

**ZANDEN COMPANY LIMITED**

**BUSINESS PLAN**

**FOR MANUFACTURING BAGS**

**AND RELATED PRODUCTS**

**MATERIALS**

## 1.1 EXECUTIVE SUMMARY

**ZANDEN COMPANY LIMITED** is a new company incorporated in Tanzania with Certificate of incorporation No. **166235189** dated **15.06.2023** that is planning to manufacture Bags Materials, Hand-Bags and Travelling Bags utilizing current domestic market available in Tanzania.

The company is seeking recurring investment to fund the establishment of the project. The plan that follows explains our market, our value proposition and our market segmentation strategy. The detailed financial plans provide a clear view of our sales and profit forecasts. These plans show how **ZANDEN COMPANY LIMITED** will reach profitability during operation and generate shareholder return on equity within five years.

## 1.2 MISSION

To establish **ZANDEN COMPANY LIMITED** products as an important brand that represents quality in bag Materials the company will accomplish this using high quality manufacturing and research, a creative marketing program, and a comprehensive distribution network using current existing distribution networks, internet presence, and a consumer catalogue. By utilizing this multi-channel approach, we will be able to reach the nice market for quality personal care products rapidly and efficiently. It will allow us to develop **ZANDEN COMPANY LIMITED** as the brand for quality packaging materials products within our target market

## 1.3 THE COMPANY OWNERSHIP

The Company is owned by foreign investors mentioned below:

| Name of shareholders | % of shares subscribed | Nationality |
|----------------------|------------------------|-------------|
| Mr. Zhong Yongkui    | 50                     | CHINA       |
| Su Xushuang          | 45                     | CHINA       |
| Otilia Odila Kaponga | 5                      | Tanzania    |
| <b>TOTAL</b>         | <b>100</b>             |             |

Together shareholders with of combined experience in the retail business will help the business thriving. The company's main office is located in at **Madodo - Mwanambaya - Mkuranga – Coast Region** The leased warehouse is within industrial area with space sufficient for planned staff size growth within the ten years.

From Year 1 through Year 5 we will grow in head count from ten to sixty-five. The majority of this growth will come in store personnel, the rest will be supporting staff. We believe the plan shows a controlled and conservative ramp up of personnel.

#### **1.4 PRODUCTS**

Hand-Bags, Travelling Bags, products will be developed and produced at our factory **Coast Region-Mkuranga ZANDEN COMPANY LIMITED** will commence with one product lines, Hand-Bags, Travelling Bags, Shoes later on will proceed with other Lather Materials. Our pricing strategy is to position our products with a shelf price that is in the mid to lower quadrant of high-quality products and brands. We have accomplished this by making careful market comparisons and adjusting our production cost.

#### **1.5 PROPOSED PRODUCTION CAPACITY**

- Hand-Bags & Travelling- Bags 2,000,000 units per month. We believe our ability to create future product opportunities and growth will only be limited by our imagination and our ability to attract talented people who understand the concept of branding.

#### **1.6 THE MARKET**

**ZANDEN COMPANY LIMITED** will occupy a unique market position. However, within each category significant brands do exist. Quality and price vary widely within each group. **ZANDEN COMPANY LIMITED** will be positioned as a quality brand. The Tanzania market has seen large annual growth rates over the past decade. The Tanzania Government is emphasizing the use of locally manufactured goods. Clear divisions between imported and locally manufactured goods are becoming clearer, that is why **ZANDEN COMPANY LIMITED** board of directors deiced to set up production plant in Tanzania and creating new openings for profit.

In the Lather shoes & Bags, this is environmentally friendly bags which is being encouraged by the Government, the government under the Vice President's office, Union and Environment Affairs has taken note on the necessity of banning plastic bags which aligns with the national environmental laws, that creates business for bags to be produced by **ZANDEN COMPANY LIMITED**

There were more than 15 factories making alternative bags in the country. The average demand for plastic bags stands at three to five per week per person; hence the country was consuming about 7.8 billion bags annually.

#### **1.7 THE CUSTOMER**

**ZANDEN COMPANY LIMITED** is a manufacturers and wholesale (to the end user through a reseller) strategy our target customer must is focusing to the reseller. Our target customers (vs. end user) for wholesale distribution will be resellers who recognize the needs of this

consumer and who she identifies with. We have used the term resellers because they will not be limited to retailers. We will reach the consumer through various means wholesalers, School etc.

