

# TYRE RECYCLING PLANT

## Business Plan



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# INTRODUCTION

## Business Description (Pending Site, Location and Shareholders)

XYZ Company is a private registered business that Fezeka Thulisile Hlatshwayo and K2018040886 (SOUTH AFRICA) (PTY) have introduced by developing a partnership with the intention of recycling waste tyres into products which can be used as raw materials for final products.

## Vision Statement

Our vision is to create a standard and world class tires and rubber waste recycle plant whose products and brand will be accepted on a domestic scale of South Africa as well as on the foreign scale as well.



## Business Structure

XYZ Company is a tire recycling company that intend starting small in Atlanta – Georgia, serving smaller industries (cottage companies) within our locations, but hope to grow big in order to compete favorably with leading tires and rubber waste recycling plants in the industry both in the United States and on a global stage.

We are aware of the importance of building a solid business structure that can support the picture of the kind of world class business we want to own. This is why we are committed to only hire the best hands within our area of operations.

At Caddy & Paddy Tire Recycling®, LLC, we will ensure that we hire people that are qualified, hardworking, creative, customer centric and are ready to work to help us build a prosperous business that will benefit all the stake holders (the owners, workforce, and customers).

# EXECUTIVE SUMMARY

XYZ Company is a South African based licensed and standard recycling company with strong bias for recycling used tires and rubber waste. We have been able to secure a standard and well – positioned facility in the outskirts of town in \_\_\_\_\_, a facility that is well positioned and highly suitable for the kind of tires and rubber waste recycling plant that we want to build.

We are in the tires and rubber waste recycling industry to contribute our quota in saving the earth and also to compete in the highly competitive recycling industry not only in South Africa but globally.

XYZ Company will initially be involved in the recycling of used and condemned tires and rubber waste materials to produce products which can be used as raw materials for final products. It will, in the nearest future, also engage in the recycling of other highly marketable materials. Our business goal is to become one of the leading recycling companies in the South Africa and we will make sure that we do all we can to compete favorably with leaders in the industry.

Our workers are going to be selected from a pool of certified and highly experienced recycling engineers and technicians in, around and from any part of South Africa as the business grows.

We will make sure that we take all the members of our workforce through the required trainings that will position them to meet the expectation of the company and to compete favorably with leading tires and rubber waste recycling plants in the the globe.

At South Africa our client's best interest will always come first, and everything we do will be guided by our values and professional ethics. We will ensure that we hold ourselves accountable to the highest standards by meeting our client's needs precisely and completely. We will cultivate a working environment that provides a human, sustainable approach to earning a living, and living in our world, for all our partners, employees and for our clients.

# COMPANY SERVICES DESCRIPTION

## Services Description

The proposed XYZ Company will approach recovery holistically for the client in terms of:

- Collection of tyres from tyre storage depots, tyre fitment centres and mines
- Storing of tyres in order to process tyres at a later stage
- Processing of tyres into industrial raw material
- Selling of industrial raw materials

## Value Proposition

The values that XYZ Company will be providing through its marketing Agency are mentioned as follows:

- Quality Customer care
- Online Payment Service
- Online Order Placement Service
- Proper Recycling Scheduling
- Excellent Quality Control
- Meeting Customer Needs up to their Entire Satisfaction
- Feedback gaining Service
- Damage management service
- Transportation Services



# INDUSTRY OVERVIEW

## Trends

At present, the largest markets in South Africa for waste tyres are re-use (25 per cent); cutting or shredding (23 per cent); pyrolysis (18 per cent); and incineration (16 per cent). In 2015 approximately 71,806 tons of waste tyres were recovered, recycled or reused in South Africa from about 16,037 tons in 2013 and 31,448 tons in 2014. Crumbing, pyrolysis and incineration accounted for the bulk of this, using approximately 46.5 per cent of waste tyre product in 2015 (Faaiqa Hartley, Tara Caetano, Reza C. Daniels June 2017).

## GDP and employment

Redirecting the use of waste tyres from landfills to recovery, recycling and reuse has a positive impact on economic activity and employment in South Africa. Under a 25 per cent recycling scenario, real GDP is estimated to increase by 0.002 per cent relative to the baseline scenario. An additional 346 jobs are created, primarily in unskilled labor categories. Under a full recycling scenario, this impact is larger. Real GDP increases by 0.005 per cent relative to the baseline and an additional 1448 jobs are created.

	25% waste tyre use	100% waste tyre use
<b>GDP</b>	<b>0.002</b>	<b>0.005</b>
<i>Private consumption</i>	<i>0.001</i>	<i>0.004</i>
<i>Gross fixed capital formation</i>	<i>0.002</i>	<i>0.005</i>
<i>Government consumption</i>	<i>0.002</i>	<i>0.007</i>
<i>Exports</i>	<i>0.001</i>	<i>0.006</i>
<i>Imports</i>	<i>0.001</i>	<i>0.005</i>
<b>Employment*</b>	<b>346</b>	<b>1448</b>

*\*Number of additional jobs. All other results are per cent deviation from baseline.*

The increase in real GDP is largely driven by an increase in private consumption expenditure, which rises by 0.004 per cent relative to the baseline scenario. The rise in private consumption is driven by higher household incomes from increased employment and higher wages. As discussed above we assume, in line with the stylized facts for South Africa that higher skilled labor supply is fixed and cannot increase while an excess of unskilled labor exists. Employment of lower skilled workers therefore increases, while wages of higher skilled workers rise. Household incomes, particularly in higher income households, are also increased by additional returns to capital. Household savings increase due to higher incomes.

This rise in households' savings coupled with the increase in government savings from higher tax revenues increases investment by 0.005 per cent relative to the baseline scenario. Exports increase by 0.006 per cent relative to the baseline. The increase in exports is concentrated in the manufacturing industry, which benefits from the increase in supply of commodities available to them for intermediate use. For example, steel produced through the pyrolysis process increases the total supply of steel for intermediate use as it is substitutable for virgin steel. Imports rise due to increased production (which increases the demand for imported intermediate input commodities) as well as higher private household consumption (Faaiqa Hartley, Tara Caetano, Reza C. Daniels June 2017).

