



VILLAGE CATERING

Investor: XXXXXXXX

Project Location: Serbia

Currency: RSD

Date Activity: 21.03.2022

Description and Goal of the Investment

There are more and more elderly households in the villages, who due to illness cannot go to the shops to buy groceries for food preparation, and most of them are not even physically able to prepare food. The idea is for a younger resident of the village to form a family business, in which, for example, female members would prepare food and male family members would distribute it around the village in a container with partitions (they can be bought in supermarkets). There would be more types of food on the menu every day, and each time they brought portions, the delivery people would note something from the planned menu for the next day, so that the cooks would have time to prepare portions for the next day. For example, a bowl may contain: a partition for soup, a partition with a main dish (for example a steak with potatoes) and partitions with salad, fruit and cake. Projected capacity: Delivery of 30 meals a day. Arrangement of the kitchen and purchase of quality productive stove, refrigerator, dishwasher, sherpa, pots and cutlery 320,000 dinars, hygienic clothes for cooks 3 x 15,000 dinars, dishes with bulkheads 70 pieces x 700 dinars / piece = 49,000 dinars, 2 bicycles with baskets 30,000 dinars, sanitary permit 4,000 dinars. Planned training for a cook due to certification. The investment is acceptable for realization, because in addition to employment, all 4 family members will have a total gross income of around 160,000 dinars / year, and in addition, the company will realize an average annual net profit of around 46,000 dinars. Due to the establishment of production in 1 year, it will realize a small loss on the financial flow, which will have to be compensated by additional investment. In general, if real prices are included in the project, the investment is acceptable for realization.

The life of the project

Tax of profit

Discount Rate

Realization of Investment in 1st year

Realization of Investment in 2nd year

Estimation of Future Annual Inflation

10

20

3

2

0

3

Investment value and investment dynamics

! Items	Invested			Year 1			Year 2		
	Price	Durability	Amortization	Price	Durability	Amortization	Price	Durability	Amortization
	RSD	(Years)	Depreciation	RSD	(Years)	Depreciation	RSD	(Years)	Depreciation
Projects, permits, supervision	0	0	0	0	0	0	0	0	0
Kitchen equipment	0	0	0	320.000	15	21.333	0	0	0
Hygienic clothes	0	0	0	15.000	3	5.000	0	0	0
Food delivery containers	0	0	0	49.000	5	9.800	0	0	0
Bicycle 2 pcs	0	0	0	30.000	10	3.000	0	0	0
Cook training	0	0	0	15.000	0	0	0	0	0
Sanitary permit	0	0	0	4.000	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
Credit processing	0	0	0	0	0	0	0	0	0
Working capital	0	0	0	20.000	0	0	7.000	0	0
Total	0	0	0	453.000	0	39.133	7.000	0	0
Total Investment	460.000	Working capital turnover ratio		180					

Sources of financing for new investments

	Sources	Year 1	Year 2	Total
Loan	Own capital	453.000	7.000	460.000
	Amount	0	0	0
	Repayment	0	0	0
	Grace period	0	0	0
	Interest	0	0	0
	Shareholders	0	0	0
	Donations	0	0	0
	Total	453.000	7.000	460.000

Loan repayment plan

[illegible]

Loan in Year 1

[illegible]

Loan in Year 2

[illegible]

Total loans

[illegible]

Operating income and expenses

At current prices (excluding inflation)

Items	Unit of	Unit	Annual volume				Annual amount			
	measure	Price	Year 1	Year 2	Year 3	Next year	Year 1	Year 2	Year 3	Next year
INCOMES		0	0	0	0	0	3.600.000	4.860.000	4.860.000	4.860.000
Revenues from food sales	portion	450	8.000	10.800	10.800	10.800	3.600.000	4.860.000	4.860.000	4.860.000
		0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0
EXPENSES		0	0	0	0	0	3.619.724	4.588.428	4.780.428	4.780.428
Revenues from food sales Procurement of food	portion	210	8.000	10.800	10.800	10.800	1.680.000	2.268.000	2.268.000	2.268.000
Electricity	RSD	1	427.724	577.428	577.428	577.428	427.724	577.428	577.428	577.428
		0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0
Gross wages of workers	Number of employees	0	3,5	4	4	4	0	0	0	0
Average per month	Gross wages	0	36.000	36.000	40.000	40.000	1.512.000	1.728.000	1.920.000	1.920.000
Gross management salaries		0	0	0	0	0	0	0	0	0
Maintenance		0	0	0	0	0	0	10.000	10.000	10.000
Insurance		0	0	0	0	0	0	5.000	5.000	5.000
Marketing		0	0	0	0	0	0	0	0	0
Other		0	0	0	0	0	0	0	0	0
OPERATIONAL RESULT		0	0	0	0	0	-19.724	271.572	79.572	79.572

Income statement

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
INCOMES	3.600.000	4.860.000	5.005.800	5.155.974	5.310.653	5.469.973	5.634.072	5.803.094	5.977.187	6.156.503	0	0	0	0	0
Operating expenses	3.619.724	4.588.428	4.923.841	5.071.556	5.223.703	5.380.414	5.541.826	5.708.081	5.879.323	6.055.703	0	0	0	0	0
EBITDA	-19.724	271.572	81.959	84.418	86.950	89.559	92.246	95.013	97.864	100.799	0	0	0	0	0
Amortization	32.611	39.133	39.133	39.133	39.133	39.133	39.133	39.133	39.133	39.133	0	0	0	0	0
EBIT	-52.335	232.439	42.826	45.285	47.817	50.426	53.113	55.880	58.731	61.666	0	0	0	0	0
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EBT	-52.335	232.439	42.826	45.285	47.817	50.426	53.113	55.880	58.731	61.666	0	0	0	0	0
Tax of profit	0	46.488	8.565	9.057	9.563	10.085	10.623	11.176	11.746	12.333	0	0	0	0	0
NET PROFIT	-52.335	185.951	34.261	36.228	38.254	40.341	42.490	44.704	46.984	49.333	0	0	0	0	0

The years are not calendar, but are calculated from the day of providing financial resources.