There are a number of new demand trends that have impacted the market and created greater opportunities. These trends include NEMC environmental requirement for lather materials total burn of plastic materials, industrialization of Tanzania economy which creates other associated demand etc.

## **1.8 FINANCIAL**

In order to launch its unique product line **ZANDEN COMPANY LIMITED**. requires an initial outlay. Sales at **ZANDEN COMPANY LIMITED** retail stores are planned to grow rapidly from Year 1 through Year 5. During this time frame our wholesale revenues are planned to grow enormously. Initial growth will be financed by a combination of equity investment and debt financing. Our ratios are well within prudent limits and our growth plans are challenging, but realistic.

## **1.9 OBJECTIVES**

1. Launch **ZANDEN COMPANY LIMITED** wholesale within 4months.
2. Achieve an above median maintained margin rate by the end of 5.
3. Generate a return on equity by end of year end 5 year.

## **1.10 MISSION**

To establish **ZANDEN COMPANY LIMITED** as an important brand that represents quality in travelling bags wallets and handbags. We will accomplish this in the following ways:

1. High quality manufacturing and products development by the mid of 2024.
2. A creative marketing and PR program by the mid of 2024
3. Development of a sustainable and reliable wholesale distribution networks by the end of 2024
4. The successful launch of a **ZANDEN COMPANY LIMITED** Web presence by the end of 2024.
5. The successful launch of a consumer catalogue by the end of 2024.

## **1.11 KEYS TO SUCCESS**

1. Quality product.
2. Manpower.
3. Product logistics and quality control.
4. Product placement in key retail accounts.
5. A vertical retail presence in wholesale and retail store, catalogue and e-commerce.

6. The creation of a "buzz" about this "hot...new" brand among opinion leaders through a combination of PR and product placement.

**Wholesale:**

We plan to launch **ZANDEN COMPANY LIMITED** wholesale at the same location where the factory is located. The company is planning to secure a partnership with a well-respected distributors and wholesalers. Through this partnership we will be able to gain key show positions in the Major cities of Dar es Salaam, Arusha, Dodoma, Mbeya, Tanga, etc... The wholesale strategy will target selected clients in target regions. This product positioning will further establish the brand image of **ZANDEN COMPANY LIMITED**.

**E-commerce:**

Unlike current e-commerce models, we do not intend to use the Internet to establish the brand or bring it to market. The e-commerce consumer is brand and convenience conscience. The early ventures have shown that it costs dearly to try and establish a brand via this medium. We will develop our initial Internet capabilities as a combination business-to-business tool and e-catalogue. Our site will be simple and direct with minimal cost. Many of our products are consumable. We will be able to establish a use profile and contact the customer via email when she should be running low, to remind her, at the same time offering her an option to click and replenish. We will establish an EDI capability--directly with the end user. This contact will enable us to suggest add-on items based upon preferences of other users of the same item(s). In addition, the e-commerce platform will provide us with a valuable wholesale tool. We will provide client companies with an access code that will allow them to place orders and utilize our product knowledge database as a training tool for their employees. Our e-commerce capability will come online in early 2024.

**Catalogue:**

The **ZANDEN COMPANY LIMITED** catalogue will launch at the end of 2024. The initial mailing will target opinion leaders in key markets. Our catalogue will have a long in-home life due to the nature of the product and the editorial format. It will be our goal to inform and educate the consumer about the benefits of **ZANDEN COMPANY LIMITED** products. We will focus on the ingredients and the benefits. By utilizing still-life photography, we will be able to contain production costs while reinforcing our focus on the product.

## **2.0 START-UP SUMMARY**

Start-up costs are shown in three areas. The first is in the start-up table, the second is within the cash flow assumptions and the third is in the P&L.

1. Start-up expenses: legal (incorporation and trademark registration), stationery (business cards and office supplies), etc., brochures, consultants (graphic design for logo and packaging), research and development (architecture fees for store and trade fixture design).

