

Developing Innovation and Creativity for Business Advantage

Coconut Sugar: A Better Choice for Healthy life

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Innovative product: Coconut Sugar: A Better Choice for Healthy life.

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Executive Summary

This business plan is for a start-up that aims to solve the problem of people's dependency on artificial sweeteners and the harmful effects of regular sugar on the human body by launching coconut sugar in the market. The author has one direct and seven indirect competitors, and the author has found that their company has a good position than the other competitors in the field. The food industry, where the product will belong, is a significant contributor to the economy, providing 2.5 million employment opportunities and contributing £25 billion to the economy every year. The author plans to use marketing strategies such as e-commerce, articles in magazines, and Facebook posts to build product positioning. The target customers are those who are conscious of their health and prefer healthier options for sweeteners. The product has a lower glycemic index, trace amounts of minerals, and short-chain fatty acids. The product has a huge opportunity to capture a large portion of the market share gap of 9.4 million. The author plans to recruit 12 direct labores and 4 other employees initially and has a start-up capital of £2,600,000 including coconut trees, land, machinery, transport van, generator, and other facilities. The company will not have any. Sales in the first two years but will face some costs in the first quarter, which are administrative costs. The company will face net loss up to the third year. The author has identified some risks, such as homogeneity and competition from new rivals, and plans to mitigate them using some tools and techniques.

Introduction

Reading creating the business plan about. Coconut sugar which solves the problem of taking artificial sweeteners. In this field, the author has only one direct competitor, seven indirect competitors, and there is a high chance to take entry in this field by any other player very easily in the future. But using a competitor grid and chart, the author found that the author is in a good position than the other competitors in that field. It should be mentioned that the firm will be in the category of the food industry. This industry has had a great impacts on exports and employment in the country over the years. As a firm, the author analyzed the industry's profitability using Porter's Five Forces Model. Their author found that the firm has a moderate level of threats concerning the overall industry situation. It is not possible to grab every people as a customer for any firm. For this reason, the author made a segmentation of the whole customers, and then target a little portion of the customers as the target customer. To build positioning, the author will take some marketing strategies like business to consumer platforms (e-commerce like Amazon), articles in magazines, and Facebook posts.

The value chain is like the traditional value chain of a manufacturing company. Collecting raw materials (coconut sap), making these raw materials in coconut sugar, storing the sugar in the storehouse, promoting the products, and keeping the service system up to six months of selling are in the operational rollout (Sadiq, et al., 2020).

The author will recruit 12 direct labores and 4 other employees initially. After 2 years authors will again recruit the same level of employees for production and maintenance purposes. Initially, the paid-up capital will be £2,600,000 at a £10 share price, where there is only the founder's contribution. After three months, the angels will join in the ownership at a portion of their given money and the paid-up capital will be £103.000. The start-up capital is £2,600,000 which includes coconut trees, land lease, machinery, transport van, generator, and other facilities. In the first two years, there will be no production as the author will make ready the factory to be produced completely in this quarter.

From the third year will go for production and sales. Though there are no sales in two years, there are some costs in the first quarter which are administrative costs. In selling at administrative costs part, the author tried to find out all relative costs to adjust them logically. Up to the third year, the author will face net loss. Though author doesn't have any sales in 1st and 2nd years, authors needs to pay the costs in cash. So, author needs to collect money from the esthetes and other esthetes.

In 1st year, author collected the required money from the sthece (bootstrapping) and from personal fund. And after three months, author will collect this money from investors. In every quarter, author must sell on due and purchase also. So, a net working capital investment will be arising in every quarter. No company is free from risks, not thes also. Author have some risks like homogeneity, attaking a new big rival, etc. Author will try to mitigate those risks using some tools and techniques. So, finally, the product has a huge chance to grab a large portion of the market according to the analysis (Wrage et al., 2019).

Problem, Solution & Market Opportunity Gap Analysis

Problem

The author is working on the problem that people are facing because of having sweet tooth and intaking table sugar, the problem that table sugar causes to the human body.

Solution

The solution is to launch a product in the market that will contain a lower glycemic index of 35 whereas regular sugar has 65. This lower glycemic index means that it will have a lower impact on blood glucose levels, not spiking insulin. So, this makes it a better option for people with diabetes and pre-diabetic conditions. It also contains trace amounts of minerals such as iron, zinc, calcium, potassium, and short-chain fatty acids. Even though these nutrients won't make or break the body's nutrients for the day, but they are still a nice perk to have. Also, these elements slow down the absorption of sugar.

To know the existing gap opportunity in the market, author needs to know the demand and the supply drivers.

Demand Side Analysis

Firstly, in the context, the analysis of sugar demand is 2,87 million where 2.1 million, the country is importing. From this number, the demand-side number will be:

	Million
Total people in the United Kingdom intake sweetener	25.2
(-) people who buy it all time	5.3
People who can be a potential segment	19.9
(-) Substitute Preferers	6.4
people with compatible sweetener choice	13.5
(-) people unlikely to replace the existing system	4.1

Potential Buyer	9.4
The average number of sweeteners needed per person	X 1
Potential Market Size	9.4

Supply Side Analysis

Currently, similar solutions to the coconut sugar inconvenience, are moderately available. The providers are stevia, table sugar, honey, etc. Their market share is moderately higher but after launching the coconut sugar, the people might prefer to switch to a better and healthy choice.

Since the substitute solutions market is already adjusted, the sheer 9.4 million is the gap opportunity.

Market Analysis

Product Desirability: 86 people out of 100 people that author surveyed preferred the product author offered them.

Product Demand: Author proposed to charge £ 250 for 1 kilogram of coconut sugar and a way of a better healthy lifestyle. 65 people out of 100 authors are willing to pay so.

