

EzyGas Financial Logic Overview

1. Business Model

EzyGas is an LPG cylinder distribution platform serving both household and corporate demand in Egypt. The operating model is built around last-mile fulfillment from filling hubs through drivers, with cash collection at point of delivery in Phase 1 and digital payment rails in Phase 2.

2. Revenue Architecture

B2C

EzyGas monetizes household demand through two delivery tiers:

- **Home / Standard:** EGP 430 per cylinder, fulfilled within 24 hours
- **Premium / Express:** EGP 499 per cylinder, fulfilled within 2 hours

This creates a dual-value proposition: price accessibility for standard demand and time-premium monetization for urgent orders.

B2B

Corporate accounts are managed on an invoiced model:

- Monthly consolidated invoicing
- Default payment terms of 30 days
- Client-specific credit limits
- Optional prepaid or top-up balances for selected sites

This structure supports higher-volume repeat consumption while preserving receivables discipline.

3. Cash Movement Logic

The COD flow is intentionally hierarchical:

1. Customer pays the driver at delivery.
2. Driver accumulates cash until reaching the field cash cap of **EGP 5,000**.
3. Once the cap is reached, the system blocks further delivery assignment until cash is deposited at a hub.

4. Hub Manager receives and records the deposit.
5. System compares:
 - expected cash based on completed COD orders
 - declared cash physically handed over
6. Any mismatch creates a **Reconciliation Ticket** requiring supervisor review and approval.
7. Net cleared cash is escalated from hubs to central treasury.

This is a strong operational safeguard because it treats cash in transit as a controlled asset, not an informal driver-held float.

4. Ledger Philosophy

EzyGas uses an **append-only ledger model**. No balance is overwritten. Every financial movement is recorded as a discrete event, and balances are computed from ledger history.

This design gives you:

- auditability
- tamper resistance
- post-facto investigation capability
- clean reconciliation logic
- finance-grade historical traceability

5. Core Ledgers

Cash Ledger

Tracks every physical cash event:

- COD collected by driver
- cash deposited at hub
- treasury transfer
- approved cash adjustment
- shortage or overage resolution

Customer Ledger

Tracks non-cash value owed to or used by consumers:

- SLA compensation credits issued
- promotional or service recovery credits
- credit redemption against future orders

Deposit Ledger

Tracks refundable security deposits:

- deposit charged
- deposit retained
- deposit cleared or refunded

These entries should always be treated as **liabilities**, not revenue, until released.

B2B Receivables Ledger

Tracks the corporate billing cycle:

- invoice issuance
- partial or full payment
- credit notes
- write-offs if ever approved under policy

6. Deposit Logic on Exchange

Cylinder swap rules are commercially important because they prevent asset contamination and fraud leakage.

- **EzyGas composite cylinder:** accepted with no deposit
- **Competitor composite cylinder:** accepted with **EGP 200 security deposit**
- **Steel cylinder:** rejected

The key accounting principle is that the EGP 200 is not income. It is a held obligation until the cylinder is validated, cleared, or refunded under policy.

7. Driver Commission Logic

Drivers earn commission per completed delivery at a default rate of **10% per delivery**.

Finance should track three states:

- **Accrued commissions:** earned from completed eligible orders
- **Paid commissions:** actually settled
- **Pending commissions:** approved but unpaid obligations

That allows Finance to separate P&L expense recognition from cash payout timing.

8. SLA Compensation Logic

Customer compensation is automatically triggered when delivery breaches its promise window:

- Home tier: beyond 24 hours
- Premium tier: beyond 2 hours

Compensation is granted as **customer credit**, not immediate cash refund by default.

This is strategically smart because it:

- protects customer trust
- preserves operational simplicity
- limits cash leakage
- encourages repeat purchase

From an accounting perspective, these credits should reduce net realized revenue or sit in a contra-revenue/service recovery bucket depending on how Finance wants to present them.

9. Dashboard KPIs

The current KPI set is directionally correct. I would define it this way:

COD Variance Rate

Mismatch value or mismatch count divided by total COD reconciliation events.

Purpose: measures field cash control risk.

Gross Revenue vs Net Position

Gross billed revenue less:

- driver commissions

- customer credits
- deposit liabilities held

Purpose: gives a more realistic operating picture than topline alone.

Driver Cash Balance

Real-time view of undeclared or undeposited field cash by driver.

Purpose: exposure monitoring and assignment control.

10. Phase 2 Digital Payments

The Paymob integration plan is commercially sound. The right principle is:

- authorize first
- verify server-side
- capture only on confirmed success conditions
- trust webhooks, not client-side callbacks

That sharply reduces manipulation risk and gives cleaner financial event sequencing.

What is already strong

Your model already gets five critical things right:

First, it treats **cash and cylinders as governed assets**.

Second, it distinguishes **revenue from liabilities**, especially around deposits.

Third, it separates **accrual from settlement**, especially for commissions.

Fourth, it gives you **audit trail depth** via append-only logic.

Fifth, it embeds **operational policy into system behavior**, not manual judgment.

What I would tighten before CFO sign-off

I would add these policy layers so the model becomes board-grade:

1. Revenue recognition rules

Define exactly when revenue is recognized:

- at delivery completion
- after successful reconciliation
- net of credits or gross before credits

2. Chart of accounts mapping

Map each ledger event to accounting treatment:

- revenue
- liability
- receivable
- cash-in-transit
- commission expense
- contra revenue
- write-off

3. Treasury controls

Add rules for:

- hub cash holding limits
- treasury collection frequency
- dual approval thresholds
- surprise cash counts

4. Refund policy framework

Clarify when customer gets:

- credit only
- cash refund
- manual exception

5. B2B credit control

Formalize:

- credit limit approval authority
- dunning cycle
- service hold logic on overdue accounts
- bad debt escalation path

6. Driver liability protocol

Define shortage handling:

- temporary discrepancy
- admitted shortage
- disputed shortage
- deduction policy
- supervisor override

7. Deposit lifecycle policy

Spell out release conditions:

- when held
- when converted
- when refunded
- when forfeited, if ever allowed by policy