

CLOBAL STEEL DOO

Nikolaja Gogolja 64, Beograd, ZIP and Place: 11030 Beograd-čukarica, e-mail: bbflex04@gmail.com

BUSINESS PLAN

**THIS FINANCIAL PROJECT WAS DEVELOPED IN THE
METHODOLOGY AND WAYS THAT ARE NECESSARY
FOR THE APPROVAL FOR PROJECT FINANCE
(WITHOUT INSURANCE OR GUARANTEE) BY
USA NATIONAL CREDIT AGENCY,
INVESTORS AND BANKS.**



Project

PREFABRICATED HOUSES and HALLS

for investment in
Republic of Serbia

EXECUTIVE SUMMARY

January 2022

INFORMATION MEMORANDUM



BRIEF DESCRIPTION OF FINANCIAL PROJECT

Type of the Project consisting of two parts. This business plan refers to the ① First part only.

- ① **First part** Financial model / business plan for loan application (this one) ↓
Section 1 Cross-border transactions to eliminate commercial and financial risks.
Section 2 helps PCo to control cash flow, improve collections and control bad debt exposure.
- ② **Second part** Decision analyses / Online Cash Flow Control during the loan life



INTRODUCTION	3
2. Section 1. EXECUTIVE SUMMARY	8
3. Section 2. DECISION ANALYSES	12
4. Sensitivity Analyses (introduction)	13
CONCLUSION	14
☪ Enclosures	15

*The URLs facilitate following the content when you're read it. References to external sources are intended for people who are using assistive technologies, and for non-financial experts—administrators, business managers, entrepreneurs, translators.

INTRODUCTION

Project Name: PREFABRICATED HOUSES and HALLS

Base *level Zero (0)* [Worksheet **BUDGET**]

Developer: CLOBAL STEEL DOO, Project Company (PC)

Product: Homes and Halls


Subject: Capital investment in new registered company

Prices of TURNKEY DELIVERY:

Total import value, DDP Equipment: \$ 5,125,000
Materials: \$ 1,956,000

Capital Investment Import: \$ 8,355,580

Local country costs: 23% \$ 1,274,580

Credit term: 7-year period (18-month grace period)  Project

Profitability: NPV = \$ 35,384,534 - (Cell C72) at a hurdle rate 10% (Cell C71)

IRR = 140.9% - (Cell C73)

in discount (hurdle) rate of 10%.

Feasibility study: DSCR = 21.2 (Debt Service Coverage Ratio) – Good (with the proviso that 1.2 is the critical value of LLCR = 21.3 (Loan Life Coverage Ratio).

Financing: Project finance with EXIM Bank of USA funds and local commercial bank.

Distribution: Serbia, EU markets, Ukraine, London and Africa.



Distribution and financial control: OCFCS, through outsourcing EEC Ltd., Bulgaria.

This Summary is made on pre-design base data, and it will be fully completed when a final offer for equipment is provided.


Background

The feasibility study process started up with a request and inquiry in 2200 from Serbian company for assistance in the supply of equipment and materials for the construction of tall modern buildings (like almost all such buildings and skyscrapers in New York) - metal structures and panels - for which the company does not have the necessary equipment.

Later are made a general feasibility study (no upfront payment) for preliminary analyses for financing the Project and Online Cash Flow Control System (OCFCS) as part of the entire project documentation – or loan application during the loan life. Later, after analyzing the information received, this financial model was developed for construction of modern high-rise, multi-story homes and turnkey townhouses - all with equipment from the American manufacturer.

This Project is developed by International Investment Council, (IIC), a DBA-formation of East Electric Company LLC,  Washington, DC, and with courtesy of its outsourcing for Europe, East Electric Company Ltd., Bulgaria (eec & IIC's  Trustee Tomislav Joncic (Serbia), authorized to do and perform all and every act and thing whatsoever requisite.

Sales Strategy

Strategy focused on London, Serbia, where will be corporate industrial affiliate and neighboring countries, exports to the EU, including Ukraine (after the war). The **PCo** will participate in various trade fairs to expand its network, especially in the Western Balkans, where there is often a climate invasion (and not only, for example - in Bulgaria in August 2022  - and in the USA).

"Existing home sales have now fallen for six months in a row, and are 26% lower than the January peak. Home sales likely have further to fall" [Odeta Kushi](#), deputy chief economist at First American Financial, tweeted. This 10% annual rise in real estate prices growth in 2022 was confirmed by [Kinght Frank](#) agency and [Eurostat](#) (Sofia: 11.9%; Berlin: 11.7%; Slovakia 24%; Hungary: 20%; Lithuania: 17%;).

