

# VITALIS ELECTRONICS cc

## BUSINESS PLAN

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### HOUSEHOLD, BUSINESS AND PRODUCTIVE USE SOLAR SYSTEMS

<b>REGISTRATION #</b> <b>CORPORATION</b>	<b>: NAME RESERVATION – TO BE REGISTERED AS A CLOSE</b>
<b>TYPE OF BUSINESS</b> INSTALLATION	<b>: PRODUCT-</b> SOLAR INSTALLATIONS / <b>SERVICES-</b> REPAIRS &
<b>PROPONENT</b>	<b>: MR. VITALIS KUUTONDOKWA</b>
<b>CELL</b>	<b>: (+264-81) 239 9622</b>
<b>POSTAL ADDRESS</b>	<b>: P O BOX 898, OSHAKATI</b>
<b>LOCATION ( CURRENT)</b>	<b>: MAIN ROAD, ONGWEDIVA,, NAMIBIA</b>

#### SPECIFIC OBJECTIVE OF BUSINESS PLAN

Vitalis Electronics cc is seeking a loan funding of N\$219 798-00. The company primarily needs capital to fund four areas of growth in the company:

1. Main objective is to obtain a loan.
2. Implement a cost effective promotional strategy that will maximize awareness of our business and renewable energy sector.

#### NON DISCLOSURE AGREEMENT

This application includes data that shall not be disclosed, not be duplicated or, used – in whole or in part - for any purpose other than to evaluate this application. If, however an agreement is awarded to this application because of – or in connection – with the submission of this data, the funding institution shall have the right to duplicate or use the data to the extent provided in the resulting agreement.

P O Box 898  
Oshakati  
NAMIBIA  
05 December 2005

**The Manager  
Micro Finance Division  
Bank Windhoek**

Dear Sir Madam:

**Application for loan finance**

Vitalis Electronics cc is an existing business that is owned and managed by Mr. V.Kuutondokwa

The **objective** of this business plan is to approach your institution for loan funding of N\$219 798-00 in order to buy equipment and stock as mentioned under heading 1.6 (Page 5). This loan is done in conjunction with the provision of a loan guarantee (N\$250 000) by Namibia Renewable Energy Project (NAMREP) under the Ministry of Mines and Energy.

I, Mr. V.Kuutondokwa undertake to honor all monthly repayments during the loan period. Should your approval be forthcoming, please be at liberty to contact the left undersigned at your earliest convenience for matters concerning the loan agreements as well as conditions and repayment procedures.

I hope that this business plan will form a basis for further negotiations.

Sincerely yours,

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Mr. Vitalis Kuutondokwa  
General Manager

# 1. EXECUTIVE SUMMARY

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## 1.1 INTRODUCTION

The core business of Vitalis Electronics cc is the installation and repairs of small and medium-scale Solar Home Systems (**SHS's**), for rural households and Small & Medium Enterprises (SME's). Mr. Vitalis Kuutondokwa (owner) is **full time self employed** in the renewable energy sector.

Solar Home systems are used to power lighting, entertainment and information electronics (radio, television, CD players, etc.) and to a certain extent productive or environment improvement appliances.

Mr. V.Kuutondokwa is a qualified Solar Technician. He will like to expand the operations of his business (both conventional electricity & solar energy) business called Solar plus cc within the current area of operation. His target areas are **Ohangwena & Oshana Region**. His business is currently based at Ongwediva in Oshana Region.

The business is installing between 25 Watt and 300 Watt solar panels and hardware. These photovoltaic panels are of the mono & polycrystalline types which are locally (Namibia) supplied. Thus using sunlight available in sufficient quantities in the region

## 1.2 BACKGROUND OF RURAL ELECTRICITY DISTRIBUTION

The electricity supply industry in Namibia in the past has developed mainly in response to demand in urban centres in the country. Shortly after Independence in 1990, the new Namibian Government embarked on a national rural electrification programme that commenced in the most densely populated northern regions and progressed clockwise around the country. Most large rural centres as well as a multitude of smaller centres in all 13 regions have so far been electrified.

The next phase of rural electrification in Namibia is to cater for substantially smaller and more remote settlements and farms. Cost-effectiveness as well as financial and economic feasibility is critical factors in allocating available funds in an equitable manner among the unelectrified localities. Acknowledging the vast distances and low population densities in Namibia the stakeholders consider both grid and off-grid electrification options in their plans.

## 1.3 BASELINE STUDY ON OFF-GRID PLANNING

According to Rural Electrification Master Plan- October 2005, the integration of an off-grid programme within a national rural electricity master plan is a new approach to rural electrification. In the past, electrification meant grid electrification only. Any households, which could not be served by the grid – or maybe a mini-grid –, were excluded from electrification programmes.

