

Business Plan for Modern Shopping Complex in Balangoda MC



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I. OVERVIEW

Market behaviors and financial status of any region can be vary according to the economy of the country, environmental changes such as droughts, floods etc. It will be not only depended on the prevailing economic and environmental effects of a country but also on the global economic changes too. So that it is very vital that the identification of current status of whole marketing process involved in the area. So that before initiation of any designing models of income generating activity the overview of market behavior should be identified.

Generally the consumer behaviours on Supermarkets are unique and more differ from typical markets. The most of people come to this market with an inspiration of having fresh products, purchasing every type of goods and services under one roof, spending a little time with the pleasure and relaxing with their families, easy accessibility and available parking facilities, etc.

On the other hand the vendor's side, there are many perceptions wiz, reducing post-harvest losses at the marketing process, adding value the product and earning more profit though value addition, cross selling goods and services in the one shelter, having better facilities compared to typical market places, attracting consumers through high quality products, etc.

Balangoda town is a commercial hub to reach several regions in the county viz, Nuwara Eliya, Rathnapura, Embilipitya . So that the location of the town acts as a center for serving all most several regions in the country. It leads to the town becomes as a busy town in whole day. From the view of governing body of Balangoda MC and business community who anticipating to govern a Modern Super market which will focus on several economic and environmental benefits as follows,

- 1) Economic opportunity to a range of entrepreneurs;
- 2) Properly structured they provide communities with an opportunity to purchase good quality and fresh goods and fulfilling all the services under one shelter and enhance the income generation opportunities in MC as well as the business community.
- 3) Adding value to the town by having a super market complex in the heart of the town.
- 4) Enhance the attraction of foreigners as well as local visitors and develop tourism in the town.
- 5) Generation of additional income to the MC through this project and utilization of such income for provision of better service by initiating new projects.
- 6) Ultimately the quality of the living status of people in the area to be enhanced.

With this positioning the shopping complex will attract local residents who prefer supporting local producers as well as visitors who want to take home unique, location specific products. Additionally, this recommended positioning strategy will be attractive to an audience that believes in the need to promote environmental stewardship, supports local producers, and is desirous of being identified as conscientious yet nonconforming consumers.

It should be noted that a private public partnership to be found to feasible and sustainable format for these type of projects. Under the terms of this type of arrangement the Local Government Authority area would provide concessions to a developer(s) to construct and provide the main/lower level for a shopping complex in exchange for retaining the remaining upper floors for restaurants and other reception hall facilities etc.

Furthermore, the business strategy proposed for this shopping complex would give strong emphasis to the development of competitive capabilities; adaptability and flexibility in order to respond to changing market conditions; as well as solidifying and strengthening the facility's market position overtime. In terms of implementation, the strategy recommended would encompass the following key elements:

1. A focus on enhancing customer value by fulfilling market-driven needs.
2. Purposeful differentiation, emphasizing the development of functional operation strategies.

In this instance all functional-level activities will need to align with the objective of encouraging early market acceptance, adoption and diffusion.

For realizing above mentioned objectives the Shopping complex should be equipped with several additional infrastructure and supporting service facilities in terms of internal and external as mentioned below,

Internal facilities

- Enough spaces for parking and refreshing area.
- Well planned and systematic building and shops arrangement.
- Adequate water, electricity and sanitary facilities.
- Well established drainage system to avoid retaining surface water on market area.
- Security service provisions.
- Well planned waste water and garbage management system.
- Well organized body (committee) to manage and operations of the market.
- Well established business trade organization to cater the management in emphasizing PPP.