This is relevant when introducing the assessment of the political factor into the Financial Risk Assessment Program. The necessary funding for this is provided in the Cash-flow Pro-forma Budgeting on **Level 2** of the Financial Model.


Status of the Project

Financial model 

Operational control, Quantitative Financial Risk Assessment and Management of the business during the loan life. At the beginning of the Project due diligence process, this can help speed up the procedure and allow the lender to make a proper assessment according to established rules. The general purpose is to conclude a concept design review through an optimal size of capital investment and operational costs.



As mentioned above, it has the well-known *hierarchical structure* for system analysis in five working *levels* (and one, on top, out of out of PCo control).

Information on the current values of income and costs for control is presented on this worksheet [click on the steel structure(s) image on the left or on the icon 

Solar energy supplier(s) for own use as well as for the Project factory are subject of implementation during the loan life, and will be financed with own funds or an additional loan.

① **First part:** (This is description of the Business Plan)

For PROJECT FINANCE OF NEWLY ESTABLISHED COMPANY – this is financial modeling of Capital Cash-flow Pro-forma Budgeting. It was developed primarily for project financing - intended for both: project due diligence review and further monitoring. The Financial modeling package contains Information Memorandum (**BUSINESS PLAN** – this Executive Summary).

Provides:

- ✓ Detailed description of the financial model, assessment of profitability and financial quantitative risk, *and* Input data and assumptions [Worksheet **Intro**].
To use the financial model for operational control of the Project, the buttons to the right of the heraldic pyramid will serve to visit:
- ✓ The section of algorithmic conditions and management in Worksheet [**BUDGET**]
- ✓ Capital goods and services [Worksheet **Cap. Goods**] with their prices and **Sales, Costs, Cash-flows, Measuring Profitability** and Pay-back methods applied, *and*
- ✓ Graphical representations of the most important parameters of the Financial Model: Worksheet [**BUDGET**].

② Second part:

For **DECISION ANALYSIS ONLINE CASH FLOW CONTROL ACCOUNTING SYSTEM ALL TIME DURING THE LOAN LIFE**

- (i) **Decision and Sensitivity Analysis** of posterior probabilities of events affecting the most important factor with impact over the cash inflow for risk management during operation [Worksheet **Bayes**] *and*
- (ii) **Risk Assessment and Management** with Manual and description of an Excel program file with the financial model and software. It is provided in a customized version with actual results of the assessment of eight risk factors and their impact over the business venture.*



* This software is a complex of copyright products used free with the curtesy of the Project Developer and its EU auxiliary.

GENERAL INFORMATION

PROJECT GENERAL INFORMATION AND TECHNICAL MEMORANDUM


BUSINESS PLAN - EXECUTIVE SUMMARY

First Part

For investment loan application



BRIEF DESCRIPTION

Click and download → 
Worksheet [Bayes]

Type of the Financial Project

This Financial Project is capable of producing enough cash to cover all operating and debt-servicing expenses over the whole tenor of the debt. It is ultimate product of universal financial model for [project finance](#) in the real economy. Its general structure is a very simple *hierarchic formal system*: [input](#) → [calculation algorithm](#) → [output and management](#).

Level 0 is the basic level and data (invariant for this Project) with desired equipment,

Level 1 - capital goods and services in Worksheet **Cap.Goods**;

Level 2 - level with the rules of cash-flow pro-forma budgeting determined in the next Worksheet **BUDGET** and space for current data – during the loan life..

Second Part

For optimal control of financial risk **during the credit period**

Level 3 - quality analysis of the investment; *and*

Level 4 - risk management by the functional rules of [Worksheet **Bayes**].

Level 5 - is in this formal system with visual pyramidal a two-level structure:

- ↓ the lower one is the management - “Command Center”, which with own load feedback can change the output of *Level 3* *and*
- ↑ the upper one is imaginary - this level is divided into two parts:
The **Project Company** in the real market operates at its discretion in accordance with laws and Holy Morality and succeeds / or does not exist, develops or declines.

“We can call the meaning of life and the world: God” (Ludwig Wittgenstein). 

Respectively, following this structure, that is the rules for the operation of the formal system on *Level 1* are determined by the rules of the upper *Level 2*, which in turn are determined by functional rules of *Level 3*, etc. The meta-rules of the top *Level 5* cannot to be changed because there is no higher level above in which have rules that specify how to modify them.