2. Start-up costs expressed in year one **ZANDEN COMPANY LIMITED** Start-up costs included within year one P&L: brand marketing, management staff, travel costs to coordinate product development

### **ZANDEN COMPANY LIMITED COST STRUCTURE**

| <b>PARTICULAR</b>     | <b>US\$</b>       |
|-----------------------|-------------------|
| Land and Buildings    | 70,000.00         |
| Machinery & Equipment | 150,000.00        |
| Motor Vehicles        | 120,000.00        |
| Furniture & Fixtures  | 5,000.00          |
| Pre exp               | 40,000.00         |
| Working Capital       | 135,000.00        |
| <b>TOTAL</b>          | <b>520,000.00</b> |

## **2.2 Company Locations and Facilities**

The company's main office is located at **Madodo- Mwanambaya -Mkuranga – Coast Region**. The area is designated for industrial area development and accessible by road with enough space for cargo loading and unloading. The company has a long-term lease agreement with warehouse owner with option for renewal.

Distribution in the first year will be managed from factory premises. In years two through five we plan to manage distribution outside the factory.

## **3.0**

### **3.1 PRODUCT DESCRIPTION**

Patent leather is a high-gloss, grain-free leather, which has been gloss-finished on the surface or covered with a glossy, mirror-smooth film. Patent leather is used for shoes, caps, clothing, wallets and handbags.

#### **. Characteristic**

Good quality carry-on bags tend to be made of nylon, polyester, cotton canvas or t will, is a natural product. It breathes, it's warm and has individual characteristics which are the natural charm and beauty of hide. As a natural product however, it will often display traces of the animal's past life, such as brand marks, wrinkles, veins, healed scars and differing fiber density

Nonwoven fabrics are engineered to provide particular properties

### **End Uses of bag Fabric**

The use of Lather products continues to expand. The many uses of Hangbags, Wallet may be classified as disposables, durable consumer goods, and industrial materials. All these areas are making increasing use of this kind of merchandise because of its low cost and its suitability for many needs.

Disposable Lather are essentially made for one time use; but some, such as dust cloths, may be laundered and reused a few times.

### **Why Lather Products.**

- The latest policies on environment protection
- Promote environmentally safe alternatives to Lather bags.
- Non-Woven and its products are a step in this direction.
- So use of Lather product will not only save trees,
- It will also appeal to your environment conscious customers

### **Benefits**

- Durable & Stylish
  - More Spacious
  - Recyclable
  - Reusable
  - Easier to use and carry
- Recycle and reuse**—The true value of an eco-friendly product can be found out when you consider the reusability of that item. Lather bags are known for this feature and you can safely use these bags over and over again. Also, the fact that they can be recycled makes them more advantageous for all the users. Even if you throw them away, you can be rest assured that they would come to use if collected properly. Almost all the Lather bags have praised the usage of these bags simply because they have the ability to keep the environment clean.
  - Very cost effective**—Being eco-friendly does not only mean that the product has to be reused or recycled. Similarly, with Lather products bags, their cost effectiveness means that you will not have to use other natural resources to make the bags. The simpler the bags, the better it is for the environment. Additionally, you should also consider the fact that these bags & Shoes can be recycled and reused. So, even if you invest in the bag, it will be a one-time investment as you can recover the cost by reusing it.
  - Greater durability**—the easiest way to understand the concept of reuse is by observing the number of times you can use the product without having to spend on something similar.

### 3.2 COMPETITIVE COMPARISON

**ZANDEN COMPANY LIMITED** will occupy a unique market position. However, it is expecting to face stiff competition from imported products and substitute products with the same usage. Quality and price vary widely within each group. **ZANDEN COMPANY LIMITED**. will be positioned as a quality brand.

In this line of business, the competition can be divided into two: Imported products and locally manufactured products.

The imported products are primarily imported from China, India and other Asian countries and sold in the domestic market. They vary widely in quality and price. Their major advantage is their financial strength and their department store relationships. Mostly of them are of low quality sold at higher price.

Locally manufactured products, currently there are limited numbers of non-woven products manufactured locally, however due to new regulations introduced to protect environment by banning or restricting plastic bags, there will be new entrants in the market with the same products produced by **ZANDEN COMPANY LIMITED**

### 3.3 SOURCE OF RAW MATERIALS

Raw materials will be imported from India and China since currently not available locally once available the company will source from local market provided the quality and cost is affordable.