External facilities

- Transport facilities (for both public transportation and goods transportation)
- Road accessibility
- Communication facilities
- Banks and other financial services

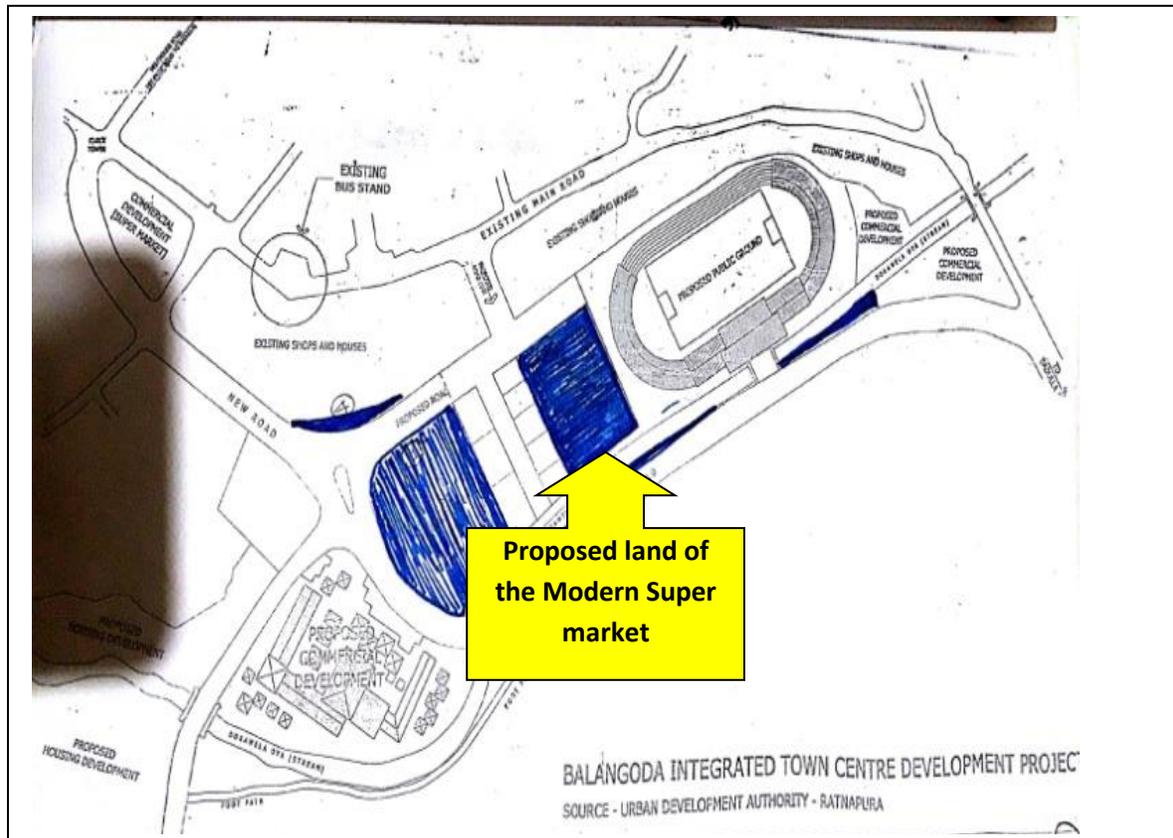
Careful consideration also needs to be taken in regards to governance, processes and management. As proposed the shopping complex needs to be structured as a "profit center" which enable to earn revenue from stakeholders to manage and maintain the market in sustainable manner. For this management is should be comprise with a committed and knowledgeable officials in the whole MC.

Clearly the financial goal of the proposed project is to be self-sustaining. This implies an operation that does not draw on the financial resources from Central Government or a sponsoring agency at its' running cycle. The initial capital investment is estimated to total Rs. 100.5 Mn and additionally assumes the following:

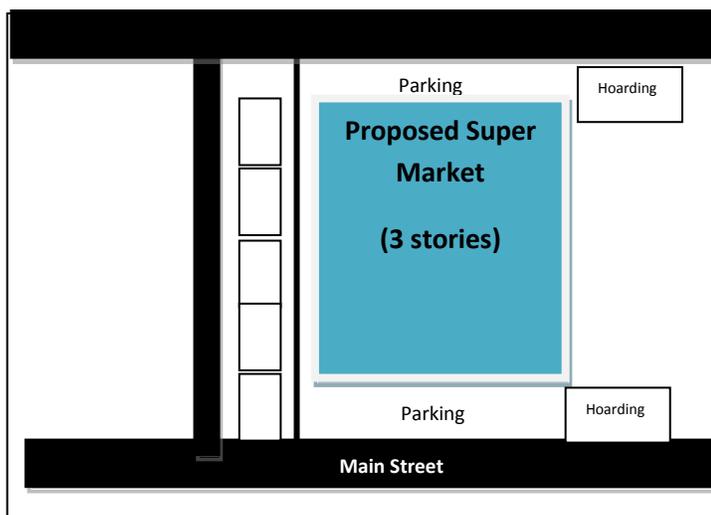
- ❖ Private Public Partnership with Developer(s) building required facility space; (94.0 Mn)
- ❖ LLDF providing loan facility of 5.0 Mn in concessions.
- ❖ MC own equity : 1.7 Mn

2. MARKETING PLAN

The shopping complex is proposed to be located at the heart of the Balangoda town, fronting to the main street surrounded with ground Market area, Bank region and Bus Stand. The land is belongs to the Municipal council and it is consisted with approximately 100 perches. According to the land extent availability and the shape of the land the design is proposed as follows.



Plan



2.1 Proposed Shopping Complex

- Proposed Shopping complex will be three storied building. The following arrangement of design will be proposed in the supermarket

Shops	Average floor area per unit (sq.ft)	No. of shops	total area Usable (sq.ft)
Ground Floor			
Promotion space on the floor center	2500 sqft	1	2,500 sqft
Super Market	2500 sqft	1	2,500 sqft
2 Hoarding Sites (10' X 10')	N/A	2	N/A
3 ATM Machine	10 sq.ft	3	30 sq.ft
8 Shops (15'X 10')	150 sq.ft	8	1,200 sq.ft
Parking plot (For 50 cars at once)	80sq.ft	50	4,,000 sqft
6 Washrooms	35sq,ft	6	250 sq.ft
Lobbies and pathways (40% of total floor)	LS	1	1000 sq.ft
			12,500 sqft
1st floor			
Shops (10'X 10')	10'X 10' = 100 sqft	20	2,000 sq.ft
Shops (20'X 10')	20'X 10' = 200 sqft	10	2,000 sq.ft
2 Mini theaters	40' X 40' = 1,600 sq.ft	2	3,200 sq.ft
Town Hall Space	80'X 50 sq.ft =	1	4,000 sq.ft
Lobbies and pathways (40% of total floor)	LS	1	1000 sq.ft
			12,200 sq.ft
2nd floor (Roof top)			
Food court with 3 restaurants			
Restaurants	10'X 20' = 200 sq.ft.	3	600
Common Dining	40'X 40' = 800 sq.ft.	1	800



Land of the proposed supermarket

2. The 2nd floor of the proposed building (top floor) will be functioning as a food court which consists with three restaurants facing to one floor of common dining.



3. In addition to above arrangement, following ancillary services will be introduces in order to get maximum income opportunity from the proposed site.

- a. 3 Hoarding sites – Since the building is designed with “U”shape there is an opportunity to use the 3 blind walls for hanging 3 advertizing hoardings and it will be high benefit for business community to use their promotions as well as it generates an additional income for



- b. 3 ATMS - The supermarket will be consists with 3 ATM machines for giving better service for customers who visited the supermarket. This can be easily marketed to 3 different banks who willing to invest with the supermarket.



- c. Space for Promotional and special Events - The space which is available at the existing ground floor can be used in several events such as promotional activities, cultural activities, fun fairs etc. So that the MC can earn additional income by hiring the space as well.



