LP GAS RETAIL BUSINESS PLAN

FOR

EXAMPLE ENERGY SOLUTIONS (PVT) LTD

T/A SAMPLE GAS EQUIPMENT AND ACCESSORIES

Sample Business Centre, 100 Example Av

PREPARED AND PRESENTED BY

MANAGING DIRECTOR

Alex Moyo

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Executive Plan

Our company is an energy firm that operates a standard retailer for gas accessories in Harare. We are retailing gas accessories (gas stoves, gas refridgerators, cooker tops, gas connection pipes among others) to both individual and small businesses.

Most important to us is our financial success and we believe this will be achieved by offering high-quality service and quality products. We have created financial projections based on our experience and knowledge of the area. . With a start-up expenditure of USD $125 000.00**,** we can generate USD $83 700.00 in sales by the end of the first year, and produce good net profits.

We are seeking a loan of USD $100 000.00 to fund some of our expansion costs.

Mission, Objectives and Keys to success

Mission

- To ensure that the whole Zimbabwe is fully equipped with safety and knowledge about Green Energy (Gas) .
- To discourage deforestation in Zimbabwe.
- To give the nation knowledge and proper information about gas equipment.

Vision

We are dedicated to make every household to appreciate the use of renewable energy over non-renewable

Objectives

- To establish a presence as a successful local gas accessories outlet in Harare
- Achieve yearly profit of above USD 1,200,000.00
- Provide an income for founder-owner with income growth possibilities.
- Create an atmosphere where each person can work as a team member, with clear goals and high standards that profit everyone.
- Create employment for the youth.

Core Values

- Commitment to achieving results
- Sustainability
- Corporate Social Responsibility
- Employment Creation
- Innovation
- Ubuntu

Keys to Success

To succeed in this business, we must:

- Constant supply of gas accessories.
- Control costs at all times, in all areas and implement a conservative approach to growth policy.
- Good fraud detection techniques and stock management
- A good location with access to many customers
- Sell the products that are of the highest quality, as well as keeping the customers happy with all of our products.
- Provide 100% satisfaction to our customers and maintaining the level of excellent services among other competitors.

Company Summary

Our company is an energy firm that operates a standard LP Gas retail outlet in Harare. We will be retailing LP gas to both individual and small businesses. We will also be retailing gas cookers, gas cylinders, and gas equipment accessories.

At our company, we are passionate in the pursuit of excellence and financial success with uncompromising services and integrity. We are in the industry to make a positive mark. We are quite optimistic that our values and quality of products and service offering will help us drive our retail gas business to enviable heights and also help us attract the numbers of clients that will make the business highly profitable. We are a company that will be dedicated to establishing and maintaining the best practices as it relates to the LP retail gas industry.

Products and Services

Our main product will be Gas accessories. We will be retailing gas cookers, gas cylinders, gas stoves, gas equipment accessories. The other gas accessories which we will be offering include valves, regulators, and cooker tops.

Ownership

Our company is registered as a Private Limited Company, PatMuz Enterprises Private Limited. Company Registration Number: 13818/2019 and BP Number:0200258085

SHAREHOLDING

NAME	NUMBER OF SHARES
➢ Michael Patters	1 share
➢ Silence Brown	1 share
➢ Patience Chasers	1 share

TOTAL SHARES TAKEN **3**

DIRECTORS' NAMES AND RESIDENTIAL ADDRESSES

NAME	**RESIDENTIAL ADDRESS**
➢ Michael Patters	No. 96 Chinhoyi St, Harare
➢ Silence Brown	No. 7544 Hatcliffe Cooperative,Harare
➢ Patience Chasers	No. 30409 Entumbane, Bulawayo

Company Structure

CEO/Managing Director

The Chief Executive Officer is responsible for leading the development and execution of the Company's long-term strategy with a view to creating shareholder value. The CEO's leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing the Company's long and short-term plan. The CEO is responsible for making major corporate decisions, managing the overall operations and resources of a company. The owner of the business will act as the managing director.

Finance Department

The finance department will be responsible for all day to day transactional accounting for the business. This will include the tracking of all transactions and the management of any government reporting. The finance department is also responsible for management of the organization's cash flow and ensuring there are enough funds available to meet the day to day payments. This area also encompasses the credit and collections policies for the company's

customers, to ensure the organization is paid on time, and that there is a payment policy for the company's suppliers. This role will be taken by the business owner.

Operations Department

The operations department is responsible for handling the operations of the retail gas business. They are responsible for coordinating with suppliers and sourcing all the products which will be sold by the business. The operations department is also responsible for inventory control, ensuring that the business has all the products in stock and in the right quantities, and determining when to place new orders. We will employ 2 people who will be responsible for the operations of the company, including serving the customers.

