



*Zefa Manufacturing*

# **Zefa Manufacturing (Pty) Ltd**

## **Zefa Manufacturing Business Plan**

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*Planning Horizon: 3 years*

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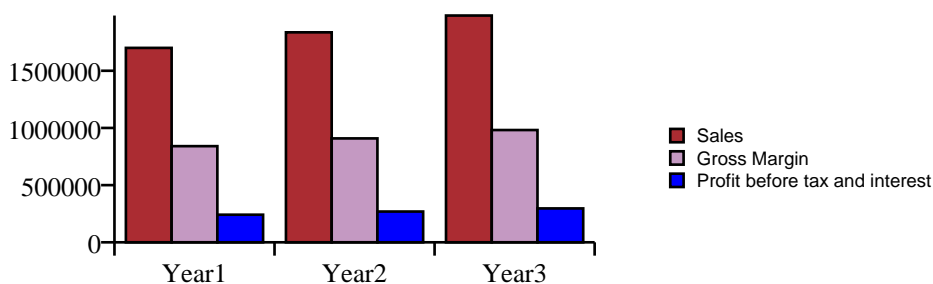
## 1. Executive Summary

Zefa Manufacturing is a start-up manufacturing business which will be managed by experienced entrepreneurs with almost 20 years manufacturing experience. They perceive an opportunity to acquire a significant amount of market share by focusing on innovative products that will contribute towards increasing township economic participation in the Buffalo City Metro. The business is established as a private company incorporated in terms of the South African Company Act of 2008, with all the shares held by HDI.

The company will be seeking to raise approximately R319 500 in either loans or from private/public investors for start-up purposes. The company intends having its manufacturing facility either in the township or within walking distance from the township of Duncan Village.

The company is 100% black owned and qualifies as an exempt micro enterprise. The company is expected to create 10 jobs in the area in the first year. It is expected that the business will be profitable from the first financial year, while showing positive net cash flow for most of the first year.

**Chart: Highlights**



### 1.1 Objectives

The objectives of Zefa Manufacturing for the current and next four financial years are:

- Establish and grow retail clientele for the company's products;
- Have positive cash flow within the first 6 months; and
- Establish a profitable business by the end of the first financial year.

## **1.2 Mission**

Zefa Manufacturing seeks to serve its target markets with more and more of its quality products in order to create value for its stakeholders.

## **1.3 Keys to Success**

The keys to success for Zefa Manufacturing are:

- Successfully secure needed capital for operations premises and working capital; and
- Successful implementation of ISO 9001 QMS certification.

## **2. Company Summary**

Zefa Manufacturing is a start-up manufacturing business which will be managed by experienced entrepreneurs with more than 20 years manufacturing experience. They perceive an opportunity to acquire a significant amount of market share by focusing on innovative products that will contribute towards solving some of industrial and residential challenges in the Buffalo City Metro. The business is established as a private company incorporated in terms of the South African Company Act of 2008, with all the shares held by HDI.

The company will be seeking to raise approximately R319 500 in either loans or from private investors for start-up purposes. The company is looking for manufacturing facilities either in the township or within walking distance from the township. The start-up capital requirements will be affected by the location of manufacturing premises acquired.

### **2.1 Company Ownership**

The business is HDI owned with Mr A. T Manuel and Mr X Magxothwa the current directors of the board with more directors to be appointed to fulfil governance role especially in legal and finance.

### **2.2 Start-up Summary**

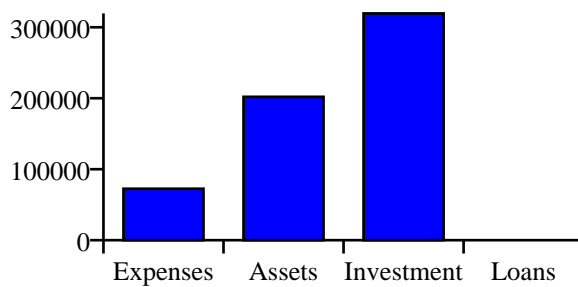
The following table and chart illustrates projected initial start-up costs for the company. The table reflects funding needed for working capital for manufacturing inventory and salaries for the first three months. It is envisaged that an amount of R319 500 will be required to fund the start-up

phase of the business.

### 2.2.1 Start-up Table

Item	Amount
Marketing Expenses	ZAR 12,500.00
Office Rent	ZAR 30,000.00
Salary	ZAR 25,000.00
Total Startup Expenses	ZAR 72,500.00
Cash Required	ZAR 10,000.00
Long-term Assets	ZAR 192,000.00
Total Startup Assets	ZAR 202,000.00
Total Requirements	ZAR 274,500.00
Insurance	ZAR 5,000.00

**Chart: Start-up**



## 3. Service/Product Summary

The business will be manufacturing a wide range of household furniture products. The product break down is as follows:

<p>Kitchen Products: Free standing and builtin cupboards manufactured from various finishes of melamine would to customer order. The free standing units can be single, 3, 4 or 5 pieces delivered complete to clients, while the build-in units are assembled on client premises and fixed to the walls.</p>	<p>Ready for manufacturing</p>
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<p>Lounge Products This group consist of the manufacture or restoration of couches as well as manufacture of television / entertainment unit stands and coffee tables</p>	<p>Partially ready</p>
<p>Bedroom Products This group consists of the manufacture of bedroom suites with main focus on sleigh beds, bedside cabinets, mattresses, wardrobes and dressing tables</p>	<p>Partially ready</p>

The table above shows product groups with status for manufacturing readiness. Where status is indicated as "Partially ready", it means some products in the group are ready for manufacturing with the necessary tools and equipment needed to be completely ready. The sales forecast section will elaborate on each product group.

#### **4. Market Analysis Summary**

The markets for the products differ mainly by point of sale or type of clients and are going to be business clients such as furniture retail stores and home improvement stores as well as individual home owners especially for the build-in product range.