- d. 2 Mini Theaters in the first floor - It is advisable that promoting mini theaters rather than introducing large Cinemas. So that there will be 2 mini theaters at the 1st floor of the shopping complex and the investors have more opportunity for diversified films according to the perception of the visitors. It will lead higher income for the MC as well.



2.2 Description of the Products/ Services

The basic products and services of the proposed project are as follows.

Products -

All kinds of foods (dry foods, perishable foods, meat, fish fruits, vegetables, spices, etc), Pharmaceutical products, plastic commodities, fancy items, cosmetic items, jewelries, textiles, leather products such as shoes and bags, consumer durable products, stationeries etc.

Services -

Communication, ATM, Entertainment, Marketing opportunities, Advertizing opportunities, space for meetings and public events at the Town hall.

2.4 Targeted market area.

The services will not be restricted to the community of Balangoda. It focused towards whole community which including whole community who visited Balangoda including all local visitors as well as foreigners . So that the targeted market will be whole country.

2.5 Targeted Consumer Group.

Services	Targeted Consumer group
General Shops	Existing Shops/ Trade Union Members/ New
Ground Floor	Super Market Chain (Cargills/ Keels/ Laugh/ or other)
Cinema Space	Community of Balangoda
Restaurant / Food Court	International food chain- Pizza/KFC/ local Hotels
Town Hall	Community of Balangoda/ companies/ private and government institutes

2.6 The market demand for the products and services.

Super market demand experiences is generally applies in this sector and ii is seriously varied from time to time. During the seasons of crops, the demand may relatively low, but during the off seasonal periods, there may be surplus in demand due to lower supplies. And the demand is also varying according to the other various factors such as festival seasons, environmental changes. The demand of services are basically does not vary and the factors could be affecting the demand is prevailing economy of the country.

2.7 Market share of the proposed project.

It is not necessary to calculate the market share of the proposed project, because in this huge industry no market leaders are dominating a large market share. The market share of this project is simply limited to its market supply which is determined as follows.

The annual market supply = Total supplies of current unorganized market locations in the town.

2.7 Market strategies of the proposed project.

(A) Product

If the investors for supermarket focused among the pioneers of the country it will lead the project towards sustainable manner. So that the MC should deeply considered regarding the modern facilities to the building to convene their presence to the business. For realizing this objectives the MC should furnish following facilities to the supermarket on its construction stage.

- Safety glass partitions
- Tiled floor
- 1 elevators
- 1 escalator (if possible)
- Fire protection & detection system
- Gas system
- Lighting prevention system
- Cctv cameras
- PABX system
- Water supply, Water tanks, water sumps
- Garbage collection room
- Fulltime backup generator, transformer
- Sewer treatment plant
- Central A/C system
- Separate metering system for gas, A/C, water and power.

The MC should monitor the products of each and every retail shop in the premises should be in quality assured, well packed, and priced and having brought ashore is sorted out in to different varieties, weighed, and stacked according to provided storage facilities in the market.

Services should be provided according to the needs of clients who visit the market on their perception.

(B) Price

Price varies according to the variety of goods, market availability of the particular variety and current price level of the local market. It is advisable to maintain the prices at optimum level since the quality aspires and service facilities would be additional cost on purchases.

(C) Place

The place will be the most important factor of attracting consumers to the market. The place should be fulfilled with following aspects.

1. Since the location is at the heart of the town it is easy accessible place which close to transportation facilities, motorable roads availability etc.
2. It has enough space to accommodate goods and service supplies.
3. Presence of accommodation for proper arrangement of parking
4. Area without exposed to flood

Since the selected sight is located in the heart of the Balangoda town and fulfilling all of above mentioned requirements the place will be most ideal for this project and it gives the prominent positive trend to investors to initiate business with this center.

(D) Promotion

As the proposed project is involved in both goods and services which are supplies basic requirements to the needs of people, it is not necessary to implement sales promotional activities as done in the case of other single product made in a factory.