# MARKET OVERVIEW

## Sector Impacts

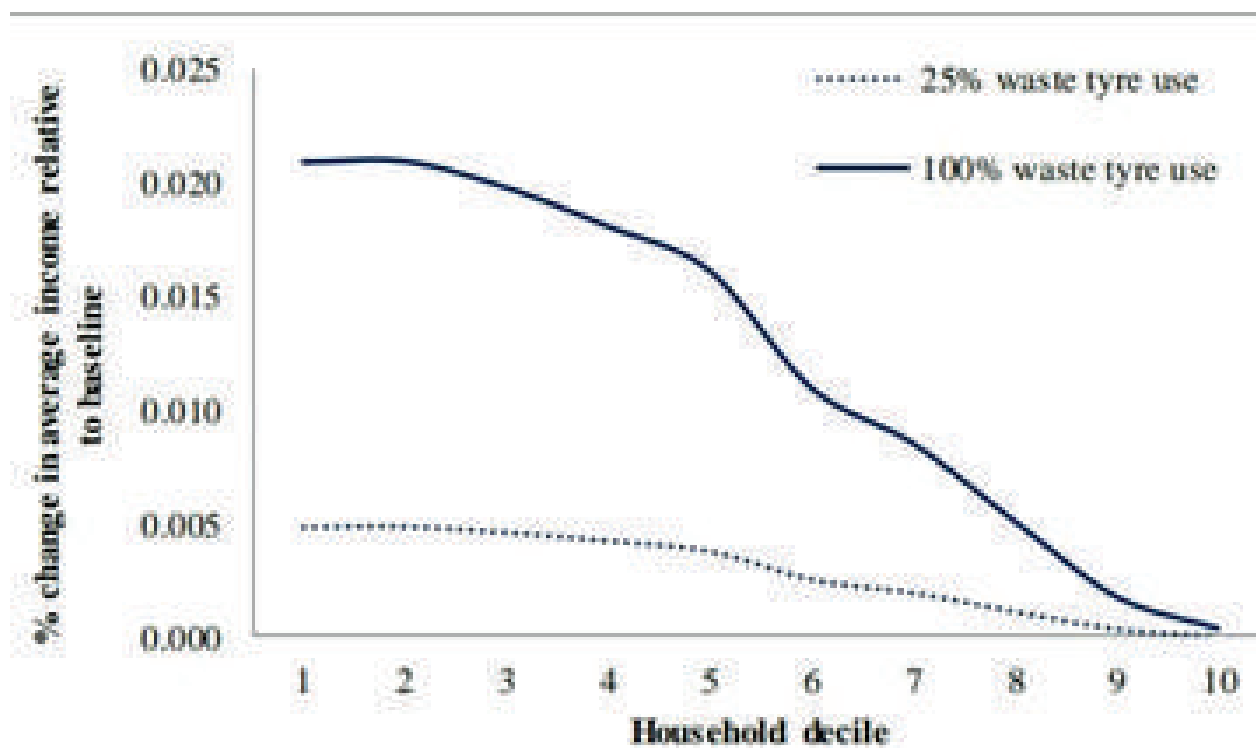
The manufacturing sector experiences the largest gains in real gross value added, which increases by 0.037 per cent relative to the baseline. The increase in value added is driven by increased activity in other manufacturing due to increased production by the waste tyre beneficiation industry. Metal product industries, namely non-ferrous metals, iron and steel and other metal products also experience significant increases in gross value add, followed by food and beverages. The textiles and chemicals industries experience a decrease in value added. The rubber industry, in particular, experiences the largest decrease in gross value adds due to the direct increase in production costs from the waste management fee. Mining and quarrying; and agriculture, fishing and forestry experiences increases in gross value add due to their interlink ages with the rest of the economy. The mining and quarrying sector benefits from depreciation in the real exchange rate. This also provides a stimulating impact for other exporters such as those in the metal product sector.

	25% waste tyre use	100% waste tyre use
Agriculture, fishing and forestry	0.001	0.004
Mining and quarrying	0.002	0.010
Manufacturing	0.010	0.037
Services	-0.001	-0.002
<i>All results are per cent deviation from baseline.</i>		



## Welfare Overall

Household real incomes increase by 0.02 per cent under scenario 1 and 0.1 per cent under scenario 2. The rise in income is concentrated at the lower end of the household income distribution as illustrated in Figure 4. This result is due to the increase in employment of lower skilled workers due to a) employment in the waste tyre beneficiation industry and b) increased employment in benefitting sectors such as metal product manufacturing. Overall, household real consumption levels also increase, following a similar distribution to that of income gains. Increases in real consumption are however dampened by an overall increase in prices in the economy as higher wage costs increase prices in many sectors.



Gross value added in the services sector decreases relative to the base case. This is largely due to the decrease in municipal waste disposal services for waste tyres. The waste tyre beneficiation industry demands labor and capital factors in its production process. As noted in the assumptions, high skilled labor is assumed to be in fixed supply. The increase in demand for high skilled labor raises the price of labor. This negatively affects other industries as high skilled workers shift to other more profitable sectors. The services sector is skilled labor intensive as a result the sector is negatively affected by the rise in wages (Faaiqa Hartley, Tara Caetano, Reza C. Daniels June 2017).

# Porter Five Forces Model

For Noor Multi Media, we have designed a framework of Porter's five forces analysis, which is as following: -

## **i. Threat of New Entrants: Low**

- Pool of New Entrants: Low
- New Entrants Immediate Access to Industry's Required Technology & Technical Knowledge: Low
- New Entrants Immediate Access to Suppliers: Low
- Probability that New Entrants Would Earn Attractive Profits: Low
- Primary Investment: High

## **ii. Bargaining Power of Suppliers: Low**

- Number of key suppliers: Low
- Suppliers' ability to bargain for prices and favorable terms: Low
- Switching cost from one supplier to another: Medium
- Suppliers' power on product quality: Low

## **iii. Bargaining Power of Buyers: Low**

- Number of potential customers: Low
- Imposed cost for switching to an alternative product: High
- Probability of potential customers using another company's product: Low

## **iv. Threat of Substitutes: Medium**

- Switching cost of end users: High
- Availability of substitutes: Low
- Attractiveness of substitutes price: Low
- Probability of end-users growing more comfortable with substitutes: Low

## **v. Intensity of Competitive Rivalry: Low**

- Probability of Potential Customers using Another Company's Product: Low
- Imposed Cost for Switching to an Alternative Product: High
- Number of Potential Customers: High

# SWOT Analysis

## Strengths

- Diverse management team
- Green Field project
- Machinery will be sourced and manufactured locally
- Unskilled labour force required
- Location is within a close proximity to labour force
- Input materials sourced at low to zero cost thus maximising profit margins
- Competitive landscape small

## Weaknesses

- Government legislation
- Reliance on Eskom grid
- Transportation costs of end of life tyres to plant
- Large storage facilities required for end of life tyres.