There has been an increase in the so-called middle class in our society with more and more people striving for self realization. This increase is visible in an industry analysis for the home improvement and building material industry which shows sturdy growth in the last couple of years. This growth is accompanied by more people buying furniture for their newly acquired or improved houses.

However, there is also a visible move away from traditional furniture which has resulted in closure of a number of furniture businesses. This shift has also seen furniture makers in townships and Asian furniture stores striving as people look for cheaper and more flexible buying options.

This has created a unique opportunity to fill the gap being left by the closure of chain furniture stores. The key to exploiting these opportunities will be the location of the manufacturing facility close to or within the township thereby limiting the overhead costs for the business while also contributing to township economy.

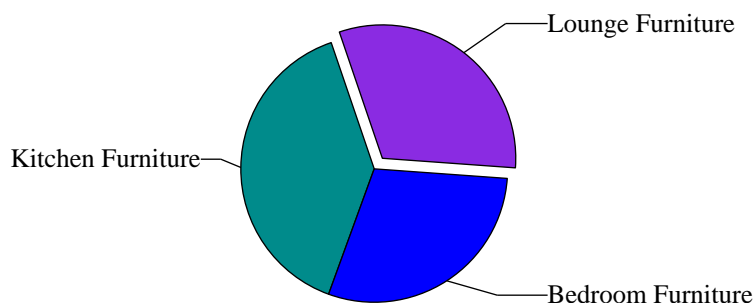
## 4.1 Market Segment

The following market analysis table and graph is a depiction of the current market segmentation as perceived by Zefa Manufacturing. There are three groups of clients, namely, furniture retail, home building industry and home owners. There is a potential to add our own retail store to market our products direct to the public. This segmentation is related broadly to the markets for the product groups that the company manufactures. Each segment will be further split into sub-segments within the product category in order to formulate sub-segment marketing strategies.

### 4.1.1 Market Analysis Table

Potential Customers	Growth Rate	Year 1	Year 2	Year 3
Kitchen Furniture	8.00%	20.00	22.00	24.00
Lounge Furniture	8.00%	16.00	17.00	18.00
Bedroom Furniture	8.00%	15.00	16.00	17.00

Chart: Market Analysis (Pie)



## 4.2 Target Market Segment Strategy

The following strategies will be pursued in order to exploit target markets:

### Furniture Retail and Hardware Industry

This market will be targeted using direct selling strategies which will include providing selling materials such as catalogues and brochures to potential clients while also regularly updating pricelist in order to keep communication lines open.

### Home Builder and Property Developer Industry



This market will be targeted will also be targeted using direct selling strategies while emphasizing the cost benefit of using our quality products. Special pricing strategies will be formulated for this industry to make our package offer attractive.

#### **Home owners**

This market will be targeted using advertising through local newspapers and magazines. We will also have a product display facility where potential client would be able to see our completed products.

### **4.3 Industry Analysis**

The home improvement and hardware industry has been growing slightly over 2% year-on-year with the construction industry and housing industries' growth under pressure. There has been growing pressure for self realization among the poor and lower middle class in rural areas and townships especially with more than 20 years of democracy have past.

There is more focus now on township economy which will require a mindset change in how businesses interact with this township market.

#### **4.3.1 Competition and Buying Patterns**

Competition exists from both local manufacturers and import merchants, however, innovation and flexibility will give Zefa Manufacturing a competitive advantage.

The buying pattern is need based with customers comparing quotes and basing the buy decision of price and reputation.

## **5. Web Plan Summary**

Our website, is an opportunity to offer current information on special events, menu offerings, public service announcements and specials.

### **5.1 Website Marketing Strategy**

Our website will be promoted on all of our products, and promo pieces. We will link to [zefa.co.za](http://zefa.co.za) and many other home improvement oriented websites and portals.

## **5.2 Development Requirements**

The Zefa Manufacturing website will be initially developed with few technical resources. Zefa Consulting will host the site and provide the technical back end. We will maintain a simple, classy, yet Internet focused site. The website logos, and graphics will be the same artwork found on our hard-copy catalogues, and in various spots in the business plan. Our managers will maintain the website. As the website rolls out future development such as furniture delivery options, newsletters and downloadable market research reports, a technical resource may need to be contracted to build the trackable download and the newsletter capabilities.

## **6. Strategy and Implementation Summary**

Zefa Manufacturing's is anchored on the following principles:

- Keep overheads and operating costs as low as possible in order to be unbeatable on price;
- Continuously innovate and develop revolutionary products; and
- Serve more and more clients with quality products.

All strategies being implemented must and will focus on these principles at all times.

### **6.1 SWOT Analysis**

The following topics cover the SWOT analysis of Zefa Manufacturing.

#### **6.1.1 Strengths**

The following are the strengths of Zefa Manufacturing:

- Flexibility in manufacturing system with ease of expansion; and
- Short product development lifecycle allows for quick product introduction.

#### **6.1.2 Weaknesses**

These are the weaknesses of the business:

- Production human resources requires training to be effective; and
- Brand is new and unknown by the market.

### **6.1.3 Opportunities**

The following are the opportunities that can be exploited:

- There is an opportunity to start a retail chain for our products which can be expanded nationally.

### **6.1.4 Threats**

The main threats to the business are:

- Acquisition of required capital for purchase of equipment.

## **6.2 Competitive Edge**

Zefa Manufacturing's competitive edge comes from establishing relationships with key stakeholders and clients. This will be achieved by strengthen and continuously improving communications channels and after market product support with relevant stakeholders.

## **6.3 Marketing Strategy Summary**

The key to our marketing strategy is focusing on serving more and more clients with quality innovative products that appeal to target markets. We recognize that quality is as perceived by the user, however, price has become an important factor in making buying decisions.

The focus will be on making the right information available to the right target consumer and the right time. This information will be intended to educated the potential client on the benefits of the company's innovative products.