It is a credit to the Namibian master planning process that off-grid options for supplying high value electricity services - such as communications, lighting, vaccine refrigeration and media - are included.

### 1.3.1 The role for off-grid electrification

Off-grid electrification is the provision of basic electricity services to communities and potential electricity customers who are located in remote parts of Namibia and which are unlikely to be

provided with conventional grid electricity distribution in the foreseeable future (say more than 5 years). Until now these communities were excluded from electrification projects and were expected to look after their own energy and electricity needs.

Off-grid is viewed as a "pre-grid electrification" phase of electricity service provision, which relies on electricity generated at the point of consumption. This avoids the high capital costs of extending power lines over large distances to serve modest electricity demands that are typical of rural consumers.

#### **1.4 BACKGROUND OF OWNER**

Mr. Vitalis Kuutondokwa has attached his CV for career background.

#### **1.5 CURRENT FINANCIAL POSITION**

The business is generating an average revenue p/month of **N\$ 70 000-00**

Less expenses **N\$64 550-00**

Material (1 x System D) and conventional electricity appliances.	57 000-00
Rent (include rates & Taxes)	400-00
Promotions	300-00
Electricity	150-00
Salaries	6 000-00
Tel	300-00
Transport	1 500-00
Vehicle Maintenance	400-00
<hr/>	
That keeps him with net Profit per month	<b><u>N\$ 5 450-00</u></b>

Remarks: Vitalis Electronics cc is currently sustained by the following activities:

1. Installation & maintenance of SHS's at households and businesses and Solar Water Heaters.
2. Installation of conventional electricity.

#### **1.6 THE UTILISATION OF THE LOAN WILL BE AS FOLLOWS**

Mr. Vitalis Kuutondokwa is applying for financial assistance to the amount of N\$219 798-00 in order to expand the operations of his business. The envisaged loan is for his potential clients that range from small to large electrical power consumers utilising solar energy. Solar systems available are of different sizes depending on the households needs. That is also complemented by commercial farmers that need solar water pumps.

*THE LOAN WILL BE UTILISED AS FOLLOWS:*

### 1.6.1 TOTAL PROJECT COST

#### Vitalis Electronics cc

ITEMS	FINANCIAL INSTITUTION	OWN EQUITY	TOTAL
<b>INVESTMENTS</b>			
<i>Business premises</i>			
• Construction or purchase of building	0-00	0-00	0-00
• Conversion or reconstruction of business premises	0-00	0-00	0-00
<b>EQUIPMENT</b>			
• Fixtures (shelves & counters)	0-00	0-00	0-00
2 x Complete Toolbox @ N\$ 1 149-00 each	N\$0-00	N\$2 298-00	N\$2 298-00
<b>WORKING CAPITAL</b>			
5 x System C: Solar Home System @ N\$15 280-00. See section 3.10 /page 15	N\$58 718-00	N\$17 682-00	N\$76 400-00
5 x Solar Home System D @ N\$27 610-00 See 3.10 on page 15	N\$138 050-00	N\$0-00	N\$138 050-00
<b>OPERATIONAL EXPENSES</b>			
<b>Marketing</b> : Phone calls to short listed clients	N\$0-00	500-00	500-00
<b>Marketing</b> : House visits for promotion of Solar Home Systems. (Radius of 500 km @ N\$3-50 p/km	N\$1 050-00	N\$700-00	N\$1 750-00
<b>Wages</b> : Casuals on marketing campaign. 2 staff @N\$10-00 p/hour x 40 hours	N\$0-00	N\$800-00	N\$800-00
<b>Total</b>	<b>N\$197 818-00</b>	<b>N\$21 980-00</b>	<b>N\$219 798-00</b>

### 1.6.1 LOAN BREAKDOWN

ITEMS	Suppliers	AMOUNTS
5 x System C: Solar Home System @ N\$15 280-00. See section 3.10 /page 15	Local Supplier	N\$76 400-00
5 x Solar Home System D @ N\$27 610-00 See 3.10 on page 15	Local Supplier	N\$138 050-00
<b>OPERATIONAL EXPENSES</b>		
<b>Marketing</b> : Phone calls to short listed clients		500-00
<b>Marketing</b> : House visits for promotion of Solar Home Systems. (Radius of 500 km @ N\$3-50 p/km	Local Supplier	N\$1 750-00
<b>Wages</b> : Casuals on marketing campaign. 2 staff @N\$10-00 p/hour x 40 hours	Local Supplier	N\$800-00
2 x Complete Toolbox @ N\$ 1 149-00 each	Local Supplier	N\$2 298-00
		<b>N\$219 798-00</b>

### **1.7 VISION**

Mr. V.Kuutondokwa will conduct his business responsibly and profitably with the prime obligation being to serve all customers in his region of operation (Ohangwena & Oshana Region), irrespective of colour, race or ethnic origin with the best quality products and services.