Industry Analysis

The product is from the food industry which contributes £25 billion to the economy every year. It has a 64% share in annual export. This industry has 2.5 million employment opportunities. This industry has an 8.76% growth rate.

Major Regulations: Acts of Parliament, Regulations, common law, and equity. National Minimum Wage Act 1998.

Major Players in the Industry

- British Sugar Plc
- T&L Sugars Ltd.

Demands Drivers:

- Increasing people's health consciousness and preferring to live a healthy lifestyle.
- The increasing rate of people suffering from diabetic disease and others, where a high rate of the glycemic index can be fatal for the patient.
- Rising living standards as the SOL index growth was 3.54%
- The growing economy as national income growth was 7.30%

Supply Drivers:

- Availability of rethemes due to low cost in capital & Labor
- Assistance from regulators as there is a subsidy in the food business
- Strong raw material industries and also cheaper.

Industry Value Chain

Industry Profitability Analysis Based on Porter's Five Forces Model

Value	1	2	3	4	5
Rating	Strongest	Strong	Moderate	Low	Lowest
Forces	Rating			Value	
The threat of new entrance	Moderate			3.30	
Rivalry among existing firms	Moderate			2.25	
Bargaining power of buyers	Moderate			3.25	
Bargaining power of suppliers	Moderate			3.5	
Threat of substitutes	Moderate			2.75	
Overall score	Moderate			3	

(Details are in Appendix 2)

Marketing Plan

Segmentation:

Author has segmented the customers based on 2 criteria- Income and Health. Based on income customers fall into 4 types- income under £ 20,000, £ 25,000-35,000, £ 40,000-70,000, and £ 70,000+. Next, health tagged, people who are suffering from diseases like diabetes and others, where the intake of higher glycemic index can be fatal for health and also people who are want to lead a healthy lifestyle but also have a sweet tooth and prefer tasty sweeteners. Finally, the customer may prefer either a new product or the existing one which is under the behavior segment.

Targeting:

Here author tried to be very specific and focused. Author are focusing the customers with a moderate based income like 25000-40000. Customers with very low and high incomes are

not the target point because they won't afford and will prefer to use more technology-based products respectively. As people suffering from health issues is a regular target and also people with preferable healthy life choices. It will be a great hand for people having health issues for condescending those. And finally, people who are willing to use something new to solve their existing problem will constitute a large portion of the target market.

Positioning:

Get: To get customers author will advertise the product through, digital media marketing and social media platforms, etc.

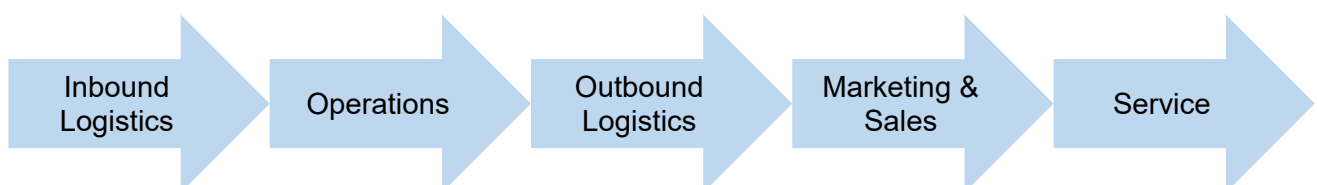
Keep: To keep customers one of the stops will be to provide after-sales service which will ensure customer satisfaction.

Grow: Author will bring new designs in the market to attract more customers & also ensure more promotion.

E-commerce platform

Regarding solving this problem, the author wanted to launch it on an e-commerce platform like, Amazon, here author will create a website business to consumer form, like Amazon, then, hire a bunch of employees, execute all of the orders, from order monitoring to, packaging, and till shipment employees will take care of that (Yadav, Rajpoot and Dhakad, 2019). Here the payment service will be on a card basis, so with the rise of the PC-DSS problem, where the company will maintain all the 12 regulations about being a PC-DSS compliant company.

Operational Rollout Plan



Inbound Logistics

- Land
- Coconut trees

- Transporting van
- Machinery

(Details are in Appendix 3)

Operations

Author will have a total of 50 workers in two shifts. Operations in two shifts will go at the same pace. Workers will involve themselves in the following things:

Maintain the trees: 5 workers.

Collecting sap and processing: 18 workers

Transportation: 2 workers

Final checking: 2 workers

Outbound Logistics

Storing the Final Goods

The manufacturing plant and one outlet are in Edinburgh with an area of 3200 sq. ft. that comes with an identically sized basement. The final goods will be stored in that basement which will be used as a warehouse.

Marketing & Sales

Products will be dispatched to the:

- Outlets
- Local retailers

After-Sale Service

There will be a warranty of 6 months for each unit.

Human Resource Plan

Key Employee Team: The people who are directly related to the products are the key employees. Author has a total of 15 workers in two shifts. Details are given in the operation segment of the value chain.

General Employee Team: The rest of the employees are included in the general employee team.

- 2 employees in the Outlets (1 founder included)
- 6 employees as Supervisors (4 founders included)
- 6 Other Maintenance

Intellectual Team: Two of the founders are skilled designers (Hebbar et al., 2022).

Legal Matters

The face value of each share is £ 10. The paid-up capital of this firm is £ 2,600,000 initially, which is completely paid by the founders themselves. So, the total number of shares at the very beginning is 2,600,000. At the beginning of the 2nd year, author needs to go to angels for additional funds. There, 182,000 units of shares will be given to the angels (70% of the fund given), where the face value of the shares will be £ 10 as usual. Then, the total number of shares will be 182,000 units and the paid-up capital will be £ 1,820,000.

Start-Up Capital

Total start-up capital is £ 2,600,000 which includes coconut trees, land purchasing, land lease, inventory shelf, desktops, pic-up van, machinery, generator, and other facilities. (Details are in Appendix 4).