The success of the super market, as implied at the business and community level, depends in large part on the vendors realizing their financial needs/goals, without whom the market is just an idea. To achieve this end the super market will need to pro-actively promote and position itself as a realistic destination Shopping Centre. In order to accomplish this in turn, the super market will need to focus on a series of both external and internal promotional campaigns. It is important that these two areas of promotion work cooperatively and synergistically.

External promotions:

The objective of the external promotion is to attract new and past customers back. In this regard in the Balangoda there are several sources of local news. This includes five local newspapers. Beyond this print media the MC can advertise the market through radios. Certainly it will prove difficult to reach a large percentage of the public through one medium. Cognitive of this , the market must utilize a balanced promotional mix in order to reach and attract a wide range of consumers. In promoting the market outside of the retail outlet, the following media elements are proposed: press releases; newspaper ads; websites; social media; brochures; mini menus; and networking.

Internal or in-store promotions:

Internal or in-store promotions are key in retaining and increasing sales volumes once customers are in place. Once the customer enters the super market the following common internal promotions or techniques/practices and/or initiatives either individually or collectively could be utilized in order to encourage/facilitate a longer stay resulting in increased sales, most notably:

- ◆ Effectively designed store layout
- ◆ Attractive window displays;
- ◆ Eye-catching internal displays;
- ◆ Clear signage;
- ◆ Promotional signs;
- ◆ Location signs;
- ◆ Understandable institute signs;
- ◆ and exciting atmosphere.

Effective promotion can also be realized through strategic partnering. It has been recognized for example that in order for the market to reach its greatest impact there needs to be business development support to the vendors. This can be accomplished through partnering with organizations such as Blangoda Trade Union, Chamber of Commerce, etc. These organizations will allow for affordable and skilled support.

2.8 Sales Forecast

Since the absence of enough initial capital to build up the proposed shopping complex in the MC budget, it is proposed to launch a social enterprise model in partnership with an existing funding agent; contribution of private sector investors who willing to performs their business in the proposed shopping complex. The contribution of private sector will attract on tendering the proposed shops with an advance payments of key money (preferably for 60 months period as per the table 1.2) as the initial capital investments of the market.

2.8.1 Total Income from Key money (60 months rentals Advances)

Table 1.2

Shops	Average Floor size (sq.ft)	No. of shops/ Apartments	Monthly rent/ per shop/ unit (Rs.)	Initial capital investment (Rs.) (for 5 years)
Ground Floor				
Super Market	2500 sqft	1	250,000/=	15,000,000/=
3 ATM Machine	10 sq.ft	3	10,000/=	1,800,000/=
8 Shops (15'X 10')	150 sq.ft	8	30,000/=	14,400,000/=
1st floor				
Shops (10'X 10')	100 sq.ft	20	15,000/=	18,000,000/=
Shops (20'X 10')	200 sq.ft	10	25,000/=	15,000,000/=
2 Mini theaters	1,600 sq.ft	2	100,000/=	12,000,000/=
2nd floor (Roof top)				
Food court with 3 restaurants	200 sq.ft	3	100,000/=	18,000,000/=
TOTAL INCOME FROM KEY MONEY (for 60 months)				94,200,000/=

It is proposed to collect 53% of the total key money receivable (Rs. 50.0 Mn) before the constructions of the building on the signing of legal MOU with private sector who interesting to invest with this project.

Then the MC has to mobilize the balance 47% of the total key money receivable (Rs. 44 Mn) after the constructing the building.

