

RUIYA COMPANY LIMITED

Business Plan

MANUFACTURING OF ENGINEERED WOOD PRODUCTS PROJECT

Prepared By:

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BUSINESS PLAN FOR THE

PROPOSED PROJECT

OF

**MANUFACTURING OF ENGINEERED WOOD PRODUCTS
AND OTHER WOOD PRODUCTS**

AUGUST, 2023

1.0 EXECUTIVE SUMMARY

1.1 INTRODUCTION AND BACKGROUND

1.1.1 Introduction

This is a report for a business plan for **RUIYA COMPANY LIMITED** for the purposes of establishing a manufacturing of Engineered Wood Products and other wood products. The project promoters are sensitive to the look and feel of good wood and wood products as well as to high-powered personal computing.

RUIYA COMPANY LIMITED's mission is to always provide the best possible value to its customers who care about quality products, Also to create and nurture a healthy, creative and respectful office and workshop environment, in which its employees are fairly compensated and encouraged to respect the customer and the quality of the product it produces.

1.1.2 Background

RUIYA COMPANY LIMITED is a registered Limited company incorporated under the Companies Act, 2002 on the 15th July 2023 and with registration No. 166235154.

The main role that is going to be assumed by **RUIYA COMPANY LIMITED** is the manufacturing of Engineered Wood Products and other wood products for both local and export market.

1.1.3 Location

The project will be located at Lupanga Area, Nundu Village, Yakobi ward and Njombe Dc , Njombe Region.

1.2 THE MARKET

1.2.1 General Market Review

Market observations in Iringa, dar es Salaam and export market in general reveal that there is still high demand for high quality Engineered Wood Products and other wood products based on quality of the end product: quality wood, quality workmanship, quality design and the quality of end result. However, trade liberalization has created a somewhat more competitive environment in terms of quality services and pricing.

1.2.2 The Engineered Wood Products and other wood products in the Market

The Engineered Wood Products and other wood products industry has undergone a great deal of change in this decade. The growth of the office superstores made a few large brands dominant. They produce relatively inexpensive products that makes compromises in order to stay at the low price level.

Makers of higher quality furniture are in general shuffling for niches to hide in. Although **RUIYA COMPANY LIMITED** was essentially developed around a niche, many of the more traditional wood products makers are looking for niches, trying to deal with declining sales as the main volume goes elsewhere.

1.2.3 Industry Participants in Tanzania

The growth of the office and home furniture superstores (showrooms) made most local traditional furniture makers (locally skilled wooden carpenters) dormant. Designs are similar and quite competitive, costs and cost control is critical, and channel management and channel marketing are the keys to these business' continued success.

To survive the growing competition, the following adjustments need to be adopted by **RUIYA COMPANY LIMITED**.

1. Cost reduction by adopting more radical methods and approaches;
2. Putting more strength on the processing stage to reduce time and cost associated with the manufacturing of the final products.

1.2.4 Business Analysis

RUIYA COMPANY LIMITED potential and capability for survival is based on the following facts:

- **RUIYA COMPANY LIMITED** products and services are reputed for quality.
- **RUIYA COMPANY LIMITED** workers have requisite capability and experience.
- The location of **RUIYA COMPANY LIMITED** in Dar es Salaam region which is the largest and most affluent of the regions in the country.

1.2.5 Planned Objectives

The planned objectives are meant for the Engineered Wood Products and other wood products manufacturing company to be well- equipped so as to ensure a sustainable manufacturing and servicing programme that will satisfy clients' needs.

1.2.6 Strategies

In order to achieve the above objectives it is planned to implement the following strategies;

1. Equip the project adequately by installing state-of –the-art facilities and support infrastructure;
2. Institute a preventive maintenance programme;
3. Develop and implement an effective marketing policy-

Target Marketing; develop and implement an advertising and promotional programme;

1. Establish an effective financial and resources management.

1.2.7 Financial Appraisal

The company's financial projections have been prepared over the period of five years. As mentioned no bank loan is expected to be sought during the initial stage of the project implementation period.

