

WIFISMARTZONE SOLUTIONS

WIFISMARTZONE SOLUTIONS
MOMBASA, .

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Date

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1.0 Executive Summary

WIFISMARTZONE SOLUTIONS was established as a business name in 2011 as an Internet firm in Mombasa, Kenya, with an aim of serving clients in the entire republic of Kenya.

The company wishes to acquire the assurance of its new corporate status entering the ISP and VOIP market to form a diversified company able to offer our customers comprehensive and converged services in ICT, multi-media communication.

Utilizing the existing high-speed internet connection, WIFISMARTZONE envisages deploying a technology that enables anyone to make and receive phone calls, worldwide, with a touch-tone telephone.

Offering quality phone services bundled with enhanced IP communications services; the interactive communications portal is a gateway to advanced features, which is available through digital telephone services.

Utilizing available regional network and advanced routing technologies, WIFISMARTZONE endeavors to offer an innovative, features-rich and cost effective alternative to traditional telephony services.

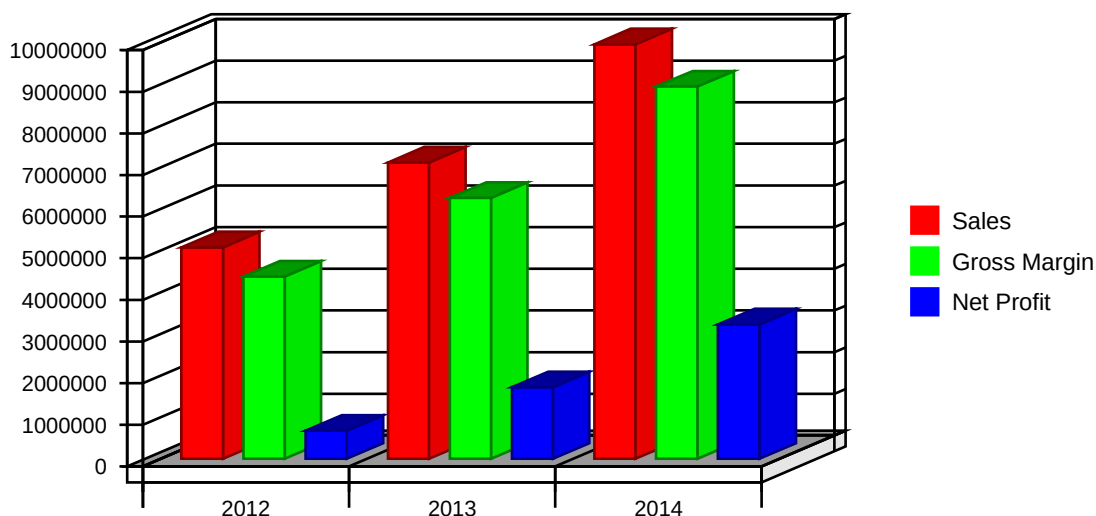
Using expertise and its wealth of experience in the field ,the Company shall provide the targeted market cost effective high speed internet and email services.

Location of our business

WIFISMARTZONE SOLUTION is located at Moi avenue in Mombasa.

The Company is keen to hook up with the major service providers like Telkom Kenya, Local Loop Operators, Public Data Network Operators, Safaricom, Yu , Airtel and Internet Gate way operators, etc, in order to roll out its services effectively.

Highlights



1.1 Objectives

Core Objectives

1. To achieve profitability within the first two years of operation
2. To achieve yearly growth rate of 20%

1.2 Mission

Our mission is to provide comprehensive, efficient and reliable Internet and Information Services to the business community, public institutions and individuals using the most up to date technology.

VISION STATEMENT

To be Africa's leading Internet Portal to the world.

1.3 Keys to Success

WIFISMARTZONE SOLUTION will strive to be the premier provider of dependable and affordable ISP and VOIP telephony that will change the dynamic telecommunication industry by offering consumers, bundled superior- quality communication.

We will achieve this by being:

- Customer focused
- Reliable
- Consistent in good performance
- Utilizing state of the art technology.

2.0 Financial Information

2.1 Important Assumptions

Table: General Assumptions

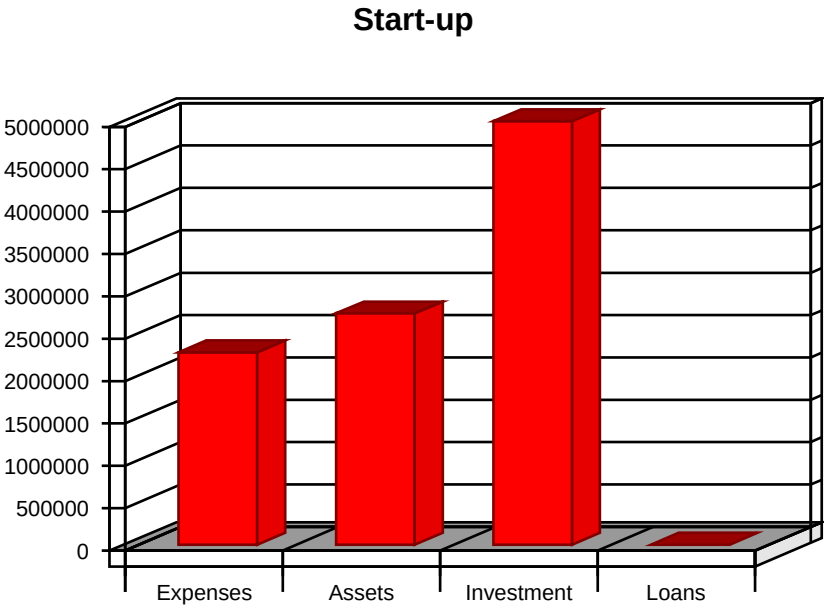
General Assumptions	2012	2013	2014
Plan Month	1	2	3
Current Interest Rate	20.00%	20.00%	20.00%
Long-term Interest Rate	20.00%	20.00%	20.00%
Tax Rate	30.00%	30.00%	30.00%
Other	0.00%	0.00%	0.00%
Calculated Totals			
Payroll Expense	Ksh1,620,000	Ksh0	Ksh0
New Accounts Payable	Ksh2,671,490	Ksh5,262,389	Ksh6,584,156

2.2 Start-up Summary

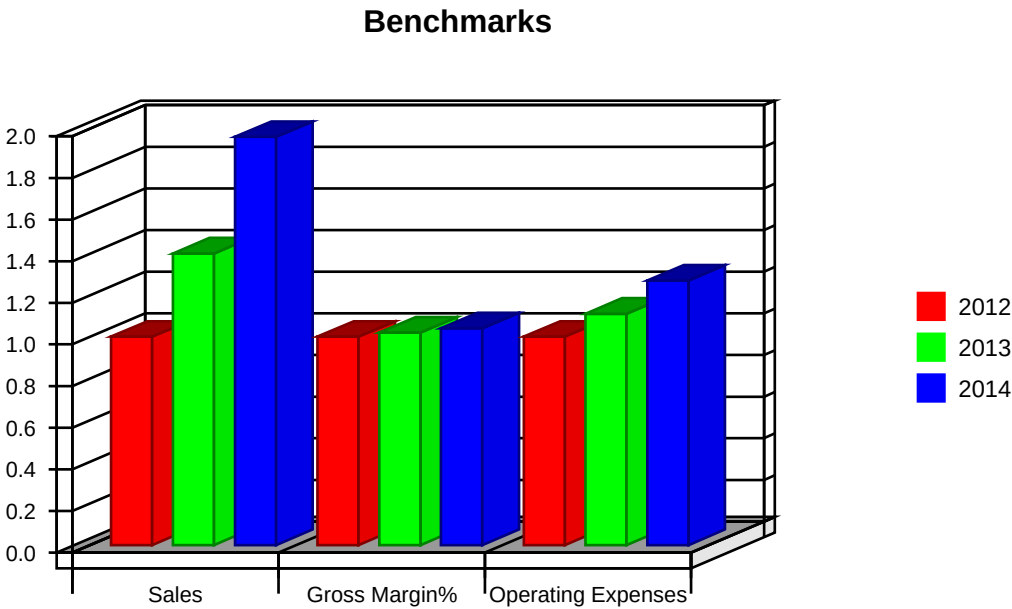
Total start-up expense, including license costs, equipment and software purchase, stationery and related expenses, is Ksh.5,000,000. The details are included in the following table and chart.