2.8.2 Annual Income from Shop rentals, Advertising holding sites, Town hall, Promotion space .

Shops	Average Floor size (sq.ft)	No. of shops/ Apartments	Monthly rent/ per shop/ unit (Rs.)	Initial capital investment (Rs.) (for 5 years)
Ground Floor				
Super Market	2500 sqft	1	250,000/=	3,000,000/=
3 ATM Machine	10 sq.ft	3	10,000/=	360,000/=
8 Shops (15'X 10')	150 sq.ft	8	30,000/=	2,880,000/=
2 advertizing boards	200 sq,ft	2	100,000/- per year	200,000/=
Space for common events/ promotions	2,500 sq,ft	1	(7,500/= per event X 15 events per month)	1,350,000/=
1st floor				
Shops (10'X 10')	100 sq.ft	20	15,000/=	3,600,000/=
Shops (20'X 10')	200 sq.ft	10	25,000/=	3,000,000/=
2 Mini theaters	1,600 sq.ft	2	100,000/=	2,400,000/=
Town Hall renting	4,000 sq.ft	1	(15,000/= per event X 8 events per month)	1,440,000/=
2nd floor (Roof top)				
Food court with 3 restaurants	200 sq.ft	3	100,000/=	3,600,000/=
TOTAL ANNUAL SALES INCOME				21,830,000/=

2.8.3 Annual sales Income from for first three years.

1 st year	2 nd year	3 rd year
21,830,000/=	22,700,000/=	24,000,000/=

Assumptions

- Monthly rentals of shops and other rented apartments will not be increased for first 3 years and it will be increased by 10% from the 4th year onwards.
- The income from renting open space will be increased by 2,500/= per event from the 2nd year and the Town hall rent will be increased by 5,000/= from the 2nd year.

3. PRODUCTION/ SERVICE PLAN

3.1 Production / Service Process

The Service process of the proposed project is similar to the general services applied in the MC for their Shops rental collections and collection of trade tax.

1. Shopping Complex

Production / Service Process

The Service process of the proposed super market is similar to the general services of public markets handled by the MC. The shopping Complex will facilitate main categories of services which mentioned below.

Storage and unloading facilities.

Since the market goods supplies involve with unloading of bulky stuffs of goods the design facilitated a separate unloading area with few storage facilities. Parking places for of unloading vehicles also been provided.

Cleaning and Sanitary facilities.

The appearance and the cleanliness of the shopping complex is very important to attract consumers and it will lead the sustainable marketing process in the market. So that provisions of public toilets and the sanitary staff will be provided to the public areas of the market and some attached toilets will be provided for banks, restaurants too.

Electricity and Water supplies.

Each and every apartment will be facilitated with electricity and water supplement and the expenses to be paid by the shops owners. However the electricity in the open lobby areas and the public areas will be hosted by the MC.

Maintenance and repairs.

It is advice to agree upon with a terms and conditions in maintenances and repairs of shops and open areas according to the type of damage, course of damage and the cost of repair. The shops owners should agree to undertake maintenance in their premises and the repairs will be subjected on the course of damage and amount of repairing cost. The maintenance of open areas and the lobbies to be undertaken by the MC.

2. Advertizing hoardings

2 hoarding sites will be provided on annual rentals of 100,000/- per annum and the deposit for 5 years to be claimed at the granting stage.

Multimedia screen will be rented for one person from private sector with the 5 years of initial payments as a deposit. Then annual rents of 1Mn to be claimed from the party.

4. ORGANIZATIONAL & MANAGEMENT PLAN

4.1 Legal Status of the Business

Name of the implementing / Managing Organization	: Balangoda Municipal Council
Partners	: Private sector
Management body	: Steering Committee (5 persons)
Composition of steering committee	: Commissioner of Balangoda MC Municipal Engineer of Balangoda MC Revenue Officer 2 representatives from business community

4.2 Linear Responsibility chart

The Person	Number of employees		Proposed package (per month)	Overall supervision	Maintains/ Cleaning/ security	Marketing	Administration	Finance
	Existing	New						
Steering committee	5	-	N/A	✓			✓	✓
Revenue Officer	1	-	N/A					✓
Security guards		2	25,000/=		✓			
Cleaners		2	20,000/=					

As the above chart shows the overall management of the project is in the hand of the MC whereas the operational decisions will be made by a steering committee which consists of 5 persons. The composition of the 5 persons committee will be from MC as well as from 2 representatives from private sector investors of the market. 4 persons will be directly recruited for security and cleaning purposes of the supermarket lobbies.

