

C.F. BUILDERS

LID


EXD

The approved project has fulfilled the investment requirements, which are: -

- (a) Minimum finance investment threshold has been exceeded, the project expects to invest US\$ 0.787M.....
- (b) Legal entity has been incorporated under certificate
No. 7671..... of 20/3/90.....

Based on the above, the letter of approval is hereby submitted for signature in order for the project to comply with the requirements of Section 17 of Tanzania Investment Act, 1997.

Submitted for signature.



N. A. Senzia
DIF

27th April 2009

MINUTE

PAGE NO. _____

TICC/PP.10/041679/3

27 April 2009

We wish you every success in the implementation of the project.

Yours sincerely,
Tanzania Investment Centre


B. D. Chonjo
For: Executive Director

Copy to: Permanent Secretary,
Ministry of Finance and Economic Affairs,
P. O. Box 9111,
DAR ES SALAAM

Permanent Secretary,
Ministry of Industry, Trade and Marketing,
P.O. Box 9503,
DAR ES SALAAM

Commissioner General,
Tanzania Revenue Authority,
P. O. Box 11491,
DAR ES SALAAM



2

Name of the Company
C.F. Builders Limited

Post Box	Nyakato Industrial	COI Number	7671	Contact	Ferdinand Chacha
Post Office	1755	COI Date	20/03/90	Designation	Director
Region	Mwanza	Application F. No	07785	Phone	0
Country	Tanzania	Status	New	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0754 263347
		Sub Sector	Building Materials	Fax	028 2500293
		File No	041679	E-Mail Address	cfbuilders2000@yahoo.com

Project Location		Investment Finance Plan in Millions USD			
Plot/Block	Plot no 25 Block "KK"	Foreign Equity	Local Equity	Foreign Loan	Local Loan
Street	Nyakato Industrial				
District	Ilemela				
Region	Mwanza				
		0	0.337	0	0.45

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)	Land/Building	0.15
Fred Chacha	Tanzanian	12.5	Plant	0.45
Monica Mwandigi	Tanzanian	12.5	Vehicles	0.1
Ferdinand M.Chacha	Tanzanian	75	Furniture & Fittings	0.022
			Pre-expenses	0.025
			Others	0
			Working Capital	0.04
			Total	0.787

Employment	40	Evaluated By	Sospeter Ndelema Dome
Capacity	200 nails	Drawn By	Shokko Registry
Project Turn Over			

Description
To establish a project for manufacturing of nails and other building material

Recommendations
Be approved subject to providing evidence as required by section 17 of Tanzania Investment Act, 1997

Decision

Approved - Ferdinand Chacha - Ed 22/4



C. F. BUILDERS LTD

BUILDING AND CIVIL ENGINEERING CONTRACTORS

①

P. O. Box 1755 MWANZA
P. O. Box 63285 DAR ES SALAAM

TEL FAX 028-2500293
TEL FAX 022- 2860476
MOBILE 0744 - 263347/443489/813053
OUR DATE: _____
OUR REF: _____

YOUR DATE: _____ cfbuilders2000@yahoo.com
YOUR REF: _____ TANZANIA

Ref. No. CFBL/TIC/2009/1

Date: March 23, 2009

Executive Director
Tanzania Investment Centre,
P.O. Box 938
DAR ES SALAAM.



RE: APPLICATION FOR TIC CERTIFICATE OF INCENTIVES

We a limited liability company established mainly for purposes of manufacturing building/construction materials, starting with one available at Nyakato Industrial Area on Plot No. 25 "KK", Ilemela District in Mwanza City.


It is against the above background that we hereby submit our application for TIC Certificate of incentives to facilitate smooth implementation of the project.

Attached herewith please find the following basic documents for ease of reference and approval.

1. Three copies of Application for TIC Certificate of Incentives form
2. Certified true copy of Certificate of Incorporation
3. A certified copy of company Memorandum and Articles of Association.
4. Three copies of project Feasibility Study Report
5. Certified true copy of Land ownership documents in respect of the project site.
6. A Letter of Reference from the Bank.
7. Company Board Resolution to register the project with TIC

Thanking you for your kind cooperation.

Yours sincerely,
C.F. BUILDERS LTD


Ferdinand M. Chacha
DIRECTOR



CRDB BANK PLC
Nyerere Branch
Nyerere Road
P.O. Box 1853, Mwanza
Tel: +255 (0)28 2500457
+255 (0)28 2500842
+255 (0)28 2500848
Fax: +255 (0)28 2500849
Website: <http://www.crdbbank.com>

23rd March 2009

REF.4433/599764/13

**The Executive Director,
Tanzania Investment Centre,
P.o.Box 938,
Dar-es-salaam.**

Dear Sir, Maadam

RE:CF BUILDERS LIMITED:-

Reference is made to the above heading.

We would like to inform you that **CF BUILDERS LIMITED** is our corporate customer operating several accounts with **CRDB BANK PUBLIC LIMITED** for more than Seven years now.

Having satisfied with customer capital base , expertise , goodwill and experience in relation to construction activities being carried by this customer, our opinion is that this customer is operating her accounts to our satisfaction.

Please be guided accordingly.

Yours faithfully,

CRDB BANK PLC


**GEORGE GWAZAYO.
BRANCH MANAGER.**

EXTRA FROM THE MINUTES OF THE BOARD OF DIRECTORS MEETING HELD AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT UHURU ROAD PLOT NO. 116 "s" - MWANZA ON 8TH DAY OF MARCH 2009

Present

- | | | |
|------------------------|---|--------------------|
| 1. Ferdinand M. Chacha | - | Chairman/Director |
| 2. Fred Chacha | - | Director |
| 3. Monica Mwandigi | - | Director/Secretary |

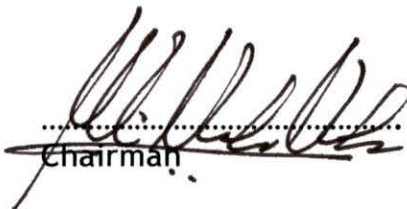
AGENDA NO. 2/2009: APPLICATION FOR TANZANIA INVESTMENT CENTRE (TIC) CERTIFICATE OF INCENTIVES

At its meeting on 8/03/2009 at around 16.30 hrs, the Board of Directors of C.F Builders Limited resolved to apply for the Certificate of Incentive from TIC to facilitate implementation of the proposed project for manufacturing building materials at Plot NO: 25 Block "KK" Nyakato Industrial Area, Mwanza City. The total project capital investment cost is estimated at USD. 787,000.00.

The Board resolved further that:

- This Certificate shall be used only for the purpose of the stated project and not otherwise.
- Mr. Ferdinand M. Chacha, Director and Shareholder of this company be and is hereby authorized, directed and empowered to execute for and on behalf of this company and its name any and all documents required in connection with this application.

The meeting was closed by the Chairman at around 18.35 hours.


.....
Chairman


.....
Secretary



TANZANIA INVESTMENT CENTRE

REGISTRATION FORM

FOR

CERTIFICATE OF INCENTIVES

(Tanzania Investment Act 1997, Section 17 and 18,
and the Investment Regulations:
Regulation 42, Government Notice No. 318A of 2002)

Tanzania Investment Centre
9A & B Shaaban Robert Street
P. O. Box 938
DAR ES SALAAM
Tel. 022 2116328
Fax. 022 2118253
e-mail: information@tic.co.tz
Website: www.tic.co.tz

(Please fill the form in duplicate)

UNITED REPUBLIC OF TANZANIA

THE TANZANIA INVESTMENT ACT

(No. 26 of 1997)

APPLICATION FOR REGISTRATION

(Made under Regulation 42)

To: The Executive Director
Tanzania Investment Centre
P. O. Box 938
DAR ES SALAAM
Tanzania

1. I/We FERDINAND MAKANGA CHACHA
(director/directors/agent of C.F. BUILDERS LIMITED
(name of business enterprise) apply for registration of C.F. BUILDERS LTD
under Section 17 of the Act and Part IV of the Investment Regulations, 2002.

2. The registered office of the company will be situated at UHURU ROAD PLOT
NO. 116 "S" MWANZA.

Copies of the following documents are attached to this application:

- (i) The Memorandum and Articles of Association/or partnership agreement
- (ii) Certificate of Incorporation/Registration
- (iii) A copy of the Project Profile or Feasibility Study showing the implementation period, programme of implementation and operative date
- (iv) Evidence of financing and evidence of land ownership for the project

3. The Head Office of the Company will be situated at UHURU ROAD PLOT NO. 116 "S"
MWANZA

4. The Principal Officers of the Company are ① FERDINAND MAKANGA CHACHA
② MONICA MWANDIGI ③ FRED CHACHA

5. Auditors of the Company are KILELE & COMPANY

6. The authorized share capital of the Company is Tshs./US\$ 500,000.

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 787,000

8. The month and day of the financial year end is 31ST DECEMBER


Note: *failure to provide all the required information will result in the return of the application by the Centre.*

I/We enclose a cheque/cash made payable to the **Tanzania Investment Centre** for Tshs./US\$ TSHS. 135,000 Being the Registration Fees. *In the event this application is unsuccessful we understand that this fee will not be refunded.*

I, FERDINAND M. CHACHA of Post Office Number 1755
MWANZA do solemnly and sincerely declare that I am a director/~~duly~~
authorized agent of C.F. BUILDERS LIMITED

AND that all the requirements of the Tanzania Investment Act, 1997 in respect of matters precedent to the registration of the business enterprise under the Act and incidental thereto have been complied with, AND I make this solemn declaration conscientiously believing the same to be true.

Declared at MWANZA Dar es Salaam)
The 18 day of MARCH 2009)
2009


Applicant

Before me:



Commissioner for Oaths

APPLICATION SUMMARY

Company Name: C.F. BUILDERS LIMITED

Certificate of Incorporation Number: 7671 Status: EXPANSION

Certificate of Incorporation Date: 20TH MARCH 1990

Post Box: 1755

Town: MWANZA

Sector: MANUFACTURING Sub-Sector: NAILS

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
.....	<u>337,000</u>	.....	<u>450,000</u>

Project Objectives: TO MANUFACTURE BUILDING MATERIALS, NAILS IN PARTICULAR.

Capacity: 200 NAILS PER MINUTE

Employment: Foreign: 5 Local: 35 Total: 40

Implementation Period: 3 YEARS

Project Location

Site/Plot/Block No.: PLOT NO. 25 BLOCK "KK"

Street: INDUSTRIAL AREA District: ILEMELA Region: MWANZA
(Attach sketch map showing project location)

Shareholders

Nationality

%

① FERDINAND M. CHACHA TANZANIAN 75%

.....

② MONICA MWANDIGI -II- 12.5%

③ FRED CHACHA -II- 12.5%

.....

Investment Breakdown ~~US\$~~/Tshs.M

Land/Building	..... 150,000
Plant	..... 450,000
Vehicles	..... 100,000
Furniture & Fittings	..... 22,000
Pre-expenses	..... 25,000
Others	..... .....
Working Capital	..... 40,000
TOTAL	..... 787,000

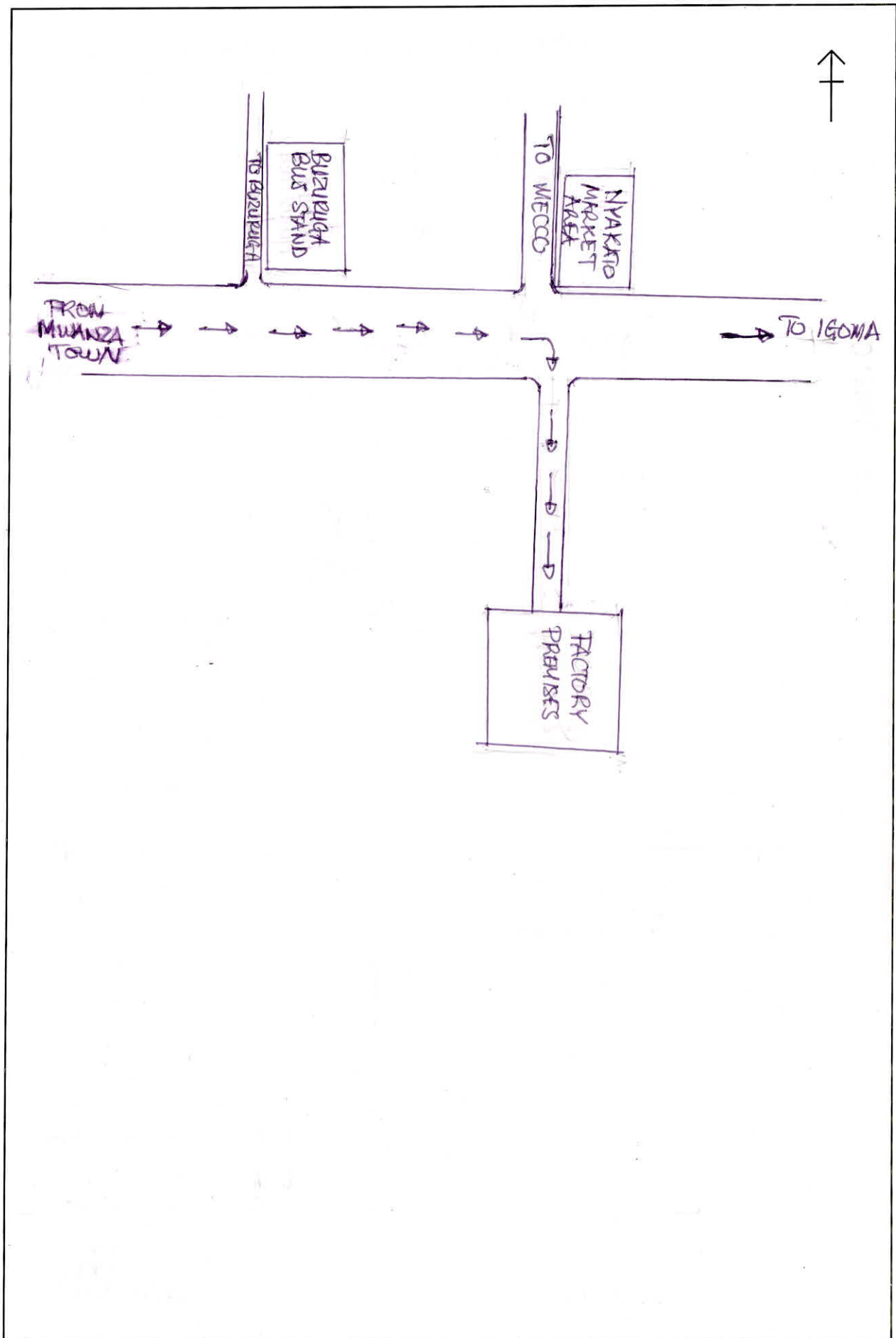
Contact Details:

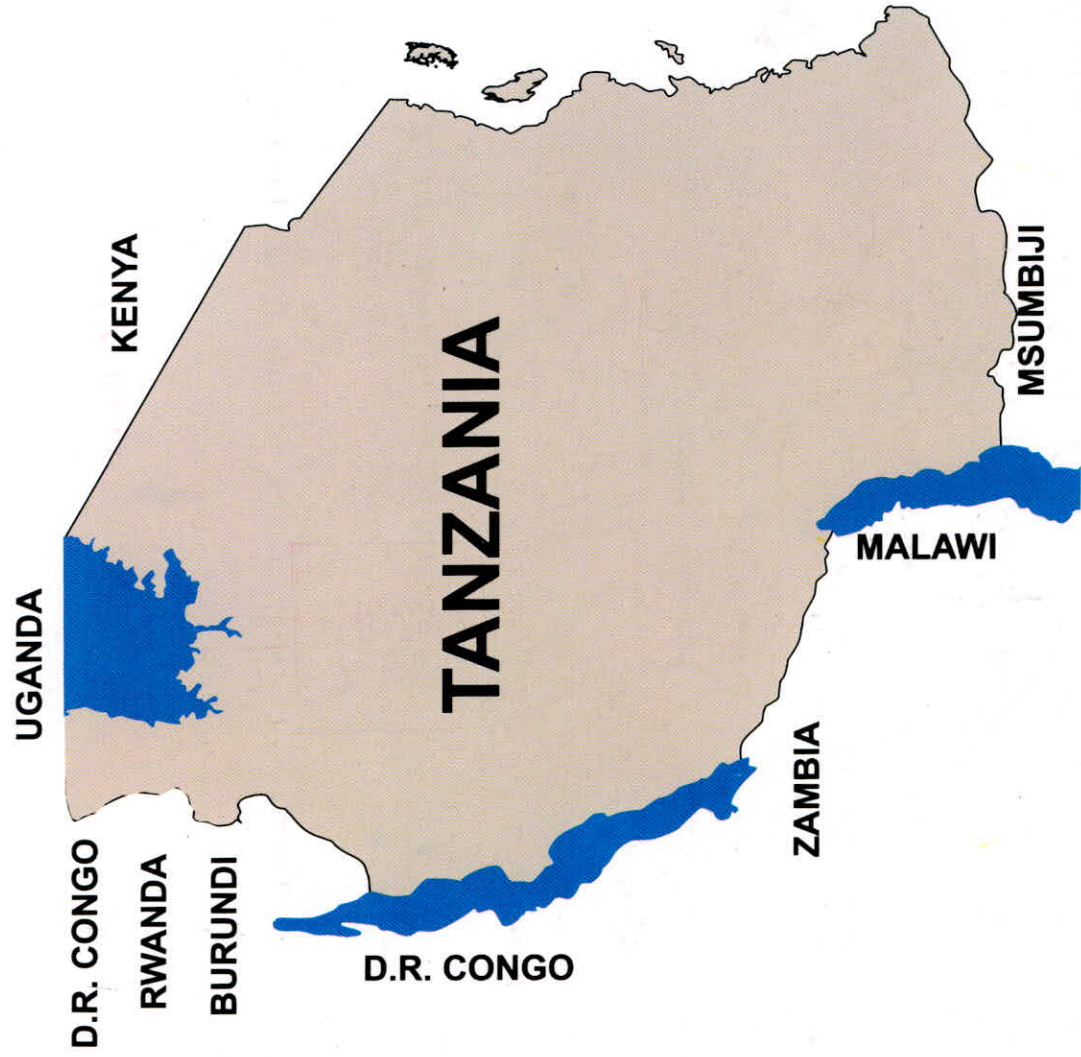
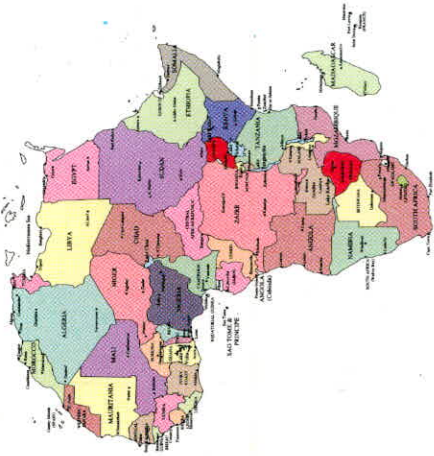
Name: FERDINAND M. CHACHA Title: DIRECTOR
Telephone: 0754263347 Fax: 0282500293
Email: Cfbuilders2000@yahoo.com

Payments to be made payable to:

TANZANIA INVESTMENT CENTRE
STANDARD CHARTERED BANK TANZANIA LTD.
SWIFT ADDRESS: SCBLTZTX
ACCOUNT NO.: 8702006002000

SKETCH MAP SHOWING PROJECT LOCATION







TANZANIA INVESTMENT CENTRE

REGISTRATION FORM

FOR

CERTIFICATE OF INCENTIVES

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and the Investment Regulations:
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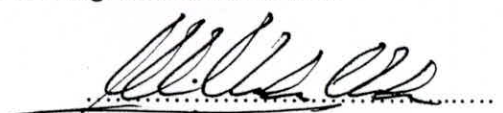
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(Attach sketch map showing project location)

Shareholders	Nationality	%
<u>(1) FERDINAND M. CHACHA</u>	<u>TANZANIAN</u>	<u>75%</u>
<u>(2) MONICA MWANDIGI</u>	<u>-11-</u>	<u>12.5%</u>
<u>(3) FRED CHACHA</u>	<u>-11-</u>	<u>12.5%</u>

Investment Breakdown US\$/Tshs.M

Land/Building	150,000
Plant	450,000
Vehicles	100,000
Furniture & Fittings	22,000
Pre-expenses	25,000
Others	
Working Capital	40,000
TOTAL	787,000

