

PETLANG MOTORS LIMITED

BUSINESS PLAN

MOTORCYCLE-ASSEMBLING PLANT

Presented To:
TANZANIA INVESTMENT CENTRE
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DAR ES SALAAM, TANZANIA

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PETLANG MOTORS LIMITED PREAMBLE

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*This profile is strictly for information only and projections in the Business plan have been compiled by the consultant with close cooperation of the Promoters of the Business the **PETLANG MOTORS LIMITED** and Sector Experts for illustrative purposes and do not constitute actual forecasts.*

PETLANG MOTORS LIMITED

Business Profile:

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1. Executive Summary

Company & Project concept

PETLANG MOTORS LIMITED is limited Company incorporated in Tanzania under the Company act of 2002. The Company was incorporated 4th November 2022, Registration number is 158748630. Company implements project which is under manufacturing sector.

Company now is located in Pugu Road, Temeke, Dar es Salaam; workshop and warehouse are located at Temeke, more details refer to the house rental contract.

Our goals and objectives are straightforward and seek to ensure we run a professional, profitable and ethical company, building relationships with customers, suppliers and investors.

Company Goals and Objectives:

In Summary PETLANG MOTORS LIMITED aims to;

- Realize motorcycle and tri-cycle production and assembling with engine emission from 50CC to 250CC. The business model provided is to be wholesale and retailing on the competitive manner.
- Manage PETLANG MOTORS LIMITED by human resource policies which encourage and reward individual and unified effort and achievement, provide training and personal development opportunities and create a working environment in which staff can feel a real sense of job involve
- Achieve levels of profit sufficient to provide for reinvestment and suitable returns to shareholders and investors
- Seek to comply with all statutory legislation and other external relevant authorities. Define and keep under review Company policy, allowing flexibility for local requirements.
- Adopt best commercial practice and ethical standards in dealing with clientele, suppliers of goods and services and other contacts

Purpose of Business Plan

This document is prepared to the serve the purpose as a Business Plan for PETLANG MOTORS LIMITED for investment in motor cycles and tricycles assembling plant. But also the Business Plan shall be submitted to TIC for an award of Certificate of Incentives. The implementation of this project will compromise the following activities:-

-
- Procurements Machineries and Equipments for assembling plant.
 - Equipping the project will all necessary modern furniture and facilities

The **project promoter**, the project will be managed and operated by PETLANG MOTORS LIMITED is owned by a Chinese entrepreneurs with the following share distribution.

NAME OF SHAREHOLDERS	NATIONALITY	SHARES
PETZA LIMITED	TANZANIAN	40
GUANGON LANGFENG IMPORT AND EXPERTCO LTD	CHINESE	60

Company Legality, the legal certificates and documents such as Memorandum and Article of Association, certificate of incorporation, Tax Identification Number, and value added Tax certificates Justify that PETLANG MOTORS LIMITED is operating within the ambit of the law.

Project Organization Structure, the management of PETLANG MOTORS LIMITED constituted by the following organization set up:- Board of Directors, General Manger who is responsible on the supervision on the entire operations of the Company, a company accountant, a Production Manager who will be directly responsible for all matters pertaining manufacturing of the products.

Investment Structure, the project is estimated to cost 5,000,000\$ the money covers Machineries and Equipments, furniture and fittings, pre expenses and working Capital. The equity contributed by the shareholders is 5,000,000\$ equivalent to 100. %.However a financial policy of the Company state that the profits generated will be re-invested

Forecasted financial Information, Financial information of PETLANG MOTORS LIMITED is projected within five years. The company projected profit and Loss, account show a respectable turnover of more than 104,272 \$ in the second year. The profits gained on fifth year are projected to be 130,090 \$. The projected balance sheet, shows the net worth increase of more than 566,013 \$ in the second year of operation and more than 648,739 \$ in the 3rd year of the usefully lifetime of the implementation during which the business will be evaluated again. The financial documents show that the business has a positive net cash flow.