Preliminary arrangements to be considered by management Body

- A separate account to be opened to manage accounts of the project.
- Signing Authority for accounts and vouchers to be redefined. It should be authorized by the Commissioner of MC.
- An agreement should be finalized by the MC to define terms and conditions which has been signed between shop owners who are willing to buy shops from the shopping complex.

4.3. Cost of Constructions

Table 2.1

Item	Cost (Rs.)
Construction cost (ground area)	
Millwork / demolishing existing and temporarily building and finishing space	500,000
Landscaping	1,000,000
Construction cost - Shopping Complex	
Millwork and finishing space	500,000
Construction cost – Three stories building	90,000,000
Escalators, water treatment , sewage systems	2,500,000
Street and side drains	1,000,000
Telecommunication	500,000
General Supplies (water / electricity)	2,500,000
Furniture and other equipment	2,000,000
Construction cost for hoarding site	500,000
	100,500,000/=

4.4. Pre operating Activities & Expenses

Tasks	Time period (Weeks)										Date to finish each task	Expected cost	
	1	2	3	4	5	6	7	8	9	10			
Preparation of project proposal / site plan with BOQs/ validation of the corresponded LA area	■											2017/1/20	100,000/=
Submission of project proposal to Bank		■										2017/2/5	-
Obtaining approval from Bank			■									2017/2/15	-
Preparing necessary legal and other correspondences to get public ,Private sector Participation. (Formulation of committee/ tendering)							■	■				2012/3/1	50,000/=
Constructions/ demolition / renovation of existing buildings and landscaping (Please refer table 2.2)					■	■	■	■	■	■		2017/6/1	100,500,000/=
Business launching											■	2017/6/15	50,000/=
Pre operating cost													100,700,000/=

5. FINANCIAL PLAN

5.1 Project Cost

Cost Item	Existing			Proposed			Total Cost (Rs.Mn)
	LLDF Loan (Rs.Mn)	Equity (MC) (Rs.Mn)	Private Sector (Rs.Mn)	LLDF Loan (Rs.Mn)	Equity (MC) (Rs.Mn.)	Private Sector (Rs.Mn)	
Assets – Fixed Assets	-	70.0	-	-	-	-	70.0
Land	-	70.0	-	-	-	-	70.0
Shopping complex / Hoardings/ Digital board/ Furniture	-	-	-	5.0	1.7	94.0	100.7
Structure of the investment	-	70.0	-	5.0	1.7	94.0	170.7
		(40%)		(3%)	(2%)	(55%)	

5.2 Profit & Loss Account

Following assumptions were considered on predicting profit and loss account of the project.

- ❖ The project period will be 3 years in its' 1st stage and it will be continued with amendments of planning and objectives from the 4th year.
- ❖ Initial capital of the project will be met on fraction of donation, key money collection for 60 months period from investors who will interest to invest for " Shops in Shopping complex".
- ❖ At the initiation the MC start the project by mobilizing 55% of total key money from interested parties (Approximately 50.0 Mn) and match the balance capital requirement by borrowing a loan of 50.0 Mn from the LLDF for 10 years period at the rate of 9% per annum. The MC has to negotiated to obtain one year (12 months) grace period for serving the loan facility only with the interest portion for first 12 months period. The interest for 50 Mn will be 375,000/= per month .
- ❖ The MC will able to complete the whole constructions within 3 months period and focused to initiate business launching at the 4th month.
- ❖ With the business initiation the MC will charge the balance 45% of the total key money from shop owners (44.0 Mn) and at that time the balance capital outstanding of the borrowed loan will be remained as 50.0 mn itself and the MC will reduce that facility from collected key money of 44 Mn and the capital can be reduced to 6 Mn . Then monthly rental for balance 9 years (108 months) will be just Rs. 81,258 /=-.
- ❖ The monthly rent of the shops will not be increased in 1st 3 years.
- ❖ Business turn over tax will be 5/= per day amounting 230/= per month for all above business components and annually it would be 82,800/= (5/= X 46 business entities X 30 days x 12).
- ❖ 50% of annual net income will be transferred for next year budget and the balance 50% will be utilized for usage of other public services in the MC (for a new project or expansions).
- ❖ 5% annual depreciation of building was considered (for 20 years)