### **1.8 MISSION**

Our mission is that everybody in the rural off grid areas of Ohangwena & Oshana Region will have solar energy supply in their homes and shops and commercial farms.

### **1.9 OBJECTIVES**

- To create employment opportunities.
- To deliver quality products and services.
- To ensure that his customers receive products/services on time.
- To grow the business into a large renewable energy supplier and service provider.

### **1.10 EXPERIENCE AND FINDINGS.**

The business has gained confidence and trust of its target market. The target market is well informed about the Revolving fund although there is room for improvement in terms of awareness campaigns in order to reach maximum results in Ohangwena & Oshana Region

### **1.11 CHALLENGE**

The business has to vigorously embark upon resource mobilization to cater the ever-increase demand for support of the target market and sustaining of the business. Clients that qualified and are approved by Konga Investments pose a threat since the business does not have enough cash flow to meet their demand.

### **1.12 REGULATORY ISSUES**

Currently the business is using a Single Entry Book keeping System. Henceforth it will maintain a system of performance measurement and evaluate performance (all areas) against original plans and benchmarks. This business is expected to be given with support of Cradle Investments & Technologies (pty) Ltd.

### **1.13 SWOT ANALYSIS – Follows on next page**

### 1.13 SWOT ANALYSIS

<p style="text-align: center;"><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Well established customer base (potential for business to expand).</li> <li>• The team has sufficient experience and skills to operate business.</li> <li>• Owner is knowledgeable in business management</li> <li>• Good customer relations.</li> <li>• Systems are modular, proven technology with low operation and maintenance.</li> </ul>	<p style="text-align: center;"><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Information gaps exist. Updated information on technology and credit facilities (Revolving Fund) is not readily available to all potential clients.</li> <li>• Regular needs assessments are not done.</li> <li>• Delays in process application process streamline cash flow.</li> <li>• Systems have high capital &amp; transaction cost.</li> <li>• Photovoltaic modules produce direct current (DC) electricity only: an inverter must be added to the system to run alternating current (AC) devices.</li> <li>• Lack of immediate finance.</li> </ul>
<p style="text-align: center;"><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Someone who is financially strong may enter the industry.</li> <li>• Off-Peak Seasons (Rain) reduce cash flow.</li> <li>• Batteries can contain hazardous materials and a means for careful recycling or disposal should be included in the long-term plan &amp; funding scenario.</li> </ul>	<p style="text-align: center;"><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Increasing demand for the services.</li> <li>• Qualified consultants (e.g. Cradle Investments &amp; Technology Ltd) are available and have expressed interest in monitoring and evaluation of business.</li> <li>• Credit facilities (Revolving Fund) in conjunction with Konga, UNDP &amp; Min. of Mines &amp; Energy (Rural people to obtain Solar Home Systems).</li> <li>• Sunlight is available in predictable &amp; sufficient quantities.</li> <li>• The sound political, commercial &amp; social setting of our country has and instilled a confidence in suppliers, investors, lenders and insurers.</li> <li>• Other Solar Technicians in the area of operation share their clients with our business. This happens only when such a client is more in our reach distance wise.</li> </ul>

## 2. MARKETING PLAN

### 2.1 MARKETING AREA

Vitalis Electronics cc propose a **solar** electrification project in the Ohangwena & Oshana Region. This project is targeting SME's, **households**, health facilities, schools and communal farmers. It is envisaged for a minimum period of 5 years. Please see breakdown of this localities under section 2.4.1 to 2.4.2

### 2.2 RESEARCH

The following information was extracted from the Regional Planning Report for Oshana & Ohangwena Region, "According to Rural Electrification Master Plan 2005".

#### 2.2.1 REGIONAL PROFILE

Ohangwena Region	Oshana Region
<p>According to the Baseline Report ( August 2000) the region comprises 20 localities :</p> <ul style="list-style-type: none"> <li>• The Region consists of 20 localities:</li> <li>• No. of Cuca shops : 127</li> <li>• School points : 1 529</li> <li>• Clinic points : 440</li> </ul> <p>Viability test is done with figures of households as per Baseline Report dated October 2005. Attached see Schedule of off-grid &amp; Pre-grid households for more information.</p>	<p>According to the Baseline Report ( August 2000) the region comprises 20 localities :</p> <ul style="list-style-type: none"> <li>• 198 Cuca Shops</li> <li>• 868 Schools</li> <li>• 120 Clinics</li> </ul> <p>Viability test is done with figures of households as per Baseline Report dated October 2005. Attached see Schedule of off-grid &amp; Pre-grid households for more information.</p>
<ul style="list-style-type: none"> <li>• Total no. of units = 15 729 ( 1 3677 + 15%)</li> </ul>	<p>Total no. of units = 5 595 ( 4 865 + 15%)</p>

*Remarks: Please note that 15% of the current households will be electrified (grid) in the following five years. This is a conservative calculation of households only.*

### 2.3 TARGET MARKET

Vitalis Electronics cc is providing its services and products to:

- Other Rural based civil servants.
- Commercial farmers for Solar Water pumps & Heaters
- Rural based households that are self employed.
- Rural based Small and medium size enterprises

### 2.4 MARKET VIABILITY TEST

This test is determining the overall viability of such services in the specific region.