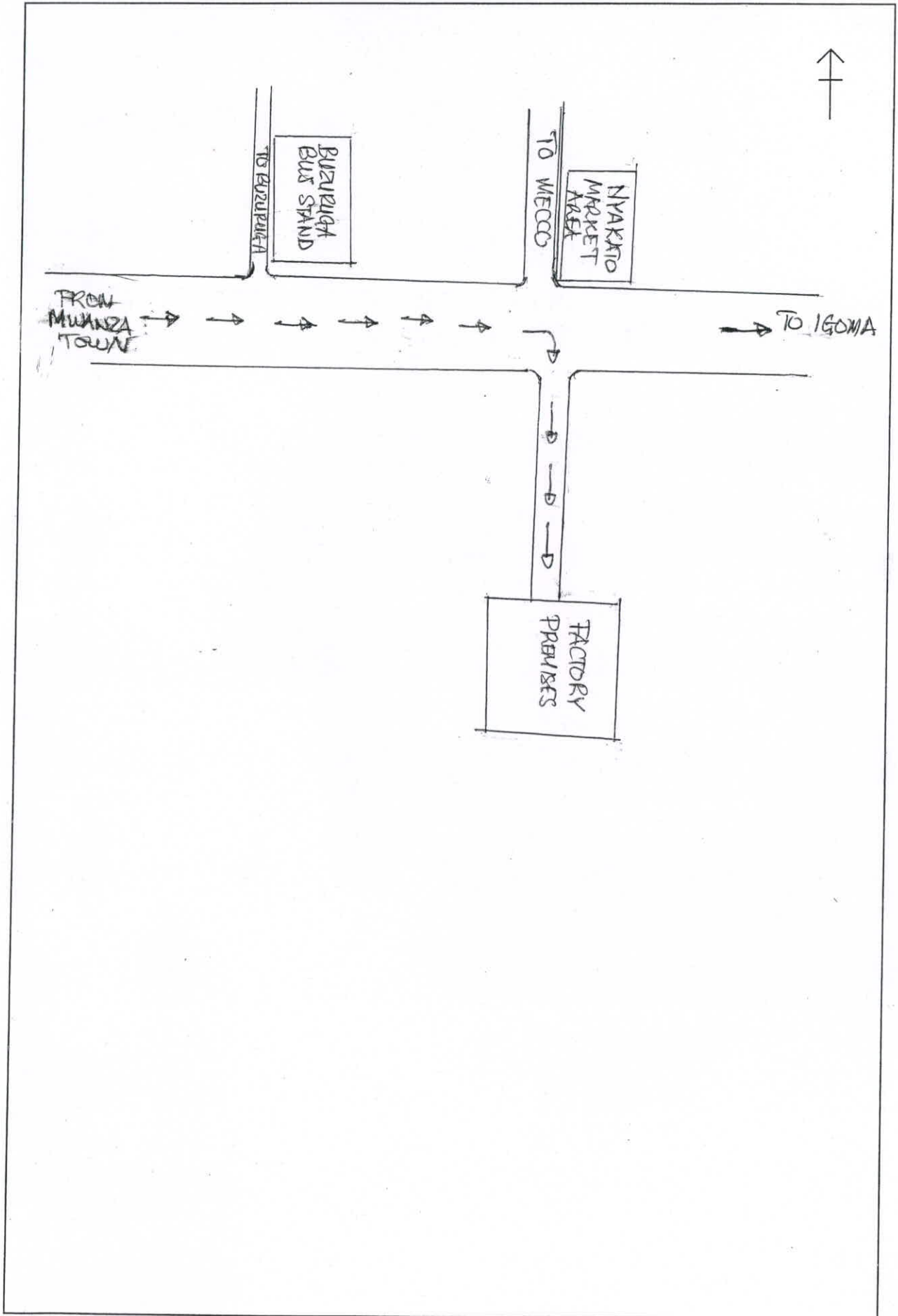
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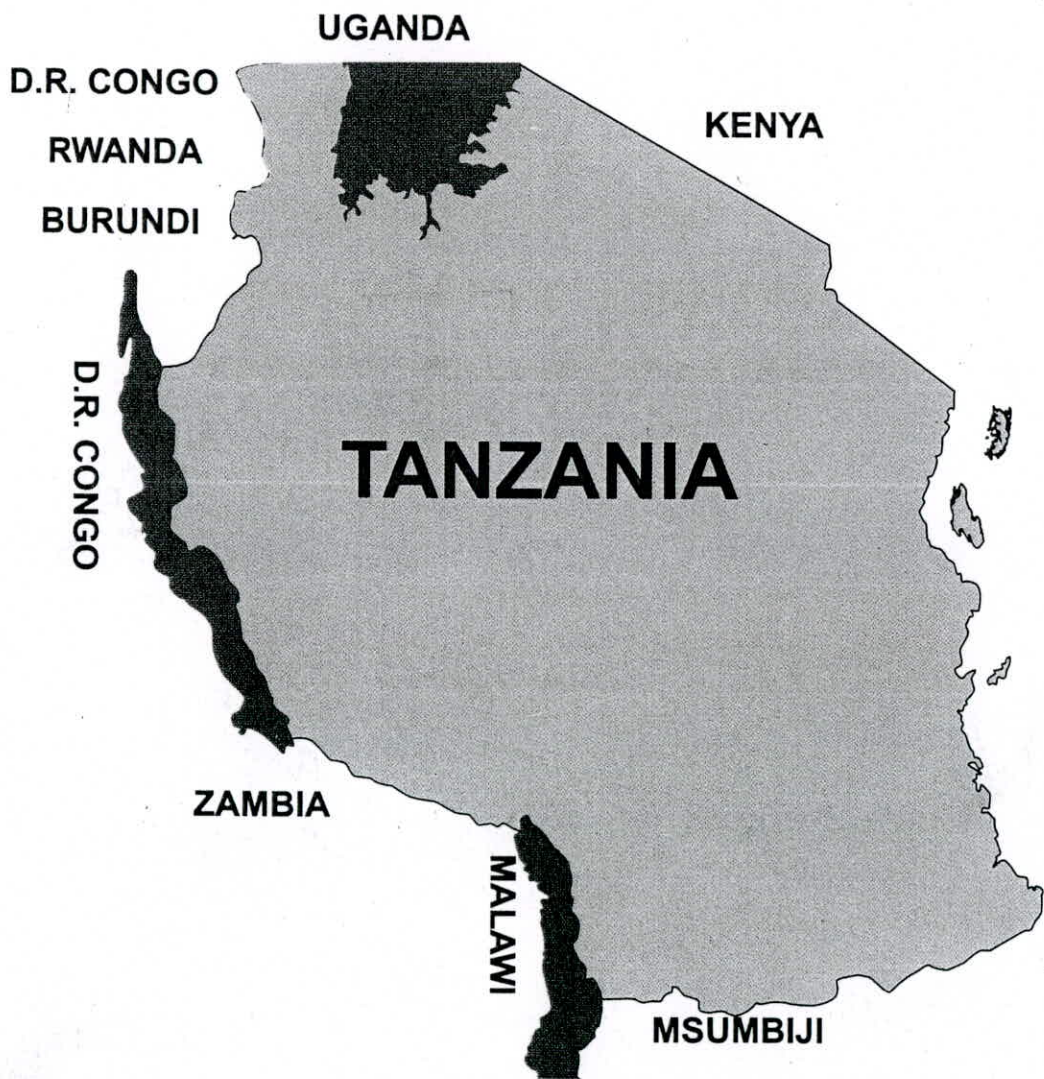
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~~Dares Salaam~~
The 18 day of MARCH 2009
~~2007~~


Applicant

Before me:



Commissioner for Oaths

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② <u>MONICA MWANDIGI</u>	<u>-II-</u>	<u>12.5%</u>
③ <u>FRED CHACHA</u>	<u>-II-</u>	<u>12.5%</u>

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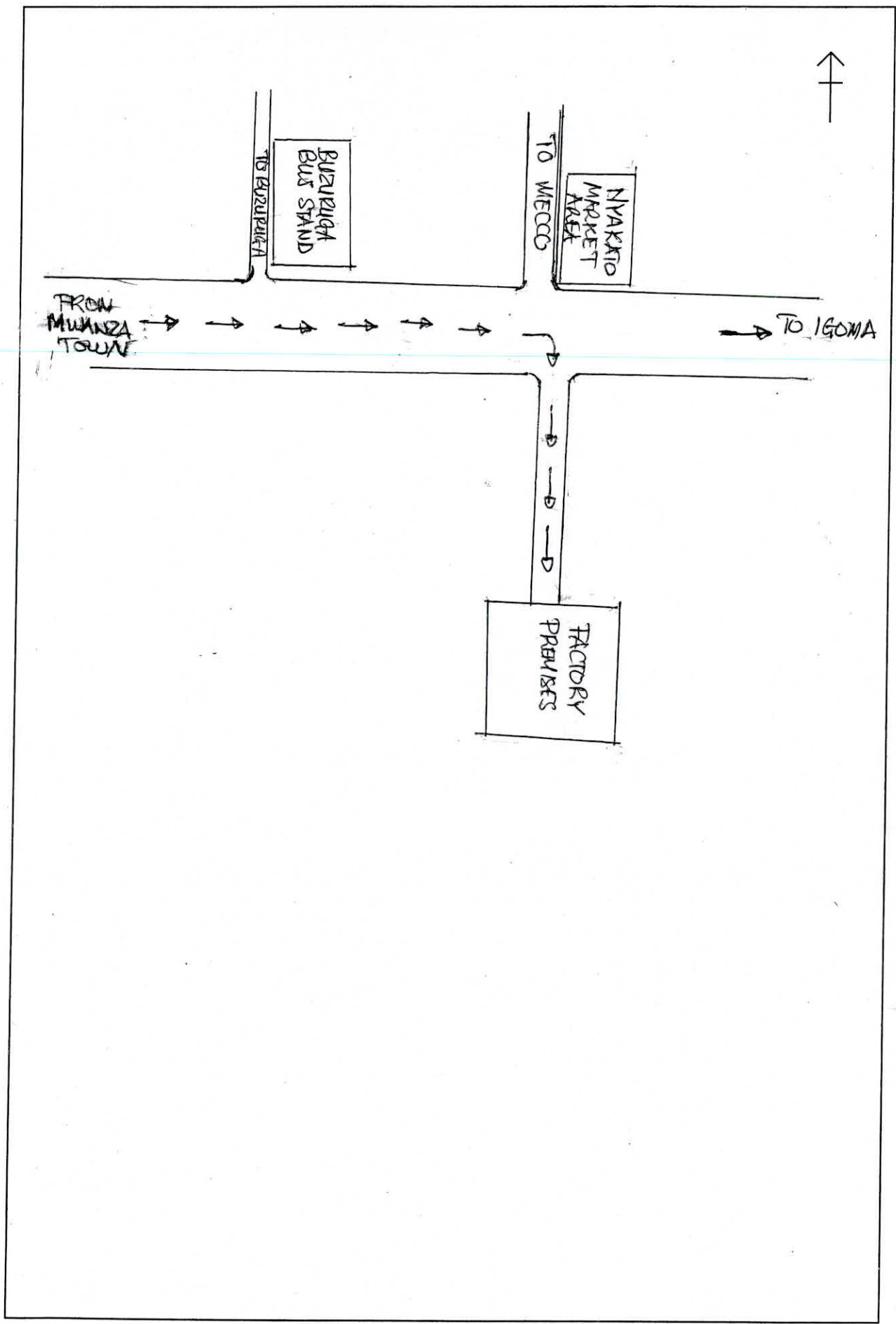
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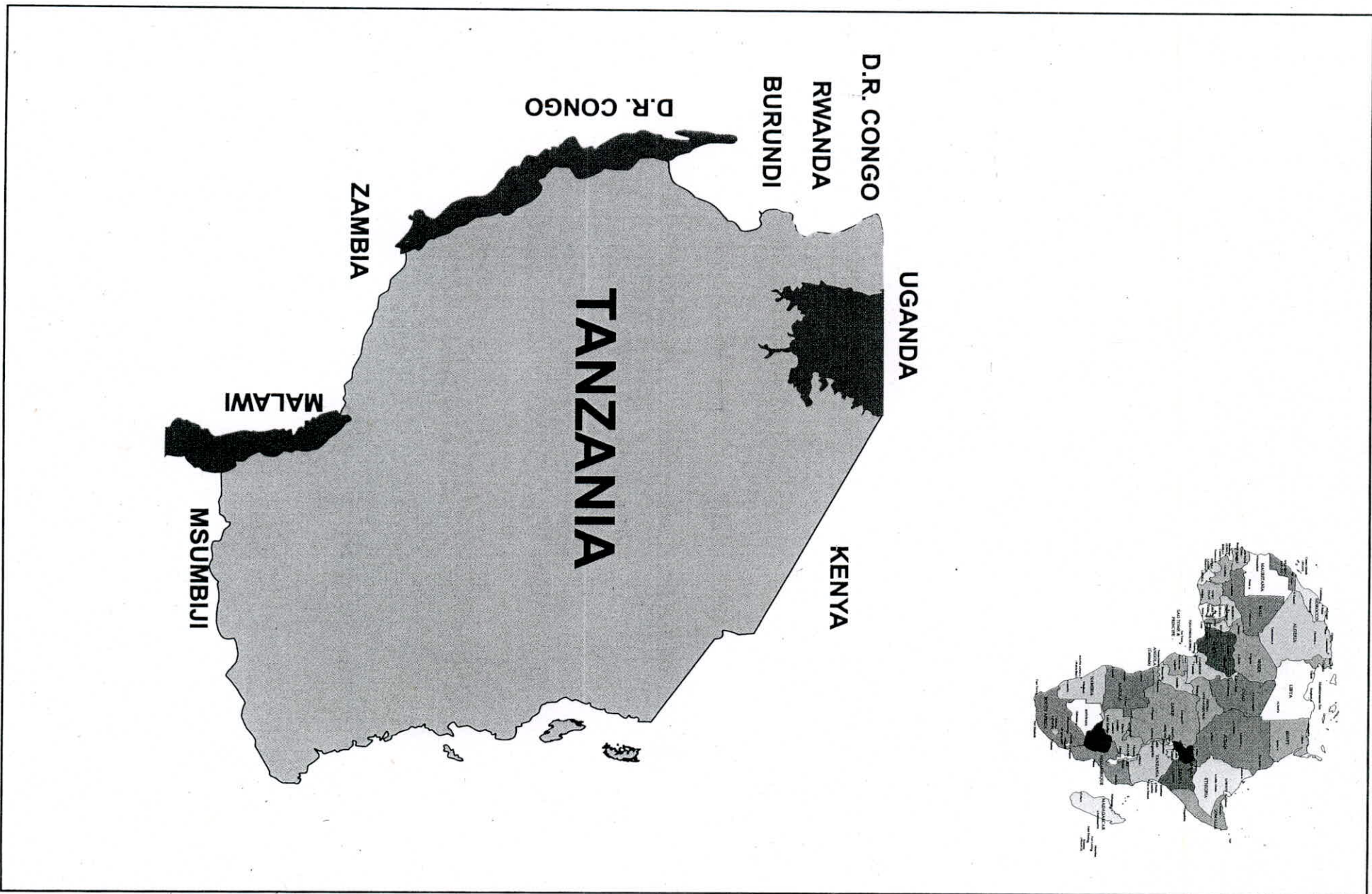
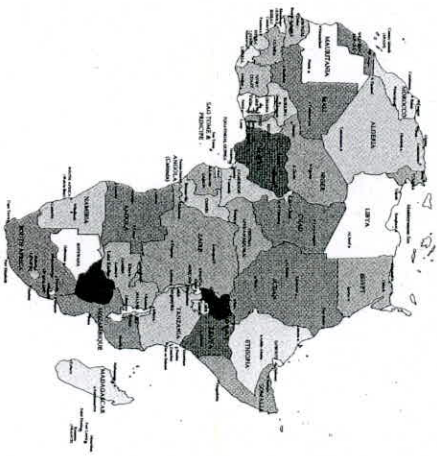
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STANDARD CHARTERED BANK TANZANIA LTD.
SWIFT ADDRESS: **SCBLTZTX**
ACCOUNT NO.: **8702006002000**

SKETCH MAP SHOWING PROJECT LOCATION





THE UNITED REPUBLIC OF TANZANIA



NO. 7671

Certificate of Change of Name

I HEREBY CERTIFY THAT

IRIENYI GENERAL CONSTRUCTION

COMPANY Limited

having, with the sanction of a Special Resolution of the said Company, and with the approval of the Registrar signified in writing changed its name, is now called the M/S C. F. BUILDERS

..... Limited,
and I have entered such new name on the Register accordingly.

Given under my hand at Dar es Salaam
this 20th day of MARCH

One thousand nine hundred and NINETY



Asst. Registrar of Companies

HALMASHAURI YA MAMISPAA YA MWANZA

IDARA YA MIPANGO MIJI,
(ARDHI)
S.L. Pwani 1335,
MWANZA.

Kumb. Na. MW/1/10197/2/81 Tarehe 8 - 9 - 1981

M/S IRIENYI GENERAL CONSTRUCTION CO. LTD.

P. O. Box 1108

MWANZA.

Salaam,

PILOT NO. 25 BLOCK 'KK' NYAKATO SERVICE INDUSTRY AREA
MWANZA MUNICIPAL.

Ombe lakó la kupata hati ya muda mrefu limekubaliwa na Kamati
hawaaji wa Viwanja katika Ki ao chake cha tarehe 28/8/81.
Qundoo nambari 43/81... mara nitakapokea ada pamoja na habari katika
aya ya pili hapa chini utetayarishiwa/mtatayarishiwa Hati ya Umlilikaji
bayo itakuwa na masharti muhimu yafuatayo:

- i) MUDA:- Miaka 33..... Kuanzia tarehe 1/7/81.....
- ii) KODI:- Shs. 3,800/-... Kwa mwaka naitabadilika baada ya miaka
kumi,
- iii) MAJUMIZI: KIWANDA VINDOPO (Service Industry)
Tulia Fungu 'M' Vifungu (s-s).....

Kama ilivyotafasiriwa kati a Shuria:ya Mipango Miji 1960, Nyumba
kubwa pamoja na nyumba nyingine za uani zitaajengwa.

- iv) Simamisha majungo kwenye Kiwanja (kinyo baadaye yataitwa
majungo kwa vifaa vya kudumu vilivyokubaliwa kufuatana na
masharti ya H-ti ambayo pia vinakubaliana na Ramani ya
Majungo (kocayipo) ilivyopendekezwa na Mwanuzi wa
Mamispaa ambaye huitwa mwenye Mamlaka).
- (a) Ramani za Majungo ziwasilishwe kwa Halmashauri ya
Mamispaa katika muda usiozidi miuzi sita kutoka tarehe
ya toleo la haki ya kumiliki.
- (b) Ujenzi wa Majungo uanze katika muda wa miuzi site
mara baada ya kuthibitishwa ramani za majungo.
- (c) Majungo yote yawe yamemalizika kwa miuzi (36)
thelathini na sita tangu tarehe ya kuanza Kiwanja,
Hakuna kugawa au kutoa sehemu yo yote ya Ardhi bila kibali
cha ofisi' hii.
- vi) Mpangaji atalipa ada zo zoto zile n.k. na kurudisha malipo
yo yote ambayo yanaweza kuwa yamolipwa na Surikali.
- vii) Mpangaji atahusika na kuhifadhi mawe (bacons) Kinyo Kitalu
katika muda wote wa kumiliki Ardhi. Mawe yatayopotea
yataweza kupandikizwa wakati wo wote uli kwa mawoneo ya
mpangaji kama itavyokadiriwa na Mk...

CERTIFIED TRUE COPY OF THE ORIGINAL
MAMISPAA
MWANZA MUNICIPAL

- 2. (a) Jina lako (kwa herufu kubwa) Hati ya haki ya Ardhi haitaruhusiwa kuandikwa au kutolewa kwa jina la mtu mwingine ila wewe mwenye jina hilo hapo juu.
- (b) Anwani makazi kwa kirefu ukitoa namba ya nyumba unayoishi jina la mtaa na sanduku la Posta kama lipo).

3. MALIPO YAFUATAYO YANATAKIWA:

MAELEZO LA MALIPO

	Shs.	Cts.
(a) 18:071:1026 Gharama ya Hati (fee for Certificate of Occupancy)	500	00
(b) 49:101:2129 Gharama ya Usajili (fee for Registration)	190	00
(c) 81:212:1846 Gharama ya Uimaji (Survey fee)	225	00
(d) 81:212:1846 Ada ya Nakala za Ramani (fee for Deed Plans)	42	00
(e) 50:107:1501 Ushuru wa Serikali kwa Hati na Nakala	65	00
(f) 50:107:1704 Kodi ya Kikanda kutoka 1/7/81 hadi 30/6/82	1,890	00
Jumla ya Malipo (Total fees)	2,912	00

4. Kiasi cha fedha kilichoonyeshwa na (a)-(d) lazima zilipwe kwa Afisa wa Ardhi (M) Mwanza, na fedha za (e)-(f) zilipwe kwa Afisa Huzina (W) Mwanza. Baada ya kulipa usisahau kutuletea stakabadhi za malipo hayo na habari inayohitajika kama aya ya pili inavyosema:

5. Kama hutakubaliana na barua hii na kulipa jumla yote ya fedha ili iliyoonyeshwa katika aya ya tatu adeni ya siku tnelathini (30) tokea tarehe ya barua hii ombi litafutwa BILA KUTO TARRIFA NYINGINE KWAKO.


 AFISA ARDHI Mwanisp...
 MWANZA.

Nakala kwa: Mkurugenzi wa Huduma za Maendeleo ya Ardhi,
D.R ES S.L.M.

" " Afisa Maendeleo ya Ardhi Mkoani,
MWANZA.

" " Afisa wa Mapato,
MWANZA.

Plot no 25 (w/ shop and office premises)

74

To be lodged in duplicate

Form L.R.66

TANZANIA LAND REGISTRY

TITLE NO _____

TO: THE ASSISTANT REGISTRAR OF TITLE

The following documents are tendered for registration together:

- 1. Mortgage deed in duplicate *LOW 067733*
- 2. Certificate of Title No.....
- 3. Land Rent and Service Charges Clearance Certificate.

The following fees and Stamp Duty are tendered:-

Registration.....	Shs.....
Stamp Duty on original.....	Shs.....
Stamp Duty on duplicate.....	Shs.....
Stamp Duty on triplicate.....	Shs.....
Total Shs.	

Date: *30/3/91* Signature: *[Signature]*

RECEIVED the above documents in number, on *30-3-91* at *10:10* a.m.

[Signature]
ASSISTANT REGISTRAR OF TITLES

FOR OFFICE USE ONLY.

- 1. G.R.R. No.....of.....
- 2. Registration of refused
- 3. Requisition delivered
- 4. Memorial entered
- 5. Passed for registration
- 6. Signed by Registrar

C.P. DSM 4577/10-63/10m/2up

Consideration amount Shs.....