Management Profiles

Michael Patters – **Managing Director**

- He has been running a tuckshop for 5 years
- He is also a successful businessman in his own right.

PROFESSIONAL QUALIFICATIONS

- Hons Degree in Geography and Environmental Studies (MSU)

Operational Strategy

Source of Products

We will buy our gas accessories from the wholesalers in Zimbabwe. These include Mutare Mart, AE Electricals, MCK Gas, and Kensys Gas..

Our business is based in Harare, and our suppliers are also in Harare. We use our own transport to go and purchase the gas accessories from our suppliers.

Storage of Gas accessories

We will store our gas accessories in all of our 3 shops that are located in Harare and Bulawayo.

Daily sales of Gas Accessories

We will assume that we will sell gas accessories worth an average of USD 3000 every day. This is very possible because of our good location and marketing techniques. Considering our storage capacity, this means will have a capacity to stock accessories that will last for 4 months. This implies that we will be making orders for gas accessories 3 times per year.

Pricing of Products

For gas accessories, we will aim for a 50% mark up for all our products. This means that if we buy stock worth USD $80 000 (including transportation), we will get a revenue of USD $120 000. However, the margin is just the average, meaning that some products will have a higher margin than 50% while other products will have lower margins than 50%. In pricing our products, we would also check what our competitors are charging, as we would not want to be regarded as an expensive gas accessories retail outlet. This mark up will allow our business to be profitable, and it's realistic given the current trends in the retail LP Gas industry in Zimbabwe.

Hours of Operation

We will be open every day from Monday to Sunday, 8AM to 5:30PM. This arrangement is very convenient to the customers as they need to be able to shop for their gas and gas products anytime and any day.

Marketing Strategy

Our company will attempt to rapidly achieve awareness in Harare about its business in the first year. It will seek to position itself as a company with quality and affordable Gas equipments to suit the needs of the client.

To be successful in the business, we should get many customers, so as to drive sales volume upwards. Thus, it is of great importance to have a solid operating strategy and marketing strategy. Our marketing strategy is based upon the marketing mix, which are the 4 p's of marketing, which are product (service), price, promotion and place (distribution).

Product/Service

The products which we provide to our clients are very important to the success of our business. The business operates on the assumption that it will do whatever is reasonably necessary to keep the customer happy. This reflects the notion that if the customer is kept happy; long-term profits are ensured. We will ensure that the clients we serve will become regular customers as they will come back to us due to the good quality products which we offer, and we will strive to make our clients become marketing agents for us by referring other customers to us. This will be achieved by providing high quality products and good customer service. We will also ensure that we have in stock gas accessories products. This will ensure that we will be able to meet the demands of our customers.

Price

The price is very important as it determines our company's profit and hence, survival. We use the market prevailing prices which are usually determined by supply and demand. We do not intend to engage in price wars by charging lower prices as that will reduce our profitability.

Promotion

Our gas accessories business will use various ways of promoting our company so as to gain more customers and increase general awareness of our shop and the products we offer.

Word of Mouth

We believe that the best form of advertising is still "word-of-mouth." By providing high quality products, having a variety of products to choose from, and a good customer service, we will be the talk of the town. Therefore, the execution of our concept is the most critical element of our plan.

Fliers& Brochures

We will use colourful, informative fliers to increase awareness of our retail Gas accessories outlets in Harare. These fliers will be distributed to people in our target market. We hope to get potential customers from the distribution of fliers. We will also have compelling brochure of our LP Gas accessories company which will be distributed also to our potential customers.

Internet Marketing

Our company will have a dedicated website. It will be the virtual business card and portfolio for the company, simple, contemporary and well designed. Our site will offer our products, prices, and reviews. This will attract more customers to our gas accessories outlet. We will also have active social media accounts on Facebook, Twitter and LinkedIn. The internet is a very powerful marketing tool. We will also advertise our products on many Zimbabwe advertisement websites. An increasing number of Zimbabweans are using the internet every day. These internet marketing strategies will make more people aware of our gas accessories outlet and products.

Place/Distribution

Our gas accessories business has three locations: (i) Samalex Shopping mall corner 7th and Kwame Nkrumah, Harare; (ii) 96 Chinhoyi St, Mhetu Shopping Mall, Harare and (iii) Shop No 2, 11th Avenue, between George Silundika and Fife St, Bulawayo as we are targeting individuals mainly. The locations are very convenient as our customers frequently come to these shopping malls to shop for groceries. We will also offer delivery for a small fee to wherever the customer is. This arrangement is very convenient to the customers as they would not need to leave their homes.

