

Galata Wood & Furniture Limited



Business Plan

2024

Furniture
Manufacturing

Workshop

Furniture Design
Consultation

Table of Contents

1. Executive Summary **01**

1.1: Business Overview 01

1.2: Mission and Vision Statement 02

1.3: Objectives 03

1.4: Success Factors 04

2. Business Description **05**

2.1: Ownership 05

2.2: Startup 05

3. Products and Services **07**

3.1: Products 07

3.2: Services 08

4. Marketing Analysis **09**

4.1: Industry Analysis 09

4.2: Market Trends 10

4.3: Market Segmentation 11

5. Strategy **13**

5.1: Competitive Edge 13

5.2: SWOT Analysis 14

5.3: Sales Strategy 15

5.4: Milestone 16

6. Management Summary **17**

6.1: Management Summary 17

6.2: Personnel Plan 17

6.3: Team Structure 18

7. Financial Plan **19**

7.1: Important Assumption 19

7.2: Break-Even Analysis 19

7.3: Projected Profit and Loss 20

7.4: Projected Cash Flow 21

7.5: Projected Balance Sheet 22



1. Executive Summary



1.1: Business Overview

Galata Wood and Furniture Limited is a registered, premium furniture manufacturing and sales. Business located in Dar es Salaam, Tanzania. Strategically positioned in a highly suitable location, Galata specializes in creating high-end cabinetry and custom furniture that embody quality, style, and functionality for the modern home and workspace. Our mission is to transform ordinary spaces into warm, inviting environments with the highest quality furniture tailored to meet our clients' unique preferences and goals. Galata stands out by offering a wide variety of styles, expert craftsmanship, and exceptional value, all designed to make our customers' dream spaces a reality.

Our concept centers on providing a one-stop shopping experience, catering to all home furniture, bedding, and cabinetry needs at competitive prices. Galata is committed to fostering an enjoyable shopping experience, where clients can access everything they need for their homes and offices under one roof.

With an initial investment of \$2,500,000 million, we aim to strategically position ourselves within the industry, achieving significant milestones and successfully competing with established brands.

Galata's dedication to excellence ensures that we not only meet but exceed customer expectations through our comprehensive range of products and services.

Products

1. Household Furniture: Offering a complete range for kitchens, bedrooms, and living rooms, including custom wall designs.
2. Office Furniture: Specializing in ergonomic seating, desks, tables, and decorative wall designs.
3. Contract Furniture: Providing durable, functional solutions for public spaces, such as hospitals, schools, hotels, and bus stations.
4. Doors: Interior and Exterior Doors: Premium hardwood and softwood doors.
5. Kitchen Cabinets: Crafting high-quality kitchen cabinetry and other wood products for both residential and commercial settings.

Services

1. Delivery, Assembly, and Installation: Ensuring a seamless, hassle-free setup experience for our clients.
2. Project Management: Coordinating large-scale furnishing projects to ensure timely and efficient completion.
3. Warranty and Repair: Providing comprehensive after-sales support and maintenance.
4. Design Consultation: Assisting clients in selecting the right styles and materials to best suit their spaces and needs.

Through Galata's unique blend of high-quality products, dedicated customer service, and innovative design, we are set to become a trusted name in the Tanzanian furniture market, known for reliability, luxury, and customer satisfaction.



1.2: Mission and Vision Statement

Mission

To create high-quality, stylish, and functional furniture that brings warmth and sophistication to any space. We are committed to delivering outstanding products and services that exceed customer expectations, ensuring a seamless and enjoyable experience from design consultation to delivery and beyond. At Galata Wood and Furniture, we strive to make luxury and quality accessible, sustainable, and integral to every home and business we serve.

Vision

To be the leading furniture manufacturing company in Tanzania, known for transforming spaces with exceptional craftsmanship, innovative designs, and unparalleled quality that enriches homes, offices, and public spaces across East Africa.



1.3: Objectives

1. Establish Brand Presence

- Build Galata Wood and Furniture Limited as a recognized and trusted brand in Tanzania's high-end furniture market within the first 12 months by focusing on superior quality, innovative design, and exceptional customer service.

2. Increase Market Share

- Capture at least 15% of the local premium furniture market within the first 3 years, targeting homeowners, offices, and public institutions through targeted marketing and strategic partnerships.

3. Achieve Customer Satisfaction and Retention

- Maintain a customer satisfaction rate of 90% or higher by delivering outstanding products, timely services, and comprehensive support, including design consultation, delivery, and post-purchase services.

4. Promote Environmental Sustainability

- Implement sustainable manufacturing practices by sourcing eco-friendly materials, reducing waste by 15% annually, and offering disposal services that support recycling and responsible waste management.

5. Enhance Employee Development

- Create a skilled, motivated workforce by offering continuous training, development opportunities, and a supportive work environment, ensuring all team members are equipped to deliver on Galata's quality and service standards.

6. Sustain Financial Growth

- Drive consistent revenue growth by expanding our product offerings, enhancing operational efficiencies, and strategically positioning Galata Wood and Furniture Limited in target markets.



1.4: Success Factors

Galata Wood and Furniture Limited is uniquely positioned to succeed in the high-end furniture market due to the following key factors:

1. Commitment to Quality and Craftsmanship

- Our dedication to exceptional quality and detailed craftsmanship sets us apart in the market, ensuring that every piece meets high standards and resonates with discerning customers seeking long-lasting, premium furniture.

2. Innovative Design and Customization

- By offering unique, stylish designs and customizable options, Galata Wood and Furniture meets the specific needs of customers who value personalized solutions, creating spaces that are both functional and aesthetically pleasing.

3. Strategic Location and Market Insight

- Located in Dar es Salaam, a hub for commerce and culture in Tanzania, Galata is well-positioned to tap into a growing market with increasing demand for high-quality furniture, giving us a logistical advantage and market reach.

4. Exceptional Customer Experience

- Our comprehensive approach to customer service, from design consultation to delivery, assembly, and after-sales support, builds trust and fosters long-term relationships, encouraging repeat business and customer loyalty.

5. Skilled and Passionate Team

- With a team of skilled artisans, designers, and professionals, Galata Furniture combines local craftsmanship with modern techniques, ensuring consistent quality and a deep understanding of customer needs.