THE TOWN COUNTRY PLANNING ORDINANCE (Cap. 378 Form D.
THE TOWN AND COUNTRY (APPLICATION FOR PLANNING CONSENT)
REGULATIONS 1960

APPLICATION	ZONE	CATEGORY

MWANZA MUNICIPAL COUNCIL PLANNING COMMITTEE

To(the applicant)

our Application for Planning Consent bearing the above Code Number and concerning the proposed development on

- (1) Planning Consent has been given on(date)
- (2) Planning Consent has been refused for the reasons stated on the reverse.
- (3) Planning Consent has been given subject to the conditions set out below.
- (4) (delete as necessary)

You are advised that Planning Consent only entitles you to use the Land or premises ~~concerned~~ in the manner described in your application. Where building or involved separate consent to the technical and constructional aspects is required under the Township (Building) Rules.

Date

Signature
For MUNICIPAL PLANNER

Conditions:

c.c. Regional Town Planner,
MWANZA.

c.c. Regional Engineer,
MWANZA.

THE TOWN AND COUNTRY PLANNING ORDINANCE (Cap. 378 Form D.)
THE TOWN AND COUNTRY (APPLICATION FOR PLANNING CONSENT)
REGULATION 1960

APPLICATION	ZONE	CATEGORY
6913	I	III

MWANZA MUNICIPAL COUNCIL PLANNING COMMITTEE

To IRIENYI GENERAL CONSTRUCTION.....(the applicant)
BOX MWANZA.....

our Application for Planning Consent bearing the above Code Number and concerning the proposed development on PLOT NO 25.....
BLOCK KK INDUSTRIAL AREA NYAKATO (WORKSHOP AND OFFICE).....

- (1) Planning Consent has been given on 23/4/1985.....(date)
- (2) Planning Consent has been refused for the reasons stated on the reverse.
- (3) Planning Consent has been given subject to the conditions set out below.
- (4) (delete as necessary)

You are advised that Planning Consent only entitles you to use the Landor premises concerned in the manner described in your application. Where building or involved separate consent to the technical and constructional aspects is required under the Town ship(Building) Rules.

Date 22/5/85.....

Signature *M. H. Aguiuse*
MUNICIPAL PLANNER

Conditions:

c.c. Regional Town Planner,
MWANZA.

c.c. Regional Engineer,
MWANZA.

ONDUCHI ASSOCIATES

Certified Public Accountants/Auditors and Tax Consultants

P.O.Box 7349, Tel: 2541972.

Mwanza Tanzania

Mobile:0754 - 277716

0712 - 111628

0784 - 277716.

E-Mail:onduchio@yahoo.co.uk

C.F. BUILDERS LTD - P.O. BOX 1755 MWANZA

DIRECTORS REPORT FOR THE YEAR ENDED 31ST DECEMBER 2007

1. The directors present their report together with audited financial statements for the year ended 31st December 2007 that disclose the state of affairs of the company.

2. Principal Activities

The Principal Activities of the company is were building construction and metal works.

3. Administrative efficiency

Significant Administrative matters effecting the company's performance are summarized below:-

(a) Payment of all statutory dues were made in time since December 2007 dues which were paid in 1st January 2008.

(b) All properties and Assets of the company are fully insured against normal business risk.

(c) There is no court action against the company or management during the year.

4. Statement of Directors Responsibilities in respect of financial statements

The Directors are required under the companies Act No. 12 of 2002 to prepare financial statement for each financial period that give a true and fair view of the state of affair of the company as at the end of the financial period and profit or loss of the company for that period.

The Directors confirm that suitable Accounting policies have been used and applied consistently and reasonable and prudent judgments and estimates have been made in preparation of the financial statements for the year ended December 2007.

The Directors also confirm that international reporting standards have been followed and the financial statement have been prepared on a going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the companies ordinance cap 212 and International financial reporting standards. They are responsible for safeguarding the assets of the company and hence, for taking reasonable steps for the prevention and detection of fraud or other irregularities.

5. Accounting Date

Accounting Date of the company is 31st December.

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6. Taxpayer Identification Number (TIN) is 100-134-187

7. Directors Interest in the Company's Shares

Shareholders

Ordinary shares of Tshs. 10,000/-
Issued and Fully Paid

	Number of Ordinary Share	Nominal Value T. Shs.
Ferdinand Makanga Chacha	20	200,000.00
Mrs. Monica Mwandigi	5	50,000.00
Fredy Chacha	<u>5</u>	<u>50,000.00</u>
	30	300,000.00

8. Registration

The company registered and incorporated under the companies Act No. 12 of 2002 on 27th day of September 2002 and issued with a certificate of registration No. 7671 of 20th day of March 1990 in Tanzania. The Authorised share capital of the company stand at Tshs. **500,000.00** and paid up share capital of the company as at 31st December 2007 remained at Tsh. **300,000.00**.

9. Employees Welfare

The management/Employees relationship remained cordial throughout the year.

10. Dividends

The company got Profit during the year, but no dividends are declared by the board.

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11. Directors

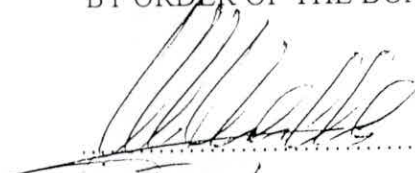
The following Directors served the office during the year

	<u>Name</u>		<u>Nationality</u>
(i)	Ferdinand Makanga Chacha	Director	Tanzanian
(ii)	Mrs. Monica Mwandigi	Director	Tanzanian

12. Auditors

Onduchi Associates, Authorised Accountants, Auditors have expressed their willingness to continue in the office and are eligible for re-appointment.

BY ORDER OF THE BOARD


.....Managing Director

17th March 2008
.....Date

ONDUCHI ASSOCIATES

Certified Public Accountants/Auditors and Tax Consultants

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C.F. BUILDERS LTD **P.O. BOX 1755 MWANZA**

ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2007

REPORT OF THE AUDITORS

We have audited the financial statements of **C.F. BUILDERS LTD** as of 31st December 2007 and have obtained all the information and explanations considered necessary for our audit.

The financial statements are the responsibility of the Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with International auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the Directors, and evaluating the overall financial statement presentation. In our opinion:

- a) Proper books of account have been kept by the Company and Company's balance sheet is in agreement therewith;
- b) The financial statement statements give a true and fair view of the state of affairs of the Company as 31st December 2007 and of the profit and cash flow of the company for the year ended on that date.



ONDUCHI ASSOCIATES

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C.F. BUILDERS LTD - P.O. BOX 1755 MWANZA

BALANCE SHEET AS AT 31ST DECEMBER 2007

ASSETS EMPLOYED

		<u>31.12.2007</u>	<u>31.04.2007</u>
Non Current Assets	Note 06	793,378,505.92	439,680,770.92
<u>CURRENT ASSETS</u>			
Stock in trade	Note 07	36,077,803.00	18,990,700.00
Staff Loans	Note 08	0.00	1,911,000.00
Sundry Debtors	Note 09	25,837,475.00	0.00
Cash & Cash Equivalents	Note 10	8,093,796.63	4,441,031.01
Dividends		704,525.00	704,525.00
Vat Account	Note 11	10,728,488.60	83,986,986.57
Total Current Assets		81,442,088.23	110,034,242.58
Total Assets Employed		874,820,594.15	549,715,013.50

Shareholder's funds & Liabilities

Shareholder's Funds

Authorized Share Capital

50 shares of 10,000/- each

500,000.00

500,000.00

Issued and Fully Paid Up share Capital

30 Shares of 10,000/- each

300,000.00

300,000.00

Profit and Loss Appropriation Account

233,482,913.48

192,010,495.48

Total shareholder's Funds

233,782,913.48

192,310,495.48

LIABILITIES:

CURRENT LIABILITIES

Onduchi Associates		4,000,000.00	3,000,000.00
Accrued charges	Note 12	5,470,321.20	3,322,335.00
Sundry Creditors	Note 13	479,173,528.54	72,844,467.91
Provision for Taxation		16,486,616.00	16,486,616.00
Bank Overdraft-CRDB	Note 14	66,534,817.73	104,362,053.91
Total Current Liabilities		571,665,283.47	200,015,472.82

Non Current Liabilities

Long Term Bank Loan	Note 15	69,372,397.20	157,389,045.20
Total Non Current Liabilities		69,372,397.20	157,389,045.20

Total Liabilities

641,037,680.67

357,404,518.02

Total Shareholder's Funds & Liabilities

874,820,594.15

549,715,013.50

Certified True and Correct

C.F. BUILDERS LTD

Director

ONDUCHI ASSOCIATES

Certified Public Accountants/Auditors and Tax Consultants

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C.F. BUILDERS LTD - P.O. BOX 1755 MWANZA

INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2007

		<u>31.12.2007</u>	<u>31.04.2007</u>
Income	Note 1	3,037,681,106.10	1,529,432,910.92
Less: Cost of Sales	Note 2	<u>2,673,159,374.00</u>	<u>1,307,665,138.92</u>
Gross Profit		364,521,732.10	221,767,772.00
<u>Less: Operating Expenses:</u>			
Administration & Establishment Expenses	Note 3	127,419,095.59	103,293,668.28
Selling & Distribution Expenses	Note 4	145,820,300.34	70,607,160.00
Finance Expenses	Note 5	11,769,115.67	7,886,464.68
Depreciation & Amortization Expenses	Note 7	<u>24,040,802.50</u>	<u>22,746,157.00</u>
Total Expenses		309,049,314.10	204,533,449.96
Net Profit for the year		55,472,418.00	17,234,322.04

PROFIT AND LOSS APPROPRIATION ACCOUNT

	<u>31.12.2007</u>	<u>31.04.2007</u>
Balance brought forward	192,010,495.48	184,096,172.44
Add: Net profit for the year	<u>55,472,418.00</u>	<u>17,234,323.04</u>
	247,482,913.48	201,330,495.48
Less: Provision for taxation	<u>14,000,000.00</u>	<u>9,320,000.00</u>
	233,482,913.48	192,010,495.48

TAXATION ACCOUNT

	<u>31.12.2007</u>	<u>31.04.2007</u>
Balance brought forward	16,486,616.00	16,486,616.00
Further provision	<u>14,000,000.00</u>	<u>9,320,000.00</u>
	30,486,616.00	25,806,616.00
Less: Payments	<u>14,000,000.00</u>	<u>9,320,000.00</u>
	16,486,616.00	16,486,616.00

Certified True and Correct

C.F. BUILDERS LTD

..... Director

ONDUCHI ASSOCIATES

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C.F. BUILDERS LTD - P.O. BOX 1755 MWANZA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2007

	<u>31.12.2007</u>	<u>31.04.2007</u>
Note 1 INCOME		
1.1 CONTRACT RECEIPTS		
Loreto Girls Secondary School	1,608,200.00	7,493,200.00
Bugando University collage of health science	445,802,831.82	234,064,728.29
Church of jesus christ of laler days saints	0	92,744,002.75
China railway jianchang engineering	0	0.00
Bugando medical Centre	76,821,888.03	62,401,876.48
Plager Dome Tanzania Centre	0.00	0.00
Mwanza city council	0.00	0.00
Elet-Diocese of Mara (DDH -Bunda)	0.00	0.00
Sengerema Clinical Officer's Training Centre	83,902,888.95	262,951,580.05
BOT	3,411,900.00	8,979,162.50
TPDF Housing scheme	1,805,990,482.20	743,567,661.00
NSSF	0.00	0.00
American Embassy	2,359,800.00	4,452,714.60
Our landy Kilimanjaro sisters	0.00	11,338,459.65
CCM Head Quarter	0.00	80,319,300.00
Chevron Tanzania Ltd	1,843,808.80	0.00
Veta-Singida	<u>608,704,866.30</u>	<u>0.00</u>
	3,030,446,666.10	1,508,312,685.32
1.2 Workshop Receipts	<u>7,234,440.00</u>	<u>21,120,225.60</u>
Total Business Income	3,037,681,106.10	1,529,432,910.92

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C.F. BUILDERS LTD - P.O. BOX 1755 MWANZA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2007

	<u>31.12.2007</u>	<u>31.04.2007</u>
Note 2 COST OF SALES		
2.2 CONSTRUCTION		
Opening Stock	14,326,400.00	1,624,950.00
Add: Purchases	2,252,473,970.00	1,195,011,497.42
Add: Sub contractors	320,309,310.00	74,983,400.00
Add: Casual Labourers	96,499,517.00	32,313,867.50
Add: Depreciation	13.25	32.00
Goods available for sales	<u>2,683,609,210.25</u>	<u>1,303,933,746.92</u>
Less: Closing Stock	<u>16,826,345.00</u>	<u>14,326,400.00</u>
Cost of Sales	2,666,782,865.25	1,289,607,346.92
2.2 DAR-ES-SALAAM WORKSHOP		
Opening Stock	4,664,300.00	10,137,510.68
Add: Purchases	20,963,666.00	11,653,781.32
Add: Garage Spares	0	930,800.00
Goods available for sale	<u>25,627,966.00</u>	<u>22,722,092.00</u>
Less: Closing Stock	<u>19,251,458.00</u>	<u>4,664,300.00</u>
Cost of sales	6,376,508.00	18,057,792.00
2.3 SUB-CONTRACTORS		
Mr. Pavement Block Ltd	114,956,400.00	74,983,400.00
Danstan Electrical Ltd	<u>205,352,910.00</u>	<u>0</u>
	320,309,310.00	74,983,400.00

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C.F. BUILDERS LTD - P.O. BOX 1755 MWANZA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2007

	<u>31.12.2007</u>	<u>31.04.2007</u>
Note 3 ADMINISTRATIVE & ESTABLISHMENT EXPENSES		
Directors Remuneration	12,000,000.00	12,000,000.00
Salaries & Wages	15,287,140.80	12,549,000.00
Medical & Office Expenses	4,289,630.00	5,362,213.00
National Social Security Fund	3,269,753.00	1,296,040.00
Electricity & Water charges	5,088,810.40	4,459,312.10
Office Rent	4,969,990.00	6,308,001.60
Shop Rent	2,196,000.00	2,196,000.00
Telephone & Postages	13,447,428.00	7,306,063.10
Stationery & Printing	5,120,670.00	3,133,583.00
Bank charges & Commission	26,617,016.99	10,400,588.88
Skills & Development Levy	3,365,761.20	3,411,772.00
Security Guard Expenses	4,407,562.20	497,500.00
Service Levy	1,620,250.00	286,440.00
Land Rent & Property Tax	1,919,073.00	1,919,073.00
Donation	0.00	200,000.00
Tender Expenses	2,500,000.00	660,800.00
Legal Fees	470,000.00	0.00
Insurance	1,650,000.00	15,713,803.00
Subscription-Construction Registration Board	2,793,000.00	4,830,000.00
Training for Staffs	7,179,300.00	5,620,262.00
News Papers	275,000.00	364,600.00
Meals Allowances	2,186,100.00	261,460.00
P.P.F	1,108,600.00	180,000.00
Entertainment Expenses	1,658,010.00	1,337,156.60
Audit Fees	<u>4,000,000.00</u>	<u>3,000,000.00</u>
	127,419,095.59	103,293,668.28

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C.F. BUILDERS LTD - P.O. BOX 1755 MWANZA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2007

	<u>31.12.2007</u>	<u>31.04.2007</u>
note 4 <u>SELLING & DISTRIBUTION EXPENSES</u>		
Travelling Expenses	32,336,343.00	28,793,200.00
Motor Vehicles Maintenance	51,732,083.00	21,163,650.00
Fuel & Oils-Motor vehicles	<u>61,751,874.34</u>	<u>20,650,310.00</u>
	<u>145,820,300.34</u>	<u>70,607,160.00</u>
note 5 <u>FINANCE EXPENSES</u>		
Interest CRDB	3,778,708.72	7,876,864.40
Standard Chartered	0	9,600.28
Commission Guarantee-Veta	<u>7,990,406.95</u>	0
	<u>11,769,115.67</u>	<u>7,886,464.68</u>

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C.F. BULDERS LTD - P.O.BOX 1755 MWANZA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2007

ote 6

SCHEDULE OF NON CURRENT ASSETS AS AT 31ST DECEMBER 2007

DETAILS	BOOK VALUE 1.5.2007	ADDITION	TOTAL	RATE %	DEPRECIATION	BOOK VALUE 31.12.2007
LAND & BUILDINGS						
Plot No. 203 Block 'R' Rufiji/ Mwani-Mza	2,269,240.00	46,843,000.00	49,112,240.00	0.00%	-	49,112,240.00
Plot 25 'KK' Nyakato Service Industrial area-Mza	4,395,710.00	0.00	4,395,710.00	0.00%	-	4,395,710.00
Plot 37,38 &39 Mkendo Str -Musoma	2,240,000.00	252,435,000.00	254,675,000.00	0.00%	-	254,675,000.00
Plot 49-55 Block 79 Kisarawe	60,054,682.92	49,277,531.00	109,332,213.92	0.00%	-	109,332,213.92
Plot 49-55 Block 79 Kisarawe Industrial area-Mza	310,451,445.00	0	310,451,445.00	0.00%	-	310,451,445.00
Land & Buildings	379,411,077.92	348,555,531.00	727,966,608.92			727,966,608.92
Plant and Machinery						
Construction Equipment	557,868.00	0	557,868.00	12.50%	69,733.50	488,134.50
Dry Machines	4,593,750.00	0	4,593,750.00	12.50%	574,218.75	4,019,531.25
Equipment & Machines	5,151,618.00		5,151,618.00		643,952.25	4,507,665.75
Workshop Machines						
Industrial Machines	193,553.00	0	193,553.00	12.50%	24,194.13	169,358.88
Industrial Machines	33,153,736.00	0	33,153,736.00	12.50%	4,144,217.00	29,009,519.00
Tools & Equipment	571,995.00	0	571,995.00	12.50%	71,499.38	500,495.63
Workshop Machines	433,106.00	500,000.00	933,106.00	12.50%	116,638.25	816,467.75
Workshop Machines	34,352,390.00	500,000.00	34,852,390.00		4,356,548.75	30,495,841.25
Vehicles						
AHG Isuzu Tipper	3.00	0	3.00	25%	0.75	2.25
Isuzu Pickup	113.00	0	113.00	37.50%	42.38	70.63
Isuzu Bend-Lory	741.00	-	741.00	37.50%	277.88	463.13
HJ Nissan Pickup	53.00	-	53.00	25%	13.25	39.75
AHG Nissan Patrol	1,918.00	0	1,918.00	37.50%	719.25	1,198.75
AMX Fuso Struck	3,767,540.00	-	3,767,540.00	25%	941,885.00	2,825,655.00
ARL Scania	2,843,867.00	0	2,843,867.00	25%	710,966.75	2,132,900.25
ATH Fuso	14,139,600.00	0	14,139,600.00	25%	3,534,900.00	10,604,700.00
Motor Vehicles	0.00	27,703,018.50	27,703,018.50	50%	13,851,509.25	13,851,509.25
Motor Vehicles	20,753,835.00	27,703,018.50	48,456,853.50		19,040,314.50	29,416,539.00
Non Current Assets						
Machines	1,951.00	0	1,951.00	0	0	1,951.00
	989,900	0	989,900	0	0	989,900
	991,851.00	0	991,851.00			991,851.00
Non Current Assets	440,660,771.92	376,758,549.50	817,419,321.42		24,040,815.50	793,378,505.92

ONDUCHI ASSOCIATES

Certified Public Accountants/Auditors and Tax Consultants

P.O.Box 7349, Tel: 2541972,

Mwanza Tanzania

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C.F. BUILDERS LTD - P.O. BOX 1755 MWANZA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2007

	<u>31.12.2007</u>	<u>31.04.2007</u>
Note 7 STOCK		
Construction Materials	16,826,345.00 ✓	14,326,400.00
Engineering Department Materials	<u>19,251,458.00</u> ✓	<u>4,664,300.00</u>
	36,077,803.00	18,990,700.00
Note 8 STAFF LOANS		
Masimaduhu ✓		0
Benjamin Kitauma		151,000.00
Zunya Benard		0
Francis Marwa		20,000.00
Revoganus Joseph		100,000.00
Daudi Msabila		0.00
Matiku Mwita Sangwe		115,000.00
Magine Wambura		1,450,000.00
Charles Samwel		35,000.00
Singuka Deus		0.00
Regina Makula		0.00
Kora Machage Kora		0.00
Kora Machage Kora		20,000.00
Francis Mranda		<u>20,000.00</u>
		1,911,000.00
Note 9 SUNDRY DEBTORS		
Japhat Kalwera	6,837,475.00 ✓	0
Kibhisa	10,000,000.00 ✓	0
Touwo	1,500,000.00 ✓	0
Chambiri	2,500,000.00 ✓	0
Hassan Bakari	<u>5,000,000.00</u> ✓	0
	25,837,475.00	0

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C.F. BUILDERS LTD - P.O. BOX 1755 MWANZA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2007

	<u>31.12.2007</u>	<u>31.04.2007</u>
Note 10 CASH & CASH EQUIVALENT		
NBC A/C 011103004786	2,066,376.79 ✓	2,424,986.79
NBC 015105001716 USD (108.91)	0	134,068.21
Standard Chartered A/c 01020602	301,989.04 ✓	917,376.01
Cash on hand	<u>5,725,430.80</u> ✓	<u>964,600.00</u>
	8,093,796.63	4,441,031.01
Note 11 VAT ACCOUNT		
Out put vat	427,000,368.62	28,538,861.45
Less: Input Vat	<u>213,841,132.07</u>	<u>56,943,005.25</u>
Vat Claim	213,159,236.55	-28,404,143.80
Add: Opening Balance	<u>-83,986,986.57</u>	<u>-55,582,842.27</u>
Vat payable	129,172,249.98	0.00
Less: Payments	<u>139,900,738.98</u>	<u>0</u>
	-10,728,489.00	-83,986,986.57
Note 12 ACCRUED CHARGES		
SDL Normal	2,104,560.00 ✓	380,000.00
SDL	* 3,365,761.20 ✓	430,200.00
Paye		159,335.00
NSSF		744,800.00
Paye-Directors		<u>1,608,000.00</u>
	<u>5,470,321.20</u>	3,322,335.00