1.2.8 Financial Review

The financial review as shown on appendices attached to this document of **RUIYA COMPANY LIMITED** business shows that:-

4. The project is profitable;
5. The liquidity position is sound and that it should be able to meet its financial commitment without any undue difficulty;
6. The operations are financially viable;
7. The key ratios are acceptable.

1.2.9 Summary and Conclusion

The Business Plan should be given an opportunity to be implemented as conceived in this presentation.

2.0 OVERVIEW OF THE MANUFACTURING INDUSTRY

In the end of the 20th century, manufacturing activities in Tanzania have exemplified a steady growth, registering average annual growth of over 4 percent. Nevertheless, manufacturing activities in Tanzania, are relatively small and at an infancy stage. Its contribution to GDP has averaged 8% over the last decade, with most activities concentrated on manufacture of simple consumer goods - food, beverages, tobacco, textiles and furniture and wood allied products. Most of the present industries were established in the light of import substitution strategy, whereas production focused in substituting previously imported goods in view of saving the country's meagre foreign exchange.

The government decision to liberalise trade and investment policies, effected since 1986, witnessed a number of firms even those believed to be as strong, clumping down as they could hardly withstand competition from imported manufactures. A number of measures were taken in view of revamping competitiveness of the local industries and enhancing their penetration into export markets.

The overall utilisation of installed industrial capacities is improving, rising from an average of 20% in 1990 to around 50% at the turn of the 21st Century. Some of the recently privatised industries have undergone intensive rehabilitations - improving their capital structure, production technologies and management and marketing system as well as retrenched workers to match with production levels and improved quality and lower costs of production.

Though manufacturing export has been in a declining trend, yet it earns the country a fifth of total foreign exchange earnings to become a third important sector coming after agriculture and tourism. Moreover, it is the industrial sector that provides reliable field to practice invention, innovation and nurturing modern technologies for production and service provision.

2.1 Industrial Firms in Tanzania:

Wood and Wooden Products, excluding Furniture Activities:

Accounted in the subsector include sawmills, planing and other wood mills manufacturing goods. Also included in this subsector is the manufacturing of wooden containers, cane products and wooden products.

Paper and Paper Products:

This comprises the manufacturing of pulp, paper, paperboard, fibreboards, light packaging, heavy packaging, stationery and other paper products.

Non-metallic Mineral Products:

This includes manufacture of pottery, china and earthenware, glass and glassware products, bricks, tiles, cement, concrete, gypsum and plaster products.

Physical volume of production has been in the up swing since the early nineties and particularly towards the end of the decade following privatisation of the cement mills. Level of employment has similarly been sustained.

Other Manufacturing Industries:

This covers products such as jewellery and related articles, furniture manufacture, measuring and controlling equipment and optical goods.

Production in thin group of products has persistently been in the upward trend. Employment levels have similarly been in rising.

Production in this category has exemplified a steady growth, with an average growth of over 12 percent over the last decade. For the last three years employment in the industry increased by 11,000.

2.3 Employment

Industrial sector plays a pivotal role in providing employment opportunities to the most of urban population. It is estimated a total of 180,023 people were employed in 2015 compared to 163,168 people in 2014. This increase of 10.3 per cent, was attributed to the commissioning of the new manufacturing projects. The employment opportunities in industrial sector were growing from year to year. For example, between 2014 - 2016 the estimated number of employees in food processing was 139,595 (37.29%), followed by textile for 132,017 (35.29%) employees. Other industries include 27707 (7.4%) in basic metal, 24542 (6.56%) timber and timber products, 19472 (5.2%) wood furniture, 17088 (4.56%) non metallic products, 10368 (2.77%) foot wear and only 3606 (0.96%) employees in leather goods industries.