Cash Flow

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. INFLOWS	4.053.000	4.867.000	5.005.800	5.155.974	5.310.653	5.469.973	5.634.072	5.803.094	5.977.187	6.156.503	0	0	0	0	0
Equity	453.000	7.000	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shareholders	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Donations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shareholders	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating income	3.600.000	4.860.000	5.005.800	5.155.974	5.310.653	5.469.973	5.634.072	5.803.094	5.977.187	6.156.503	0	0	0	0	0
2. OUTFLOWS	4.072.724	4.641.916	4.933.216	5.096.447	5.234.126	5.440.384	5.568.360	5.720.196	5.892.037	6.069.033	0	0	0	0	0
Investments	453.000	7.000	810	834	859	885	912	939	967	996	0	0	0	0	0
Payment of old obligations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Replacement of fixed assets	0	0	0	15.000	0	49.000	15.000	0	0	0	0	0	0	0	0
Operating expenses	3.619.724	4.588.428	4.923.841	5.071.556	5.223.703	5.380.414	5.541.826	5.708.081	5.879.323	6.055.703	0	0	0	0	0
Loan annuities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax of profit	0	46.488	8.565	9.057	9.563	10.085	10.623	11.176	11.746	12.333	0	0	0	0	0
FINANCIAL FLOW (1-2)	-19.724	225.084	72.584	59.527	76.528	29.589	65.712	82.898	85.150	87.470	0	0	0	0	0
Financial flow cumulative	-19.724	205.360	277.944	337.471	413.998	443.587	509.299	592.197	677.347	764.817	764.817	764.817	764.817	764.817	764.817

Note

From the future accumulation, the program automatically included in the projections the replacement of fixed assets with a shorter lifespan than the project life Residual (residual value of the project) after the project life is not calculated in the last year of the project life because the market value of fixed assets after the end of the project life cannot be realistically estimated, and can significantly affect the financial effects.

Financial results of the investment

Parameter	Amount
Investment	460.000 RSD
Average Income	5.297.326 RSD
Average Net profit	46.621 RSD
Σ Net profit / Investment	1,01
Liquidity in all years	No
Average Net profit / Average Income	0,88 %
NPV (net present value)	186.736 RSD
IRR (internal rate of return)	10,49 %
Return time discounted	7 Years

SWOT Analysis

Strength

Your strengths can be qualified staff, team, experience, available resources (technological equipment, raw material base), market position, innovative products, investment and creditworthiness.

Weaknesses

Poor creditworthiness, lack of team, experience, qualified staff, creditworthiness, ie. financial resources (especially for beginners in business), inflexibility (poor adaptation to market changes), poor financial analysis to prove the profitability of the idea and attract co-investors...

Opportunity

Innovative product, developed more advanced technology, profitability of the idea, favorable market situation, ie. favorable economic-socio-political environment,....

Threats

Unfavorable economic, socio-political environment, lack of state incentives and favorable loans,especially for business start-ups, strong competition in the planned activity, strong competition that quickly develops more innovative products.

Appendix

Agency	Standard and Poor's	Fitch Ratings	Moody's Service
Rating	BB+/stable appearance ↗	BB+/stable appearance ↗	Ba2/stable appearance ↗
Date Activity	6/11/2021 ↗	9/3/2021 ↗	3/12/2021 ↗
Activity	Rating confirmed ↗	Rating confirmed ↗	Increased rejting ↗

You can download the current Rating via the link https://nbs.rs/sr/finansijsko_trziste/informacije-za-investitore-i-analiticare/rejting_RS/. Attached is the latest rating rating from STANDARD & POOR'S, MOODY'S INVESTORS SERVICE and RATING FITCH. It is important if foreign investments or foreign investors are planned. More in the blog <https://investasistent.com/investiciona-i-kreditna-sposobnost-investitora/>

Note

An investment is eligible for realization if all indicators in the Financial Result have recommended values, if the SWOT analysis is realistic (more in the blog [SWOT Analysis](#)) and if the investment and creditworthiness is realistically assessed and accepted by a potential lender or co-investor (more in the blog [Investment and Investor Creditworthiness](#)). The key parameters on the basis of which it is concluded whether the investment is financially justified are: NPV (Net present value), which must be positive, and shows how much the investor will earn in the project life at current prices, IRR (internal rate of return) which is an indicator of interest invested capital, which in the basic variant must be at least 2 times higher than the discount rate, Discounted return on investment, which must be shorter than the life of the project, Average annual Net profit min 15-20% of average income. If the budget shows a loss on the Income Statement and / or illiquidity in the Financial Flow (often occurs in the first years of the project life if production is gradually established and / or due to the need to conquer the market, due to employee salaries, depreciation and due loan installments), and other above parameters are good, does not mean that you should give up the investment, but indicate that in those years it is necessary to invest additional external funds to maintain liquidity.

Disclaimer

We did not check the reliability of the input data (investment value, income and expenses, SWOT analysis), as well as investment and creditworthiness. Therefore, before starting the investment, all entered data should be checked again, especially the procurement and sales market.

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If you want our opinion on the investment in question, contact our consultants by [e-mail](#) with specific questions.