

**MAGODA BAMBOO COMPANY LIMITED**

**BAMBOO PROJECT**

**BUSINESS PLAN**



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# EXECUTIVE SUMMARY

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Bamboo is a tree which has short growth rotation and provides canes with mechanical advantages, making it a source of raw materials other than wood for the manufacture of various end products. Since 1960's bamboo has been grown worldwide, environmentalists proposed bamboo farming as an alternative way to offset carbon emission from urbanization and industrialization.

80% of Tanzanians are depending on agricultural activities, with continuous deforestation, in the near future majority of Tanzanians will neither be able to engage themselves in agricultural activities due to climate change nor afford high price of wood which is becoming increasingly scarce and have become as expensive as steel. This scarcity led into research activities on various non – wood based plants and agricultural residues for production of bio composited materials that can supplement wood and it was found that bamboo is one among the few.

In Tanzania, there are several bamboo species helping reforestation and conservation of natural forests meant for producing composite panel boards. These species are (arundinaria alpine, bambusa vulgaris, oxytenantherabraunii and oreobambosbuchwaldii).

Knowing that bamboo is one of the few non-wood plant of the grass family growing faster with a growth rate of **30%** than the fastest growing tree, **MAGODA BAMBOO COMPANY LIMITED** sees environmental and economic value of bamboo as wood substitute which could help in environmental conservation as well as creating new industry and job opportunities in Tanzania.

This project plan aims at obtaining financial assistance for the acquisition of **bamboo plantations, bamboo treating plants** and **bamboo workshops** in Tanga, Morogoro, Mbeya, Tabora, Kigoma and Mwanza catering all zones in Tanzania with 5 years of operation.

Under the most conservative scenarios, this project has the projected average profit of **\$ 22,998.75** yearly.

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## **1 COMPANY OVERVIEW**

### **1.1 Company Summary**

Magoda Bamboo Company Limited is Tanzanian based company. The company aim at performing an acquisition of bamboo plantations (land and bamboo tree), concentrating on managing and growing bamboo trees for bamboo products while fighting against poverty in local areas by creating new industry and employment opportunities.

This project will consist of three components:

- i) Bamboo Treatment plants
- ii) Bamboo workshops
- iii) Bamboo plantations

#### **1.1.1 Bamboo Treatment Plants**

The traditional way of soaking in water, using mature bamboo or drying did not suffice, for the better designing concept we need efficient high – tech technique for bamboo treatment. We need an efficient plant as and well-trained personnel to operate it and produce strong bamboo culms taking care of the common termite and powder beetle problem.

The complete plant comprises of treatment cylinder, M.S. base frame for mounting pressure vessel, underground type storage cum mixing tank, skid for mounting vacuum chest, water ring type vacuum pump, water separator, transfer pump set, pressure pump set, manually lever operated valves, pipelines, control board, local indication instruments etc.

TREATMENT PLANT SIZE : 1.07 m. (3'-6") diameter, 6.7m. (22') long Test pressure of pressure vessel: 21 kg/cm<sup>2</sup> Door lock arrangement : wedge type

#### **1.1.2 Bamboo Workshops**

These workshops will provide theoretical and practical understanding of working with bamboo. To attract individuals and groups to engage into this, we will provide free training on how to design and enable participants to learn various techniques like cutting, splitting, drilling, and making strips out of bamboo, weaving, dyeing, and making small objects and other bamboo made products.

#### **1.1.3 Bamboo Plantations**

These are the backbone to the whole project. Bamboo plant have to be planted and grow to a mature size. Land to plant Bamboo has to be made available either by leasing or buy from locals/ authorities for the the named purpose. These planations are recommended to be closer to the treatment plant and workshops to have an all-in-one unit. This will save transportation charges and of course speed up treatment and product production time.

## **1.2 Company Ownership**

This project will be owned and operated by Magoda Bamboo Company Limited as per company's memorandum and article of association.

## **1.3 Company Location**

MAGODA BAMBOO COMPANY LIMITED, Off- Shekilango Road, Mori Street Plot No. 9/47, P.O Box 31086 Dar es Salaam. Fax +255 22 270 2032, Tel: +255 22 2771622. Key Contact: Mr. Salum Mshamu +255 685 374 489

## **1.4 Objectives**

- Investing in the acquisition of bamboo plantation in Tanga, Morogoro, Mbeya and Mwanza and Treating bamboo plants
- Designing and implementing an efficient bamboo forest management Plan
- Harvest, treat, process and eventually use bamboo tree to make furniture and other end products as the substitute to the wood products
- Share bamboo project investment by allowing groups of people to buy bamboo culms in the company.

## **1.5 Vision**

Magoda Bamboo Company Limited has a vision to be the leading Bamboo dealer in East Africa. Having owned plantations, processing and treatment plants, production workshops, sky will be the limit considering timber grown takes longer and expensive, Bamboo products will replace with cost effect products. Opening doors to employment, training skills to the workers will be the benefits and contribution to environmental conservation, agricultural sector plus economy.

## **1.6 Mission**

Magoda Bamboo Company Limited will provide exotic bamboo products and provide high quality bamboo treatment services to other individuals and groups who engage themselves in bamboo end-products manufacturing.

## **1.7 Keys to success**

Primarily key success for this project will be based on the following factors:

- Application of advanced bamboo forestation techniques
- Proper land selection for bamboo plantations
- High tech bamboo treatment plants and well-equipped bamboo workshops
- Low cost of growing bamboo tree with short time growth rate
- Quality bamboo products with low price rate substituting wood product which are more expensive.

## 2 SERVICE OVERVIEW

### 2.1 Product and Services

Magoda Bamboo Company Limited will manage the Bamboo Forest and will be utilizing experts and best field professionals to design and implement its own bamboo management plan and maintain all of its plantations. Bamboo trees to be used in the production of all varieties of Bamboo products including furniture such as desks, chairs, beds, doors, stools and many more, hence the services will base on planting bamboo trees, harvestings and processing in workshops to give high quality

### 2.2 Environmental Conservation

Saving the planet from overpopulation, global warming and deforestation we need positive changes in living habits. Bamboo tree as one of grass species will save the planet once used as a renewable resource and one of the soil erosion protectors. Bamboo due to its amazing growth rate of more than 30% compared to other woods (plants) it helps to absorb greenhouse gases where it absorbs carbon dioxide and release 35% of oxygen than other stand of hardwood trees to the atmosphere. Today we see large machines used to harvest and load hardwoods using fossil fuels, bamboo harvest can be done by hand or small chain saw, hence less fossils fuel which release carbon. This project will save the environment since bamboo rhizome mat does not die and decay after 5 years and it has 90% of its biomass stored in culms and rhizome.

### 2.3 Bamboo Treatment and Workshop Management

The company is to ensure the bamboo project improves stability for the impoverished communities. As the project's popularity grows, it will offer other stakeholders and creative people the opportunity to come up with new ideas in manufacturing bamboo products. The company will offer its treatment plant and workshop services to individuals and groups who will be willing to expand and make it a sustainable way of living. Typical Bamboo forest and Trees are shown in Figure 1 and Figure 2 respectively.



**Figure 1: Typical Bamboo Forest**



**Figure 2: Typical Bamboo Trees**

## **2.4 The Plantations**

The Bamboo project will be made successful after the company understands and undertakes various basic processes in running the plantations. These processes involved include land acquisition, land acquiring, site preparation, planting seedlings and proper farm maintenance. This implies the company will have to receive training from experts already dealing with the growth of Bamboo.

### **2.4.1 Land Selection and Acquisition**

The selected Land will have soils rich in organic matter, supplied by natural water sources and good drainage. Soil texture is an important factor when selecting bamboo farm, plantations will be located on those places where there is high sand content (sandy Loam, Black, Loose, Alluvial and Volcanic ash. Tropical warm temperate climatic condition is the most decisive factor in acquiring land for bamboo farm with preferable temperatures under 15°C (This depends on species).

### **2.4.2 Site preparation**

Acquired land will be preserved or prepared for propagation/planting; there are three methods of soil preparation, overall preparation, strip preparation and pit preparation, burning will be easiest way in case dense grasses and shrubs cover the afforestation site. Water system/channels to the plantation will be prepared, housing and facilities for the onsite caretakers as well as long term maintenance plan will be put in place.

### **2.4.3 Farm Maintenance**

This phase until harvest includes understanding how and why bamboo spreads, recognizing where and when to wield the spade and loppers, root pruning, taking care of new plants, keeping mulch on the roots and rhizomes and proper pruning techniques avoiding bamboo running rampant. Also maintenance will keep the area safe from grazing activities, theft and other invaders.

### **2.4.4 Propagation and Planting**

An adequate water supply is recommended for bamboo farming; propagation will be done through culms cuttings or rhizomes and also can be propagated through seed (bamboo seeds are rare to find) usually bamboo takes 40-80 years to flower and seed and after that it dies. One year age bamboo culms with roots will be dug and cut to one meter height and planted in rainy seasons. Propagation with open culm is divided into; (Planting of parent culm, Growth of new roots on parent culm, Growth of new culm, rooting and tilling). If propagated through rhizomes, extra care will be taken while planting and the vegetative propagation method will be practiced.

#### **2.4.5 Planting and Spacing**

For better yield, pits size of 60\*60 cm and propagation/planting will be at a distance of 5\*4 meter (depending on the species and size). One acre should accommodate at least 200 bamboos. However this depend on the species, soil and climate, in higher densities closer spacing are suitable for smaller-sized bamboos, and lower densities more spaced out are suitable for larger-sized bamboos. We will ensure that there is enough light, space, soil moisture and nutrients in all the farms.

#### **2.4.6 Growth Cycle**

Within three to four months growing season, bamboo being the fasted growing plant can reach its full height and width compared to trees and other woody materials. Growth cycle is dependent on soil, climatic condition and species, usually growth rate for commonly cultivated bamboos in temperate climates is in range of 3 – 10 cm equivalent to 1.2 – 3.9 inch per day. At age of 3 to 7 depending on species bamboos considered to be matured.

#### **2.4.7 Harvesting**

Harvesting bamboos is less costly compared to other hard wood harvesting cost which needs a stronger cash flow. Knowing that new culm shoots during wet seasons, it is not advisable to harvest this time, each culm goes through 5 – 7 Years life cycle and is harvested from at least 2 – 3 years to 5 – 7 Years of age. Also it is recommended to harvest daytime during dawn or dusk since photosynthesis is at its peak during the heat of the day, sap levels are highest, making harvesting more difficult.

#### **2.5 Licensing and Environmental Conversation**

Bamboos can be harvested without killing the plant hence reduces carbon and avoiding soil erosion. With growing a green future, the Tanzanian government will easily offer the land title deed to make this project a success. This project is locally based, environmental friendly (protects natural forests harvesting being a substitute), creates employment and finally products that will be locally based. The current government empowers and supports local products, hence this project should receive all recommendations and support from the governments, local authorities and villagers. Usually it will take 10 to 12 months to get title deed for the plantation. However this will not stop farming activities and other operation to run in parallel

### **3 MARKET PLAN**

#### **3.1 Market Analysis Summary**

A bamboo being a wood substitute gives it an opportunity to be one of high – demand commodity for furniture, accessories, charcoal – biochar, fuel and other products. More regulations on reducing deforestation will also increase bamboo demand rate. Magoda Bamboo Company Limited expect to extend its market on culms treatment and training facilities in its workshops.