Web Plan Summary

Our gas accessories website will serve as a source of basic information for those who find it via Internet searches. It will be optimised to be easily indexed by search engines (search engine optimisation). For potential clients, the website will serve as a deeper explanation of the products and background of the company than a brochure or advertisement can provide. It will also allow customers to place orders online and pay cash on delivery. Specific calls to action on the website will ask users to call to speak to a salesperson or to fill in a form with their basic information and a good time to speak with them, so that a salesperson can contact them.

Website Marketing Strategy

Our gas accessories company will utilize the following means to promote its website as a marketing tool:

- Initial and ongoing search engine optimization by the Web developer
- Profiles and listings on Zimbabwean advertising platforms
- Mention of the website URL in all brochures and advertisements

Development Requirements

The website's components will have the following requirements:

Front End

- Homepage - Mirroring a basic brochure about our company
- About Us - Background on the partners, mission, and basics of the business
- Contact - Form to submit information and phone number to reach a salesperson during business hours
- Products - Deeper description of the product options along with images

Market Analysis

Demand

Zimbabwe has a large population and its growth rate is steady but increasing. Many Zimbabweans started to increasingly switch from electricity to LP Gas just after the dollarization of the economy in 2009, due to frequent power cuts which were happening. The electricity power problems later improved, but ZESA introduced prepaid meters, which made many families to be more sensitive towards their electricity consumption. Thus, Zimbabweans continued to switch from using electricity to LP Gas solutions which are cheaper. Over the last decade, the demand for LP Gas has increased by over 500% in Zimbabwe. The monthly demand of LP Gas now stands at 3 million KG, and is expected to continue increasing. Thus, the annual consumption of LP Gas in Zimbabwe is about 36 million KG. There is more room for growth in the LP Gas Industry as capita use of LPG in Zimbabwe is 2Kg per person per year, while other countries have in excess of 10KG per person per year. The government of Zimbabwe and ZERA is actively promoting the usage of LP Gas so as to decrease the pressure on the national electricity power grid. LP gas accessories such as gas stoves, gas tanks, gas pipe connections are a complementary product to LP Gas and as such, no household can use LP gas without a gas tank or gas stove.

Market Segmentation

LP Gas for Cooking

LPG is used for cooking in many Zimbabwean households for economic reasons, for convenience or because it is the preferred fuel source. The rise in the use of LPG began with the challenges of constant power supply to many households. When the power situation normalized, many individuals were comfortable with the use and cost-effective nature of gas that they continued using it in cooking. The introduction of prepaid electricity meters also led many to switch to LP Gas. It is also commonly used for outdoor grilling by affluent members of society.

There are many types of cooking appliances that use LPG. The most common are gas cook tops and ovens. Gas cooker tops are the preferred choice of professional as well as home chefs. Outdoor cooking is also a popular application. There are also LPG gas pizza ovens, grillers, spit roasters, braai stands and smokers used by individuals as well as restaurant and catering companies.

Here are some reasons why some prefer to cook with LP Gas:

- Cooking with gas can be significantly cheaper than cooking with electricity.
- LP Gas-fuelled ovens and ranges give you more precise control over temperature and heat food more evenly
- Instant gas flames allow you to cook without waiting for burners to warm up.
- LP gas burners also cool quickly
- LP Gas makes the stove safer by allowing burners to cool quickly when heat is turned off
- LP Gas does not leave any residue, does not taint your food and helps to prolong your cooking equipment's life span.

LP Gas for Heating

LP Gas (LPG) can be used in heaters, fireplaces and furnaces. The two most common LPG heaters types are ones that use LPG to generate radiant heat and convection heat.LPG heaters can be portable, in-built consoles or an entire ducted heating system built into the home. One of the most spectacular uses of LPG is for gas fireplaces & gas log fires. These units use LPG to provide a rare mixture of beauty and warmth. Gas fireplaces and gas log fire heaters can add to the ambiance of any room while supplying welcoming warmth to your entire home.

Here are some reasons why some prefer to heat with LP Gas:

- LP Gas furnaces heat your air warmer than electric heating systems. Electrical heaters produce heat that is lower than body temperature, which is why air feels cooler coming out of an electrical heater.
- Heating a home with gas costs half as much on average than heating with electricity
- LP Gas-fuelled furnaces last 15-20 years — that's 5-10 years longer than electric heat pumps, on average

- LP Gas heating systems can be vented vertically or horizontally, eliminating the need for chimneys
- New LP gas furnaces are smaller than previous models and provide greater placement flexibility
- LP Gas can keep your home warm and comfortable during electrical power outages

LP Gas for Industrial Applications

LPG is widely used for many industrial applications such as space and process heating (including metal high temperature treatment), oxy-propane cutting, welding, powering machinery, producing food, water heating, de-frosting, shrink-wrapping, powering industrial ovens, kilns or furnaces, or powering fork-lift trucks in and outside warehouses.