6. Focus on Sustainability

- We are committed to environmentally conscious practices by sourcing eco-friendly materials and minimizing waste, appealing to a growing segment of customers who prioritize sustainability in their purchasing decision.

8. Scalable Business Model

- Galata's operational framework is designed for scalability, allowing us to expand product lines, explore new markets, and increase production capacity in response to growing demand.

2. Business Description



2.1: Ownership

Galata Wood and Furniture Limited is co-owned by Gokhan Guven and Mehmet Adnan Sahin, both of whom bring strong entrepreneurial skills and a deep enthusiasm for business growth. Driven by a shared vision to capture the opportunities in the furniture manufacturing industry, they founded Galata Wood and Furniture Limited to address gaps in quality and customer satisfaction observed in the regional market. Their combined expertise and commitment to excellence position Galata Wood and Furniture as a company that prioritizes craftsmanship, customer-focused service, and high standards, distinguishing it from other providers in the industry.

2.2: Startup Summary

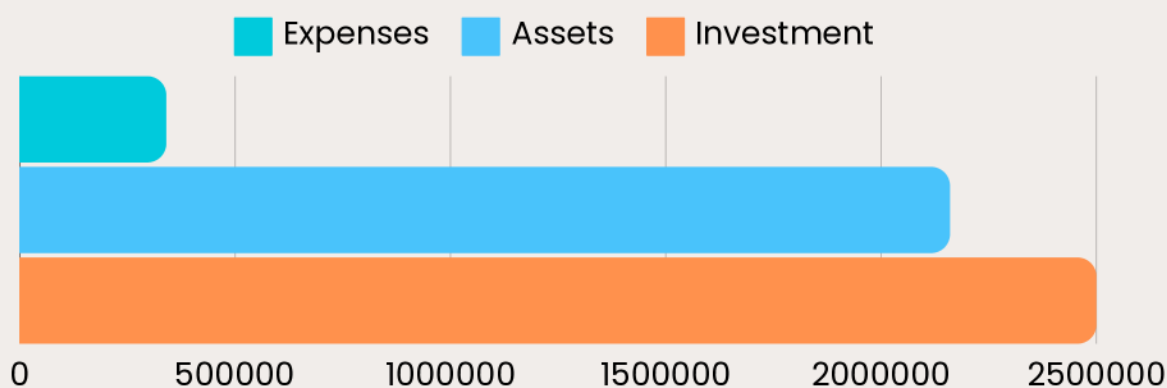
Galata Wood and Furniture Limited's startup plan is focused on establishing a robust foundation for sustainable growth in Tanzania's premium furniture market. The initial phase includes securing a production facility in Dar es Salaam, outfitted with essential machinery and tools to ensure efficient, high-quality manufacturing.

The startup funding will cover initial costs, including the purchase of high-quality raw materials, machinery, and equipment, as well as securing inventory for the first few months of operation. Additionally, a portion of the budget is allocated for marketing efforts aimed at building brand awareness and attracting our initial customer base, focusing on both digital and in-store promotions.

The startup phase also involves recruiting and training a skilled workforce, including artisans, designers, and customer service personnel, to ensure that products and services reflect the highest standards in craftsmanship and client satisfaction. The initial investment will allow us to establish itself as a trusted brand, ready to fulfill the market's needs and capture a competitive position in the industry.

Startup-Cost

Cost Distribution	Amount
Expenses	\$340,000
Assets	\$2,160,000
Investment	\$2,500,000



Funding Required

Category	Details	Amount \$
Assets		
Production Facilities	Lease, Building & Renovation	\$50,000
Machinery & Equipment	Cutting, sanding, finishing tools, cabinetry machines	\$1,710,000
Office Equipment	Computers, desks, furniture	\$3,000
Initial Inventory	Raw materials (wood, laminates, hardware)	\$377,000
Vehicle	Delivery vehicle(s) for logistics	\$20,000
Total Assets		\$2,160,000
Expenses		
Staffing	Recruitment and training costs	\$50,000
Marketing & Branding	Advertising & Promotions	\$30,000
Utilities & Overheads	Electricity, water & internet	\$70,000
Legal & Compliance	Permits, licenses & legal fees	\$10,000
Miscellaneous	additional Unforeseen Cost	\$180,000
Total Expenses		\$340,000
Grand Total	Assets+ Expenses	\$2,500,000

3. Products and Services



3.1: Products

Galata Wood and Furniture Limited

specializes in creating high-quality, elegant furniture and wood products that elevate both residential and commercial spaces. We pride ourselves on using premium hardwood to craft durable, stylish, and timeless pieces that meet the needs of clients who value superior craftsmanship. Our product range includes all types of furniture and custom woodwork, from doors to cabinetry, ensuring every piece reflects modern design trends while maintaining practicality and aesthetic appeal.

Our commitment to quality, innovation, and attention to detail makes us the go-to provider for customers seeking personalized, long-lasting solutions for their spaces.

Products Offered

1. Household Furniture

- Kitchen: Custom cabinetry, countertops, and shelving designed to blend functionality and aesthetics.
- Bedroom: Hardwood and softwood wardrobes, beds, dressers, and bedside tables tailored to individual preferences.
- Living Room: Sofas, coffee tables, entertainment units, and decorative wall features that enhance any living space.

2. Office Furniture

- Seating Solutions: Ergonomic chairs and sofas made for comfort and productivity.
- Desks and Tables: Executive desks, workstations, and conference tables designed for style and functionality.
- Storage Solutions: Filing cabinets, bookshelves, and wall-mounted storage units, built for practicality and durability.

3. Contract Furniture

- Public Spaces: Robust and stylish furniture for schools, hospitals, hotels, and transportation hubs, designed to withstand heavy use.
- Hospitality Sector: Custom pieces for lobbies, guest rooms, dining areas, and conference spaces, blending elegance and utility.

4. Doors

- Interior and Exterior Doors: Premium hardwood and softwood doors, designed to offer durability, security, and a touch of sophistication.
- Custom Doors: Tailored door designs to match specific architectural and aesthetic requirements.

5. Kitchen Cabinets and Custom Wood Products

- High-End Hardwood Cabinets: Offering exceptional quality and design to meet functional and aesthetic needs.
- Custom Wood Products: Built-in wall units, shelving, and one-of-a-kind wood pieces crafted from hardwood and softwood to enhance any space.