## Opportunities

- **Construction**
  - Roads
  - Playground Surfacing
  - Astroturf Manufacturers
  - Driveways/Walkways
- **Rubber Products**
  - Tyres
  - Shoe Laces
  - Rubber Tiles
  - Speed Bumps
- **Metal**

## Threats

- Uncertain government regulation pertaining to property zoning
- Environmental impact assessment

# MARKETING PLAN

## Target Market

The target markets of XYZ Company are manufacturers and construction firms who utilise the raw materials derived from the tyre recycling process. In addition to these firms, metal recyclers are further market due to the high metal content in tyres. Pearl of Canton's Target Market will consist of the following main characteristics:

- **State**
  - South Africa, India, China, Sub-Saharan Africa
- **Area Density**
  - Urban & Sub-urban
- **Social Status**
  - Corporate & SMEs
- **Profession Status**
  - Working

## Marketing Objectives

- To spread knowledge and awareness among the target market about the new quality services.
- To help consumers identify new and authentic ways to solve their tyre Recycling Issues.
- To make XYZ Company a well-known, friendly and trust-worthy brand.
- To collaborate with different, popular as well as rising businesses.

# 4 P's Of MARKETING

## Product

XYZ Company is an extractor of raw materials which are derived from the recycling of tyres. These raw materials include rubber crumb and steel wire.

## Price

XYZ Company will charge its service fee to every customer and service fee depend upon the package selected by the customer. Following is the table of service fee which showing packages.

Products	Price per ton		Total
	Per Package	Hosting & Others	
Rubber crumb	XXXXXX	XXXXXX	XXXXXX
Steel wire	XXXXXX	XXXXXX	XXXXXX

## Placement

XYZ Company is basically following a click and Brick Module. All its dealings will be done via e sources as well as physical locations. The reason behind becoming a click and brick business is to be available 24/7 for the consumers who need assistance regarding any service related query, online and offline. The Head Quarters will be located in Gauteng city, South Africa and will later on expand to different location, on a domestic level.

# Promotional Activities

To meet the required goals and to promote, XYZ Company, we will use following Traditional and Non-traditional marketing tools:

**i. Website:** XYZ Company's website will feature its services and portfolio as well a summary of what it stands for. The purpose behind this strategy is to allow interested consumers to view details about XYZ Company and to imprint an impression on them that the offered services are authentic and are supported by an authentic company. In addition to this, another aim is to allow the respective consumers to place online appointments to pick up tyres. XYZ Company will develop an online presence by designing a website in which a complete profile of products and services and necessary information to connect with its customers will be placed. The website's main feature is to contact the respective personnel easily and the gallery section on the home screen where customers can easily view the company details easily. XYZ Company will also introduce the chatting feature on its website so a customer can easily interact with the brand's representative who can guide him or her about the products, order and delivery/pick up procedures etc. Customers will be able to give complete process through our website and keep check on his or her request from time to time. We will also take and display reviews on XYZ Company's website to show authentication to the visitors who view our website for the first time.

**ii. Word of Mouth:** The reason behind this is to get reviews and referrals from the respective customers to develop healthy and loyal relations with other future customers by providing services and products of high quality efficiently and effectively.

**iii. Inside Online Directories:** XYZ Company will also register itself on the inside online directories of mostly used search engines with the aim of being the first to be presented in front of the people who are looking for the offered services.

**iv. Direct Mails:** XYZ Company will target its audience with direct emails informing them about the brand's products and offers. They will also be encouraged to provide feedback, so that we can further improve ourselves. For direct mail, we will send XYZ Company's profiles and catalogues with business cards, with a purpose to spread awareness about the brand's existence and to attract the customers to visit XYZ Company's website and purchase the offered products.

**v. Magazine:** Advertisement and Newspaper: magazines and newspaper columns will help XYZ Company to publish its advertisement and can touch maximum of the targeted audience.



## vi. Internet Marketing

**a. Cost per Action (CPA) Networking:** Marketing techniques that will allow XYZ Company to develop affiliation with networks that have highly defined and categorized target audience information. Hence, ensuring high rates of subscribers and visitors for the respective website or company.

**b. Email Marketing:** Another customer optimized marketing technique that will allow XYZ Company to deliver emails to the respective and concerned targeted audience group.

**c. Facebook Marketing:** Facebook is among the giants with high consumer pools and active marketing Platforms. Since, XYZ Company target audience consists majorly of Manufacturers, Companies & facilities where use of tyre is excessive; therefore, Facebook is an effective digital marketing platform. Its marketing techniques are divided into three categories:

- i. Facebook Campaign
- ii. Facebook Page Likes
- iii. Facebook Page Ads

**d. Search Engine Optimization (S.E.O):** To rank a website among the top searches S.E.O is important. To gain an effective subscriber and traffic rate, XYZ Company needs to be among the top searches made by Consumers, Manufacturers etc. who are looking for ways to effectively and efficiently dispose the end of life tyres. There are two types of SEO & ASO techniques:

- i. On Page SEO, done through writing unique content in the website and app.
- ii. Off Page SEO, done through affiliation with different blogs, websites and other online posted content.