Table: Start-up

<u>Start-up</u>	
<u>Requirements</u>	
<u>Start-up Expenses</u>	
Legal	Ksh100,000
Stationery etc.	Ksh20,000
Brochures	Ksh30,000
Consultants	Ksh50,000
Insurance	Ksh10,000
Rent	Ksh60,000
Back-end Softwares Licenses	Ksh1,000,000
Expensed Equipment	Ksh200,000
Licensing Costs	Ksh250,000
Network Connectivity to NFPs	Ksh200,000
Expensed Furniture	Ksh100,000
Other	Ksh250,000
Total Start-up Expenses	Ksh2,270,000
<u>Start-up Assets Needed</u>	
Cash Balance on Starting Date	Ksh2,730,000
Other Current Assets	Ksh0
Total Current Assets	Ksh2,730,000
Long-term Assets	Ksh0
Total Assets	Ksh2,730,000
Total Requirements	Ksh5,000,000
<u>Funding</u>	
<u>Investment</u>	
Owner	Ksh2,500,000
Investor 1	Ksh2,500,000
Others	Ksh0
Total Investment	Ksh5,000,000
<u>Current Liabilities</u>	
Accounts Payable	Ksh0
Current Borrowing	Ksh0
Other Current Liabilities	Ksh0
Total Current Liabilities	Ksh0
Long-term Liabilities	Ksh0
Total Liabilities	Ksh0
Loss at Start-up	(Ksh2,270,000)
Total Capital	Ksh2,730,000
Total Capital and Liabilities	Ksh2,730,000



2.3 Key Financial Indicators

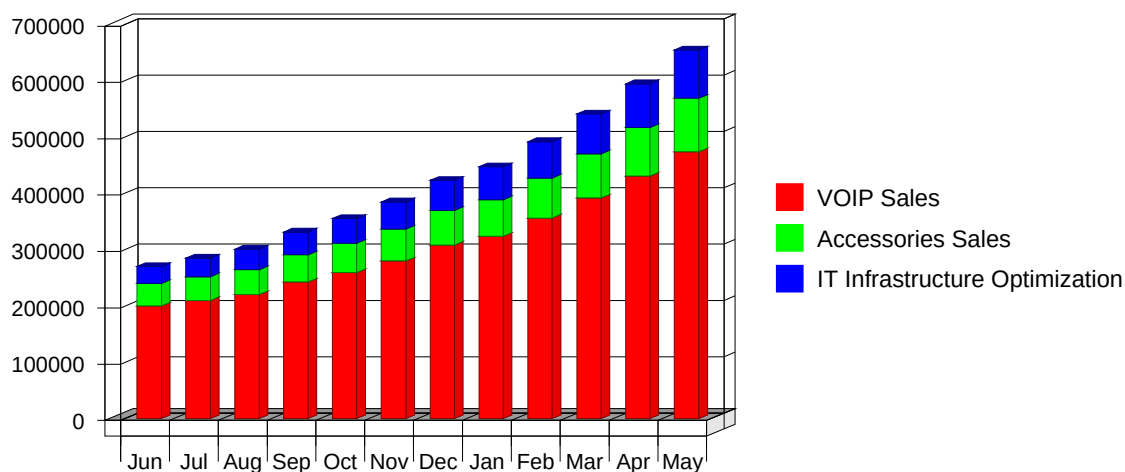


2.4 Sales Forecast

Table: Sales Forecast

Sales Forecast			
Sales	2012	2013	2014
VOIP Sales	Ksh3,697,629	Ksh5,176,680	Ksh7,247,353
Accessories Sales	Ksh739,526	Ksh1,035,336	Ksh1,449,471
IT Infrastructure Optimization	Ksh641,529	Ksh898,140	Ksh1,257,396
Total Sales	Ksh5,078,683	Ksh7,110,156	Ksh9,954,219
Direct Cost of Sales			
	2012	2013	2014
Accessories Costs	Ksh517,668	Ksh621,202	Ksh745,442
Training Costs	Ksh184,881	Ksh221,858	Ksh266,229
Subtotal Direct Cost of Sales	Ksh702,549	Ksh843,059	Ksh1,011,671

Sales Monthly



Sales by Year

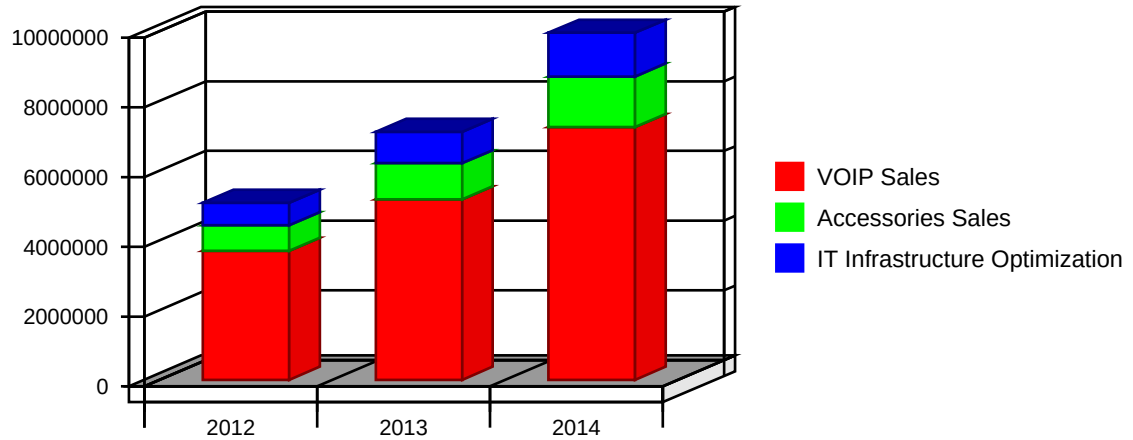


Table: Personnel

Personnel Plan	2012	2013	2014
General Manager	Ksh600,000	Ksh0	Ksh0
IT Technician	Ksh300,000	Ksh0	Ksh0
Sales Team (3)	Ksh720,000	Ksh0	Ksh0
Total People	0	0	0
Total Payroll	Ksh1,620,000	Ksh0	Ksh0