3.2: Services

Our services are designed to provide customers with a seamless, enjoyable experience from selection to setup. We offer a comprehensive suite of services that include delivery, professional assembly, and design consultation to ensure each piece integrates perfectly into its intended space. We also provides after-sales support, including warranty and repair services, which underscores our commitment to quality and customer satisfaction. These services, combined with our dedication to reliable and timely execution, differentiate Galata Wood and Furniture as a company that truly cares about the long-term value and enjoyment of its products.

How We Are Unique

Galata Wood and Furniture Limited distinguishes itself with its focus on premium hardwood products, ensuring unparalleled quality, durability, and timeless beauty. Our ability to offer highly customized furniture and woodwork, from intricate cabinetry to bespoke hardwood doors, allows us to cater to diverse client needs. In addition, our eco-conscious approach, innovative designs, and commitment to exceptional customer service ensure that every client enjoys a personalized, seamless experience. These unique qualities position us as a leader in providing all types of furniture and wood products, exceeding customer expectations with every project.

4. Marketing Analysis

4.1: Industry Analysis

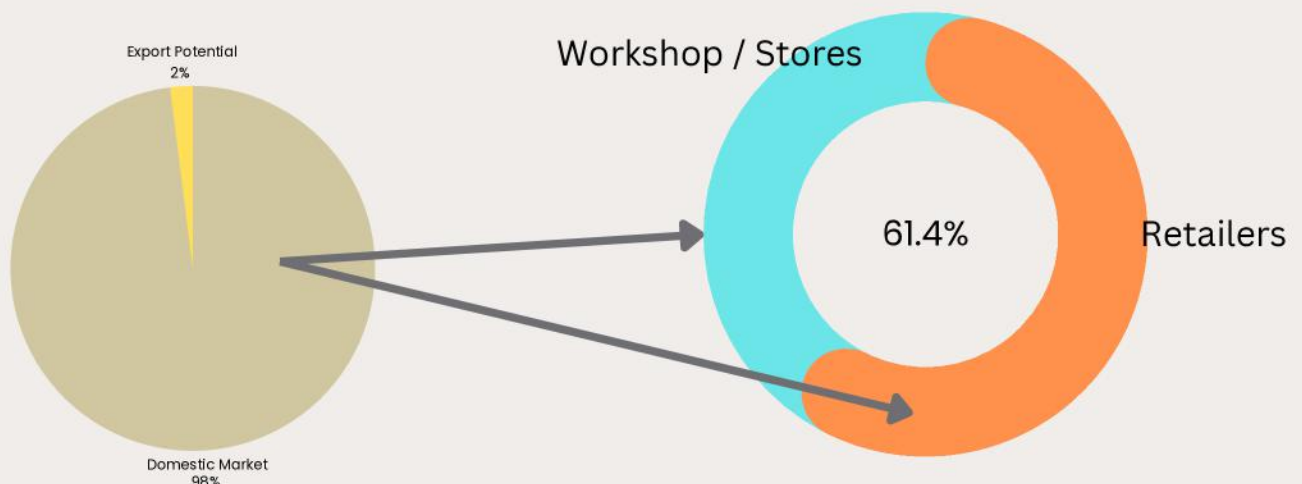
The furniture manufacturing industry in Tanzania presents notable opportunities for growth, despite facing challenges in infrastructure, raw material availability, and competition. Concentrated in industrial clusters such as Keko, Buguruni-Malapa, and Mbezi Beach kwa Komba, the industry benefits from its proximity to urban centers like Dar es Salaam, which serve as key hubs for domestic furniture sales.



Key Features of the Industry

- Domestic Market Focus: Approximately 98% of furniture sales are domestic, highlighting a strong local demand for furniture products. The majority of sales are driven through retailers (61.4%) and own workshops or stores (38.89%).
- Export Potential: Exports account for only 1.99% of sales, indicating an untapped market for international expansion.
- Capacity Utilization: Most firms operate below 50% capacity due to limitations in infrastructure and access to raw materials, reducing overall efficiency.
- Employment: Although the sector provides employment, the average workforce per firm remains low, with only minor improvements in job creation observed over time.

Despite these challenges, the industry shows positive growth indicators in Manufacturing Value Added (MVA) and sales, particularly in well-established clusters like Keko, which lead in production and revenue generation.



4.2: Market Trends

The Tanzanian furniture market is evolving in response to socio-economic changes, technological advancements, and consumer preferences.

Key Market Trends:

- Increasing Demand for Customized Furniture: Consumers are seeking personalized solutions for their homes and businesses, driving demand for unique and high-quality designs.
- Urbanization and Housing Development: Rapid urban growth and rising housing projects in cities like Dar es Salaam are fueling demand for residential and office furniture.
- Sustainability and Eco-Friendly Products: Customers are increasingly prioritizing sustainable practices, creating an opportunity for manufacturers to use eco-friendly materials and processes.
- Technology Integration: Adoption of modern machinery and tools is gradually improving production quality and efficiency, though access remains limited for smaller firms.
- Competition from Imports: Imported furniture, particularly from Asia, poses a significant threat to local manufacturers, emphasizing the need for competitive pricing and quality improvements.



4.3: Market Segmentation

The furniture manufacturing market in Tanzania can be segmented into the following categories based on customer needs and applications:

a. Residential Furniture

- Target Customers: Homeowners and renters furnishing kitchens, living rooms, and bedrooms.
- Products: Custom cabinetry, beds, sofas, wardrobes, and wall décor.
- Opportunities: Growing middle-class income and urbanization increases demand for stylish and functional home furniture.

b. Commercial Furniture

- Target Customers: Offices, corporate spaces, and co-working environments.
- Products: Desks, ergonomic chairs, conference tables, and storage solutions.
- Opportunities: Rising investments in corporate infrastructure and modern office layouts drive this segment.

c. Contract Furniture

- Target Customers: Public spaces such as schools, hospitals, hotels, and transportation hubs.
- Products: Durable furniture for lobbies, waiting areas, and classrooms.
- Opportunities: Increased government spending on public infrastructure supports demand for this segment.

