

A man in a blue suit and patterned shirt stands on a street, smiling. The background shows a building and a blue barrel.

BUSINESS REPORT

Date: **20th May 2024**

Business Reference: **36512**

About the Business:

Fruit and Vegetable Trader

Fruit and Vegetable wholesaler with a retail outlet. Processing vegetables and supplying products to a strong wholesale customer base, throughout the greater Garden Route area

Fruit and Vegetable Trader



Sector: **Food**

Asking Price:

R **2,250,000**

Monthly Profit:

R **81,798**

Asset Value:

R **1,403,980**

Stock Value:

R **85,000**

Yearly Net Profit :

R **981,570**



Business Report

Fully describe the business's activities?

The business is involved in Bulk Processing and Wholesale Distribution to the Garden Route, Klein Karoo and Great Karoo Areas on various days in the week from Monday to Friday, Retail shop runs along side the Wholesale Section and makes up between 1/4 and a 1/3 of income generated and operates from Monday to Saturdays. The business specialises in Fruit and Vegetables only.

How long has the business been established?

More than 40 years - third Owner since 2012.

How long has the owner had the business?

Since 2012

How does the business operate on a daily basis?

Operations consists of:

1. Retail Outlet - Open to the public (Mondays to Saturdays)
2. Fresh produce are received on a daily basis
3. Certain Vegetables are processed and packed according to orders received for the distribution to the wholesale market
4. Daily deliveries locally and outlying area's utilising and rotating 5 delivery vehicles.

How are the clients attracted to the business?

Well Established customer base, which is retained because of high quality produce offerings and excellent service.

Good Retail location ideally situated for its customer base and product offerings.

Social Media - Facebook, advertising and historic existence of the business.

Participate in tenders for local and outlying Hospitals, Correctional Services and Government Colleges.

Supplying Catering Companies as a preferred supplier to Units managed by them in the Garden Route Area and locally.

Private clients through word of mouth.

What Advertising/Marketing is carried out?

Facebook and various other local advertising outlets

Does the business have any contract work?

Tenders for Correctional Services rotate through the year due to BEE regulations. Sub contraction can occur with strict payment conditions. Correctional Services invite the business to tender when cycle is due. Hospital Tenders are re-awarded due to pricing, service delivery and historic reputation established over 12 years.

What competition exists?

There are other parties providing certain common services, but this operation is involved in all areas of the downstream from Processing to Retail to Wholesale and Distribution.

What are the seasonal trends?

There are no specific major seasonality. Sales stay fairly consistent throughout the year, but supply during winter months can change from time to time.

Is the business VAT Registered?

Yes

What VAT documentation is on file?

All required VAT documentation is available

Are there up-to-date Management Accounts available?

Yes - Management Accounts until February 2024 available

What Balance Sheet and Income Statements are available?

Yes - All AFS are signed and approved and are available for Due Diligence

What percentage of the business is cash/credit?

A substantial part of the retail business is Cash - 70%
The wholesale business is mainly on 30 day accounts.

What is the age analysis of the debtors book?

Debtors book is well managed

How could the profitability of the business be improved?

There is the opportunity to add:

1. Clients in new markets not currently serviced - i.e. Hospitality Industry
2. Expand the existing product offering

What is the total staff complement?

15 Staff members excluding the Owner who is full-time involved in the mornings.

Give a breakdown of staff/ functions/ length of service?

2 x permanent Senior Administrators who are capable of overseeing the running of the business on a day to day basis without the owner present. Both are cashiers too.
1 x permanent part time admin/general assistant - Wednesdays to Fridays.
2 x cashiers on Contracts (Each work separate days in the shop)
2 x permanent Drivers and order packers on return.
2 x permanent Male general workers (1 being a back up driver and delivers locally in town the other is a back up cashier)
2 x permanent general female workers (1 is able to manage a till)
1 x permanent part time general worker (Wednesdays to Fridays)
3 x contract flexi hour workers. (2 can operate a till)

Do any have management potential?

Yes

How involved is the Owner in running the business?

Hands-on involved with Finances.

When does the current lease end?

open ended

Is there an option of renewal & what period?

Yes and indefinite.

What is the annual escalation %?

Negotiated

What are the trading hours?

Mondays 7h30 to 15h00
Tuesdays 7h30 to 12h00
Wednesday to Friday 07h30 to 16h00
Saturdays 8h00 to 13h00

What is the square meters of the business?

Premises can be inspected.

Is a copy of the lease available?

Yes

Do you require a licence?

Certificate to declare premises CERTIFICATE OF ACCEPTABILITY FOR FOOD PREMISES
Regulation R918 dated 30/07/99 [Regulation 3(6)(a)]
made in terms of the Health Act 1977 (Act 63 of 1977)
This certificate is not transferable from premises to premises

What lease deposit and/or other surety is required?

1 Month Deposit

What are the main assets of the business?

5 x Delivery Vehicles
Office Furniture and Equipment
Food Processing equipment including stainless steel tables, washing bowls, wrapping machines, electronic scales, trolleys
Retail Shop equipment
Freezers and Cold Rooms
Generator and energy backup systems
Various other machines and equipment

Are any items not included in the sale?

All items are included as per the asset list - Asset list will be provided for due diligence.
Debtors Book to be negotiated.

What is their overall condition?

Well maintained and in working condition

Do any require repairing?

All plant and machinery are serviced on a regular basis

How have they been valued ?

Owners second hand valuations and input from Suppliers of equipment.

Which assets are on lease/HP and with whom?

All assets are fully paid for

Are they presently insured?

All assets are insured

Strengths?

Well established and well known wholesaler in the trade
Successful and well located retail outlet
Fast, dependable and well organised distribution operation which is used for delivery to customers, and at the same time utilised for collecting and receiving its own produce. Ensuring that the fleet is utilised effectively.

Weaknesses?

There are no computerised systems in place. All admin and financial processes are manual. Some can consider this a weakness. However, that is not the opinion of present owner.

Opportunities?

Expansion into new markets
Expansion of the product slate

Threats?

No known threats to the business.

What is the reason for the sale?

Owner has been running this business since 2012 and needs a new challenge.

Why is this a good business?

Well established business involved in more than one sector of the market. The business is well managed with good staff in key positions that can and do operate independently from owner's supervision. The Closed Corporation's financial records are very clean and all AFS's since inception are available and up to date. The business is very profitable and on take-over can continue to run smoothly without any disruption.