## **6.4 Sales Strategy**

Zefa Manufacturing sales strategy is simple and is as follows:

Serve more and more customers by:

- being reliable in terms of quality and delivery performance; and
- being flexible in meeting client specification and order sizes.

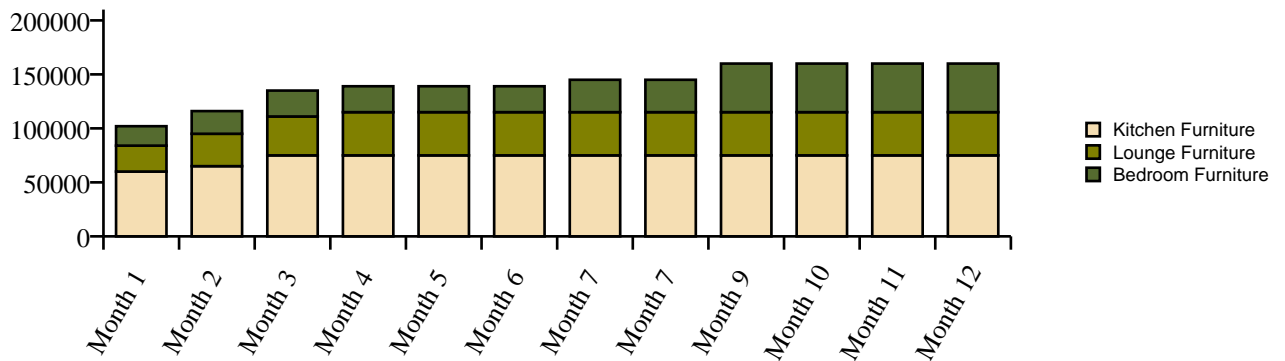
### **6.4.1 Sales Forecast**

Zefa Manufacturing sales strategy is simple and is as follows:

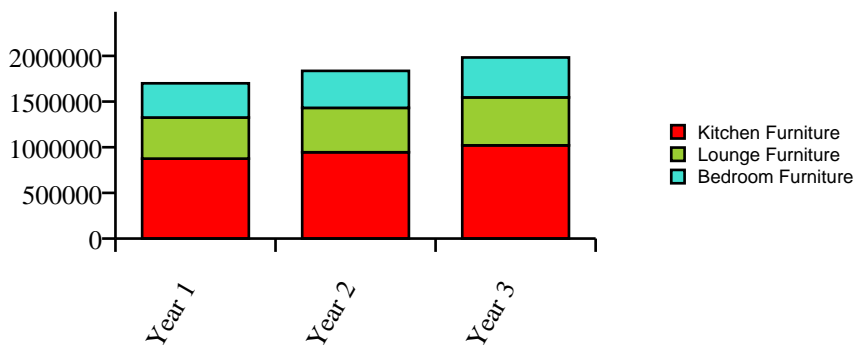
Serve more and more customers by:

- being reliable in terms of quality and delivery performance; and
- being flexible in meeting client specification and order sizes.

**Chart: Sales Forecast Monthly**



**Chart: Sales Forecast by Year**



**6.4.2 Sales Forecast Table**

Potential Customers	Growth Rate	Year 1	Year 2	Year 3
Sales (ZAR)				
Kitchen Furniture	0%	875,000.00	945,000.00	1,020,600.00
Lounge Furniture	0%	450,000.00	486,000.00	524,880.00
Bedroom Furniture	0%	375,000.00	405,000.00	437,400.00
Cost of Sales (ZAR)				
Kitchen Furniture	0%	481,250.00	519,750.00	561,330.00
Lounge Furniture	0%	202,500.00	218,700.00	236,196.00
Bedroom Furniture	0%	150,000.00	162,000.00	174,960.00

## 7. Management Summary

The management responsibility of the company will be shared by both directors, who will initially fulfill the role of plant/general manager and business development roles. The rest of administration and management planned as follows:

- The Sales and Client Liaison roles will initially be fulfilled by one of the directors, while the other will manage the production plant;
- An office administrator will fulfilled bookkeeping duties with a finance specialist overseeing on a part-time basis in the short to medium term. There after a CIMA qualified management accountant to strengthen the management of finance and assist in crafting business strategies will be appointed; and
- The manufacturing environment will be strengthened with the appointment of an industrial engineer to head up the role.

Production personnel labour costs are included in the cost of sales as these are viewed as direct costs. However, additional personnel costs such as uif, skills levy and leave payment have been calculated and included as 3% of the payroll costs in the Profit and Loss statement.

### 7.1 Personnel Plan

The following table explains the administrative personnel requirements needed to keep the company going. The direct labour cost is included in the cost of sales and is only reflected as headcount in the table below.

#### 7.1.1 Personnel Table

Job Title	Year 1	Year 2	Year 3
Personnel (ZAR)			
Plant/General Manager	90,000.00	95,400.00	101,124.00
Finance and Office Manager	66,000.00	69,960.00	74,158.00
Production Manager	66,000.00	69,960.00	74,158.00
Total Payroll	222,000.00	235,320.00	249,440.00

## 8. Financial Plan Summary

The main focus in the financial plan of the business in the current and next financial year will be to strengthen the cash flow and the financial position. This will be achieved by implementing stringent controls on the following:

- Inventory will be monitored so that it does not exceed a week's stock. This includes both raw materials and finished products;
- Limit sales on credit to 30% of monthly turnover; and
- Strictly monitor the debtors' collection days and aggressively collect overdue accounts.

## 8.1 Start-up Funding

The following table shows the start-up requirements for Zefa Manufacturing. As indicated in the table the full start-up requirement is R319 500 is needed mainly for the following equipment:

- Panel Saw (vertical or table)
- Edge bender
- Drill Press
- Compressor
- Band Saw

These pieces of equipment can be bought used in order to minimize the capital required.