The application of the principle of Theory of Control (Cybernetics) is the hierarchical structure, which is correct applied in similar cases of the financial modeling—this project—in order to keep the transaction under control which significantly mitigates the operational risk factor, including **Online Cash-Flow Control System** [\[more\]](#).

If you are interested in theoretical fundamentals of **FORMAL SYSTEMS**, download the description 

Finally, the input *Level 0* is highly project specific, located at the base of the pyramidal structure, where all first data input and assumptions are fixed, constant, and not changeable during the operating with the model.

They are:

- ✦ Various costs and assumptions, offered by the US supplier of capital goods and services;
- ✦ Developer's local costs, including loan application and staff salaries;
- ✦ Forecasting revenues and the relevant duties, tax rates, interest rates and other local country costs.
- ✦ Input data and assumptions – **project** and **real** annual production – must be currently **completed**.

<i>Decision Analysis</i>			 <i>Online Cash Flow Control</i>	
Demand is rising			All time during the loan life	
1 year	Financial modeling ↗			
<i>Built-up materials</i>		p.Yr		
Homrs	31%	36,360 m2	= Cell Q34	
Halls	69%	80,800 m2	= Cell Q35	
		117,160 m2	Feedback from <i>Level 5</i> to <i>Level 0</i>	



Section 1

EXECUTIVE SUMMARY
For Creditor and Insurer

Section 2

CASH FLOWS. Pro-forma Budgeting

For assessment, control and manage the risk during the loan life


Section 1 PROJECT DEFINITION

This **Section 1** covers and presents in detail the first 3 basic *levels* of the Project structure and serves to evaluate the efficiency of the capital investment with a defined form of the Project Company's participation in it.

Level 0 INPUT DATA AND ASSUMPTIONS - initial parameters on the bases level

The base *Level 0* is developed on [Worksheet **Intro**] and contains the entire Project output database. Conversely, the results are on the database entered at this level. This information is unchangeable, independent from the mathematical algorithm of the model.

Conversely, the results are based on the database entered at this *level 0*. For a better, easier and faster conceptual understanding of the Project and future business management, a visual interpretation of the structure is given for the user - the hierarchy that is the basis of cybernetics - the management theory (as well as herein above this verbal description).

On Worksheet [**Intro**] when open it, on the top left there is changeable big pictures, showing **Homes** and **Halls**. By clicking on the big screen-picture (or the  icon), the main values of **SALES** and **COSTS** [Cell C3] and [Cell 8] are visible, for information only. The idea of hiding this information when open the file is psychological in nature.



OBSERVATION AREA - to the right of the pyramid picture there are buttons and icons that are recommended for navigation to others worksheets.

Below is table **FINANCIAL START DATA WORKING PANEL**. It presents respective working data with the main financial results in months / for quarters / six months fiscal periods, where for the three winter months they are 20% lower and in August are equal to "O" as being mass nonworking vacation month. Below are:

- **STAFF – Start Salaries** [row 48, coll. K - O];
- **LOCAL COSTS:** Duty (Cell R51) + VAT (Cell S51) = \$ **1,416,200.-** (Cell R54) and others \$ **80,000.-** (Cell S54)
- **LOAN APPLICATION - EXPENSES:** \$ **217,000.-** (Cell R61)

The **STARTUP DATA** with **Basic unchangeable values for transfer to the upper *Level 2*** - all data therein are from EXPORT (**Sales**) ↔ IMPORT PRICES (**Costs**) OF EQUIPMENT AND MATERIALS - purchase PRICES and SERVICES.

FINANCIAL ANALYSES

* **CAPITAL INVESTMENT EXPORT**

Cell G48 \$ **8,355,580.-**

* **LOCAL COUNTRY COSTS (LCC)**

Local country costs are <30% [**23%** (Cell S68)] of the export originated from the country of manufacturer total value.

		Duty	VAT
Imp. values + LOCAL COSTS		2.5%	20%
Import Duty: Machines		128,125	1,025,000
	Materials	48,900	391,200
	Sub TOTAL(s)	\$177,025	\$1,416,200
Local country customs transport and storage:			30,000
Local administration Permits & Reconstruction:			50,000
Local country costs TOTAL:		\$257,025	\$80,000

The subtotals from the tables are transmitted to the next *Level 2*.