Characterized by highly controllable temperatures, negligible nitrogen oxides, Sulphur oxides, and particulate matter emissions, and its associated benefits in terms of protecting human health, LPG is an efficient, effective and environmentally friendly energy source for industry.

Civil engineering is another domain in which LPG is widely used. Specific applications include heating bitumen, repairing and laying roads, illuminating road signs and floodlighting. Building contractors use LPG in industrial building driers and space heaters. Other uses include plumbing, roofing, welding, smelting, and brick manufacturing. Manufacturers of aerosol products require pure field-grade propane for propelling household products (cosmetics, air fresheners, insecticides, etc). With its particular series of advantages, LPG plays an important role in the industry. The applications really are limitless.

LP Gas is also used in the mining industry. Extraction industries include the extraction of natural products from the earth as well as their industrially derived products. These industries require continuous energy mostly for drying and heating. Some sectors, like cement works, bitumen coatings, road lining and roof water-proofing are particularly large consumers of energy. LPG is a well-adapted source of energy for these sectors because of its mobile storage and on-site transport possibility.

LP Gas for Agriculture Industry

LP Gas has a combination of portability, accessibility and convenience of use to modern farmers. As a clean fuel, LPG allows farmers to meet the challenge of staying competitive in the modern agricultural environment, all while respecting the value of nature and maintaining a commitment to sustainable development. LP Gas has various applications including in livestock-rearing and crop-drying applications or simply for fuelling agricultural machinery.

The growth process of many fruits and vegetables in glasshouses and poly-tunnels can be improved by using LPG. In addition to being flexible and highly controllable, gas-powered systems can, in fact, provide the added advantage of releasing carbon dioxide as a by-product. The correct balance of carbon dioxide is the key ingredient to a successful horticultural crop.

LP Gas can be used for piggery and chicken rearing operations to provide heat and light. The precision control that LPG provides ensures that animals can be raised in the comfort they require to grow and stay healthy. Crucially, it also makes dangers such as power cuts and voltage reductions a thing of the past. Such advantages are of considerable importance, not only because they help protect animal welfare but because they save money, avoid waste enhancing a farm's competitiveness.

It can also be used in grain and fruit drying. LPG facilitates safer and more effective drying of crops such as fruit and grain, allowing the farmer to preserve the quality of their crops and to meet specific market specifications for moisture content. It also enhances efficiency since 90% of the gas used is converted to energy, meaning less waste and lower costs.

LP Gas is also used in thermal desiccation. As an effective substitute for the harmful chemicals sometimes used for weeding, LPG plays an important role in preserving the quality of soil and water sources. LPG is often used in intensive cropping systems where a high level of heat is required in order to kill weeds, germs or diseases that may be present in the ground. This is a further demonstration of LPG's capacity to meet the needs of farmers. Whatever the application,

LPG is an immediately available alternative, ready to power clean, modern and efficient agriculture.

Other Uses of LP Gas

- Drying clothes using gas dryers
- In water heaters
- Generators
- Air Conditioning
- Refrigeration

Industry Analysis

Players in the Gas Industry

Fuel Service Stations

Fuel service stations are a major player in the Zimbabwe LP Gas Industry, because in addition to providing fuel to motorists, most of them also sell LP Gas.

Foreign fuel giants have a large market share in Zimbabwe's LP Gas sector. Dutch commodities giant Trafigura gained a great market share in Zimbabwe fuel sector by acquiring controlling equity stakes in Redan and Sakunda in 2013, which were key players in the fuel retail sector. Redan and Sakunda later rebranded to Puma Energy. Puma energy is one of the biggest fuel companies in Zimbabwe as it has over 81 service station in different parts of Zimbabwe. Puma energy operates most of the service stations which carry its name, though a few operate under dealership agreements.

The other big player in the LP Gas industry is Total Zimbabwe. Total Zimbabwe is owned by Total S.A., which is a French multinational integrated oil and gas company and one of the largest oil companies in the world. Total has operated in Zimbabwe since 1960. It has got a network of over 100 service stations in all parts of the country. The total service stations in Zimbabwe are under dealership agreements, whereby Total supplies the fuel and equipment, and the dealers trade under the Total Zimbabwe brand.

