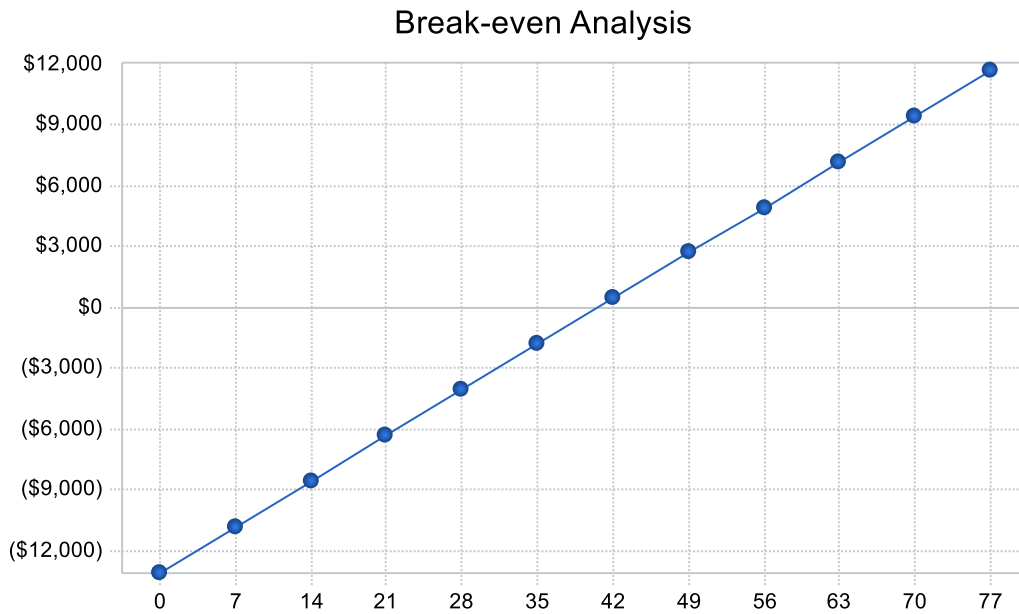
The following table and chart summarize our break-even analysis. With per month fixed costs and a variable per-truck cost, the number of trucks we will need to rent out to cover our monthly costs is shown below. Kent’s first batch of trucks to be purchased will consist of 40 trucks. According to the calculations, we will break-even within our first year of operation.

The break-even assumes that all trucks will be occupied and that all rent will be paid in a timely manner. This assumption is probably unrealistic; therefore, our initial break-even per truck will most likely be higher.

Table: Break-even Analysis

Break-even Analysis	
Monthly Trucks Break-even	41
Monthly Revenue Break-even	\$27,632
Assumptions:	
Average Per-Truck Revenue	\$680.22
Average Per-Truck Variable Cost	\$357.71
Estimated Monthly Fixed Cost	\$13,101

Chart: Break-even Analysis



7.4 Projected Profit and Loss

The projected profit and loss for Kent Ltd is shown on the following table. Sales are increasing in 2024 and continue steadily after the third year. We show a net profit in 2025. We are projecting a healthy gross margin for the first year. This is an aggressive projection that will help our efforts to keep total cost of sales low while increasing gross margin. We will also have very low marketing costs, due to the public exposure to the trucks, and good word of mouth around the university area.

The planned projections are included in the attached Profit and Loss Table.