d. Export Market

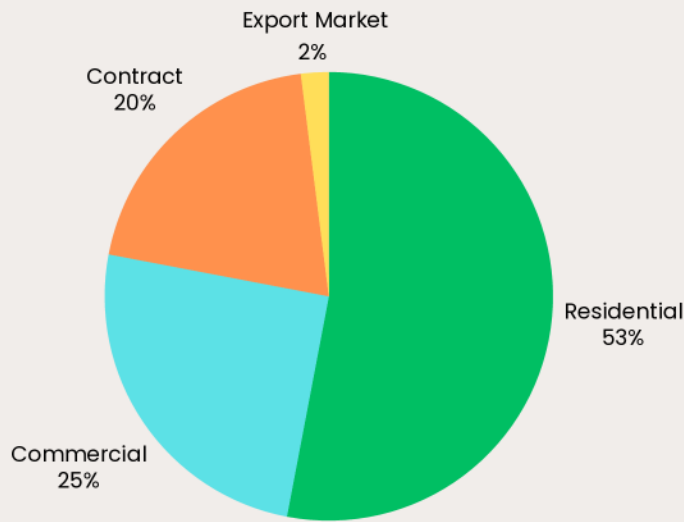
- Target Customers: International buyers seeking quality, affordable furniture.
- Products: Custom wooden furniture and eco-friendly designs.
- Opportunities: Expansion into international markets can diversify revenue streams and reduce reliance on domestic sales.



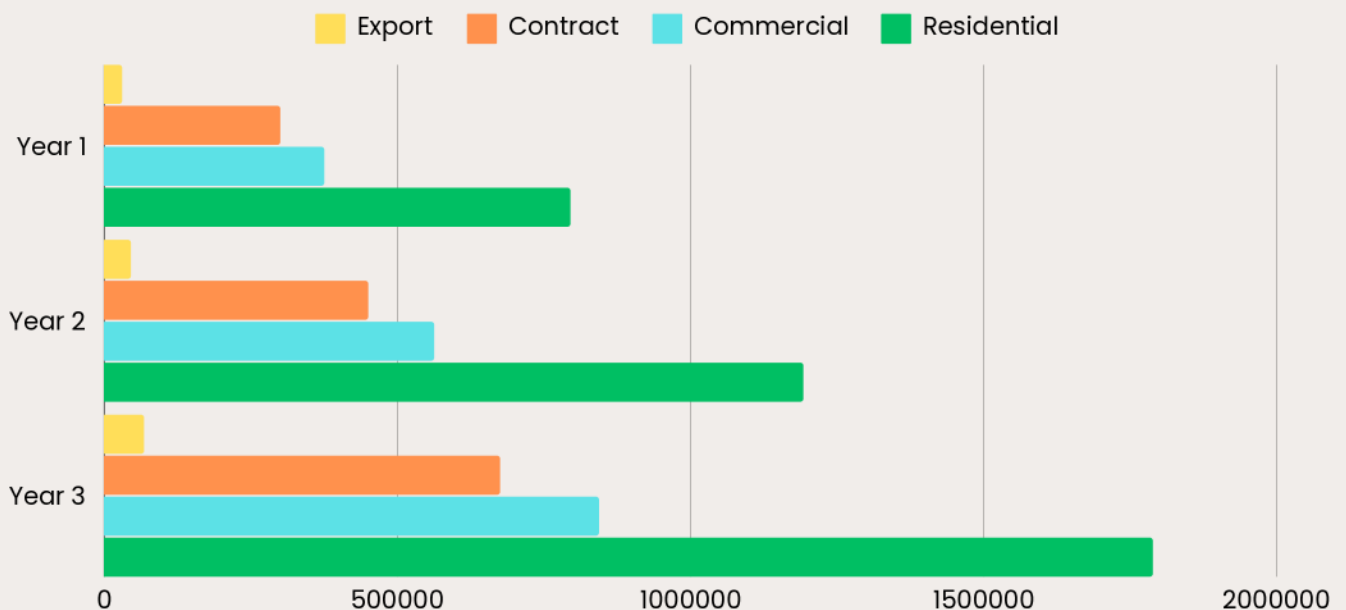


Market Share

Segment	Market Share
Residential Furniture	53%
Commercial Furniture	25%
Contract Furniture	20%
Export Market	2%



Potential Customers	Growth	Year 1	Year 2	Year 3
Residential Furniture	50%	\$795,000	\$1,192,500	\$1,788,750
Commercial Furniture	50%	\$375,000	\$562,500	\$843,750
Contract Furniture	50%	\$300,000	\$450,000	\$675,000
Export Market	50%	\$30,000	\$45,000	\$67,500
Total		\$1,500,000	\$2,250,000	\$3,375,000



5. Strategy



5.1: Competitive Edge

Galata Wood and Furniture's competitive edge lies in its ability to combine superior craftsmanship, modern design, and customer-centric services, setting it apart from competitors.

The following elements define Gala Wood and ta Furniture's competitive advantage:

- **High-Quality Products:** Galata uses premium materials and skilled artisans to create durable, stylish furniture tailored to customers' needs.
- **Customization Options:** Offering personalized designs ensures that clients receive furniture uniquely suited to their preferences and spaces.
- **Comprehensive Services:** Beyond selling furniture, Galata provides delivery, assembly, installation, design consultation, and after-sales support, creating a seamless customer experience.
- **Strategic Location:** Operating in Dar es Salaam, a growing urban hub, allows easy access to a broad customer base and logistical advantages.
- **Customer Satisfaction:** A commitment to quality and exceptional service ensures repeat business and strong customer loyalty.

Competitors	Establishment	Products	Location
Elegance Furniture Limited	Established in 2015	High-end furniture	Victoria Plaza, Samora Avenue, Dar es Salaam.
Mdau Furniture Gallery	Established in 2022	Variety of custom furniture	Ubungu Riverside, Dar es Salaam
Custom Woodworks Tz Co Ltd	Since 2011	Specializing in custom furniture designs	Based in Dar Es Salaam
Madebykwetu	Established in 2020	Unique handmade furniture	Dar Es Salaam
Empress Furniture Ltd	Established in 2001	Offers both modern and classic furniture options	Dar Es Salaam
Bestar Hospitality Furniture	Established in 2001	Focused on hospitality furniture	Dar Es Salaam

5.2: SWOT Analysis

SWOT Analysis

Strengths



- **High-Quality Products:** Focus on premium craftsmanship and durable furniture, appealing to customers seeking value and longevity.
- **Diverse Product Line:** Offering a wide range of furniture for residential, office, and public spaces caters to various customer segments.
- **Strategic Location:** Being based in Dar es Salaam provides access to a large urban market and proximity to suppliers.

