



BUSINESS REPORT

Date: **20th April 2025**

Business Reference: **37119**

About the Business:

KZN Importer distributor to Major Retailer etc

R950k NP pa off a steady R3m turnover, with Vendor number. +20 years of low-cost quick-moving products (gifts - plastic/material - mainly below R100 each) - are supplied to a major Grocery Retailer within the KZN region, independent stores, agents, Gallagher Trade Show. The relationship with the major Retailer 48 KZN stores (cant lose all at one time), is based on the allocated Vendor number & delivery/service, which may be expanded should a buyer have greater cashflow capabilities than the

KZN Importer distributor to Major Retailer etc



Sector: **Services**

Asking Price:

R 1,580,000

Monthly Profit:

R 79,197

Asset Value:

R 100,002

Stock Value:

R 0

Yearly Net Profit :

R 950,363



Business Report

Fully describe the business's activities?

Importer and wholesaler for +20 years of low-cost quick-moving products from China, which are supplied to a major Grocery Retailer within the KZN region (80% of turnover, currently through some 48 stores & cannot lose all simultaneously), independent stores country-wide supplied directly (5%) & via agents (10%) and the website (2%), as well as, Gallagher Trade Show (8%).

The +20 year relationship with the major Retailer is with 48 KZN stores, & is based on the allocated Vendor number & delivery/service of existing product lines, which may be expanded should a buyer have greater cashflow capabilities than the Seller.

Products are not perishable. Experience in the industry means products are seldom returned, but if so, they are donated to worthy-causes.

How does the business operate on a daily basis?

The overseas buying is aided by a longstanding trustworthy foreign agent. Products (90 odd Gifts of plastic/material, mainly below R100 each) are distributed & packed into stores of a Major Grocery retailer by the Seller & Rep Monday to Friday, while orders are taken at other stores along the same route. Independent stores around the country are called on by agents who email the orders through. These orders are then pulled, packed and couriered to the customers. Weekly mailshots are sent to a customer database built up over the years of trade for online sales.

The Sellers' wife assists with administration (a replacement cost for her is budgeted for within this Business Expense Report).

How are the clients attracted to the business?

The long-standing supply channels drive turnover, as do referrals & the website. However, the Owner does not partake in marketing, business development, etc, due to a lack of personal finances to grow the business. The opportunity to grow the business, product-lines & client base is huge, for a purchaser with capital. Without consistent sufficient stock levels available, the Seller cannot take on new customers and service them effectively without jeopardizing the existing customer base.

What competition exists?

While there may be many competitive product lines in the marketplace, the barriers to entry into these retail stores are difficult and extremely time-consuming. Many suppliers have tried... and failed. This service niche and trust has been built over 20 years. The products, while low cost, are of good quality, good value & sell regularly.

What are the seasonal trends?

Nov/Dec account for some R850k of the R3.1m turnover, while 8 months are generally around R250k, & the lowest 3 months around R150k. While there is a “bump” over the festive holiday season these are everyday selling products for all year-round sales. A purchaser with capital could push more non-seasonal product lines, to even out the year (to a certain degree).

Is the business VAT Registered?

Yes, with all detail/documentation available, incl shipping docs, excel, pastel, debtor invoicing, & Import Licence.

Are there up-to-date Management Accounts available?

Yes – Excel, Pastel & the Bank account will all provide the proof & monthly detail, soon after each months closure. The 2024 MA's have been utilised within this Report (excl VAT). Similar results have been experienced over the last few years.

Income is : Accounted for when Invoiced (which is paid by clients within 30-60 days); Cr notes are deducted for returned goods or where discounted to move such products; excludes the Retailers charges which are covered under Expenses.

Cost of Sales is including clearing & forwarding agent/costs/duties (1/3 paid on packing & 2/3 when 1 week from landing to obtain the Bill of Lading).

Expenses have been adjusted upwards to cover ALL business costs for the purchaser.

A steady turnover of R3m pa (with a GP of 55% incl shipping)), after every expense, produces an Owners Discretionary Net Profit of R950 000 pa. When his cashflow/debt was better handled, he managed pa a R3,7m turnover & R1.2m NP.

Stock requirements are presently R350k, while leading into Aug-Dec could rise to R600k, while cash flow with an extra R350k in Debtors.

A purchaser with capital can grow this business & profitability.

What Balance Sheet and Income Statements are available?

Yes -for all past years.

What percentage of the business is cash/credit?

The majority is on credit between 30-60 days, especially re- the Major Retailer. The book sits at some R350k during the year, but up to R550k around Dec/Jan.

What is the total staff complement?

2:

A rep of 1 year, who is a full-time employee. He earns a basic & commission if targets are exceeded. The Sellers' wife who assists with administration (a replacement cost for her is budgeted for within this Business Expense Report).

Should a purchaser wish to retain the wife & owner, they are very open hereto, as the only reason for selling is personal debt, that has become a negative situation they need to eradicate.

Premises Detail

The business is operated from the Sellers home in the Outer-West area of Durban – inclusive of a small office (25m²), while stock is held in 2 garages – for which a rental cost has been provided within this Report.

What are the main assets of the business?

1 Vehicle that is accounted for under expenses as being paid-off (no extra value at hand yet)
Shelving, racking etc to some R100k

Strengths?

Established & known player in the market, with a trustworthy foreign Agent, & major Retailer (for KZN) for over 20years.

Good relationship with owners of retail stores with trust built up.

Established systems/processes to ensure easy management, success, as well as, allow for rapid growth.

Low staff requirements.

Weaknesses?

Owner is involved in every aspect of the business, instead of focusing on strategy, business development & finances, while leaving the basic work to employees.

Due to the Owners personal financial constraints, he has not been able to grow his market/turnover to achievable levels of R4-10m.

Opportunities?

Extra working capital will allow for: the purchaser to focus on macro vs micro matters; introduce other product lines to the same established Retailers' 48xstores / independents / agents; & also new business within the retail group and outside the group, development actions, resulting in further sales to power growth/profitability.

Threats?

That new entrants enter the market – which is unlikely in respect of the major Retailer due to barriers to entry and the relationships supported by his established systems/processes.

Economic conditions – Product selection can be readily adjusted according to the economic climate. The Seller has borne the worst periods of COVID, riots, floods, loadshedding – which have all come and gone & yet his turnover & profits remained solid.

What is the reason for the sale?

The only reason for selling is personal debt, that has become a negative situation & that they as a family need to eradicate.

Should a purchaser wish to retain the wife & owner, they are very open hereto & would love to continue operating/ working in the business.

Why is this a good business?

Steady turnover of R3m pa (with a GP of 55% incl shipping), and which after every expense is fully covered, produces an Owners Discretionary Net Profit of R950 000 pa. When his cashflow/ personal debt was better handled, he managed a R3,7m turnover & R1.2m NP. A purchaser with capital can grow this business & profitability.

It is easy to manage, has a major Retailer vendor number providing a protected route to market, while having an excellent overseas supply Agent.