### 8.1.1 Start-up Funding Table

Item	Amount (ZAR)
Startup Expenses to Fund	72,500.00
Startup Assets to Fund	202,000.00
<b>Total Funding Required</b>	<b>274,500.00</b>
Non-cash Assets from Startup	192,000.00
Cash Requirements from Startup	10,000.00
Additional Cash Raised	45,000.00
Cash Balance on Starting Date	55,000.00
<b>Total Assets</b>	<b>247,000.00</b>
Current Borrowing	0.00
Long-term Liabilities	0.00
Accounts Payable	0.00

Other Current Liabilities (interest free)	0.00
Total Liabilities	0.00
Owner	0.00
Investor	319,500.00
Additional Investment Required	0.00
Total Planned Investment	319,500.00
Loss at Startup (Startup Expenses)	(-72,500.00)
Total Capital	247,000.00
Total Capital and Liabilities	247,000.00
Total Funding	319,500.00

## 8.2 Important Assumptions

Important assumptions for this plan are found in a table under the Appendix section. These assumptions largely determine the financial plan and require that we secure additional financing. An inflation rate of 6% is used as the basis for calculating payroll and other expense increases, while the interest rate and tax rate assumptions are at 8.50% and 28% respectively.

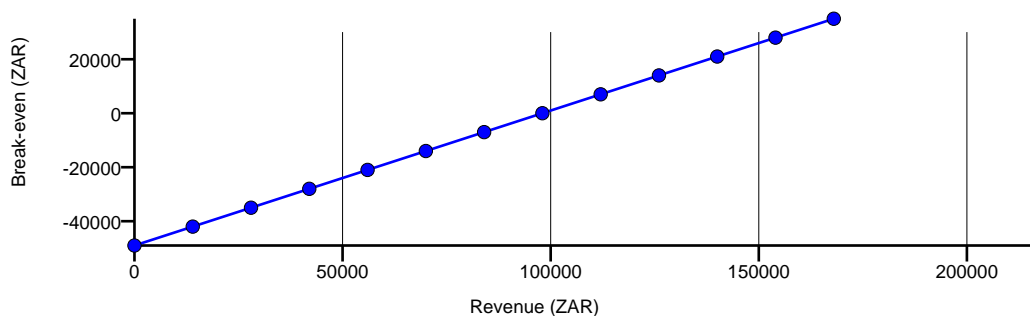
## 8.3 Break-even Analysis

The following table and graph shows the break-even analysis for the business

### 8.3.1 Break-even Analysis Table

Break-even Analysis	Amount (ZAR)
Monthly Revenue Break-even	98,009.87
Average Percent Variable Cost	49.04%
Estimated Monthly Fixed Cost	49,945.83

**Chart: Break-even Analysis**

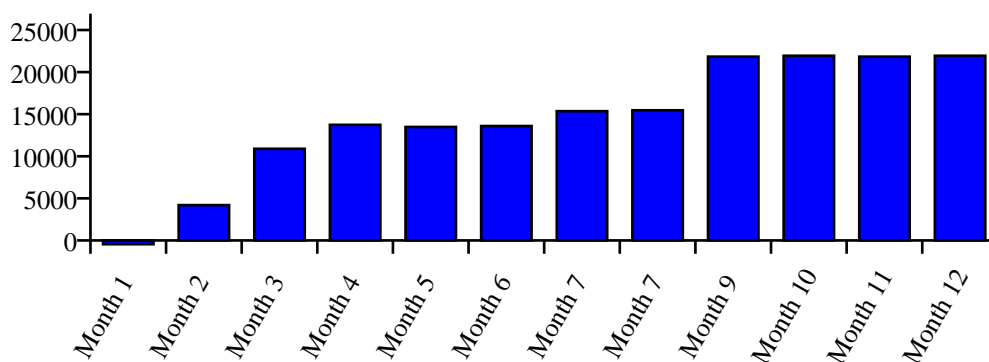


## 8.4 Projected Profit and Loss

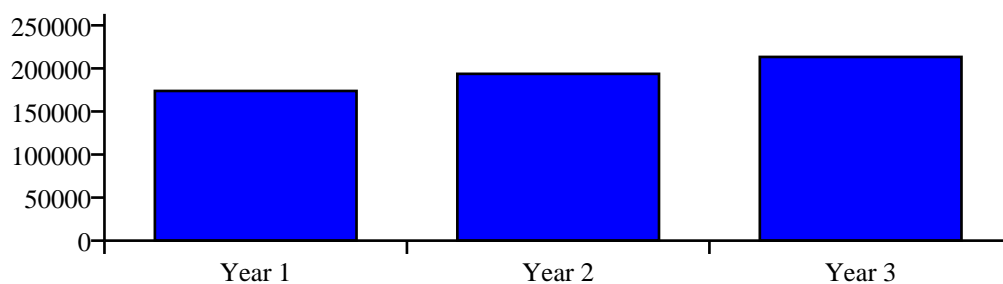
The following table shows the business' expectations for Profit and Loss. The company is expected to make profit from the first financial year. The profitability levels are expected to be higher than 10% from first year and remain that way for the duration of the period under planning.