Weaknesses



- **Market Awareness:** As a new entrant, building brand recognition and trust among customers may take time.
- **Operational Challenges:** Recruiting and retaining skilled artisans and technicians might be a challenge in the competitive market.
- **Limited Initial Capital:** Dependency on limited resources may hinder expansion and marketing efforts.

Opportunities



- **Growing Furniture Market:** Rising demand for locally manufactured, high-quality furniture in Tanzania provides market expansion opportunities.
- **Technological Advancements:** Adoption of modern machinery and tools can improve efficiency and production quality.
- **Technological Advancements:** Adoption of modern machinery and tools can improve efficiency and production quality.

Threats



- **Intense Competition:** Competition from established brands and imported furniture poses a significant challenge.
- **Economic Uncertainty:** Fluctuations in the economy could affect consumer purchasing power.
- **Supply Chain Issues:** Limited availability and rising costs of raw materials, such as timber, may increase production costs.

5.3: Sales Strategy

Galata Wood and Furniture’s sales strategy focuses on targeting key market segments through a combination of direct engagement, digital marketing, and strategic partnerships.

a. Direct Sales Channels:

- Utilize a well-designed showroom in Dar es Salaam to display products and engage walk-in customers.

b. Digital Marketing:

- Launch a user-friendly e-commerce platform to enable online shopping and expand customer reach.
- Leverage social media platforms (Facebook, Instagram, and LinkedIn) to showcase designs, share customer testimonials, and run promotional campaigns.

c. Partnerships and Collaborations:

- Partner with real estate developers, interior designers, and contractors to secure bulk orders for residential and commercial projects.

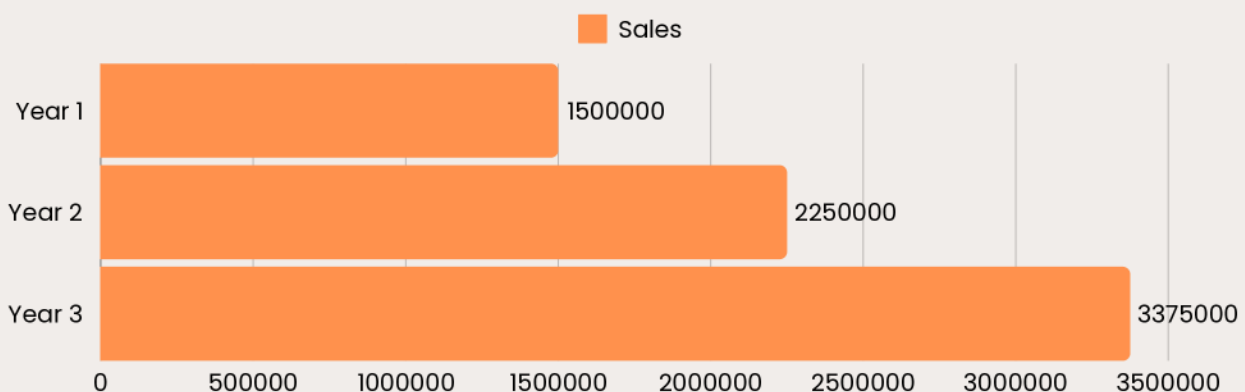
d. Customer Retention and Referral Program:

- Offer loyalty programs and discounts for repeat customers.

Sales Forecast

The following table shows the projected cabinet sales. As the company gets established in the market, we anticipate strong sales growth over the next three years.

Sales	Growth	Year 1	Year 2	Year 3
Residential Furniture	50%	\$795,000	\$1,192,500	\$1,788,750
Commercial Furniture	50%	\$375,000	\$562,500	\$843,750
Contract Furniture	50%	\$300,000	\$450,000	\$675,000
Export Market	50%	\$30,000	\$45,000	\$67,500
Total		\$1,500,000	\$2,250,000	\$3,375,000



5.4: Milestones

Milestone	Description	Timeline
Company Setup	Finalize production facility, hire skilled staff, and acquire necessary equipment.	Month 1-3
Product Launch	Launch initial product line and open showroom in Dar es Salaam	Month 4-6
Digital Presence	Launch website and social media platforms to reach a wider audience.	Month 6
Initial Sales Targets	Achieve 20% of the annual sales target by capturing the residential and commercial furniture market.	Month 12
Strategic Partnerships	Establish partnerships with interior designers and contractors for bulk orders.	Year 1
Market Expansion	Develop export strategies and attend international trade fairs to establish a global presence.	Year 2-3
Sustainability Initiatives	Begin using sustainable materials and implement eco-friendly production processes.	Year 3



6. Management Summary



6.1: Management Summary

The success of Galata Wood and Furniture is driven by a dynamic and experienced management team composed of individuals who bring expertise in entrepreneurship, business administration, and the furniture manufacturing industry. The management team is committed to quality, customer satisfaction, and operational efficiency, which are the pillars of the company's success.

To support the company's goals, the team adopts a collaborative management style, fostering innovation, accountability, and continuous improvement. This approach allows Galata Wood and Furniture to maintain a competitive edge, adapt to market demands, and meet the expectations of clients and stakeholders.