Industries are an important source of employment, particularly for low-skilled workers, as well as women and young people, who usually make up the greatest proportion of the unemployed in Tanzania. Their flat management structures mean that their personnel must fulfill multiple roles, which makes them less vulnerable to unemployment during periods of economic crisis.

2.4 Production

Manufacturing industries showed good performance in production include: pharmaceuticals, packaging materials (sacks, boxes, bottles and bags), foodstuffs and beverages), textiles, soap, metal, cement, corrugated iron sheets, paints and sisal ropes. Production in the manufacturing industries hides, leather goods, paper and paper products, continued to be low due to investors failure to complete rehabilitation or have not yet been divested.

3.0 PROJECT DESCRIPTION

3.1 The Project

The company sees a bright future to the Tanzania economy and manufacturing sector in particular as such the company has decided to venture into the manufacturing sector. This business plan sets out a proposal for establishing a Engineered Wood Products and other wood products manufacturing plant to be based in Njombe. Specifically the company will manufacture products of high quality wood and well designed suitable for local and export market.

3.2 The Project Promoters

The project promoters of this project are **M/S RUIYA COMPANY LIMITED** whose shareholders are as shown below:-

| S/NO. | Name | Shares | Nationality |
|--------------|--------------|---------------|--------------------|
| 1. | ZHAOYONG LIU | 102 | Chinese |
| 2. | LEI LIU | 98 | Chinese |

3.3 Directors' Profile

The project is backed by well established and experienced people with vast experience in the manufacturing sector and also with sound technical, financial and managerial aspects.

3.4 Location

The project will be located at Lupanga Area, Nundu Village, Yakobi ward and Njombe Dc , Njombe Region

3.5 Project Objectives

Major objectives for which the company was established is:-

- (i) *To establish and operate a veneer manufacturing project;*
- (ii) *To provide high quality wooden products based on quality of the end product: **quality wood, quality workmanship, quality design and the quality of end result.***

3.5.1 Keys to Success

- Uncompromising commitment to the quality of the end product and creativity.
- Successful niche marketing: the project needs to find the quality-conscious customer in the right channels, and the need to make sure that customers can easily seek for the services provided by the project.
- Almost-automatic assembly: assembling will be easy and automatic that will make customers feel better about the quality, not worse and also flexibility in transporting the furniture.

3.6 Target Markets

The targeted market for this project is for both domestic and export markets.

3.7 Investment Cost

The project is estimated to cost **USD 540,000** when it is fully implemented.

3.8 Project Financing

The project will be financed by existing shareholders contribution in terms of equity. No bank loan is envisaged to be applied at the mean time.

3.9 Financial Appraisal

The company's financial projections have been prepared over the period of five years. As mentioned no bank loan is expected to be sought during the initial stage of the project implementation period.

3.9.1 Implementation

It is expected that the project will be implemented in three year period that involves plot renovation and minor civil works, power and water network improvement in year 1 and from year 2 more concentration will be given to plant consolidation and production growth. The project is expected to be implemented in three years.

4.0 MARKETS AND MARKETING ASPECTS OF THE PROJECT

4.1 Target Markets and Segmentation

The project targets for both domestic and export markets. It is expected that 80% of products manufactures will be sold to the local market and the remaining 20% which will will be exported.

The project is also intending to sell its products directly to retailers and direct sales to customers. The project will display its high quality products at the company showroom.

In the project's particular market, the company seeks the buyer who appreciates two attributes: the quality of furniture workmanship and the excellence of design, with an understanding of technology and ergonomics built in.

4.1.1 Production Capacity

The production capacity is expected to increase depending on the market demand for company products.

4.2 Marketing Strategies

On the basis of the market survey it has been found that only few existing manufacturers and suppliers carry out promotional efforts. This is an indication of the existence of un-satisfied demand. Nevertheless, in order to penetrate the market quickly and accrue position, the project will carry out project advertisement efforts to promote the products.

5.0 TECHNICAL REQUIREMENTS

5.1 Construction of the Site

This undertaking will require a period of 12 months to completion.