This is the simplest possible representation of the cost part of the capital investment, based on the **commercial offer** [Cell G48], Worksheet [**Intro**] and confirmed by a commercial contract. However, financial modeling provides opportunity of various treatment of this database in the financial Project. It can help the decision maker—individual (e.g. CEO) or the Board of the Developer—to analyze and proceed in compliance of the real and optimal alternative of a best investment strategy. By way of example, look at an option as pessimistic forecast—Developer is not in position to meet (i) so called “own funds”, and even (ii) the VAT so that the equipment to be delivered inside the country on the building plot; thus, to meet with the seller/supplier obligation of DDP* supply. Therefore, additional options have been modeled as following:

- (i) **OWN FUNDS** requirement [Cell I47 and Cell G47], Worksheet [**Intro**], (15% of the loan amount if required) and other:
- (ii) The Project Company, in **accordance** with the conditions entered as a liability, in the last (4) financial risk assessment (the **red** right line in the graph below) is obliged to register a new company and will use the industrial equipment of the owner of the incumbent, previous, company (its current market value is **\$ 800,000.-** (Cell I28, Worksheet [**Intro**]).
- (This option is not included in the project cash flow; however, this will increase Net Icon.)
- (iii) **STARTUP RISK ASSESMENT**

DECIAION MAKING TO PARTICIPATE IN THE FINANCING OF THE PROJECT

PRELIMINARY QUANTITATIVE ASSESSMENTS OF FINANCIAL RISK

INSTRUCTIONS, CONTROL - graphic presentation of the results

The first thing, in return of the received request and inquiry from the Serbian company, was to do some research on the company. It has been done during the active 6 months, 3 consecutive assessments of the financial risk - the first with relatively high-risk levels. After each assessment, appropriate adjustments to the company's operations was made and the risk score dropped down from 1.20 to 0.36 (but the latter - temporarily). Recommendations

were made to permanently maintain the financial risk at this level of 0.32 during the loan life (the last segment - the light red straight line from the graph). That means to close this company and to register a new one in London with Companies manufacturing branch in Belgrade (the long-standing practice of the operating company with its own technological equipment of and CEO). This is the only way to manage risk under the created conditions.



* Delivered Duty Paid

Level 2 CASH FLOW. Pro-forma Budgeting – Pessimistic Forecast

This is the main part of the business plan Worksheet [**BUDGET**]. The cash flows over time.

Prices: - **Sales:** Homes [Row 2] Halls [Row 3], **Total** [Row 4] \$ **14,978,400.-** [Cell P4]

1yr Sales:	31-Jan	28-Feb	31-Mar	30-Apr	31-May	30-Jun	31-Jul	August	30-Sep	31-Oct	30-Nov	31-Dec	\$ TOTAL
Homes p.Mo	\$403,200	\$403,200	\$403,200	\$504,000	\$504,000	\$504,000	\$504,000	\$0	\$504,000	\$453,600	\$453,600	\$453,600	\$5,090,400
Halls p.Mo	\$768,000	\$768,000	\$768,000	\$960,000	\$960,000	\$960,000	\$960,000	\$0	\$960,000	\$960,000	\$960,000	\$864,000	\$9,888,000
Total:	\$1,171,200	\$1,171,200	\$1,171,200	\$1,464,000	\$1,464,000	\$1,464,000	\$1,464,000	\$0	\$1,464,000	\$1,413,600	\$1,413,600	\$1,317,600	\$14,978,400

- **Costs:** Homes [Row 6] Halls [Row 7], **Total** [Row 8] \$ **8,444,800.-** [Cell P8]

1yr Costs: (Materials only)													
Homes p.Mo	\$201,600	\$201,600	\$201,600	\$252,000	\$252,000	\$252,000	\$252,000	\$0	\$252,000	\$252,000	\$252,000	\$252,000	\$2,620,800
Halls p.Mo	\$448,000	\$448,000	\$448,000	\$560,000	\$560,000	\$560,000	\$560,000	\$0	\$560,000	\$560,000	\$560,000	\$560,000	\$5,824,000
Total:	\$649,600	\$649,600	\$649,600	\$812,000	\$812,000	\$812,000	\$812,000	\$0	\$812,000	\$812,000	\$812,000	\$812,000	\$8,444,800

Monthly, for 1 year; 3 winter months **-20%** efficiency (due to the specific type of the work – outside); and **\$0** for August (vacation month).