### 8.4.1 Profit and Loss Charts

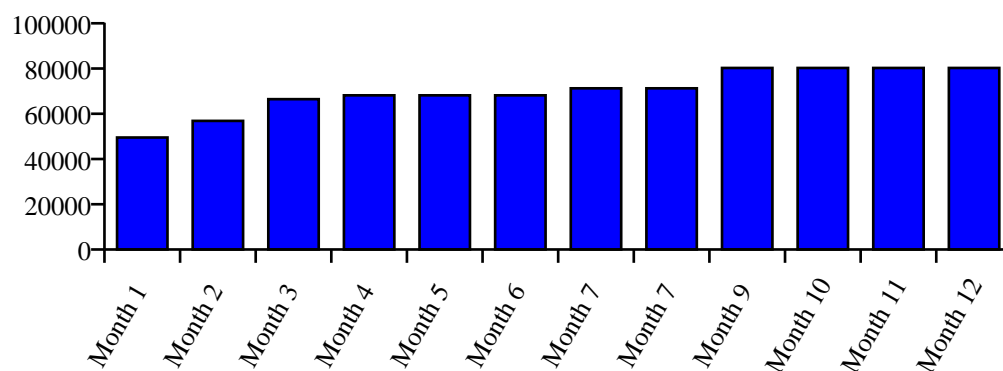
**Chart: Profit Monthly**



**Chart: Profit Yearly**

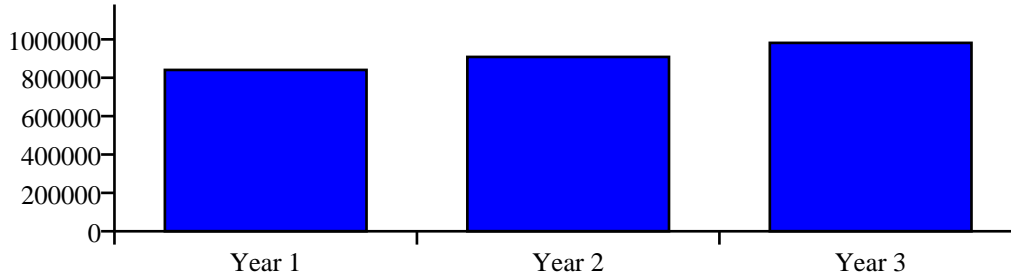


**Chart: Gross Margin Monthly**





**Chart: Gross Margin Yearly**



### 8.4.2 Profit and Loss Table

Account Name	Year 1(ZAR)	Year 2(ZAR)	Year 3(ZAR)
Direct Income	1,700,000.00	1,836,000.00	1,982,880.00
Total Sales	1,700,000.00	1,836,000.00	1,982,880.00
Direct Expenses	833,750.00	900,450.00	972,486.00
Other Cost of Sales	25,500.00	27,030.00	28,652.00
Total Cost of Sales	859,250.00	927,480.00	1,001,138.00
Gross Margin	840,750.00	908,520.00	981,742.00
Gross Margin %	49.46	49.48	49.51
Payroll	222,000.00	235,320.00	249,440.00
Depreciation	29,640.00	29,640.00	29,640.00
Bank Charges	5,200.00	6,360.00	6,742.00
Marketing/Promotion	67,500.00	63,600.00	67,416.00
Rent	150,000.00	159,000.00	168,540.00
Insurance	18,000.00	19,080.00	20,225.00
Print and Stationery	900.00	954.00	1,011.00
Payroll Taxes	6,660.00	7,060.00	7,483.00
Consumables	8,250.00	9,540.00	10,112.00
Security Costs	9,600.00	10,176.00	10,787.00
Telephone Expenses	13,600.00	15,264.00	16,180.00
Travel Expenses	38,000.00	44,520.00	47,191.00
Utility Expenses	30,000.00	39,000.00	50,700.00
Total Operating Expenses	599,350.00	639,514.00	685,467.00
Profit before tax and interest	241,400.00	269,006.00	296,275.00
EBITDA	271,040.00	298,646.00	325,915.00

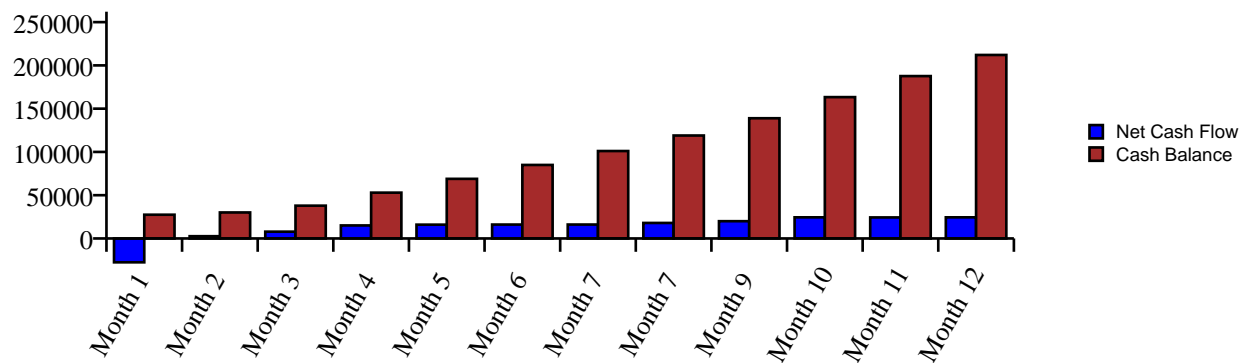
Taxes Incurred	67,592.00	75,321.68	82,957.00
Net Profit	173,808.00	193,684.32	213,318.00
Net Margin	10.22	10.55	10.76

## 8.5 Projected Cash Flow

The following table and graph shows the projected cash flow for the business. We expect to maintain a positive cashflow from the start of the business.