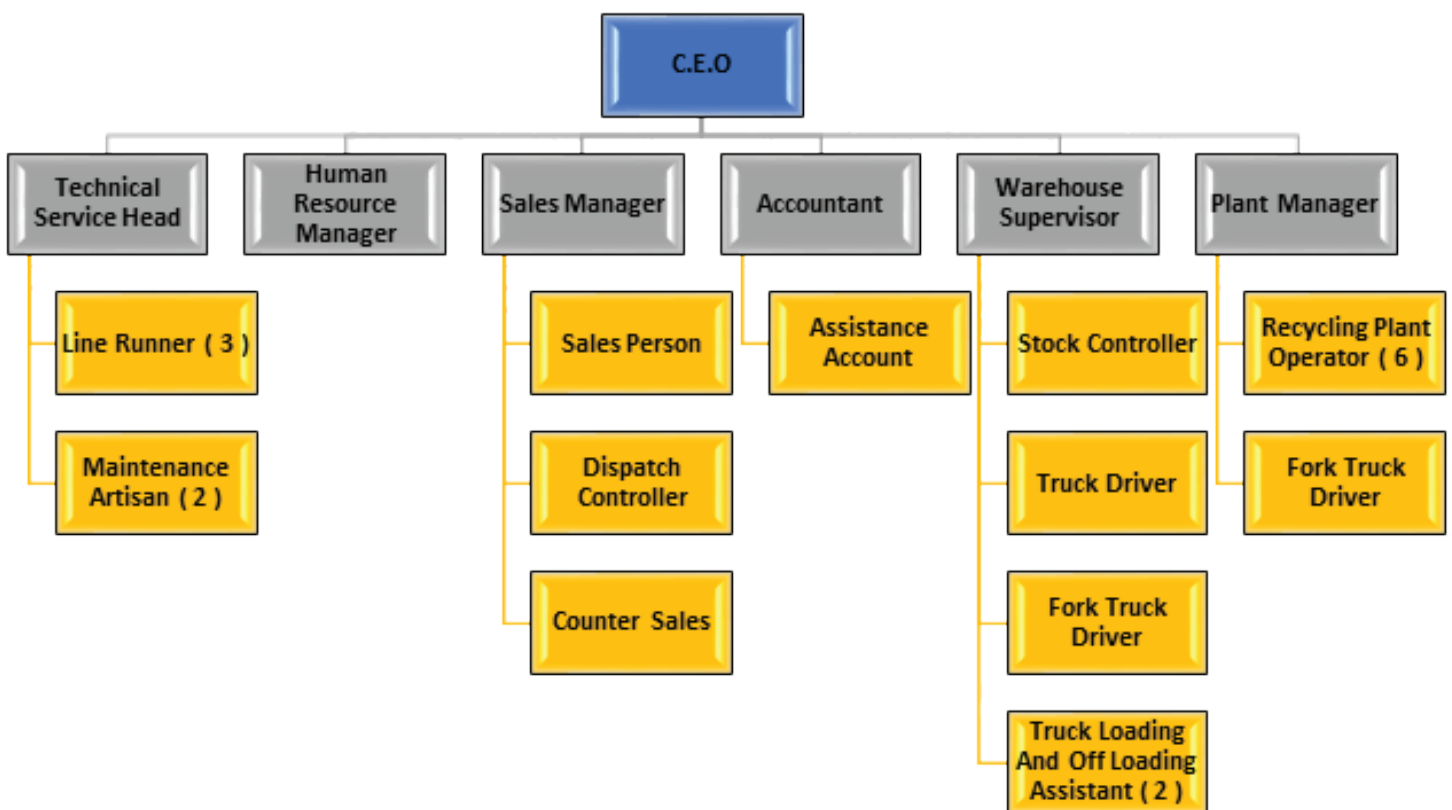
**e. Other Social Media Campaign:** This includes marketing of XYZ Company on other social media platforms such as Instagram, Twitter, Pinterest, Snapchat, Google+ and so on. The reason behind this is to spread awareness among the respective audience about the tyre recycling solution introduced by XYZ Company.

**f. Google Adward Campaigns:** An AdWords campaign is an ad campaign within an AdWords account. An AdWords campaign is usually composed of several ad groups. Each ad group serves different ad texts based on the type of keyword a user may type into Google's search engine

# HUMAN RESOURCE PLAN

## Chain of command / Hierarchy

In an organizational structure, “chain of command” refers to a company's hierarchy of reporting relationships -- from the bottom to the top of an organization, who must answer to whom. The chain of command not only establishes accountability, it lays out a company's lines of authority and decision-making power



# FINANCIAL PLAN

## Loan

An amount which is required for starting up the business XYZ Company, in other words the initial investment for building the infrastructure and starting up the business. In this XYZ Company business the required amount is R 5000000.

## Sales

Sales are operating revenues earned by a company for selling its products or rendering its services. Also referred to as revenue, they are reported directly on the income statement as Sales or Net sales. The estimated / expected number of product or services that will be sold by the company XYZ Company in the future is known as sale forecast. Sales can be calculated on daily bases, monthly bases, and yearly bases. XYZ Company is a product/service-based company, therefore, for the first year a normal case scenario has been considered.

From the following graph the expected revenue increase from, 2019 to 2023, can be seen:

Years	2019	2020	2021	2022	2023
Sales (R)	5,828,400	6,411,240	7,052,364	7,757,600	8,533,360

# SUMMARY OVERVIEW

## EXPENSES

“An Entity records it's expense when it disburses cash or promises to disburse cash for an asset or service used to generate income.”

	2019	2020	2021	2022	2023
<b>Fixed Cost</b>					
Salaries Operating	1,518,000	1,609,080	1,705,625	1,807,962	1,916,440
Intreset Expense	400,000	400,000	400,000	400,000	400,000
Depreciation	386,988	386,988	386,988	386,988	386,988
Rent	240,000	254,400	269,664	285,844	302,994
Depreciation	13,526	13,526	13,526	13,526	13,526
Internet Expense	12,000	12,720	13,483	14,292	15,150
Advertisment	10,000	10,600	11,236	11,910	12,625
<b>Sub Total</b>	<b>2,580,513</b>	<b>2,687,313</b>	<b>2,800,521</b>	<b>2,920,522</b>	<b>3,047,722</b>
<b>Variable</b>					
Salaries and Wages	1,056,000	1,119,360	1,186,522	1,257,713	1,333,176
Fuel	70,000	74,200	78,652	83,371	88,373
Power Estimated	20,000	21,200	22,472	23,820	25,250
Repair and Maintenance	5,000	5,300	5,618	5,955	6,312
Entertainment	5,000	5,300	5,618	5,955	6,312
Other Expenses	10,000	10,600	11,236	11,910	12,625
<b>Sub Total</b>	<b>1,166,000</b>	<b>1,235,960</b>	<b>1,310,118</b>	<b>1,388,725</b>	<b>1,472,048</b>
<b>Total</b>	<b>3,746,513</b>	<b>3,923,273</b>	<b>4,110,639</b>	<b>4,309,247</b>	<b>4,519,771</b>



# ASSETS

Assets comprise of those physical and non-physical items that can be used to generate revenues for the business XYZ Company and/or be monetized in order to pay off any liabilities that the organization may have. The assets were further divided in to two categories.