#### 2.4.1 MARKET VIABILITY TEST – Ohangwena Region

FORMULA	FINDINGS
1. Determine how many unelectrified localities there are in the target area.	15 729 units in off grid areas over five years. See section 2.3.3 on page 7)
2. Using official sources, determine the average annual income per household for the specific area.	N900-00



3. Multiply average income per household by residential units to obtain annual income per specific target area.	N\$14'155 695-00
4. Determine the % each household spent on specific product/service category:	10%
5. Multiply % by average income p/annum to obtain annual expenditure on specific product/service category	N\$1'415 570-00 (N\$14'155 695-00 x 10%)
6. Market share P/annum. Conservatively calculated, suppose the business gains 15% market share.	N\$212 335-00 (N\$1'415 570-00 x 15%)

### MARKET VIABILITY TEST – Oshana Region

FORMULA	FINDINGS
1. Determine how many unelectrified localities there are in the target area.	5 595 units in off grid areas over five years.
2. Using official sources, determine the average annual income per household for the specific area.	N\$900-00
3. Multiply average income per household by residential units to obtain annual income per specific target area.	N\$5'035 500-00
4. Determine the % each household spent on specific product/service category:	10%
5. Multiply % by average income p/annum to obtain annual expenditure on specific product/service category	N\$503 550-00 (N\$5'035 500- x 10%)
6. Market share P/annum. Conservatively calculated, suppose the business gains 15% market share.	N\$75 533-00

#### 2.4.3 Remarks:

**a)** *Potential clients for Solar Home Systems are in two categories. a) The cash clients and b) those that make use of the credit facilities (Solar Revolving Fund). It is estimated that almost 90% of the market will be credit facilitated clients and 10 % will be cash clients like farmers that need solar water heaters.*

#### **b) MARKET SHARE**

C) Average Total no. of households to be installed.	21 324 (15 729-00 + 5 595 )households to have SHS in 5 ) years.		4 265 households to have SHS p/ anum	355 households to have SHS p/month
Market share P/month. Conservatively calculated, suppose the business gains 15% market share	53 (355 households x 15%) households to have SHS p/month. Current capacity in terms of working hours & staff is 10 SHS p/month.		10 SHS's presents: (current capacity = 10 households p/month). 5System C @ N\$18 336-00 = N\$91 680-00 5 System D @ N\$ 33 132-00 = N\$165 660-00 N\$257 340-00	
Items	Year I ( 2006)	Year II ( 2007)	Year III (2008)	Year IV (2009)
Market Share (Growth)	15%	15%	18%	20%
A) Estimated Income P/ anum	3'088 080-00	3'551 292-00	4'190 525-00	5'028 630-00

*Remark: Sales figures are as in table 3.11 on page 15.*

*Source: National overview report - attached.*

## 2.5 MARKETING STRATEGY

The business will provide quality and superior service at a fair price to the customers on time. Promotional measures therefore will be quality recreational activities availability at the right place and time.

The most important marketing strategies will be:

### a) ***Product strategy***

In response to the customers' needs the business shall strive to lead with innovations both in product design and services which are unequalled in this specific market and industry.

### b) ***Pricing strategy***

The business will have a mark-up policy of 20%-30% which will be affordable by the target market. The market place dictates our pricing and the approval of loans for customers is a proof that our pricing structure is acceptable in the market. It means a fair price lead by demand and supply.

### c) ***Promotion strategy***

The business will be engaged in direct marketing. The products will be market by means of word of mouth and house visits. The owner plans to mount a demonstration model on his four wheel drive vehicle for promotion purposes.

### d) ***Distribution strategy***

Products (panels) will be distributed by technicians to the site.