Profit & Loss Account

Item	1 st year	2 nd year	3 rd year
Annual income from rentals of shops in shopping complex	21,830,000	22,700,000	24,000,000
Income from trade tax	82,800	82,800	82,800
Net Sales	21,912,800	22,782,800	24,082,800
Less, <u>Variable cost</u>			
Electricity	1,200,000	1,400,000	1,600,000
Water	200,000	250,000	300,000
Other Variable cost	120,000	150,000	160,000
Labour	1,200,000	1,400,000	1,500,000
TOTAL Variable cost	(2,720,000)	(3,200,000)	(3,560,000)
Contribution	19,192,800	19,582,800	20,522,800
Less, <u>Fixed cost</u>			
Production overhead cost (advertisement)	200,000	250,000	300,000
Administration expenses	300,000	400,000	450,000
Maintenance cost	700,000	800,000	900,000
Total Fixed Cost	(1,200,000)	(1,450,000)	(1,650,000)
Profit before depreciations & interest	17,992,800	18,132,000	18,872,800
Less, Loan Interest*	4,500,000	975,096	975,096
Annual Depreciations	5,035,000	5,035,000	5,035,000
Pre operating expenses (promotions)	200,000	0	0
Sub total	(9,735,000)	(6,010,096)	(6,010,096)
Profit Before tax	8,257,800	12,121,904	12,862,704
Less , Income tax	0	0	0
Profit After Tax	8,257,800	12,121,904	12,862,704

5.3 Cash Flow Statement

Item	Pre Operating period	1 st Year (2017)	2 nd Year (2018)	3 rd year (2019)
Cash In flow				
Equity	1,700,000	-	-	-
Loan receivable	50,000,000	-	-	-
Key money receivables	50,000,000	44,000,000	-	-
Annual income from rentals of shops in shopping complex/ Tax	-	21,912,800	22,782,800	24,082,800
Cash balance	-	(4,500,000)	6,258,852	11,708,278
Total Cash Inflows	100,700,000	61,412,800	29,041,652	35,791,078
Cash Out flow				
Cost of constructions	100,500,000	-	-	-
Administration / maintenance expenses	-	1,200,000	1,450,000	1,650,000
Variable cost		2,720,000	3,200,000	3,560,000
Pre operating expenses	200,000	-	-	-
Payment for Loan capital deduction	-	44,000,000	-	-
Loan Interest and repayments	4,500,000	975,096	975,096	975,096
Total cash Outflow	(4,500,000)	48,895,096	5,625,096	6,185,096
Cash Balance	(4,500,000)	12,517,704	23,416,556	29,605,982
50% reserves for other services	Nil	6,258,852	11,708,278	14,802,991
Cash balance for next year usage	Nil	6,258,852	11,708,278	14,802,991

Financial Ratios

Ratio	1 st Year	2 nd Year	3 rd Year
Profitability	<u>8,257,800X 100</u> 21,912,800 =38%	<u>12,121,904X 100</u> 22,782,800 = 53%	<u>12,862,704X 100</u> 24,082,800 = 53%
Return on Investment	<u>8,257,800X 100</u> 170,700,000 =5%	<u>12,121,904X 100</u> 170,700,000 =7%	<u>12,862,704X 100</u> 170,700,000 7%