2.5 Projected Profit and Loss

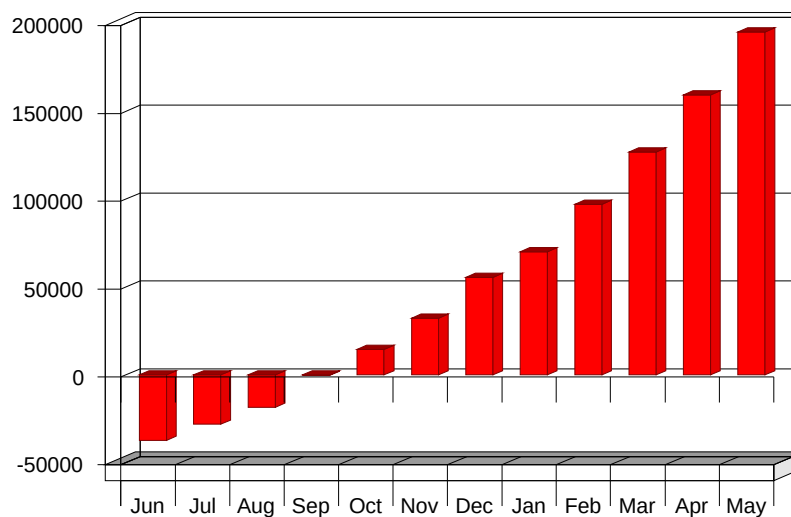
WIFISMARTZONE SOLUTIONS LTD

Table: Profit and Loss

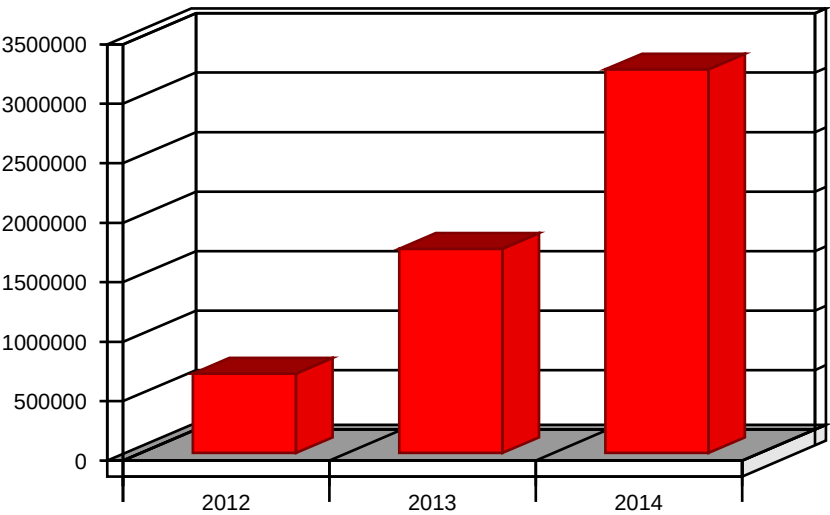
Pro Forma Profit and Loss

	2012	2013	2014
Sales	Ksh5,078,683	Ksh7,110,156	Ksh9,954,219
Direct Cost of Sales	Ksh702,549	Ksh843,059	Ksh1,011,671
Other Costs of Sales	Ksh0	Ksh0	Ksh0
Total Cost of Sales	Ksh702,549	Ksh843,059	Ksh1,011,671
Gross Margin	Ksh4,376,134	Ksh6,267,097	Ksh8,942,548
Gross Margin %	86.17%	88.14%	89.84%
Expenses:			
Payroll	Ksh1,620,000	Ksh0	Ksh0
Sales and Marketing and Other Expenses	Ksh600,000	Ksh2,760,000	Ksh3,174,000
Depreciation	Ksh120,000	Ksh132,000	Ksh145,200
Rent	Ksh240,000	Ksh264,000	Ksh290,400
Utilities	Ksh240,000	Ksh264,000	Ksh290,400
Insurance	Ksh180,000	Ksh198,000	Ksh217,800
Payroll Taxes	Ksh243,000	Ksh0	Ksh0
Other	Ksh180,000	Ksh198,000	Ksh217,800
Total Operating Expenses	Ksh3,423,000	Ksh3,816,000	Ksh4,335,600
Profit Before Interest and Taxes	Ksh953,134	Ksh2,451,097	Ksh4,606,948
Interest Expense	Ksh0	Ksh0	Ksh0
Taxes Incurred	Ksh285,940	Ksh735,329	Ksh1,382,084
Net Profit	Ksh667,194	Ksh1,715,768	Ksh3,224,863
Net Profit/Sales	13.14%	24.13%	32.40%
Include Negative Taxes	TRUE	TRUE	TRUE