\$94,869,600	1,317,600	7,905,600	7,072,800	7,905,600	7,072,800	7,905,600	7,072,800	7,905,600	7,072,800	7,905,600	7,072,800	7,905,600	7,072,800	3,681,600
\$40,699,842	3,982,880	1,126,900	887,049	1,294,249	3,162,044	1,299,265	3,152,391	470,349	3,121,420	1,287,501	3,113,107	1,292,723	10,738,227	5,771,737

For 7 Yr loan period: **Total Sales:** / Revenue: \$ 94,869, 600.- [Row 15]

Costs: / Goods sold: \$ 39,826,617.- [Row 16]

Capital investment (incl. Loan Installments) **Total Costs:** \$ 48,933,342.- [Row 20]

Sales: Net Income (before tax): \$ 94,869,600.- [Row 32]

Loan instalments: Principal: \$ 8,355,580.- [Row 61]

Interests: Interests: \$ 2,130,419.- [Row 62]

TOTAL: \$ 10,485, 999.- [Row 63]

DEBT service	Loan Installments:	End of periods→	31-Dec-22	30-Jun-23	31-Dec-23	30-Jun-24	31-Dec-24	30-Jun-25	31-Dec-25	30-Jun-26	31-Dec-26	30-Jun-27	31-Dec-27	30-Jun-28	31-Dec-28	30-Jun-29
\$8,355,580	Principal: Σ→	\$8,355,580				\$ 1,519,196		\$ 1,519,196		\$ 1,519,196		\$ 1,519,196		\$ 1,519,196		\$ 759,598
4.19%	Interests: Σ→	\$2,130,419	\$29,175		\$350,099	\$ 350,099		\$ 335,430		\$ 321,375		\$ 307,910		\$ 295,008		\$141,323.64
-\$8,355,580	Loan Installment, TOTAL Σ→	\$10,485,999	\$ 29,175		\$ 175,049	\$ 1,869,295		\$ 1,854,626		\$ 1,840,572		\$ 1,827,106		\$ 1,814,204		\$ 900,922

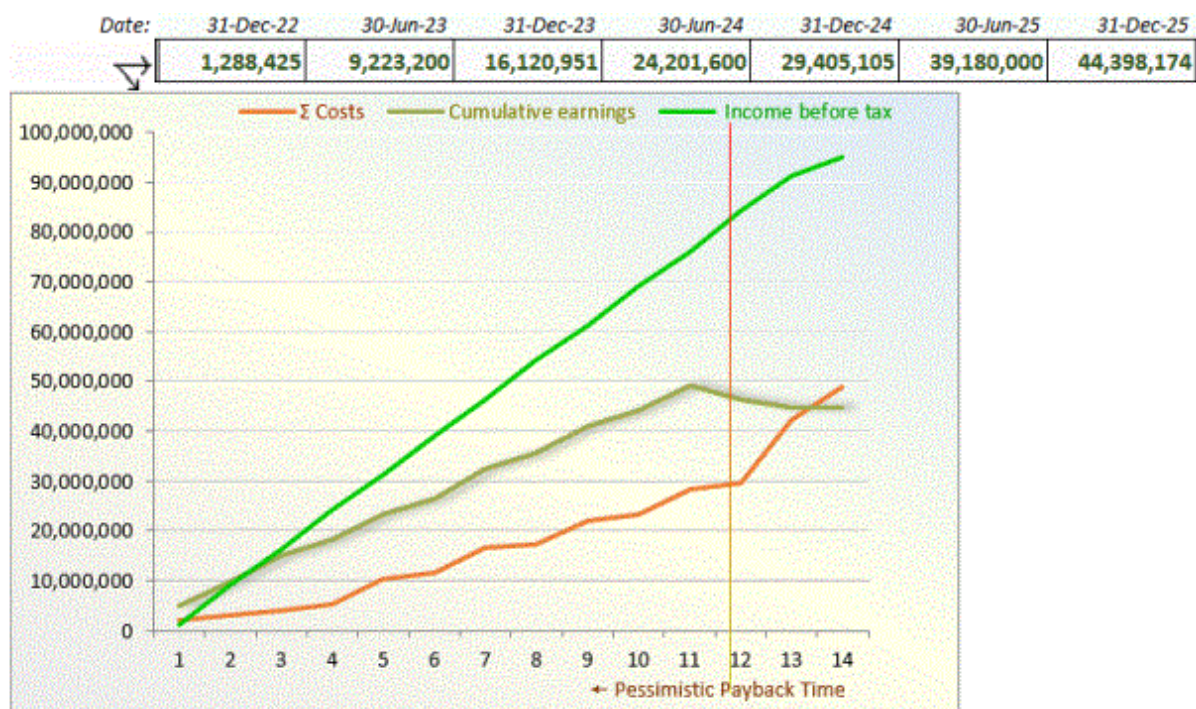
38	OPERATIONAL AND RISK MANAGEMENT	ENTER	Current data during the credit loan period													
39	Database for project development	Date:	31-Dec-22	30-Jun-23	31-Dec-23	30-Jun-24	31-Dec-24	30-Jun-25	31-Dec-25	30-Jun-26	31-Dec-26	30-Jun-27	31-Dec-27	30-Jun-28	31-Dec-28	30-Jun-29
40	a Sales: Whole 7 Yr loan period Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
41	b Costs: Manufacturing TOTAL	\$ -	0	0	0	0	0	0	0	0	0	0	0	0	0	0
42	Variable costs	\$ -	0	0	0	0	0	0	0	0	0	0	0	0	0	0
43	Fixed	\$ -	0	0	0	0	0	0	0	0	0	0	0	0	0	0
44	4.19% Cash Flow Statements a - b	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