### PRICING STRUCTURE

The pricing for products will be based on the cost of raw materials, production costs, government taxes etc.

#### Proposed selling price per Unit

Hand bags, Travelling Bags US\$0.056

#### Annual production capacity

**ZANDEN COMPANY LIMITED** is planning to set up machines with the following production capacity:

#### Production capacity per year

| Items      | Monthly production | Number of months | Total units |
|------------|--------------------|------------------|-------------|
| Carry bags | 2,000,000          | 12               | 22,000,000  |

#### Cost of Raw materials of non-woven per year

| Items         | Cost per Kg (US\$) | Number of Kg | Cost of raw materials |
|---------------|--------------------|--------------|-----------------------|
| Raw materials | 1.4                | 750,000      | 1,050,000             |

#### Revenue for Lather Materials per year

| Items                     | Cost per unit (US\$) | Number of units (Pcs) per year |
|---------------------------|----------------------|--------------------------------|
| Hand bags& Travelling bag | 0.056                | 22,000,000                     |

### 3.4 FUTURE PRODUCTS

A corner stone of our strategy is the creation of sustainable growth through a combination of new product launches and replenish-able basics. After five year of being in the market the company plan to launch other line of production based on the current market forces, demand and the level of completions.

**ZANDEN COMPANY LIMITED** is launching a brand. The successful execution of this strategy will provide us with the ability to transcend into other categories in the future, as long as we define our image and stay true to the base precepts. For example, properly executed these five precepts can be applied to home products. We believe our ability to create new product opportunities and growth will only be limited by our imagination and our ability to attract talented people who understand the concept of branding.

### 3.5 MARKET ANALYSIS SUMMARY

Tanzania is the most populous and vast country in East Africa with a population of 55 million people according to the 2019 Projections by the National Bureau of Statistics National Census of 2012.[1]. There are 26 administrative regions in the country.

Tanzania is estimated to use 18,000-30,000 tons of Leather bags annually, this is expected to be replaced by Leather Materials.

### **3.6 TARGET MARKET SEGMENT STRATEGY**

Because **ZANDEN COMPANY LIMITED** is a manufacturer company, the market strategy will be focused to wholesalers and end users. Our targeted end user is for carry bag Leather Materials are population of 18 years to 70. This is not less than 30 millions people.

#### **Strategy and Implementation Summary**

Our strategy is to develop **ZANDEN COMPANY LIMITED** as a brand that represents quality and value. The tactics underneath this strategy and the programs we will put in place cover a broad range of disciplines. They are presented here in order of importance.

### **3.7 STRATEGY PYRAMID**

#### **1. Products that perform:**

Continually develop and bring to market products that function as intended and represent an acceptable price--value proposition to the consumer.

#### **2. People:**

- Locate, nurture and develop a team that is talented, committed and understands the concept of brand.
- Training and incentive programs will assist in inspiring our people to "walk the walk," and reward performance.
- Employee stock option and profit-sharing programs will be available at all levels.

#### **3. Targeted marketing programs:**

- Focus on PR campaigns and affiliations with opinion leaders that reinforce our image.
- Print advertising will be focused on the benefits of our products, both physical and emotional. They will speak to our target consumer aspires to have. It will be carefully placed to insure the proper affiliation.
- Point of sale graphics will reinforce our message of function and quality.
- Develop a team of "technical representatives" to support key accounts with product and sales training.

4. Development of **ZANDEN COMPANY LIMITED** distribution center:

- Distribution center will be carefully sited to generate acceptable revenue and enhance our brand image.
- Existence of our own distribution center will help to establish and reinforce our authority.
- Retail stores will be located in major shopping areas and malls. **ZANDEN COMPANY LIMITED** retail stores will bring the product and brand image to consumers in major markets.

5. Controlled distribution at wholesale:

Affiliating with retailers who have a consumer image and awareness that supports **ZANDEN COMPANY LIMITED** will reinforce our image.

6. Creation of the **ZANDEN COMPANY LIMITED** catalogue:

- Allow us to reach a broader (geographically) audience at reasonable cost and in a controlled method.
- Explain our products and our philosophy in an informative and interesting format.
- Create brand awareness in new markets and measure consumer acceptance prior to committing brick and mortar resources.