- Non-Current Assets (Long term Assets)
- Current Assets (Short Term Assets)

	2019	2020	2021	2022	2023
<b>Non-Current Assets</b>					
Plant and Machinery	3,786,030	3,786,030	3,786,030	3,786,030	3,786,030
Furniture	109,552	109,552	109,552	109,552	109,552
<b>Total Non Current Assets</b>	<b>3,895,582</b>	<b>3,895,582</b>	<b>3,895,582</b>	<b>3,895,582</b>	<b>3,895,582</b>
<b>Current Assets</b>					
Inventories	145,710	160,281	176,309	193,940	213,334
Cash and cash equivalents	1,010,629	1,101,924	1,379,092	1,868,252	2,596,319
<b>Total current Assets</b>	<b>1,156,339</b>	<b>1,262,205</b>	<b>1,555,401</b>	<b>2,062,192</b>	<b>2,809,653</b>
<b>Total Assets</b>	<b>5,051,921</b>	<b>5,157,787</b>	<b>5,450,983</b>	<b>5,957,774</b>	<b>6,705,235</b>

The assets that will be owned by XYZ Company are mentioned as follows:

Description	Amount R
Tables	21,420
Oven	2,678
Water Dispenser	3,213
Freezer	5,355
Laptop	16,065
Sofa Sets	35,467
Other Equipments	20,000
Chairs	5,355
Sub Total Furniture and Fixture	109,552
Description	Amount R
BOBCAT S 550B SF Skid Steer loader	523,250
BOBCAT S100E Skid Steer loader	495,650
Pallet Forks & Frame HD - 122cm	22,540
Hydraulic truck tyre debeader	193,890
Tooth-type chain conveyor	96,600
Horizontal shaft truck tyre shredder	565,800
Horizontal shaft truck tyre granulator	535,900
OTR tyre granulator	1,352,400
Sub Total Assets	3,786,030
Total	3,895,582

# INCOME STATEMENT

An income statement is a financial statement that reports a company's financial performance over a specific accounting period. Financial performance is assessed by giving a summary of how the business incurs its revenues and expenses through both operating and non-operating activities.

XYZ Company income statement is as given below

Income or (Loss) Statement For The Year Ended					
	2019	2020	2021	2022	2023
<b>Sales (R)</b>	5,828,400	6,411,240	7,052,364	7,757,600	8,533,360
<b>Cost of Goods Sold</b>					
Raw Material Consumed	1,748,520	1,923,372	2,115,709	2,327,280	2,560,008
Depreciation	386,988	386,988	386,988	386,988	386,988
Salaries	1,416,000	1,500,960	1,591,018	1,686,479	1,787,667
Rent	240,000	254,400	269,664	285,844	302,994
Fuel	70,000	74,200	78,652	83,371	88,373
Power Estimated	20,000	21,200	22,472	23,820	25,250
<b>Total Cost of Goods Sold</b>	<b>3,881,508</b>	<b>4,161,120</b>	<b>4,464,503</b>	<b>4,793,782</b>	<b>5,151,281</b>
<b>Gross Profit</b>	<b>1,946,892</b>	<b>2,250,120</b>	<b>2,587,861</b>	<b>2,963,819</b>	<b>3,382,080</b>
<b>Operating Expenses</b>					
Salaries & Wages	1,158,000	1,227,480	1,301,129	1,379,197	1,461,948
Advertisement	10,000	10,600	11,236	11,910	12,625
Depreciation	13,526	13,526	13,526	13,526	13,526
Intreset Expense	400,000	400,000	400,000	400,000	400,000
Repair and Maintenance	5,000	5,300	5,618	5,955	6,312
Internet Expense	12,000	12,720	13,483	14,292	15,150
Entertainment	5,000	5,300	5,618	5,955	6,312
Other Expenses	10,000	10,600	11,236	11,910	12,625
<b>Total</b>	<b>1,613,526</b>	<b>1,685,526</b>	<b>1,761,846</b>	<b>1,842,745</b>	<b>1,928,498</b>
Profit/(Loss) Before Tax	333,367	564,595	826,016	1,121,074	1,453,582
<b>Taxtion</b>	<b>70,007</b>	<b>118,565</b>	<b>231,284</b>	<b>313,901</b>	<b>407,003</b>
<b>Net Income</b>	<b>263,360</b>	<b>446,030</b>	<b>594,731</b>	<b>807,173</b>	<b>1,046,579</b>



# BALANCE SHEET

A balance sheet reports a company's assets, liabilities and shareholders' equity at a specific point in time, and provides a basis for computing rates of return and evaluating its capital structure. It is a financial statement that provides a snapshot of what a company owns and owes, as well as the amount invested by shareholders.

The balance sheet adheres to the following equation, where assets on one side, and liabilities plus shareholders' equity on the other, balance out:

$$\text{Assets} = \text{Liabilities} + \text{Shareholders' Equity}$$

Statement Of Financial Postion  
At The Year Ended

	2019	2020	2021	2022	2023
<b>Non-Current Assets</b>					
Plant and Machinery	3,786,030	3,786,030	3,786,030	3,786,030	3,786,030
Furniture	109,552	109,552	109,552	109,552	109,552
<b>Total Non Current Assets</b>	<b>3,895,582</b>	<b>3,895,582</b>	<b>3,895,582</b>	<b>3,895,582</b>	<b>3,895,582</b>
<b>Current Assets</b>					
Inventories	145,710	160,281	176,309	193,940	213,334
Cash and cash equivalents	1,010,629	1,138,152	1,418,614	1,907,774	2,635,841
<b>Total current Assets</b>	<b>1,156,339</b>	<b>1,298,433</b>	<b>1,594,923</b>	<b>2,101,714</b>	<b>2,849,175</b>
<b>Total Assets</b>	<b>5,051,921</b>	<b>5,194,015</b>	<b>5,490,505</b>	<b>5,997,296</b>	<b>6,744,757</b>
<b>Non-Current Liabilities</b>					
Loan Payable	4,285,714	3,571,429	2,857,143	2,142,857	1,428,571
Accumulate Depreciation	400,513	801,027	1,201,540	1,602,054	2,002,567
<b>Total Long Term Liabilites</b>	<b>4,686,228</b>	<b>4,372,455</b>	<b>4,058,683</b>	<b>3,744,911</b>	<b>3,431,139</b>
<b>Current Liabilities</b>					
Trade and other payables	96,500	102,290	108,427	114,933	121,829
Current tax payable	5,834	9,880	19,274	26,158	33,917
<b>Total Current liabilities</b>	<b>102,334</b>	<b>112,170</b>	<b>127,701</b>	<b>141,091</b>	<b>155,746</b>
<b>Total liabilities</b>	<b>4,788,562</b>	<b>4,484,626</b>	<b>4,186,384</b>	<b>3,886,002</b>	<b>3,586,884</b>
<b>Equity and Retain Earnings</b>					
Retained Earnings	263,360	709,389	1,304,121	2,111,294	3,157,873
<b>Total Equity</b>	<b>263,360</b>	<b>709,389</b>	<b>1,304,121</b>	<b>2,111,294</b>	<b>3,157,873</b>
<b>Total Equity and Liabilities</b>	<b>5,051,921</b>	<b>5,194,015</b>	<b>5,490,505</b>	<b>5,997,296</b>	<b>6,744,757</b>

# CASH FLOW STATEMENT

The statement of cash flows or the cash flow statement, as it's commonly referred to, is a financial statement that summarizes the amount of cash and cash equivalents entering and leaving a company.