Main targeted market is in Tanzania with a potential marketing area all over the country. The company will cover over **20,000,000** market size, ensuring to cover potential market size of **1,000,000** being 5% of the total actual size.

#### **3.2 Market Segmentation**

With proper training, quality service and products the company will attract more customers while focusing on mentioned components. The company will segment its market into;

##### **3.2.1 Geographical Segregation**

The company will segment its market basing on our customer location and preferences. There will be six zones targeted namely, Coast zone covering (Morogoro, Dar es Salaam, Pwani, Lindi, Mtwara and Tanga), Lake zone covering (Mwanza, Geita, Kagera, Mara), North Zone (Arusha, Kilimanjaro, Manyara, Simiyu), South Zone (Mbeya, Ruvuma, Iringa, Rukwa), Central Zone (Dodoma, Singida, Tabora, Shinyanga), West zone (Kigoma).

##### **3.2.2 Demographical Segmentation**

Magoda Bamboo Company will divide the market into; Age, Gender, Family size, Income, Occupation and Education level.

#### **3.3 Target Market Strategy**

The target market will no be limited but all, It is our mission and vision that all Tanzanians to enjoy the porducts being affordable and it will satisfy those not being able to afford timber or metal fabricate furniture such as sofa sets, beds, wardrobe and much more. Most Tanzanias especially in the rural area may not afford usually timber beds and sleep on marts just because of affordability. The ranges of prices would motivate lower in come individuals to afford the Bamboo products.

### **3.4 Market Needs**

Every Tanzanian needs good products for less. There has been scarcity of local based products such as furniture and everything just has to come from abroad such as China. Mindset of Tanzanians has to be changed so they praise and consume local products. The market demands very good quality at cheap price. Current local carpenters working with timber face such challenges, keep up with quality of standards and hence we find those who can afford, will pay extra for quality and those who don't have will compromise quality because of affordability. Bamboo products will revolutionise the Market trend as quality will be ensured to be top notch and prices will be very competitive to be affordable by all Tanzanians.

### **3.5 Industrial Analysis**

In industrial analysis, the competitive forces reveal that competition extends beyond current competitors. Customers, suppliers, substitutes and potential entrants collectively referred to as an extended rivalry are competitors to companies within an industry.

#### **3.5.1 Customers**

The Bamboo industry has not yet been dominated and customers always like to get something new and unique with very high quality and the key factor is prices. When prices are higher few customers will purchase the Bamboo products, else the majority will. It will be an exciting experience even those customers that never dreamed to sleep on a bed, their dream will come true. Customers will like the new unique products because they are nowhere in the market.

#### **3.5.2 Suppliers**

As currently there are no known Bamboo products manufacturing, there are no suppliers in country and no importers importing Bamboo products from abroad. This implies that Magoda Bamboo Company limited will be the only supplier and to be more effectively introduce agents in areas where demands are present and no workshop. Distribution network will be made more feasible with upcoming demand before and as ongoing marketing progress.

#### **3.5.3 Competitors**

Magoda Bamboo Company limited will be the only grower, processor and producer of Bamboo base products. In the first years as the business grows, competitors will start to emerge, as most Tanzanians have the habit to imitate others ideas, it is a good thing but can drop Magoda Bamboo Company's business. It will be a good and mandatory idea to have patent to protect the product and design of products from Magoda Bamboo Company limited so that on any other local manufacturer can emerge to imitate, copy and produce similar products using the patent of Magoda Bamboo Company Limited.

### 3.6 Marketing Strategy

#### 3.6.1 Competitive Advantage

Magoda Bamboo Company Limited initially expects on competition in the growing, processing and producing unique and stylish Bamboo based products. This is because no other company or individual is doing the same for consumers to note and appreciate. A Bamboo product was found to be weak and cheap to use internal furniture and so on, the best it just cut into shorter pieces and used as decorations in flower pots. The best competitor is price and of course the mindset, but Magoda Bamboo Company Limited will make sure to produce well designed Bamboo products to be appreciated but all ranges of customers and will definitely compete with other imported products and locally based timber products. Timber is also becoming very scarce and indeed very expensive to a point no one can afford, and if one affords, special permits are required with is also very time consuming.

#### 3.6.2 Sales and Marketing Strategy

Sales will be directly at workshops and designated showroom and displays. Major events such as trade fairs will market sales where consumers will get to see and feel the products. Promotion to trigger sales, products will be distributed to furniture dealers as well as Magoda Bamboo Company Limited sales centres. When demand increases as anticipated, authorized dealers will be engaged to project sales. Advertising and promotional marketing will also project sales to a higher level.



Figure 3: Sales and Marketing Strategy

## 4 OPERATIONAL PLAN

### 4.1 Location

The location will be the centre to Bamboo plantations and Bamboo products processing workshops. The location will be the centre for localized sales. Other sales centre will be supplied with Bamboo products from the local workshop for selling these products to customers in need and not close to the workshop. Figure 4 illustrates the entities in the operational plan within a given location.



Figure 4: Location Operational Plan

### 4.2 Legal Environment

Magoda Bamboo Company Limited will operate on legal environment to safeguard interested of all parties. Operating illegally will cause serious problems especially where land matters are involved. When land is leased or purchased for the purpose of plantation the environment has to be for that purpose and nothing else. Workshops should be placed to operate with less environmental pollution.

### 4.3 Management Summary

Magoda Bamboo Company Limited Management is summarized having a CEO, Finance Manager, Operations Manager, Planning Manager, Sales Manager, Human Resources Manager, Marketing Manager and Productions Manager. The management is summarized in the organizational chart shown in Figure 5.

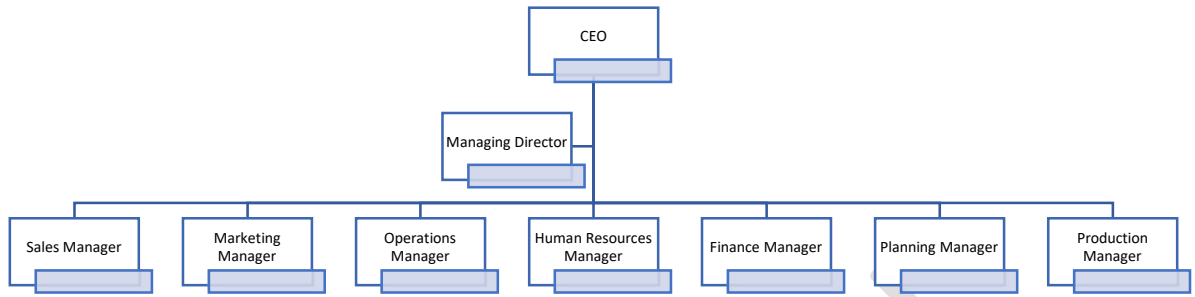


Figure 5: Magoda Bamboo Company Limited - Management Summary

#### 4.4 Organizational Structure

The organizational structure for the proposed Bamboo Project is shown in below.

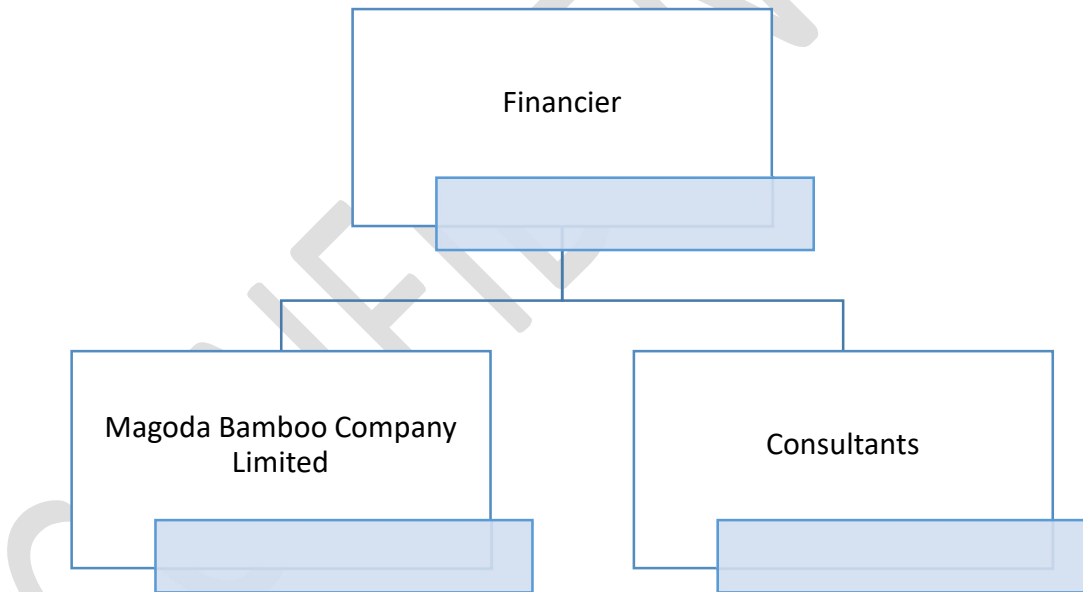


Figure 6: Organizational Structure

**5 FINANCIAL PLAN**

**5.1 Start-up Expenses**

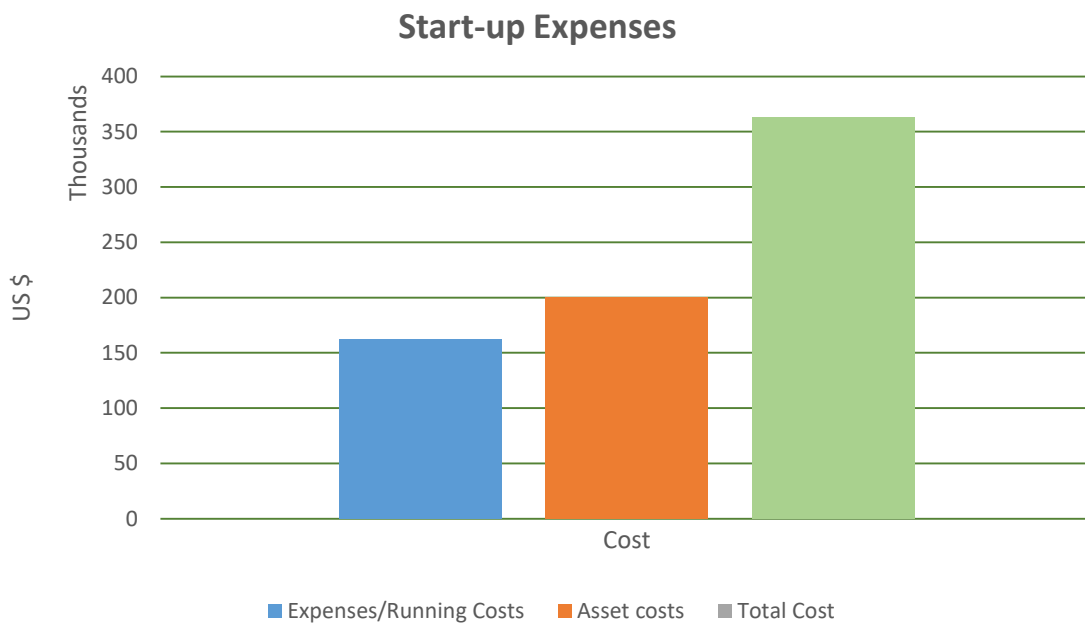
A total of approximately **US\$ 363,033.41** will be needed to secure the project until it is sustainable and able to guarantee its success.