7. Implementation of the **ZANDEN COMPANY LIMITED** website:

- Provide the consumer with a reference for the use of our products.
- Provide a training tool for **ZANDEN COMPANY LIMITED** accredited facilities on the Web.
- Wholesale customers will be able to utilize the site to train their staff and to place reorders or learn about new products.
- Retail and wholesale customers will be able to set up automatic replenishment on the Web and we will be able to reach out and remind them when they need product, based upon average usage data and time since last purchase.

### 3.8 VALUE PROPOSITION

Our value proposition must be viewed at two levels. First, the end consumer, what do we offer her that she will recognize as a benefit and a value? Second, the retailer, their motivation to purchase and market our products will not always be in sync with the consumer's motivation to buy.

The end user is being bombarded with claims and propositions. Our multi-channel distribution strategy will ensure easy access to product when and where needed. By combining a simple approach to product knowledge, a distribution strategy that ensures availability, a pricing

proposition that puts us at the lower quadrant of the high-quality brands and a quality brand image for **ZANDEN COMPANY LIMITED** we believe we will create a compelling value proposition for our target consumer.

Our target is motivated by a different set of values. Today they need products that draw consumers to their establishments and offer them an acceptable return. They need their vendors to provide training and marketing support and they need to be able to offer their customers a reason to come to them. **ZANDEN COMPANY LIMITED** will address each of these needs for our retail clients. Because we will create **ZANDEN COMPANY LIMITED** as a brand we will be pulling consumers into their doors. Our technical representatives will offer them a resource for training and developing their own staffs while our shop in shop programs will offer them in-store factoring and point of sale support, and our concession program will provide them the opportunity to have a complete **ZANDEN COMPANY LIMITED** operated facility in their location. We will offer a product return and exchange privilege for qualified accounts that assures them a maintained margin of 50%. We will limit wholesale distribution so retail clients will gain a market advantage over their competitors. Because **ZANDEN COMPANY LIMITED** has been conceived as a retail strategy, we will be able to better understand and serve the needs of the retailer.

### **3.9 MARKETING STRATEGY**

**ZANDEN COMPANY LIMITED** will utilize a brand building (pull) strategy as the basis for our marketing plan. We will position our print media spend in magazines that influence our target consumer and validate the brand. In addition to paid ads in regional issues of the publications, we will retain a PR firm to develop a grass roots program for obtaining product placement and celebrity/trainer endorsements. Our media and PR strategy will bring the brand to the forefront for the consumer and set the stage for our image development. In addition, we will develop a unique in-store and hospital graphic and communication package that explains our products benefits and advantages at point of sale.

#### **3.9.1 MARKETING PROGRAMS**

- **Development of product:** Develop a Lather and labeling system that communicates the **ZANDEN COMPANY LIMITED** message.
- **Development of product brochures:** Create a series of brochures that will function at point of sale and at trade shows.
- **Creation of a ZANDEN COMPANY LIMITED video:** Develop a video that explains the importance of the use of our products.
- **Selection of a PR firm:** Begin the selection process for a retained public relations firm by the end of 2024.
- **Selection of an advertising firm:** Begin the selection process for an advertising agency by the end of 2024.

- **Development of our print campaign:** Development of this campaign will begin immediately after selecting an agency.
- **Creation of consumer seminars:** Develop and implement these programs by July 2024.

### **3.9.2 PRICING STRATEGY**

Our pricing strategy at retail will be to create a price-to-benefits ratio that positions **ZANDEN COMPANY LIMITED** as a superior value. At wholesale we will price our products to provide the retailer with a 50% maintained margin and offer a product exchange program for current accounts. Our wholesale prices will be derived after the appropriate retail is determined to ensure that the shelf price represents a value to the consumer and the retailer has a 50% margin.

### **3.9.3 PROMOTION STRATEGY**

Our promotional strategy will cover a broad range of programs.

#### **Pricing:**

We will not have price promotions in our own facilities and we will discourage our wholesale customers from reducing prices. Instead, we will have a quarterly bonus week. During the bonus week consumers will receive a free gift with any **ZANDEN COMPANY LIMITED** purchase over a preset amount. The gift sets will consist of sample size **ZANDEN COMPANY LIMITED** products from our most current launch in a specially designed tote or gym bag.