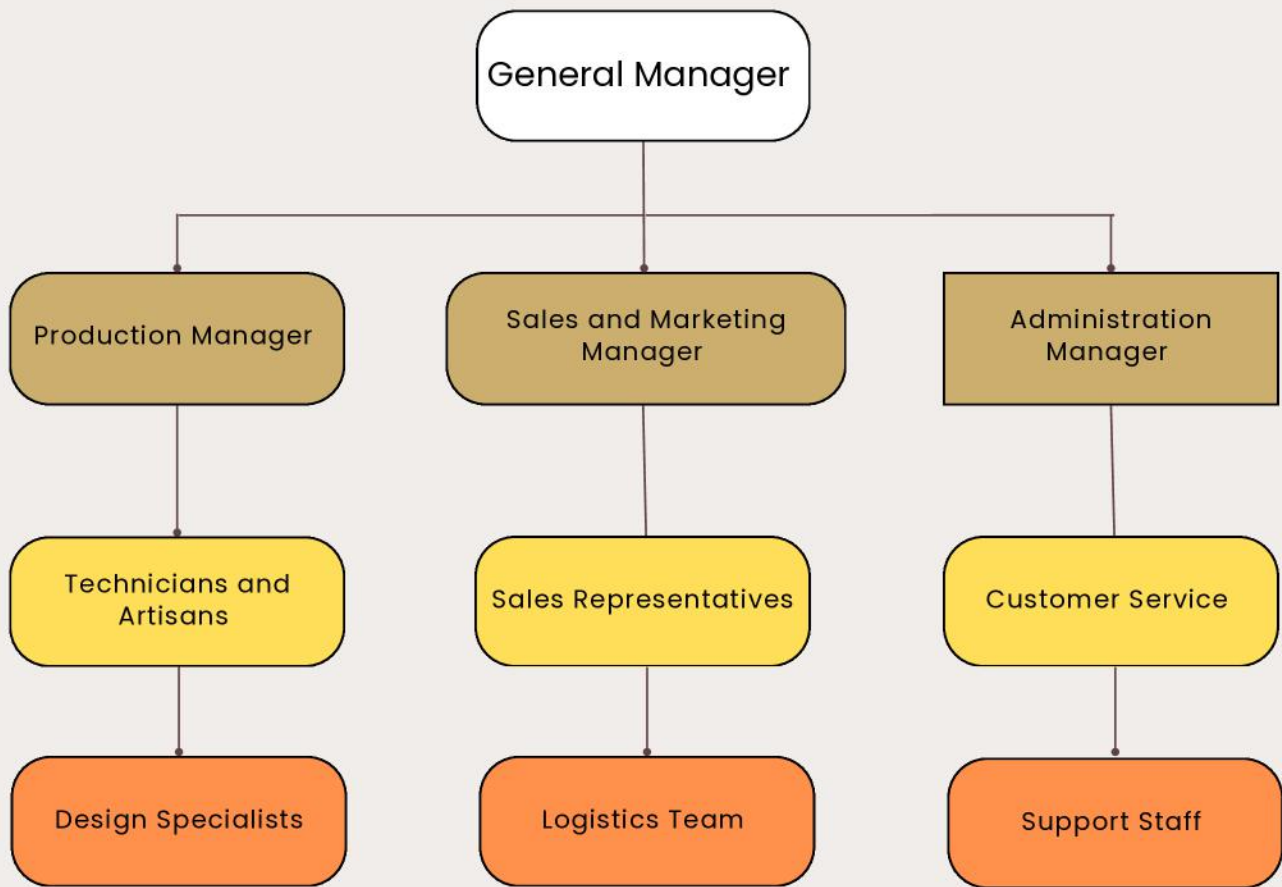
6.2: Personnel Plan

To ensure the efficient operation of the company, we plan to employ skilled and motivated individuals in the following roles:

- General Manager: Oversees all business operations, including strategic planning, financial management, and staff coordination.
- Production Manager: Manages the manufacturing process, ensuring high-quality output and adherence to timelines.
- Sales and Marketing Manager: Develops and implements marketing strategies, builds customer relationships, and increases market share.
- Design Specialists: Create innovative furniture designs tailored to client needs.
- Technicians and Artisans: Skilled workers responsible for crafting furniture with precision and quality.
- Administrative Staff: Handle day-to-day administrative tasks, customer service, and record-keeping.
- Logistics Personnel: Manage the delivery, installation, and post-sale services.

Personnel Plan	Year 1	Year 2	Year 3
Payroll	\$49,000	\$61,300	\$73,500
Legal	\$1,000	\$1,200	\$1,500
Total People	40	50	60
Total Payroll	\$50,000	\$62,500	\$75,000

6.3: Team Structure



7. Financial Plan



Galata Wood and Manufacturing Limited anticipates steady growth in the upcoming years. The financial plan aims to balance operational efficiency with sustainable expansion, ensuring profitability while maintaining a strong cash flow position.

To support its growth strategy, Galata Wood and Furniture will prioritize reinvesting profits into the business, optimizing resource allocation, and securing investor funding to cover initial operational needs.

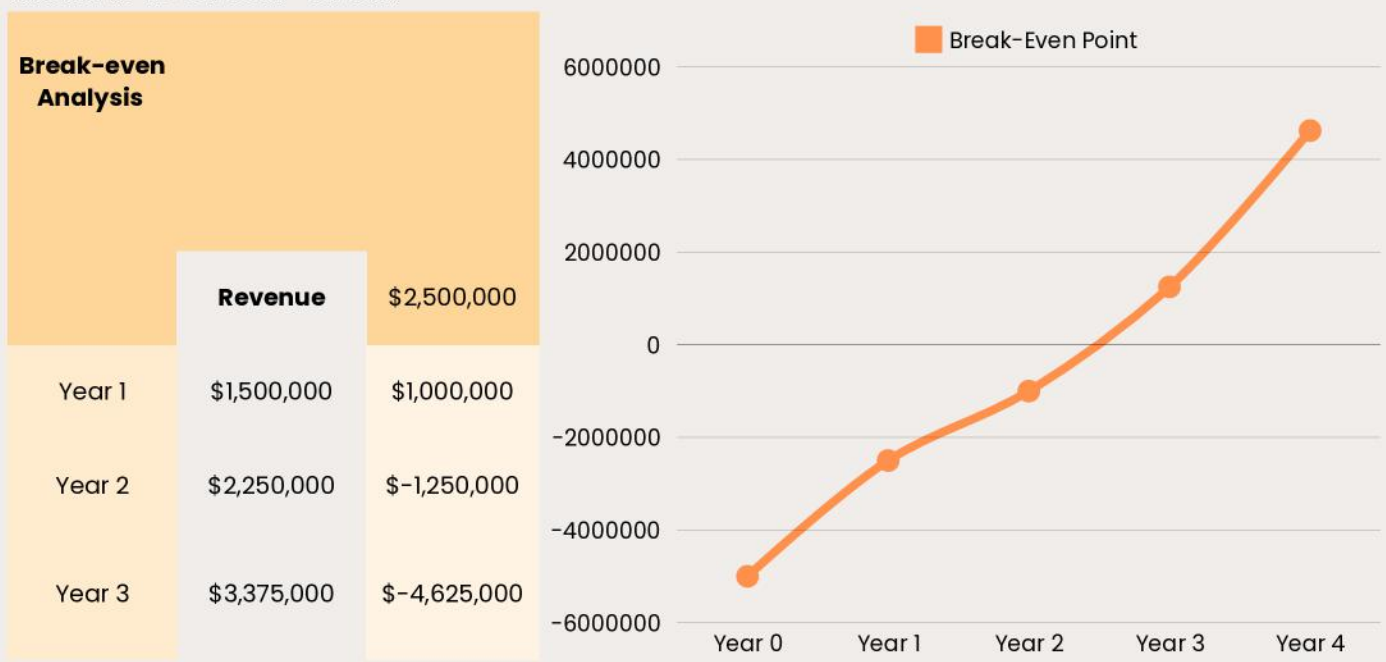
7.1: Important Assumption

The financial projections for Galata Wood and Furniture Limited are based on the following key assumptions:

- Operational Costs:** Salaries, rent, and renovation will represent the largest recurring expenses. These costs are expected to rise as the company grows and expands its operations.
- Cash Flow-Driven Growth:** The company aims to primarily finance its development through internal cash flow, which may necessitate slower but sustainable growth in the early years.
- Investor Support:** Sufficient investor funding will be available to support the company during its initial phase of operations, ensuring stability as revenues grow.

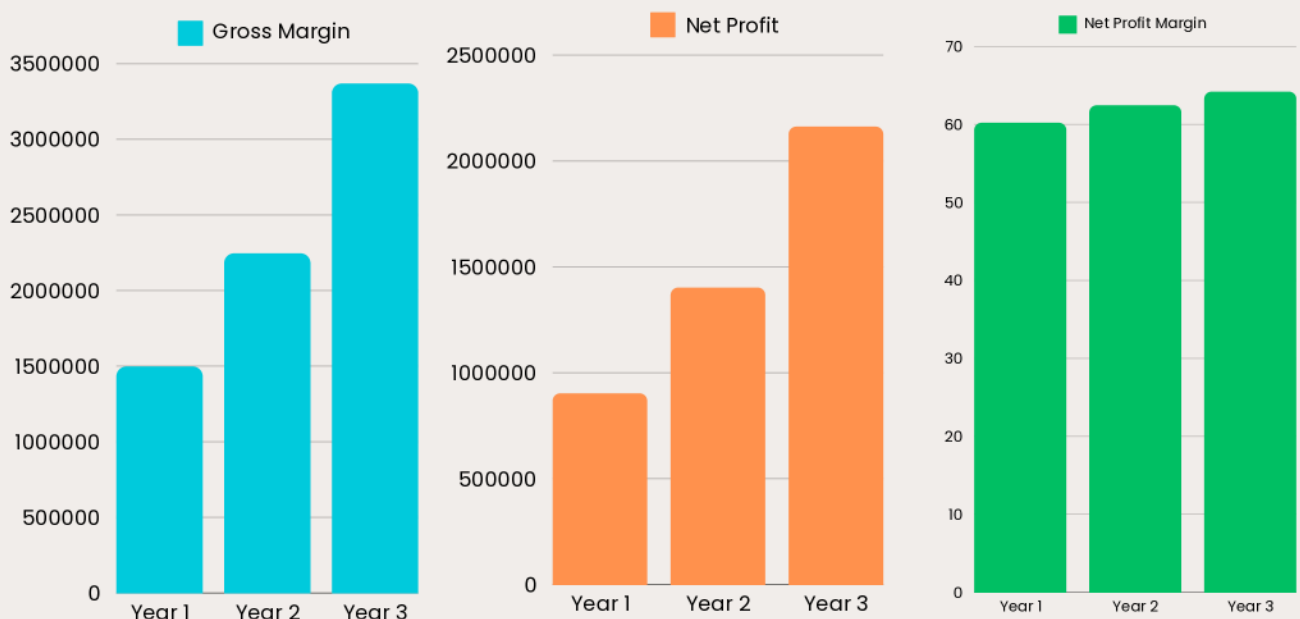
7.2: Break-Even Analysis

The following Break-even Analysis shows that it will take 2 years and 5 Months to Break-even.