### 8.5.1 Cash Flow Chart

Chart: Cash Flow



### 8.5.2 Cash Flow Table

Category	Year 1(ZAR)	Year 2(ZAR)	Year 3(ZAR)
Cash Sales	1,190,000.00	1,285,200.00	1,388,016.00
Cash from Receivables	463,600.00	547,088.00	590,855.04
Subtotal Cash from Operations	1,653,600.00	1,832,288.00	1,978,871.04
Sales Tax, VAT, HST/GST Received	0.00	0.00	0.00
New Current Borrowing	0.00	0.00	0.00
New Other Liabilities (interest-free)	0.00	0.00	0.00
New Long-term Liabilities	0.00	0.00	0.00
Sales of Other Current Assets	0.00	0.00	0.00
Sales of Long-term Assets	0.00	0.00	0.00
New Investment Received	0.00	0.00	0.00
Subtotal Cash Received	1,653,600.00	1,832,288.00	1,978,871.04

Cash Spending	1,496,552.00	1,612,675.68	1,739,922.00
Bill Payments	0.00	0.00	0.00
Subtotal Spent on Operations	1,496,552.00	1,612,675.68	1,739,922.00
Sales Tax, VAT, HST/GST Paid Out	0.00	0.00	0.00
Principal Repayment of Current Borrowing	0.00	0.00	0.00
Other Liabilities Principal Repayment	0.00	0.00	0.00
Long-term Liabilities Principal Repayment	0.00	0.00	0.00
Purchase Other Current Assets	0.00	0.00	0.00
Purchase Long-term Assets	0.00	0.00	0.00
Dividends	0.00	0.00	0.00
Subtotal Cash Spent	1,496,552.00	1,612,675.68	1,739,922.00
Net Cash Flow	157,048.00	219,612.32	238,949.04
Cash Balance	212,048.00	431,660.32	670,609.36

## 8.6 Projected Balance Sheet

The following table is the projected balance sheet for the business, which will become stronger with every financial year that passes due to the projected positive cashflow.

### 8.6.1 Balance Sheet Table

Category	Year 1(ZAR)	Year 2(ZAR)	Year 3(ZAR)
Cash	212,048.00	431,660.32	670,609.36
Accounts Receivable	46,400.00	50,112.00	54,120.96
Inventory	0.00	0.00	0.00
Other Current Assets	0.00	0.00	0.00
Total Current Assets	258,448.00	481,772.32	724,730.32
Long-term Assets	192,000.00	192,000.00	192,000.00
Accumulated Depreciation	29,640.00	59,280.00	88,920.00
Total Long-term Assets	162,360.00	132,720.00	103,080.00
Total Assets	420,808.00	614,492.32	827,810.32
Current Borrowing	0.00	0.00	0.00
Other Current Liabilities	0.00	0.00	0.00
Total Current Liabilities	0.00	0.00	0.00

Long-term Liabilities	0.00	0.00	0.00
Total Liabilities	0.00	0.00	0.00
Paid-in Capital	319,500.00	319,500.00	319,500.00
Retained Earnings	-72,500.00	101,308.00	294,992.32
Earnings	173,808.00	193,684.32	213,318.00
Total Capital	420,808.00	614,492.32	827,810.32
Total Capital and Liabilities	420,808.00	614,492.32	827,810.32
Net Worth	420,808.00	614,492.32	827,810.32

## 8.7 Business Ratios

Standard business ratios are included in the table. The ratio shows a plan for balanced and healthy growth.

### 8.7.1 Business Ratios Table

Ratio Analysis	Year 1 (%)	Year 2 (%)	Year 3 (%)
Sales Growth	0.00	8.00	8.00
Accounts Receivable	11.03	8.16	6.54
Other Current Assets	0.00	0.00	0.00
Total Current Assets	61.42	78.40	87.55
Long-term Assets	38.58	21.60	12.45
Total Assets	100.00	100.00	100.00
Current Liabilities	0.00	0.00	0.00
Long-term Liabilities	0.00	0.00	0.00
Total Liabilities	0.00	0.00	0.00
Net Worth	100.00	100.00	100.00
Sales	100.00	100.00	100.00
Gross Margin	49.46	49.48	49.51
Selling, General & Administrative Expenses	39.23	38.93	38.75
Advertising Expenses	3.97	3.46	3.40
Profit Before Interest and Taxes	14.20	14.65	14.94
Current	0.00	0.00	0.00
Quick	0.00	0.00	0.00
Total Debt to Total Assets	0.00	0.00	0.00
Pre-tax Return on Net Worth	57.37	43.78	35.79

Pre-tax Return on Assets	57.37	43.78	35.79
Net Profit Margin	10.22	10.55	10.76
Return on Equity	41.30	31.52	25.77
Assets to Sales	0.25	0.33	0.42
Current Debt / Total Assets	0.00	0.00	0.00
Acid Test	0.00	0.00	0.00
Sales / Net Worth	4.04	2.99	2.40
Dividend Payout	0.00	0.00	0.00
Accounts Receivable Turnover	10.99	10.99	10.99
Collection Days	29.40	31.98	31.98
Accounts Payable Turnover	0.00	0.00	0.00
Payment Days	0.00	0.00	0.00
Total Assets Turnover	4.04	2.99	2.40
Debt to Net Worth	0.00	0.00	0.00
Current Liab. to Liab.	0.00	0.00	0.00
Net Working Capital	258,448.00	481,772.32	724,730.32
Interest Coverage	0.00	0.00	0.00

## 8.8 Long-term Plan

In addition to the enclosed financial information contained in this Business Plan, Zefa Manufacturing would like to make the following observations that were not emphasized in this Business Plan:

The Business Plan covers five years of activities. We consider the financial projections in the Business Plan as conservative, especially looking at the sales forecast where we are forecasting selling 3 units of each product in a full month.