## 2.6 PROFESSIONAL SUPPORT SERVICES

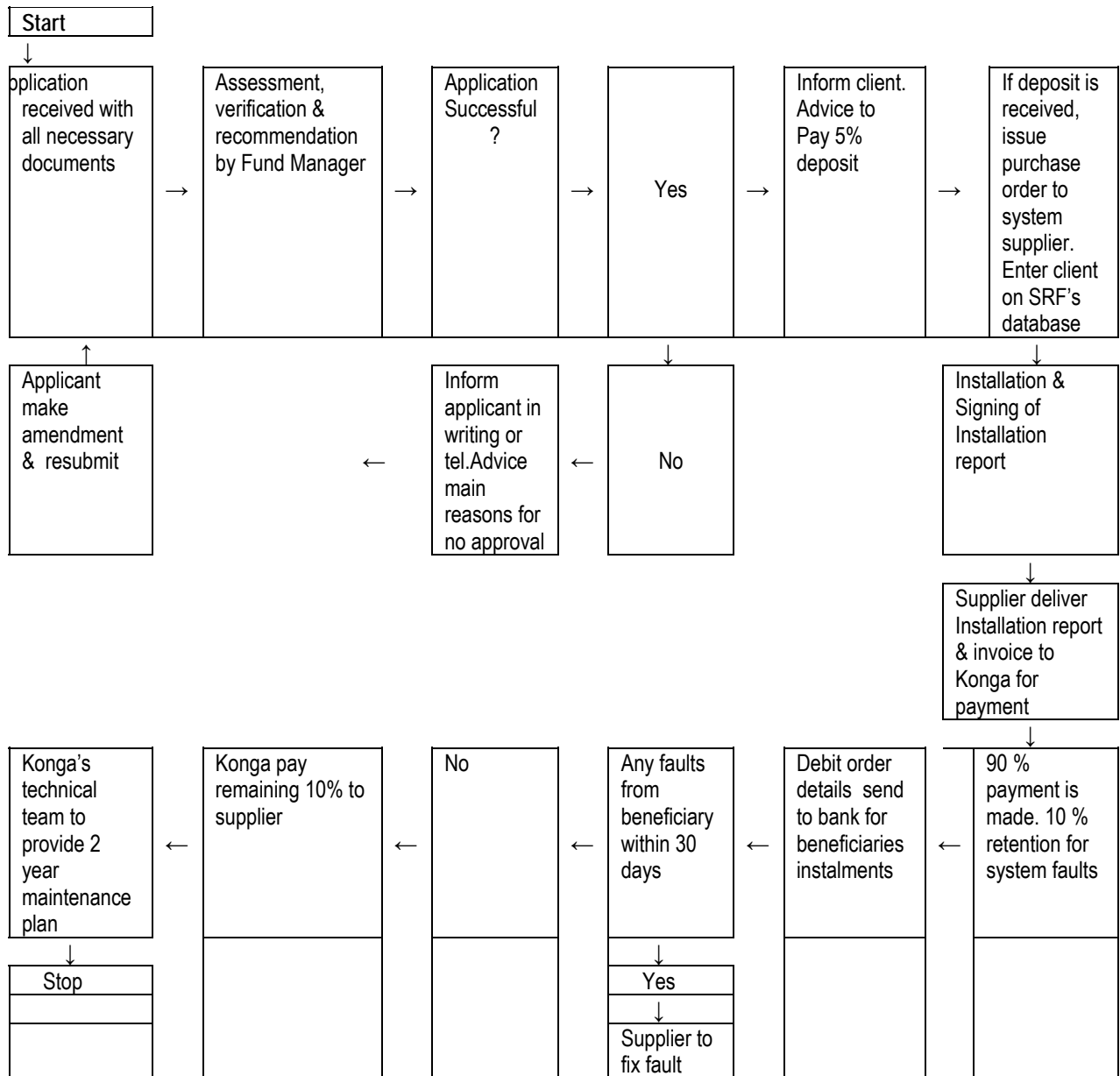
Cradle Investments & Consulting Services (pty) Ltd: Advisory and mentoring services in the rural areas are growing very fast and needs to be enhanced in terms of quality & quantity. Cradle Investments & Technology Ltd (duly appointed consultancy company), will render only the best service to the technicians in terms of marketing strategies, Basic Business Administration and Monitoring & Evaluation.

## 2.7 OFFICIAL SUPPORT SERVICES

Ministry of Mines and Energy draw up a new terms of reference for the Solar Electrification Project through Tender F1/7-8/04. This was in order to administer the *SRF*. On 31 January Konga Investments was appointed as the fund administrators for the next five years. Other responsibilities included the promotion and maintenance of different solar energy systems as well as SRF's awareness campaigns among the off grid rural communities.

**2.7.1 Solar Revolving Fund (SRF)** – Procedures for issuing a loan (See table on next page)

### 2.7.1 Solar Revolving Fund (SRF) – Procedures for issuing a loan



## 2.8 MARKETING BUDGET

To promote and distribute the business, the following marketing budget will be required:

ITEMS	COSTS
• Radio Oshiwambo (4 x p/month @ N\$95-00 p/slot)	380-00
• Brouchers & Business cards	500-00
• Fuel cost on home visits in rural areas	600-00
<b>TOTAL</b>	<b>1 480-00</b>

### 3. PRODUCTION PLAN

#### 3.1 Service/Production Process

The following activities will be carried out.