2. Statement of Purpose

Business Plan is drawn for the purpose of seeking CERTIFICATE OF INCENTIVES from the TANZANIA INVESTMENT CENTRE and to establish a plant for motorcycle and tri-cycle production and assembling with engine emission from 50CC to 250CC.

2.1 Purpose of Investment

This document is prepared to the serve the purpose as a feasibility study for PETLANG MOTORS LIMITED for establishment of motor cycles and tricycles production pants

- Buying of Industrial plot for this purpose.
- Developing workshop and installation Machineries and Equipments for this project.
- Equipping the project will all necessary modern furniture and facilities
- Procurements semi -processed raw materials
- Employing more than 26 people.

2.2. Investment financing plan

The company expect to invest 0.5 million USD from shareholders' funds and. Profits generated from business operation will be re-invested. Table below show

<i>COST INVESTMENT STRUCTURE \$</i>	
Current assets	
Working capital	1,500,000
Opening inventory	
Other	0
Sub Total	1,500,000
Property and equipment	
Land	0
Building	500,000
Equipment	440,000
Furniture and fixtures	500,000
Leasehold improvements	30,000
Plant & Machines	15,00,000
Motor Vehicles	500,000
Pre-operating	30,000

	3,500,000
Total assets	5,000,000
Financing	\$
Long-term liabilities	
Long-term loan	2,500,000
Owner's equity	
Cash	2,500,000
Contributed asset value	-
Total	5,000,000

2.3 Summary of the Expected Results

At the end, the project is expected to achieve the following:-

- Provide an opportunity for availability of motorcycle Equipments
- Increase 30 direct employment opportunities.
- Direct Domestic investment of more than 0.5 Million USD within 2016 -2021.
- Increase tax contributed to the government
- Generate foreign currency.

3. BUSINESS DESCRIPTION

3.1 The company started by Peng Xiqung and Ding Shuaihao once founded his plant of motorcycle-assembling and as well as he had his own team for motorcycle sales during the period of 2016 to 2020.

Branches were opened in China during such time while the main sources of raw materials and techniques exported from China. The next four years he worked for a company of motorcycles in Tanzania as a manager while directors stays and travel to other countries for business purposes.

He knows quite a lot about motorcycle-assembling, sales and has great experience of commodity importing and exporting. Now according to his own abundant experience, practical situation and conditions of Tanzania market, Peter Manase Nzuguma, Peng Xiqung and Ding Shuaihao work for establishing their company, namely, PETLANG Motors Limited

The main directions of the company is to realize motorcycle and tri-cycle production and assembling with engine emission from 50CC to 250CC. The business model provided is to be wholesale and retailing on the competitive manner.

3.1.1. Legal Status

Legal certificates and documents such as Memorandum and Article of Association, certificate of incorporation, business license, Tax Identification Number, and value added Tax certificates Justify that PETLANG MOTORS LIMITED is operating within the ambit of the law of the Land.

3.1.2. Mission and Vision

The company vision is to be one of the leading companies in motorcycle and tri-cycle production and assembling with engine emission from 50CC to 250CC in Tanzania for local markets and export purpose.

The current mission of the company is to penetrate the markets in Tanzania. The company can achieve this through

- Setting up a assembling plant in Tanzania
- Proper and reasonable remuneration of the personnel
- Continuing networking with our esteemed clients.

3.1.3. Project Promoters

The project promoter, the project will be managed and operated by PETLANG MOTORS LIMITED. The Company is owned by Tanzanian and Local Chinese entrepreneurs with diverse business in Tanzania and China. Current shareholding status is hereby shown below.

NAME OF SHAREHOLDERS	NATIONALITY	SHARES
PETZA LIMITED	TANZANIAN	40
GUANGON LANGFENG IMPORT AND EXPERTCO LTD	CHINESE	60

3.1.4. Operations

The project will be managed and operated by PETLANG MOTORS LIMITED. When the company being normally operated, all shareholders shall increase investing capitals, where as to strengthen power of the company while by now we plan to buy some industrial land in Dar es salaam city to build workshop of 10,000 square meters, gradually making the accessories producing localized possible spares such as cushion of the motorcycle, frame stand and other general parts of motorcycle. Furthermore, company will provide more work opportunities for the local people when more Tanzanians will be hired by the company. Management will establish sound operating guidelines to conduct the day to day operations of this project.