Table: Profit and Loss

	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	\$437,380	\$538,498	\$612,756	\$674,031.60	\$741,434.76
Direct Cost of Sales	\$230,009	\$255,740	\$273,136	\$300,449.60	\$330,494.56
Other Costs of Sales	\$0	\$0	\$0	\$0.00	\$0.00
Total Cost of Sales	\$230,009	\$255,740	\$273,136	\$300,449.60	\$330,494.56
Gross Margin	\$207,371	\$282,758	\$339,620	\$373,582.00	\$410,940.20
Gross Margin %	47.41%	52.51%	55.42%	60.96%	67.06%
Expenses					
Payroll	\$90,600	\$105,000	\$128,000	\$140,800.00	\$154,880.00
Marketing/Promotion	\$13,800	\$14,000	\$17,700	\$19,470.00	\$21,417.00
Depreciation	\$12,221	\$13,000	\$19,333	\$21,266.30	\$23,392.93
Leased Equipment	\$2,400	\$2,600	\$2,800	\$3,080.00	\$3,388.00
Utilities	\$7,200	\$8,200	\$8,500	\$9,350.00	\$10,285.00
Insurance	\$14,400	\$15,500	\$16,000	\$17,600.00	\$19,360.00
Maintenance	\$0	\$12,000	\$15,000	\$16,500.00	\$18,150.00
Rent	\$3,000	\$4,000	\$5,000	\$5,500.00	\$6,050.00
Payroll Taxes	\$13,590	\$15,750	\$19,200	\$21,120.00	\$23,232.00

Other	\$0	\$0	\$0	\$0.00	\$0.00
Total Operating Expenses	\$157,211	\$190,050	\$231,533	\$254,686.30	\$280,154.93
Profit Before Interest and Taxes	\$50,160	\$92,708	\$108,087	\$118,895.70	\$130,785.27
EBITDA	\$62,381	\$105,708	\$127,420	\$140,162.00	\$154,178.20
Interest Expense	\$64,853	\$79,591	\$93,552	\$102,907.20	\$113,197.92
Taxes Incurred	\$0	\$0	\$0	\$0.00	\$0.00
Net Profit	(\$14,693)	\$13,117	\$14,535	\$15,988.50	\$17,587.35
Net Profit/Sales	-3.36%	2.44%	2.37%	2.61%	2.87%