The herein above visualizations presented, (and the corresponding rows) are of the information on which the financial project is based. They are updated periodically by entering current data in the cells of the rows shown below. All subsequent actions of the project company in the credit period are made from them - subject to the description in **Part 2** of the Financial Project.



PROFITABILITY ANALYSIS are subject of **Section 2. DECEISION ANALYSES**

Here are presented the final financial results of the cash flow: from the project and from its evaluation and management (*Level 3*)

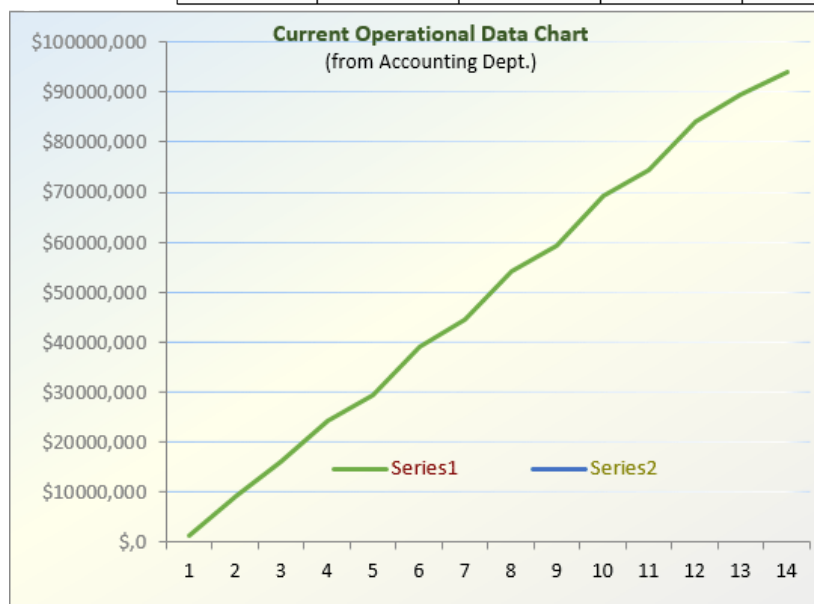


	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Increasing	1,317,600	9,223,200	16,296,000	24,201,600	31,274,400	39,180,000	46,252,800	54,158,400	61,231,200	69,136,800	76,209,600	84,115,200	91,188,000	94,869,600
Increasing	8,588,817	13,525,664	18,802,184	21,923,358	27,195,874	30,324,752	36,258,826	39,412,422	44,694,327	47,854,559	53,132,296	50,206,918	48,538,780	48,538,780
	3,982,880	5,109,780	5,996,829	7,291,078	12,322,418	13,621,683	18,628,700	19,099,049	24,061,040	25,348,541	30,288,754	31,581,477	44,133,908	50,806,567
Date:	31-Dec-22	30-Jun-23	31-Dec-23	30-Jun-24	31-Dec-24	30-Jun-25	31-Dec-25	30-Jun-26	31-Dec-26	30-Jun-27	31-Dec-27	30-Jun-28	31-Dec-28	30-Jun-29
	1,288,425	9,223,200	16,120,951	24,201,600	29,405,105	39,180,000	44,398,174	54,158,400	59,390,628	69,136,800	74,382,494	84,115,200	89,373,796	93,968,678

Presented on [Rows 83 – 88]

During the credit period, the graphical representation of the results will be presented on the second graph – below.

Row 86: 54,158,400 59,390,628 69,136,800 74,382,494 84,115,200 89,373,796 93,968,678



This is an operational page where an analyst / operator can make and add adaptation of real data and track the results of the underlying financial factors.

During the credit period (and subsequently), new graphs with current data will be built to this representation of the main parameters of the **Project** presented above. The visual comparison will help to make managerial decisions to optimize the operational costs of the **Project Company**. In real conditions, these indicators are calculated in **Section 2** of the **Project**.