3.1.5. Project Location

Currently the project is being implemented at constructed warehouse with spacious to accommodate project of this nature.

4. Core Activities of the company

PETLANG MOTORS LIMITED will be dealing with establishing and operating the following facilities;

4.1. Installation of motor and tricycle assembling plant

In the first phase of the implementation of this project, the Company has rented a warehouse which is being used to accommodate installation of Machineries and Equipments.

4.2 Technical requirements of the project

The project implementation shall require some of technical facilities among others include: -

- For the beginning motorcycle production and assembly, it is needed to hire 20 workers for production and 5 workers for management positions. Other 10 worker will be hired for branches as salesman and branches managers. At the later period, the amount of local people hiring will reach 100 to 200 if accessories production localized.

5 MANUFACTURING INDUSTRY

5.1 MANUFACTURING SECTOR IN TANZANIA

In the last 10 years, manufacturing activities in Tanzania have taken a steady growth, registering average annual growth of over 4 percent, with 10% contribution to GDP. Most activities concentrate on manufacture of simple consumer goods such as food, beverages, tobacco, textiles, furniture and wood allied products. After economic liberalisation in the mid-1980s, many erstwhile public enterprises could not withstand free market competition. Some died and others underwent privatisation. These measures helped enhance competitiveness of local industries and readied them for venturing into export markets. On the other hand, the sector is not a big employer (145,000 employees), compared to agriculture for example, but it is the most reliable source of government revenue in form of import, sales, corporate and income taxes, accounting for over half of government annual revenue collection. Manufacturing earns the country a fifth of total foreign exchange earnings, thus ranking third after agriculture and tourism. Most production is however concentrated in the Dar es Salaam region.

Great prospects are pinned on development of a robust SME sector, whose promotion, as government has already realized, still lacks appropriate policy backing. A strong and productive industrial structure can only be achieved where SMEs and large enterprises not only coexist but also function in a symbiotic relationship. In this regard, successful promotion of agro-businesses can be considered in the SME development context.

Among the comparative advantages of Tanzania's manufacturing sector are the availability of a potentially large domestic market and Tanzania's adhesion to the EAC and the SADC organization, as they are potentially important market destinations. But Kenya is proving to be competing better in the region.

5.2 IMPORTANCE OF MANUFACTURING SECTOR IN TANZANIA

The reason why Tanzania needs a vibrant manufacturing sector today is to ensure economic independence in the long-run. This can be achieved because of different advantages attached to the manufacturing sector which include: Firstly, it helps to diversify the economy away from primary sector towards manufacturing and hence

reduce risks and vulnerability to the long-term deteriorating commodity terms of trade and the associated loss in the real income. Secondly, the sector has substantial forward and backward linkages with other sectors of the economy, especially agriculture. Thirdly, with proper choice of technology, the sector can create significant employment. Fourthly, large manufacturing sector can enable export diversification that is necessary to reduce Tanzania's vulnerability to external shocks. Fifthly, the sector provides opportunity to transfer and adapt and create new technology. Sixthly, a large manufacturing sector can enable income smoothing at the household level through the creation of non-farm jobs that are more stable and fetch higher incomes. On average, the monthly income from a manufacturing job is Tshs. 103,407 compared to 76,277 in mining, 49,693 in construction, 31,301 in trade and only 15,234 in agriculture, presently the largest source of livelihood for Tanzanians.

5.3 MOTORCYCLES ASSEMBLING INDUSTRY IN TANZANIA

Currently there few assemblers of both motorbike and three wheelers cycles in Tanzania, Some of them include;

Cruiser Motors Tanzania Ltd which has state of the art manufacturing facilities at Kiwalani area in Dar Es Salaam, the Company intends to locally manufacture its own distinct brand of two and three wheelers in the country and become a key motorcycle supplier to countries of East and Central Africa and beyond.