Activity	Responsible person	Duration
Need assessment	Manager/ staff	Continuously
Suppliers identification	Manager	1-day
Place Order	Manager	1-day
Receiving Order	Manager/Office Assistant	1-hours
Installation of Pannel/s	Technicians x 3	20 days p/month
Quality Control	Manager/	2-hours
Discrepancies	Manager/	1-hour
Proper Housekeeping	General worker	Daily

#### 3.2 STOCK/ MATERIALS NEEDED

Solar Home Systems, Solar Water Pumps and Solar Water Heaters from local suppliers.

#### 3.3 CUSTOMERS

The main customers are the rural households, businesses and communal farmers.

#### 3.4 FUTURE CAPACITY

At the moment the business has several customers fixed clients in both in Ohangwena & Oshana region. In this regard expansion and improvements is inevitable in order to meet the increasing demand. A list of these customers is attached for your perusal.

#### 3.5 MAINTENANCE AND REPAIRS

Maintenance programme is currently administered by Konga Investments.

#### 3.6 BUDGETED FIXED CAPITAL AND DEPRECIATION SCHEDULE

Budgeted Item	Cost (N\$)	Life time (Months)	Annual savings P/Anum	Monthly payment P/Month
2 x Complete Toolbox @ N\$1 149-00 each	N\$2 298-00	60	460-00	38-00
Total	N\$2 298-00		460-00	38-00

*Remark: This table illustrate the devaluation of equipment over a certain period in order to make provision for the replenishment of such tools and or equipment.*

#### 3.7 PRICING STRATEGY

The selling price for the business products will be cost plus method e.g. cost price of product plus indirect cost charge % plus mark-up. (Materials + Indirect costs + mark-up %)

### 3.8 LABOUR COST

			DIRECT LABOUR		INDIRECT LABOUR	
1	2	3	4	5	6	7
STAFF	Total working hrs	Total Monthly pay	Hours in production p/month	Pay for time in production	Hours NOT in production p/month	Pay for time NOT in production
Mr. V. Kuutondokwa ( Manager)	160	N\$8 500-00	80	N\$4 250-00	80	N\$4 250-00
Mr. John Senior Technician	160	N\$2 800-00	160	N\$2 800-00	0	N\$0-00
Mr. L. Nghilidivali Technician	80	N\$1 300.00	80	N\$800.00	0	N\$0-00
<b>TOTAL</b>		<b>N\$12 600-00</b>	<b>400</b>	<b>N\$7 850-00</b>	<b>80</b>	<b>N\$4 250-00</b>

**Remarks: Direct labour cost p/hour = N\$ 20-00** (Total pay in production/ Total hrs in production)

Indirect Labour cost p/hour = N\$ 53-00

Note: Cost of production will be adjusted according to income analysis table while taking in consideration the indirect cost.

### 3.9 COSTING & PRICING

Solar Home Systems of 100 Watt DC and 200 Watt AC are used in the business plan, due to its high demand. These systems are represented by SHS C & D respectively. Please see an outline of the components and cost price of these systems under section 3.9.

ITEM	QTY	UNIT PRICE	COST PRICE
<b>System C: Solar Home System</b>			
• Solar module, 50 Wpeak, shell,72 cells, multi	2	1 962	3 924
• Module bracket, sheet metal, roof/wall mounted, galv. ,fits 2 models.	2	320	640
• Battery, Willard,Solar 105,12 V, 105 Ah, Maintenance free	2	550	1100
• Board System C, complete with 8A-SR,PG,PP,12V-Terminal box	1	2 614	2 614
• Light fitting, bulkhead, rectangular, with 7W ESL, & Pull switch.	4	224	896
• Additional ESL lights, ESL incl. wiring	2	642	1 284
• Battery box, Large, fits one 105Ah battery	2	147	294
• Wiring: Array battery, lights	1	687	687
• Accessories: fasteners, cable clips, cable ties, glands etc.			1 500.50
		Subtotal	N\$13 286.50
		VAT:15%	N\$1 993-00
			<b>N\$15 280-00</b>

<b>System D:</b> <ul style="list-style-type: none"> <li>Board System D, complete with 20A Solar Regulator, Inverter 300VA, 12V-Terminal box</li> <li>50 Watt Solar module</li> <li>3m pole, fixed fits four SE50w panels</li> <li>Battery, Willard, Solar 105,12V,105Ah, maintenance free</li> <li>Battery box, large fits one 105Ah battery</li> <li>Light fitting, bulkhead, rectangular, with 11W ESL</li> <li>Wiring &amp; Accessories</li> </ul> Plus VAT:15%	1	5 967	5 967
	4	1 962	7 848
	1	950	950
	3	550	1 650
	3	150	450
	8	250	2 000
		5 144	5 144
		Subtotal	N\$24 009-00
		VAT (15%)	N\$3 601-00
		TOTAL	N\$27 610-00