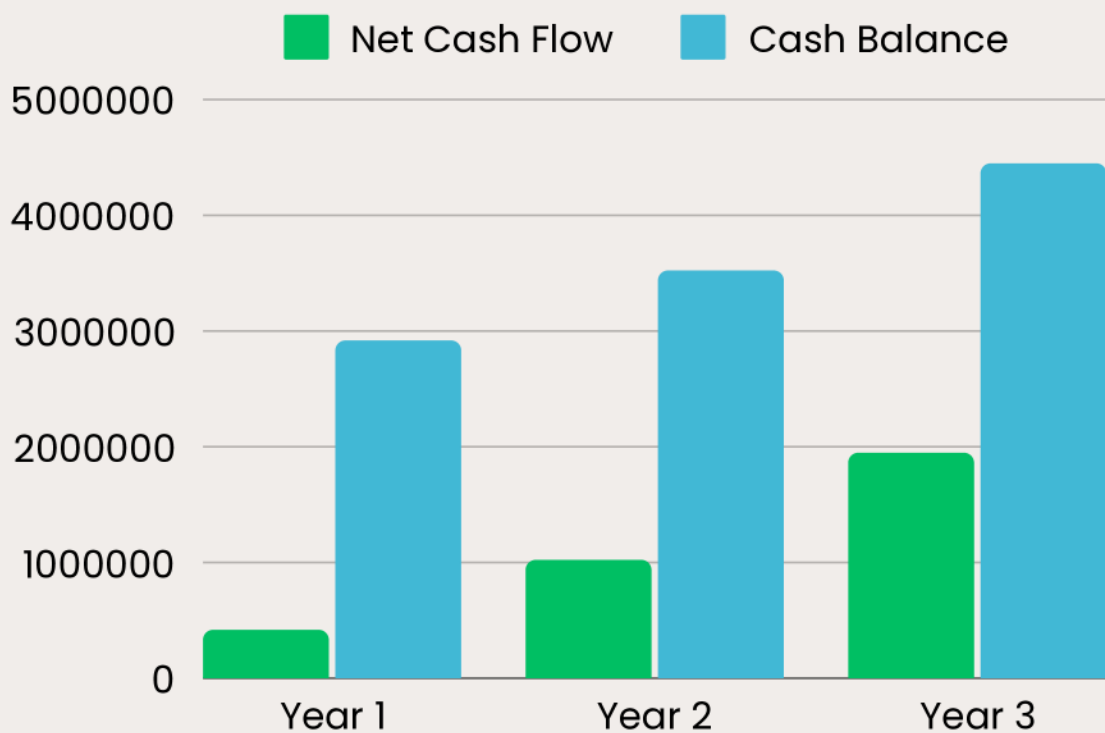
7.3: Projected Profit and Loss

Profit and Loss	Yaer 1	Year 2	Year 3
Sales	\$1,500,000	\$2,250,000	\$3,375,000
Cost of Sales	\$3000	\$4,500	\$6,750
Gross Margin	\$1,497,000	\$2,245,500	\$3,368,250
Gross Margin %	99.8%	99.8%	99.8%
Expenses			
Payroll	\$50,000	\$62,000	\$75,000
Marketing and Branding	\$30,000	\$35,000	\$50,000
Utilities and Overhead	\$70,000	\$100,000	\$180,000
Legal and Compliance	\$10,000	\$5,000	\$5,000
Repair and Maintenance	\$30,000	\$40,000	\$50,000
Insurance	\$10,000	\$20,000	\$30,000
Office Supplies	\$3,000	\$2,500	\$5,000
Payroll Tax	\$1,000	\$1,200	\$1,500
Transport	\$7,000	\$14,000	\$20,000
Uniform and Safety Gears	\$20,000	\$15,000	\$15,000
Transaction Charges	\$1,000	\$3,200	\$5,500
Miscellaneous	\$108,000	\$150,000	\$300,000
Total Expenses	\$340,000	\$447,900	\$731,500
Profit Before Interest and Taxes	\$1,157,000	\$1,797,600	\$2,636,750
Taxes Incurred	\$254,540	\$395,472	\$474,615
Net Profit	\$902,460	\$1,402,128	\$2,162,135
Net Profit Margin %	60.28%	62.44%	64.19%



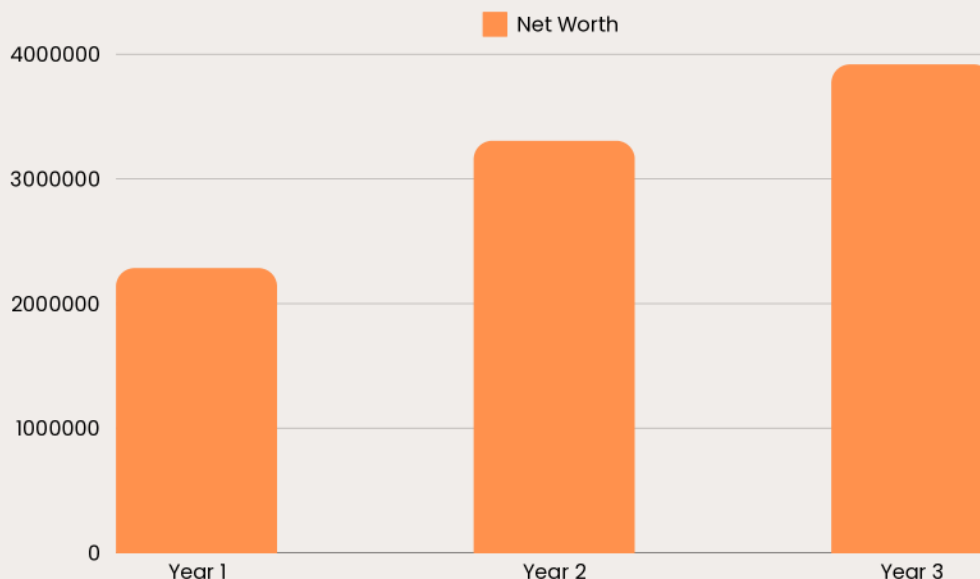
7.4: Projected Cash Flow

Cash Flow	Yaer 1	Year 2	Year 3
Cash Received			
Cash Sales	\$1,500,000	\$2,250,000	\$3,375,000
New Investment Received	\$500,000	\$1,000,000	\$1,500,000
Total Cash Received	\$2,000,000	\$3,250,000	\$4,875,000
Expenditure			
Cash Spending	\$567,000	\$710,000	\$907,000
Dividend and Distribution	\$15,000	\$17,500	\$20,000
Payment for Raw Materials	\$1,000,000	\$1,500,000	\$2,000,000
Total Expenditure	\$1,582,000	\$2,227,500	\$2,927,000
Net Cash Flow	\$418,000	\$1,022,500	\$1,948,000
Cash Balance	\$2,918,000	\$3,522,500	\$4,448,000



7.5: Projected Balance Sheet

Balance Sheet	Year 1	Year 2	Year 3
Assets			
Current Assets			
Cash	\$1,497,000	\$2,245,500	\$3,368,250
Inventory	\$377,000	\$760,000	\$1,000,000
Total Current Assets	\$1,874,000	\$3,005,500	\$4,368,250
Long-term Assets			
Machines	\$1,710,000	\$1,800,000	\$2,000,000
Total Long-term Assets	\$1,710,000	\$1,800,000	\$2,000,000
Total Assets	\$3,584,000	\$4,805,500	\$6,368,250
LIABILITIES AND EQUITY			
Current Liabilities			
Account Payable	\$1,000,000	\$1,000,000	\$1,700,000
Short-term Debt	\$100,000	\$300,000	\$500,000
Total Current Liabilities	\$1,100,000	\$1,300,000	\$2,200,000
Long-term Liabilities			
	\$200,000	\$200,000	\$250,000
Total Long-term Liabilities	\$200,000	\$200,000	\$250,000
Total Liabilities	\$1,300,000	\$1,500,000	\$2,450,000
EQUITY			
Retained Earnings	\$2,000,000	\$2,000,000	\$2,500,000
Earnings	\$284,000	\$1,305,500	\$1,418,250
Total Capital	\$2,284,000	\$3,305,500	\$3,918,250
Total Liabilities and Capital	\$3,584,000	\$4,805,500	\$6,368,250
Net Worth	\$2,284,000	\$3,305,500	\$3,918,250





GALATA WOOD AND FURNITURE
LIMITED