Currently, the company has an annual production capacity of 10,000 motorcycles which will be increased to 50,000. Our aim is to not only to promote sales, but also provide dedicated After-Sales services to our valued customers. Hence, the Company has embarked on a task to establish dedicated Service Centres in every Region of Tanzania, which will further expand to neighboring countries in a bid to drive regional export of our motorcycles.

A Kishen enterprise limited is a Tanzanian based company owning a total of 15% of the motorcycle and agricultural market. Kishen enterprises has outlet chains all over Tanzania their head office is in Dar es salaam, it's located at makamba/swahili street along gerezani area.

Astarc Motors Tanzania Limited has opened its showroom at Pugu road, opposite Tanzania Cigarette Company. During the launch, the company new models like Splendor NXG, Glamour, Hunk, and Karizma. The products range from 100cc to 225cc.

As of now there are few companies which assemble quality and durable motor bike and three wheelers motor cycles. Most of bikes sold in Tanzania are imported as finished products from China and India

5.4 PROJECT JUSTIFICATION

The proposed project is under management of PETLANG MOTORS LIMITED is in line with Tanzania Government efforts in attempt to revamp the Manufacturing sector. This has also been noted of recent drive of attracting investors in Tanzania in order to maximize her annual earnings from investment and also compete effectively with regional competitors. This also has been complemented by following measures

- i. The government is making a critical review of all existing laws and regulations, taxation and policies with ultimate aim of improving and creating conducive environment for private sector Investment, tourism sector is inclusive.
- ii. In 2007/2008 the Government reviewed the existing Industry and trade Policy, taking into consideration the social economic base and the dynamism of Manufacturing industry in Tanzania.
- iii. In depth studies have been carried out in the following area
 - SMEs development study
 - Trade Integration Strategy, 2009-2013

Regarding the initiative undertaken by PETLANG MOTORS LIMITED sponsors, is justified by the following facts.

- The sponsors have a special invested interest in assembling of motor bikes and three wheelers motor cycles and have been importing motorbikes for several years now.

Therefore, the establishment and operation of motor bikes assembling plant facility will boost and at the same time strength manufacturing sector in the Tanzania. The Company's marketing strategy and intention is to have a wide products base which focuses both to Ordinary consumers and Industrial use.

5:5 SOCIAL AND ECONOMIC IMPACT OF THE PROJECT

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

- Improve and increase production of motorcycle equipments related products in Tanzania
- Increased competitiveness among manufacturer of motorcycle equipments related products in Tanzania
- The project will provide employment for more than 26 people
- The Government and other agencies will benefit from various taxes, fees and commissions that will be paid to the Treasury etc. by this Company.

6 OPPORTUNITY DRIVERS

6.1 Increased demand of motor bikes in Tanzania and EAC countries

Tanzania now is witnessing the tremendous developments of social and economic among EAC citizens who have recently shifted from using bicycles as means of transport to useful means of motor bikes. But also existence of unmitigated supply gap of these products in EAC.

6.2 Government Policy

The Government of Tanzania has made the policy that intends to improve and promote Manufacturing Industry. This sector employs many people and it is a key driver towards transforming and developing the national economy.

6.3 Government Incentives package

In 1997 Tanzania Government enacted Investment law that offers and guaranteed reasonable incentives to both local and foreign investors.

7 Analysis of Strengths, Weaknesses, Opportunity and Threats

Table below present the analysis of the company's Strengths, Weaknesses, Opportunities and Threats (SWOTS)

Strengths <ul style="list-style-type: none">▪ It has a strong equity financing▪ Strong management and well paid personnel▪ Has a will to expand▪ Access to reliable high technology	Weaknesses <ul style="list-style-type: none">▪ Not yet emphasize on the marketing
Opportunities <ul style="list-style-type: none">▪ Good government suitable facilitative policy▪ Raising investments real estate sector	Threats <ul style="list-style-type: none">▪ Unawareness of the new entrants in the Industry in the same location▪ Increment of inflation▪ Presence of fake suppliers of the same products.