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C.F. BUILDERS LTD - P.O. BOX 1755 MWANZA

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2007

	<u>31.12.2007</u>	<u>31.04.2007</u>
Note 13 CREDITORS		
Bulk Distributors Ltd	47,441,565.04	34,759,387.91
Nyakato Steel Mills Ltd	33,431,709.00	5,310,000.00
Diy Ltd	90,125,000.00	19,824,580.00
Aim Steel Ltd	156,345,000.00	2,050,500.00
Kerah	6,682,669.90	3,800,000.00
Anna Charles shoo	12,463,000.00	7,100,000.00
Twakiodo	2,000,000.00	0.00
Makusudi Bwabo	1,000,000.00	0.00
Musoma Wesons	4,270,000.00	0.00
Berger Paints	4,462,849.00	0.00
Assa Abloy	15,351,730.60	0.00
Cement Distributor (E.A) Ltd	37,194,000.00	0.00
Allied Traders Ltd	15,200,000.00	0.00
Remtulla Enterprises	24,150,005.00	0.00
Bohari	13,456,000.00	0.00
Alexander Firbes	13,500,000.00	0.00
CRB	2,100,000.00	0.00
	479,173,528.54	72,844,467.91
 Note 14 BANK OVERDRAFT		
CRDB A/C 01J10599764	65,460,256.92	93,333,313.11
CRDB A/C 01J10599764 (USD)	1,046,302.02	11,028,740.80
NBC A/C 014105001716	28,258.79	0.00
	66,534,817.73	104,362,053.91
 Note 15 LONG TERM LOAN		
CRDB A/C 0160007994700 B/F	157,389,045.20	204,200,495.00
Less: Payment	43,584,312.90	-26,491,049.00
Less: Interest paid	24,432,335.10	-20,320,400.80
	89,372,397.20	157,389,045.20

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C.F. BUILDERS LTD - P.O. BOX 1755 MWANZA

COMPUTATION OF INCOME FOR THE YEAR ENDED 31ST DECEMBER 2007

	<u>31.12.2007</u>	<u>30.04.2007</u>
Net profit as per accounts	55,472,418.00	17,234,323.00
Add: Depreciation	24,040,815.50	22,746,157.00
10% Telephone	1,244,742.00	730,606.00
Donation	0.00	200,000.00
Land Rent & Property Tax	1,919,073.00	1,919,073.00
10% News Papers	<u>27,500.00</u>	<u>36,460.00</u>
	82,704,548.50	42,866,619.00
Less: Depreciation Allowance	<u>24,040,815.50</u>	<u>22,746,157.00</u>
Chargeable Income	58,663,733.00	20,120,462.00
Corporate Tax Rate 30%	17,599,120.00	6,036,138.00
Less: Provisional Tax Paid	<u>14,000,000.00</u>	<u>9,700,000.00</u>
Tax (Overpaid) Due	3,599,120.00	-3,663,862.00

DEPRECIATION ALLOWANCE

	<u>CLASS III</u> <u>12¹/₂%</u>	<u>CLASS II</u> <u>25%</u>	<u>CLASS II</u> <u>50%</u>	<u>CLASS I</u> <u>37¹/₂%</u>	<u>TOTAL</u>
W.D.V. 1.5.2007	39,504,008.00	20,751,063.00	0	2,772.00	60,257,843.00
Addition	0	0	<u>27,703,018.50</u>	0	<u>27,703,018.50</u>
	<u>39,504,008.00</u>	<u>20,751,063.00</u>	<u>27,703,018.50</u>	<u>2,772.00</u>	<u>87,960,861.50</u>
Depreciation Allowance	<u>4,953,994.00</u>	<u>5,250,265.75</u>	<u>13,851,509.25</u>	<u>1,039.50</u>	<u>24,040,815.50</u>
W.D.V. 31.12.2007	34,550,014.00	15,500,797.25	13,851,509.25	1,732.50	63,920,046.00

C.F. BUILDERS LTD – P.O. BOX 1755 MWANZA
TRADING PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH APRIL 2006

	<u>30.4.2006</u>	<u>30.4.2005</u>
Income:		
Contract Receipts Note 1	1,351,848,165.50	1,387,750,435.00
Opening Stock	4,020,100.00	5,050,900.00
Add: Purchases	955,728,566.70	918,043,216.00
Add: Subcontractors	28,459,600.00	66,609,624.00
Add: Transport	90,610,040.00	32,761,315.00
Add: Casual Labourers	71,877,533.00	172,841,206.00
Add: Depreciation	51.00	104,179.00
Goods available for sale	1,150,695,890.70	1,162,544,946.00
Less: Closing stock	1,624,950.00	4,020,100.00
Cost of sales	1,149,070,940.70	1,158,524,846.00
Gross profit	202,777,224.80	229,225,589.00
 LESS: EXPENSES:		
Directors salaries	4,800,000.00 ✓	✓ 5,558,400.00
Salaries and Wages	8,595,800.00 ✓	✓ 8,286,227.00
Medical and Office Expenses	5,136,272.92 ✓	✓ 5,552,559.00
National Social Security Fund	1,339,580.00 ✓	✓ 1,383,720.00
Travelling and Subsistence	23,329,201.00 ✓	✓ 27,700,027.00
Motor Vehicles Maintenance	20,546,150.00 ✓	✓ 12,890,660.00
Fuel and Oils	31,979,670.00 ✓	22,801,947.00
Water and Electricity	4,115,696.00 ✓	5,972,152.00
Office Rent	* 6,136,420.00	4,973,712.00
Business Licence	20,000.00	20,000.00
Postages & Telephones	8,815,250.00	8,702,100.00
Printing and Stationery	5,611,715.00	3,177,232.00
Bank charges and commission	4,111,587.87	3,619,104.00
Bank Interest	2,821,493.07	--
Skills and Development Levy	5,306,000.00	11,201,150.00
Site Clearance and demolitions	4,647,400.00	3,000,000.00
Security Guards	3,782,500.00	2,434,700.00
Service Levy	1,529,172.70	508,400.00
Land rent and property tax	417,110.00	417,110.00
Donation	150,000.00	120,000.00
Tender Expenses	* 640,500.00	--
Legal Fees	300,000.00	--

C.F. BUILDERS LTD – P.O. BOX 1755 MWANZA
ENGINEERING WORKSHOP AT SIDO VINGUNGUTI DAR-ES-SALAAM
TRADING PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH APRIL 2006

	<u>30.4.2006</u>	<u>30.4.2005</u>
Income:		
Workshop Income	4,285,003.00	11,493,666.00
Opening Stock	590,200.00	1,050,400.00
Add: Purchases	12,711,062.68	3,900,512.00
Garage spares	50,000.00	--
Goods available for sale	13,351,262.68	4,950,912.00
Less: Closing stock	10,137,510.68	590,200.00
Cost of sales	3,213,752.00	4,360,712.00
Gross profit	1,071,250.00	7,132,954.00
LESS: EXPENSES:		
Salaries and Wages	3,060,000.00	9,696,900.00
Entertainment	--	528,610.00
Travelling Expenses	524,720.00	405,280.00
Stationery & Printing	133,205.68	405,280.00
Postage and Telephone	136,400.00	369,900.00
Spare & Repair –M/v	429,584.00	376,000.00
Medical Expenses	21,600.00	102,200.00
Meals Allowance	164,000.00	782,350.00
Subsistence Allowance	--	357,000.00
Electricity & Water Charges	621,325.00	1,668,728.00
Business Licence	--	20,000.00
Shed Rent	2,196,000.00	2,196,000.00
National Social Security Fund	306,000.00	208,010.00
Fuel and Oils	1,948,735.12	1,151,000.00
Audit Fees	300,000.00	500,000.00
Depreciation	6,162,854.00	6,186,119.00
Total Expenses	16,004,423.80	24,652,947.00
Net profit/Loss for the year Note 2	(14,933,173.80)	(17,519,993.00)

Certified True and Correct
C.F. BUILDERS LTD

.....Director

C.F. BUILDERS LTD – P.O. BOX 1755 MWANZA

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH APRIL 2006

	<u>30.4.2006</u>	<u>30.4.2005</u>
Balance brought forward	169,957,245.00	123,606,117.00
Add: Net profit for the year	<u>34,956,887.44</u> 204,914,132.44	<u>70,687,490.00</u> 194,293,607.00
Less: Provision for Taxation	<u>20,817,960.00</u> 184,096,172.44	<u>24,336,362.00</u> 169,957,245.00

TAXATION ACCOUNT 30.4.2006

	<u>30.4.2006</u>	<u>30.4.2005</u>
Further Provision	16,486,616.00 <u>20,817,960.00</u> 37,304,576.00	2,652,930.00 <u>21,683,432.00</u> 24,336,362.00
Less: Payments	<u>20,817,960.00</u> 16,486,616.00	<u>7,849,746.00</u> 16,486,616.00

C.F. BUILDERS LTD – P.O. BOX 1755 MWANZA

BALANCE SHEET AS AT 30TH APRIL 2006

		<u>30.4.2006</u>	<u>30.4.2005</u>
<u>ASSETS:</u>			
Fixed Assets	Note 3	401,683,727.92	140,458,065.00
<u>CURRENT ASSETS:</u>			
Stock in Trade	Note 4	11,762,460.68	4,610,300.00
Staff Loans	Note 5	2,192,852.70	1,595,486.00
Sundry Debtors	Note 6	13,247,596.00	35,976,972.00
Cash balance	Note 7	508,744.62	19,111,805.00
Dividends		704,525.00	704,525.00
Vat Account		55,582,842.27	17,042,537.00
Due from Directors	Note 8	995,250.00	864,009.00
Total Current Assets		84,994,271.27	79,689,134.00
<u>LESS: CURRENT LIABILITIES:</u>			
Onduchi Associates		1,300,000.00	--
Accrued charges	Note 9	881,645.00	11,805,204.00
Sundry creditors		--	--
Loans and Advances		--	21,598,134.00
Provision for Taxation		16,486,616.00	16,486,616.00
Bank Overdraft CRDB		79,413,068.75	216,500.00
Total current Liabilities		98,081,329.75	49,889,954.00
Net current Assets/(Net current Liabilities)		<u>(13,087,058.48)</u>	<u>29,799,180.00</u>
Total Assets		<u>388,596,669.44</u>	<u>170,257,245.00</u>
<u>REPRESENTED BY</u>			
<u>Authorised share Capital</u>			
50 Shares of shs. 10,000/= each		<u>500,000.00</u>	<u>500,000.00</u>
<u>Issued and Fully Paid up share capital</u>			
30 Shares of shs. 10,000/= each		300,000.00	300,000.00
Profit and Loss Appropriation Account		184,096,172.44	169,957,245.00
Long term Bank loan	Note 10	204,200,497.00	--
		<u>388,596,669.44</u>	<u>170,257,245.00</u>

Certified True and Correct
C.F. BUILDERS LTD

.....Director

C.F. BUILDERS LTD – P.O. BOX 1755 MWANZA

COMPUTATION OF INCOME FOR THE YEAR ENDED 30TH APRIL 2006

Net Profit as per Accounts		34,956,887.44
Add: Depreciation Allowance	10,855,490.00	
10% Telephone	895,165.00	
Penalty & Fines	40,000.00	
Donation	150,000.00	
Land Rent and Property Tax	417,110.00	
10% News Papers	<u>22,806.00</u>	<u>12,380,571.00</u>
		47,337,458.44
Less: Depreciation Allowance		<u>10,855,490.00</u>
Chargeable Income		36,481,968.44

CORPORATE TAX RATE 30%

Chargeable Tax	10,944,590.00
Less: Tax Paid	<u>8,850,000.00</u>
Tax Due	2,094,590.00

DEPRECIATION ALLOWANCE

	<u>CLASS III</u> 12 ¹ / ₂ %	<u>CLASS II</u> 25%	<u>CLASS I</u> 37 ¹ / ₂ %	<u>TOTAL</u>
W.D.V. 1.5.2005	51,597,069.00	6,702,777.00	144.00	58,299,990.00
Addition	---	---	<u>7,280,300.00</u>	<u>7,280,300.00</u>
	51,597,069.00	6,702,777.00	7,280,444.00	65,580,290.00
Depreciation Allowance	<u>6,449,631.00</u>	<u>1,675,693.00</u>	<u>2,730,166.00</u>	<u>10,855,490.00</u>
W.D.V. 30.4.2006	45,147,438.00	5,027,084.00	4,550,278.00	54,724,800.00

C.F. BUILDERS LTD – P.O. BOX 1755 MWANZA

Note 1

Contract Receipts 30.4.2006

Loreto Girls Secondary School	38,454,678.47
Bugando University collage of Health Science	898,454,667.05
Church of Jesus Christ of Later Days Saints	341,789,425.00
China Railway Jianchang Engineering	100,000.00
Bugando Medical Centre	34,590,691.50
Plager Dome Tanzania Ltd	20,782,920.00
Mwanza City Council	9,930,700.00
Elct-Diocese Of Mara (DDH-Bunda)	<u>7,745,083.48</u>
	1,351,848,165.50

C.F. BULDERS LTD - P.O. BOX 1755 MWANZA

Note 3

SCHEDULE OF FIXED ASSETS AS AT 30TH APRIL 2006

DETAILS	NBV 1.5.2005	ADDITION	TOTAL	RATE	DEPRECIATION	BOOK VALUE 30.4.2006
Land and Buildings						
Plot No. 203 Block 'R' Kufiji/Gongoni-Mwanza	2,269,240.00	--	2,269,240.00	--	--	42,269,240.00
Plot No. 25 'KK' Nyakato service Area- Mwanza	4,395,710.00	--	4,395,710.00	--	--	4,395,710.00
Plots No. 7,38,&39 Baruti-Musoma	2,240,000.00	--	2,240,000.00	--	--	2,240,000.00
New Mara Hotel-Baruti Musoma	10,741,275.00	16,849,407.92	27,590,682.92	--	--	27,590,682.92
Plot No. 49-55 Block 79 Kisumu Street Dsm Note 3.1	62,500,000.00	247,951,445.00	310,451,445.00	--	--	310,451,445.00
Total Land and Buildings	82,146,225.00	264,800,852.92	346,947,077.92			346,947,077.92
Equipment and Machines						
Construction Equipment	728,643.00	--	728,643.00	12 ¹ / ₂ %	91,080.00	637,563.00
Foundry Machines	6,000,000.00	--	6,000,000.00	12 ¹ / ₂ %	750,000.00	5,250,000.00
Total Equipment & Machines	6,728,643.00		6,728,643.00		841,080.00	5,887,563.00
Workshop Machines						
Mwanza	252,804.00	--	252,804.00	12 ¹ / ₂ %	31,600.00	221,204.00
Dar-Es Salaam	43,302,838.00	--	43,302,838.00	12 ¹ / ₂ %	5,412,854.00	37,889,984.00
Office Machines	747,095.00	--	747,095.00	12 ¹ / ₂ %	93,386.00	653,709.00
Furniture & Equipment	565,689.00	--	565,689.00	12 ¹ / ₂ %	70,711.00	494,978.00
Total Workshop Machines	44,868,426.00		44,868,426.00		5,608,551.00	39,259,875.00
Motor Vehicles						
T.308 AHG Isuzu Tipper	8.00	--	8.00	37 ¹ / ₂ %	3.00	5.00
T.704937	201.00	--	201.00	25%	50.00	151.00
Toyota Pickup	1,317.00	--	1,317.00	25%	329.00	988.00
Mercedec Benz -Lorry	136.00	--	136.00	37 ¹ / ₂ %	51.00	85.00
T.309 AHJ Nissan Pickup	3,410.00	--	3,410.00	25%	852.00	2,558.00
T.108 AHG Nissan Patrol	6,697,849.00	--	6,697,849.00	25%	1,674,462.00	5,023,387.00
T.948 AMX Fuso Truck	--	7,280,300.00	7,280,300.00	37 ¹ / ₂ %	2,730,112.00	4,550,188.00
Total Motor Vehicles	6,702,921.00	7,280,300.00	13,983,221.00		4,405,859.00	9,577,362.00
Other Fixed Assets						
Bicycle	1,951.00	--	1,951.00	--	--	1,951.00
Sewing Machines	9,899.00	--	9,899.00	--	--	9,899.00
	11,850.00		11,850.00			11,850.00
Total Fixed Assets	140,458,065.00	272,081,152.92	412,539,217.92		10,855,490.00	401,683,727.92

C.F. BUILDERS LTD – P.O. BOX 1755 MWANZA

Note 3.1

Plot 49-55 Block 79 Kisarawe DSM (Bhesco)

Balance Brought forward		62,500,000.00
Borrowing Costs: Add: (i) Stamp Duty on Transfer	5,000,200.00	
(ii) Registration fees	<u>1,250,750.00</u>	6,250,950.00
Payments made through Liquador (Baccon)		<u>37,500,000.00</u>
		106,250,950.00
Add: <u>Long term Loan from CRDB</u>		
Principal Amount	150,000,000.00	
Interest on Loans	<u>54,200,497.00</u>	<u>204,200,495.00</u>
		310,451,445.00

C.F. BUILDERS LTD – P.O. BOX 1755 MWANZA

Note 9

Accrued Charges 30.4.2006

	<u>30.4.2006</u>	<u>30.4.2005</u>
Audit fees	--	2,773,857.00
NSSF	551,240.00	729,960.00
Skills & Development Levy	180,000.00	8,211,387.00
Paye	<u>150,405.00</u>	--
	881,745.00	11,715,204.00

Note 10

Long term Loan: Up to 30/5/2010
With CRDB A/c. 0160007994700

		<u>30.4.2006</u>	<u>30.4.2005</u>
Principal Loan-Secured	150,000,000.00		
Interest on loan	<u>54,200,497.00</u>	204,200,495.00	--

Loan was granted for Purchases of Bhesco Building in DSM.

C.F. BUILDERS LTD – P.O. BOX 1755 MWANZA

Note 4 Stock Analysis

	<u>30.4.2006</u>	<u>30.4.2005</u>
Construction Materials	1,624,950.00	4,020,100.00
Engineering Department Materials	10,137,510.68	590,200.00
	<u>11,762,460.68</u>	<u>4,610,300.00</u>

Note 5 Staff Loan Analysis

	<u>30.4.2006</u>	<u>30.4.2005</u>
Masimaduhu	203,839.70	200,000.00
Benjamin Kitauma	136,000.00	160,000.00
Zunya Bernard	20,000.00	85,000.00
Francis Marwa	20,000.00	20,000.00
Halima Kulwa	--	5,000.00
Revoganus Joseph	100,000.00	100,000.00
Dudi Msabila	50,000.00	50,000.00
Matiku Mwita Sagwe	150,000.00	--
Magige Wambura	1,390,000.00	--
Charles Samwel	85,000.00	--
Singuka Deus	15,000.00	--
Regina Makula	4,800.00	--
Kora Machage Kora	18,213.00	--
Sundry Staff Loan	--	<u>1,155,486.00</u>
	<u>2,192,852.70</u>	<u>1,595,486.00</u>

Note 6 Sundry Debtors

	<u>30.4.2006</u>	<u>30.4.2005</u>
Director General PPF	--	26,621,816.00
Director General –Veta	6,951,156.00	6,951,156.00
Aluminum Africa Ltd	--	2,404,000.00
C.F. Medipharma Ltd	<u>6,296,440.00</u>	--
	<u>13,247,596.00</u>	<u>35,976,972.00</u>

C.F. BUILDERS LTD – P.O. BOX 1755 MWANZA

Note 8 Vat Account As At 30.4.2006

Output Vat	2,862,380.70
Less: Input Vat	52,025,551.62
Add: Opening balance	(49,163,170.92)
	<u>17,042,537.00</u>
	(66,205,707.92)
Less: Vat Adjustment	<u>10,652,865.65</u>
Vat with TRA	(55,552,842.27)

C.F. BUILDERS LTD – P.O. BOX 1755 MWANZA
Cash flow Statement for the year ended 30th April 2006

Note 7

Inflows:

Opening cash balance	1.5.2005	19,111,805.00	
Opening Debtors	1.5.2005	37,572,458.00	
Add: Opening Dividends	1.5.2005	704,525.00	
Opening Vat Account	1.5.2005	17,042,537.00	
Opening Due from Directors		864,009.00	
Add: Contract Receipts		1,351,848,165.00	
Add: Engineering Workshop Receipts		4,285,003.00	
		<u>1,431,428,502.00</u>	

Less: Closing Debtors	30.4.2006	15,440,448.70	
Closing Dividends	30.4.2006	704,525.00	
Closing Vat Account	30.4.2006	55,582,842.27	
Closing Due from Director	30.4.2006	995,250.00	
		<u>72,723,065.97</u>	

1,358,705,436.03

Outflows:

Opening Accrued Charges	1.5.2005	11,805,204.00	
Opening Creditors	1.5.2005	--	
Opening Bank Overdraft	1.5.2005	216,500.00	
Opening Loan & Advance	1.5.2005	21,598,134.00	
Add: Purchases		968,489,629.38	
Add: Subcontractors		28,459,600.00	
Add: Casual Labours		71,877,533.00	
Add: Transport charges		90,610,040.00	
		<u>1,193,056,640.38</u>	

Add: Operating Expenses	158,036,245.86		
Add: Income Tax	20,817,960.00		
Add: Fixed Assets	272,081,152.92	450,935,358.78	
		<u>1,643,991,999.16</u>	

Less: Closing creditors 30.4.2006			
Closing Accrued Charges 30.4.2006	2,181,645.00		
Closing bank overdraft	79,413,068.75		
Closing Bank Loan	204,200,495.00	285,795,307.75	
Cash balance as at 30.4.2006			<u>1,358,196,691.41</u>

508,744.62

Allocated Thus:

NBC A/c 011103004786	Tshs.	244,459.78
NBC A/c 015105001716 USD	Tshs.	187,101.18
Standard Chartered A/c 01020602	Tshs.	23,302.65
Cash on Hand	Tshs.	53,881.00
		<u>508,744.62</u>

①
**C.F. BUILDERS LIMITED,
P.O. BOX 1755
MWANZA**

**BALANCE SHEET
AND
ACCOUNTS**

AS AT 30TH APRIL, 2005

**HASSANALI RUTAKYAMIRWA & CO.
CERTIFIED PUBLIC ACCOUNTANTS IN PUBLIC PRACTICE,
P.O. BOX 2701,
MWANZA**

Tanzania

(2)

C.F. BUILDERS LIMITED – P.O. BOX 1755 – MWANZA

REPORT OF DIRECTORS

FOR THE YEAR ENDED 30TH APRIL 2005

The directors submit their report together with the audited accounts for the year ended 30th April, 2005 which shows the company's financial position.