Total Fund Needed

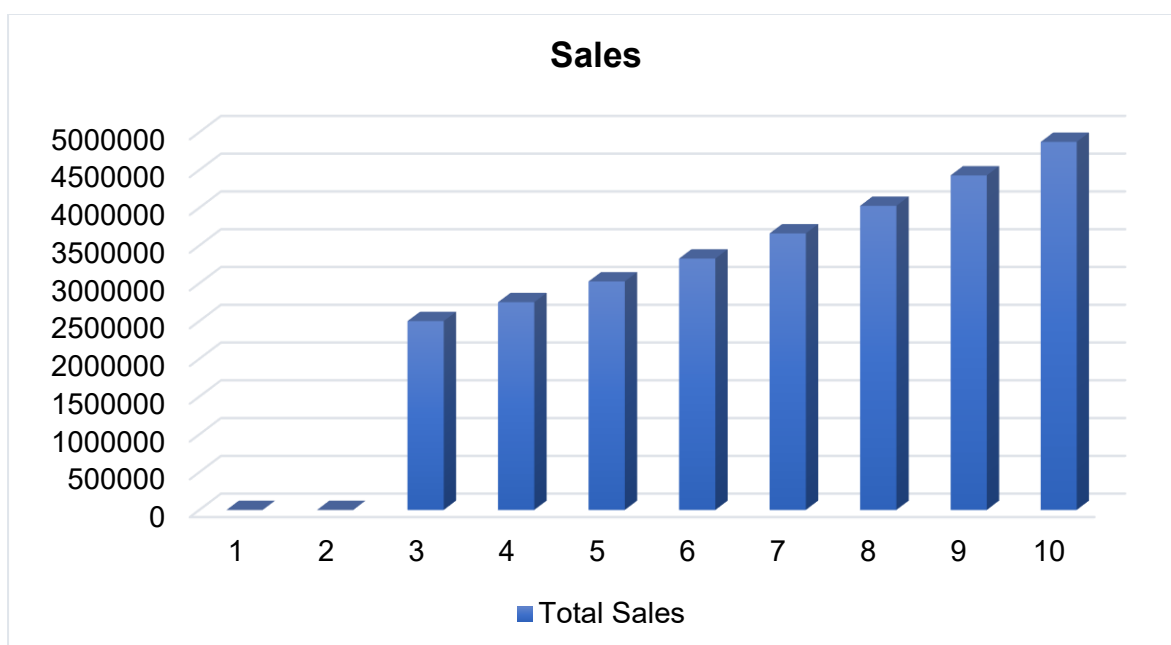
The start-up capital should be collected initially. Besides this start-up capital, an author should raise the amount of administrative and maintenance costs of the first year as author doesn't have any sales this year, 50% of the production costs of year 2 as the author needs to purchase the raw materials and finally some extra amount as safety purpose. So, the total needed funds at the very beginning are £ 2,600,000. At the start of the 2nd year, author needs to collect £ 103,000 which includes the administrative costs of the 2nd year and the rest 50% of production costs. And the business will get an NPV of £72,482 in 10 years.

Fund Collection

Start-up Funding	
Start-up Expenses to Fund	50000
Start-up Assets to Fund	2550000
Total Funding Required	2600000
Assets	
land purchase	900000
land lease	800000
factory and machinery	600000
coco trees	100000
Current asset	50000
Additional Cash Raised	£0
Cash Balance on Starting Date	100000
Total Assets	2550000
Liabilities and Capital	
Liabilities	
Current Borrowing	£0
Long-term Liabilities	£0

Accounts Payable (Outstanding Bills)	£0
Other Current Liabilities (interest-free)	£0
Total Liabilities	£0
Capital	
Planned Investment	2600000
Tanvir	371428.6
Oporna	371428.6
Jubel	371428.6
Tanauthor	371428.6
Shuvo	371428.6
Munna	371428.6
Jafrin	371428.6
Additional Investment Requirement	0
Total Planned Investment	2600000
Total Funding	2600000

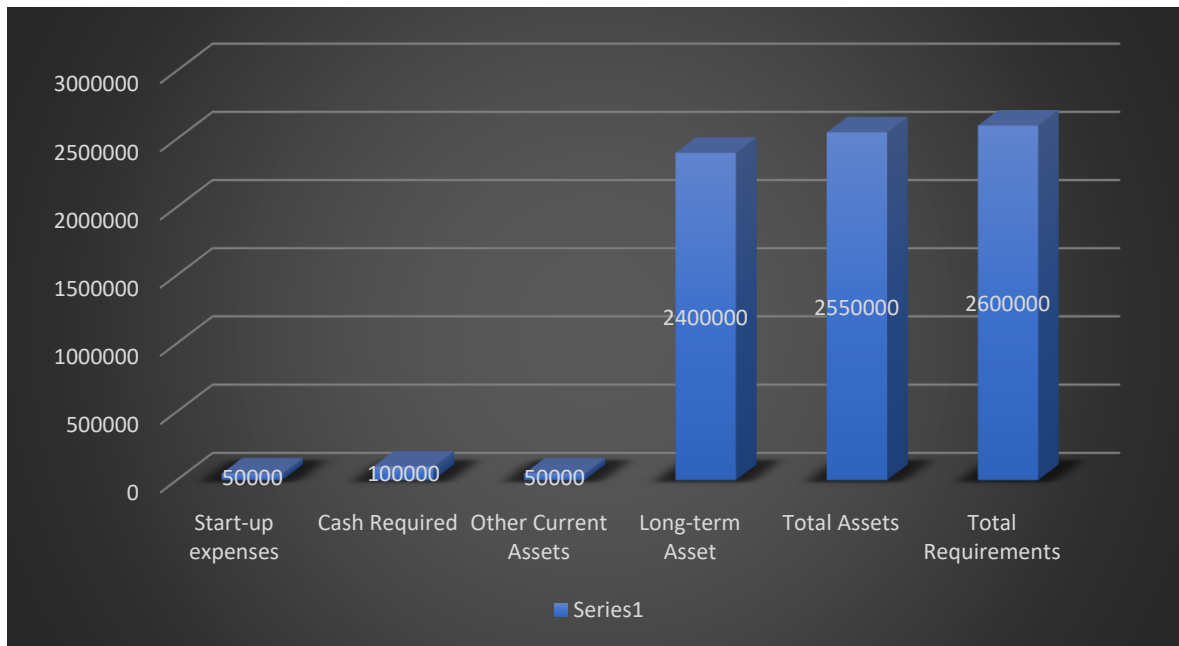
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Total Sales	0	0	2500000	2750000	3025000	3327500	3660250	4026275	4428903	4871793
Direct Cost of Sales	0	0	500000	550000	605000	665500	732050	805255	885780.5	974358.6
Subtotal Direct Cost of Sales										