# 1. Appendix

## 1.1 Table: Sales Forecast

Sales Forecast (ZAR)	Const(%)	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Sales													
Kitchen Furniture		60,000.00	65,000.00	75,000.00	75,000.00	75,000.00	75,000.00	75,000.00	75,000.00	75,000.00	75,000.00	75,000.00	75,000.00
Lounge Furniture		24,000.00	30,000.00	36,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00
Bedroom Furniture		18,000.00	21,000.00	24,000.00	24,000.00	24,000.00	24,000.00	30,000.00	30,000.00	45,000.00	45,000.00	45,000.00	45,000.00
Direct Cost of Sales													
Kitchen Furniture		33,000.00	35,750.00	41,250.00	41,250.00	41,250.00	41,250.00	41,250.00	41,250.00	41,250.00	41,250.00	41,250.00	41,250.00
Lounge Furniture		10,800.00	13,500.00	16,200.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00
Bedroom Furniture		7,200.00	8,400.00	9,600.00	9,600.00	9,600.00	9,600.00	12,000.00	12,000.00	18,000.00	18,000.00	18,000.00	18,000.00

**1.2 Table: Personnel**

Personnel Plan (ZAR)	Const(%)	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Plant/General Manager	0%	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00
Finance and Office Manager		5,500.00	5,500.00	5,500.00	5,500.00	5,500.00	5,500.00	5,500.00	5,500.00	5,500.00	5,500.00	5,500.00	5,500.00
Production Manager		5,500.00	5,500.00	5,500.00	5,500.00	5,500.00	5,500.00	5,500.00	5,500.00	5,500.00	5,500.00	5,500.00	5,500.00
<b>Total Payroll</b>		<b>18,500.00</b>	<b>18,500.00</b>	<b>18,500.00</b>	<b>18,500.00</b>	<b>18,500.00</b>	<b>18,500.00</b>	<b>18,500.00</b>	<b>18,500.00</b>	<b>18,500.00</b>	<b>18,500.00</b>	<b>18,500.00</b>	<b>18,500.00</b>

**1.3 Table: Profit and Loss**

Account Name (ZAR)	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Direct Income	102,000.00	116,000.00	135,000.00	139,000.00	139,000.00	139,000.00	145,000.00	145,000.00	160,000.00	160,000.00	160,000.00	160,000.00
Other Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	102,000.00	116,000.00	135,000.00	139,000.00	139,000.00	139,000.00	145,000.00	145,000.00	160,000.00	160,000.00	160,000.00	160,000.00
Direct Expenses	51,000.00	57,650.00	67,050.00	68,850.00	68,850.00	68,850.00	71,250.00	71,250.00	77,250.00	77,250.00	77,250.00	77,250.00
Other Cost of Sales	1,500.00	1,500.00	1,500.00	2,000.00	2,000.00	2,000.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
Total Cost of Sales	52,500.00	59,150.00	68,550.00	70,850.00	70,850.00	70,850.00	73,750.00	73,750.00	79,750.00	79,750.00	79,750.00	79,750.00
Gross Margin	49,500.00	56,850.00	66,450.00	68,150.00	68,150.00	68,150.00	71,250.00	71,250.00	80,250.00	80,250.00	80,250.00	80,250.00
Gross Margin %	48.53	49.01	49.22	49.03	49.03	49.03	49.14	49.14	50.16	50.16	50.16	50.16
Payroll	18,500.00	18,500.00	18,500.00	18,500.00	18,500.00	18,500.00	18,500.00	18,500.00	18,500.00	18,500.00	18,500.00	18,500.00
Administrative Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation	2,470.00	2,470.00	2,470.00	2,470.00	2,470.00	2,470.00	2,470.00	2,470.00	2,470.00	2,470.00	2,470.00	2,470.00
Entertainment Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exchange Gain/Loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bank Charges	150.00	200.00	350.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00
Gain/Loss on Asset Disposal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Legal Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Marketing/Promotion	7,500.00	7,500.00	7,500.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
Miscellaneous Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maintenance Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rent	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00
Insurance	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00



Print and Stationery		150.00	0.00	150.00	0.00	150.00	0.00	150.00	0.00	150.00	0.00	150.00	0.00
Payroll Taxes		555.00	555.00	555.00	555.00	555.00	555.00	555.00	555.00	555.00	555.00	555.00	555.00
Consumables		500.00	500.00	500.00	750.00	750.00	750.00	750.00	750.00	750.00	750.00	750.00	750.00
Security Costs		800.00	800.00	800.00	800.00	800.00	800.00	800.00	800.00	800.00	800.00	800.00	800.00
Telephone Expenses		1,000.00	1,000.00	1,000.00	1,000.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00
Travel Expenses		2,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00
Utility Expenses		2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
Write Off		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Operating Expenses		50,125.00	51,025.00	51,325.00	49,075.00	49,425.00	49,275.00	49,925.00	49,775.00	49,925.00	49,775.00	49,925.00	49,775.00
Profit before tax and interest		-625.00	5,825.00	15,125.00	19,075.00	18,725.00	18,875.00	21,325.00	21,475.00	30,325.00	30,475.00	30,325.00	30,475.00
EBITDA		1,845.00	8,295.00	17,595.00	21,545.00	21,195.00	21,345.00	23,795.00	23,945.00	32,795.00	32,945.00	32,795.00	32,945.00
Interest Expense		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Taxes Incurred		-175.00	1,631.00	4,235.00	5,341.00	5,243.00	5,285.00	5,971.00	6,013.00	8,491.00	8,533.00	8,491.00	8,533.00
Net Profit		-450.00	4,194.00	10,890.00	13,734.00	13,482.00	13,590.00	15,354.00	15,462.00	21,834.00	21,942.00	21,834.00	21,942.00
Net Margin		-0.44	3.62	8.07	9.88	9.70	9.78	10.59	10.66	13.65	13.71	13.65	13.71