The cash flow statement (CFS) measures how well a company manages its cash position, meaning how well the company generates cash to pay its debt obligations and fund its operating expenses. The cash flow statement complements the balance sheet and income statement and is a mandatory part of a company's financial reports since 1987.

Cash Flows Statement  
For The Year Ended

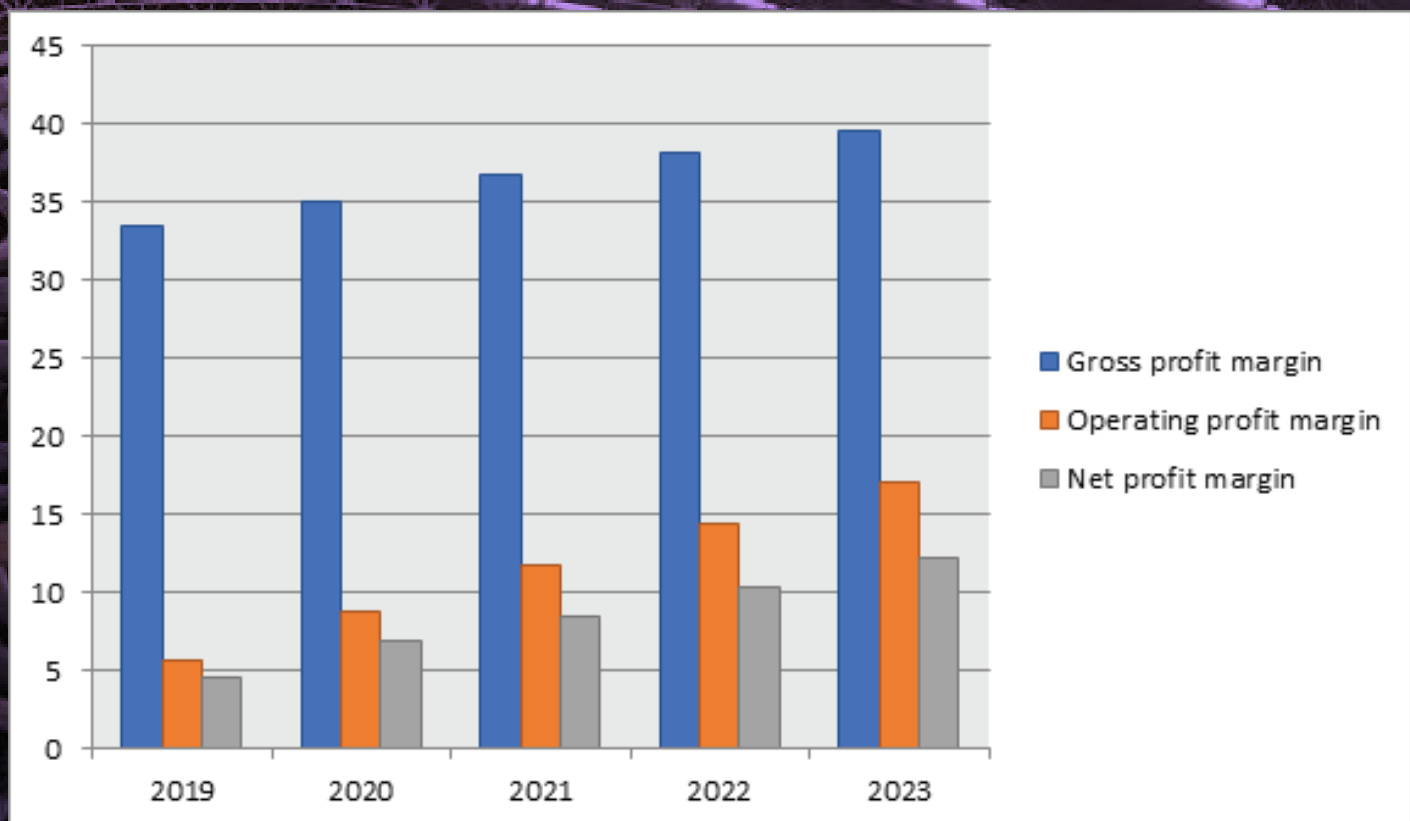
	2019	2020	2021	2022	2023
<b>Cash Flow From Operating activities</b>					
Net Income	263,360	446,030	594,731	807,173	1,046,579
Addition (Sources of Cash)	-	-	-	-	-
Depreciation	400,513	400,513	400,513	400,513	400,513
Increase in Payable	96,500	5,790	6,137	6,506	6,896
Increase in Accrued Expenses	5,834	4,046	9,393	6,885	7,759
Increase in Inventory	(145,710)	(14,571)	(16,028)	(17,631)	(19,394)
<b>Net Cash Provided by Operating Activities</b>	<b>620,497</b>	<b>841,809</b>	<b>994,747</b>	<b>1,203,446</b>	<b>1,442,353</b>
<b>Cash Flow From Investing Activities</b>					
Purchase Fixed Assets	(3,895,582)	-	-	-	-
<b>Net Cash Provided by Investing Activities</b>	<b>(3,895,582)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash Flow From Financing Activities</b>					
Proceeds From Increase in Share Capital	-	-	-	-	-
Proceeds From Loan	5,000,000	-	-	-	-
Payment of Loan	(714,286)	(714,286)	(714,286)	(714,286)	(714,286)
Proceeds From Increase in Long Term Debts	-	-	-	-	-
<b>Net Cash Provided by Financing Activities</b>	<b>4,285,714</b>	<b>(714,286)</b>	<b>(714,286)</b>	<b>(714,286)</b>	<b>(714,286)</b>
Increase in Cash	-	-	-	-	-
Cash and Cash Equivalent at the beginning of the year	-	1,010,629	1,138,152	1,418,614	1,907,774
<b>Cash and Cash Equivalent at the end of each year</b>	<b>1,010,629</b>	<b>1,138,152</b>	<b>1,418,614</b>	<b>1,907,774</b>	<b>2,635,841</b>

# RATIO ANALYSIS

Ratio Analysis is used to evaluate various aspects of a company operating and financial performance like its efficiency, liquidity, profitability and solvency.

## Profitability Ratio

It is used to access the ability of the business of generating earning compared to its expenses and other relevant cost which inquired during a specific time period.