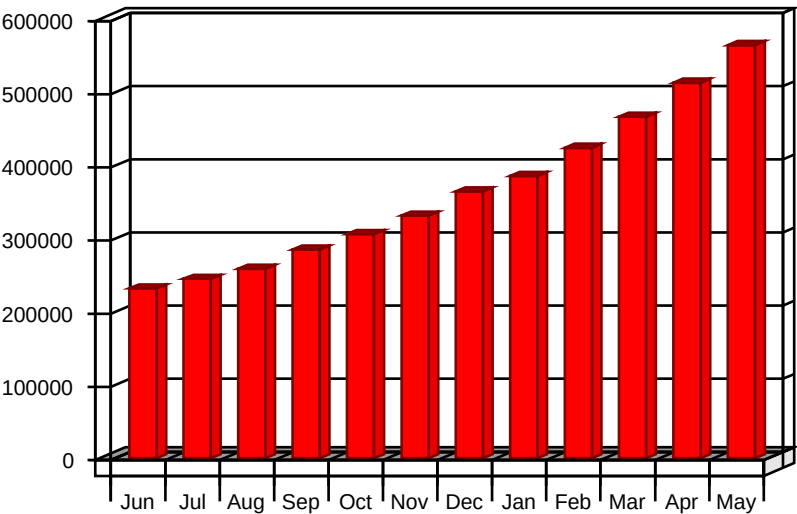
Profit Monthly



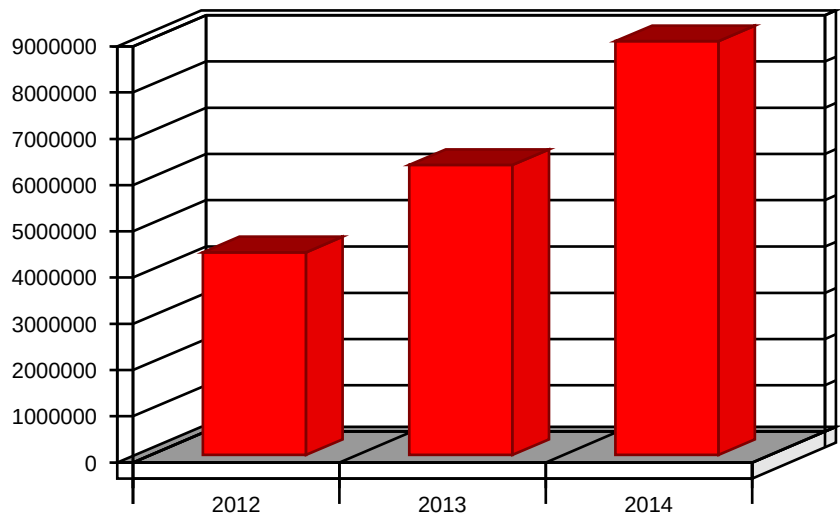
Profit Yearly



Gross Margin Monthly



Gross Margin Yearly



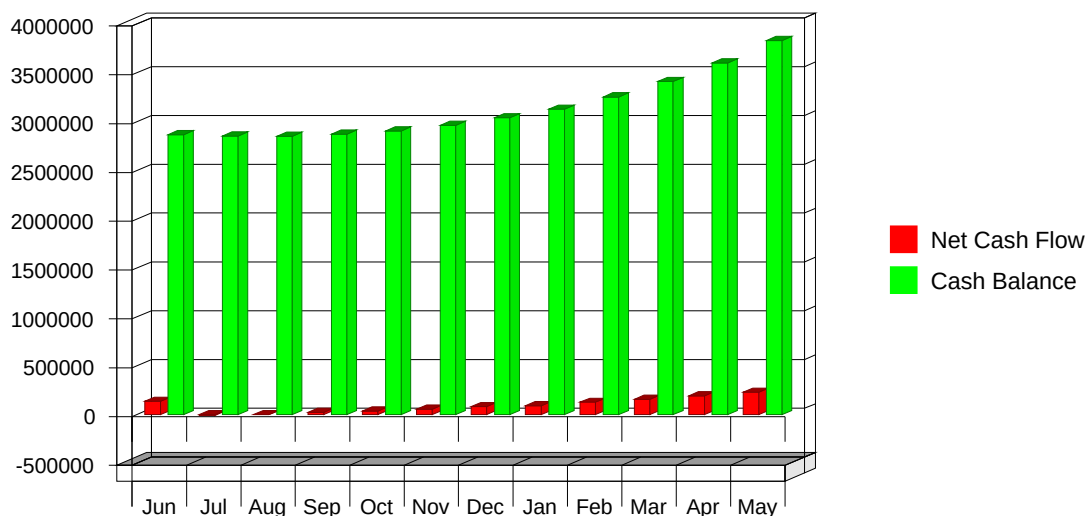
2.6 Projected Cash Flow

WIFISMARTZONE SOLUTIONS LTD

Table: Cash Flow

Pro Forma Cash Flow	2012	2013	2014
Cash Received			
Cash from Operations:			
Cash Sales	Ksh5,078,683	Ksh7,110,156	Ksh9,954,219
Cash from Receivables	Ksh0	Ksh0	Ksh0
Subtotal Cash from Operations	Ksh5,078,683	Ksh7,110,156	Ksh9,954,219
Additional Cash Received			
Non Operating (Other) Income	Ksh0	Ksh0	Ksh0
Sales Tax, VAT, HST/GST Received	Ksh0	Ksh0	Ksh0
New Current Borrowing	Ksh0	Ksh0	Ksh0
New Other Liabilities (interest-free)	Ksh0	Ksh0	Ksh0
New Long-term Liabilities	Ksh0	Ksh0	Ksh0
Sales of Other Current Assets	Ksh0	Ksh0	Ksh0
Sales of Long-term Assets	Ksh0	Ksh0	Ksh0
New Investment Received	Ksh0	Ksh0	Ksh0
Subtotal Cash Received	Ksh5,078,683	Ksh7,110,156	Ksh9,954,219
Expenditures			
Expenditures from Operations:			
Cash Spending	Ksh1,620,000	Ksh0	Ksh0
Payment of Accounts Payable	Ksh2,357,464	Ksh5,136,778	Ksh6,408,301
Subtotal Spent on Operations	Ksh3,977,464	Ksh5,136,778	Ksh6,408,301
Additional Cash Spent			
Non Operating (Other) Expense	Ksh0	Ksh0	Ksh0
Sales Tax, VAT, HST/GST Paid Out	Ksh0	Ksh0	Ksh0
Principal Repayment of Current Borrowing	Ksh0	Ksh0	Ksh0
Other Liabilities Principal Repayment	Ksh0	Ksh0	Ksh0
Long-term Liabilities Principal Repayment	Ksh0	Ksh0	Ksh0
Purchase Other Current Assets	Ksh0	Ksh0	Ksh0
Purchase Long-term Assets	Ksh0	Ksh0	Ksh0
Dividends	Ksh0	Ksh0	Ksh0
Subtotal Cash Spent	Ksh3,977,464	Ksh5,136,778	Ksh6,408,301
Net Cash Flow	Ksh1,101,220	Ksh1,973,378	Ksh3,545,918
Cash Balance	Ksh3,831,220	Ksh5,804,598	Ksh9,350,516

Cash

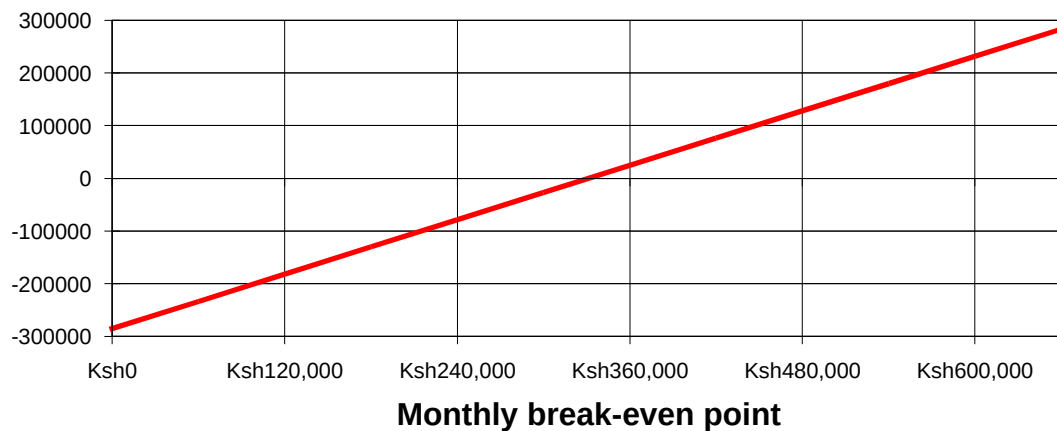


2.7 Break-even Analysis

Table: Break-even Analysis

Break-even Analysis:	
Monthly Units Break-even	331,044
Monthly Revenue Break-even	Ksh331,044
Assumptions:	
Average Per-Unit Revenue	Ksh1.00
Average Per-Unit Variable Cost	Ksh0.14
Estimated Monthly Fixed Cost	Ksh285,250

Break-even Analysis



Break-even point = where line intersects with 0

2.8 Projected Balance Sheet

WIFISMARTZONE SOLUTIONS LTD

Table: Balance Sheet

Pro Forma Balance Sheet

Assets			
Current Assets	2012	2013	2014
Cash	Ksh3,831,220	Ksh5,804,598	Ksh9,350,516
Other Current Assets	Ksh0	Ksh0	Ksh0
Total Current Assets	Ksh3,930,282	Ksh5,943,285	Ksh9,544,678
Long-term Assets			
Long-term Assets	Ksh0	Ksh0	Ksh0
Accumulated Depreciation	Ksh120,000	Ksh252,000	Ksh397,200
Total Long-term Assets	(Ksh120,000)	(Ksh252,000)	(Ksh397,200)
Total Assets	Ksh3,810,282	Ksh5,691,285	Ksh9,147,478
Liabilities and Capital			
	2012	2013	2014
Accounts Payable	Ksh314,026	Ksh439,636	Ksh615,491
Current Borrowing	Ksh0	Ksh0	Ksh0
Other Current Liabilities	Ksh0	Ksh0	Ksh0
Subtotal Current Liabilities	Ksh314,026	Ksh439,636	Ksh615,491
Long-term Liabilities	Ksh0	Ksh0	Ksh0
Total Liabilities	Ksh314,026	Ksh439,636	Ksh615,491
Paid-in Capital	Ksh5,000,000	Ksh5,000,000	Ksh5,000,000
Retained Earnings	(Ksh2,270,000)	(Ksh1,602,806)	Ksh112,962
Earnings	Ksh667,194	Ksh1,715,768	Ksh3,224,863
Total Capital	Ksh3,397,194	Ksh5,112,962	Ksh8,337,825
Total Liabilities and Capital	Ksh3,711,220	Ksh5,552,598	Ksh8,953,316
Net Worth	Ksh3,496,256	Ksh5,251,649	Ksh8,531,987