The company has prepared for the action plans by doing the following:

1. In future if needs arises the Company may seek more funds from bank to expand this project.
2. The company will employ expatriates for marketing of its products/services and develop marketing plan.

8 Marketing Information

8.2 Marketing Strategy

8.2.1 Overview

The success of PETLANG MOTORS LIMITED will be achieved by providing high quality products, providing friendly service and employing an aggressive marketing plan to build customer traffic. Today's market requires more than just products and service to make a PETLANG MOTORS LIMITED successful. PETLANG MOTORS LIMITED will constantly strive to enthusiastically win more customers by being proactive rather than reactive in our marketing efforts.

Management will endeavour to create and maintain a positive, appealing image for the customers. This image will be consistently portrayed throughout all marketing channels and sales promotions. The following exemplifies some of the tactics we will use to drive more sales.

8.2.2 Customer Database

PETLANG MOTORS LIMITED will seek to build a database of Customers. Customers will have an opportunity to be included in the database so they can participate in sales promotions such as birthday or anniversary cards; email notification of upcoming specials; coupons; etc. The database will be gathered and maintained on special software PETLANG MOTORS LIMITED will gather names in a variety of manners including staff requests; business card drop for free lunch; guests' sign up book with promotional signage; menu insert promotion; etc

8.2.3 Advertising

PETLANG MOTORS LIMITED will adopt an aggressive advertising strategy. Outdoor signage for PETLANG Ltd will describe outdoor and changeable copy advertisement and elaborate design signage depends upon lease space restrictions; designed within allowable limits to achieve maximum exposure.

PETLANG MOTORS LIMITED will utilize both traditional non-traditional methods of advertising. Management's viewpoint on advertising is state in your own words, the philosophy PETLANG MOTORS LIMITED will adopt towards the use of traditional advertising such as radio, newspaper, billboards or television.

8.2.4 Costing and Pricing

The costing and pricing is done by the management of PETLANG MOTORS LIMITED. The costing takes into consideration various aspects depending on the cost which has already been incurred, inflation factor and Operating costs. The project promoters of the company are in business for long time i.e. they are business oriented personnel.

8.2.5 Customers

PETLANG MOTORS LIMITED is targeting to all regions in Tanzania. Sales team of the company is being formed and it is planned to set up branches in some relatively large cities such as Moshi, Morogoro, Dodoma, Arusha, Mwanza, Mbeya and so on. With efforts to be taken, company will develop more agents all around Tanzania

8.2.6 Products

As it has been explained in preamble chapters, PETLANG MOTORS LIMITED will set project which will be indulging in realizing motorcycle and tri-cycle production and assembling with engine emission from 50CC to 250CC. The business model provided is to be wholesale and retailing on the competitive manner.

8.2 Marketing Plan

The company has both short term and long-term marketing plan:

The short term marketing plan includes:

- Participating in business show case exhibitions
- Building sustainable long-term relationship with client
- Training of sales staff sales and Marketing.

Long Term Plans includes:

- Join to the network of assembling companies to market to exploit more business opportunities
- Investing Market Research and Development

9 Management & Administration

9.2 Management

The management team of PETLANG MOTORS LIMITED planned to be constituted by the following management team:-

9.2.1 Board of Directors

PETLANG MOTORS LIMITED shall be managed by the board of Directors which is the apex body for strategic decision making of the project. Directors of the Company are the ones who having shares in PETLANG MOTORS LIMITED, The Company which shall manage this project.

9.2.2 General Manager

Immediate after Board of Director the shall be a General Manager who will be responsible to take care of mater pertaining operation and managing daily activities of the project as well as other staffs welfares and report them to the board of directors.

9.2.3 Production Manager

Production Manager will be employed who expected to have an extensive background in the electricity manufacturing industry. As the production Manager will be directly responsible for all production functions including manufacturing all types of motorcycle equipments related products, maintenance of quality standards of the products; training of employees in methods of producing these products, etc.

Under production manager there shall be reasonable number of technical staffs who will be involved in daily production within this project.