#### **Consumer Mailers:**

We will have a monthly mailer for **ZANDEN COMPANY LIMITED** customers. It will be designed to educate the consumer about the benefits of a particular product or ingredient. The mailer will be redeemable for a sample of the product.

#### **Seminars:**

Our point-of-sale system will track consumer sales and usage by customer. We will invite our best customers to quarterly seminars on skin care and wellness.

#### **Public Relations:**

We will contract a top public relations firm to develop and execute a gorilla campaign. The objective will be to secure product placement in key publications and endorsements by opinion leaders.

### **3.9.4 SALES STRATEGY**

Our retail sales strategy consists of just two parts. First, we will hire and train people who fit the **ZANDEN COMPANY LIMITED** image. Our training programs will ensure that they have the product knowledge necessary to serve the customers' needs and close the sale. Second, our commission and retention programs will insure we recognize and reward performance. Our sales people will be on a commission program that compensates for follow up sales at progressively higher rates. This

will provide an incentive for consumer follow up and the creation of repeat business. Our commission program will also ensure that individual performance is monitored and recognized. Top performers will be singled out for recognition and poor performers will be given additional training or encouraged to seek a profession more suitable to their skills.

Our wholesale sales program will evolve through two phases as we grow. In the first phase leading showrooms will represent us. They will be paid commission on all sales and will manage the contracts with other showrooms. These higher rates will motivate the reps to promote **ZANDEN COMPANY LIMITED** products and aggressively pursue reorders. They will also handle order follow up and customer service. Our internal sales team will be paid 6% of sales. The customer satisfaction team will handle all post sale activities. Insuring delivery, claim processing and collection. (This team will cost approximately 8% of sales in salary and support costs.)

**3.9.4 SALES FORECAST**

Sales at **ZANDEN COMPANY LIMITED** retail stores are planned to grow astoundingly from 2024 to 2026. This represents a phenomenal growth rate per year for the first five years.

Wholesale sales are budgeted to grow enormously by the end of 2024. While we believe this growth is achievable for the following reasons:

1. A great deal of our growth will come from adding doors. We will begin 2024 with one account. As we add accounts, we will experience both per door growth and geometric growth in the size of our wholesale client base.
2. Our product launch schedule will result in our sales to grow 0.05 per annum.
3. Our advertising plan (media and PR) is to grow our annual media spend extensively by 2024 and 2026. This will increase brand awareness by both the consumer and the retailer.

**PROJECTED REVENUE (US\$)**

|         | 1         | 2         | 3         | 4         | 5         |
|---------|-----------|-----------|-----------|-----------|-----------|
| Revenue | 1,344,000 | 1,464,960 | 1,596,806 | 1,740,519 | 1,897,166 |

**3.9.5 SALES PROGRAMS**

1. Development of the **ZANDEN COMPANY LIMITED** sales training program: To be completed in the by the October of 2024.
2. Creation of the **ZANDEN COMPANY LIMITED** commission program: To be completed in the first second quarter of 2025.
3. Identification of and contracts with key wholesalers by mid of 2025.

4. Selection of a customs broker to ensure efficient flow of inventory and accurate classification of product: To be completed in March 2025.

### 3.9.5 STRATEGIC ALLIANCES

We will secure strategic alliances on the supply side. The arrangements with is on advanced stage of negotiations and it will give us access to gradable production flow, plus state of the art research and development resources.

### 3.9.6 MILESTONES

The following table shows the milestones set for **ZANDEN COMPANY LIMITED**

#### Management Summary

The initial management team is very compact. Our CEO and founder is the only current (full-time) employee. However, we have utilized significant external resources and have secured a committed and talented team to join **ZANDEN COMPANY LIMITED** as our funding gets in place.

#### Management Team

The CEO has over 10 years of retail experience. During his career he has successfully held senior management positions with several major companies before establishment of his own enterprise the Ceo will be assisted with other board of directors in policy formulation and general guidance of the company vision.