### 3.10 TOTAL DEMAND

Item	Cost price	Mark up	Price: Install & Services	Installations & Services P/Month	Total P/Month (N\$)
System C: Solar Home System	N\$15 280-00	N\$3 056-00	N\$18 336-00	5 systems p/month	N\$91 680-00
				60 systems p/year	
System D: Solar Home System	N\$27 610-00	N\$5 522-00	N\$33 132-00	5 systems p/month	N\$165 660-00
				60 systems p/annum	
TOTAL					N\$257 340-00

#### Remarks: on Total Demand

- Mark up: include labour, transportation cost and maintenance cost. This markup is totaling between 20 % and 30 % in this market.
- Total Cost Price is N\$214 450-00.**
- Price (Service & Installation): This is the amount which will be claimed by technician from (Konga Investments). Above prices are as per Konga Investment's Solar System Guide.

### 3.11 SALES FORECAST & MARKET SHARE

**Total sales p/month = 257 340-00 x 12 = 3'088 080-00 p/annum (year 1)**

Items	Year I	Year II	Year III
Market Share	15%	15%	18%
Products	3'088 080-00	3'551 292-00	4'190 525-00

Remarks: Please refer section 2.4.3 on page 9 for more details about estimated households.

## 4. MANAGEMENT & ORGANIZATIONAL PLAN

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### 4.1 KEY MANAGEMENT

The management will only consist of one entrepreneur that has the vision of directing the business to be a profitable enterprise.

He is:

Mr. Vitalis Kuutondokwa (**Owner**)

- ➔ Direct and lead operational standards leading to qualitative products.
- ➔ Responsible for all administration and bookkeeping and financial direction.

### 4.2 ORGANIZATIONAL STRUCTURE OF THE BUSINESS

Name	Position	Job Description	Salary
Mr. Vitalis Kuutondokwa	Owner/Manager	Overall management of business, Purchases, Marketing & Bookkeeping	N\$8 500-00
Mr. John	Senior Technician	Field Supervision & Installation	N\$2 800.00
Mr. L. Nghilidivali	Technician	Responsible installations of Solar Home Systems	N\$1 300-00
<b>Total</b>			<b>N\$12 600-00</b>

*Remarks: Please refer to 3.8 (Labour cost) on page 14.*



## 5. FINANCIAL PLAN

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The following assumptions and facts impact on the financial statements:

### 5.1 MONTHLY OVERHEADS

The business will have a very modest and cost effective strategy in handling its overheads expenses.

ITEMS	COSTS
Rent ( <i>New premise in Oshakati</i> )	450-00
Water & Electricity	100-00
Material/Stock	214 450-00
Salaries	12 600-00
Transport	3 000-00
Maintenance on vehicle	500-00
Marketing & Promotion	1 480-00
Telephone/ Cell	500-00
Stationary & miscellaneous	150-00
Depreciation ( 3.6 / page 13)	38-00
Bank Charges	300-00
Loan Repayment	5 365-00
<b>TOTAL</b>	<b>238 933-00</b>

# ANNEXURE 1

## BALANCE SHEET( VITALIS ELECTRONICS CC)

Capital employed	Notes	N\$
Owners Equity		<b><u>45 600-00</u></b>
<b><u>Employment of capital</u></b>		
<b>Fixed Assets</b>		
Land & Buildings	1	9 000-00
Vehicle	2	20 000-00
Furniture & Equipment	3	6 000.00
<b>Current Assets</b>		
Life-stock: Cattle (3 x N\$2000-00)	4	6 000-00
Goats (5x N\$200-00)		1 000-00
Cash	5	4 000-00
<b>Less-Current Liabilities</b>		
Creditors	6	(4 00-00)
		<b><u>45 600-00</u></b>

### 5.3.1Notes to the personal balance sheet

- 1 Plot and house at Omarara Village in Oshana Region.
- 2 1.8 l, VW Jetta, 1996 model.
3. Furniture and work equipment is valued at net realisable value (Own valuation).
- 4 Total life stock at Omarara Village (Oshana Region).
- 5 Cash is a Fixed Investment (Bank Windhoek).
6. Money owed to Supreme Ellerines for household furniture.