GLOBAL STEEL 0.0.0.



HALL'S

Manufactured Homes

Section 2

Section 2: DECISION ANALYSES

Project Profitability and Sensitivity Analyses (brief and general description)

THIS SECTION IS DESIGNED FOR DECISION ANALYSIS
DURING THE 7-YEARS LOAN LIFE: [Worksheet **Cap. Goods**]

- **ONLINE CASH FLOW CONTROL ACCOUNTING SYSTEM** [Cell F28]
- **7R PROGRAM** for FINANCIAL RISK ASSESSMENT [Cell F29]

Brief marking and description of **both** topics in this **Section 2** - presented in details for study and use during the credit period in a separate material.

The Cash-Flow Models for capital budgeting—the best measures of the financial effects of this investment*

GENERAL DESCRIPTION

The content of **Section 2** [Worksheet **Intro**] is developed in details in a separate description.

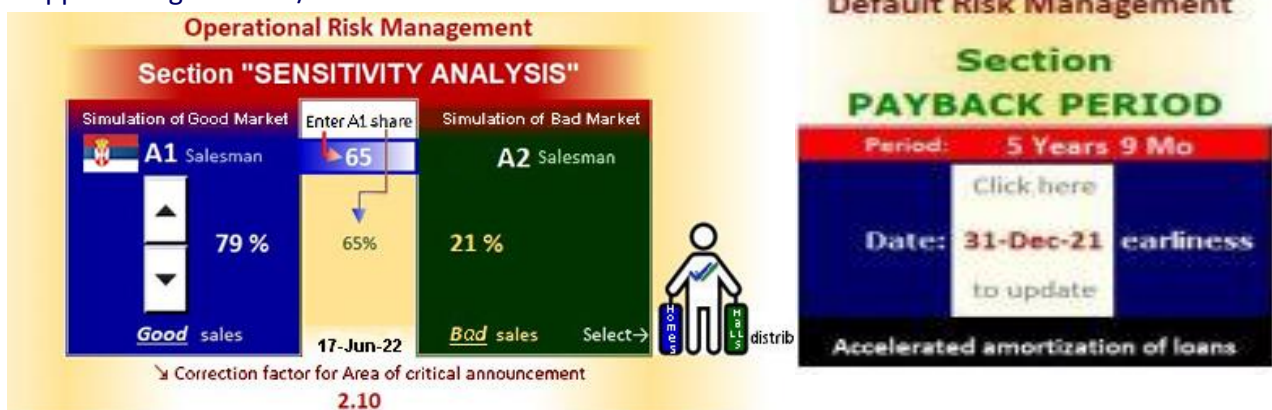
In the Financial model (in Excel) this **Section 2** is presented for study and use by the Project Company only during the credit period. From **Level 3** is processed the cash-flows information for calculation quality ratios. They are leading in making a decision about the Project operation, as well as for the auditors of the Agency / credit bank whether to support the Project. It is the source of output data for the next upper **Levels**—sensitivity analysis and quantitative financial risk assessment for calculation of the insurance fee and annual interest of the loan. These data, for the convenience of the creditor and the insurer, are presented at **Level 2**, all on Worksheet [**BUDGET**]. Part of the information - the data and calculations in **Section 2** are presented in **Section 1** for PROFITABILITY ANALYSIS - control and management.

- **Net Present Value (NPV)** – how revenue is earned and cash received from the purchased assets specified on **Level 1** and the excess of cash from revenue over the cash paid for the costs associated with the investment as developed on **Level 2**.

* Based on the old adage that a bird in the hand is worth two in the bush—the use of money has a cost (interest).

- **Level 2.** Discounting expected cash flows from the Project [Cell C71] to the present using the discount rate of 10% [Cell C71] is positive, **1.87**. All expected discounted cash flows to the present time, **NPV > 0** indicates that the investment should be pursued with hurdle rate = 10%.
- **Debt Service Coverage Ratio (DSCR)** [Row 67]—one of the financial ratios that every small business manager should understand—for each six-month period, equal to EBT [Row 32] / Costs [Row 16] from the set of financial statements measuring Project Company's ability of servicing its debt. Ratio of 1 means that the company's net operating profits equals its debt service obligations.
Lenders need to know how much debt is currently owed and the money available to pay it off.
DSCR is required to be 1.25 or more, **DSCR = 1.87** is "Good" [Cell F67].
- **Internal Rate of Return (IRR)** – Project Company can expect to earn cash by the Project **IRR = 140.9%** [Cell B73].
- **Loan Life Coverage Ratio (LLCR = 21.2)** [Cell F74]. LLCR provides the lender with a measure of the number of times or percentage the project cash flow over the scheduled life of the loan can repay the outstanding debt balance.