5.2 Ordering of Machinery / Equipment/Vehicles / Furniture

Timely ordering will have to be executed to match the rate of development of the project. Time needed will run into few days.

5.3 Advertisements Efforts

These will be carried out when 80% percent of civil works are completed. This is intended to facilitate prompt acquisition of extra potential customers.

5.4 Installation of Machinery / Equipment / Furniture

Once the building is renovated then will follow the installation of machinery / equipment/furniture and fittings upon arrival at the project site.

5.5 Plant Location and Civil Works

5.5.1 Site and Location

The project will be located at Lupanga Area, Nundu Village, Yakobi ward and Njombe Dc , Njombe Region. This location takes into consideration such important factors like availability of reliable power and security.

- **Production Building Required**

The buildup area required for production will be medium sized taking into consideration the kind of operations to be undertaken.

- **Office Building**

An office block to accommodate the administrative and clerical staff will also be required.

5.6 Utility Services

5.6.1 Water

The rented premises have reliable supply of water. This is due to the fact that there is connection to the city water supply network and also due to water storage facilities installed within the premises.

5.6.2 Electricity

As said earlier in this report, the source of energy for the proposed project will be electric power.

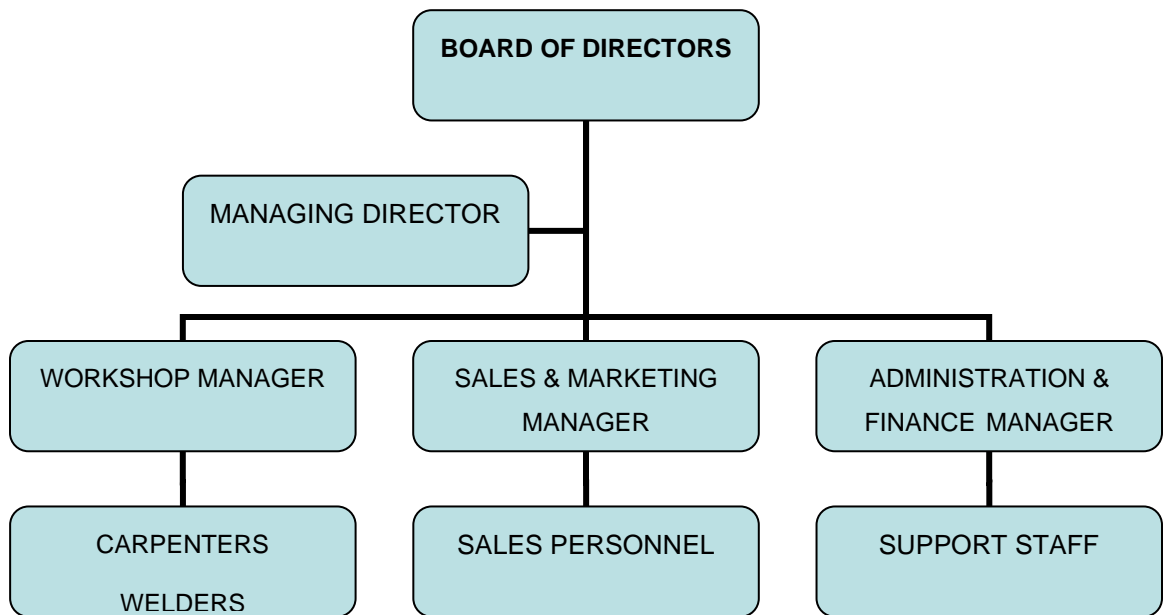
A standby power generator has also been budgeted for to avoid inconveniences caused by frequent power cuts by TANESCO.

6.0 MANAGEMENT AND ORGANIZATION

6.1 Organization Structure

With the vision of the company, it is expected that the company will grow to an extent that it will require a structured management system. This entails the design of management flow system with clear outlined duties and responsibilities of each member of management.

