

BUSINESS PLAN

MYBUSINESS

(Mr A. Nybody CC Reg No - 1999 / 021340 / 23 trading as)

*Sole Member :- Mr A. Nybody
Qualifications: BSc M. Dip (Civil) Pr. Tech. Eng.*

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Attachments

- Financial Statements - covering 2003, 2004 and 2005
- Cash Flow Projection for the year ended 28 February 2006
- Personal Statement of Assets and Liabilities of FL Turner
- Letters of Reference

INTRODUCTION

Mr A. Nybody set up his Close Corporation in April 1999. From inception until now, the business has gone from strength to strength. He has been working closely with Anotherbusiness (Pty) Ltd (Natal), whereby he has been in charge of the sales division, covering the sale of Civil products, such as valves and products associated with water, sewerage, housing developments, local authorities and contractors. The business sells - as agents - on behalf of Anotherbusiness and is paid commission by them.

However, the business has reached a stage where it needs to expand so as to buy and sell for itself. This will be done, by placing a mark-up on the goods bought and then sold again to its customers. Mr A. Nybody needs a loan to get his business independent and off the ground.

There is no written contract between MyBusiness and Anotherbusiness - only a verbal contract. The previous contract, which was in place, has long since expired. However, that contract stipulated that one month's notice is required if MyBusiness decided to go there own way. Therefore - at least one month will probably be given.

NATURE OF BUSINESS

Until now, as mentioned above, the business has acted as the selling arm of Anotherbusiness (Pty) Ltd (Natal). MyBusiness will negotiate prices with customers and then make the sale once the price had been agreed upon. MyBusiness will then order the stock or use stock available on the Anotherbusiness Floor and have the stock delivered to the customer. MyBusiness will also invoice the client on Anotherbusiness stationery. At month end the figures are tallied up and MyBusiness will receive 50% commission on the gross profit of the deal.

MyBusiness pays for all their own running costs from month to month, such as Salaries, Rent, Motor Vehicle expenses etc.

MANAGEMENT AND BUSINESS SET-UP

- Mr A. Nybody is a qualified Civil Engineer, with a Masters diploma in Civil Engineering. He has been in this business since 1999 and has been an agent for Anotherbusiness since 1999. However, Mr A. Nybody has 28 years experience.
- He has 4 full-time sales staff but can have up to 8 from time to time.
- When he becomes independent, he will be employing 2 or 3 more staff members.
- Mr. A. Nybody and his staff have 40, 28, 26 and 5 years experience respectively. (99 Years experience between them)
- One member of his staff is also a qualified estimator. They will gladly stay with the business when it goes on its own.
- They are more than qualified to carry out their tasks. This can be seen from the success of the business. In 1999 when the business started, the business had a turnover of R285 049 per annum and now boasts a turnover of R2.3m per annum.
- Mr A. Nybody has managed to give his staff several incentives including a 40% increase in their salaries and he has improved his standard of living substantially. His monthly drawings are in the vicinity of R40 000 pm

- To save time and storage costs, Mr. A. Nybody has managed to get suppliers to supply stock directly to customers.

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BUDGET AND COSTS

At this early stage it is not possible to give exact expected costs, however we have drawn up a budget as a guide: -

• Rental deposit plus first months rent	R40 000
• Furniture	R15 000
• Equipment	R15 000
• Computers	R60 000
• Working Capital (Running Costs for 3 to 4 months)	R200 000
• Marketing	R20 000
• Purchase of Stock (if no credit terms can be arranged)	R400 000
• Other (safety net)	R50 000
• <u>TOTAL</u>	<u>R800 000</u>

CUSTOMER BASE

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- Afriscan Construction
- Allan Rutter
- Awlcon Construction
- B.P.B Construction
- Calcon Civils
- Cliff Lawson Plumber
- Coastal Farmers Co-op
- Fountain Civil Eng
- Secondbusiness (*Note 1*)
- HT Civils
- Kaibel Construction
- Kokstad Transitional
- Msunduzi Municipality
- Newcastle Municipality
- Thirdbusiness (*Note 2*)
- Plumblink KZN
- Plumbuild supplies
- Port Shepston Irrigation
- Quality Construction
- Raudig Civils
- Rumdell Construction
- Royal Construction
- Siyakha
- Town and Around Civils
- Township of Richmond
- UGU District Municipality
- Umtamvuna Projects
- Vamutani Trading
- ZEK Construction
- Emnambith (Ladysmith Municipality)
- Blue Print
- Deroma Structures
- Murray and Roberts
- Group 5
- WK Construction
- Grinaka LTA

Note 1 Secondbusiness as mentioned above is in a joint venture with Bigbusiness. Bigbusiness has been awarded a R60m contract over the following three years. All the material, which it needs for the contract, will be sourced through MyBusiness. See Correspondence attached.