1.0 PRINCIPAL ACTIVITIES:

The principal activities of the company during the year were building construction and metal works.

2.0 RESULTS

The profit for the year and the appropriation thereof are set out on page 4.

3.0 DIVIDENDS:

The directors do not recommend the declaration of dividends

4.0 DIRECTORS:

The directors who served during the year were:

MR. FERDINAND MAKANGA CHACHA
MRS. MONICA MWANDIGI

5.0 AUDITORS:

The Auditors M/s. Hassanali Rutakyamirwa & Co. have indicated their willingness to be re-appointed.

BY ORDER OF THE BOARD

C.F. BUILDERS LIMITED – P.O. BOX 1755 – MWANZA

REPORT OF THE AUDITORS

We have audited the financial statements of the Company set out on pages 3 to 12 in accordance with approved auditing standards.

In our opinion, the financial statements which have been prepared on the basis of the accounting policies set out on pages 5 to 8 give a true and Fairview of the financial position of C.F. BUILDERS LIMITED at 30th April, 2005, and of its profit for the year ended on that date.

Hassanali Rutakyamirwa

HASSANALI RUTAKYAMIRWA AND CO
CERTIFIED PUBLIC ACCOUNTANTS

Hassanali Rutakyamirwa & Co.
Certified Public Accountants
in Public Practice
P.O. Box 2291 Mwanza, Tanzania

P.O. BOX 2291,
MWANZA

27th February 2006.

Tanzania

(4)

C.F. BUILDERS LIMITED – P.O. BOX 1755 - MWANZA

BALANCE SHEET AS AT 30TH APRIL 2005

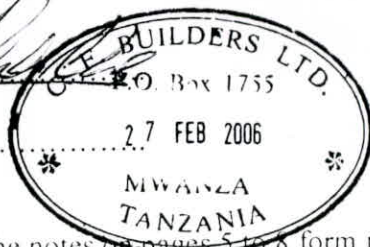
	NOTES	SHS	2005 SHS	2004 SHS
FIXED ASSETS			140,458,065	71,725,001
CURRENT ASSETS				
Stocks in trade	8.0	4,610,300		6,101,300
Sundry debtors	9.0	37,572,458		31,106,444
Bank balances	7.0	17,808,839		127,233,551
Cash balances	6.0	1,086,466		1,938,257
Dividends		704,525		704,525
Vat account		17,042,537		26,465,653
Directors current account		<u>864,009</u>		<u>3,286,500</u>
		<u>79,689,134</u>		<u>196,836,230</u>
CURRENT LIABILITIES				
Provision for taxation		16,486,616		8,979,860
Creditors and accruals	10.0	11,805,204		77,452,714
Loans and advances	11.0	<u>21,598,134</u>		<u>58,222,535</u>
		<u>49,889,954</u>		<u>144,655,114</u>
NET CURRENT ASSETS			<u>29,799,180</u>	<u>52,181,116</u>
NET ASSETS			Shs: <u>170,257,245</u>	<u>123,906,117</u>

FINANCED BY:

SHARE CAPITAL	4.0		300,000	300,000
RETAINED PROFITS			<u>169,957,245</u>	<u>123,606,117</u>
			Shs. <u>170,257,245</u>	<u>123,906,117</u>

DIRECTOR: 

DIRECTOR:



The notes on pages 5 to 8 form part of these accounts

5

C.F. BUILDERS LIMITED – P.O. BOX 1755 – MWANZA

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
30TH APRIL, 2005

	NOTE	2005 SHS	2004 SHS
NET PROFIT BEFORE TAXATION		70,687,490	36,305,324
TAXATION	3.0	<u>24,336,362</u>	<u>11,301,897</u>
RETAINED PROFIT FOR THE YEAR		<u>45,351,128</u>	<u>25,003,427</u>

STATEMENT OF RETAINED PROFITS

	2005 SHS	2004 SHS
RETAINED PROFITS AS AT 1 ST MAY	123,606,117	98,602,690
RETAINED PROFITS FOR THE YEAR	<u>46,351,128</u>	<u>25,003,427</u>
RETAINED PROFITS AS AT 30 TH APRIL	<u>169,957,245</u>	<u>123,606,117</u>

The notes on pages 5 to 8 form part of these accounts

Auditors report – page 2

C F BUILDERS LIMITED – P.O. BOX 1755 – MWANZA
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH APRIL, 2005

1.0 ACCOUNTING POLICIES

1.1 ACCOUNTING CONVENTION

These accounts are prepared under the historical cost convention.

1.2 DEPRECIATION

Depreciation is calculated to write off the cost of the fixed assets over the expected useful lives of the assets concerned on a reducing balance basis.

The principal rates used for the purpose were as follows:

Building	3%
Other motor vehicles	25%
Construction equipments	12½%
Lorries	37½%
Office equipments	12½%
Furnitures and fittings	12½%
Bicycle	12½%
Sewing machines	12½%
Fridges and cookers	12½%

2.0 PROFIT FOR THE YEAR

The profit for the year is stated after charging	2005 SHS	2004 SHS
Director's emoluments	5,558,400	5,558,400
Auditors remuneration	<u>2,773,857</u>	<u>1,800,000</u>
Depreciation	<u>8,748,211</u>	<u>10,662,463</u>

3.0 TAXATION

The charge for the taxation is made up as follows:

	SHS	SHS
On the profit for the year	21,683,432	11,301,897
Under provision for prior years	<u>2,652,930</u>	<u>-</u>
	<u>24,336,362</u>	<u>11,301,897</u>

(7)

C.F. BUIDERS LIMITED – P.O. BOX 1755 - MWANZA

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH APRIL, 2005

	2005	2004
4.0 SHARE CAPITAL	SHS	SHS
Authorized 50 shares of Shs. 10,000 each	500,000	500,000
Issued and fully paid up 30 shares of Shs. 10,000/= each	<u>300,000</u>	<u>300,000</u>
5.0 CONTRACT COSTS	2005	2004
	SHS	SHS
Sub contract labour and casual wages	206,585,336	126,536,611
Transport	32,761,315	15,388,761
Depreciation- Construction equipments	104,092	118,962
Depreciation – Lorries	<u>87</u>	<u>138</u>
	<u>239,450,830</u>	<u>142,044,472</u>
6.0 CASH BALANCES		
Cash balance is made up as follows:-		
Mwanza Head Office	886,466	1,797,629
Dar es Salaam Office	<u>200,000</u>	<u>140,628</u>
	<u>1,086,466</u>	<u>1,938,257</u>
7.0 BANK BALANCES	2005	2004
The bank balances is made up as follows:	SHS	SHS
CRDB-Bank balance Mwanza	8,327,200	-
NBC Dar es Salaam	333,969	9,059,553
Standard Chartered Bank	(216,500)	116,537,300
Bank balance USD	<u>9,364,170</u>	<u>1,636,698</u>
	17,808,839	127,233,551
8.0 STOCKS	2005	2004
Stocks in trade is made up as follows:	SHS	SHS
Construction materials	4,020,100	5,050,900
Engineering department materials	<u>590,200</u>	<u>1,050,400</u>
	<u>4,610,300</u>	<u>6,101,300</u>

8

C.F. BUIDERS LIMITED – P.O. BOX 1755 - MWANZA

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH APRIL, 2005

9.0	TRADE DEBTORS	
	The trade debtors at the year end	2005
	is made up as follows:	SHS
	Staff loans	1,595,486
	Director General PPF	26,621,816
	Director General VETA	6,951,156
	Alluminium Africa Ltd	<u>2,404,000</u>
		<u>37,572,458</u>
10.0	TRADE CREDITORS AND ACCRUALS	
	The trade creditors and accruals is made	2005
	up as follows:	SHS
	Accrued Audit fees	2,773,857
	Accrued NSSF	729,960
	Accrued Skills and development levy	8,206,393
	Suspense account	<u>4,994</u>
		<u>11,805,204</u>
11.0	LOANS AND ADVANCES	
	Mr. Manyama	21,418,134
	Zachem Kenya	<u>180,000</u>
		<u>21,598,134</u>

(9)

C.F. BUILDERS LIMITED - P.O. BOX 1755 - MWANZA

**NOTES TO THE ACCOUNTS FOR THE YEAR
ENDED 30TH APRIL, 2005**

12.0 FIXED ASSETS	NBV AT 1.5.2004 SHS	ADDITIONS SHS	NBV AT 30.4.2004 SHS	DEPRECIATION SHS	NBV AT 30.4.2005 SHS
Buildings	7,664,950	71,481,275	79,146,225	-	79,146,225
Land and plots	<u>3,000,000</u>	-	<u>3,000,000</u>	-	<u>3,000,000</u>
Sub totals	<u>10,664,950</u>	71,481,275	<u>82,146,226</u>	-	<u>82,146,225</u>
EQUIPMENTS AND MACHINES					
Construction equipments	832,735	-	832,735	104,092	728,643
Foundary machines	-	6,000,000	6,000,000	-	6,000,000
Workshop machines - Mwanza	288,919	-	288,919	36,115	252,804
Workshop machines - Dar es Salaam	49,488,957	-	49,488,957	6,186,119	43,302,838
Office machines	853,822	-	853,822	106,727	747,095
Furnitures and Equipments	<u>646,502</u>	-	<u>646,502</u>	<u>80,813</u>	<u>565,689</u>
Sub Totals	<u>52,110,935</u>	<u>6,000,000</u>	<u>58,110,935</u>	<u>6,513,866</u>	<u>51,597,069</u>
MOTOR VEHICLES					
Isuzu Tipper TZ 58968	13	-	13	5	8
Peugeot TZ 54937	268	-	268	67	201
Toyota pick up	1755	-	1755	438	1317
Mercedes Benz - lorry	218	-	218	82	136
Nissan pick up TZ 81058	4547	-	4547	1137	3410
Nissan patrol TZM 7734	<u>8,930,465</u>	-	<u>8,930,465</u>	<u>2,232,616</u>	<u>6,697,849</u>
Sub totals	<u>8,937,266</u>	-	<u>8,937,266</u>	<u>2,234,345</u>	<u>6,702,921</u>
OTHERS					
Bicycle	1,951	-	1,951	-	1,951
Sewing machines	<u>9,899</u>	-	<u>9,899</u>	-	<u>9,899</u>
	<u>11,850</u>	-	<u>11,850</u>	-	<u>11,850</u>
GRAND TOTALS	<u>71,725,001</u>	<u>77,481,275</u>	<u>149,206,276</u>	<u>8,748,211</u>	<u>140,458,065</u>

(10)

C.F. BUILDERS LIMITED – P.O. BOX 1755 – MWANZA

**DETAILED TRADING ACCOUNT, PROFIT AND LOSS ACCOUNT FOR
THE YEAR ENDED 30TH APRIL, 2005**

INCOME	SHS	2005 SHS	2004 SHS
Contract receipts		1,387,750,435	799,361,604
Opening stocks	5,050,900		3,050,900
Add: Purchases	<u>918,043,216</u>		<u>487,145,285</u>
	923,094,116		490,196,185
Less: Closing stocks	<u>4,020,100</u>		<u>5,050,900</u>
	919,074,016		485,145,285
Add: Other contract costs	<u>239,450,830</u>		<u>142,044,472</u>
		<u>1,158,524,846</u>	<u>627,189,757</u>
GROSS PROFITS		229,225,589	172,171,847
NET LOSS FROM ENGINEERING		<u>(17,519,993)</u>	<u>(24,471,825)</u>
		211,705,596	147,700,022
EXPENDITURES			
Directors salaries	5,558,400		5,558,400
Salaries and wages	8,286,227		5,375,133
Medical and office expenses	5,552,559		5,476,264
National Social Security Fund	1,383,720		3,720,090
Travelling and subsistence	27,700,027		27,913,091
Motor vehicle maintenance	12,890,660		11,643,337
Fuels and oils	22,801,947		12,276,671
Water and electricity	5,972,152		6,287,312
Office rent	4,973,712		4,973,712
Business licence	20,000		1,400,000
Postages and telephones	8,702,100		7,985,831
Printing and stationery	3,177,232		2,212,412
Audit fees	3,026,857		1,300,000
Bank charges and commission	3,619,104		2,223,028
Skills and development levy	11,201,150		2,412,186
Site clearance and demolitions	3,000,000		<u>1,200,000</u>
TOTALS CARRIED FORWARD	<u>127,865,847</u>	<u>211,705,596</u>	101,957,467

11

C.F. BUILDERS LIMITED – P.O. BOX 1755 – MWANZA

DETAILED TRADING ACCOUNT, PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH APRIL, 2005

	SHS	2004 SHS	2003 SHS
TOTAL BROUGHT FORWARD	127,865,847	211,705,596	101,957,467
Security guards	2,434,700		2,734,520
Service levy	508,400		450,000
Land rent & property tax	417,110		70,500
Donations	120,000		368,000
Newspapers and periodicals	-		9,200
Advertisements	-		912,700
Fines and penalties	500,000		188,500
Insurances	5,821,836		1,230,443
Subscription	693,000		-
Training for staffs	199,300		-
Depreciation	<u>2,457,913</u>		<u>3,473,368</u>
		<u>141,018,106</u>	<u>111,394,698</u>
NET PROFIT FOR THE YEAR		<u>70,687,490</u>	<u>36,305,324</u>

C.F. BUILDERS LIMITED – P.O. BOX 1755 – MWANZA

ENGINEERING WORKSHOP AT SIDO VINGUNGUTI DAR ES SALAAM

DETAILED TRADING ACCOUNT PROFIT AND LOSS ACCOUNT FOR
THE YEAR ENDED 30TH APRIL 2005

		2005	2004
INCOME	SHS	SHS	SHS
Workshop Income		11,493,666	22,553,728
Opening stocks	1,050,400		420,400
Add: Purchases	<u>3,900,512</u> 4,950,912		<u>19,578,638</u> 19,999,038
Less: Closing Stocks	<u>590,200</u>		<u>1,050,400</u>
COST OF GOODS SOLD		<u>4,360,712</u>	<u>18,948,638</u>
GROSS PROFIT		7,132,954	3,605,090
EXPENDITURES			
Salaries and wages	9,696,900		6,188,100
Entertainment	528,610		712,340
Travelling expenses	405,280		2,882,880
Printing and stationery	104,850		157,669
Postages and telephone	369,900		775,795
Spares and repairs	376,000		2,336,094
Medical expenses	102,200		87,150
Meals allowances	782,350		876,530
Subsistence allowances	357,000		556,400
Electricity and water	1,668,728		1,260,970
Audit fees	500,000		500,000
Business licence	20,000		505,000
Shed rent	2,196,000		3,000,000
National Social Security Fund	208,010		97,120
Fuels and oils	1,151,000		1,040,999
Tendering charges	-		30,000
Depreciation	<u>6,186,119</u>		<u>7,069,868</u>
		<u>24,652,947</u>	<u>28,076,915</u>
NET LOSS FOR THE YEAR		<u>(17,519,993)</u>	<u>(24,471,825)</u>

C.F. BUILDERS LIMITED – P.O. BOX 1755 – MWANZA

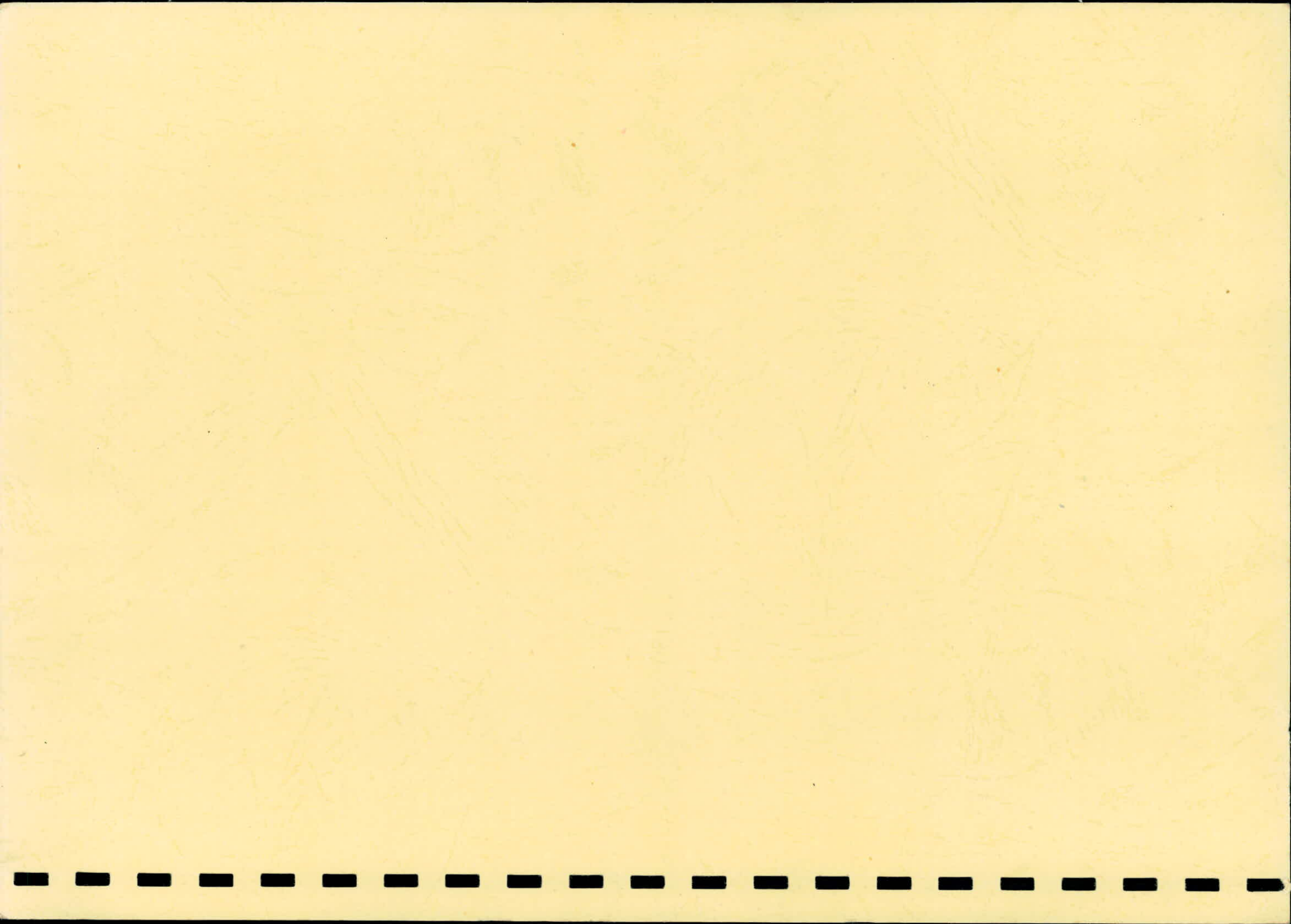
INCOME TAX COMPUTATION

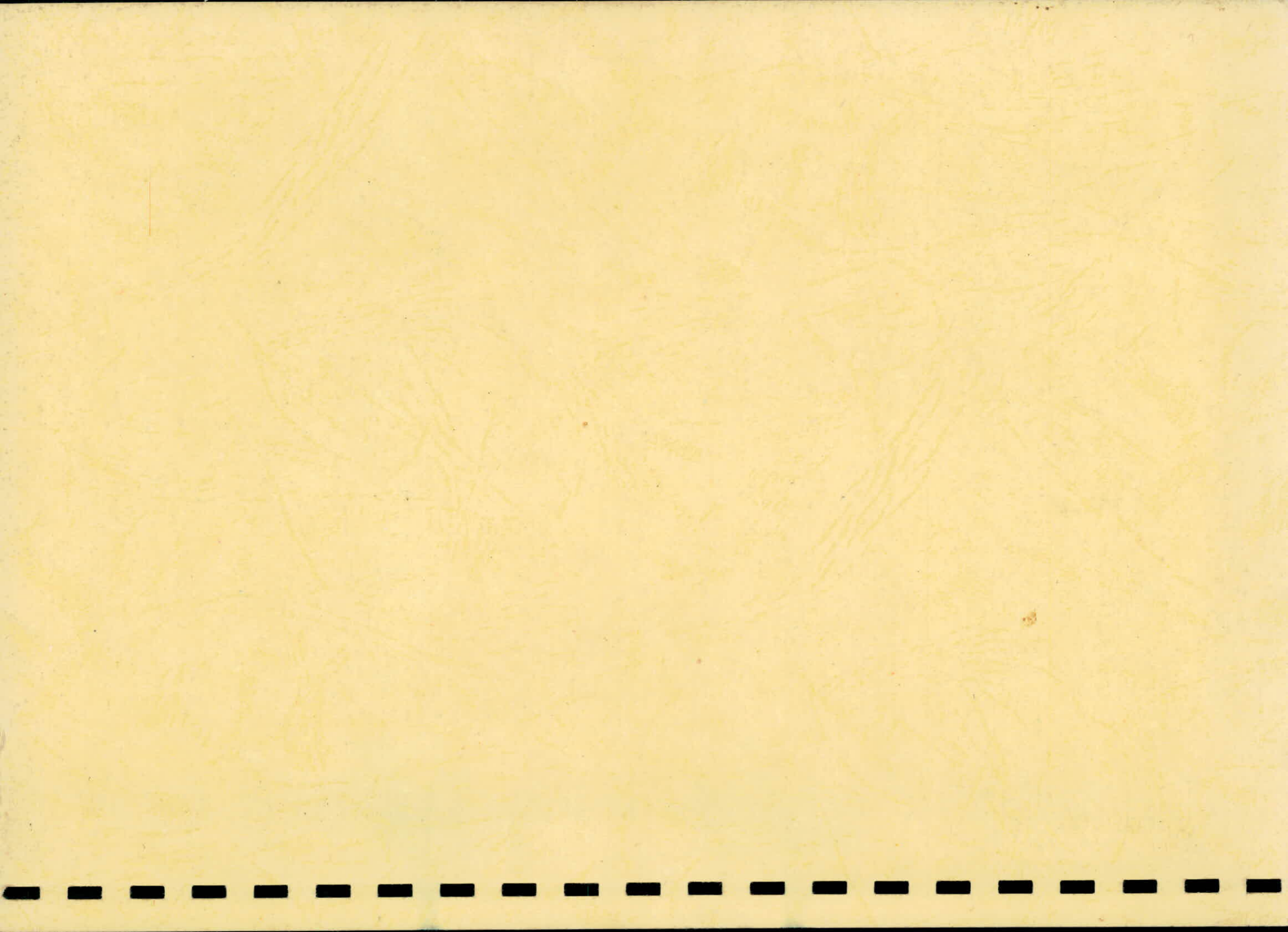
YEAR OF INCOME 2005

	SHS	SHS
Net profit per accounts		70,687,490
Add: Depreciation	8,748,211	
Service levy	500,000	
Land rent and property tax	417,110	
Service levy	508,400	
Donations	<u>120,000</u>	10,293,721
		80,981,211
Less: Wear and tear allowance		8,703,102
ADJUSTED PROFIT FOR THE YEAR		<u>72,278,109</u>
TAXATION THEREON AT 30%		21,683,432
DEDUCT PROVISIONAL TAX PAID		<u>16,176,676</u>
FINAL TAX PAYABLE		<u><u>5,506,756</u></u>