Start-up expenses:

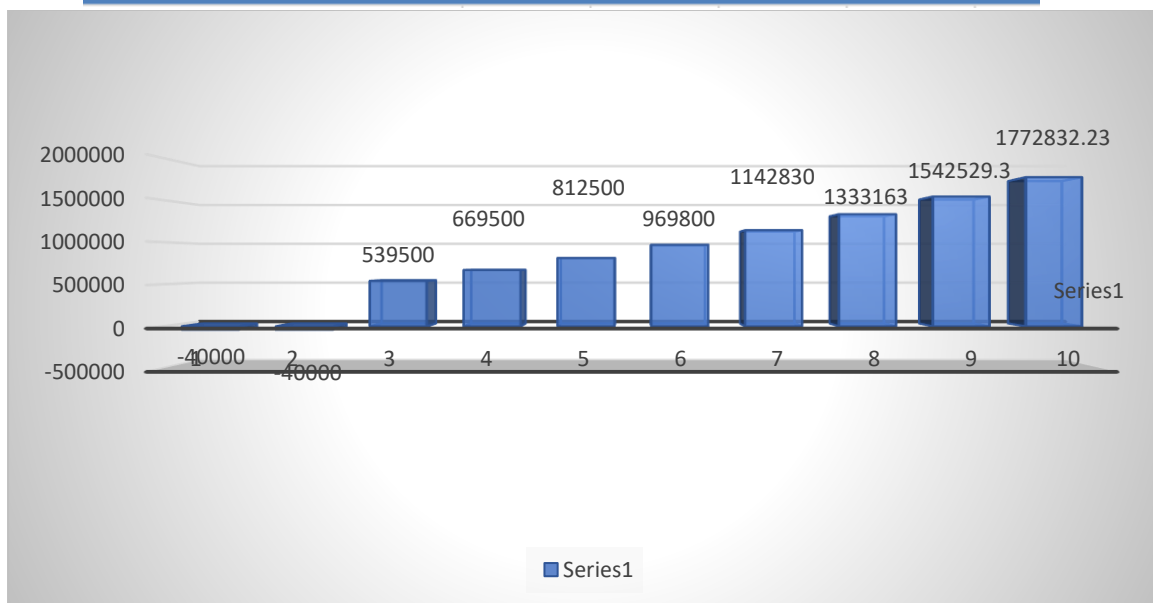
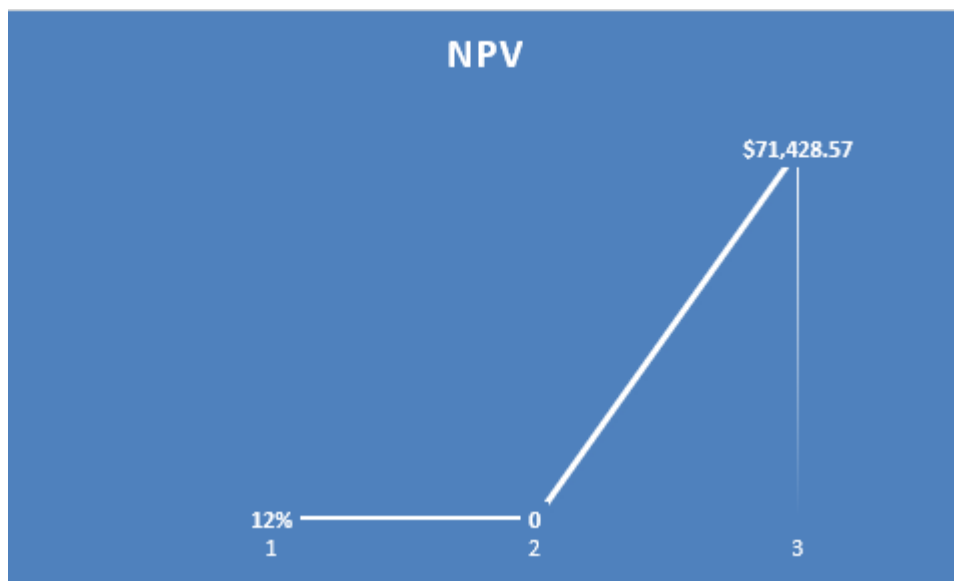
Start-up	
Requirements:	
Start-up Expenses:	
Legal	10000
Stationery etc.	20000
Rent	20000
Total Start-up Expenses	50000

Start-up Assets:	
Cash Required	100000
Other Current Assets	500000
Long-term Asset	2400000
Total Assets	2550000
Total Requirements	2600000