9.2.4 Accountant/cash

An accountant will be employed who expected to have good experience in accounting system as well as he will be responsible in managing cash of PETLANG MOTORS LIMITED but also keeping books of accounts properly.

9.2.5 Management Agreements

Management Agreements will be executed between PETLANG MOTORS LIMITED and other team managers. The purpose of these agreements is to define the expectations of both parties, establish an incentive structure, and define the grounds under which the agreement may be terminated.

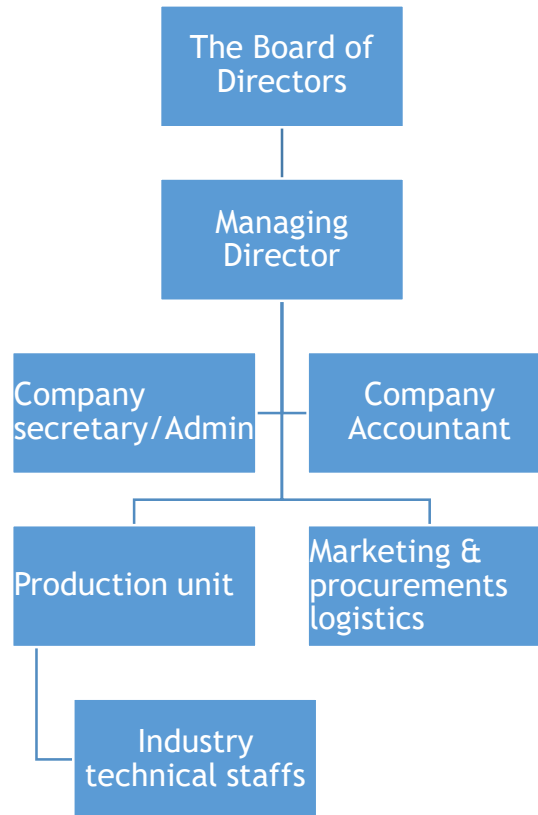
9.2.6 Confidentiality Agreements

PETLANG MOTORS LIMITED will enforce that all employees sign a confidentiality agreement. Confidentiality agreements with our employees and partners will protect our products, operating systems, policies and procedures. Having a

confidentiality agreement in place is essential to protect the company's trade secrets, and show our employees that we take our business seriously.

9.1.7 Organization Structure

The management of PETLANG MOTORS LIMITED is planning to have the following organization structure.



PETLANG MOTORS LIMITED FINANCIAL STATEMENTS PROJECTION

PETLANG MOTORS LIMITED					
Projected Income Statement					
For Five Years of Operations					
	2023	2024	2025	2026	2027

	\$	\$	\$	\$	\$
SALES	1,950,000	2,274,000	2,424,000	2,453,088	2,482,525
				-	-
COST OF SALES	1,235,000	1,416,260	1,489,760	1,507,637	1,525,729
				-	-
GROSS MARGIN	715,000	857,740	934,240	945,451	956,796
OPERATING COSTS				-	-
Advertising	17,000	18,700	20,570	20,817	21,067
Automotive	12,000	13,200	14,520	14,694	14,871
Bank charges	61,400	67,540	74,294	75,186	76,088
Business taxes	92,000	101,200	111,320	112,656	114,008
Casual wages	19,000	20,900	22,990	23,266	23,545
Depreciation	67,500	67,500	67,500	68,310	69,130
Dues, licenses and fees	25,000	27,500	30,250	30,613	30,980
Insurance	18,000	19,800	21,780	22,041	22,306
Interest on long-term debt	6,683	4,867	2,995	3,031	3,068
Management salaries	2,140	2,140	2,140	2,166	2,192
Miscellaneous expenses	16,000	17,600	19,360	19,592	19,827
Office costs	15,000	16,500	18,150	18,368	18,588
Postage	13,000	14,300	15,730	15,919	16,110
Professional fees	18,000	19,800	21,780	22,041	22,306
Property taxes	8,000	8,800	9,680	9,796	9,914
Repairs and maintenance	26,000	28,600	31,460	31,838	32,220
Rent	6,000	6,600	7,260	7,347	7,435
Salaries and benefits	215,160	219,463	223,852	226,539	229,257
Telephone	6,200	6,820	7,502	7,592	7,683
Utilities	24,500	26,950	29,645	30,001	30,361
	668,583	708,780	752,779	761,812	770,954
				-	-
INCOME BEFORE TAXES	46,417	148,960	181,461	183,639	185,843
				-	-
INCOME TAXES	(13,925)	(44,688)	(54,438)	(55,092)	(55,753)
				-	-
NET INCOME	32,492	104,272	127,023	128,547	130,090