WEAR AND TEAR ALLOWANCE SCHEDULE

	CLASS I 37½%	CLASS II 25%	CLASS III 12½%	TOTALS
	SHS	SHS	SHS	SHS
W.D.V. b/f at 1.5.2004	162	8,932,701	51,758,938	60,691,801
	-	-	-	-
W.D.V. at 31.7.2005	<u>162</u>	<u>8,932,701</u>	<u>51,758,938</u>	<u>60,691,801</u>
Allowance for the year	<u>60</u>	<u>2,233,175</u>	<u>6,469,867</u>	<u>8,703,102</u>
W.D.V. c/f at 30.4.2005	<u><u>102</u></u>	<u><u>6,699,526</u></u>	<u><u>45,289,071</u></u>	<u><u>51,988,699</u></u>





NOTARY PUBLIC
M
GENERAL

[Handwritten signature]

HERBERT G. KOHN,
Sub-Scriber,
P.O. Box 1108,
MWAHZA

DRAWN BY:

1980

day of

Incorporated this

~~TRINITY GENERAL CONSTRUCTION COMPANY LTD.~~

OF

ARTICLES OF ASSOCIATION

AND

MEMORANDUM

~~COMPANY LIMITED BY SHARES~~

~~THE COMPANIES ORDINANCE (CAP. 212)~~

COPY

TANZANIA

Certificate of Incorporation

No: -----

I HEREBY CERTIFY that IRIENYI GENERAL CONSTRUCTION COMPANY LTD.
is this day Incorporated under the Companies Ordinance (Cap. 212).

Given under my hand at Dar es Salaam

this day of One thousand
nine hundred and eighty.

(Sgd.).....

Asst. Registrar of Companies

S E A L

THE COMPANIES ORDINANCE (CAP. 212)

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

IRIENYI GENERAL CONSTRUCTION COMPANY LTD.

TANZANIA
Stamp Duty Paid
Receipt No. 99425 of 7.5.83
Asst. Registrar of Companies

TANZANIA
Stamp Duty Paid
Receipt No. 99432 of 19.4.83

1. The name of the Company is IRIENYI GENERAL CONSTRUCTION COMPANY LIMITED.
2. The registered office of the Company will be situated in Tanzania.
3. The objects for which the Company is registered are:-
 - a) To carry on the business of fumigation, pest controlling, site fumigation, domestic fumigation, termites fumigation, garden fumigation, produce fumigation, timber fumigation, woodwork fumigation, ship fumigation and any other kinds and types of fumigation.
 - b) To carry on the business of assemblers and manufactures of airconditioners, air-coolers, refrigerators for domestic and industrial uses, buyers, sellers, distributors, installers, repairs and maintainers and related of all descriptions.
 - c) To construct and establish buildings, warehouses, sheds, machinery and other facilities necessary or expedient for the purposes of the Company.
 - d) To construct and maintain aerodromes, and roads on any surface or property occupied by the Company together with all the necessary or suitable building for the operation thereof.
 - e) To carry on the business of producers, refiners, stores, suppliers and distributors of petroleum and petroleum products in all its branches, to acquire and own wells, refineries, mines, mining rights, minerals, ore, building, machinery plant, stores, patents, licences, concessions, right of way, light or water, and any right of privileges which it may seem convenient to obtain for the purposes of or in connection with the business of the Company.
 - f) To buy and sell plots, to construct flats, houses, office, godowns for both public and private sectors of the Economy in Urban and Rural areas.
 - g) To construct and establish building warehouse, sheds, machinery and other facilities necessary or expedient for the purpose of the Company.
 - h) To own the business of buildings, building contractors, civil engineers, appraisers valuers, brick and tile makers, line burners and to undertake the construction, erection, management and equipping of every kind of public or private works or conveniences.

10/ May 83

- i) To carry on the business of plumbers, founders, smiths, machinists, electrical, machanical, ventilating, constructional and sanitary engineers and generally engineering in all its branches and to buy, sell and deal in all kinds of building materials, machinery, plants, tools implements and accessories.
- j) To enter any contracts in relation to and to erect, maintain, repair, pull down and restore either alone or jointly with any other Companies or persons works of all descriptions including wharves decks, piers, railways, trainways, waterways, roads widges, warehouses, factories, mills engines, machinery, railway carriages, and wagons, ships and vessels or every description, gas works, electric works, water works, drainage and sewage work, and building of every description.
- k) To carry on all or any of the business of manufacturers of any dealers in and workers in cement, lime, plasters, wittings, clay, gravel, stone, minerals, earth, fuel artificial stone brings, tiles, pipes, pottery, earthenware, chinaware and conveniences of all kinds and as quarry owners builders, general contractors and carriers.
- l) To purchase, charter, hire or otherwise acquire, and to operate and maintain motor vehicles of all kinds and aircraft, and to employ the same in the carriage of passengers, mail and merchandise of all kinds.
- m) To buy, sell, manufacture export repair, alter, exchange, let or sell on hire and deal in all goods, commodities, articles and things.
- n) To transact agency business of all kinds and also to act as agents for any person firm or corporation.
- o) To receive money on deposit and to lend and advance to such persons or companies on such terms as the Company may think expedient and to guarantee performance by the Company of any obligation or liability it may undertake. To procure the Company to be registered or recognised in any other part of the Commonwealth or in any other foreign country.
- p) To distribute any of the assets for the time being of the company amongst its members in kind, and to stipulate for and obtain for its members or any of them any property rights privileges or options.
- q) To purchase or otherwise acquire, erect, maintain, reconstruct and adapt any office, workshops, mills, plant, machinery and other things found necessary or convenient for the purpose of the Company.
- r) To let on lease or on hire the whole or any part of the real and personal property of the Company on such terms as the Company shall determine.
- s) To draw, accept and make, and to endorse, discount and negotiate bills of exchange and promissory notes, and other negotiable instruments.

- t) To borrow or raise money by the issues of debentures, debenture stock (perpetual or terminable), bonds, mortgages, or other securities, founded or based upon all or any of the property and right of the Company, including its uncalled capital, or without any such security, and upon such terms as to priority or otherwise, as the Company shall think fit.
- u) To pay for all or any expenses incurred in connection with the formation, promotion and incorporation of the Company or to contract with any person firm or Company to pay the same, and to pay commission to brokers and others for underwriting, placing, selling or guaranteeing the subscription of any shares, debentures, stock or securities of the Company.
- v) To invest the money of the Company not immediately required in such manner, other than in the shares of this Company, as from time may be determined.
- w) To acquire by subscription, purchase or otherwise, and to accept and take, hold and sell, shares, or stock, in any Company, Society or undertaking the objects or which shall, either in whole or in part be similar to those this Company, or such as may be likely to promote or advance the interest of this Company.
- x) To provide for the welfare of person in the employment of the Company, or formerly in the employment of the Company or its predecessor's business, and the wives, widows and families of such persons, by grants of money, pension or other payments, and by providing or subscribing towards places of instruction and recreation, and hospitals, dispensaries, medical and other attendance and other assistance, as the Company shall think fit, and to form, subscriber to or otherwise aid benevolent, religious, scientific National or other institutions or objects which shall have any moral or other claims to support or aid by the Company by reason of the nature or the locality of its operations or otherwise.
- y) To enter into and carry into effect any arrangement for joint working in business, or for sharing of profits, or for amalgamation with any other Company or any partnership or person, carrying on business within the objects of the Company.
- z) To sell, dispose of or transfer the business, property and undertaking, of the Company, or any part thereof, for any consideration which the Company may see fit to accept.
- aa) To do all or any of the matters hereby authorised in any part of the world wither alone or in conjunction with, or as factors, trustees or agents for any other companies or persons, or by or through any factors, trustees or agents.
- bb) To receive money or deposit with or without interest thereon.
- cc) To establish, promote and otherwise assist any Company or Companies for the purpose of furthering any of the objects of the Company.

- dd) To remunerate any person or Company for service rendered and in particular services in or about the conduct of the Company's business either by payment in cash or otherwise.
- ee) To procure the Company to be registered or recognized in any country or place.
- ff) Generally to do all such other things as may appear to be incidental or conducive to the attainment of the above objects or any of them.

And it is hereby declared that in the interpretation of this clause the powers conferred on the Company by any paragraph shall not be restricted by reference to any other paragraph, or to the name of the Company, or by the juxtaposition of two or more objects and that in the event of any, the ambiguity this clause and every paragraph thereof shall be construed in such a way as you widen, and not to restrict the powers of the Company.

- 4. The liability of the members is limited.
- 5. The authorised share capital of the Company is shs. 500,000/= divided into 50 shares of shs. 10,000/= each with the power for the Company to increase or reduce the said nominal capital and to alter the nominal value of the shares and to convert the shares into stock and to issue any part of parts as such original or increased capital either at par or at premium and with such preferential deferred, qualified or special rights, privileges or conditions as the Company may determine.

We the several persons whose names and addresses are described below, are desirous of being formed into a Company in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names.

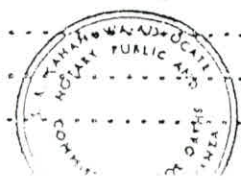
Names, Addresses and Description of Subscriber	No. of Shares	Signature
1. Ndugu Mtete C. Kora, P.O. Box 1108, <u>MWANZA.</u> Director.	10	<i>M.C. Kora</i>
2. Ndugu Monica W. Deus, P.O. Box 1108, <u>MWANZA.</u> Director.	10	<i>M. W. Deus</i>
3. Ndugu Kora Machaga, P.O. Box 1108, <u>MWANZA.</u> Director.	10	<i>K. Machaga</i>

Dated at Mwanza this 14th day of April, 1980.

Witness to the above signature:

Name
Designation
Occupation

Signature: *[Signature]*.....



Stamp Duty Paid 40/-
Receipt No. 200426 7-5-83
Asst. Registrar of Companies

THE COMPANIES ORDINANCE (CAP. 212)

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

IRIENYI GENERAL CONSTRUCTION COMPANY LTD.

PRELIMINARY

40/-
99432.19.4.80
- FCB

The Regulations contained in Table "A" in the first Schedule to the Companies Ordinance (Cap. 212) (such table hereinafter called "Table A"), shall apply to the Company save in so far as they are excluded or varied hereby, that is to say, the clauses of Table "A" numbered 11, 28, 64, 69, 70, 72, 78, 92 and 102 shall not apply to this Company but, in lieu thereof and in addition to the remaining clauses of table "A" the following shall be the regulations of the Company.

2. The Company shall be a Private Company and accordingly the following provisions shall have effect:-
 - a) The Company shall not offer any of its shares or debentures to the public for subscription.
 - b) The number of members of the Company (exclusive of persons who are in the employment of the Company and of persons who having been formerly in the employment of the Company were while in such employment to be members of the Company) shall not at any time exceed fifty.
 - c) The transfer of shares in the Company shall be restricted in the manner hereinafter provided.
3. The Company shall be entitled to treat the person whose name appears upon the Register in respect of any shares as the absolute owner thereof and shall not be under any obligation to recognize and trust or equitable claim to or partial interest in such share whether or not it shall have express or other notice thereof.
4. The Company may pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally for any shares in the Company or for procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the Company at any rate not exceeding one per cent of the nominal amount of shares subscribed or agreed to be subscribed or the subscription whereof is procured or agreed to be procured.

SHARES

5. The shares shall be under the control of the Directors, who may allot and dispose of or grant options over the same to such persons, on such terms and in such manner as they think fit. Shares may be issued at par or at a premium and the Directors may at any time in their absolute discretion refuse to register any transfer of shares. Clause 19 of Table "A" shall be modified accordingly.

IRIENYI GENERAL CONSTRUCTION COMPANY LTD.

6. Any member or other person (hereinafter called holder) desiring to dispose of any shares shall intimate to the Secretary the number of such shares and the price at which he is willing to sell the same and the Secretary shall then inform all other members of the proposed sale and offer the said shares to the other members at the prices named. Any member desiring to purchase shall notify the Secretary in writing, within one month from the date of such offer, of the number of shares which he is willing to purchase and shall allocate those shares to or amongst the members who shall have expressed his or their willingness to purchase as aforesaid and, if more than one, as far as may be proprietor according to the number of shares held by them respectively provided that no member shall be obliged to take more than the number of shares notified by him as aforesaid. Upon such allocation being made the Holder shall be bound, on payment of the price, to transfer the shares to the purchaser or purchasers, and if he shall make default in so doing the Secretary may receive and give a good discharge for the purchase money on behalf of the holder and may enter the name of the purchaser in the Register of members as holder by transfer of the shares purchased by him. Any shares not sold and transferred within one month from the date of the notice of allocation may be sold by the holder to any person not a member of the Company but the Directors shall not be bound to register any person as a member.

CALLS ON SHARES

7. The Directors may make a call or calls upon the members in respect of any money unpaid on their shares and each member shall, subject to receiving at least fourteen days' notice specifying the time or times of payments paid to the Company at the time or times so specified the amount called on his shares.

FORFEITURE OF SHARES

8. When any shares have been forfeited an entry shall forthwith be made in the Register of members of the Company recording the forfeiture and the date thereof and as soon as the shares so forfeited have been sold or otherwise disposed of an entry shall also be made of the manner and date of the
9. The lien conferred by clause 7 of Table "A" shall attach to fully paid up shares and to all shares registered in the name of any person indebted or under liability to the Company, whether he shall be the sole registered holder thereof or one of several joint holder.
10. An entry in the Minute book of the Company of the forfeiture of any shares or that any shares have been sold to satisfy a lien of the Company shall be sufficient evidence as against all person claiming to be entitled to such shares that the said shares were properly forfeited or sold; and such entry and the receipt of the Company for the price of such shares shall constitute a good title to such shares and the name of the purchaser shall be entered in the Register as a member of the Company and he shall not be bound to see to the application of the purchase money, nor shall his title to the said shares be affected by irregularity or invalidity in the proceedings in reference to the forfeiture or sale. The remedy, if any, of the former holder of such shares and of any person claiming under or through him shall be against the Company and in damages only.

BORROWING POWERS

11. The Directors may raise or borrow for the purpose of the Company's business such sum or sums of money as they think fit and they may secure the repayment of or raise any such sum or sums as aforesaid by mortgage or charge upon the whole or any part of the property and assets of the Company, present and future including its uncalled or unissued capital or by the issued, at such price as they may think fit, of Bonds or Debentures, either charged upon the whole or any part of the property and assets of the Company, present and future, including its uncalled or unissued capital, or not so charged, or in such other way as the Directors may think expedient.
12. A register of the holders of the debentures of the Company shall be kept at the Registered office of the Company, subject to such restrictions as the Company in General Meeting may from time to time impose. The Directors may close such Register for such periods as they may think fit, not exceeding in the aggregate thirty days in each year.

MEETINGS

13. The quorum for the transaction of business at any General Meeting shall be two thirds of the members personally present or represented by proxy and clauses 45 of Table "A" shall be modified accordingly.
14. On a show of hands every member entitled to vote present in person, shall have one vote. On a poll every member entitled to vote shall have one vote for each share of which he is the holder.

DIRECTORS

15. Unless otherwise determined by the Company in General Meeting the number of Directors shall be not less than two and not more than twenty by number.
16. Unless and until otherwise determined by the Company in a General meeting the following shall be the first Directors of the Company:-
 1. Ndugu Mtete C. Kara
 2. Ndugu Monica W. Deus
 3. Ndugu Kara Machege
17. The quorum of Directors for transacting business shall, unless otherwise fixed by the Directors, be two.
18. A Memorandum in writing signed by all the Directors for the time being and posted in or attached to the Minute Book shall be effective for all purposes as resolution of the Directors passed at a meeting duly convened, held and constituted.
19. A Director may, in addition to his directorship, be employed by and may hold any office or place of profit or otherwise under the Company (except that of Auditor) upon such terms as to remuneration and otherwise as the Directors may arrange. A Director of the Company or in with the Company is interested, and may subscribe for or otherwise acquire shares in such Company and shall not be accountable for any benefit received by him as a Director or members of such Company. A Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remunerate for his services as if he were not a Director.

20. A Director or intending Director shall not be disqualified by his office from entering into a contract or agreement with the Company either as vendor, purchaser, manager agent, broker or otherwise and no such contract or arrangement, entered into by or on behalf of the Company with any interested shall be avoided, nor shall any Director holding such office or so contracting or so interested shall be liable to accessment to the Company for any profit realised by any such contract or arrangement by reason of such Director holding the office of Director or of judiciary relation thereby established. Any Director so contracting or being so interested as aforesaid shall disclose at the Board Meeting at which the contract or arrangement is determined upon the nature of his interest, if his interest then exists, or in any other case at the first Board meeting after the acquisition of his interest, and a Director shall not, as a Director, vote in respect of any contract or arrangement in which he is so interested as aforesaid and if he does so his vote shall not be counted, but this prohibition shall not apply to any contract by or on behalf of the Company to give to the Directors or any of them any security by way of indemnity or set off of cross claims, and it may at any time or times be suspended or relaxed by a General meeting and shall be so suspended and relaxed as long as and during any period in which the number of Directors does not exceed two. A general notice that a Director is a member of any specified firm or Company and is to be regarded as interested in any transaction with such firm or Company, shall be sufficient disclosure unde this clause, and after such general notice, it shall not be necessary to give any special notice relating to any particular transaction with such firm or Company as aforesaid.

ALTERNATE DIRECTORS

21. Each Director may nominate a person who shall be unanimously approved of by the other Directors, to act as Alternate Director in his place during his absence or inability to act as such Director, Alternate Director shall not required any share qualification but shall be subject in all other respects to the terms and conditions existing with reference to the Directors of the Company and such Alternate Director, where acting, shall exercise and discharge all the duties and functions of the Director whom he shall represent and in the case of an alternate Director being unable to act during the absence or inability to act as the Director who he represents, may with the like approval appoint another person to act in his place.

DISQUALIFICATION OF DIRECTORS

22. The office of Director shall be vacated:-
- a) If he becomes bankrupt or involvement or compounds with his creditors;
 - b) If he becomes prohibited from being a Director by order made under section 213, or 269, of the Ordinance.
 - c) If he become of unsound mind or be found lunatic.
 - d) If he gives the Company notice in writing that he resigns his office.
 - e) If the Company by Extraordinary Resolution resolves to determine his appointment as Director.

But any act done in good faith by a Director whose office is vacated as aforesaid shall be valid unless, prior to the doing of such act, written notice shall have been served upon the Directors or an entry shall have been made in the Director's Minute Book stating that such Director has ceased to be a Director of the Company.

23. A Director shall not be required to hold any shares in the Company.

MANAGING DIRECTOR

24. The Director may from time to time entrust to and confer upon the Managing Director or Manager all or any of the powers of the Director (excepting the power to make calls, forfeit shares issue debentures) that they may think fit but the exercise of all powers by the Managing Director or Manager shall be subject to such regulations and restrictions as the Director may from time to time make and impose and the said powers may at any time be withdrawn, revoked or varied.

CAPITALISATION OF RESERVES

25. Any General Meeting may resolve that any money, investments, or other assets forming part of the undivided profits of the Company standing to the credit of the reserve fund, or any capital redemption reserve fund or in the hands of the Company and available for distribution be capitalised and distributed amongst such of the share holders as would be entitled to receive the same if distributed by way of dividend and in the same proportions of the footing that they become entitled there to as capital and that all or any part of such capitalized fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares or debentures or debenture stock of the Company, which shall be distributed accordingly in or towards payment of the uncalled liability on any issued shares or debentures or debenture stock and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum.