2.9 Business Ratios

WIFISMARTZONE SOLUTIONS LTD

Table: Ratios

Ratio Analysis	2012	2013	2014	Industry Profile
Sales Growth	0.00%	40.00%	40.00%	0.00%
Percent of Total Assets				
Accounts Receivable	0.00%	0.00%	0.00%	0.00%
Inventory	2.60%	2.44%	2.12%	0.00%
Other Current Assets	0.00%	0.00%	0.00%	100.00%
Total Current Assets	103.15%	104.43%	104.34%	100.00%
Long-term Assets	-3.15%	-4.43%	-4.34%	0.00%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	0.00%	0.00%	0.00%	0.00%
Long-term Liabilities	0.00%	0.00%	0.00%	0.00%
Total Liabilities	0.00%	0.00%	0.00%	0.00%
Net Worth	100.00%	100.00%	100.00%	100.00%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	86.17%	88.14%	89.84%	0.00%
Selling, General & Administrative Expenses	73.03%	64.01%	57.44%	0.00%
Advertising Expenses	23.63%	19.41%	15.94%	0.00%
Profit Before Interest and Taxes	18.77%	34.47%	46.28%	0.00%
Main Ratios				
Current	12.52	13.52	15.51	0.00
Quick	12.20	13.20	15.19	0.00
Total Debt to Total Assets	8.24%	7.72%	6.73%	0.00%
Pre-tax Return on Net Worth	27.26%	46.67%	54.00%	0.00%
Pre-tax Return on Assets	25.01%	43.07%	50.36%	0.00%
Business Vitality Profile				
	2011	2012	2013	Industry
Sales per Employee	Ksh0	Ksh0	Ksh0	Ksh0
Survival Rate				0.00%
Additional Ratios				
	2012	2013	2014	
Net Profit Margin	13.14%	24.13%	32.40%	n.a
Return on Equity	19.08%	32.67%	37.80%	n.a
Activity Ratios				
Accounts Receivable Turnover	0.00	0.00	0.00	n.a
Collection Days	0	0	0	n.a
Inventory Turnover	0.00	0.00	0.00	n.a
Accounts Payable Turnover	8.51	11.97	10.70	n.a
Payment Days	28	314	351	
Total Asset Turnover	1.33	1.25	1.09	n.a
Debt Ratios				
Debt to Net Worth	0.09	0.08	0.07	n.a
Current Liab. to Liab.	1.00	1.00	1.00	n.a
Liquidity Ratios				
Net Working Capital	Ksh3,616,256	Ksh5,503,649	Ksh8,929,187	n.a
Interest Coverage	0.00	0.00	0.00	n.a
Additional Ratios				
Assets to Sales	0.75	0.80	0.92	n.a
Current Debt/Total Assets	8%	8%	7%	n.a
Acid Test	12.20	13.20	15.19	n.a
Sales/Net Worth	1.45	1.35	1.17	n.a
Dividend Payout	0.00	0.00	0.00	n.a

3.0 Technical Information

3.1 Technology

To achieve our business goal, we envision the following requirements:

1. Connection to all telephone services providers, namely:

1. Safaricom Ltd,
2. Zain Kenya Ltd,
3. YU
4. Orange Kenya Ltd.

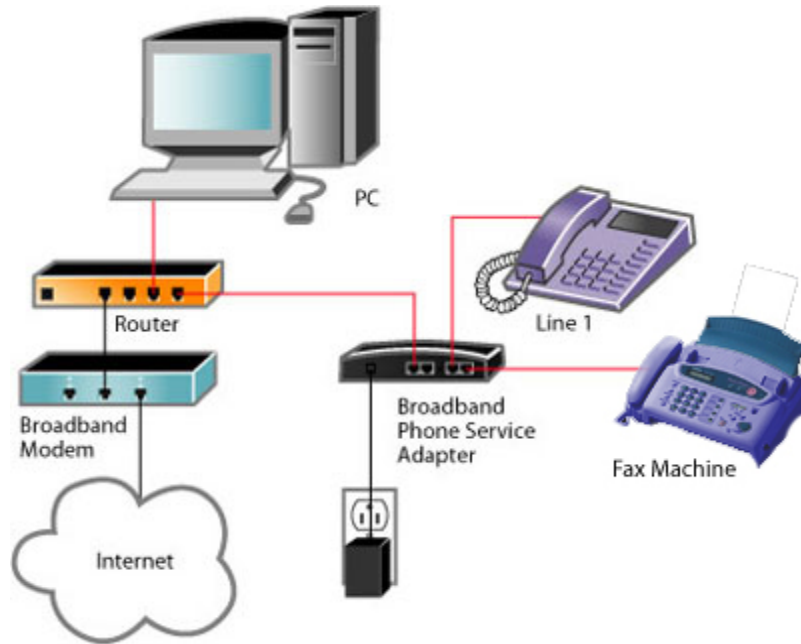
2. International VOIP gateways for termination of international traffic. Armed with the license we are applying for, the company shall seek credible VOIP services provider to provide the connectivity.

3.1.1 Connection

Connectivity to the mobile telephony services providers shall be provided by Kenya Data Network. The company shall acquire fibre connection to each of the four providers. A redundant link shall be provided by Jamii Telecom, where applicable, to cater for service unavailability due to connection failures.

3.1.2 Customer Setup

Wifismartzone shall seek to either set-up or enhance the existing customer IT setup to facilitate VOIP communication. For a start, our solution shall be based on softphones running an applications installable on normal computers. For business customers who may demand, we envisage setting up the network as depicted below:



3.2 Billing

WifiSmartzone intends to deploy an open source billing platform to manage all billing aspects of the VOIP service. The company shall deploy the internationally recognized AGILE VOIP Billing solution. For a start, the company intends to bill customers based on successful call connection at the rate of Ksh. 0.80. Further analysis of market response shall determine price movement in order to remain competitive.

A snapshot of the typical billing report is shown below:



[Overview](#) | [Activity](#) | [Voicemail](#) | [Faxes](#) | [Features](#) | [Our Products](#) | [Account](#) | [Logout](#)

Phone Number

[View Blacklisted Numbers](#)
[Add Blacklisted Number](#)

Features

Voicemail

Forward calls to voicemail after seconds

Send email notification to

Call Forwarding

☐ Will ring for seconds before being forwarded to

Busy Call Forwarding

☐ If this line is busy, then will forward the call to

Failover Number

In the event of Internet outage, redirect calls for this line to

3.3 Quality Control

QoS (Quality of Service) is a major issue in VOIP implementations. The issue is how to guarantee that packet traffic for a voice or other media connection will not be delayed or dropped due interference from other lower priority traffic.