The expected total initial operations costs will be **US\$ 162,585.37** as required for:

- i) Rent
- ii) Licenses
- iii) Legal fees
- iv) Insurance
- v) Statutory taxes
- vi) Sales and marketing
- vii) Advertising and promotion
- viii) Salaries and miscellaneous expenses

The expected assets costs for the project will be **US\$ 200,033.05** as required for:

- i) Plant and machineries
- ii) Generator
- iii) Land
- iv) Vehicles (trucks and other vehicles)
- v) Furniture and fixtures



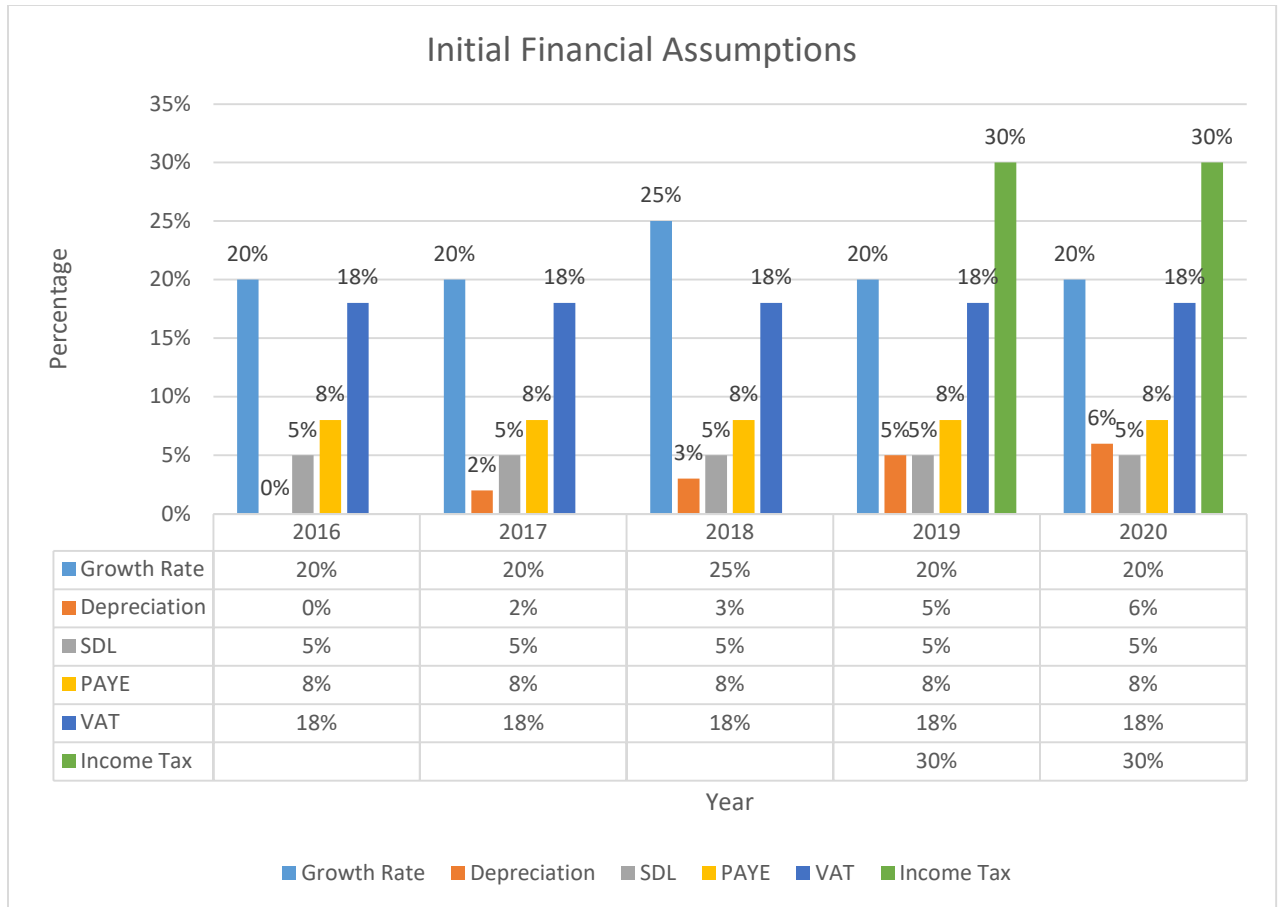
**Figure 7: Start-up Expenses**

<b>START UP EXPENSES</b>	
<b>START UP EXPENSES</b>	<b>US\$</b>
Rent	8,000.00
Licences	15,000.00
Legal fees	5,000.00
Insurance - Asset	8,000.00
Statutory Taxes	12,195.12
Sales & Marketing	8,000.00
Advertising & Promotions	10,000.00
Cash Required - Salaries	88,390.24
Other Expenses	8,000.00
<b>Total Start up Expenses</b>	<b>162,585.37</b>
<b>START UP ASSETS</b>	<b>US\$</b>
Plant and Machinery	108,088.52
Generator 75kVA	17,457.09
Land	24,390.24
Vehicles - Truck	19,000.00
Other vehicles	19,512.20
Furniture & Fixtures	3,000.00
Other Equipments	9,000.00
<b>Total Assets Required</b>	<b>200,448.05</b>
<b>TOTAL START UP FUNDING</b>	<b>363,033.41</b>

Table 1: Start Up Expenses

## 5.2 Financial Assumptions

Overall financial plan depends on the below assumptions. Our revenue growth rate is expected to be at a rate of 20% and change in year 3 to 25% due to expected change in business cycle and aggressive marketing activities. Statutory Taxes - Service Development Levy (**SDL** 5%), Pay As You Earn (PAYE minimum rate 8% of the total payroll), Value Added Tax (**VAT** 18% of the total sale) and income tax 30% of the total profit).



**Figure 8: Initial Financial Assumptions**

### 5.3 Key Financial Indicators

Figure 9 below illustrates the Key financial indicators for the year 2016 – 2020. Our key financial indicators focus on the following:

- i) Sales – We are expecting to have positive change at an average growth of 20% yearly
- ii) Cost of Sale – Average cost of sale will be at rate of 32%
- iii) Marketing Cost – we will ensure total marketing cost will be at average rate of 7% of the total gross profit.
- iv) Administration Costs – We will ensure after 5 years our Admin Costs is less than 30% of the total gross profit. For the first 5 years our rate expected to be at average rate of 35%.
- v) Operating Costs – Expected to be at average rate of 38%

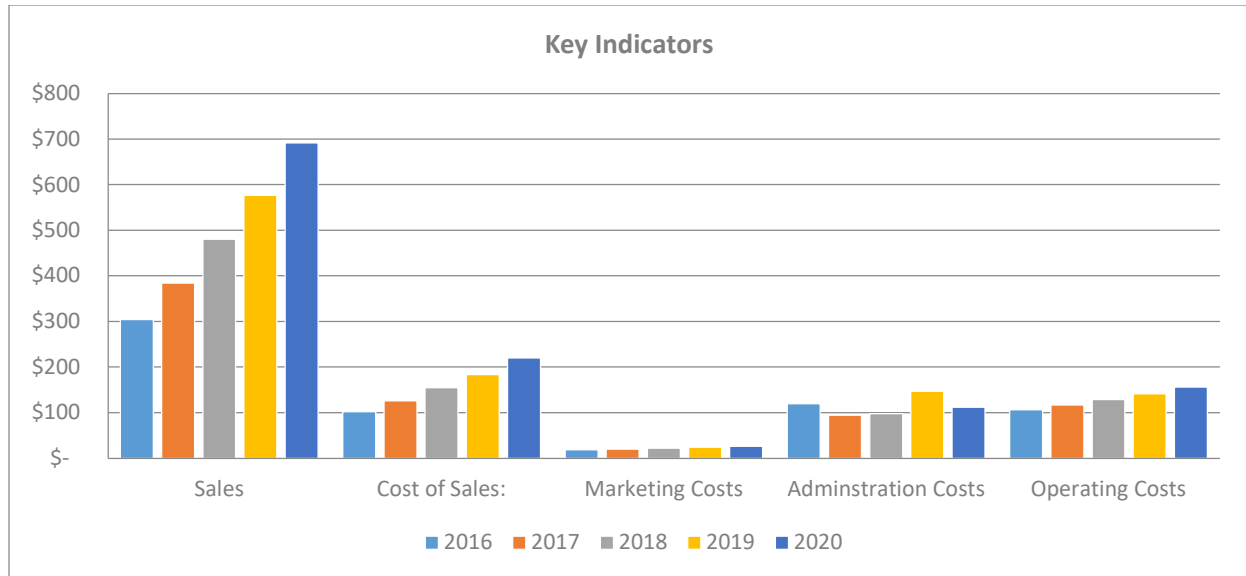


Figure 9: Key Financial Indicators

#### 5.4 Break Even Analysis

Magoda Bamboo Company Limited plans to breakeven in year 3 whereby our total projected cost will be at a rate of **76%** of the total gross profit. **5%** increase in revenue will give us a total sale of **US\$ 480,188.43** with a gross profit of **US\$ 325,698.61**, which is **24%** more of the total cost.

#### 5.5 Projected Cash Flow

Magoda Bamboo Company Limited will sell most of its products on cash basis. Service will utilize 50% advance deposit before the service, hence not expecting to face challenges on cash flow. In year 5 a total receipt of **US\$ 1,206,935** and total payments of **US\$ 609,977** is expected to give us a total cash flow balance of **US\$ 596,957** which is **49%** of the total receipts in year ending 2020. The projected cash flow calculations are included in Appendices A through H.

#### 5.6 Projected Profit and Loss

For the year 2016 and 2017 we will be running a loss of \$ 41K and \$ 5K respectively. After aggressive promotions and advertisements, in year 2018 - 2020 we expect to earn a total profit of **US\$ 328,519**, (**US\$ 30,325.24**, **US\$ 32,158.52** and **US\$ 99,997.16** respectively). With said profit, **40%** will be servicing our capital invested.