WINDING UP

26. With the sanction of an extraordinary Resolution of the members any part of the assets of the Company, including any shares in or securities of other Companies, may be divided among the members of the Company in specie, or may be vested in trustee for the benefit of such members, and the liquidation of the Company may be closed and the Company dissolved, but so that no member shall be compelled to accept any shares whereon is any liability.

INDEMNITY

27. Every Director or other officer of the Company, shall be entitled to be indemnified including such liability as is mentioned in paragraph (c) of the provision to section 153 of the Ordinance which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, and no Director or other officer shall be liable for any loss damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this article shall only have effect in so far as its provisions are not avoided by the said section.

Names, Addresses and Description of Subscriber	No. of Shares	Signature
1. Ndugu Mtete C. Kora, P.O. Box 1108, <u>MWANZA</u> . Director.	10	<i>M.C. Kora</i>
2. Ndugu Monica W. Deus, P.O. Box 1108, <u>MWANZA</u> . Director.	10	<i>M. Wandigi</i>
3. Ndugu Kora Machege, P.O. Box 1108, <u>MWANZA</u> . Director.	10	<i>K. Machege</i>

Dated at Mwanza this 14th day of April, 1980.

Witness to the above Signature:-

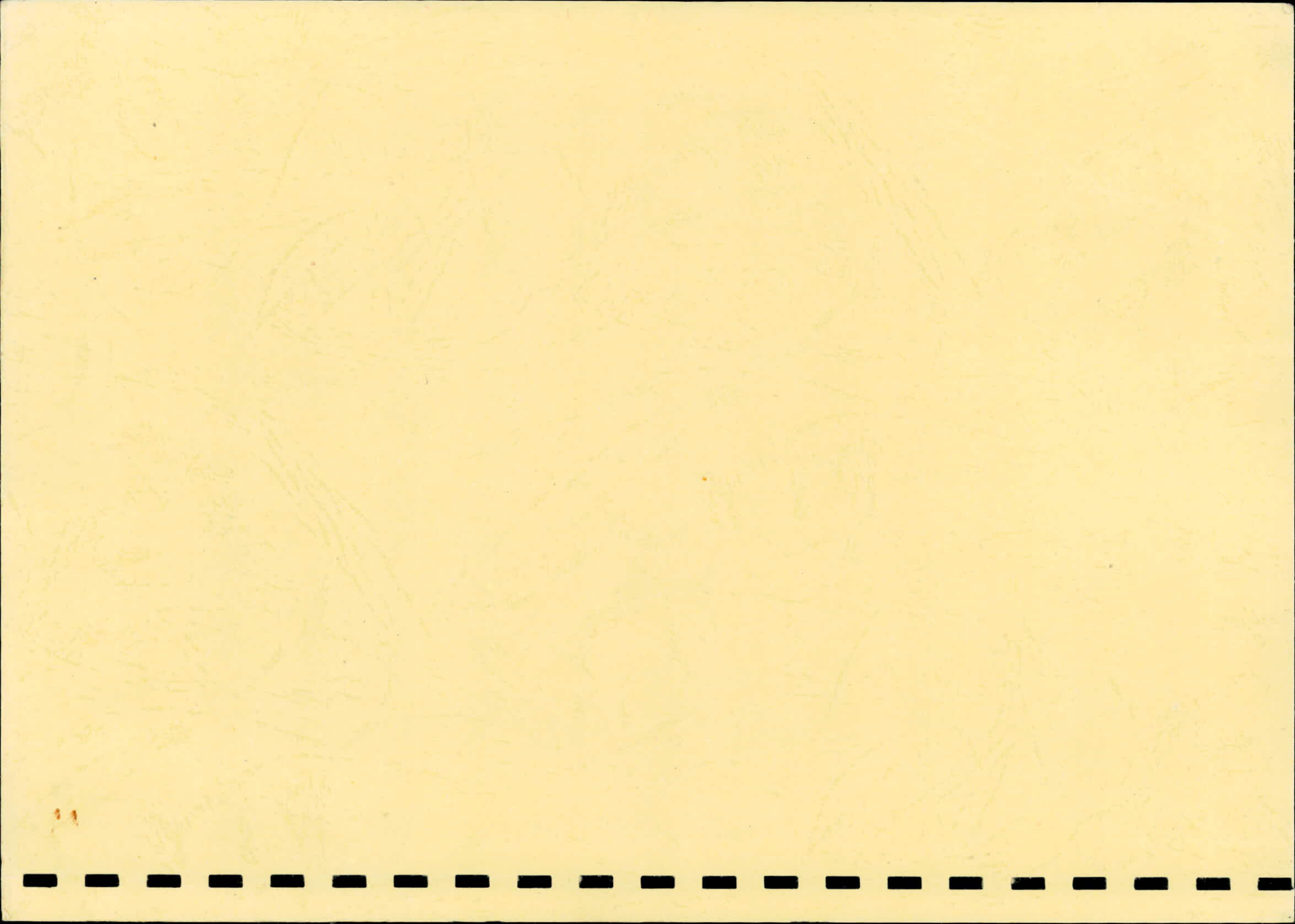
Name:..... GRACIOS R. KAHAWUNA

Signature:..... *Gracious R. Kahawuna*

Designation:.....

Occupation:.....







C.F. BUILDERS LIMITED

Proposed Project for Manufacturing of Various Building Materials

A BUSINESS PLAN

Prepared for :
C.F. Builders Limited
P. O. Box 1755
Mwanza
Tanzania

March 2009

CONTENTS

- 1.0. Executive Summary
- 2.0 Business Proposal
- 3.0 Management of the Company
- 4.0 Machinery and Raw Materials
- 5.0 The Product
- 6.0 Market Analysis
- 7.0 Financial Analysis
- 8.0 Economic Aspect of the Project
- 9.0 Conclusion & Recommendations

List of Appendixes

- I. Capital investment
- II. Staff Remuneration Package
- III. Operating Cost Schedule
- IV. Sales Projections
- V. Projected Income and Expenditure Statement
- VI. Depreciation Schedule
- VII. Working Capital Schedule
- VIII. Cashflow Projections
- IX. Discounted Cashflow Statements
- X. Projected Balance Sheets
- XI. Loan Repayment Schedule

1.0 EXECUTIVE SUMMARY

1.1 The Project Concept

C.F. Builders Limited is a locally incorporated private company under Certificate of Incorporation No: 7671 dated 20th March 1990 created for purposes of undertaking projects in the manufacturing of construction and building materials including but not limited to nails.

This Paper entails a business plan for the proposed investment in the manufacturing of building materials and marketing them for domestic and foreign markets. The products will include mainly nails.

The aim of this study is to assess the commercial viability and operational feasibility of the project being undertaken by C.F. Builders Limited. Most of the data has been compiled by the promoters own research and study done in Tanzania and is first hand information. The financials have also been carried out on the basis of market and cost information provided by the promoters of the project. The report arising from the study will also be used to solicit financing of the project as well as presented to Tanzania Investment Centre for purposes of obtaining TIC Certificate of Incentives to facilitate implementation of the projects.

1.2 Existing Supplying Capacity

The capacity of the existing local suppliers of nails is very low. The current suppliers of the products have a limited capacity because of the following reasons.

- High cost of purchasing plant & equipment (many of them have manual and obsolete machines)
- Problem with technology – most firms owns equipment, which are not capable of producing required quality, specifications and range of products
- On account of limited capital to provide reliable and high quality products they face uncertainty to obtain steady volume of works to meet overheads.

1.3 Estimated Capital Investment Cost

C.F. Builders Limited will invest a total amount of US\$ 787,000 out of which an amount of US\$ 40,000 million will be working capital during the first year of operation. The investment in fixed assets will be distributed as follows:

Item	Total Costs
Land & Buildings	150,000
Machinery & Equipment	450,000
Motor Vehicles	100,000
Furniture and Fittings	22,000
Pre-Operational Expenses	25,000
Fixed Investment	747,000
Working Capital	40,000
TOTAL INVESTMENT	787,000

1.4 Project Financing Plan

The initial financing of the investment will be as follows:

(IN US\$)

Item Description	Equity Contribution	Term Loan	Total
Land & Buildings	150,000	0.00	150,000
Machinery & Equipment	0.00	450,000	450,000
Motor Vehicles	100,000	0.00	100,000
Furniture and Fittings	22,000	0.00	22,000
Sub Total	272,000	450,000	722,000
Pre-Operational Expenses	25,000	0.00	25,000
Working Capital	40,000	0.00	40,000
TOTAL INVESTMENT COST	337,000	450,000	787,000

The shareholders will raise equity of US\$ 337,000 and secure a bank term loan facility of US\$ 450,000 for financing the machinery, equipment and utility vehicles.

1.5 Profitability

On the basis of the projections and the assumptions contained in this report the Company will be financially and commercially profitable. It will be able to generate the following business over the projected five-year period.

1.6 Projected profit and loss over the five-year period

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	960,000	960,000	960,000	1,056,000	1,056,000
Cumulative Profit	845,409	1,692,626	2,532,100	3,459,277	4,377,560
Profit Before Tax	845,409	847,217	839,474	927,177	918,282
Net Income	591,786.3	593,051.9	587,631.8	649,023.9	642,797.4

4

1.7 Social Viability:

C.F. Builders Limited will participate in improving the housing industry in Tanzania and play a role in alleviating poverty in the country by providing timely reliable and cost effective products in the building of all kinds of houses. The company will also pay taxes to the government as per tax laws and regulations.

1.8 Employment

The company will employ 40 employees.

2.0 THE BUSINESS PROPOSAL

2.1 Background

C.F. Builders Limited is a locally incorporated private company under Certificate of No: 7671 dated 20th March 1990 created for purposes of undertaking projects in the manufacturing of construction and building materials including but not limited to nails. It is also the objective of the company to provide timely, accurate and cost effective construction and building materials including steel nails, aluminium nails and galvanize concrete nails.

This Paper entails a business plan for the proposed investment in the manufacturing of building materials and marketing them for domestic and foreign markets. The products will include mainly nails.

The aim of this study is to assess the commercial viability and operational feasibility of the project being undertaken by C.F. Builders Limited. Most of the data has been compiled by the promoters own research and study done in Tanzania and is first hand information. The financials have also been carried out on the basis of market and cost information provided by the promoters of the project. The report arising from the study will also be used to solicit financing of the project as well as presented to Tanzania Investment Centre for purposes of obtaining TIC Certificate of Incentives to facilitate implementation of the projects.

2.2 Mission

The mission on C.F. Building Limited is to become one of the leading producers of all types of building materials, nails in particular in the Lake Zone.

2.3 Company Ownership

As a private company, the ownership is limited to what is stipulated in the Memorandum and Articles of Association Presently, the following are the promoter and directors of the company, namely.

Name and Address of the Shareholder	Nationality	No. of Shares Held	% Share - holding
Ferdinand Makanga Chacha P.O. Box 1755 Mwanza	Tanzanian	30	75%
Monica Mwandigi P.O. Box 1755 Mwanza	Tanzanian	5	12.5%
Fredy Chacha P.O. Box 1755 Mwanza	Tanzanian	5	12.5%

2.4 Project Location and Contact Information

The Company will have its head office at Plot No: 116 "S" situated at Uhuru Road, Nyamagana District, while the production site will be locate at Plot No. 25 Block KK in Mwanza.

The proposed project site has adequate supply of power by TANESCO and water, two most important inputs in the manufacturing of construction and building materials. Furthermore, the area is easily accessible by road transport and very close to the Mwanza Airport, thus transport of raw materials and finished products will not pose any problem.

3.0 MANAGEMENT OF THE COMPANY

3.1 Background of the Directors: Brief Profiles of Directors

Brief Profile of Investors

3.1.1 Mr. Ferdinand Makanga Chacha

Mr. Ferdinand Makanga Chacha is a civil engineer. He has been in the business for over 30 years. Having seen a bright future in the manufacturing of building materials in the country, the shareholder convinced his counterparts to establish manufacturing facilities to produce

nails which are currently been imported to a large extent. Mr. Ferdinand Makanga Chacha is the Managing Director of C.F. Builders Limited.

3.1.2 Mrs. Monica Mwandigi

She is one of the company directors. She is 48 years old. She holds extensive entrepreneurial experience in various businesses. She has a long experience in trading in sundry goods on a sub-whole basis and hotel industry. She will personally assist the Managing Director in executing all day to day company activities.

3.2 Organizational Structure

The Chief Executive Office

Mr. Ferdinand Makanga Chacha will be fully responsible for managing the business. His activities will include:

- Supervision of the production and implementation of the business development plan.
- Finance
- Marketing
- Public relations,
- Administration and personnel.

He has good experience in the management of construction activities, trading and manufacturing business.

The Technical Manager

His duties will be to handle day to day operations including:-

- Supervising production
- Machine maintenance
- Pricing of products
- Marketing of the products

Under the Technical Manager there will be technicians, carpenters and artisans.

4.0 MACHINERY & RAW MATERIALS

4.1 LAND & BUILDINGS

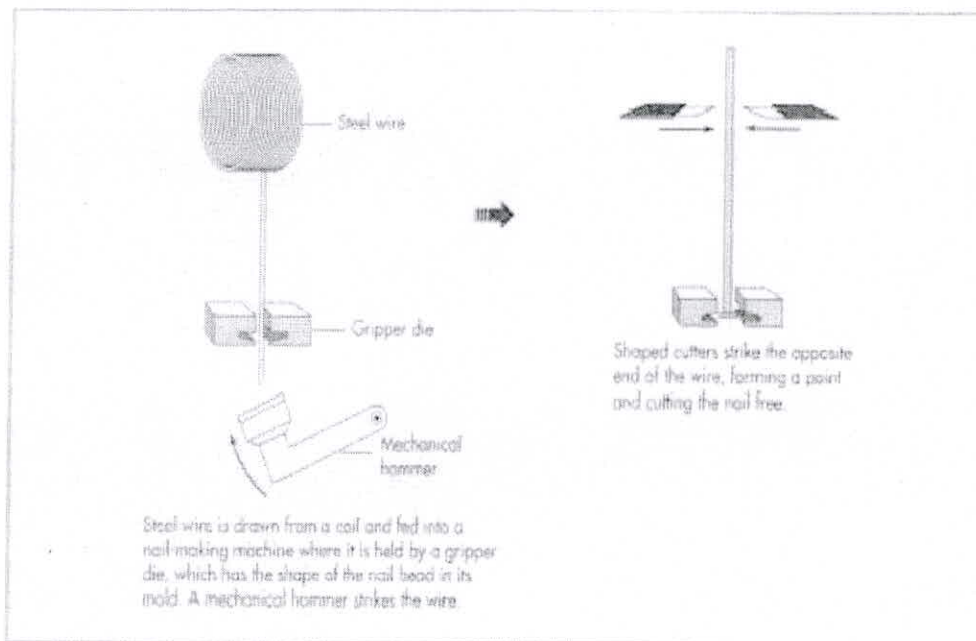
The project is located on an industrial site at Plot No: 24 Block KK, Nyakato Industrial Area with adequate space for accommodating the factory/manufacturing facilities and storage facilities for both raw materials and finished goods. A budget of US\$ 150,000 has been set aside for this item to expand the existing project into a modern one.

4.2 PLANT, MACHINERY & EQUIPMENT

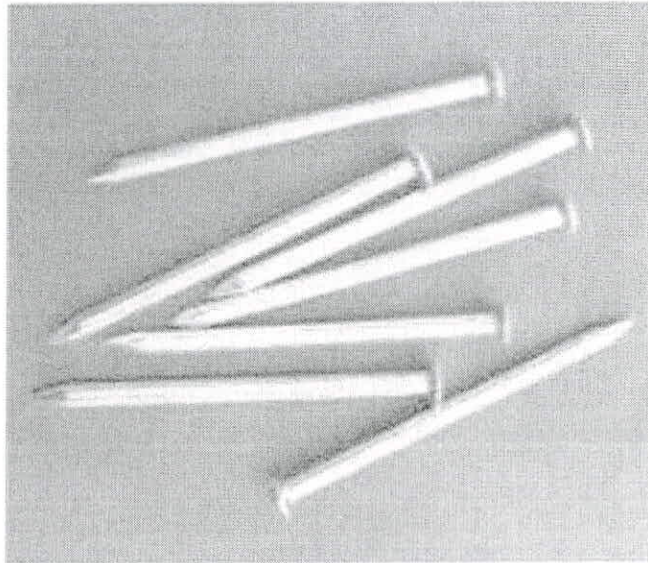
The company will soon order machinery and equipment comprising of complete plants for manufacturing of nails. Additional machinery and accessories will be required to complete the investment and enable production to commence. Arrangement to secure modern production machinery and equipment from China or India is under way and delivery will be done soon after TIC certificate has been obtained.

4.3 RAW MATERIALS

Most nails will be made of steel. Aluminum, copper, brass, bronze, stainless steel, nickel, silver, monel, zinc, and iron may also used.



Galvanized nails will be coated with zinc to give them added corrosion resistance.



Galvanize Concrete Nails

5.0 THE PRODUCT

A nail consists of a metal rod or shank, pointed at one end and usually having a formed head at the other, that can be hammered into pieces of wood or other materials to fasten them together. A nail is usually made of steel, although it can be made of aluminum, brass, or many other metals. The surface can be coated or plated to improve its corrosion resistance, gripping strength, or decorative appearance. The head, shank, and point may have several shapes based on the intended function of the nail.

Nails are divided into three broad categories based on their length. In general nails under 1 inch (2.5 cm) in length are called tacks or brads. Nails 1-4 inches (2.5-10.2 cm) in length are called nails, while those over 4 inches (10.2 cm) are some-times called spikes. These categories are roughly defined, and there is considerable crossover between them. C.F. Builders Limited will engage almost in all these categories.

5.1 Design

Most nails to be manufactured by C.F. Builders will have a broad, circular head. Finished nails will have a narrow, tapered head which allows them to be countersunk below the surface of the material and covered over to produce a smooth finish. Upholstery nails will contain decorative heads.

Double-headed nails will mostly be used to fasten wood forms used in concrete pouring.

The shank will be usually designed to be round and smooth. Shanks with serrations, annular grooves, spiral flutes, or helical threads will be mostly used when a stronger, more permanent grip is required. Thermoplastic coatings may also be added to the shaft. These coatings will heat up through friction while the nail is being driven, then quickly cooled and set to lock the nail in place. The diameter of the shank will be determined by the type of nails.

5.2 Manufacturing Process

As already mentioned, most nails will be made from coils of metal wire. The wire is fed into a nail-making machine which can produce up to 200 nails per minute. The nails may then be further twisted or formed, cleaned, finished, and packaged.

Forming

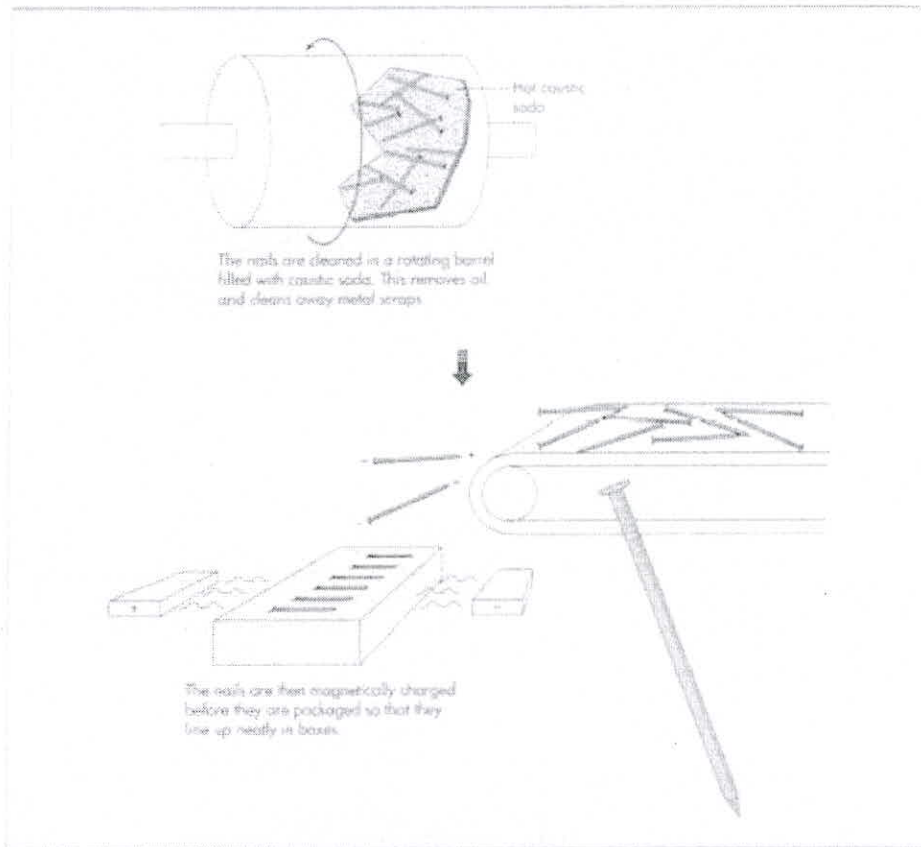
- 1 Wire is drawn from a coil and fed into the nail-making machine where it is gripped by a pair of gripper dies. The shape of the head of the nail has been machined into the end of the dies.
- 2 While the dies clamp the wire in place, the free end of the wire is struck by a mechanical hammer. This deforms the end of the wire into the die cavity to form the head of the nail.
- 3 With the wire still clamped in the dies, a set of shaped cutters strike the opposite end of the nail, forming the point and cutting the nail free from the rest of the wire coming off the coil.
- 4 The dies open and an expelling mechanism knocks the nail into a collection pan below the machine. The free end of the wire is drawn from the coil and fed into the machine. The cycle then begins again.

Additional forming

- 5 Nails with helical twists, serrations, or other surface configurations are fed into other machines that roll, twist, stamp, or cut the required forms. This may be a purely mechanical process or may require heating the material before forming.

