



North West Trade and Investment opportunities that **work**.

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PROJECT PROFILE 2010/2011

PROJECT NAME

Zeerust Fresh Produce

PROJECT DESCRIPTION

The North West African Chamber of Commerce has identified an opportunity in the fresh produce industry and intends to respond by building a wholesale market in the province. Suitable land has been identified in Zeerust and the Chamber is in the process of purchasing it.

LOCATION

Zeerust - Western Frontier SDI

S25° 32.6726', E026° 4.6718'

PROJECT RATIONALE

North West Province has one fresh produce market located on the Eastern side of the province in Potchefstroom, a town very close to and competing with the JFPM and Tshwane (Pretoria) markets. The rest of the North West Province is serviced by corporate retailers, at the best, which source their produce from the JFPM. Thus a redistribution centre will service retailers in the province.

PROJECT VALUE

1,379,874,928.34 ZAR

FUNDING REQUIREMENTS

Capital Plan	unit	Volume	ZAR	ZAR	Life (yrs)	Depreciation (ZAR)
Property & Buildings	m2	3,000	4,631.13	13,887,205.95		-
Public toilets	m2	100	492.649	49,287.94		-
Cold Rooms	m2	300	1,862.95	559,294.43	15	416,785.94
Trolleys	allowed			9,849.21		-
Gatehouse	allowed			4,924.96		-
Heavy duty paving	m2	500	1,477.71	738,723.07		-
Earthworks & bulk Services	allowed			984,964.09		-
Connection of service	allowed			264,259.34		-
Truck				264,259.34	5	550,983.47

Total Capital			1,379,711,966.48		967,985.85
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1.1. Financials are based on operating information above plus the following assumptions:

- Capital is borrowed at 6% interest per annum and redemption is over 20 years.
- Provision is made for repairs at an annual average of 5% of capital. In the first year this provision is for repairs only.
- Bank charges are allowed for the handling of cash.
- Advertising is allowed for at 1% and increases with time.

1.2. The business becomes profitable on the first year of operation as shown by the income statement below.

- Profitability is sensitive to the mark up and becomes negative at about 17%.
- The project will remain profitable above the volume projection of 13,855 tons per annum as, which is 60% of planned volume of 23,368.

	2010 (ZAR)	2011 (ZAR)	2012 (ZAR)
Sales Turnover	91,031,886.86	104,694,066.37	116,040,255.57
Cost of stock	76,487,287.88	85,413,889.84	92,837,867.06
Inbound Transport	4,784,818.90	5,150,038.37	5,521,344.04
	81,286,873.65	90,580,699.00	98,357,108.31
Gross Profit	9,772,761.19	14,139,975.41	17,686,399.49
Salary & wages	1,382,551.83	1,464,653.84	1,544,902.28
Repairs & Maint	209,064.55	836,365.69	836,898.30
Security	141,852.18	150,268.79	158,517.66
Bank charges	479,060.06	551,515.21	611,205.07
Telephones	47,909.02	55,169.67	61,614.05
Municipality charges	1,773,949.25	1,879,593.89	1,982,713.59
Electricity	177,398.18	187,981.06	198,324.52
Advertisements	958,299.63	1,103,425.42	1,223,175.03
Stationary & print	9,583.91	11,032.89	12,231.50
Insurance	20,085.31	21,282.09	22,447.85
Waste removal	173,226.18	176,327.06	180,017.62
Fuel	118,241.12	125,339.81	132,243.39
Site Rental	35,463.96	35,674.31	35,701.57
Administration	957,742.30	1,103,490.68	1,223,256.82
Sundries	87,688.42	98,368.01	106,732.87
Depreciation expense	86,527.42	86,577.82	86,724.14
	6,658,328.84	7,887,033.36	8,422,056.28
PBIT	3,109,959.93	6,264,125.91	9,290,260.06
Interest on capital	1,595,759.36	1,429,448.06	1,264,207.62
Interest on overdraft	35,703.84	1,478.72	-
	1,631,795.52	1,431,191.04	1,264,207.62
PBT	1,478,500.41	4,834,454.86	8,026,178.20

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