The organization structure takes into account the fact that within the next one year; the company's total workforce will have more than 30 employees of different levels of qualifications and responsibility once fully established. This will require a properly designed administration policy and guidelines for each work category. The organization structure is shown herein below:-



6.2 Manpower and Plant Organization

The proposed project will have three independent departments, namely:-

- Production (Workshop)
- Sales and Marketing
- Administration and Finance

6.3 Organization

The Board of Directors of **M/S RUIYA COMPANY LIMITED** shall manage the project at policy level. The top most person in the day to day running of the company will be the Managing Director. Under the Managing Director's office will be the three Departments mentioned above. Each will be under a Manager and will comprise a number of Sections each headed by a Section Head as follows:-

6.3.1 Production Department (Workshop)

Sections:-

- Operations
- Maintenance

6.3.2 Sales and Marketing Department

Sections:-

- Research and Promotion
- Sales

6.3.3. Administration and Finance Department

Sections:-

- Human Resources and Administration
- Finance and Accounts

Each Department will be manned by a number of personnel with varying education levels and work experiences.

The management team of **M/S RUIYA COMPANY LIMITED** will comprise the Managing Director, Workshop Manager, Finance and Administration Manager and Sales and Marketing Manager.

6.4 Responsibilities

Responsibilities will be as follows:-

6.4.1 Production Department (Workshop)

The Manager will be responsible for plant operations, and planning and overseeing daily manufacturing activities being carried out. He will further be responsible for repair and maintenance of company assets and research and development activities. The Department will comprise Sections, namely:

- ***The Production Section*** which will be responsible for overseeing manufacturing operations. An expatriate will be employed to train the local technicians in this aspect of operations.
- ***Maintenance Section*** which will manage plant and machinery maintenance.

6.4.2 Finance and Administration Department

An Administration and Finance Manager will head the Department. He will be responsible for the administration of the company as well as overseeing the financial aspects of the company. An Accountant will manage the finance function while a Human Resources Section Head will oversee company human resource issues. The following important units will be under the Department.

- The personnel and administration unit which will be responsible for the general administrative matters of the company as well as personnel issues.
- The finance unit, which will be responsible for financial issues. It will also be responsible for the proper maintenance of books of accounts and financial planning.
- The purchasing unit which will be responsible for the purchase of raw materials, spare parts and equipment. This section will also be responsible for the receipt, storage and issues of purchased materials.

6.4.3 Sales and Marketing Department

This Department will be headed by the Sales and Marketing Manager who will be responsible for the development of a sustainable sales and distribution network. This will involve developing distribution network and recruitment and training of qualified and well motivated marketing and sales personnel.

There will be two Section Heads under the Department. One Section will be responsible for Research and Promotion and another will handle Sales function.

6.5 Manpower Requirement

The permanent manpower requirement for running the proposed factory is 50; several other employees will be contracted on temporary basis.

6.6 Source of Manpower and Wage Bill

Manpower for proposed project will be employed from local sources, except for a few expatriates who would basically be engaged in the training of local staff. The workers will be given *on-the-job* training to familiarize them with the proposed machinery and equipment. After the initial 2 years, depending on the results of the training, local counter parts will replace the expatriates.

6.6 Occupational Health and Safety

It can generally be said that the owner or operator shall carry out wooden furniture manufacturing operations and fulfill the obligations under his project and shall have full responsibility therefore and assume all the risks thereof. Plant operations shall be carried out in a competent manner and in accordance to good international marketing practices.

The owner or operator shall take all reasonable steps necessary to secure the safety, health and welfare of persons engaged in the manufacturing operations in, outside or about the project area. All the said requirements

will be governed by the Tanzania Regulations, together with acceptable international practice.

6.7 PROJECT CAPACITY

The expected project capacity when in full production is production of 50 Tons per day of veneer.