Chart: Gross Margin Monthly

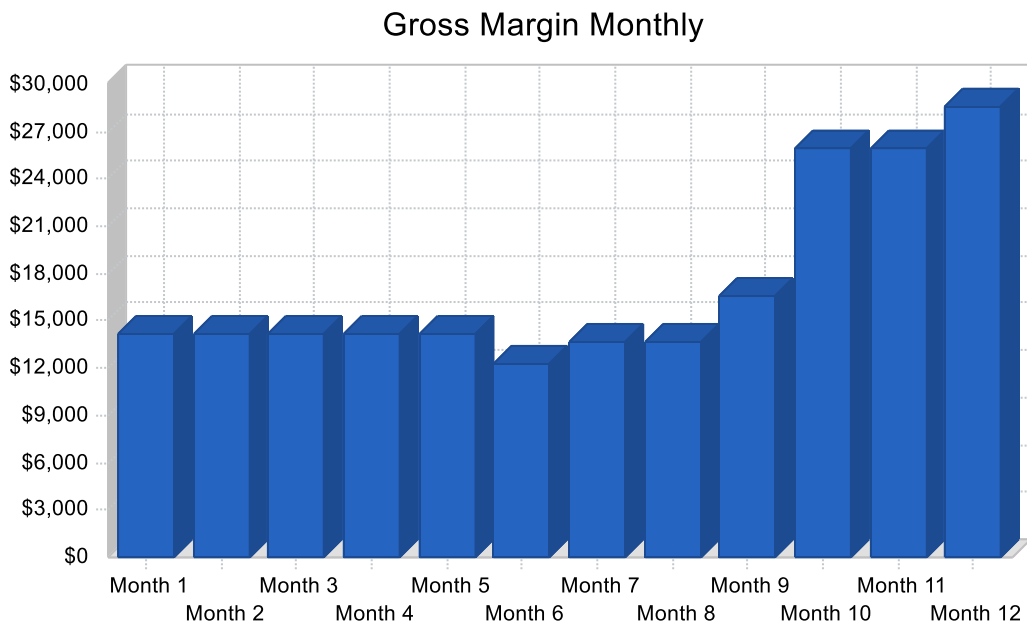


Chart: Gross Margin Yearly

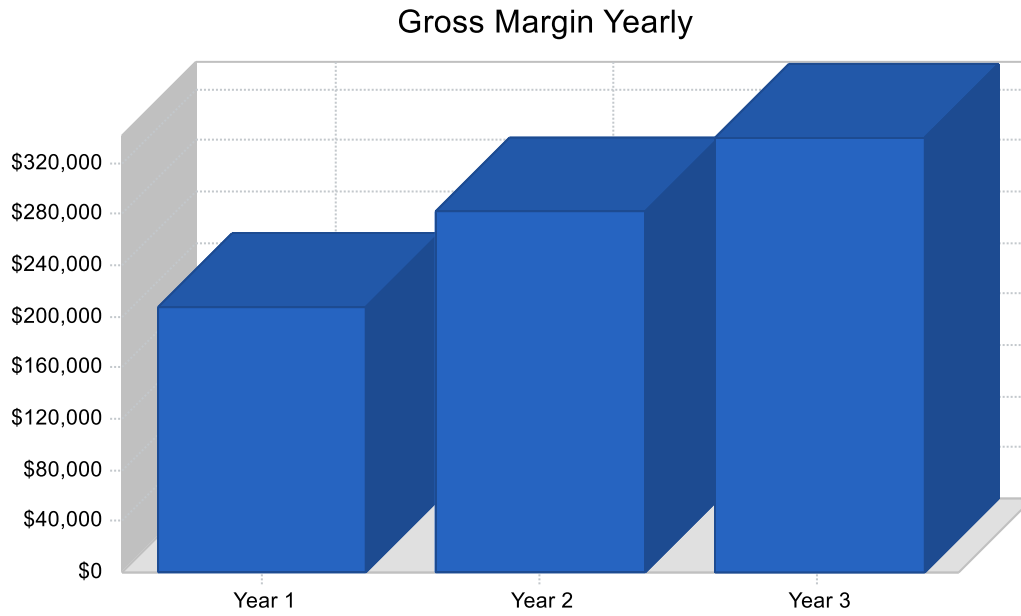


Chart: Profit Monthly

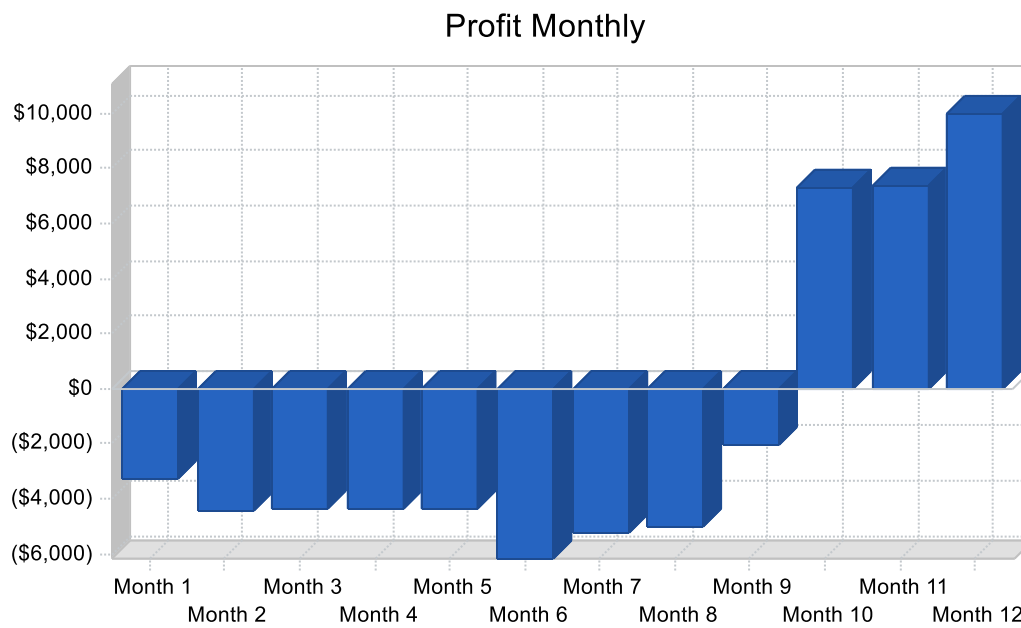
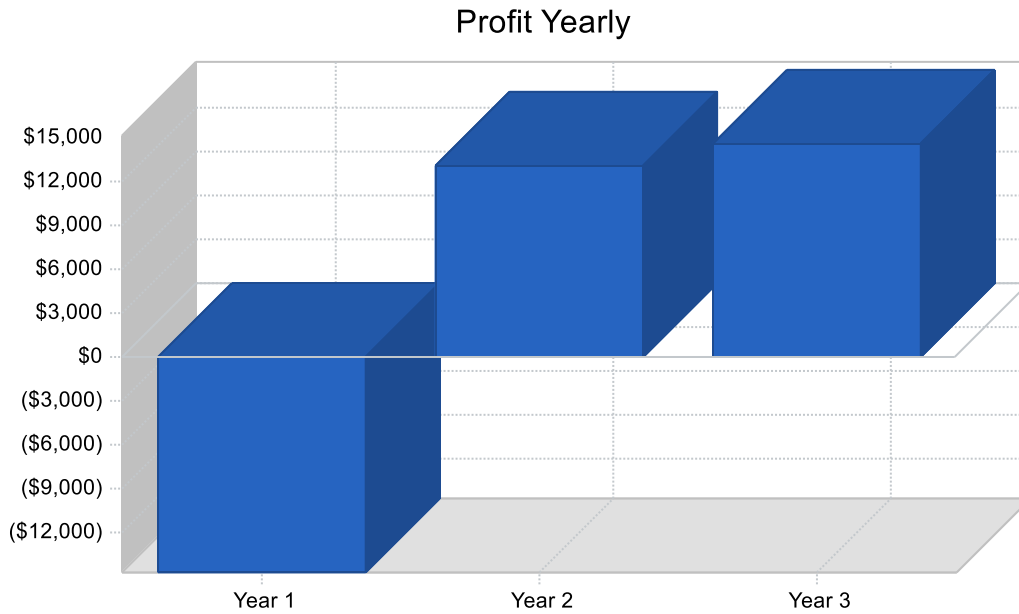


Chart: Profit Yearly



7.5 Projected Cash Flow

The following cash flow projections are a key part of Kent Ltd early success. The monthly cash flow is shown in the illustration, with one bar representing the cash flow per month, and the other the monthly balance. The annual cash flow figures are included here and the more important detailed monthly numbers are included in the appendix.