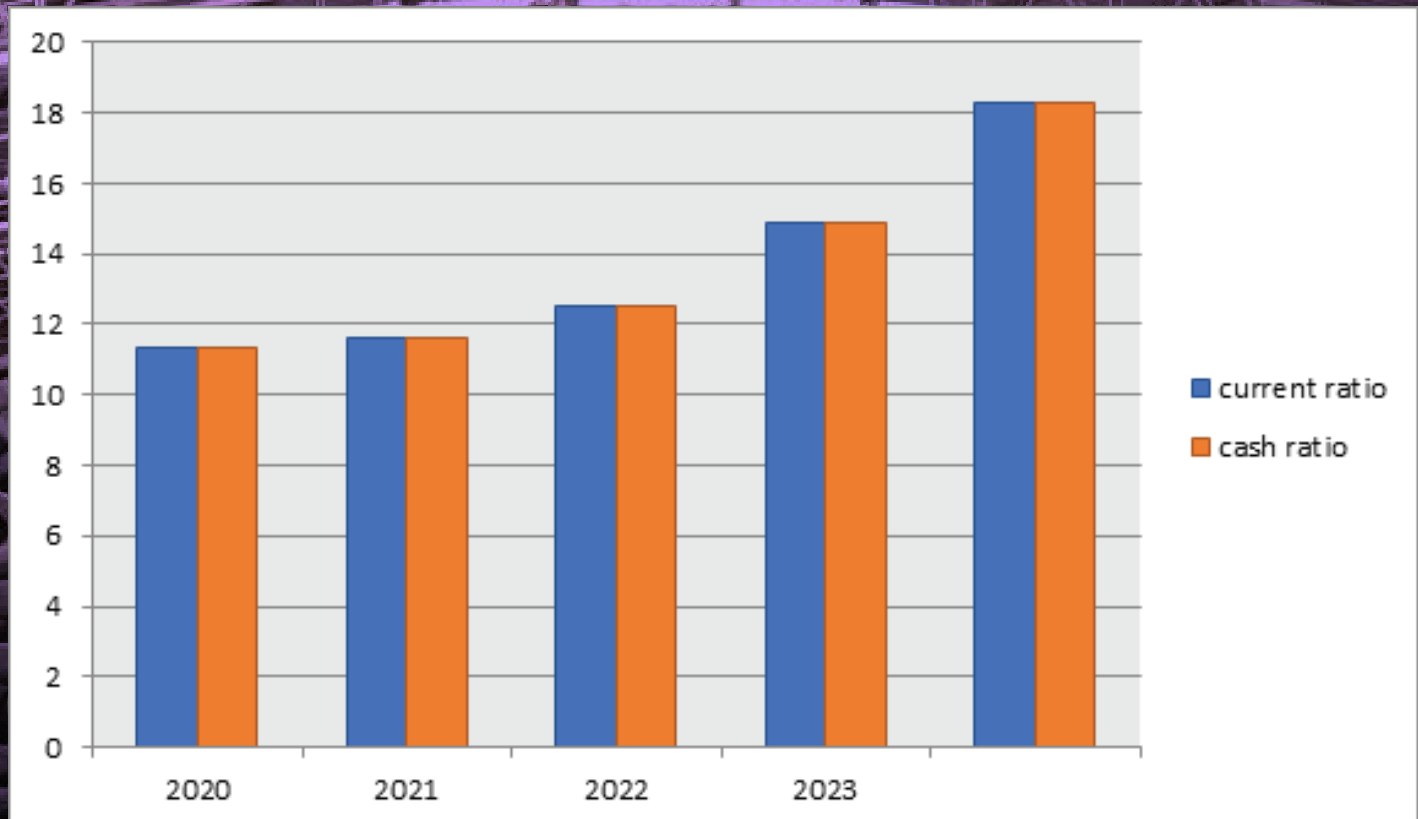
## Analysis

The Net Profit Margin for XYZ Company is 33.40%. Which means that after deducting variable and fixed cost, the company is generating 34.24% net profits on its sales in 2019. From the Above table and graph it can be seen that net profit margin will experience a gradual increase from 2019 to 2023.



## Liquidity Ratio

This ratio is used to identify a company's ability of paying debt obligations and its margin of safety.