The company will recruit competent and experience people to manage daily company operations.

| <b>Employment</b> | <b>Foreign Skilled</b> | <b>Local Skilled</b> | <b>Local Unskilled</b> | <b>Total</b> |
|-------------------|------------------------|----------------------|------------------------|--------------|
| Women             |                        | 5                    | 10                     | 15           |
| Men               | 3                      | 15                   | 15                     | 33           |
| <b>TOTAL</b>      | <b>3</b>               | <b>20</b>            | <b>25</b>              | <b>48</b>    |

#### outside Management Advisors

Our outside management advisors provide a significant asset to **ZANDEN COMPANY LIMITED**. They provide management with a valuable sounding board for strategic and creative decisions. They provide a deep experience base in all critical areas. The company will experience consultancy hires business for guidance.

#### 4.1 IMPORTANT ASSUMPTIONS

Our assumptions are detailed in the proceeding tables. We have planned for relatively slow but stable general economic growth and an interest rate on borrowing of 8%. That is caused by our assumption that approximately 100% of our sales will be done on cash and grow 5% annually

#### 4.2 KEY FINANCIAL INDICATORS

This topic compares five key indicators in regards to how much they change over time. The indicators include sales, gross margin, operating expenses. We chose these three indicators because they all have real impact on the health of a business. We focus not on gross amounts as much as changes. The chart actually shows changes on a year-to-year basis, rather than gross amounts.

The indicator value is a good way to compare different concepts on the same chart. Sales and operating expenses are measured in gross amounts, gross margin is in percentage terms, collection days are in days (how many days do you wait to get the money), and inventory turnover is in turns per year (cost of goods sold divided by average inventory).

#### 4.4 PROJECTED STATEMENT OF COMPREHENSIVE INCOME.

A projected Statement of Comprehensive income for the period covering from year 1 to year has been prepared on schedule no 2, which also form part of projected financial statement of the period .This details the projected performance of the business through income generated, operating expenses to be incurred and the profit to be earned. In five years period

|   | 1         | 2         | 3         | 4         | 5         | 6         |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| Revenue                                 | 1,344,000 | 1,464,960 | 1,596,806 | 1,740,519 | 1,897,166 | 2,067,911 |
| Cost of Sales                           | 1,050,000 | 1,155,000 | 1,270,500 | 1,397,550 | 1,537,305 | 1,691,036 |
| Profit before Interest and Depreciation | 294,000   | 309,960   | 326,306   | 342,969   | 359,861   | 376,875   |
| Interest                                | -         | -         | -         | -         | -         |           |
| Depreciation                            | 17,500    | 17,500    | 17,500    | 17,500    | 17,500    | 17,500    |
| Profit After Interest and Depreciation  | 276,500   | 292,460   | 308,806   | 325,469   | 342,361   | 359,375   |
| Operating Cost                          | 96,775    | 102,361   | 108,082   | 113,914   | 119,826   | 125,781   |
| Profit before Tax                       | 179,725   | 190,099   | 200,724   | 211,555   | 222,534   | 233,594   |

|                   |         |         |         |         |         |         |
|-------------------|---------|---------|---------|---------|---------|---------|
| Tax               | 53,918  | 57,030  | 60,217  | 63,466  | 66,760  | 70,078  |
| NET PROFIT        | 125,808 | 133,069 | 140,507 | 148,088 | 155,774 | 163,516 |
| Accumulate Profit | 125,808 | 258,877 | 399,384 | 547,473 | 703,247 | 866,762 |

## ZANDEN COMPANY LIMITED. PROJECTED INCOME AND EXPENDITURE US\$

### 4.5 PROJECTED STATEMENT OF CASH FLOW

Our cash flow projections are shown on the following schedules no.4 of Cash flow after capital expenditures and investment varies between positive and negative, depending upon our rate of expansion and increasing accounts receivable, which form part of projected financial statement.