Pro-Forma Income Statement

Pro Forma Profit and Loss		1	2	3	4	5	6	7	8	9	10
Sales		0	0	2500000	2750000	3025000	3327500	3660250	4026275	4428903	4871793
Direct Cost of Sales		0	0	500000	550000	605000	665500	732050	805255	885780.5	974358.6
Gross Margin		0	0	2000000	2200000	2420000	2662000	2928200	3221020	3543122	3897434
Gross Margin %		#DIV/0!	#DIV/0!	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Expenses											
Payroll		0	0	240000	240000	240000	240000	240000	240000	240000	240000
Sales and Marketing and Other Expenses				280000	280000	280000	280000	280000	280000	280000	280000
Depreciation				30000	30000	30000	30000	30000	30000	30000	30000
Leased land		40000	40000	40000	40000	40000	40000	40000	40000	40000	40000
Utilities		0	0	60000	60000	60000	60000	60000	60000	60000	60000
Insurance		0	0	0	0	0	0	0	0	0	0
Rent		0	0	500000	500000	500000	500000	500000	500000	500000	500000
Payroll Taxes		0	0	0	0	0	0	0	0	0	0
Other		0	0	20000	20000	20000	20000	20000	20000	20000	20000
total expenses		40000	40000	1170000	1170000	1170000	1170000	1170000	1170000	1170000	1170000
Profit Before Taxes		-40000	-40000	830000	1030000	1250000	1492000	1758200	2051020	2373122	2727434
Taxes Incurred (35%)		0	0	290500	360500	437500	522200	615370	717857	830592.7	954602
Net Profit		-40000	-40000	539500	669500	812500	969800	1142830	1333163	1542529	1772832
Net Profit/Sales		#DIV/0!	#DIV/0!	0.2158	0.243455	0.268595	0.29145	0.312227	0.331116	0.348287	0.363897



(Details are in Appendix 6)

Risk Analysis

There is a proverb that No risk, no gain. To start a business, author must take some risks. But author tries to minimize the risk so that it will be considered acceptable to the founders. The business-related risks and risk management techniques are as follows:

Topic	Risk	Risk Management Techniques
Homogeneity Among the Founders	Founders come from the same background leaving little to no room for diverse knowledge & skills.	Two of the founders are interested to take professional degrees (CFA, CA)
New Entrance	Direct competitors (traditional mosquito net) or any of the employees can easily enter the market.	Author shall make long-term contracts with the suppliers and wholesalers.
Numerous Substitutes	The substitute base of the product is huge.	Referring to the Competitor Grid Analysis, author have a competitive advantage over all the other substitutes. Author will preserve the differentiation.
No Alternative for Direct Materials	The exposure to suppliers' bargaining power is a red flag.	Author shall try using the first-mover advantage, diversifying suppliers, or R&D to find a way of backward integration.

Privacy and Data Protection

Regarding the data protection Act 2018, unauthorized collection, and use of someone else's financial data are considered as a crime, so all of the employees the company will hire, have these terms in the company policy, if any policy breaches, not only the company will take job-related action against the employee, also legal actions related to cops will be included (Maseeh et al., 2021). The PECR regulations will be fully followed, and if any problem arises from any type of specific channel, that will be opted out. The company will assure cloud storage and access, in this matter, because of cloud safety the company will be cautious about default access changes and their effects of it. the company will ensure every type of security to the consumers on the e-commerce website platform as well (Maseeh et al.,2021).

Conclusion

In this era, people are often getting infected with diseases, like diabetes and sugar-related problems. People are suffering from health issues more often and also some people are trying to start and maintain a healthy lifestyle, but they have sweet teeth. To solve this problem, author tried to find something that will help people to lower their sugar intake, even that will help people to abandon table sugar and avoid many deadly diseases. The product that the author wants to introduce as the solution to the stated problem is “Coconut Sugar”, which will be a healthy and tasty choice for life.

Appendix 1 (Competitor Analysis)

Competitors Grid Analysis

	My Company	Table Sugar Company	Honey	Stevia	Maple Syrup	Zero Cal.
Nutritional Value	Moderate 03	Lowest 01	Strongest 05	Strong 04	Strong 04	Strong 04
Taste	Strongest 05	Moderate 03	Strong 04	Strongest 05	Strongest 05	Low 02
Pricing	Moderate 03	Low 02	Lowest 01	Low 02	Lowest 01	Low 02
Substitution effect	Strong 04	Strong 04	Not available	Lowest 01	Not available	Low 02
Overall Score	3.75	2.50	2.50	3.00	2.50	2.50

Appendix 2 (Industry Analysis)

Industry Profitability Analysis Based on Porter's Five Forces Model

Value	1	2	3	4	5
Rating	Strongest	Strong	Moderate	Low	Lowest

The threat of New Entrance

Factors	Value	Rationale
Huge Demand	Lowest 05	4.5 mill kg demand
Economies of Scale	Moderate 03	A significant amount of production needed to bring down avg cost
Product Differentiation	Moderate 03	Healthy & tasty, substitutable at 1:1 with regular sugar.
Initial Cost	Strong 02	High initial cost
Access to Distribution Channel	Low 04	Easier access.
Govt. Barriers	Moderate 03	Several laws for maintaining quality.
Overall Score	3.30	

Rivalry Among Existing Firms

Factors	Value	Rationale
Number of Competitors	Strongest 01	Big players in the industry.
Degree of difference between products	Strong 02	Little differences.
The growth rate of the industry	Moderate 03	Increasing demand.
Fixed Cost	Moderate 03	Comparatively easier to achieve BEP.
Overall Score	2.25	

Bargaining Power of The Buyers

	Ratings	Value	Basis of Rating
Number of Buyers	Very low	5	4.5 Million potential buyers
Buyers' Ability to Substitute	Moderate	3	Buyers have several options
Buyers Switching Cost	Strong	1	Due to the nature of the product.
Price Sensitivity	low	4	Necessary good
Overall Score	Moderate	3.25	

Bargaining Power of Suppliers

Factors	Ratings	Value	Basis of Rating
Supplier Concentration	Lowest	5	No suppliers
Switching Cost	Highest	1	Absence of supplier switching cost
The threat of forwarding Integration	Lower	5	Absence of supplier
Attractiveness of Substitute	Moderate	3	Several substitutions are available
Overall Score	High	3.5	

Threat of Substitutes

Factors	Threat level	Value	Reason
Availability of Substitutes	Strong	2	Seasonal substitute in the market
Cost of substitutes	Moderate	3	Healthy substitutes cost a bit more but, regular table sugar is cheaper.
Taste of substitutes	Low	4	Substitutes are not very tasty
Health benefits	Strong	2	Healthy substitutes are available but at a steep price.