7.0 INVESTMENT AND FINANCING

7.1 Investment Cost

The project is estimated to cost **USD 540,000** when it is fully implemented as shown on table below:-

| Investment Plan | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| <i>planning years >></i> | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
| | USD | USD | USD | USD | USD |
| <i>Investment</i> | | | | | |
| Land and building | 100,000 | 0 | 0 | 0 | 0 |
| Plant & Machinery | 100,000 | 0 | 50,000 | 0 | 0 |
| Motor vehicles | 100,000 | 0 | 50,000 | 0 | 0 |
| Furniture's | 20,000 | 0 | 0 | 0 | 0 |
| Computers | 30,000 | 0 | 0 | 0 | 0 |
| Working Capital | 50,000 | 0 | 0 | 40,000 | 0 |
| Total investment | 400,000 | 0 | 100,000 | 40,000 | 0 |
| Fixed assets accumulated: at cost | 400,000 | 400,000 | 500,000 | 540,000 | 540,000 |

7.2 Sources of Finance

The project will be financed by existing shareholders contribution in terms of equity. No bank loan is envisaged to be applied at the mean time.

7.3 Project Implementation

The project will require three years to be fully implemented and operational.

7.4 Assumptions

The financial projections to determine the viability of the project by **M/S RUIYA COMPANY LIMITED** are based on the following key assumptions:

- Installation of plant facilities will start immediately. Thereafter manufacturing operations and production of finished products will commence.
- The company market will be local initially with expectation of acquisition of export market in the near future.
- Financial calculations are based on current market prices and costs are assumed constant throughout the operating period under review on the assumption that if operation costs change, selling prices will change proportionally to preserve the profit margins.

8.0 FINANCIAL AND ECONOMIC ANALYSIS

8.1 Financial Analysis

The projects financial projection depicts the project to be viable, as it is shown by some of the indicators on the summary sheets appended.

8.2 Internal Rate of Return (IRR) after Tax

The project's internal rate of return after tax is at **14.7217** as indicated on financial sheets appended.

8.3 Payback Period

This gives an estimated period from start of operation to the time when initial fixed investment is recovered through profits after tax and depreciation charges. The payback period for this undertaking is estimated at around **5 years**.

1.0 ECONOMIC ADVANTAGES

On the basis of the above account the analysis has overwhelmingly proved that the project is financial sound and techno-economically viable.

Furthermore, the project has immense potential towards the earning of the badly needed Forex earnings. It is hereby recommended that the project be implemented. The envisaged undertaking will be viable and profitable if it is implemented early.

Full execution of the envisaged project will make it one of the upcoming manufacturing companies in the country which will contribute to economic

and social development in terms of employment, economic activities and infrastructure development.

Several Social Economic benefits that will be apprehended in the course of operating this undertaking will include the following:

1.1 Social and Economic Impact of the Project

The project will have both economic and social benefits to the community and the country as a whole. The first and foremost important benefit will be to the Municipality in which the plant will be located with potential for increasing the standard of living for people in that particular area. The following are the benefits of the project:-

1.1.1 Employment Effect

The project will create employment to both skilled, semi skilled, unskilled staff and casual labourers. The company will also create employment opportunities to locals. The employees will also benefit from contribution by the employer for social security fund. In addition, the plant operations will increase activity levels consequently trigger income spillover effect to the neighboring people.

1.1.2 Contribution to Government Revenue

The project will contribute to the Government reserve in form of taxes, payroll levy, land rent, and other taxes and duties on local and export sales. In addition, the project will have a multiplier effect in the economy as a whole.

1.1.3 Social Impact

The project will create employment and will also be involved in support to social activities and local experts will be trained to be professionals within the country.

The company has potential for growth and competitiveness in the market. This can be achieved provided that the operational plan and marketing strategies set out in the feasibility study are implemented. This entails acquisition of the required equipment, development of export market channel, the use of experts in undertaking the projects' implementation. Given the project's economic, social and financial benefits, it is recommended for approval for Certificate of Incentives.