PETLANG MOTORS LIMITED						
PROJECTED BALANCE SHEET						
	Opening	2023	2024	2025	2026	2027
	\$	\$	\$	\$	\$	\$

ASSETS						
CURRENT						
Cash	150,000	202,263	338,989	478,501	535,921	600,231
Accounts receivable		81,250	94,750	101,000	113,120	126,694
Inventory						
Other assets						
Total	150,000	283,513	433,739	579,501	649,041	726,925
CAPITAL ASSETS						
Land						
Building	50,000	50,000	50,000	50,000	56,000	62,720
Equipment	44,000	44,000	44,000	44,000	49,280	55,194
Furniture and fixtures	50,000	50,000	50,000	50,000	56,000	62,720
Leasehold improvements	3,000	3,000	3,000	3,000	3,360	3,763
Computer equipment	150,000	150,000	150,000	150,000	168,000	188,160
Auto/equipment	50,000	50,000	50,000	50,000	56,000	62,720
Other	3,000	3,000	3,000	3,000	3,360	3,763
Total	350,000	350,000	350,000	350,000	392,000	439,040
Acc/depreciation	-	(67,500)	(135,000)	(202,500)	(226,800)	(254,016)
	350,000	282,500	215,000	147,500	165,200	185,024
Total	5,000,000	566,013	648,739	727,001	814,241	911,949
LIABILITIES						
CURRENT						
Accounts payable		79,316	88,543	93,439	104,652	117,210
Income taxes payable		13,925	44,688	54,438	60,971	68,288
long-term debt	59,720	61,536	63,408	65,336	73,177	81,958
Total	59,720	154,777	196,639	213,214	238,800	267,456
LONG-TERM DEBT						
Long-term loan	250,000	190,280	128,744	65,336	73,177	81,958
Less current portion	(59,720)	(61,536)	(63,408)	(65,336)	(73,177)	(81,958)
	190,280	128,744	65,336	0	0	0
Total	250,000	283,521	261,976	213,214	238,800	267,456
OWNER'S EQUITY						
Cash	250,000	250,000	250,000	250,000	280,000	313,600
Contributed asset	0	0	0	0	0	0
Accumulated earnings	0	32,492	136,764	263,787	295,441	330,894
	250,000	282,492	386,764	513,787	575,441	644,494
Total	5,000,000	566,013	648,739	727,001	814,241	911,949

PETLANG MOTORS LIMITED

PROJECTED STATEMENT OF CASH FLOWS

For Five Years Ending

	2023	2024	2025	2026	2027
	\$	\$	\$	\$	\$
CASH PROVIDED BY THE FOLLOWING ACTIVITIES					
OPERATING					
Net earnings	32,492	104,272	127,023	142,265.70	159,337.58
Depreciation	67,500	67,500	67,500	75,600.00	84,672.00
Total	99,992	171,772	194,523	217,865.70	244,009.58
Changes in working capital accounts					
Accounts receivable	(81,250)	(13,500)	(6,250)	(7,000.00)	(7,840.00)
Inventory	-	-	-	-	-
Other assets	-	-	-	-	-
Accounts payable	79,316	9,227	4,896	5,483.27	6,141.26
Income taxes payable	13,925	30,763	9,750	10,920.48	12,230.93
Total	111,983	198,262	202,919	227,269.44	254,541.77
FINANCING					
Repayment of long-term loan	(59,720)	(61,536)	(63,408)	(71,016.73)	(79,538.74)
CHANGE IN CASH					
	52,263	136,726	139,511	156,252.71	175,003.04
CASH, BEGINNING OF YEAR					
	150,000	202,263	338,989	379,667.86	425,228.01
CASH, END OF YEAR					
	202,263	338,989	478,501	535,920.57	600,231.04