A return on equal cumulative costs calculated at *Level 2* is required when the estimated numbers determined are replaced by true amounts taken from the original bids and/or agreements with suppliers of goods and/or services identified at *Level 1*.



Level 4 Sensitivity Analysis, Cash Flow Online Control System (CFOCS)

- **Section PAYBACK PERIOD METHOD.** The real length of time required to cover the cost of investment will be computed when all prices, time periods, etc. are real, supported by the respective documents – purchase contracts. Based on the received offers and other elements of this Financial Model, of the expected length time, is 7 years loan life.
- **Section SENSITIVITY ANALYSES** - Online Control [Worksheet **Bayes**] (INTRODUCTION)
A basis for the Operational and Risk Management is the general advantage of this Financial Model over massive investment business plans ([more](#)).
For sales and loan repayments within the planned period [sensitivity analysis](#) is used to improve cash flow. An analysis is made of the effect on sales profitability resulting from managing marketing and financial risk through predictable and unpredictable events of interest. The best method and mathematical algorithm for this purpose is Bayes theorem.
[Worksheet **Bayes**].







CONCLUSION



This BUSINESS PLAN / INFORMATION MEMORANDUM presents the model in Excel for the project finance of a new company in for modern PREFABRICATED HOUSES (BUILDINGS) AND HALLS with American machinery and materials.

The project description is in two parts as presented in RISK ASSESSMENT **8R-PROGRAM**  (Section 1) credit financing, supply of equipment and materials – financial model; (Section 2) training of borrower personnel to use the mathematical model, online operational control of production, sales, repayment of the loan within the agreed terms and conditions and current quantity financial risk assessment. These two parts of the Project cover the entire period - from the application for an investment loan to the payment of its last installment. 

The most real, accurate and practically applicable description is achieved with a hierarchical structure. The effectiveness of this model has been proven over time, applied in countries with a specific culture and professional practice. It is defined in two parts, graphically represented on the first Worksheet [Intro]:


- Down: 3 Levels (0, 1 and 2) contain the all information (digital data and functions) of the project for its financing - elaborated and presented in this Project; E
- Upper: 3 Levels (3, 4 and 5) represent the current financial performance during the credit.

The development of this financial model began after contact of the Project Company with the project developer for help to finance the supply of new equipment for the construction of high-rise buildings – first with the assessment of quantitative financial risk* (presented in graphic form on the first Worksheet [Intro]). This preliminary assessment also provides clear results for the reduction of negative risk factors. Recommendations were made including the registration of a new borrower project company. However, the existing company used American equipment (with total present market price \$800,000.-) will be transferred / apportioned into the new company. This amount is not included in the financial estimates of the business plan, but it will contribute to an increase in income, i.e. a positive reserve.

During the credit period, a photovoltaic power plant will be made, exported from the US with own funds (or additional partial credit). All this making took a long time. As it's known, the cost of the Project will be paid as part of the loan (local country expenses).

Level 0, the first worksheet of the financial model of the matrix, contains only the basic information, not changing. Information on cash flows (pro-forma budgeting) is presented in tabular and graphical form. On the same worksheets, there are certain empty spaces (rows and cells) for entering operational data during the credit period. It will be visualized on the adjacent graph for comparison, and the data will be transferred to the worksheets of the second group for sensitivity analysis and evaluation in accordance with the financial programs used in this practice (Bayes Theorem, etc.). There is a theoretical possibility of supplying some construction materials from different manufacturers in case of need [Worksheet Bayes].



* The proprietary, unique software is used: RISK ASSESSMENT **8R-PROGRAM** 



Enclosures



- * 1. Certificate of Incorporation of Project Company 
- * 2. Certificate of Incorporation of Fin. Modeling and Risk Assessment developer, IIC 
EU Outsourcing co-executor of Business Plan, East Electric Co. Ltd., Bulgaria, *eec* 
- * 3. Letter contract – set of documents for financial model and business plan 
- * 4. Business Development - Professional Service Agreement 
- * 5. Buy-Sell Agreement
- * 6. Functional Model of Capital-budgeting  —Cash-flow Pro-forma Budgeting and Analyzes
- * 7. Handbook – Manual for operation with Risk Assessment 
- * 8. Lease of land 
- * 9. Risk Assessment and Management 
- * 10. Handbook – Manual for operation with Risk Assessment 
- *
- *
- **