Things to consider are

- Latency: Delay for packet delivery
- Jitter: Variations in delay of packet delivery
- Packet loss: Too much traffic in the network causes the network to drop packets
- Burstiness of Loss and
- Jitter: Loss and Discards (due to jitter) tend to occur in bursts

For the end user, large delays are burdensome and can cause bad echos. We target to maintain industrial standard, as detailed below:

QUALITY OF SERVICE		
No.	Parameter	Actual
2	Call completion rate -local	0.96
3	Call completion rate -long distance (Dependant on interconnection)	0.94
4	Call completion rate -international call (Dependant on interconnection)	0.94
5	Probability of fail routing	P<1(H
5	Probability of billing fault	P<1(H
7	Other calling fault	P<1(H
8	Downtime for per line per annum	<30min.
9	Simultaneously downtime for multi-line per annum	<20min.
10	Downtime for per trunk per annum	<30min.
11	Simultaneously downtime for multi-trunk per annum	<20min.

WIFISMARTZONE SOLUTIONS LTD

12	Downtime for system within 20 years	<1 hour
13	Fault Clearance <24 Hrs <48 Hrs <30 Hrs	80% 15% 5%

3.4 Coverage

Wifismartzone shall set-up its base within Mombasa CBD. With the growth as projected in our financials, we envision providing our services to the larger Coast province, and build on the relationship we already have with our corporate customers.

4.0 Market Analysis Summary

Wifismartzone Solutions will enter into strategic partnership with a number of business companies in order to expedite the services proposed as follows:

- a) Telkom Kenya
- b) Kenya Data Network
- c) Wananchi online
- d) IGO Wireless
- e) Tangarine

The business will benefit from these relationships by negotiating very competitive pricing on most of these business partners allowing the company to offer competitive pricing on its services to customers.

There are plans to develop community calendaring and groupware applications for use by the company. This will provide a simple, useful tool for organizations, businesses, and individual to organize, plan, announce, and track projects and events.

The Company also plans to partner with backbone providers, wholesales carrier, and other strategic organizations to:

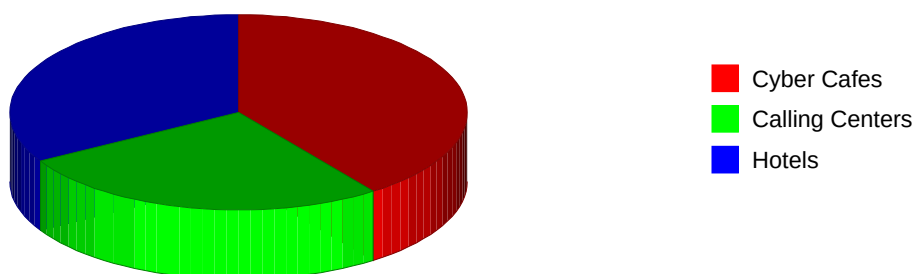
- Reduce cost of services utilized
- Increase the number and variety of good and services offered to customers
- Chart the growth of the Company into new territories

4.1 Market Segmentation

Table: Market Analysis

Market Analysis							
Potential Customers	Growth	2011	2012	2013	2014	2015	CAGR
Cyber Cafes	5%	30	32	34	36	38	6.09%
Calling Centers	20%	20	24	29	35	42	20.38%
Hotels	20%	25	30	36	43	52	20.09%
Total	15.18%	75	86	99	114	132	15.18%

Market Analysis (Pie)



4.2 Target Market Segment Strategy

The business will administer concentrated marketing activities of ISP and VOIP service solutions, which focus on the business mission and are comprehensive in nature.

The Company shall engage the following marketing strategies

- Advertising, design and placement
- Public relations schedule and press release throughout each year
- Creation of annual advertorial (advertisement/tutorial) themes for trade journal and industrial conferences
- Collection, analysis, and internal dissemination of competitive information

- Creation and maintenance of all corporate literature
- Design, and creation of sales support materials
- Collecting and dissemination of client testimonies.

-

To generate sales, the company will exploit direct marketing, direct approach to individuals, and high-traffic areas (e.g. store checkouts stands).

Marketing activities will be concentrated in the following categories:

- Contact Campaigns. This initiative will encompass various methods of reaching potential customers to generate interest, followed by direct mail to the potential customer.
- Trade Shows. The business will participate in selected local and national shows that will provide an opportunity to develop exposure. This is a very effective tool in creating awareness and stimulating lead activities of the company
- Telecommunication Organizations and Associates. This recommendation is to join a number of organizations that are relevant to the company as a whole. This initiative will create awareness of the company within the industry, and provide networking opportunities.
- Telemarketing Campaign. Telemarketing activities geared to identify qualified leads, follow-up on sales progress to the qualified leads, and assurance that new potential contact lists, which are current and accurate.

4.3 Strategy and Implementation Summary

4.3.1 Sales Strategy

WIFISMARTZONE SOLUTION will administer concentrated marketing activities of VOIP service solutions which focus on the business mission and are comprehensive in nature.

The Company shall engage following marketing strategies

- Advertising design and placement
- Public relations schedule and press release throughout each year
- Creation of annual advertorial (advertisement/tutorial) themes for trade journal and industrial conferences
- Collection, analysis, and internal dissemination of competitive information
- Creation and maintenance of all corporate literature
- Design, and creation of sales support materials
- Collecting and dissemination of client testimonies.

To generate sales, the company will exploit direct marketing, direct approach to individuals, computer resellers and repair facilities, and high-traffic areas (e.g. store checkouts stands).

Marketing initiatives will focus on four areas: co-location (“Server Hotel”) facilities, web hosting, dialup access, and content provision. Marketing activities will be concentrated in the following categories:

- Contact Campaigns. This initiative will encompass various methods of reaching potential customers to generate interest, followed by direct mail to the potential customer.
- Trade Shows. WIFISMARTZONE SOLUTION will participate in selected local and national shows that will provide an opportunity to develop exposure. This is a very effective tool in creating awareness and stimulating lead activity
- ISP Organizations and Associates. This recommendation is to join a number of organizations that are relevant to the company as a whole. This initiative will create awareness of the company within the industry, and provide networking opportunities.
- Telemarketing Campaign. Telemarketing activities geared to identify qualified leads, follow-up on sales progress to the qualified leads, and assurance that new potential contact lists are current and accurate.

Appendix

Appendix Table: Sales Forecast

Sales Forecast												
Sales	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
VOIP Sales	Ksh200,000	Ksh210,000	Ksh220,500	Ksh242,550	Ksh259,529	Ksh280,291	Ksh308,320	Ksh323,736	Ksh356,109	Ksh391,720	Ksh430,892	Ksh473,982
Accessories Sales	Ksh40,000	Ksh42,000	Ksh44,100	Ksh48,510	Ksh51,906	Ksh56,058	Ksh61,664	Ksh64,747	Ksh71,222	Ksh78,344	Ksh86,178	Ksh94,796
IT Infrastructure Optimization	Ksh30,000	Ksh33,000	Ksh36,300	Ksh39,930	Ksh43,923	Ksh48,315	Ksh53,147	Ksh58,462	Ksh64,308	Ksh70,738	Ksh77,812	Ksh85,594
Total Sales	Ksh270,000	Ksh285,000	Ksh300,900	Ksh330,990	Ksh355,357	Ksh384,664	Ksh423,131	Ksh446,945	Ksh491,639	Ksh540,803	Ksh594,883	Ksh654,371
Direct Cost of Sales	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Accessories Costs	Ksh28,000	Ksh29,400	Ksh30,870	Ksh33,957	Ksh36,334	Ksh39,241	Ksh43,165	Ksh45,323	Ksh49,855	Ksh54,841	Ksh60,325	Ksh66,357
Training Costs	Ksh10,000	Ksh10,500	Ksh11,025	Ksh12,128	Ksh12,976	Ksh14,015	Ksh15,416	Ksh16,187	Ksh17,805	Ksh19,586	Ksh21,545	Ksh23,699
Subtotal Direct Cost of Sales	Ksh38,000	Ksh39,900	Ksh41,895	Ksh46,085	Ksh49,310	Ksh53,255	Ksh58,581	Ksh61,510	Ksh67,661	Ksh74,427	Ksh81,870	Ksh90,057