OPERATING COSTS					
	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027
	\$	\$	\$	\$	\$

Advertising	17,000	18,700	20,570	23,038	25,803
Automotive	12,000	13,200	14,520	16,262	18,214
Bank charges	61,400	67,540	74,294	83,209	93,194
Business taxes	92,000	101,200	111,320	124,678	139,640
Casual wages	19,000	20,900	22,990	25,749	28,839
Dues, licenses and fees	25,000	27,500	30,250	33,880	37,946
Insurance	18,000	19,800	21,780	24,394	27,321
Miscellaneous expenses	16,000	17,600	19,360	21,683	24,285
Office costs	15,000	16,500	18,150	20,328	22,767
Postage	13,000	14,300	15,730	17,618	19,732
Professional fees	18,000	19,800	21,780	24,394	27,321
Property taxes	8,000	8,800	9,680	10,842	12,143
Repairs and maintenance	26,000	28,600	31,460	35,235	39,463
Rent	6,000	6,600	7,260	8,131	9,107
Telephone	6,200	6,820	7,502	8,402	9,411
Utilities	24,500	26,950	29,645	33,202	37,187
Total	377,100	414,810	456,291	511,046	572,371

Salaries & Wages							
		Annual Salary:					
		Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	
General salaries and benefits:							
<u>Position:</u>	<u>Name:</u>						
<u>Directors</u>	2	60,000	61,200	62,424	63,672	64,946	
<u>Mangers</u>	2	24,000	24,480	24,970	25,469	25,978	
<u>Operation staffs</u>	13	93,600	95,472	97,381	99,329	101,316	
<u>Clerck</u>	3	10,800	11,016	11,236	11,461	11,690	
<u>watchmen</u>	4	7,200	7,344	7,491	7,641	7,794	
Total	24				-	-	
		195,600	199,512	203,502	207,572	211,724	
	Estimated benefits (10%)	19,560	19,951	20,350	20,757	21,172	
	Total salaries and benefits	215,160	219,463	223,852	228,330	232,896	
<u>Position:</u>	<u>Name:</u>				-	-	
<u>Project Manager</u>	1	1,000	1,000	1,000	1,020	1,040	
<u>Marketing</u>	1	1,000	1,000	1,000	1,020	1,040	
					-	-	
					-	-	
		2,000	2,000	2,000	2,040	2,081	
	Estimated benefits (7%)	140	140	140	143	146	
	Total management salaries	2,140	2,140	2,140	2,183	2,226	
					-	-	
	Total salaries	217,300	221,603	225,992	230,512	235,123	

COST INVESTMENT STRUCTURE \$	
Current assets	
Working capital	1,500,000
Opening inventory	
Other	0
Sub Total	1,500,000
Property and equipment	
Land	0
Building	500,000
Equipment	440,000
Furniture and fixtures	500,000
Leasehold improvements	30,000
Plant & Machines	1,500,000
Motor Vehicles	500,000
Pre-operating	30,000
	3,500,000
Total assets	5,000,000
Financing	\$
Long-term liabilities	
Long-term loan	2,500,000
Owner's equity	
Cash	2,500,000
Contributed asset value	-
Total	5,000,000

Depreciation rates:				
Depreciation will be calculated by the straight-line method				
at the following rates:				
			<u>Depreciation</u>	
Land	0%		-	
Building	5%		2,500	
Equipment	20%		8,800	
Furniture and fixtures	20%		10,000	
Leasehold improvements	20%		600	
Plant & Machines	20%		30,000	
Motor Vehicles	30%		15,000	
pre operating	20%		600	
	Total		67,500	

3 Conclusion

- Revenue will be contributed to the Government through various taxes.
- The project will offer continuous direct employment to 26 people and create other indirect employment to other people.
- The company looks technically feasible and financially viable. It is therefore recommended that the project be supported.