<b>MAGODA BAMBOO COMPANY LIMITED</b>					
<b>PROJECTED INCOME STATEMENT</b>					
<b>For the Period from 2016 - 2020</b>					
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Sales:</b>					
Treatment Service Sales	\$ 25,035.26	\$ 49,554.51	\$ 61,943.13	\$ 74,331.76	\$ 89,198.11
Product Sales	\$ 278,830.20	\$ 334,596.24	\$ 418,245.30	\$ 501,894.36	\$ 602,273.23
Bamboo Real Estate Sales	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Sales</b>	<b>\$ 303,865.46</b>	<b>\$ 384,150.74</b>	<b>\$ 480,188.43</b>	<b>\$ 576,226.11</b>	<b>\$ 691,471.34</b>
<b>Cost of Sales:</b>					
Inventory Cost	\$ 91,159.64	\$ 115,245.22	\$ 144,056.53	\$ 172,867.83	\$ 207,441.40
Labour	\$ 10,536.59	\$ 10,329.99	\$ 10,433.29	\$ 10,641.95	\$ 12,238.24
<b>Cost of Sales</b>	<b>\$ 101,696.22</b>	<b>\$ 125,575.21</b>	<b>\$ 154,489.81</b>	<b>\$ 183,509.79</b>	<b>\$ 219,679.65</b>
<b>Gross Profit</b>	<b>\$ 202,169.23</b>	<b>\$ 258,575.53</b>	<b>\$ 325,698.61</b>	<b>\$ 392,716.33</b>	<b>\$ 471,791.69</b>
<b>Marketing &amp; Administrative Expenses</b>					
<b>1. Marketing Costs</b>					
Sales & Marketing	\$ 8,000.00	\$ 8,800.00	\$ 9,680.00	\$ 10,648.00	\$ 11,712.80
Advertising & Promotions	\$ 10,000.00	\$ 11,000.00	\$ 12,100.00	\$ 13,310.00	\$ 14,641.00
<b>Sub-total</b>	<b>\$ 18,000.00</b>	<b>\$ 19,800.00</b>	<b>\$ 21,780.00</b>	<b>\$ 23,958.00</b>	<b>\$ 26,353.80</b>
<b>2. Administrative Costs</b>					
Salaries	\$ 88,390.24	\$ 77,083.39	\$ 80,207.94	\$ 105,567.49	\$ 91,700.08
Skills & Development Levy	\$ 4,419.51	\$ 3,854.17	\$ 4,010.40	\$ 5,278.37	\$ 4,585.00
PAYE - Provision	\$ 7,071.22	\$ 6,166.67	\$ 6,416.64	\$ 8,445.40	\$ 7,336.01
PPF contribution	\$ 7,689.95	\$ 6,706.25	\$ 6,978.09	\$ 9,184.37	\$ 7,977.91
Consultancy - Trainers	\$ 12,000.00	\$ -	\$ -	\$ 18,000.00	\$ -
<b>Sub-total</b>	<b>\$ 119,570.93</b>	<b>\$ 93,810.48</b>	<b>\$ 97,613.06</b>	<b>\$ 146,475.63</b>	<b>\$ 111,598.99</b>
<b>3. Operating Costs</b>					
Rent	\$ 8,000.00	\$ 8,800.00	\$ 9,680.00	\$ 10,648.00	\$ 11,712.80
Licenses	\$ 15,000.00	\$ 16,500.00	\$ 18,150.00	\$ 19,965.00	\$ 21,961.50
Legal Fees	\$ 5,000.00	\$ 5,500.00	\$ 6,050.00	\$ 6,655.00	\$ 7,320.50
Insurance - Asset	\$ 8,000.00	\$ 8,800.00	\$ 9,680.00	\$ 10,648.00	\$ 11,712.80
Statutory Taxes	\$ 12,195.12	\$ 13,414.63	\$ 14,756.10	\$ 16,231.71	\$ 17,854.88
Other Expenses	\$ 8,000.00	\$ 8,800.00	\$ 9,680.00	\$ 10,648.00	\$ 11,712.80
Fuel	\$ 17,560.98	\$ 19,317.07	\$ 21,248.78	\$ 23,373.66	\$ 25,711.02
Recruitment and Training	\$ 6,000.00	\$ 6,600.00	\$ 7,260.00	\$ 7,986.00	\$ 8,784.60
Audit Fee	\$ 10,000.00	\$ 11,000.00	\$ 12,100.00	\$ 13,310.00	\$ 14,641.00
Medical Expenses	\$ 5,000.00	\$ 5,500.00	\$ 6,050.00	\$ 6,655.00	\$ 7,320.50
Communication	\$ 4,000.00	\$ 4,400.00	\$ 4,840.00	\$ 5,324.00	\$ 5,856.40
Travelling Expenses	\$ 3,000.00	\$ 3,300.00	\$ 3,630.00	\$ 3,993.00	\$ 4,392.30
Consultancy	\$ 3,500.00	\$ 3,850.00	\$ 4,235.00	\$ 4,658.50	\$ 5,124.35
Stationery and Office Supplies	\$ 1,000.00	\$ 1,100.00	\$ 1,210.00	\$ 1,331.00	\$ 1,464.10
<b>Sub-total</b>	<b>\$ 106,256.10</b>	<b>\$ 116,881.71</b>	<b>\$ 128,569.88</b>	<b>\$ 141,426.87</b>	<b>\$ 155,569.55</b>
<b>Total Cost</b>	<b>\$ 243,827.02</b>	<b>\$ 230,492.19</b>	<b>\$ 247,962.94</b>	<b>\$ 311,860.50</b>	<b>\$ 293,522.35</b>
<b>Profit before Taxation</b>	<b>\$ (41,657.79)</b>	<b>\$ 28,083.35</b>	<b>\$ 77,735.68</b>	<b>\$ 80,855.83</b>	<b>\$ 178,269.35</b>
Depreciation	\$ -	\$ 33,912.73	\$ 34,413.91	\$ 34,915.08	\$ 35,416.25
<b>Net Profit Before Corporation Tax:</b>	<b>\$ (41,657.79)</b>	<b>\$ (5,829.39)</b>	<b>\$ 43,321.77</b>	<b>\$ 45,940.75</b>	<b>\$ 142,853.09</b>
Income Tax	\$ -	\$ -	\$ 12,996.53	\$ 13,782.22	\$ 42,855.93
<b>Net Profit/Loss After Interest &amp; Tax:</b>	<b>\$ (41,657.79)</b>	<b>\$ (5,829.39)</b>	<b>\$ 30,325.24</b>	<b>\$ 32,158.52</b>	<b>\$ 99,997.16</b>

Table 2: Projected Income Statement

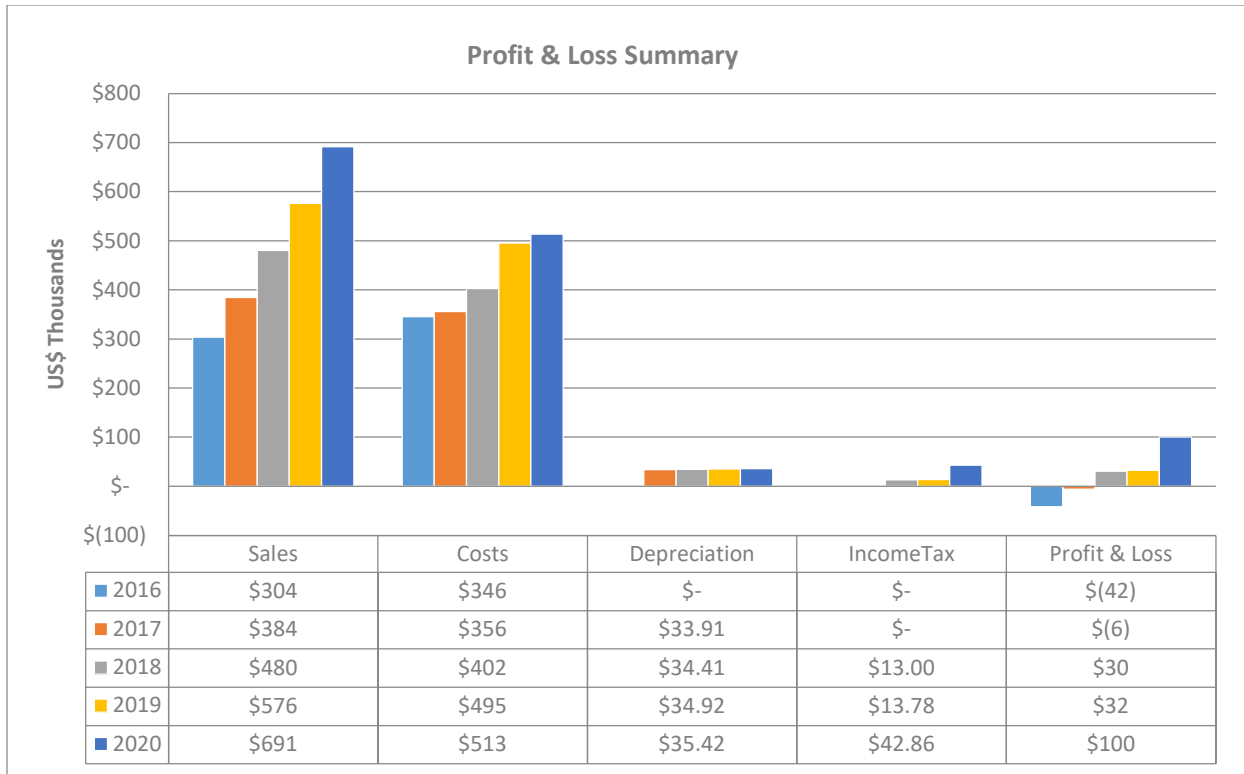


Figure 10: Income Statement Summary

## 5.7 Business Ratios

	2016	2017	2018	2019	2020
<b>Liquidity Analysis Ratios</b>					
Current Ratio	0.52	0.73	0.60	1.02	0.92
Net Working Capital Ratio	-33%	-22%	-30%	1%	-6%
<b>Profitability Analysis Ratios</b>					
Profit Margin	-14%	-2%	6.3%	6%	14%
Gross Margin Ratio	67%	67%	68%	68%	68%
Operating Margin Ratio	-14%	7%	16%	14%	26%
Return on Capital Employed	-1.71	0.34	1.63	0.59	1.77
Cost of Sale Ratio	33%	33%	32%	32%	32%
Marketing Costs	9%	8%	7%	6%	6%
Administration Costs	59%	36%	30%	37%	24%
Operating Costs	53%	45%	39%	36%	33%

Table 3: Business Ratios

## 5.8 Projected Balance sheet

The projects Balance sheet is shown in Table below:

<b>MAGODA BAMBOO COMPANY LIMITED</b>					
<b>BALANCE SHEET</b>					
<b>For the Period from 2016 - 2020</b>					
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>ASSETS:</b>					
Fixed Assets					
Plant and Machinery	\$108,088.52	\$ -	\$108,088.52	\$ -	\$108,088.52
Generator 75KVVA	\$ 17,457.09	\$ 26,185.64	\$ 17,457.09	\$ 20,948.51	\$ 31,422.76
Land	\$ 24,390.24	\$ 36,585.37	\$ 54,878.05	\$ 65,853.66	\$ -
Motor Vehicle	\$ 38,512.20	\$ 38,512.20	\$ -	\$ 19,000.00	\$ -
Furniture & Fixtures	\$ 3,000.00	\$ 4,500.00	\$ 3,000.00	\$ 2,500.00	\$ 3,750.00
Other Equipments	\$ 9,000.00	\$ 10,000.00	\$ 12,000.00	\$ 13,680.00	\$ 15,048.00
<b>Total Non Current Assets</b>	<b>\$200,448.05</b>	<b>\$115,783.20</b>	<b>\$195,423.66</b>	<b>\$ 121,982.17</b>	<b>\$158,309.28</b>
Current Assets					
Trade & Other Receivables	\$110,510.71	\$159,378.19	\$155,338.49	\$ 320,124.76	\$325,452.76
Bank & Cash In hand	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Current Assets</b>	<b>\$110,510.71</b>	<b>\$159,378.19</b>	<b>\$155,338.49</b>	<b>\$ 320,124.76</b>	<b>\$325,452.76</b>
<b>Total Assets</b>	<b>\$310,958.76</b>	<b>\$275,161.39</b>	<b>\$350,762.14</b>	<b>\$ 442,106.93</b>	<b>\$483,762.04</b>
<b>LIABILITIES:</b>					
Non Current Liabilities					
Investment	\$ 72,606.68	\$ 72,606.68	\$ 72,606.68	\$ 72,606.68	\$ 72,606.68
	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Non current Liabilities</b>	<b>\$ 72,606.68</b>	<b>\$ 72,606.68</b>	<b>\$ 72,606.68</b>	<b>\$ 72,606.68</b>	<b>\$ 72,606.68</b>
Current Liabilities					
Trade creditors	\$ 29,500.00	\$ 32,450.00	\$ 35,695.00	\$ 39,264.50	\$ 43,190.95
Audit Fee	\$ 10,000.00	\$ 11,000.00	\$ 12,100.00	\$ 13,310.00	\$ 14,641.00
Salaries	\$ 88,390.24	\$ 77,083.39	\$ 80,207.94	\$ 105,567.49	\$ 91,700.08
SDL	\$ 4,419.51	\$ 3,854.17	\$ 4,010.40	\$ 5,278.37	\$ 4,585.00
PAYE	\$ 7,071.22	\$ 6,166.67	\$ 6,416.64	\$ 8,445.40	\$ 7,336.01
PPF	\$ 7,689.95	\$ 6,706.25	\$ 6,978.09	\$ 9,184.37	\$ 7,977.91
Tax	\$ 66,890.90	\$ 82,561.77	\$114,186.55	\$ 133,734.63	\$185,175.65
	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total current Liabilities</b>	<b>\$213,961.83</b>	<b>\$219,822.25</b>	<b>\$259,594.61</b>	<b>\$ 314,784.77</b>	<b>\$354,606.59</b>
<b>Total Liabilities</b>	<b>\$286,568.51</b>	<b>\$292,428.93</b>	<b>\$332,201.29</b>	<b>\$ 387,391.45</b>	<b>\$427,213.27</b>
<b>EQUITY:</b>					
Capital & Reserves					
Share capital	\$ 24,390.24	\$ 24,390.24	\$ 24,390.24	\$ 24,390.24	\$ 24,390.24
Retained Earnings	\$ -	\$ (41,657.79)	\$ (5,829.39)	\$ 30,325.24	\$ 32,158.52
<b>Total Equity</b>	<b>\$ 24,390.24</b>	<b>\$ (17,267.55)</b>	<b>\$ 18,560.86</b>	<b>\$ 54,715.48</b>	<b>\$ 56,548.77</b>
<b>Total Equity and Liabilities</b>	<b>\$310,958.76</b>	<b>\$275,161.39</b>	<b>\$350,762.14</b>	<b>\$ 442,106.93</b>	<b>\$483,762.04</b>

Table 4: Projected Balance Sheet

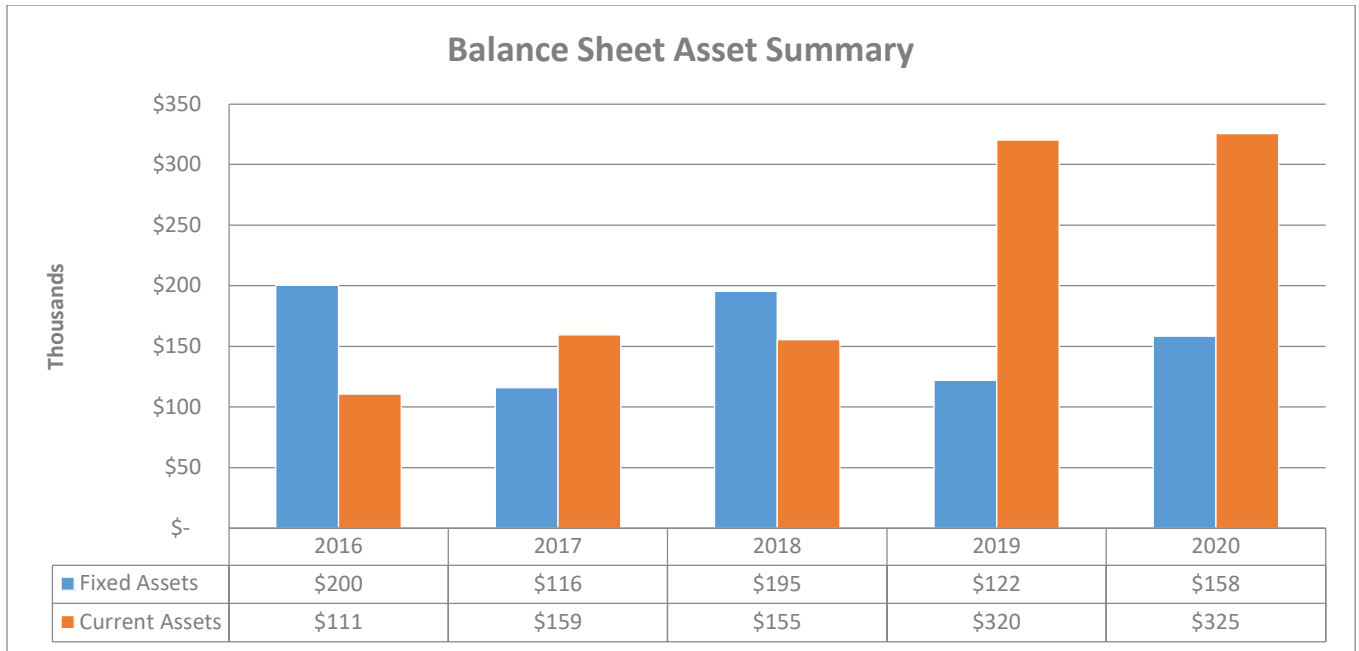


Figure 11: Assets Summary

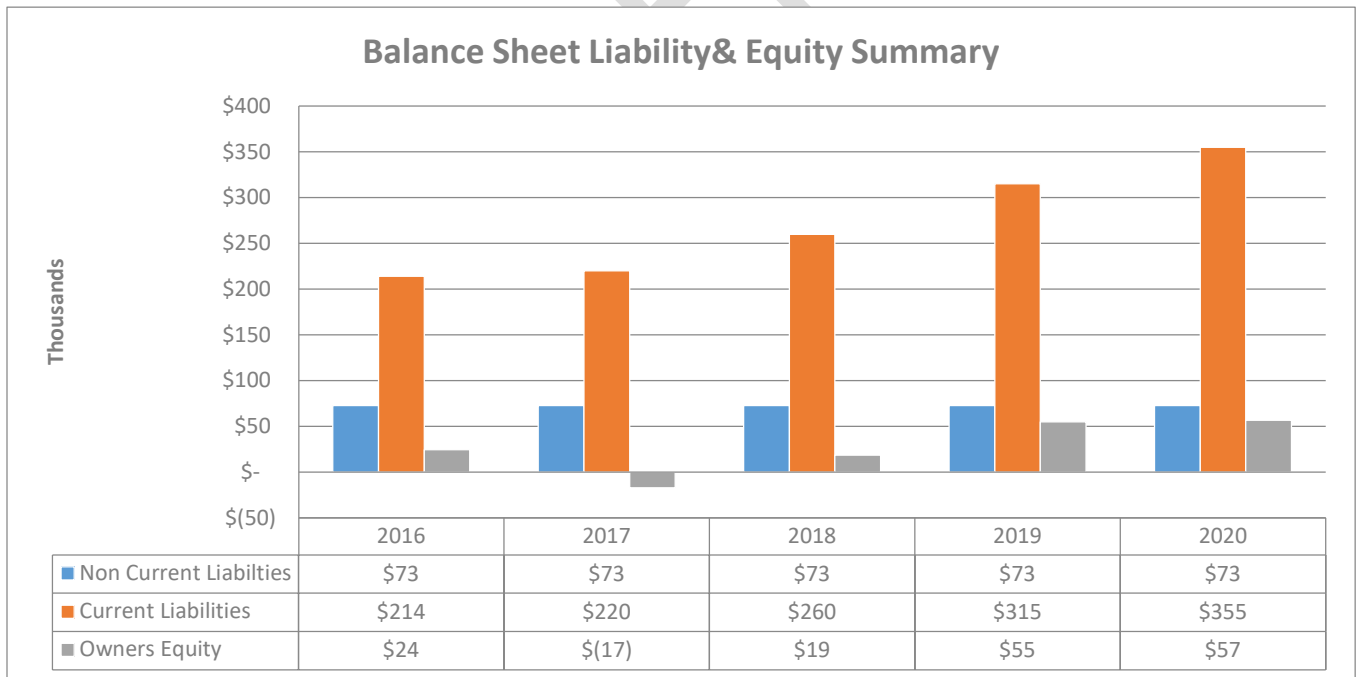


Figure 12: Liability & Equity Summary

Appendix A:

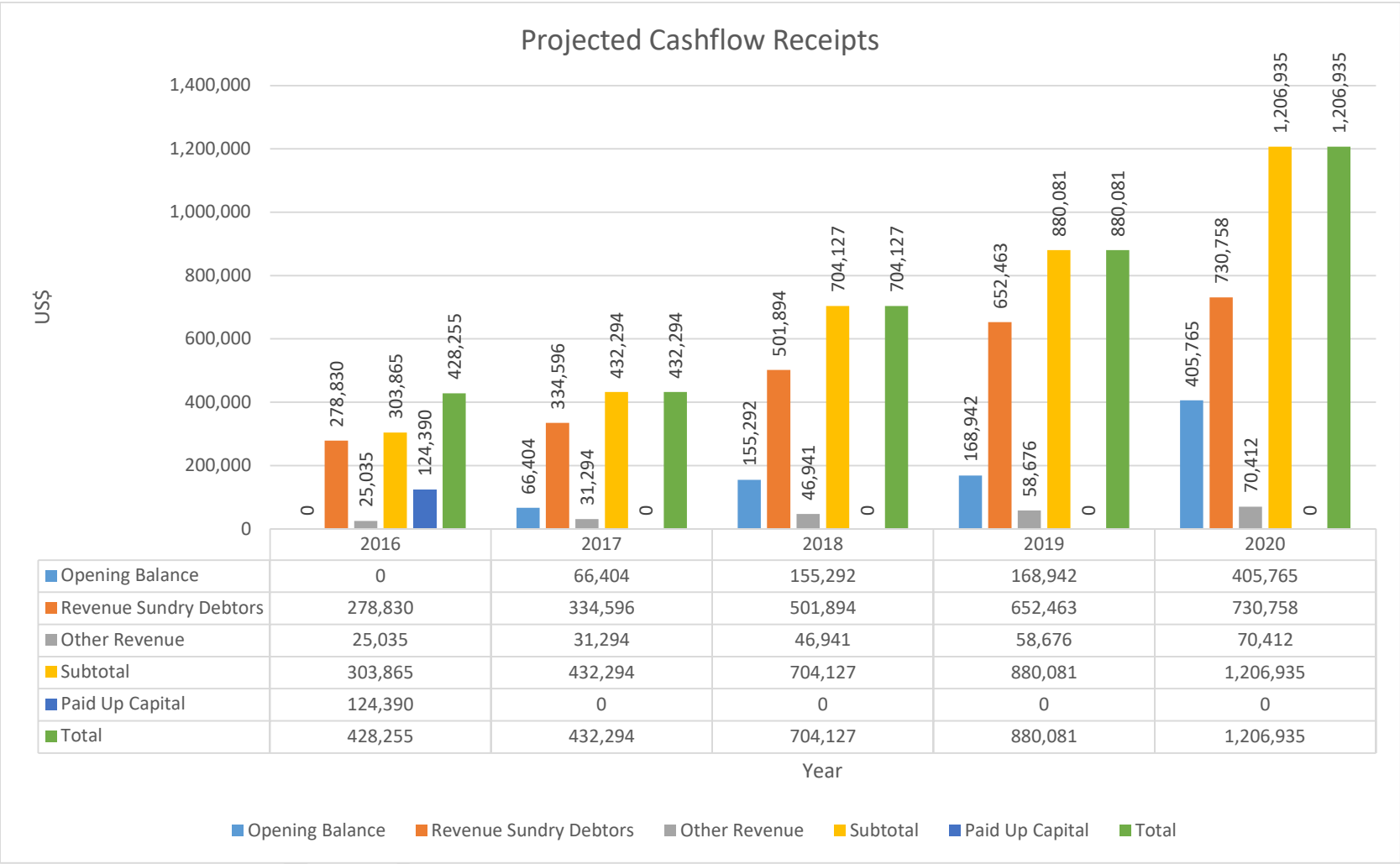


Figure 10: Projected Cashflow Receipts

Appendix B:

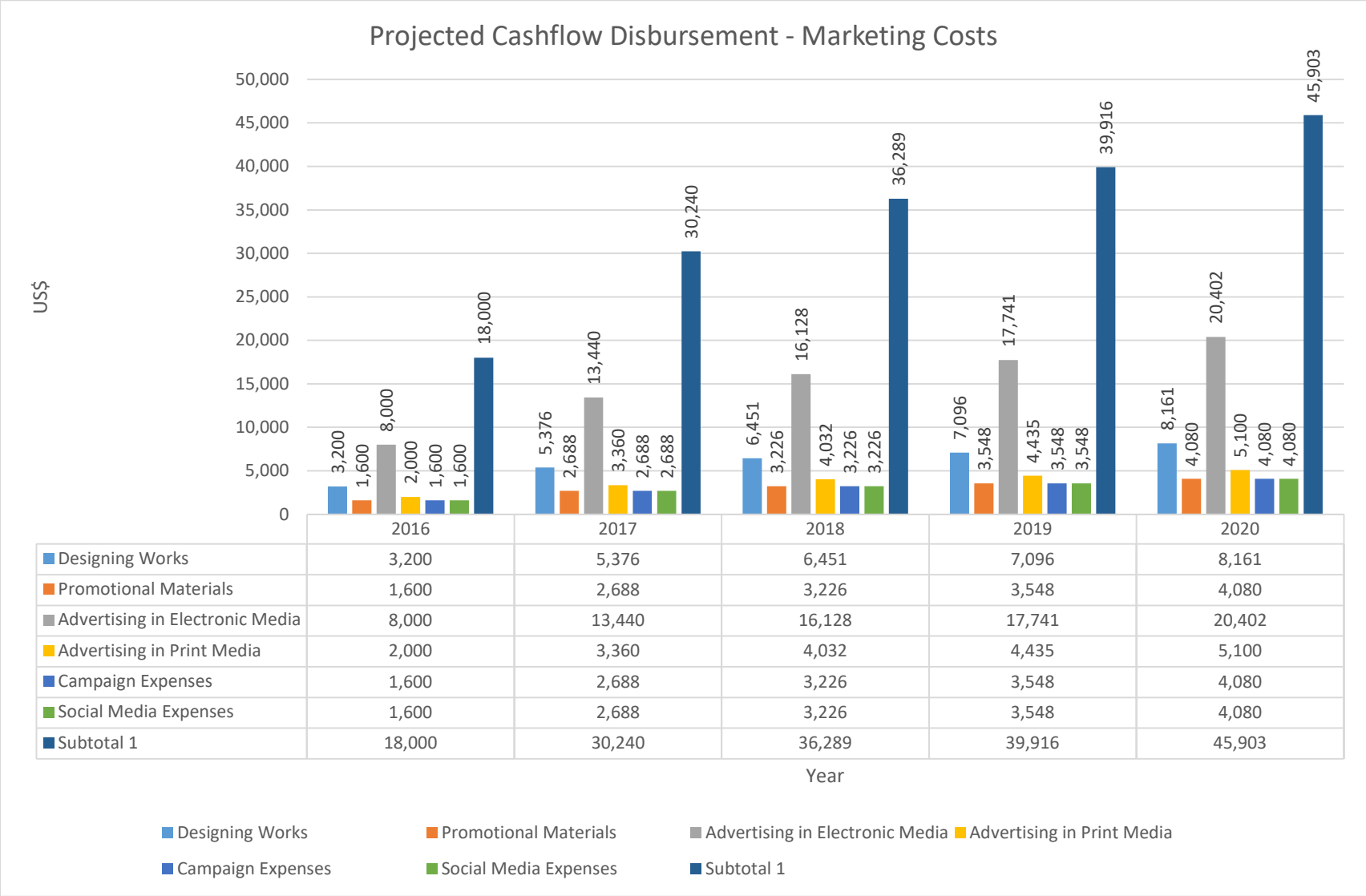


Figure 11: Projected Cashflow Disbursement - Marketing Costs

Appendix C:

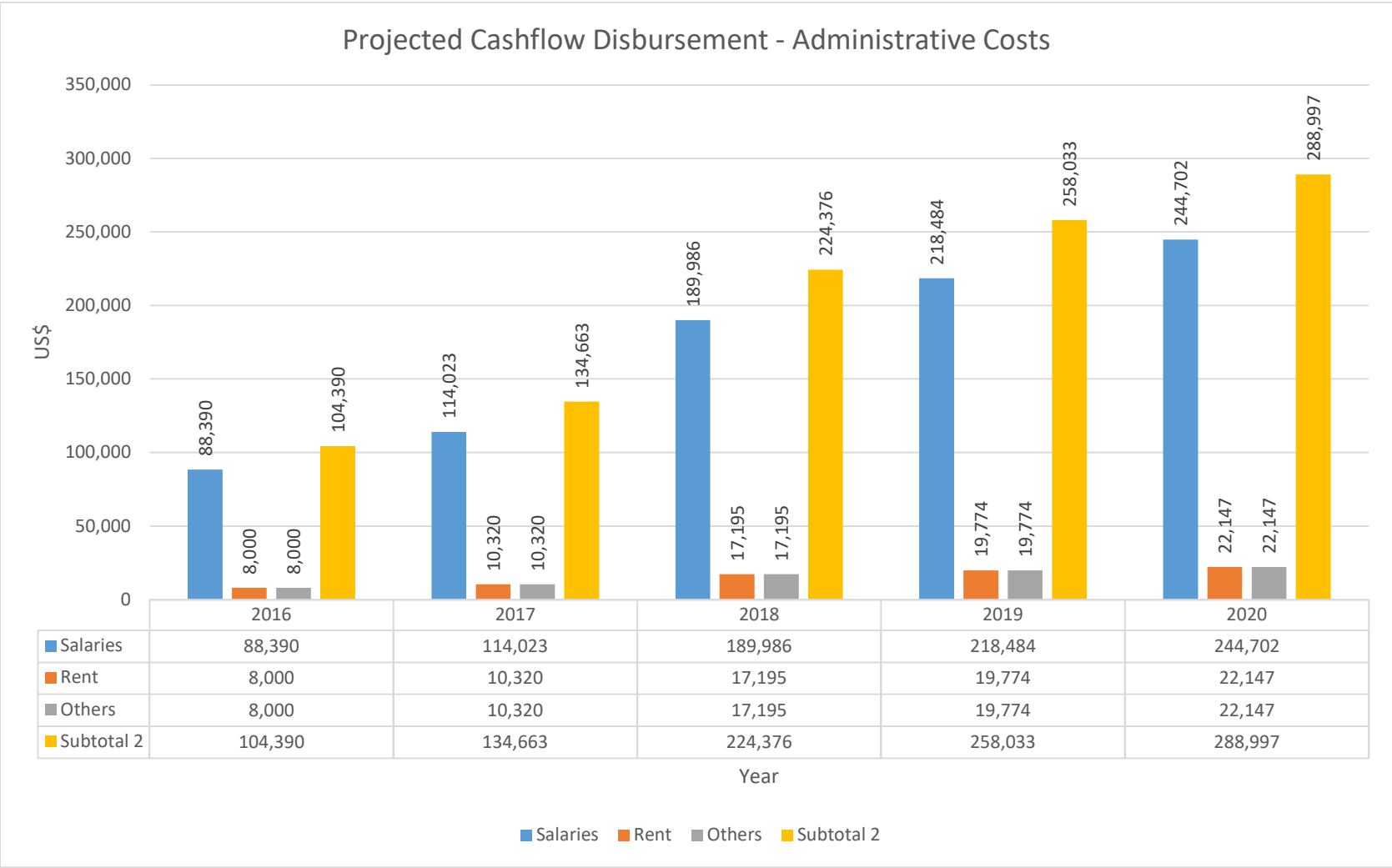


Figure 125: Projected Cashflow Disbursement - Administrative Costs

Appendix D:

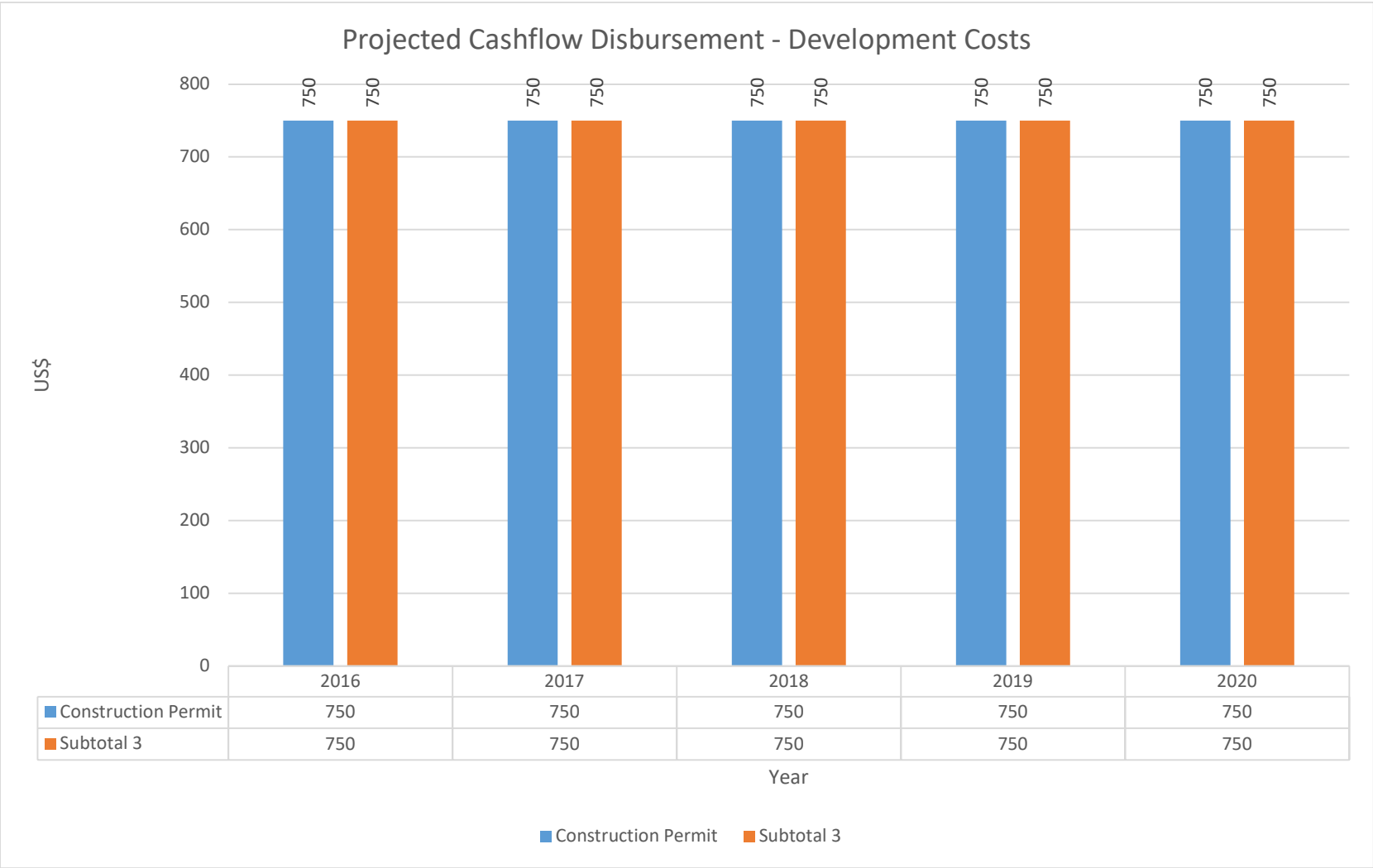


Figure 16: Projected Cashflow Disbursement - Development Costs

Appendix E:

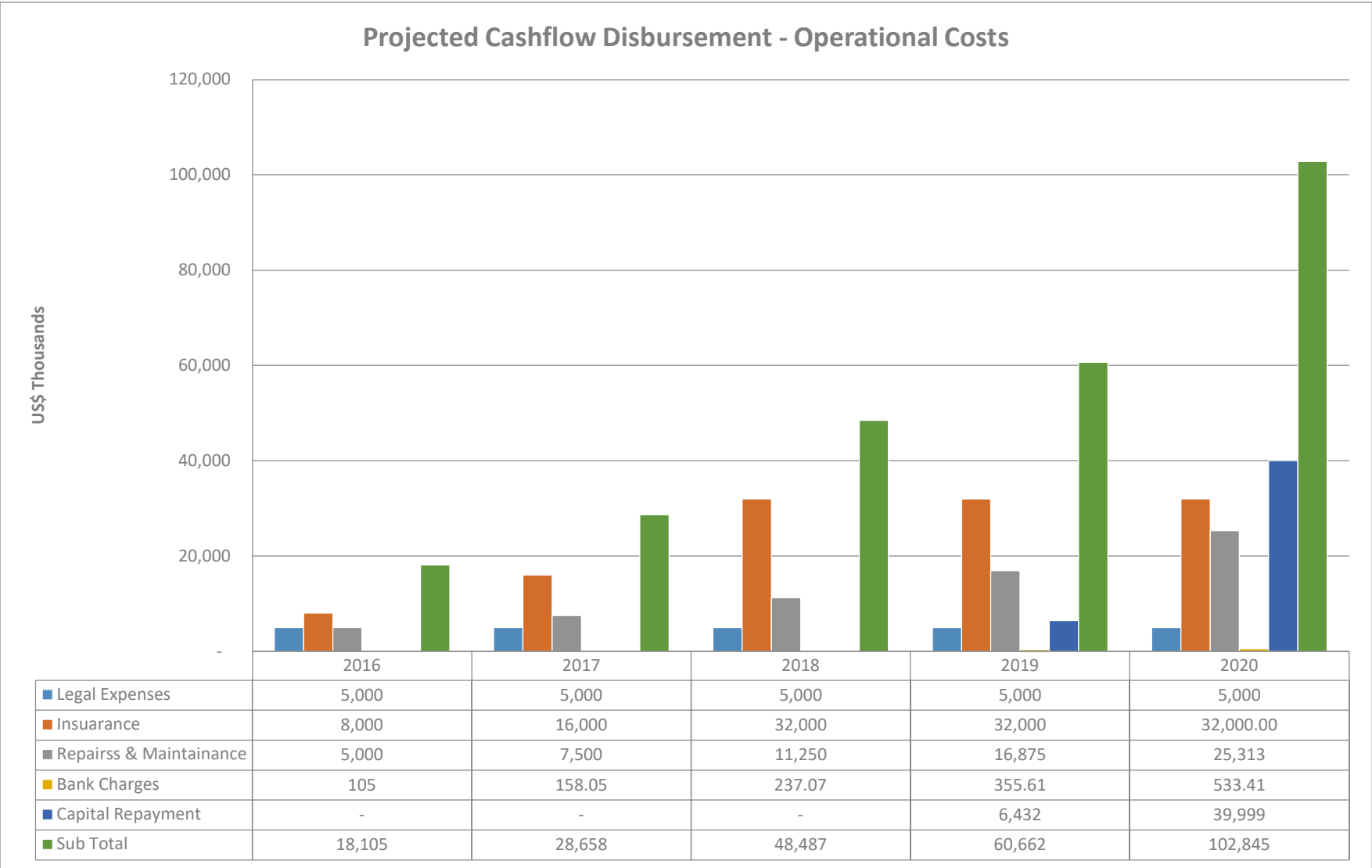


Figure 17: Projected Cashflow Disbursement - Operational Costs

Appendix F:

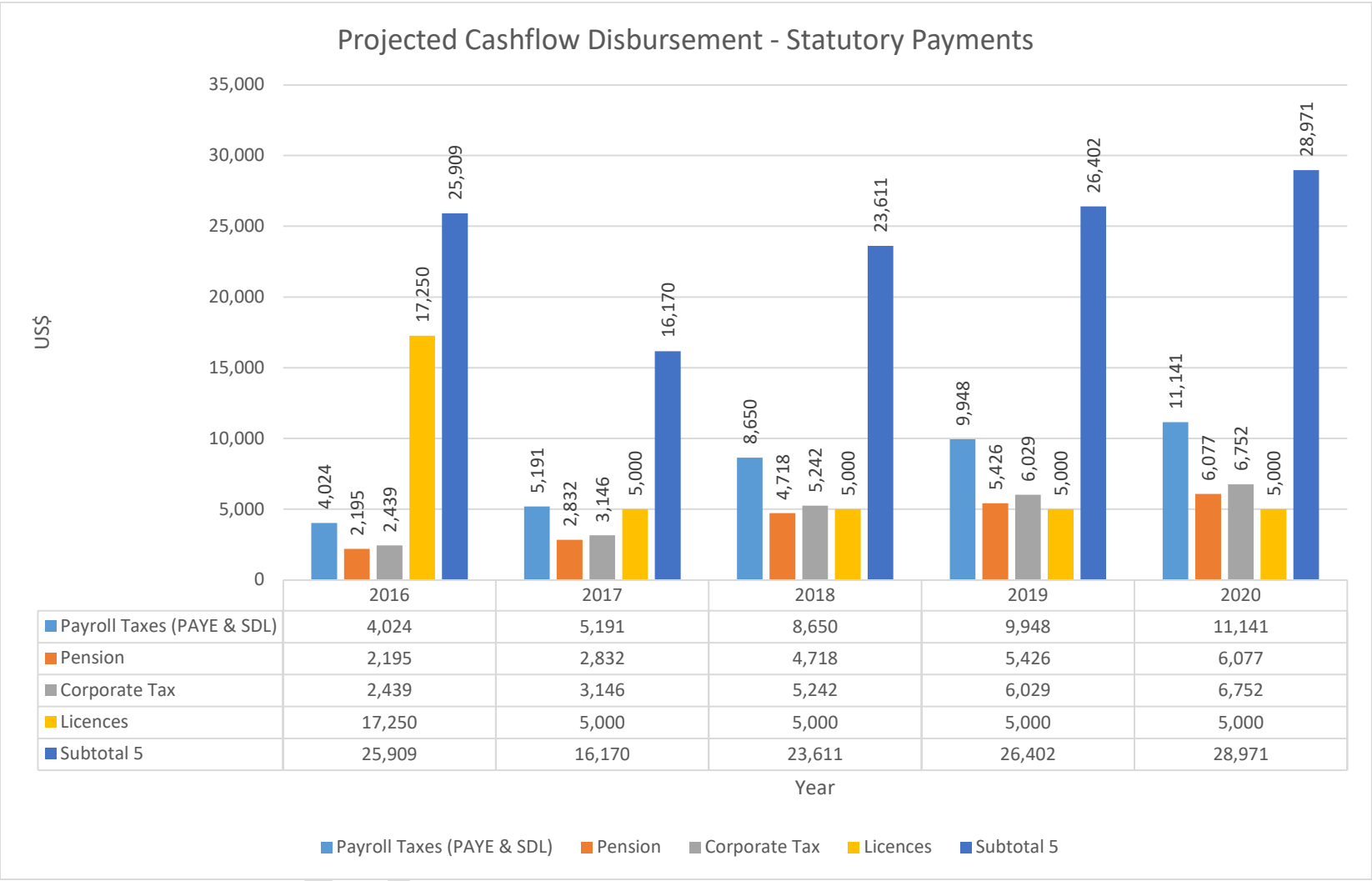


Figure 13: Projected Cashflow Disbursement - Statutory Payments

Appendix G:

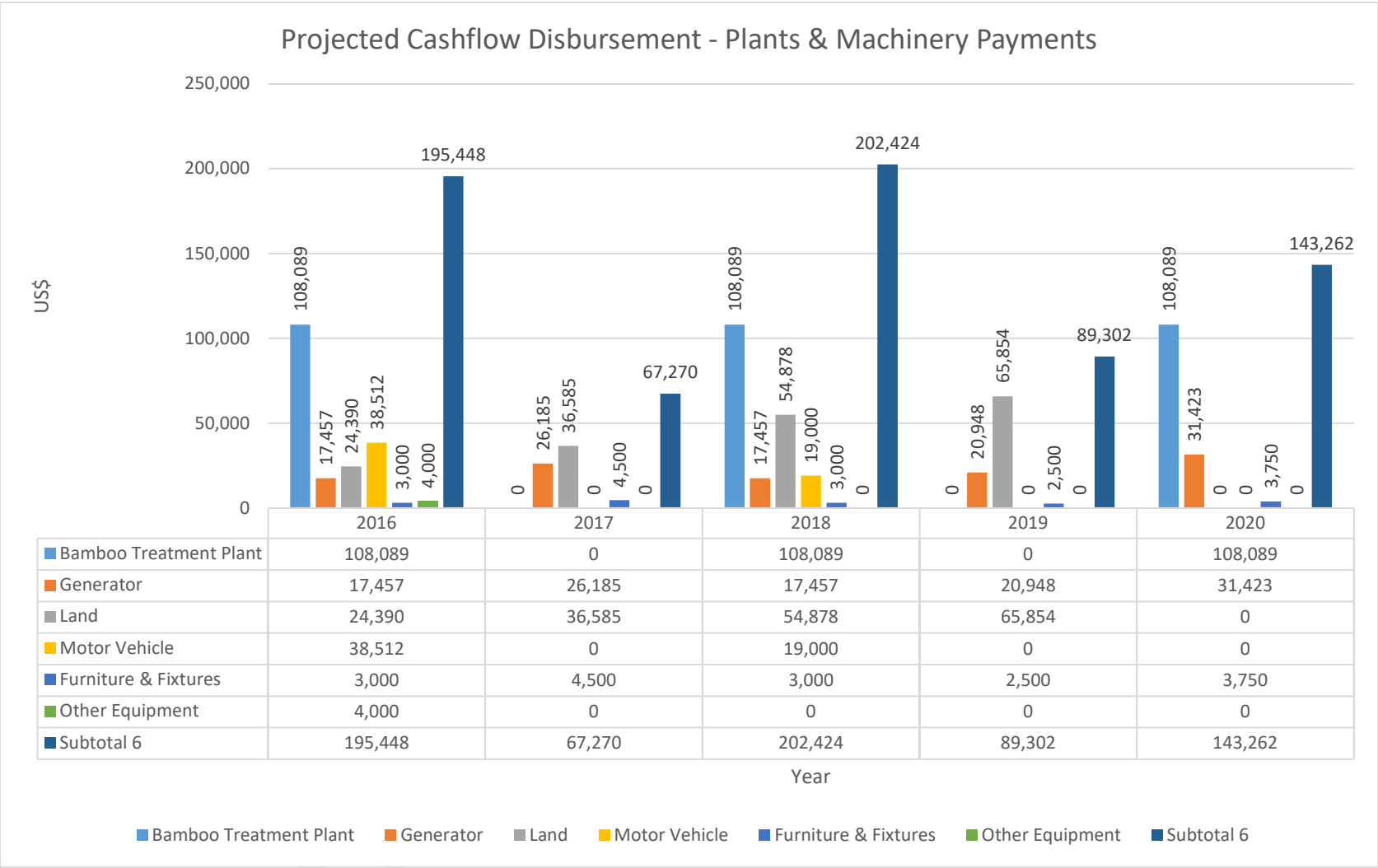


Figure 14: Projected Cashflow Disbursement - Plants & Machinery Payments

Appendix H:

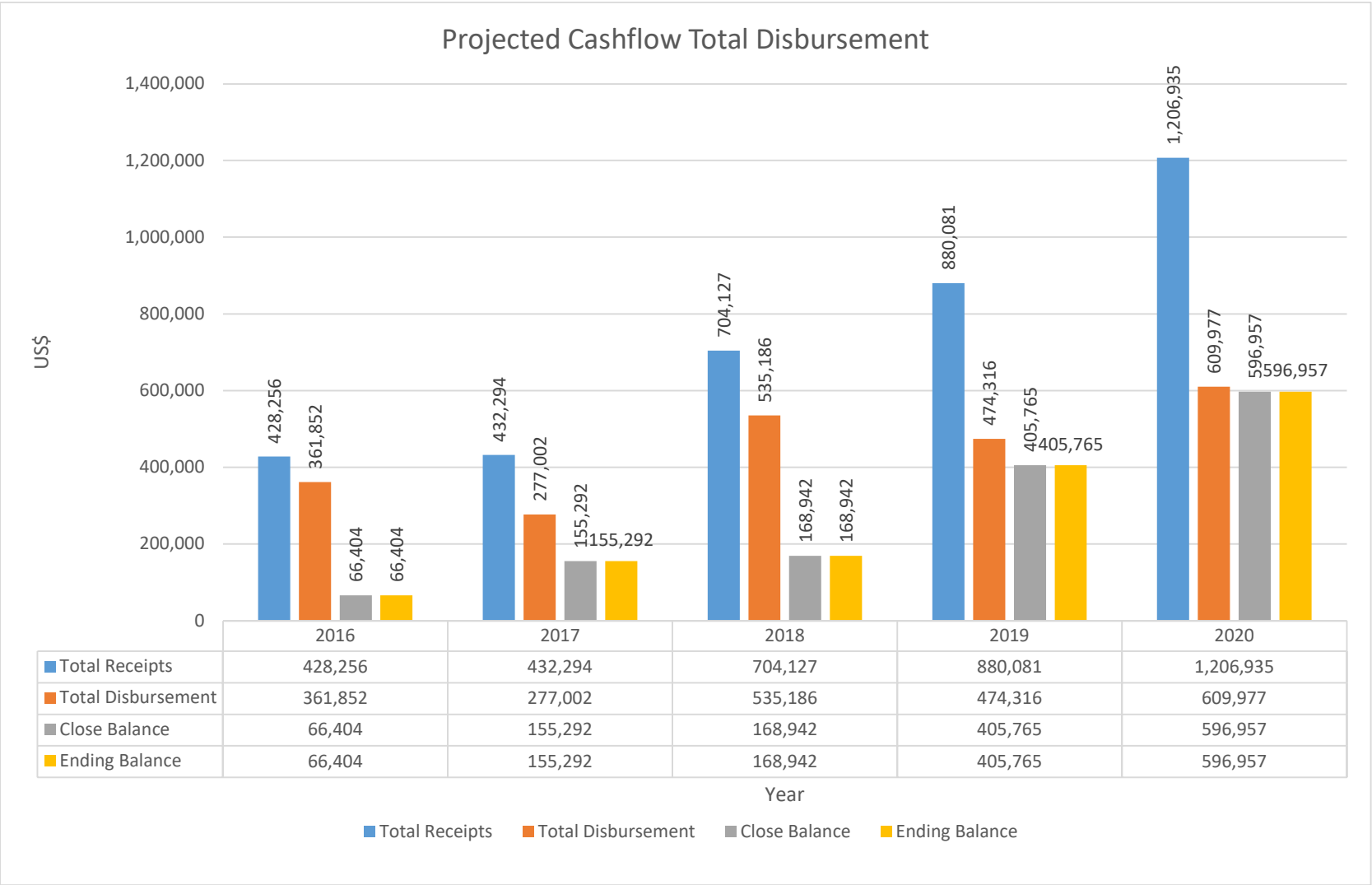


Figure 20: Projected Cashflow Total Disbursement

<b>MAGODA BAMBOO COMPANY LIMITED</b>					
<b>PROJECTED CASHFLOW STATEMENT 2016 - 2020</b>					
Description	2016	2017	2018	2019	2020
	USD	USD	USD	USD	USD
<b>Receipts:</b>					
Opening Balance	-	66,404	155,292	168,942	405,765
Revenue Sundry Debtors	278,830	334,596.24	501,894	652,463	730,758
Other Revenue	25,035	31,294	46,941	58,676	70,412
<b>Sub-total</b>	<b>303,865</b>	<b>432,294</b>	<b>704,127</b>	<b>880,081</b>	<b>1,206,935</b>
<b>Paid up Capital</b>					
	124,390	-	-	-	-
<b>Sub-total</b>	<b>124,390</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Receipts</b>	<b>428,256</b>	<b>432,294</b>	<b>704,127</b>	<b>880,081</b>	<b>1,206,935</b>
<b>Disbursements:</b>					
<b>Marketing Cost</b>					
-Designing Work	3,200	5,376	6,451	7,096	8,161
-Promotional Materials	1,600	2,688	3,226	3,548	4,080
-Advertising in Electronic Media	8,000	13,440	16,128	17,741	20,402
-Advertising in Print Media	2,000	3,360	4,032	4,435	5,100
-Campaign Expenses	1,600	2,688	3,226	3,548	4,080.38
-Social Media Expenses	1,600	2,688	3,226	3,548	4,080
<b>Sub-total</b>	<b>18,000</b>	<b>30,240</b>	<b>36,288</b>	<b>39,917</b>	<b>45,904</b>
<b>Administrative Costs</b>					
-Salaries	88,390	114,023	189,986	218,484	244,702
-Rent	8,000	10,320	17,195	19,774	22,147
-Other Costs	8,000	10,320	17,195	19,774	22,147
<b>Sub-total</b>	<b>104,390</b>	<b>134,663</b>	<b>224,376</b>	<b>258,033</b>	<b>288,997</b>
<b>Development Costs</b>					
-Construction Permit	750	750	750	750	750
<b>Sub-total</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>750</b>
<b>Operating Costs</b>					
-Legal Expenses	5,000	5,000	5,000	5,000	5,000
-Insurance	8,000	16,000	32,000	32,000	32,000.00
-Repairs & Maintenance	5,000	7,500	11,250	16,875	25,313
-Bank Charges	105	158.05	237.07	355.61	533.41
-Capital Repayment	-	-	-	6,432	39,999
<b>Sub - total</b>	<b>18,105</b>	<b>28,658</b>	<b>48,487</b>	<b>60,662</b>	<b>102,845</b>
<b>Statutory Payments</b>					
-Payroll Taxes (P.A.Y.E & SDL)	4,024	5,191	8,650	9,947.52	11,141
-PPF	2,195	2,832	4,718	5,426	6,077
-Corporate Tax	2,439	3,146	5,242	6,029	6,752
-Licenses	17,250	5,000	5,000	5,000	5,000
<b>Sub-total</b>	<b>25,909</b>	<b>16,170</b>	<b>23,611</b>	<b>26,402</b>	<b>28,971</b>
<b>Plants &amp; Machinery Payments</b>					
-Bamboo Treatment Plant	108,089	-	108,089	-	108,089
-Generator	17,457	26,185.64	17,457	20,948.51	31,423
-Land	24,390	36,585	54,878	65,854	-
-Motor Vehicle	38,512	-	19,000	-	-
-Furniture&Fixtures	3,000	4,500	3,000	2,500	3,750
-Other Equipment	4,000	-	-	-	-
<b>Sub-total</b>	<b>195,448</b>	<b>67,271</b>	<b>202,424</b>	<b>89,302</b>	<b>143,261</b>
<b>Total Disbursements</b>	<b>361,852</b>	<b>277,002</b>	<b>535,186</b>	<b>474,316</b>	<b>609,977</b>
<b>Closing Balance</b>	<b>66,404</b>	<b>155,292</b>	<b>168,942</b>	<b>405,765</b>	<b>596,957</b>
<b>Ending Balance</b>	<b>66,404</b>	<b>155,292</b>	<b>168,942</b>	<b>405,765</b>	<b>596,957</b>

Table 5: Projected Balance Sheet