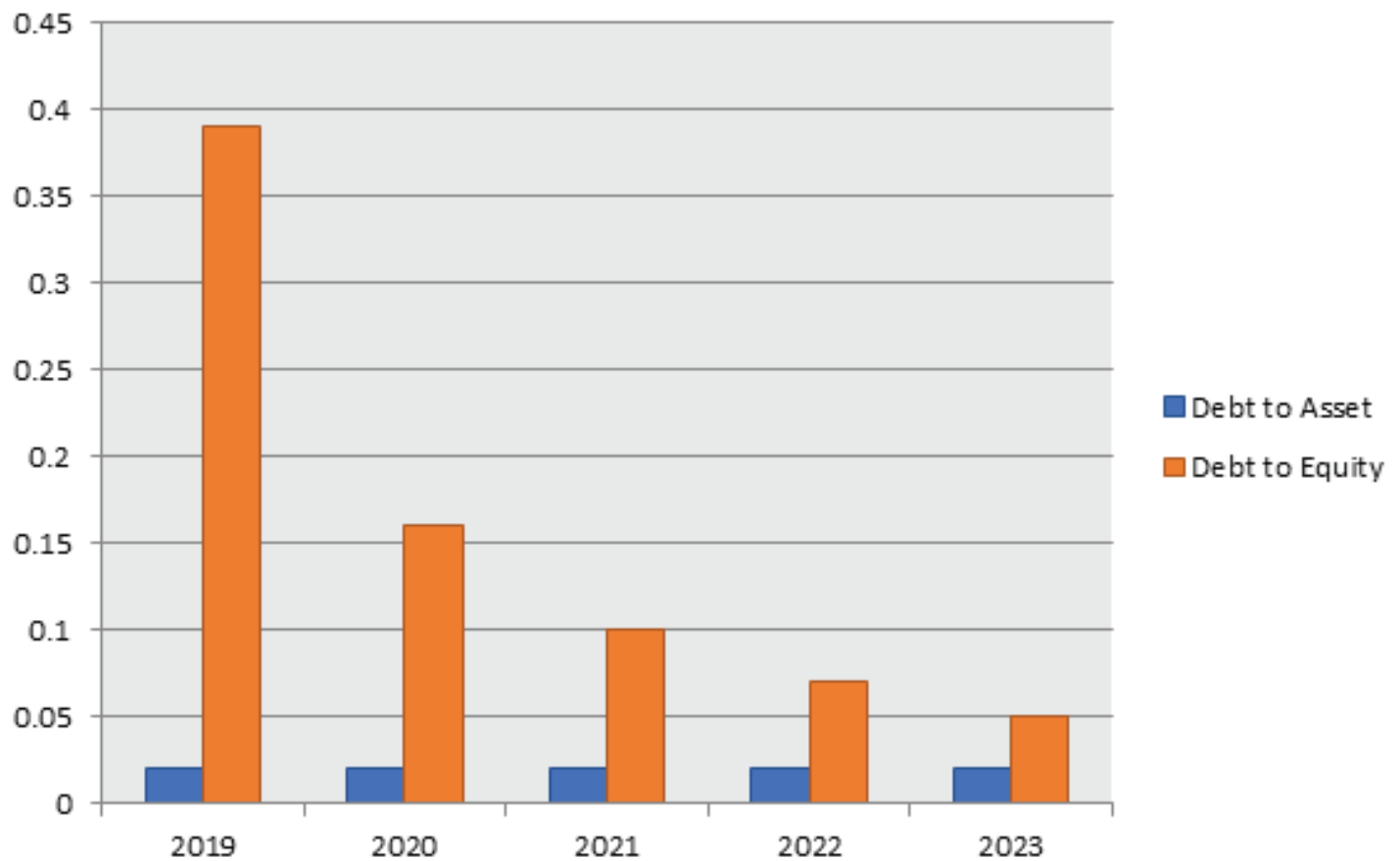


## Analysis

The current and cash ratio XYZ Company is 11.30%, in 2019, which is expected to increase gradually till 2023. This means that XYZ Company is expected to show a healthy ability to pay off its debts and maintain a safety margin that will ensure its healthy and sustainable growth.

## Capital Ratio

It is also known as current ratio with the help of this ratio company ability to pay off its current liabilities with its current asset is measure. The faster the assets are converted into cash more likely the company will have cash in time to pay of its debt.

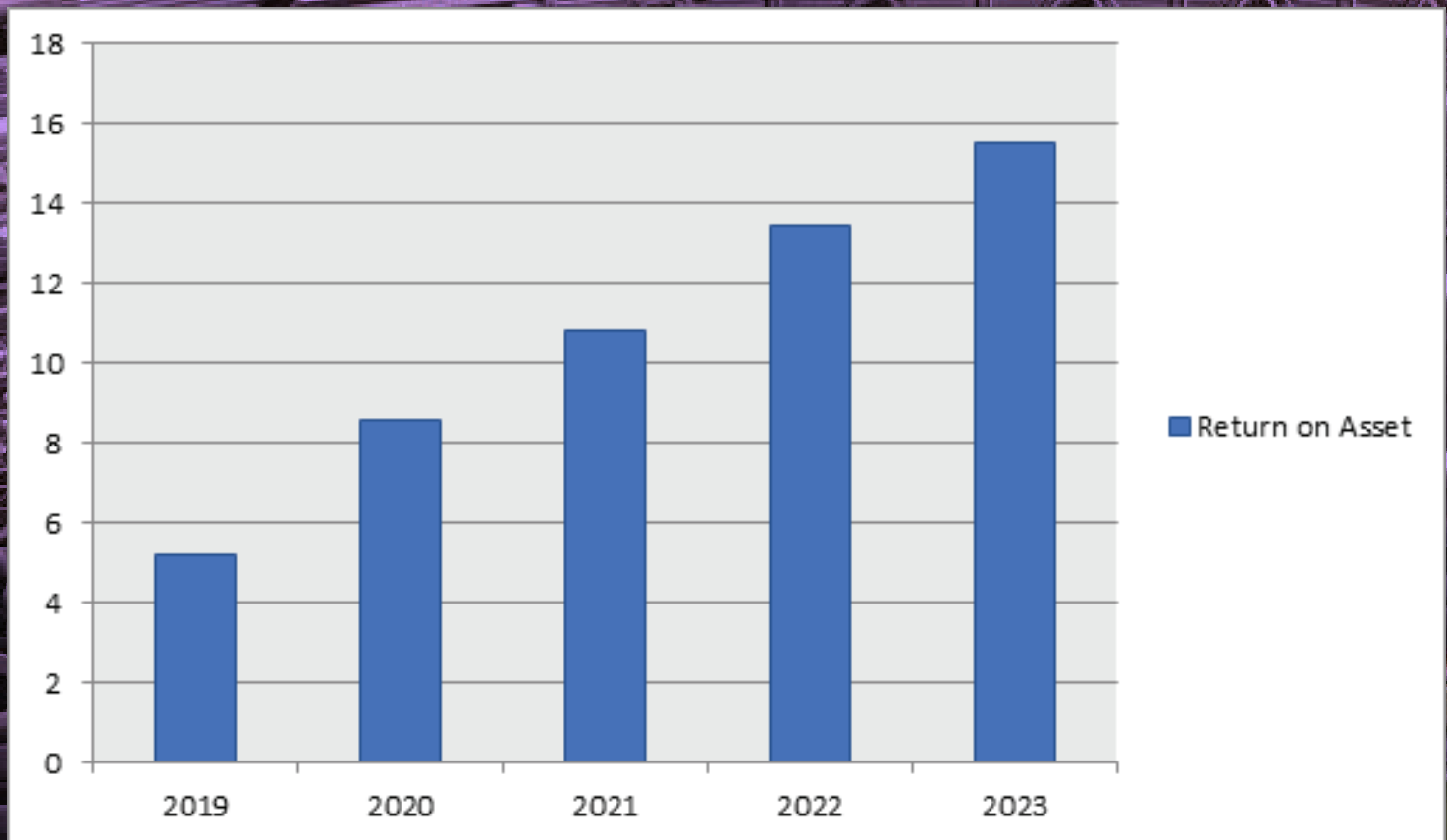


## Analysis

The debt to assets ratio is 0.02 throughout five years, while the debt to equity ratio is continuously decreasing with years from 0.39.

## Activity Ratio

It helps in determining the ability of a business to convert its various asset, liability and capital account into cash because the faster it converts its asset more efficient it runs. In this return on investment and return on assets are calculated. Since, we have no personal investment, so we are left with return on assets.



## Analysis

Return on assets for current year 2019 is 5.21%, which is also highly acceptable. And it is gradually increase year wise so it's a good sign for business.

## Break-Even Analysis

It explains that how and what volume of sales a business needs to cover its costs and start earning profits. The point where cost and revenue become equal is known as the breakeven point. It can be in Cash or it can be in Sales volume. In XYZ Company we will be able to cover the cost within a year.