10.0 PROJECT SENSITIVITY TO ENVIRONMENT

The environmental impact assessment is a key guide to this project. In that sense the project will do a thorough research on the nature of the environment around the site and by means of national guidelines, use all means possible to keep the environment natural within the project area. No

interruptions will be done unnecessarily and where necessary the highest precaution will be made.

10.1 Mitigation Measures to Environmental issues

Under normal circumstances the project will have no any serious negative environmental impact which will be realized in the short or long term periods.

- **Solid Waste Management:** Usually waste management costs include both capital investment and operating costs. The latter generally comprises the cost of labor, tax and consumables, the cost of energy, in addition to other items. The operating costs assigned to waste management are usually very small, whereas capital costs have a significant share.
- **Waste Water (Odor):** No waste water shall be allowed to enter into any stream that flows in the neighborhood of the project site.
- **Vibration:** All measures will be taken in the project site to keep vibration well below level. (Vibration is the range of frequencies from 1 Hz to 25 kHz.)
- **Gardening:** Most of the un-built-up area will be put under gardening that shall be well-maintained with flowers and trees of various species.
- **Dust & Noise:** All efforts shall be taken to maintain low levels of dust emission and noise.

The project is therefore environmentally friendly, as it preserves it, develops it and cares for its sustainability.

11.0 CONCLUSION AND RECOMMENDATION

The project is consistent with the governments Industrial Policy, financially and economically viable, socially desirable and environmentally friendly, hence it is recommended for approval and implementation.

FINANCIAL STATEMENTS

INVESTMENT BREAKDOWN

| PARTICULAR | | | | AMOUNTS USD | |
|----------------------|--|--|--|------------------------|--|
| Land and Buildings | | | | 100,000 | |
| Plant & Machines | | | | 150,000 | |
| Motor Vehicles | | | | 150,000 | |
| Furniture & Fixtures | | | | 20,000 | |
| Pre Expenses | | | | 30,000 | |
| Working Capital | | | | 90,000 | |
| TOTAL | | | | 540,000 | |

OTHER OPERATING COST

| Other Operations Cost | | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 |
|-------------------------------|--|---------------|---------------|----------------|----------------|----------------|
| Motor Vehicle running expens | | 17,000 | 17,400 | 17,800 | 18,200 | 18,600 |
| Salaries and Wages | | 53,000 | 58,300 | 64,130 | 70,543 | 77,597 |
| Administrative Overhead Costs | | 6,000 | 6,600 | 7,260 | 7,986 | 8,785 |
| Utility Costs | | 10,000 | 11,000 | 12,100 | 13,310 | 14,641 |
| Interest on Loan | | 0 | 0 | 0 | 0 | 0 |
| Communication Exepnses | | 4,000 | 4,400 | 4,840 | 5,324 | 5,856 |
| Total Costs | | 90,000 | 97,700 | 106,130 | 115,363 | 125,479 |

FIXED ASSETS SCHEDULE

| NAME OF ASSETS | | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 |
|-----------------------------|--|----------------|----------------|----------------|----------------|----------------|
| Land and Buildings | | 100,000 | 95,000 | 90,000 | 85,000 | 80,000 |
| Plant & Machines | | 150,000 | 120,000 | 90,000 | 60,000 | 30,000 |
| Motor Vehicle | | 150,000 | 145,000 | 140,000 | 135,000 | 130,000 |
| Furniture & Fixtures | | 20,000 | 17,500 | 40,000 | 35,000 | 30,000 |
| Total | | 420,000 | 377,500 | 360,000 | 315,000 | 270,000 |
| Depreciation | | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 |
| Land and Buildings | | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Plant & Machines | | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| Motor Vehicles | | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Furniture & Fixtures | | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| ANNUAL DEPRECIATION | | 42,500 | 42,500 | 42,500 | 42,500 | 42,500 |
| CLOSING FIXED ASSETS | | 377,500 | 335,000 | 317,500 | 272,500 | 227,500 |