**1.4 Table: Cash Flow**

Account Name (ZAR)	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Cash Sales	71,400.00	81,200.00	94,500.00	97,300.00	97,300.00	97,300.00	101,500.00	101,500.00	112,000.00	112,000.00	112,000.00	112,000.00
Cash from Receivables	1,020.00	30,740.00	34,990.00	40,540.00	41,700.00	41,700.00	41,760.00	43,500.00	43,650.00	48,000.00	48,000.00	48,000.00
Subtotal Cash from Operations	72,420.00	111,940.00	129,490.00	137,840.00	139,000.00	139,000.00	143,260.00	145,000.00	155,650.00	160,000.00	160,000.00	160,000.00
Sales Tax, VAT, HST/GST Received	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Current Borrowing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Other Liabilities (interest-free)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Long-term Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sales of Other Current Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sales of Long-term Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Investment Received	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal Cash Received	72,420.00	111,940.00	129,490.00	137,840.00	139,000.00	139,000.00	143,260.00	145,000.00	155,650.00	160,000.00	160,000.00	160,000.00
Cash Spending	99,980.00	109,336.00	121,640.00	122,796.00	123,048.00	122,940.00	127,176.00	127,068.00	135,696.00	135,588.00	135,696.00	135,588.00
Bill Payments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal Spent on Operations	99,980.00	109,336.00	121,640.00	122,796.00	123,048.00	122,940.00	127,176.00	127,068.00	135,696.00	135,588.00	135,696.00	135,588.00
Sales Tax, VAT, HST/GST Paid Out	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Principal Repayment of Current Borrowing		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Liabilities Principal Repayment		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Long-term Liabilities Principal Repayment		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase Other Current Assets		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase Long-term Assets		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividends		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal Cash Spent		99,980.00	109,336.00	121,640.00	122,796.00	123,048.00	122,940.00	127,176.00	127,068.00	135,696.00	135,588.00	135,696.00	135,588.00
Net Cash Flow		-27,560.00	2,604.00	7,850.00	15,044.00	15,952.00	16,060.00	16,084.00	17,932.00	19,954.00	24,412.00	24,304.00	24,412.00
Cash Balance		27,440.00	30,044.00	37,894.00	52,938.00	68,890.00	84,950.00	101,034.00	118,966.00	138,920.00	163,332.00	187,636.00	212,048.00

**1.5 Table: Balance Sheet**

Account Name (ZAR)	Opening	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Cash	55,000.00	27,440.00	30,044.00	37,894.00	52,938.00	68,890.00	84,950.00	101,034.00	118,966.00	138,920.00	163,332.00	187,636.00	212,048.00
Accounts Receivable	0.00	29,580.00	33,640.00	39,150.00	40,310.00	40,310.00	40,310.00	42,050.00	42,050.00	46,400.00	46,400.00	46,400.00	46,400.00
Inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Current Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Current Assets</b>	<b>55,000.00</b>	<b>57,020.00</b>	<b>63,684.00</b>	<b>77,044.00</b>	<b>93,248.00</b>	<b>109,200.00</b>	<b>125,260.00</b>	<b>143,084.00</b>	<b>161,016.00</b>	<b>185,320.00</b>	<b>209,732.00</b>	<b>234,036.00</b>	<b>258,448.00</b>
Long-term Assets	192,000.00	192,000.00	192,000.00	192,000.00	192,000.00	192,000.00	192,000.00	192,000.00	192,000.00	192,000.00	192,000.00	192,000.00	192,000.00
Accumulated Depreciation	0.00	2,470.00	4,940.00	7,410.00	9,880.00	12,350.00	14,820.00	17,290.00	19,760.00	22,230.00	24,700.00	27,170.00	29,640.00
<b>Total Long-term Assets</b>	<b>192,000.00</b>	<b>189,530.00</b>	<b>187,060.00</b>	<b>184,590.00</b>	<b>182,120.00</b>	<b>179,650.00</b>	<b>177,180.00</b>	<b>174,710.00</b>	<b>172,240.00</b>	<b>169,770.00</b>	<b>167,300.00</b>	<b>164,830.00</b>	<b>162,360.00</b>
<b>Total Assets</b>	<b>247,000.00</b>	<b>246,550.00</b>	<b>250,744.00</b>	<b>261,634.00</b>	<b>275,368.00</b>	<b>288,850.00</b>	<b>302,440.00</b>	<b>317,794.00</b>	<b>333,256.00</b>	<b>355,090.00</b>	<b>377,032.00</b>	<b>398,866.00</b>	<b>420,808.00</b>
Current Borrowing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Current Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Current Liabilities</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Long-term Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Paid-in Capital	319,500.00	319,500.00	319,500.00	319,500.00	319,500.00	319,500.00	319,500.00	319,500.00	319,500.00	319,500.00	319,500.00	319,500.00	319,500.00
Retained Earnings	-72,500.00	-72,500.00	-72,500.00	-72,500.00	-72,500.00	-72,500.00	-72,500.00	-72,500.00	-72,500.00	-72,500.00	-72,500.00	-72,500.00	-72,500.00
Earnings	0.00	-450.00	3,744.00	14,634.00	28,368.00	41,850.00	55,440.00	70,794.00	86,256.00	108,090.00	130,032.00	151,866.00	173,808.00
<b>Total Capital</b>	<b>247,000.00</b>	<b>246,550.00</b>	<b>250,744.00</b>	<b>261,634.00</b>	<b>275,368.00</b>	<b>288,850.00</b>	<b>302,440.00</b>	<b>317,794.00</b>	<b>333,256.00</b>	<b>355,090.00</b>	<b>377,032.00</b>	<b>398,866.00</b>	<b>420,808.00</b>
<b>Total Capital and Liabilities</b>	<b>247,000.00</b>	<b>246,550.00</b>	<b>250,744.00</b>	<b>261,634.00</b>	<b>275,368.00</b>	<b>288,850.00</b>	<b>302,440.00</b>	<b>317,794.00</b>	<b>333,256.00</b>	<b>355,090.00</b>	<b>377,032.00</b>	<b>398,866.00</b>	<b>420,808.00</b>
<b>Net Worth</b>	<b>247,000.00</b>	<b>246,550.00</b>	<b>250,744.00</b>	<b>261,634.00</b>	<b>275,368.00</b>	<b>288,850.00</b>	<b>302,440.00</b>	<b>317,794.00</b>	<b>333,256.00</b>	<b>355,090.00</b>	<b>377,032.00</b>	<b>398,866.00</b>	<b>420,808.00</b>

**1.6 Table: General Assumptions**

Assumption Name	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Current interest rate	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08
Long term interest rate	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08
Income tax rate	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28
Sales tax rate	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15