### ZANDEN COMPANY LIMITED PROJECTED STATEMENT OF CASH FLOW

|   | 0                | 1                | 2                | 3                | 4                  | 5                  |
|---|------------------|------------------|------------------|------------------|--------------------|--------------------|
| <b>SOURCES:</b>                         |                  |                  |                  |                  |                    |                    |
| Profit before interest and depreciation | -                | 294,000          | 309,960          | 326,306          | 342,969            | 359,861            |
| Loan                                    | 0.00             |                  |                  |                  |                    |                    |
| Equity                                  | 520,000.00       |                  |                  |                  |                    |                    |
| <b>Total Sources</b>                    | <b>520,000</b>   | <b>294,000</b>   | <b>309,960</b>   | <b>326,306</b>   | <b>342,969</b>     | <b>359,861</b>     |
| <b>Applications:</b>                    |                  |                  |                  |                  |                    |                    |
| Capital expenditure                     | <b>345,000</b>   |                  |                  |                  |                    |                    |
| working Capital & Others                | 175,000.00       | -                | -                | -                | -                  | -                  |
| Cash                                    | -                | 240,082.00       | 252,930.00       | 266,089.00       | 279,503.00         | 290,101.00         |
| Tax                                     | -                | 53,918           | 57,030           | 60,217           | 63,466             | 66,760             |
| <b>Total</b>                            | <b>520,000.0</b> | <b>294,000.0</b> | <b>309,960.0</b> | <b>326,306.0</b> | <b>342,969.00</b>  | <b>356,861.00</b>  |
| <b>Accumulated Cash</b>                 |                  | <b>240,082.0</b> | <b>493,012.0</b> | <b>759,101.0</b> | <b>1,038,604.0</b> | <b>1,328,705.0</b> |

#### 4.6 PROJECTED BALANCE SHEET STATEMENT

Projected statement of financial position of the firm has been prepared on schedule no. 1 appended to these statements, are projected change in equity schedule, movement schedule of assets, loan repayment schedule, payback period computation schedule, internal rate of return computation schedule as schedule no.3, 5 6,7 and 8 respectively.

#### ZANDEN COMPANY LIMITED PROJECTED BALANCE SHEET STATEMENT

|                               | 0              | 1              | 2              | 3              | 4              | 5                |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|
| <b>Fixed Assets</b>           |                |                |                |                |                |                  |
| Opening balance               | -              | <b>345,000</b> | <b>327,500</b> | <b>310,000</b> | <b>292,500</b> | <b>275,000</b>   |
| <b>Total Long-term Assets</b> | -              |                |                |                |                |                  |
| <b>Less depreciation</b>      | -              | 13,500         | 13,500         | 13,500         | 13,500         | 13,500           |
| <b>Closing balance</b>        | -              | <b>331,500</b> | <b>314,000</b> | <b>296,500</b> | <b>279,000</b> | <b>261,500</b>   |
| Working capital               | 175,000        | 175,000        | 175,000        | 175,000        | 175,000        | 175,000          |
| Accumulated cash              | -              | 112,322.00     | 234,404.00     | 367,124.00     | 511,439.00     | 668,394.00       |
| <b>Total assets</b>           | <b>175,000</b> | <b>287,322</b> | <b>409,404</b> | <b>542,124</b> | <b>686,439</b> | <b>843,394</b>   |
| Financed by                   |                |                |                |                |                |                  |
| Loan                          | 0              | 0              | 0              | 0              | 0              | 0                |
| Equity                        | 520,000        | 520,000        | 520,000        | 520,000        | 520,000        | 520,000          |
| Accumulated profit            |                | 96,314         | 202,112        | 318,246        | 445,648        | 585,330          |
| <b>Total equity and debts</b> | -              | <b>616,314</b> | <b>722,112</b> | <b>838,246</b> | <b>965,648</b> | <b>1,105,330</b> |

#### 4.7 PAYBACK PERIOD

The total investment cost is US\$ 520,000 and the total accumulated in 4<sup>th</sup> year is us\$ 571,678 which is more than initial investment cost by US\$ 71,678, the payback period is within 4 year

#### ZANDEN COMPANY LIMITED PROJECTED PAYBACK PERIOD

| Year | Profit After Tax  | Depreciation | Total Cash Flow | Accumulated Cash Flow |
|------|-------------------|--------------|-----------------|-----------------------|
| 1    | <b>125,808.00</b> | 13,500.00    | 139,308.00      | 109,514.00            |
| 2    | <b>133,069.00</b> | 13,500.00    | 146,569.00      | 256,083.00            |
| 3    | <b>140,507.00</b> | 13,500.00    | 154,007.00      | 410,090.00            |
| 4    | <b>148,088.00</b> | 13,500.00    | 161,588.00      | 571,678.00            |
| 5    | <b>155,774.00</b> | 13,500.00    | 169,274.00      | 740,952.00            |