PROJECT BALANCE SHEET

| | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 |
|-------------------------------|----------------|------------------|----------------|------------------|------------------|
| Fixed Assets | 420,000 | 377,500 | 360,000 | 315,000 | 270,000 |
| Long term Assets | | | | | |
| Depreciation | 42,500 | 42,500 | 42,500 | 42,500 | 42,500 |
| Total long term assets | 377,500 | 335,000 | 317,500 | 272,500 | 227,500 |
| Current Assets | | | | | |
| Cash | 406,100 | 684,700 | 979,050 | 1,292,735 | 1,625,723 |
| Account Receivable | 105,000 | 110,250 | 216,535 | 421,763 | 527,628 |
| Inventory | 214,710 | 376,383 | 438,469 | 402,292 | 467,493 |
| Total Current Assets | 120,000 | 120,000 | 120,000 | 120,000 | 120,000 |
| Total Assets | 497,500 | 455,000 | 437,500 | 392,500 | 347,500 |
| Curent Liabilities | | | | | |
| Accounts Payable | 84,000 | 88,200 | 92,610 | 97,241 | 102,103 |
| Other Current Liabilit | 70,000 | 73,500 | 77,175 | 81,034 | 85,085 |
| Subtotal Current Liabi | 154,000 | 1,616,700 | 169,785 | 178,274 | 187,188 |
| Long term Liabilities | | | | | |
| Long term Liabilitie | 1,820,000 | 1,820,000 | 1,820,000 | 1,820,000 | 1,820,000 |
| Total Liabiities | 377,500 | 335,000 | 317,500 | 272,500 | 227,500 |
| Net Assets | 820,810 | 877,633 | 951,268 | 1,044,516 | 1,157,656 |
| Captil and Reserves | | | | | |
| Owners Contribution | 780,000 | 780,000 | 780,000 | 780,000 | 780,000 |
| Retained Earning | 40,810 | 97,633 | 171,268 | 264,516 | 377,656 |
| Total Capital | 497,500 | 455,000 | 437,500 | 392,500 | 347,500 |

PROJECTED INCOME STATEMENT

| | | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEARS5 |
|---------------------------|--|----------------|----------------|----------------|----------------|------------------|
| Sales Revenue | | 630,000 | 756,000 | 907,200 | 1,088,640 | 1,306,368 |
| Cost of Sales | | 126,000 | 126,000 | 126,000 | 126,000 | 126,000 |
| Gross Profit | | 504,000 | 630,000 | 781,200 | 962,640 | 1,180,368 |
| Operating Expenses | | | | | | |
| Administrative Overhead | | | | | | |
| Costs | | 105,000 | 106,050 | 107,111 | 108,182 | 109,263 |
| Motor Vehicle running | | 5000 | 5,050 | 5,101 | 5,152 | 5,203 |
| Expenses | | 8,000 | 8,080 | 8,161 | 8,242 | 8,325 |
| Salaries and Wages | | 78,000 | 78,780 | 79,568 | 80,363 | 81,167 |
| Depreciation | | 81,000 | 81,810 | 82,628 | 83,454 | 84,289 |
| Marketing Costs | | 6,500 | 6,565 | 6,631 | 6,697 | 6,764 |
| Utility Costs | | 10,500 | 10,605 | 10,711 | 10,818 | 10,926 |
| Insurance | | 10,000 | 10,100 | 10,201 | 10,303 | 10,406 |
| Interest on Loan | | 12,200 | 12,322 | 12,445 | 12,570 | 12,695 |
| Communication | | 1,750 | 1,768 | 1,785 | 1,803 | 1,821 |
| Total Expenses | | 207,950 | 210,030 | 212,130 | 214,251 | 216,394 |
| Profit before Tax | | 296,050 | 419,971 | 569,070 | 748,389 | 963,974 |
| Tax (30%) | | 207,235 | 293,979 | 398,349 | 523,872 | 674,782 |
| Profit After Tax | | 88,815 | 125,991 | 170,721 | 224,517 | 289,192 |