Chart: Cash

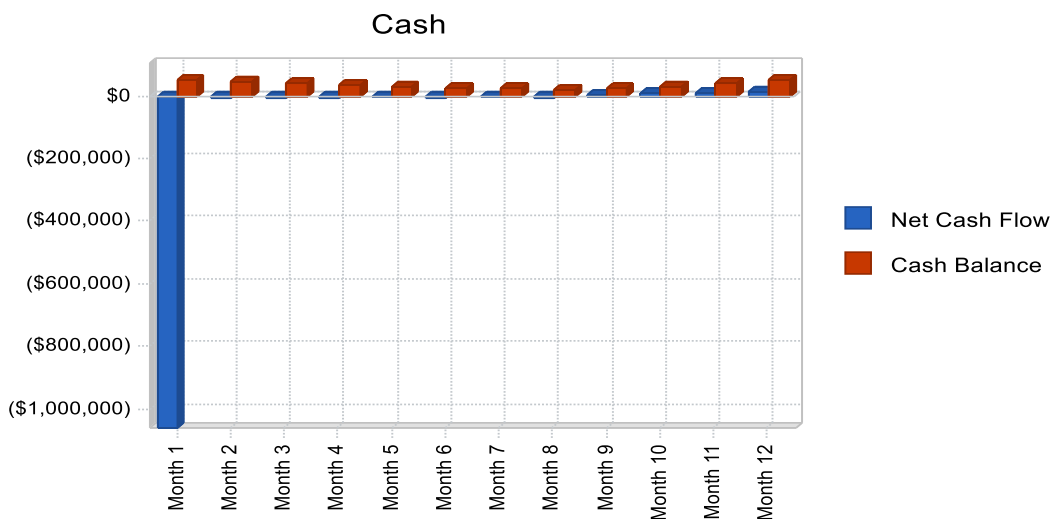


Table: Cash Flow

	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Received					
Cash from Operations					
Cash Sales	\$437,380	\$538,498	\$612,756	\$674,032	\$741,435
Subtotal Cash from Operations	\$437,380	\$538,498	\$612,756	\$674,032	\$741,435
				\$0	\$0
Additional Cash Received				\$0	\$0
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0	\$0	\$0
New Current Borrowing	\$8,400	\$15,000	\$12,000	\$13,200	\$14,520
New Other Liabilities (interest-free)	\$1,802	\$2,500	\$2,000	\$2,200	\$2,420
New Long-term Liabilities	\$4,500	\$513,000	\$2,500	\$2,750	\$3,025
Sales of Other Current Assets	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0	\$0	\$0
New Investment Received	\$5,862	\$6,000	\$4,000	\$4,400	\$4,840
Subtotal Cash Received	\$457,944	\$1,074,998	\$633,256	\$696,582	\$766,240
				\$0	\$0
Expenditures	Year 1	Year 2	Year 3	Year 4	Year 5
Expenditures from Operations					
Cash Spending	\$90,600	\$105,000	\$128,000	\$140,800	\$154,880
Bill Payments	\$318,094	\$408,946	\$447,312	\$492,043	\$541,248
Subtotal Spent on Operations	\$408,694	\$513,946	\$575,312	\$632,843	\$696,128
Additional Cash Spent					
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0	\$0	\$0

Principal Repayment of Current Borrowing	\$2,750	\$5,000	\$10,000	\$11,000	\$12,100
Other Liabilities	\$650	\$1,000	\$1,000	\$1,100	\$1,210
Principal Repayment Long-term Liabilities	\$23,121	\$24,469	\$41,645	\$45,810	\$50,390
Principal Repayment Purchase Other Current Assets	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$1,080,000	\$570,000	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$1,515,215	\$1,114,415	\$627,957	\$690,753	\$759,828
Net Cash Flow	(\$1,057,271)	(\$39,417)	\$5,299	\$5,829	\$6,412
Cash Balance	\$54,059	\$14,643	\$19,941	\$21,935	\$24,129

7.6 Projected Balance Sheet

The balance sheet in the following table shows varying but managed net worth, and a sufficiently healthy financial position. The monthly estimates are included in the appendix and are a good indicator of Kent's annual value.

Table: Balance Sheet

	Year 1	Year 2	Year 3	Year 4	Year 5
Assets					
Current Assets					
Cash	\$54,059	\$14,643	\$19,941	\$21,935.10	\$24,128.61
Other Current Assets	\$12,000	\$12,000	\$12,000	\$13,200.00	\$14,520.00
Total Current Assets	\$66,059	\$26,643	\$31,941	\$35,135.10	\$38,648.61