In an industry dominated by foreign backed companies, there are also local companies which have a significant market share like ZUVA Petroleum. Zuva is a Zimbabwean company that was formed in 2010. Zuva Petroleum has got over 72 service stations in different parts of Zimbabwe. ZUVA operates many of its service stations through dealership agreements.

There are many other independent service stations in all parts of the country which are operated by individual companies which are not affiliated to the big players and which sell LP Gas.

LP Gas Providers (Which are not fuel service stations)

There are also players who provide LP Gas only to customers without providing other kinds of fuel (Petrol, Diesel etc).

Matsa Energy is a wholesaler and retailer of LP Gas. It's also provides solar solutions among its energy products. The company started by operating an LPG outlet in Willowvale, Harare and has now expanded and now has other branches in Kwekwe, Masvingo and Gweru. It targets small, medium & large corporate companies, municipal and government departments in Zimbabwe as its customers. As a wholesale distributor of LP Gas, they have many trucks and large storage facilities. In addition to providing LP Gas, they also sell the accessories such as LPG cylinders, cooker tops, gas & electrical stoves, heaters, 2-plate gas stoves, valves, fire extinguishers, etc.

Kensys Gas is a wholesaler and retailer of LP Gas. They work with various distributors who assist them in selling LP Gas and accessories to customers, including Metro Peech. Other distributors like OK Zimbabwe and TV Sales also sell the Kensys Gas accessories and not the LP Gas. Kensys Gas offers delivery to companies and individuals for large orders. They have 56 Tons storage capacity static tanks at their premises in Bluffhill, Harare, 10 Tons storage capacity static tanks at their Graniteside depot. They also have 3 LP Gas bulk road tankers with loading capacity of 24 Tons each, and two Oryx tankers per week which translates to 120 Tons in total.

Another big wholesaler and retailer of LP Gas is Easy Gas Dot Com (Pvt) Ltd. It is an indigenous Zimbabwean company founded in 2005. The company has steadily grown since into one of Zimbabwe's major wholesalers of LPG. Easy Gas works with major LPG consumers like poultry farmers, miners and others to provide sustainable solutions executing the technical installations and managing the supply of gas with a network of retail dealers and distributors nationwide. Their main plant is located in Msasa, Harare. They have a facility with a 54-ton storage capacity and a cylinder filling house with industrial grade filling nozzles and scales. They source their Gas from South Africa.

There are other wholesalers of LP Gas in Zimbabwe, and hundreds of small to medium LP Gas retailers which are dotted all over Zimbabwe. There are also other unregistered small operators who sell LP Gas in substandard unsafe environment at various shopping centres in Zimbabwe. To sell LP Gas in Zimbabwe, all operators should have a licence from ZERA.

The big players in the fuel industry import Gas on their own, and supply to the service stations in their chain. The small independent players buy gas from the big wholesalers who have the financial means to move huge quantities into the country.

Competition and Buying Patterns

The competition is intense for small to medium gas accessories retailers which are located in the same area for the individual gas accessories customers who use it mainly for cooking. The large wholesalers compete for the bigger clients like farmers, mines, industrial companies etc. The LP Gas retail outlets who sell only LP Gas face competition from service stations as most of them also provide the product. We will focus on gas accessories as they have minimum competition.

The low-income earners are more concerned about price, thus they prefer cheap gas accessories. Medium to High Income earners are sensitive about the quality of the LP Gas accessories, thus they consider quality of the gas accessories, convenience, location more than price considerations. The bigger clients like companies, mines and farmers prefer buying gas accessories from the wholesalers rather than from retail outlets as the wholesalers can provide them huge quantities of gas accessories at a cheaper price, and they also offer delivery.

For Gas accessories like Gas stoves etc there is competition from many hardware shops and supermarkets which also sell the products. The low income earners are more concerned about the price of the accessories while the medium to high income earners are more concerned about the quality which is usually reflected by the brand of the products.

SWOT Analysis

The following SWOT analysis captures the key strengths and weaknesses within the company, and describes the opportunities and threats facing the LP Gas accessories business.

Strengths

- Excellent training programs that all employees must participate in.
- Experienced staff
- Management experience in the industry
- Availability of sufficient funds
- Cost management

Weaknesses

- The inability to perfectly forecast demand
- Our financial resources are limited which affects our expansion plans
- Uncertain cash flow due to uncertainty in forecasting demand.