Appendix

Appendix Table: Personnel

Personnel Plan	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
General Manager	Ksh50,000	Ksh50,000	Ksh50,000	Ksh50,000	Ksh50,000	Ksh50,000	Ksh50,000	Ksh50,000	Ksh50,000	Ksh50,000	Ksh50,000	Ksh50,000
IT Technician	Ksh25,000	Ksh25,000	Ksh25,000	Ksh25,000	Ksh25,000	Ksh25,000	Ksh25,000	Ksh25,000	Ksh25,000	Ksh25,000	Ksh25,000	Ksh25,000
Sales Team (3)	Ksh60,000	Ksh60,000	Ksh60,000	Ksh60,000	Ksh60,000	Ksh60,000	Ksh60,000	Ksh60,000	Ksh60,000	Ksh60,000	Ksh60,000	Ksh60,000
Total People	0	0	0	0	0	0	0	0	0	0	0	0
Total Payroll	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000

Appendix

Appendix Table: General Assumptions

General Assumptions	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Plan Month	1	2	3	4	5	6	7	8	9	10	11	12
Current Interest Rate	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Long-term Interest Rate	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Tax Rate	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Calculated Totals												
Payroll Expense	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000
New Accounts Payable	Ksh162,275	Ksh168,105	Ksh174,272	Ksh186,231	Ksh195,799	Ksh207,353	Ksh222,621	Ksh231,815	Ksh249,529	Ksh269,015	Ksh290,449	Ksh314,026

Appendix

Appendix Table: Profit and Loss

Pro Forma Profit and Loss												
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Sales	Ksh270,000	Ksh285,000	Ksh300,900	Ksh330,990	Ksh355,357	Ksh384,664	Ksh423,131	Ksh446,945	Ksh491,639	Ksh540,803	Ksh594,883	Ksh654,371
Direct Cost of Sales	Ksh38,000	Ksh39,900	Ksh41,895	Ksh46,085	Ksh49,310	Ksh53,255	Ksh58,581	Ksh61,510	Ksh67,661	Ksh74,427	Ksh81,870	Ksh90,057
Other Costs of Sales	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0
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Total Cost of Sales	Ksh38,000	Ksh39,900	Ksh41,895	Ksh46,085	Ksh49,310	Ksh53,255	Ksh58,581	Ksh61,510	Ksh67,661	Ksh74,427	Ksh81,870	Ksh90,057
Gross Margin	Ksh232,000	Ksh245,100	Ksh259,005	Ksh284,906	Ksh306,047	Ksh331,409	Ksh364,550	Ksh385,435	Ksh423,978	Ksh466,376	Ksh513,014	Ksh564,315
Gross Margin %	85.93%	86.00%	86.08%	86.08%	86.12%	86.16%	86.16%	86.24%	86.24%	86.24%	86.24%	86.24%
Expenses:												
Payroll	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000
Sales and Marketing and Other Expenses	Ksh50,000	Ksh50,000	Ksh50,000	Ksh50,000	Ksh50,000	Ksh50,000	Ksh50,000	Ksh50,000	Ksh50,000	Ksh50,000	Ksh50,000	Ksh50,000
Depreciation	Ksh10,000	Ksh10,000	Ksh10,000	Ksh10,000	Ksh10,000	Ksh10,000	Ksh10,000	Ksh10,000	Ksh10,000	Ksh10,000	Ksh10,000	Ksh10,000
Rent	Ksh20,000	Ksh20,000	Ksh20,000	Ksh20,000	Ksh20,000	Ksh20,000	Ksh20,000	Ksh20,000	Ksh20,000	Ksh20,000	Ksh20,000	Ksh20,000
Utilities	Ksh20,000	Ksh20,000	Ksh20,000	Ksh20,000	Ksh20,000	Ksh20,000	Ksh20,000	Ksh20,000	Ksh20,000	Ksh20,000	Ksh20,000	Ksh20,000
Insurance	Ksh15,000	Ksh15,000	Ksh15,000	Ksh15,000	Ksh15,000	Ksh15,000	Ksh15,000	Ksh15,000	Ksh15,000	Ksh15,000	Ksh15,000	Ksh15,000
Payroll Taxes	Ksh20,250	Ksh20,250	Ksh20,250	Ksh20,250	Ksh20,250	Ksh20,250	Ksh20,250	Ksh20,250	Ksh20,250	Ksh20,250	Ksh20,250	Ksh20,250
Other	Ksh15,000	Ksh15,000	Ksh15,000	Ksh15,000	Ksh15,000	Ksh15,000	Ksh15,000	Ksh15,000	Ksh15,000	Ksh15,000	Ksh15,000	Ksh15,000
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Total Operating Expenses	Ksh285,250	Ksh285,250	Ksh285,250	Ksh285,250	Ksh285,250	Ksh285,250	Ksh285,250	Ksh285,250	Ksh285,250	Ksh285,250	Ksh285,250	Ksh285,250
Profit Before Interest and Taxes	(Ksh53,250)	(Ksh40,150)	(Ksh26,245)	(Ksh344)	Ksh20,797	Ksh46,159	Ksh79,300	Ksh100,185	Ksh138,728	Ksh181,126	Ksh227,764	Ksh279,065
Interest Expense	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0
Taxes Incurred	(Ksh15,975)	(Ksh12,045)	(Ksh7,874)	(Ksh103)	Ksh6,239	Ksh13,848	Ksh23,790	Ksh30,055	Ksh41,618	Ksh54,338	Ksh68,329	Ksh83,719
Net Profit	(Ksh37,275)	(Ksh28,105)	(Ksh18,372)	(Ksh241)	Ksh14,558	Ksh32,311	Ksh55,510	Ksh70,129	Ksh97,110	Ksh126,788	Ksh159,435	Ksh195,345
Net Profit/Sales	-13.81%	-9.86%	-6.11%	-0.07%	4.10%	8.40%	13.12%	15.69%	19.75%	23.44%	26.80%	29.85%
Include Negative Taxes												