Appendix 3 (Value Chain & HR Planning) Operational Rollout Plan

Inbound Logistics

The cofounders tend to purchase and take lease countryside land in Edinburgh, with 10 hectares. And then they will plant 300 plants on the land. From one plant, the founders will get 3 kg of coconut sugar. The author will lease the land first and hire 10 employees for the maintenance of the plants and the factory will be located there, author will buy a property in that area and install the processing machinery. After two years of investing in the plants when finally, the trees will be able to produce sap, through the manual procedure the saps will get collected and through processing the saps will turn into sugar, the sap collection will take 2-3 days and the sugar making processing will need 1 day. After these, the packaging process will get started. And here the founders will use glass jars for packaging, plastic bags will get ignored, as they are the worst enemy of the environment (Magna and Pratama, 2022).

The company will also build up a website and have an online page for selling and staking orders online too. After setting up the business and running it for 5 months, the co-founders tend to expand the area of selling, they want to sell in abroad and other states or countries too. No compromise will be tolerated with the product's quality as brand image is one of the most precious things in business.

Human Resource Plan

Key Employee Team

Author will hire 25 workers in the very 1st quarter while the factory is still non-functional. The remaining 25 workers will be recruited in the next quarter.

General Employee Team

The founders who are included in the general employee team will be on service from the very beginning. The rest 16 employees will be recruited in two different pools. One half in the first quarter and the other in the second.

Employee Class	Q1	Q2	Total
Supervisors	1	1	2
Salesperson	2	2	4
Maintenance	5	5	10
Total	8	8	16

Appendix 4 (Capital & Cash Flow)

Pro forma profit and loss:

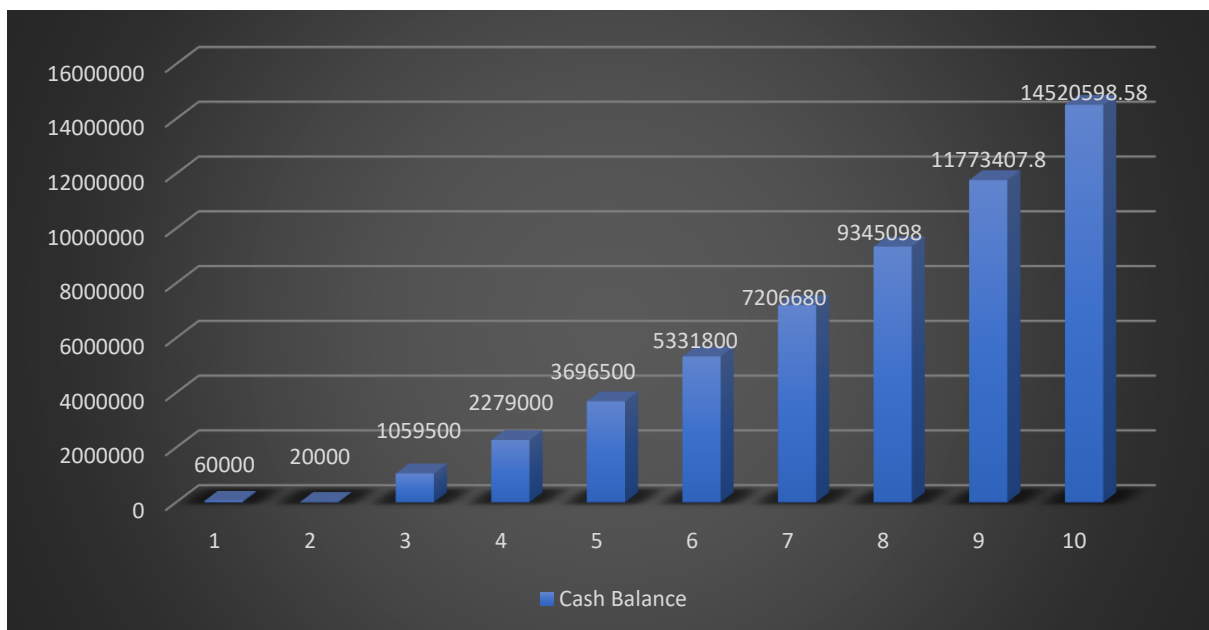
Pro Forma Profit and Loss	1	2	3	4	5	6	7	8	9	10	
Sales	0	0	2500 000	2750 000	3025 000	3327 500	3660 250	4026 275	44289 03	48717 93	
Direct Cost of Sales	0	0	5000 00	5500 00	6050 00	6655 00	7320 50	8052 55	88578 0.5	97435 8.6	
Gross Margin	0	0	2000 000	2200 000	2420 000	2662 000	2928 200	3221 020	35431 22	38974 34	
Gross Margin %	#DI V/0!	#DI V/0!	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	
Expens es											
Payroll	0	0	2400 00	2400 00	2400 00	2400 00	2400 00	2400 00	24000 0	24000 0	
Sales and Marketi ng and Other Expens es			2800 00	2800 00	2800 00	2800 00	2800 00	2800 00	28000 0	28000 0	
Depreci ation			3000 0	3000 0	3000 0	3000 0	3000 0	3000 0	30000	30000	
Leased land	400 00	400 00	4000 0	4000 0	4000 0	4000 0	4000 0	4000 0	40000	40000	
Utilities	0	0	6000 0	6000 0	6000 0	6000 0	6000 0	6000 0	60000	60000	
Insuran ce	0	0	0	0	0	0	0	0	0	0	
Rent	0	0	5000 00	5000 00	5000 00	5000 00	5000 00	5000 00	50000 0	50000 0	
Payroll Taxes	0	0	0	0	0	0	0	0	0	0	
Other	0	0	2000 0	2000 0	2000 0	2000 0	2000 0	2000 0	20000	20000	