Opportunities

- A growing market with a large percentage of target customers not yet aware of our LP Gas accessories retail outlet.
- As we push up volumes the fixed costs will be spread over a larger customer base, boosting us into profitability.
- Working with local employees who understand the community

- New markets allow us to expand our business and diversify their portfolio of products and services
- Population growth which increases demand for our products

Threats

- Competition from already established companies that are more competitive and well established
- Health issues and regulations. The City Council may continuously require upgrade of facilities and equipment, rendering the business unable to meet requirements.
- A bad economy can hurt our business by decreasing the number of potential customers

Financial Statements

Funding Request

Working Capital

Item	Value
Working Capital	
Stock (Gas stoves)	$31, 250.00
Stock (Gas tanks, equipment & Accessories)	$5 ,800.00
Salaries	$750.00
Rentals	$1, 800.00
Advertising and Marketing	$3,000.00
Other Costs	$2,400.00
Total Working Capital	**$45 ,000.00**

Funding Required

Total Startup Capital	$125,000.00
Loan Required	$100,000.00
Owner Contribution	$25,000.00

The table above shows that the total capital required to do this project is USD$125,000.00. The owners of the business will contribute USD$25,000.00 of their own funds into the business. We thus require a loan of USD$100,000.00.

Loan Repayment	
Loan sought	$100,000.00
Repayment term (Months)	36
Interest Rate per annum	35%
Monthly Repayment	$4,523.60

The table above shows that we will be making a monthly repayment of USD $4,523.60 for 3 years to repay the loan.

COLLATERAL / SECURITY

The business which is valued at approximately USD $45 000.

Pro Forma Income Statement

	Year 1	**Year 2**	**Year 3**
Revenue (Gas Accessories)	$480,000.00	$576,000.00	$691,200.00
Cost of goods sold (Gas Accessories)	$96,000.00	$115,200.00	$138,240.00
Gross Profit	**$584,000.00**	**$460,800.00**	**$522,960.00**
Operating Expenses			
Salaries	$9,000.00	$9,000.00	$9,000.00
Rentals	$21,600.00	$21,600.00	$21,600.00
Licenses	$10,500.00	$10,500.00	$10,500.00
Advertising and Marketing	$36,000.00	$36,000.00	$36,000.00
Other Costs	$28,800.00	$28,800.00	$28,800.00
Interest Paid	$31, 585.21	$22,234.08	$9030.46
Total Operating Expenses	**$137,485.21**	**$128,134.08**	**$114,930.46**
Net Profit Before Tax	**$446,514.79**	**$332,665.92**	**$408,029.54**
Tax (24%)	$107,163.55	$79,839.82	$97,927.09
Net Profit After Tax	**$339,351.24**	**$252,826.1**	**$310,102.45**

Assumptions

Annual Sales Growth	**20%**
Sales Assumptions (Gas Equipment & Accessories)	
Stock (including transport)	$80,000.00
Mark up	50%
Revenue	$120,000.00
Time stock will last (months)	4
Number of times stock is ordered per year	3
Annual Revenue	$480,000.00

Employees			
Position	**Number of Employees**	**Monthly Salary**	**Total Salary**
Shop Attendants	3	$250	$750.00
Total Monthly Salaries			**$750.00**

Operating expenses	**Per month**	**Per Year**
Salaries	$750.00	$9,000.00
Rentals	$1,800.00	$21,600 .00
Advertising and Marketing	$3,000.00	$36,000.00
Other Costs	$2,400.00	$28,800.00

Monthly Cashflow Statement

Year 1

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	TOTAL
CASH INFLOWS													
Equity Capital Injection	25,000	-	-	-	-	-	-	-	-	-	-	-	**25,000**
Loan Capital	100,000	-	-	-	-	-	-	-	-	-	-	-	**100,000**
Sales (Gas Accessories)	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	**90,000**
Total Receipts	**215,000**	**90,000**	**90,000**	**90,000**	**90,000**	**90,000**	**90,000**	**90,000**	**90,000**	**90,000**	**90,000**	**90,000**	**1 205 000**
CASH OUTFLOWS													
Stock (Accessories)	80,000	-	-	-	80,000	-	-	-	80,000	-	-	-	**240,000**
Salaries	750	750	750	750	750	750	750	750	750	750	750	750	**9,000**
Rentals	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	**21,600**
Advertising and Marketing	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	**36,000**
Other Costs	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	**28,800**
Loan Repayment	4,523.60	4,523.60	4,523.60	4,523.60	4,523.60	4,523.60	4,523.60	4,523.60	4,523.60	4,523.60	4,523.60	4,523.60	**54283.2**
Tax QPD Payments	-	-	26,790.89	-	-	26,790.89	-	-	26,790.89	-	-	26,790.89	**107,163.55**
Total Payments	**92,473.6**	**12,473.6**	**39,264.49**	**12,473.6**	**92,473.6**	**39,264.49**	**12,473.6**	**12,473.6**	**119,264.49**	**12,473.6**	**12,473.6**	**39,264.49**	**496,846.76**