Appendix

Appendix Table: Cash Flow

Pro Forma Cash Flow	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Cash Received												
Cash from Operations:												
Cash Sales	Ksh270,000	Ksh285,000	Ksh300,900	Ksh330,990	Ksh355,357	Ksh384,664	Ksh423,131	Ksh446,945	Ksh491,639	Ksh540,803	Ksh594,883	Ksh654,371
Cash from Receivables	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0
Subtotal Cash from Operations	Ksh270,000	Ksh285,000	Ksh300,900	Ksh330,990	Ksh355,357	Ksh384,664	Ksh423,131	Ksh446,945	Ksh491,639	Ksh540,803	Ksh594,883	Ksh654,371
Additional Cash Received												
Non Operating (Other) Income	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0
Sales Tax, VAT, HST/GST Received	0.00 % Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0
New Current Borrowing	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0
New Other Liabilities (interest-free)	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0
New Long-term Liabilities	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0
Sales of Other Current Assets	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0
Sales of Long-term Assets	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0
New Investment Received	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0
Subtotal Cash Received	Ksh270,000	Ksh285,000	Ksh300,900	Ksh330,990	Ksh355,357	Ksh384,664	Ksh423,131	Ksh446,945	Ksh491,639	Ksh540,803	Ksh594,883	Ksh654,371
Expenditures	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Expenditures from Operations:												
Cash Spending	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000	Ksh135,000
Payment of Accounts Payable	Ksh0	Ksh162,275	Ksh168,105	Ksh174,272	Ksh186,231	Ksh195,799	Ksh207,353	Ksh222,621	Ksh231,815	Ksh249,529	Ksh269,015	Ksh290,449
Subtotal Spent on Operations	Ksh135,000	Ksh297,275	Ksh303,105	Ksh309,272	Ksh321,231	Ksh330,799	Ksh342,353	Ksh357,621	Ksh366,815	Ksh384,529	Ksh404,015	Ksh425,449
Additional Cash Spent												
Non Operating (Other) Expense	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0
Sales Tax, VAT, HST/GST Paid Out	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0
Principal Repayment of Current Borrowing	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0
Other Liabilities Principal Repayment	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0
Long-term Liabilities Principal Repayment	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0
Purchase Other Current Assets	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0
Purchase Long-term Assets	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0
Dividends	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0
Subtotal Cash Spent	Ksh135,000	Ksh297,275	Ksh303,105	Ksh309,272	Ksh321,231	Ksh330,799	Ksh342,353	Ksh357,621	Ksh366,815	Ksh384,529	Ksh404,015	Ksh425,449
Net Cash Flow	Ksh135,000	(Ksh12,275)	(Ksh2,205)	Ksh21,719	Ksh34,126	Ksh53,865	Ksh80,778	Ksh89,324	Ksh124,824	Ksh156,274	Ksh190,868	Ksh228,923
Cash Balance	Ksh2,865,000	Ksh2,852,725	Ksh2,850,520	Ksh2,872,239	Ksh2,906,365	Ksh2,960,229	Ksh3,041,007	Ksh3,130,331	Ksh3,255,155	Ksh3,411,428	Ksh3,602,297	Ksh3,831,220

Appendix

Appendix Table: Balance Sheet

Pro Forma Balance Sheet

Assets	Starting Balances	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Current Assets													
Cash	Ksh2,730,000	Ksh2,865,000	Ksh2,852,725	Ksh2,850,520	Ksh2,872,239	Ksh2,906,365	Ksh2,960,229	Ksh3,041,007	Ksh3,130,331	Ksh3,255,155	Ksh3,411,428	Ksh3,602,297	Ksh3,831,220
Other Current Assets	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0
Total Current Assets	Ksh2,730,000	Ksh2,906,800	Ksh2,854,625	Ksh2,896,605	Ksh2,872,239	Ksh2,960,606	Ksh2,961,216	Ksh3,105,446	Ksh3,133,260	Ksh3,329,581	Ksh3,493,298	Ksh3,602,297	Ksh3,930,282
Long-term Assets													
Long-term Assets	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0
Accumulated Depreciation	Ksh0	Ksh10,000	Ksh20,000	Ksh30,000	Ksh40,000	Ksh50,000	Ksh60,000	Ksh70,000	Ksh80,000	Ksh90,000	Ksh100,000	Ksh110,000	Ksh120,000
Total Long-term Assets	Ksh0	(Ksh10,000)	(Ksh20,000)	(Ksh30,000)	(Ksh40,000)	(Ksh50,000)	(Ksh60,000)	(Ksh70,000)	(Ksh80,000)	(Ksh90,000)	(Ksh100,000)	(Ksh110,000)	(Ksh120,000)
Total Assets	Ksh2,730,000	Ksh2,896,800	Ksh2,834,625	Ksh2,866,605	Ksh2,832,239	Ksh2,910,606	Ksh2,901,216	Ksh3,035,446	Ksh3,053,260	Ksh3,239,581	Ksh3,393,298	Ksh3,492,297	Ksh3,810,282
Liabilities and Capital													
Accounts Payable	Ksh0	Ksh162,275	Ksh168,105	Ksh174,272	Ksh186,231	Ksh195,799	Ksh207,353	Ksh222,621	Ksh231,815	Ksh249,529	Ksh269,015	Ksh290,449	Ksh314,026
Current Borrowing	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0
Other Current Liabilities	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0
Subtotal Current Liabilities	Ksh0	Ksh162,275	Ksh168,105	Ksh174,272	Ksh186,231	Ksh195,799	Ksh207,353	Ksh222,621	Ksh231,815	Ksh249,529	Ksh269,015	Ksh290,449	Ksh314,026
Long-term Liabilities	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0	Ksh0
Total Liabilities	Ksh0	Ksh162,275	Ksh168,105	Ksh174,272	Ksh186,231	Ksh195,799	Ksh207,353	Ksh222,621	Ksh231,815	Ksh249,529	Ksh269,015	Ksh290,449	Ksh314,026
Paid-in Capital	Ksh5,000,000	Ksh5,000,000	Ksh5,000,000	Ksh5,000,000	Ksh5,000,000	Ksh5,000,000	Ksh5,000,000	Ksh5,000,000	Ksh5,000,000	Ksh5,000,000	Ksh5,000,000	Ksh5,000,000	Ksh5,000,000
Retained Earnings	(Ksh2,270,000)	(Ksh2,270,000)	(Ksh2,270,000)	(Ksh2,270,000)	(Ksh2,270,000)	(Ksh2,270,000)	(Ksh2,270,000)	(Ksh2,270,000)	(Ksh2,270,000)	(Ksh2,270,000)	(Ksh2,270,000)	(Ksh2,270,000)	(Ksh2,270,000)
Earnings	Ksh0	(Ksh37,275)	(Ksh65,380)	(Ksh83,752)	(Ksh83,993)	(Ksh69,435)	(Ksh37,124)	Ksh18,386	Ksh88,516	Ksh185,625	Ksh312,414	Ksh471,848	Ksh667,194
Total Capital	Ksh2,730,000	Ksh2,692,725	Ksh2,664,620	Ksh2,646,249	Ksh2,646,007	Ksh2,660,565	Ksh2,692,876	Ksh2,748,386	Ksh2,818,516	Ksh2,915,625	Ksh3,042,414	Ksh3,201,848	Ksh3,397,194
Total Liabilities and Capital	Ksh2,730,000	Ksh2,855,000	Ksh2,832,725	Ksh2,820,520	Ksh2,832,239	Ksh2,856,365	Ksh2,900,229	Ksh2,971,006	Ksh3,050,331	Ksh3,165,155	Ksh3,311,428	Ksh3,492,297	Ksh3,711,220
Net Worth	Ksh2,730,000	Ksh2,734,525	Ksh2,666,520	Ksh2,692,333	Ksh2,646,007	Ksh2,714,807	Ksh2,693,863	Ksh2,812,825	Ksh2,821,445	Ksh2,990,052	Ksh3,124,283	Ksh3,201,848	Ksh3,496,256