Note 2 Thirdbusiness have also negotiated a contract with Anotherbigbusiness to the value of R10m. The material for which will also be sourced through MyBusiness

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COMPETITORS

Most of MyBusiness' suppliers are also competitors, such as: - Supplierone (Pty) Ltd, Supliertwo, Supliertthree, Supplierfour, Supplierfive to mention a few. However, as MyBusiness manages to obtain large and/or frequent orders these competitors/suppliers are not a threat to them.

LOAN COLLATERAL

The business is currently doing very well. It is grossing just under R200 000 per month on average and netting R45000 (after Taxation). It is steadily building savings and will in 12 - 18 months have enough money to float the business internally. However, as Anotherbusiness retains 50% and makes MyBusiness pay for all their running costs, MyBusiness is effectively losing the other 50%. This equates to ±R100 000 lost per month. Therefore, every month while they are not independent costs them dearly. In 12 - 18 months it will equate to R1,2m to R2,34m.

Mr. A. Nybody and his team, were given a budget at the beginning of this tax year by Anotherbusiness. This was a gross figure of R1.5m, which they have already achieved August 2004, six months ahead of target.

Mr. A. Nybody, sole member, unfortunately does not have cash invested or policies that would cover a loan of R800 000. What he has, is a very successful business, with a very good track record, their own clients, suppliers and staff.

However, please find enclosed, a Personal Statement of Assets and Liabilities and Balance Sheets etc. for the business, for you to consider.

Even though they are selling agents exclusively for Anotherbusiness, their clients are their own and suppliers are very willing to deal with them. Mr. A. Nybody and his staff have had extensive and exclusive dealings with all their clients and suppliers and have built up a very good working relationship with them. They will have no problem continuing in this manner but by running their own "ship".

He currently has life policies against his life to the value of R2 300 000.

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CUSTOMER DEMAND

Their main product of supply is valves and products associated with water. Due to their: -

- expertise
- qualifications
- after sales service
- experience
- negotiated good terms and prices with suppliers,

clients are more than happy to deal with MyBusiness. Mr. A. Nybody plays an instrumental part in having contracts and deals awarded to him. He has also arranged that suppliers supply stock directly to his clients, therefore expediting the orders.

Demand is on going, as there is always a need for valves etc. Most of their clients are in one way or another associated with housing and with the Governments massive drive to supply homes, business is and always will be forthcoming.

Clients not only buy from MyBusiness due to expertise and after sales service, but also because they are the only firm that price the *contract bills* for their clients. (They are the only people that do this). Their qualified full-time estimator does this all day, every day.

SECURED FUTURE BUSINESS

Mr. A. Nybody has signed a three year contract with Secondbusiness for R60 000 000 starting on 1 January 2004 (Contract Number 8 / 2 / 37 / 2003).

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PROFESSIONAL ADVICE

In all cases, management have sought the advise of professionals, so as to ensure that the correct procedures are followed and ensure the success of MyBusiness. Some of the professionals include:

- Professionalone - Attorneys (BA. LLB -Natal)
- AC Countant, Pinetown Accountants CC
- Mr. SO Mebody BSc M. Dip (Civil) Pr. Tech. Eng.
- Mr. ES Timator (Qualified Estimator)

CONCLUSION

Mr. A. Nybody, finds himself in a unique position, whereby:

- he deals with clients who are very happy to deal with him
- he deals with suppliers who are very happy to deal with him
- he is very experienced in his field, being a qualified Civil Engineer (UK)
- he has had the same staff for the past 4 years and who are happy to stay with him
- he has the full support of a qualified commercial and financial accountant
- he has very good mark-ups on goods bought and clients who are happy to pay for it

- he prices the contract bills for the clients - at no cost to them
- goods are delivered directly to the clients from suppliers,

Mr. A. Nybody of MyBusiness is looking for capital to get his business off the ground, so as to fill a gap in the market and cut the costs of a "middleman"