SURPLUS / (DEFICIT)	122,526.4	77,526.4	50,735.51	77,526.4	(2,473.6)	50,735.51	77,526.4	77,526.4	(29,264.49)	77,526.4	77,526.4	50,735.51	**708,153.24**
OPENING BANK BALANCE		122,526.4	200,052.8	250,788.31	328,314.71	325,841.11	376,576.62	454,103.02	531,629.42	502,364.93	579,891.33	657,417.73	
CLOSING BALANCE	**122,526.4**	**200,052.8**	**250,788.31**	**328,314.71**	**325,841.11**	**376,576.62**	**454,103.02**	**531,629.42**	**502,364.93**	**579,891.33**	**657,417.73**	**708,153.24**	**708,153.24**

Year 2

	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24	TOTAL
CASH INFLOWS													
Sales (Accessories)	108,000	108,000	108,000	108,000	108,000	108,000	108,000	108,000	108,000	108,000	108,000	108,000	**1,296,000**
													-
Total Receipts	**108,000**	**108,000**	**108,000**	**108,000**	**108,000**	**108,000**	**108,000**	**108,000**	**108,000**	**108,000**	**108,000**	**108,000**	**1,296,000**
CASH OUTFLOWS													
Stock (Accessories)	80,000	-	-	-	80,000	-	-	-	80,000	-	-	-	**240,000**
Salaries	750	750	750	750	750	750	750	750	750	750	750	750	**9,000**
Rentals	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	**21,600**
Advertising and Marketing	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	**36,000**
Other Costs	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	**28,800**
Loan Repayment	4,523.60	4,523.60	4,523.60	4,523.60	4,523.60	4,523.60	4,523.60	4,523.60	4,523.60	4,523.60	4,523.60	4,523.60	**54,283.2**
Tax QPD Payments	-	-	26,613.27	-	-	26,613.27	-	-	26,613.27	-	-	26,613.27	**79,839.82**

Total Payments	**92,473.6**	**12,473.6**	**39,086.87**	**12,473.6**	**92,473.6**	**39,086.87**	**12,473.6**	**12,473.6**	**119,086.87**	**12,473.6**	**12,473.6**	**39,086.87**	**496,136.28**
SURPLUS / (DEFICIT)	15,526.4	95,526.4	68,913.13	95,526.4	15,526.4	68,913.13	95,526.4	95,526.4	(11,086.87)	95,526.4	95,526.4	71,913.13	**799,863.72**
OPENING BANK BALANCE	708,153.24	723,679.64	819,206.04	888,117.17	983,644.1	999,170.5	1,068,083.63	1,163,310.03	1,259,136.43	1,248,049.56	1,343,575.96	1,439,102.36	
CLOSING BALANCE	**723,679.64**	**819,206.04**	**888,117.17**	**983,644.1**	**999,170.5**	**1,068,083.63**	**1,163,610.03**	**1,259,136.43**	**1,248,049.56**	**1,343,575.96**	**1,439,102.36**	**2,238,966.08**	**2,238,966.08**

Year 3

	Month 25	**Month 26**	**Month 27**	**Month 28**	**Month 29**	**Month 30**	**Month 31**	**Month 32**	**Month 33**	**Month 34**	**Month 35**	**Month 36**	**TOTAL**
CASH INFLOWS													
Sales (Accessories)	129,600	129,600	129,600	129,600	129,600	129,600	129,600	129,600	129,600	129,600	129,600	129,600	**1,555,200**
													-
Total Receipts	**129,600**	**129,600**	**129,600**	**129,600**	**129,600**	**129,600**	**129,600**	**129,600**	**129,600**	**129,600**	**129,600**	**129,600**	**1,555,200**
CASH OUTFLOWS													
Stock (Accessories)	80,000	-	-	-	80,000	-	-	-	80,000	-	-	-	**240,000**
Salaries	750	750	750	750	750	750	750	750	750	750	750	750	**9,000**
Rentals	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	**21,600**
Advertising and Marketing	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	**36,000**
Other Costs	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	**28,800**