total expen ses		400 00	400 00	117 000 0	1170 000	1170 000	117 000 0	1170 000	1170 000	1170 000	1170 000	
Profit Befor e Taxes		- 400 00	- 400 00	830 000	1030 000	1250 000	149 200 0	1758 200	2051 020	2373 122	2727 434	
Taxes Incurr ed (35%)		0	0	290 500	3605 00	4375 00	522 200	6153 70	7178 57	8305 92.7	9546 02	
Net Profit		- 400 00	- 400 00	539 500	6695 00	8125 00	969 800	1142 830	1333 163	1542 529	1772 832	
Net Profit/ Sales		#DI V/0!	#DI V/0!	0.21 58	0.24 3455	0.26 8595	0.29 145	0.31 2227	0.33 1116	0.34 8287	0.36 3897	
					- 4000 0	- 4000 0	559 000	6890 00	8320 00	9893 00	1162 330	135 266 3
					Net Profit	- 4000 0	- 400 00	5655 00	6955 00	8385 00	9958 00	116 883 0
	- 400 00	- 400 00	539 500	669 500	8125 00	9698 00	114 283 0	1333 163	1542 529	1772 832		

Pro forma cash Flow:

Pro Forma Cash Flow										
Cash Receive d										
Cash from Operatio ns										
Cash Sales	0	0	2500 000	2750 000	3025 000	3327 500	3660 250	4026 275	44289 03	4871 793
Subtotal Cash from Operatio ns	0	0	2500 000	2750 000	3025 000	3327 500	3660 250	4026 275	44289 03	4871 793
Subtotal Cash Receive d	0	0	2500 000	2750 000	3025 000	3327 500	3660 250	4026 275	44289 03	4871 793
Expendit ures										
Expendit ures from Operatio ns										
Cash Spendin g	400 00	400 00	1170 000	1170 000	1170 000	1170 000	1170 000	1170 000	11700 00	1170 000
Bill Payment s			0	0	0	0	0	0	0	0
Sales Tax, VAT, HST/GS T Paid Out	0	0	2905 00	3605 00	4375 00	5222 00	6153 70	7178 57	83059 2.7	9546 02
Subtotal Cash Spent	400 00	400 00	1460 500	1530 500	1607 500	1692 200	1785 370	1887 857	20005 93	2124 602

Net Cash Flow		- 400 00	- 40000	1039 500	1219 500	1417 500	1635 300	1874 880	2138 418	2428 310	2747 191
Cash Balance		600 00	20000	1059 500	2279 000	3696 500	5331 800	7206 680	9345 098	1177 3408	1452 0599
npv	12%		£71,428.57								
	Cash Balance	600 00	20000	1059 500	2279 000	3696 500	5331 800	7206 680	9345 098	1177 3408	1452 0599



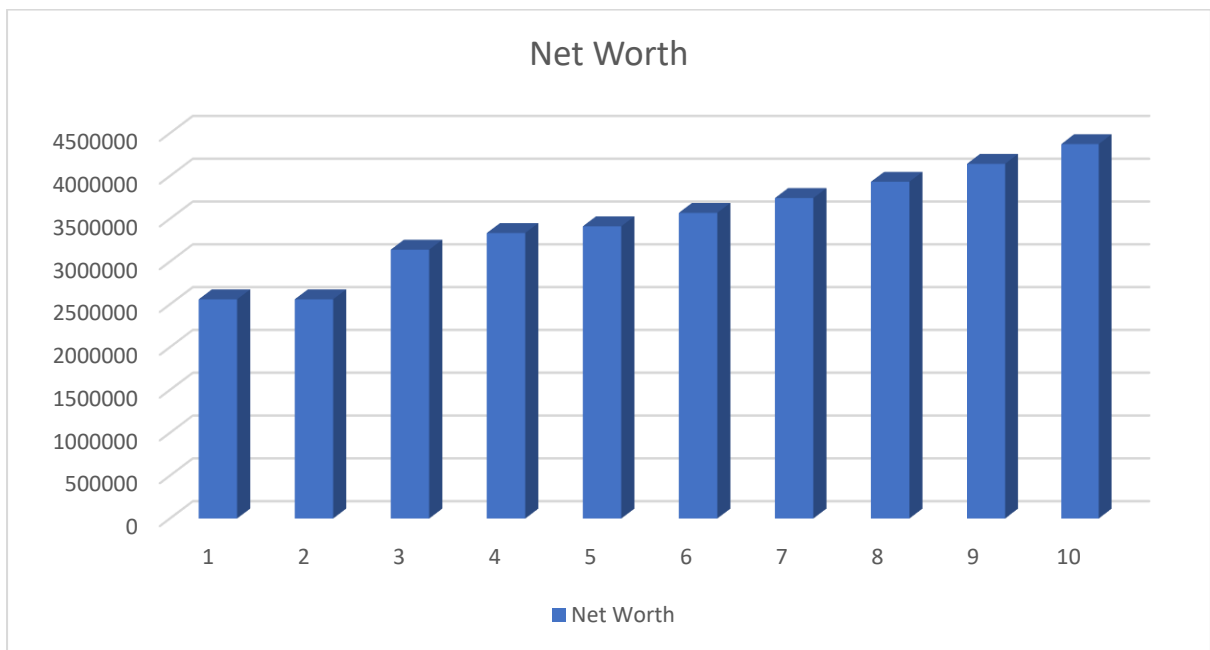
Pro forma balance sheet:

Pro Forma Balance Sheet											
Assets											
Current Assets											
Cash		6000 0	2000 0	7895 00	1059 000	1207 500	5331 800	7206 680	9345 098	7773 408	9520 599
Other Current Assets											
Total Current Assets		6000 0	2000 0	7895 00	1059 000	1207 500	5331 800	7206 680	9345 098	7773 408	9520 599
Long-term Assets											
land purchase	1000 000	1000 000	1000 000	1000 000	1000 000	1000 000	1000 000	1000 000	1000 000	1000 000	1000 000
land lease	8000 00	8000 00	7600 00	7200 00	6800 00	6400 00	6000 00	5600 00	5200 00	4800 00	4400 00
factory and machineries	6000 00	6000 00	5700 00	5400 00	5100 00	4800 00	4500 00	4200 00	3900 00	3600 00	3300 00
coco trees	1000 00	1000 00	9500 0	9000 0	8500 0	8500 0	8000 0	7500 0	7000 0	6500 0	6000 0
Total Long-term Assets	2500 000	2500 000	2425 000	2350 000	2275 000	2205 000	2130 000	2055 000	1980 000	1905 000	1830 000
Total Assets		2560 000	2560 000	3139 500	3334 000	3412 500	3569 800	3742 830	3933 163	4142 529	4372 832
Liabilities and Capital											

Current Liabilities										
Accounts Payable										
Current Borrowing										
Other Current Liabilities										
Subtotal Current Liabilities										
Long-term Liabilities										
Total Liabilities										
Paid-in Capital	2600 000	2600 000	2600 000	2600 000	2600 000	2600 000	2600 000	2600 000	2600 000	2600 000
Retained Earnings										
Earnings	- 4000 0	- 4000 0	5395 00	7340 00	8125 00	9698 00	1142 830	1333 163	1542 529	1772 832
Total Capital	2560 000	2560 000	3139 500	3334 000	3412 500	3569 800	3742 830	3933 163	4142 529	4372 832

**Total
Liabili
ties
and
Capita
l**

Net Worth	2560 000	2560 000	3139 500	3334 000	3412 500	3569 800	3742 830	3933 163	4142 529	4372 832



Appendix 5 (Selling, General & Administrative Costs)

Plant & Factory Setup Cost

The setup cost involves the utility connection expense, installation expense of the generator, computer and inventory shelf, and facility flooring expense. The aggregate cost of all these will be roughly £ 100,000.

Repairment Cost

In the first two years, the factory will not be functional. So, obviously there will be no repair cost. As the production starts, the author shall incur some repair costs. Author assumes that on average the cost will be £ 2,000 per year. As the physical assets become older, the repair costs will rise to £ 5,000 in the fourth year. and continue so on.

Recruitment Cost

Author shall hire the first pool of workers and employees in the very first year and then another equal pool of personnel will be hired in the next years. Since these are such low-profile jobs, author assume the cost of recruitment for both years will be £ 10,000 each. These include provisions for future rehiring expenses in case of firing and resignation.

Salaries

Salaries for non-production employees can be classified into the followings:

Workers

Author shall require 12 workers in total, but only half of the workers (6) will be recruited in the first year. But since the factory will not be functional in the first year, there will be no salaries. The monthly wage of the workers will be £ 6,000. And so, the second-year expense will be:
 $£ (6,000 \times 6 \times 2) = 72,000$

From the third year, the other pool of workers will join in. So, the expense thereafter will be:
 $£ (6,000 \times 12 \times 3) = 216,000$

Pickup Driver

The pickup driver will do a part-time job since there will be fewer than 30 trips a year. And so, the payment will be £ 5,000.

Founders

From the functional period, the founders will draw a salary of £ 10,000 per month in the reference to their current worth in the job market. All 10 founders will receive equal salaries and it will continue indefinitely.

Maintenance Costs

Pickup Maintenance

Considering the number of trips and price of fuel, also with a hefty mileage tagged to the year-old used pickup, the maintenance cost on average is estimated to be £ 10,000 a quarter.

Factory (and other) Maintenance

Both facilities in the first two years will not need a big amount of maintenance due to the nature of the business. Still, on average author shall require a maintenance cost of £ 10,000 per year.

Advertisement Costs

For advertisement, author shall use flyers through newspaper hawkers and Facebook ads. This will take up to £ 50,000 in the initial stages (years 2 & 3). After that period, to support an adjacent trough season, the promotions will rise by £ 10,000. The next year to reach the increased revenue target author shall raise it by another £ 10,000 and keep it that way through the year.

Handling Costs

Author have assumed that in each ride the pickup will be able to transport 1025 packets. Every shipment will require 5 additional unloading costs due to raw materials and product delivery Author have estimated that each handling will cost us £ 1000 (Sudarwanto and Karishma, 2022).

Depreciation Expense

Author considers a straight-line depreciation with all the fixed assets assuming a flat 10-year life expectancy, with an exception to the Desktop having those 5 years. But the Pickup mileage is with its ride numbers which are an up-down trip between the 6-mile apart facilities. The £ 240,000 worth pickup will have 91,630 miles remaining after deducting its current mileage.

Rent Expense

In Edinburgh, the per square foot rent for the production facility is £ 50. Author assumed that the factory, office, and showroom 1 in Edinburgh will require a space of 3,200 square feet. And for only showroom 2, author shall need a space of 600 square feet. The rents are assumed to stay constant through the first two years.

Legal Costs

Through registration and speed tips, author will lose about £ 10,000 in the very first year. Later on, further incurring legal costs is very unlikely.

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