Long-term Assets					
Long-term Assets	\$1,200,000	\$1,770,000	\$1,770,000	\$1,947,000.00	\$2,141,700.00
Accumulated Depreciation	\$12,221	\$25,221	\$44,554	\$49,009.40	\$53,910.34
Total Long-term Assets	\$1,187,779	\$1,744,779	\$1,725,446	\$1,897,990.60	\$2,087,789.66
Total Assets	\$1,253,838	\$1,771,422	\$1,757,387	\$1,933,125.70	\$2,126,438.27
Liabilities and Capital	Year 1	Year 2	Year 3	Year 4	Year 5
Current Liabilities					
Accounts Payable	\$35,048	\$33,483	\$37,059	\$40,764.90	\$44,841.39
Current Borrowing	\$10,650	\$20,650	\$22,650	\$24,915.00	\$27,406.50
Other Current Liabilities	\$1,152	\$2,652	\$3,652	\$4,017.20	\$4,418.92
Subtotal Current Liabilities	\$46,850	\$56,785	\$63,361	\$69,697.10	\$76,666.81
Long-term Liabilities	\$1,061,379	\$1,549,910	\$1,510,765	\$1,661,841.50	\$1,828,025.65
Total Liabilities	\$1,108,229	\$1,606,695	\$1,574,126	\$1,731,538.60	\$1,904,692.46
Paid-in Capital	\$251,862	\$257,862	\$261,862	\$288,048.20	\$316,853.02
Retained Earnings	(\$91,560)	(\$106,253)	(\$93,136)	(\$102,449.60)	(\$112,694.56)
Earnings	(\$14,693)	\$13,117	\$14,535	\$15,988.50	\$17,587.35

Total Capital	\$145,609	\$164,726	\$183,261	\$201,587.10	\$221,745.81
Total Liabilities and Capital	\$1,253,838	\$1,771,422	\$1,757,387	\$1,933,125.70	\$2,126,438.27
				\$0.00	\$0.00
Net Worth	\$145,609	\$164,726	\$183,261	\$201,587.10	\$221,745.81

7.7 Business Ratios

The business ratios for the years of this plan are shown below. They point out Kent liquidity, debt, performance and some other important aspects. We expect to generate acceptable ratios for our profitability and return. Industry profile ratios are shown for comparison.

Table: Ratios

Ratio Analysis	Year 1	Year 2	Year 3	Industry Profile
Sales Growth	n.a.	23.12%	13.79%	4.77%
Percent of Total Assets				
Other Current Assets	0.96%	0.68%	0.68%	40.83%
Total Current Assets	5.27%	1.50%	1.82%	46.21%
Long-term Assets	94.73%	98.50%	98.18%	53.79%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	3.74%	3.21%	3.61%	12.55%
Long-term Liabilities	84.65%	87.50%	85.97%	35.36%
Total Liabilities	88.39%	90.70%	89.57%	47.91%
Net Worth	11.61%	9.30%	10.43%	52.09%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	47.41%	52.51%	55.42%	100.00%
Selling, General & Administrative Expenses	50.77%	50.07%	53.05%	59.39%
Advertising Expenses	2.79%	2.41%	3.16%	0.88%
Profit Before Interest and Taxes	11.47%	17.22%	17.64%	2.37%
Main Ratios				
Current	1.41	0.47	0.50	1.90
Quick	1.41	0.47	0.50	1.28

Total Debt to Total Assets	88.39%	90.70%	89.57%	59.42%
Pre-tax Return on Net Worth	-10.09%	7.96%	7.93%	0.30%
Pre-tax Return on Assets	-1.17%	0.74%	0.83%	0.73%
Additional Ratios	Year 1	Year 2	Year 3	
Net Profit Margin	-3.36%	2.44%	2.37%	n.a
Return on Equity	-10.09%	7.96%	7.93%	n.a
Activity Ratios				
Accounts Payable Turnover	9.96	12.17	12.17	n.a
Payment Days	27	31	29	n.a
Total Asset Turnover	0.35	0.30	0.35	n.a
Debt Ratios				
Debt to Net Worth	7.61	9.75	8.59	n.a
Current Liab. to Liab.	0.04	0.04	0.04	n.a
Liquidity Ratios				
Net Working Capital	\$19,209	(\$30,143)	(\$31,420)	n.a
Interest Coverage	0.77	1.16	1.16	n.a
Additional Ratios				
Assets to Sales	2.87	3.29	2.87	n.a
Current Debt/Total Assets	4%	3%	4%	n.a
Acid Test	1.41	0.47	0.50	n.a
Sales/Net Worth	3.00	3.27	3.34	n.a
Dividend Payout	0.00	0.00	0.00	n.a

Appendix