Loan Repayment	4,523.60	4,523.60	4,523.60	4,523.60	4,523.60	4,523.60	4,523.60	4,523.60	4,523.60	4,523.60	4,523.60	4,523.60	**54,283.2**
Tax QPD Payments	-	-	24,481.77	-	-	24,481.77	-	-	24,481.77	-	-	24,481.77	**97,927.09**
Total Payments	**92,473.6**	**12,473.6**	**36,955.37**	**12,473.6**	**92,473.6**	**36,955.37**	**12,473.6**	**12,473.6**	**116,955.37**	**12,473.6**	**12,473.6**	**36,955.37**	**475,136.68**
SURPLUS / (DEFICIT)	37126.4	117,126.4	92,644.63	117,126.4	37,126.4	92,644.63	117,126.4	117,126.4	12,644.63	117,126.4	117,126.4	92,644.63	**1,080,063.32**
OPENING BANK BALANCE	2,238,966	2,276,092	2,393,218	2,485,863	2,602,989	2,640,115	2,732,759	2,849,885	2,967,011	2,979,655	3,213,907	3,331,033	
CLOSING BALANCE	**2,276,092**	**2,393,218**	**2,485,863**	**2,602,989**	**2,640,115**	**2,732,759**	**2,849,885**	**2,967,011**	**2,979,655**	**3,213,907**	**3,331,033**	**3,423,677**	**3,423,677**

Pro Forma Annual Cashflow

	Year 1	**Year 2**	**Year 3**
Opening Balance	$0.00	$210,068.04	$408,610.94
Cash Sales	$480,000.00	$576,000.00	$691,200.00
Subtotal Cash from Operations	**$480,000.00**	**$576,000.00**	**$691,200.00**
Additional Cash Received			
Equity Capital	$25,000.00	$0.00	$0.00
Loan Capital	$100,000.00	$0.00	$0.00
Subtotal Cash Received	**$125,000.00**	**$0.00**	**$0.00**
Cash Expenditures			
Cost of goods	$96,000.00	$115,200.00	$138,240.00
Operating Expenses	$137,485.21	**$128,134.08**	$114,930.46
Subtotal Spent on Operations	**$233,485.21**	**$243,334.08**	**$253,170.46**
Additional Cash Spent			
Taxes	$107,163.55	$79,839.82	$97,927.09
Loan Repayment	$54,283.2	$54,283.2	$54,283.2
Purchase of Fixed Assets	$0.00	$0.00	$0.00
Subtotal Additional Cash Spent	**$161,446.750**	**$134,123.02**	**$152,210.29**
Net Cash Flow	**$210,068.04**	**$198,542.9**	**$285,819.25**
Cash Balance	**$210,068.04**	**$408,610.94**	**$694,430.19**

Pro Forma Balance Sheet

	Year 1	Year 2	Year 3
Long Term Assets			
Current Assets			
Cash	$210,068.04	$408,610.94	$694,430.19
Other Current Assets	$0.00	$0.00	$0.00
Total Current Assets	$210,068.04	$408,610.94	$694,430.19
TOTAL ASSETS	$210,068.04	$408,610.94	$694,430.19
EQUITY AND LIABILITIES			
Equity			
Shareholders Capital	$132,766.08	$363,358.18	$694,430.19
Total Equity	**$132,766.08**	**$363,358.18**	**$694,430.19**
Liabilities			
Loan Outstanding	$77,301.96	$45,252.79	$0.00
Other Liabilities	$0.00	$0.00	$0.00
Total Liabilities	**$0.00**	**$0.00**	**$0.00**
TOTAL EQUITY AND LIABILITIES	**$210,068.04**	**$408,610.94**	**$694,430.19**

Risk and Mitigatory Measures

Financial Risks

- Good Debtors Management
- Credit Arrangements with Suppliers
- Effective Cost Controls

Management Risks

- Sound Financial Management
- Management Board and functional Organogram
- Good planning – finance, marketing, operations
- Professionalism, everything must be on board

Business Risks

- Adequate funding
- Effective and accurately aligned marketing strategies
- Action plans – updates, follow ups and feedback
- Professional set up
- Networking with stakeholders – competitors and suppliers.
- Diversification

Security Risks

- Insurance
- Security controls – checks and balances to minimise losses.

Market Risks

- Good marketing strategy

- Competitive pricing.
- Quality Products

Operational Risk

- Checks and balances to curb deficiencies in internal control systems
- Set high standards
- Research
- Control and risk self-assessment to detect errors and acts of frauds
- Self-training and development
- Regular internal and independent audits

Liquidity Risk

- Operate under a well-defined budget
- Loan capital
- Arrange credit with suppliers where necessary

Technology Risk

- Computerised Operations
- Technological research and updating
- Staff training and development

Legal / Compliance

- Comply with material rules, regulations and laws
- All agreements to be reviewed by the company's lawyers

Corporate Governance

- Transparency
- Integrity
- Professionalism
- Functional Board and Board Committees