# **ANNEXURE 2**

## **PROFIT & LOSS STATEMENT**

**VITALIS ELECTRONICS cc**

Description	Year 1	Year2	Year3
<b>SALES</b>	<b>3'088 080-00</b>	<b>3'551 292-00</b>	<b>4'190 525-00</b>
Less: Costs of goods sold			
• Direct Material	2 573 400-00	2 753 538-00	2 946 286-00
• Labour	151 200.00	151 200.00	161 784.00
• Cash Overheads	54 600.00	58 422.00	62 512.00
<b>Gross Profit</b>	<b>308 880.00</b>	<b>588 132.00</b>	<b>1 019 943.00</b>
Less : Operating Expenses			
• Selling expenses (promotions)	17 760.00	19 003.00	20 333.00
• Administrative expenses	1800.00	1 926.00	2 061.00
<b>Operating Profit</b>	<b>289 320.00</b>	<b>567 203.00</b>	<b>997 549.00</b>
Less : Depreciation	456-00	456-00	456-00
Less : Interest Expenses (loan)	64 380.00	68 887.00	73 709.00
Less: Bank charges	3 600-00	3 852-00	4 122-00
<b>Net Profit prior TAX</b>	<b>220 884.00</b>	<b>494 008.00</b>	<b>919 262</b>

# **ANNEXURE 3**

## **CASH FLOW STATEMENT**

### **VITALIS ELECTRONICS cc**

	Pre-Oper.	Jan '06	Feb '06	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec'06
Cash b/f	-	-	14 725	24 000	29 275	14 550	24 175	29 450	14 725	24 000	29 275	14 550	24 175
<b>CASH INFLOWS</b>													
Cash Sales	-	224 208	200208	244208	224 208	200208	244208	224 208	200208	244208	224 208	200208	244208
Loan & Equity	219 796	-	-	-	-	-	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Inflows</b>	<b>219 796</b>	<b>224208</b>	<b>214 933</b>	<b>268 208</b>	<b>253 483</b>	<b>214 758</b>	<b>268 383</b>	<b>253 658</b>	<b>214 933</b>	<b>268 208</b>	<b>253 483</b>	<b>214 758</b>	<b>268 383</b>
<b>CASH OUTOW</b>													
Pre-operating exp.	219 796	-	-	-	-	-	-	-	-	-			
Rent		450	450	450	450	450	450	450	450	450	450	450	450
Salaries		12 600	12 600	12 600	12 600	12 600	12 600	12 600	12 600	12 600	12 600	12 600	12 600
Stock.	-	214 450	214 450	214 450	214 450	214 450	214 450	214 450	214 450	214 450	214 450	214 450	214 450
Water & Electricity	-	100	100	100	100	100	100	100	100	100	100	100	100
Fuel Cost		3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000
Maintenance (Vehicle)	-	500	500	500	500	500	500	500	500	500	500	500	500
Marketing		1480	1480	1480	1480	1480	1480	1480	1480	1480	1480	1480	1480
Tel / Cell	-	500	500	500	500	500	500	500	500	500	500	500	500
Stationery/ Miscellaneous	-	150	150	150	150	150	150	150	150	150	150	150	150
Depreciation	-	38	38	38	38	38	38	38	38	38	38	38	38
Bank fees	-	300	300	300	300	300	300	300	300	300	300	300	300
Loan Repayment	-	5365	5365	5365	5365	5365	5365	5365	5365	5365	5365	5365	5365
<b>Total Cash Out</b>	<b>219 796</b>	<b>238 933</b>	<b>238 933</b>	<b>238 933</b>	<b>238 933</b>	<b>238 933</b>	<b>238 933</b>	<b>238 933</b>	<b>238 933</b>	<b>238 933</b>	<b>238 933</b>	<b>238 933</b>	<b>238 933</b>
<b>Balance c/f</b>	<b>0-00</b>	<b>14 725</b>	<b>24 000</b>	<b>29 275</b>	<b>14 550</b>	<b>24 175</b>	<b>29 450</b>	<b>14 725</b>	<b>24 000</b>	<b>29 275</b>	<b>14 550</b>	<b>24 175</b>	<b>29 450</b>

## ANNEXURE 4

### NOTES ON CASH FLOW STATEMENT

#### VITALIS ELECTRONICS cc

No.	Item	Notes
3	Sales	Monthly revenue from installations and maintenance of Solar Home Systems. See section 3.10, page 15.
4	Loan & Equity	Total amount to be funded with breakdown of 10% collateral security from Share holders. Loan will be guaranteed by Min. of Mines and Energy. See section 1.6.1 & 1.6.2 on page 5
9	Pre-operating exp.	Expenses on all items and activities specified for funding. See section 1.6.1 & 1.6.2 on page 5
10	Salaries	Total of Direct and Indirect Labour force. See section 3.8 on page 14
11	Stock.	Total of Material ( panels, batteries, regulators, brackets,etc) See section 3.10 on page 14
15	Marketing	Monthly Marketing budget. See section 2.8 on page 12
18	Depreciation	Savings for replenishment of fixed assets and equipment See section 3.6 on page 13.
20	Loan Repayment	Calculated over a period of 48 months (4 years) on 8% interest rate.