Finishing

- 6 The nails are cleaned in a rotating barrel filled with hot caustic soda.



This removes any oil from the forming machine and cleans up any small metal scraps, or nippings, that might be clinging to the nails.

- 7 Many nails are given a final bright finish before being packaged. This is accomplished by placing the nails in a rotating drum of hot sawdust to lightly polish the surface of the nails. Other nails may be passed through an open flame in an oven to give them a blued finish. Galvanized nails are dipped into a tank of molten zinc in a process called hot-dip galvanizing. A zinc coating may also be applied by heating the nails to about 570°F (300°C) in a closed container filed with a powder composed of zinc dust and zinc oxide. Other coated nails are either dipped or sprayed to obtain their final finish.
- 8 Depending on the tolerances desired, some specialty nails may also require an additional heat treating step.

Packaging

- 9 Magnetic elevators convey the finished nails to weighing machines which drop them into open cardboard boxes. As they are dropped in, a magnetic field aligns them so they stack in neat rows. After they are packaged, the nails are demagnetized.
- Nails will be usually sold in boxes of 1, 5, 10 and 25 kilograms.

6.0 MARKET ANALYSIS

6.1 Overview

The aim of this chapter is to analyze the market in which C.F. Builders Limited operates and assess the potential for expansion. The study looks at a number of factors that determine the market and how the enterprise is positioned.

6.2 Line of Business

C.F. Builders Limited will be engaged in the manufacturing and sale of the following products, namely,

- Steel & Aluminium nails.
- Galvanized concrete nails.

The company's management is planning to expand the production of steel and aluminium nails. Galvanized concrete nails will be added in the second or third year of expansion.

6.3 Marketing of Products

Products that will be manufactured by C.F. Builders Limited will be similar to the locally manufactured and imported products sold by its competitors; there is no product differentiation with the exceptions of few products. There are four important aspects that count for a firm to be successful in this line of business.

- Quality product
- Offering competitive prices
- Customer tailor made product
- Customer relations

6.3.1 Product Prices

The company's product prices will be charged to cover the production costs, plus profit margin. On the other hand the firm will set its prices relatively lower or equal to that charged by other local manufacturers as a strategy to penetrate the market and an incentive to customers.

6.3.2 Product Range

The company will have an advantage of manufacturing various kinds of products as in section 4.3 above. Product range is the most significant tool in attracting a wide customer base. It affects the purchasing process. Customers do favor manufacturer/importer with a wider range of products as:

- It saves search time
- Reduces transport costs
- Attracts discount

6.3.3 Customer Relations

C.F. Builders Limited realizes that much of the business is generated from customers whom he has and maintains cordial relationship with. The enterprise will try the best to make sure that it maintains good business relations with customers in order to grow.

6.3.4 Quality Products and Quality Control

The company is introducing high quality products that have never been in the market before. It is anticipated that the new products will revolutionize the market and housing industry.

M/s C.F. Builders Limited will ensure that raw materials meet certain standards for chemical composition, yield strength, hardness, corrosion resistance and other properties. These are usually certified by the company supplying the wire, and may be independently checked by the C.F Builders Limited.

During manufacture, nails will also meet certain specifications regarding dimensions and properties. These will be achieved using a method known as statistical process control, which periodically samples the dimensions and properties of the nails being produced and evaluates any changes through statistical analysis techniques.

6.4 Market Segment

For C.F. Builders Limited, the market of the product will be segmented as follows:

Table 2.2 Market Segment

1	Households
2	Contractors
3	Government Departments
4	Public and Private Corporations

6.5 Competition Analysis

As a result of trade liberalization enabling people to access commodities both from internal and external sources, the company will definitely continue to face competition from other dealers in foresaid products. However, the survey made by the firm reveals that:

- Some of the similar supplied by local manufacturers are of a very poor quality and hence discourage customers.
- Prices charged by other dealers on similar products are relatively high compared to quality.

6.6 Marketing Strategies

Despite the existing competitive environment C.F. Builders Limited will easily continue to penetrate the market by adopting various marketing strategies, such as:

- Providing customers with what is needed in terms of quality, quantity and affordability
- Setting competitive prices against its competitors. Naturally, people would like to buy high quality, but low cost products. The profit margins will be kept reasonably low to capture a bigger market share.
- Personal selling through, distribution of brochures, neon signs, stickers and advertisement through media i.e. Radio, Television and newspapers and maintenance and a website. These will create awareness to the products of the firm.
- Establishing and maintaining links with regional dealers in hardware and construction/building materials to widen its market segment.

7.0 FINANCIAL ANALYSIS

7.1. Investment

Investment required to expand the business is estimated at US\$ 787,000

Table No. 6.1 Investment Plan

The initial financing of the investment will be as follows:

(IN US\$)

Item	Total Costs
Land & Buildings	150,000
Machinery & Equipment	450,000
Motor Vehicles	100,000
Furniture and Fittings	22,000
Pre-Operational Expenses	25,000
Fixed Investment	747,000
Working Capital	40,000
TOTAL INVESTMENT	787,000

The project has a vast godown on the industrial plot in which they will develop civil works structures to be used as a factory building and offices. A budget of US\$ 150,000 is set aside for this development.

Initial working capital at the tune of US\$ 40,000 will be required for the procurement of raw materials. The raw materials required are to be procured locally.

The pre-operational expenditure budget includes the costs for professional and legal fees, machinery installation and commissioning. US\$ 25,000 will be spent to cover the costs.

Annex II of the attached Financial Statements shows the breakdown of investment items.

7.2 Sources of Finance

The project promoters are expected to raise a total of US\$ 337,000 or 43% of the total investment amount. It is planned that the remaining US\$. 57% will be met by Bank Term Loans as shown below.

Table No. 6.2 Financing Plan (IN US\$)

The initial financing of the investment will be as follows:

(IN US\$)

Item Description	Equity Contribution	Term Loan	Total
Land & Buildings	150,000	0.00	150,000
Machinery & Equipment	0.00	450,000	450,000
Motor Vehicles	100,000	0.00	100,000
Furniture and Fittings	22,000	0.00	22,000
Sub Total	272,000	450,000	722,000
Pre-Operational Expenses	25,000	0.00	25,000
Working Capital	40,000	0.00	40,000
TOTAL INVESTMENT COST	337,000	450,000	787,000

7.3 Loan Repayment

The following has been assumed on the Supplier's Credit Facility:

- Rate of interest is 5% per annum on outstanding amount
- Repayment period is 7 years
- Remittance is on monthly basis
- No grace period.

Table No. 6.3 Loan Repayment Schedule

Loan size: USD 450,000

	Year 1	Year 2	Year 3	Year 4	Year 5
Opening	450,000	450,000	385,714	321,429	257,143
Interest	22,500	22,500	19,286	16,071	12,857
Loan repayment	0	64,286	64,286	64,286	64,286
Total Repayment	22,500	86,786	83,571	80,357	77,143
Loan balance	450,000	385,714	321,429	257,143	192,857

7.4 Depreciation Allowance

Depreciation has been allowed based on Tanzanian tax policies. The rates are as follows:

Land & Buildings	2.0%
Plant, Machinery & Equipment	25.0%
Motor Vehicles	25.0%
Furniture, Fixture & Fittings	12.5%

7.5 Operating Costs

The company incurs both direct (variable) costs as well as fixed costs.

7.5.1 Variable / Direct Costs

Variable costs with the factory include raw material, electricity and consumables. According to the determined production process and the rated capacities of the machinery; variable costs have been calculated 85% and 90% of sales for the various products.

7.5.2 Fixed Costs

In the first year, the monthly overheads will average at US\$ 71,910 the figure will rise annually due to expansion as shown on Appendix III. The business operates on credit (that does not exceed 21 days) and cash basis, this eases the demand for working capital. The total cost per annum is as given in the table below.

7.6 Net Income

The financial projections show that the project will make a profit of US\$. 845,409 in the first year, it will increase to US\$. 847,217 in the second year and further to US\$ 918,282 in the fifth year, as shown in Appendix V.

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	960,000	960,000	960,000	1,056,000	1,056,000
Cumulative Profit	845,409	1,692,626	2,532,100	3,459,277	4,377,560
Profit Before Tax	845,409	847,217	839,474	927,177	918,282
Net Income	591,786.3	593,051.9	587,631.8	649,023.9	642,797.4

7.7 Projected Cash Flows

Analysis of the first year of operations shows that the business will generate healthy cash flows. Cashflow projection details are depicted in Appendix VIII.

7.8 Projected Balance Sheets

After the investment and market development efforts, the balance sheet will improve substantially. Company assets, net of liabilities are to grow from US\$. 352,967.68 in the first year to US\$. 402,848.46 in year ten. See Appendix X.

8.0 ECONOMIC ASPECTS OF THE PROJECT

8.1 Employment Effect

The project will generate 40 jobs apart from other indirect jobs that will be created through implementation and operations of the project.

8.2 Linkage Effects

The building/construction materials production business has high forward linkages with the construction sector especially houses.

9.0 CONCLUSION AND RECOMMENDATIONS

- The project will have adequate liquidity to honor its maturing obligations.
- The economic aspects reveal that the project will be beneficial to the nation in terms of promoting growth for the building/construction industry job creation and generating government revenue in terms of tax collections and other levies.

It is therefore recommended that the project be implemented and get the necessary support from TIC and other government departments and institutions for the smooth implementation of the project.

CAPITAL INVESTMENT (in USD)

Item	Equity	Loan	Total
Land and Buildings	150,000.00	-	150,000.00
Motor Vehicles	100,000.00	-	100,000.00
Furniture and Fittings	22,000.00	-	22,000.00
Machinery & Equipment	-	450,000.00	450,000.00
Preparation Expenses	25,000.00	-	25,000.00
Initial Working Capital	40,000.00	-	40,000.00
Total	337,000.00	450,000.00	787,000.00
Contribution in Percentage	43%	57%	100%

Appendix II

M/S C.F. BUILDERS LIMITED P.O. BOX 1755 MWANZA

Staff Remunerations Package (in USD)

Position	Employees	Salary	Monthly Pay	Annual Package
General Manager	1	500	500.00	6,000.00
Shift supervisor	1	150	150.00	1,800.00
Machine operators	10	80	800.00	9,600.00
Unskilled Labourers	15	50	750.00	9,000.00
Store Personnel	1	80	80.00	960.00
Accounts Personnel	1	100	100.00	1,200.00
Secretary cum Receptionist	1	80	80.00	960.00
Drivers	6	70	420.00	5,040.00
Guards	4	60	240.00	2,880.00
Sub Total			3,120.00	37,440.00
Payroll Levy 4%				1,497.60
10% Pension fund				3,744.00
Grant Total				42,681.60

Note: *

- 10% of the benefits will be for Social Security Fund's contribution.
- salary will be inclusive of housing allowance

Appendix III

M/S C.F. BUILDERS LIMITED P.O. BOX 1755 MWANZA

Operating Cost Schedule (in USD)

Guidelines:

- Operating cost will increased by 8% every year
- Insurance will be 2% of the major capital assets(Motor vehicles and Machinery/Equipment)

Particulars	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
Insurance 2% of assets	7,870.00	8,499.60	9,179.57	9,913.93	10,707.05	11,563.61	12,488.70	13,487.80	14,566.82	15,732.17
Motor Running expense	8,200.00	8,856.00	9,564.48	10,329.64	11,156.01	12,048.49	13,012.37	14,053.36	15,177.63	16,391.84
Electricity & Water	7,600.00	8,208.00	8,864.64	9,573.81	10,339.72	11,166.89	12,060.24	13,025.06	14,067.07	15,192.44
Stationery & Office utilities	1,440.00	1,555.20	1,679.62	1,813.99	1,959.10	2,115.83	2,285.10	2,467.91	2,665.34	2,878.57
Communications	5,000.00	5,400.00	5,832.00	6,298.56	6,802.44	7,346.64	7,934.37	8,569.12	9,254.65	9,995.02
Repair and Maintenance	7,600.00	8,208.00	8,864.64	9,573.81	10,339.72	11,166.89	12,060.24	13,025.06	14,067.07	15,192.44
Lisence	7,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Travelling costs	2,500.00	2,700.00	2,916.00	3,149.28	3,401.22	3,673.32	3,967.19	4,284.56	4,627.33	4,997.51
Advertising/Marketing expenses	5,200.00	5,616.00	6,065.28	6,550.50	7,074.54	7,640.51	8,251.75	8,911.89	9,624.84	10,394.82
Consultancy/Audit Fees	6,400.00	6,912.00	7,464.96	8,062.16	8,707.13	9,403.70	10,156.00	10,968.48	11,845.95	12,793.63
Contingency 10%	8,000.00	8,640.00	9,331.20	10,077.70	10,883.91	11,754.62	12,694.99	13,710.59	14,807.44	15,992.04
Directors/Board Fees	5,100.00	5,508.00	5,948.64	6,424.53	6,938.49	7,493.57	8,093.06	8,740.50	9,439.74	10,194.92
Total	71,910.00	70,102.80	75,711.02	81,767.91	88,309.34	95,374.09	103,004.01	111,244.33	120,143.88	129,755.39

Appendix IV

M/S C.F. BUILDERS LIMITED P.O. BOX 1755 MWANZA

Assumptions for Projections

- After 3 years ,Sales will Increase by 10% Every year
- 1 kilogram of nails = Tshs. 2,000
- 1 ton = 1000 kilograms
- 1 ton per day (working in 5 days per week)

Sales Projections (in USD)

A:

Projected Income

Type	Inches/cms	Capacity	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
	1Inch (2.5 cm) in length	(tons)										
Steel/Aluminium Nails	1-4 inches (2.5-10.2 cm)	240	480,000	480,000	480,000	528,000	528,000	528,000	580,000	580,000	580,000	638,080
Galvanize Concrete Nails	over 4 inches (10.2cm)	240	480,000	480,000	480,000	528,000	528,000	528,000	580,000	580,000	580,000	638,080
Total		192	960,000	960,000	960,000	1,056,000	1,056,000	1,056,000	1,160,000	1,160,000	1,160,000	1,276,160

Appendix V

M/S C.F. BUILDERS LIMITED P.O. BOX 1755 MWANZA

Assumptions for Projections

- Salaries and Wages will Increase by 5% Every year

Projected Income and Expenditure Statement (in USD)

Particulars	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
Revenue:										
Sales	960,000	960,000	960,000	1,056,000	1,056,000	1,056,000	1,160,000	1,160,000	1,160,000	1,276,160
Total Income	960,000	960,000	960,000	1,056,000	1,056,000	1,056,000	1,160,000	1,160,000	1,160,000	1,276,160
Less: Expenses:										
Salary and wages	42,681.00	42,681	44,815	47,056	49,409	51,879	54,473	57,197	60,056	63,059
Operating expenses	71,910	70,102	75,711	81,767	88,309	95,374	103,004	111,244	120,143	129,755
Total Expenses	114,591	112,783	120,526	128,823	137,718	147,253	157,477	168,441	180,199	192,814
Operating Profit	845,409	847,217	839,474	927,177	918,282	908,747	1,002,523	991,559	979,801	1,083,346
Less: Interest	0	0	0	0	0	0	0	0	0	0
Profit Before tax	845,409	847,217	839,474	927,177	918,282	908,747	1,002,523	991,559	979,801	1,083,346
Cummulative Profit	845,409	1,692,626	2,532,100	3,459,277	4,377,560	5,286,307	6,288,830	7,280,389	8,260,189	9,343,535

Depreciation Schedule (in USD)															
NO:	Item	Rate	Method	Year 0	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X	R/Value
1	Land and buildings	2%	DB												
	Opening Balance			150,000.00	150,000.00	147,000.00	144,060.00	141,178.80	138,355.22	135,588.12	132,876.36	130,218.83	127,614.45	125,062.16	
	Depreciation				3,000.00	2,940.00	2,881.20	2,823.58	2,767.10	2,711.76	2,657.53	2,604.38	2,552.29	2,501.24	
	Closing Balance				147,000.00	144,060.00	141,178.80	138,355.22	135,588.12	132,876.36	130,218.83	127,614.45	125,062.16	122,560.92	122,560.92
2	Motor Vehicle	25%	SLM												
	Opening Balance			100,000.00	100,000.00	75,000.00	50,000.00	59,000.00	44,250.00	29,500.00	14,750.00				
	Depreciation				25,000.00	25,000.00	25,000.00	14,750.00	14,750.00	14,750.00	14,750.00	0.00	0.00	0.00	
	Closing Balance				75,000.00	50,000.00	25,000.00	44,250.00	29,500.00	14,750.00	0.00	0.00	0.00	0.00	0.00
3	Furniture and Fittings	12.5%	DB												
	Opening Balance			22,000.00	22,000.00	19,250.00	16,843.75	14,738.28	12,896.00	11,284.00	9,873.50	8,639.31	7,559.40	6,614.47	
	Depreciation				2,750.00	2,406.25	2,105.47	1,842.29	1,612.00	1,410.50	1,234.19	1,079.91	944.92	826.81	
	Closing Balance				19,250.00	16,843.75	14,738.28	12,896.00	11,284.00	9,873.50	8,639.31	7,559.40	6,614.47	5,787.66	5,787.66
4	Equipment and Machinery	25.0%	DB												
	Opening Balance			450,000.00	450,000.00	337,500.00	253,125.00	189,843.75	142,382.81	106,787.11	80,090.33	60,067.75	45,050.81	33,788.11	
	Depreciation				112,500.00	84,375.00	63,281.25	47,460.94	35,595.70	26,696.78	20,022.58	15,016.94	11,262.70	8,447.03	
	Closing Balance				337,500.00	253,125.00	189,843.75	142,382.81	106,787.11	80,090.33	60,067.75	45,050.81	33,788.11	25,341.08	25,341.08
	Total Invest.& Reinvestment			450,000.00	450,000.00	373,254.00	364,064.00	347,090.00	337,884.03	283,159.23	237,590.19	198,925.89	180,224.66	165,464.74	
	Total Depreciation				143,250.00	114,721.25	93,267.92	66,876.80	54,724.81	45,569.04	38,664.30	31,701.23	25,759.92	21,775.08	

Note: DB - Declining Balance Method
SL - Straight Line Method

Appendix VII

M/S C.F. BUILDERS LIMITED P.O. BOX 1755 MWANZA

Working Capital Schedule (In USD)

Item\ Year	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
Current Assets:										
Debtors 1month of sales	80,000.00	80,000.00	80,000.00	88,000.00	88,000.00	88,000.00	96,666.67	96,666.67	96,666.67	106,346.67
Trade debtors insurance - 1 Year	7,870.00	8,499.60	9,179.57	9,913.93	10,707.05	11,563.61	12,488.70	13,487.80	14,566.82	15,732.17
Total Current Assets	87,870.00	88,499.60	89,179.57	97,913.93	98,707.05	99,563.61	109,155.37	110,154.46	111,233.49	122,078.83
Current Liabilities:										
Salaries and wages (1 month)	3,556.80	3,734.64	3,921.37	4,117.44	4,323.31	4,539.48	4,766.45	5,004.77	5,255.01	5,517.76
Electricity & Water (1 month)	633.33	684.00	738.72	797.82	861.64	930.57	1,005.02	1,085.42	1,172.26	1,266.04
Communications (1 month)	416.67	450.00	486.00	524.88	566.87	612.22	661.20	714.09	771.22	832.92
Transport and Fuel (1 month)	683.33	738.00	797.04	860.80	929.67	1,004.04	1,084.36	1,171.11	1,264.80	1,365.99
Total Current Liabilities	5,290.13	5,606.64	5,943.13	6,300.94	6,681.49	7,086.31	7,517.03	7,975.40	8,463.29	8,982.71
Net Working Capital	82,579.87	82,892.96	83,236.44	91,612.99	92,025.55	92,477.30	101,638.33	102,179.06	102,770.19	113,096.13
Change in Working Capital	82,579.87	313.09	343.48	8,376.56	412.56	451.74	9,161.03	540.73	591.13	10,325.93

Appendix VIII

M/S C.F. BUILDERS LIMITED P.O. BOX 1755 MWANZA

Cashflow Projections (in USD)

Item	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
Inflows:										
Equity	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00
Joint/Loan Capital	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00
Profit Before Tax	845,409.00	847,217.00	839,474.00	927,177.00	918,282.00	908,747.00	1,002,523.00	991,559.00	979,801.00	1,083,346.00
Depreciation	143,250.00	114,721.00	93,267.00	66,876.00	54,724.00	45,569.00	38,664.00	18,701.00	14,759.00	11,775.00
Total Inflows	1,775,659.00	1,748,938.00	1,719,741.00	1,781,053.00	1,760,006.00	1,741,316.00	1,828,187.00	1,797,260.00	1,781,560.00	1,882,121.00
Outflows:										
Investment	787,000.00	787,000.00	787,000.00	787,000.00	787,000.00	787,000.00	787,000.00	787,000.00	787,000.00	787,000.00
Reinvestment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change in Working Capital	82,579.87	313.09	343.48	8,376.56	412.56	451.74	9,161.03	540.73	591.13	10,325.93
Total Outflows	869,579.87	787,313.09	787,343.48	795,376.56	787,412.56	787,451.74	796,161.03	787,540.73	787,591.13	797,325.93
Operating Cashflow	906,079.13	961,624.91	932,397.52	985,676.44	972,593.44	953,864.26	1,032,025.97	1,009,719.27	993,968.87	1,084,795.07
Less: Loan Instalment	0.00	17,142.86	17,142.86	17,142.86	17,142.86	17,142.86	17,142.86	17,142.86	0.00	0.00
Net Cashflow	906,079.13	944,482.05	915,254.66	968,533.58	955,450.58	936,721.40	1,014,883.11	992,576.41	993,968.87	1,084,795.07
Cummulative Cashflows	906,079.13	1,850,561.18	2,765,815.85	3,734,349.43	4,689,800.01	5,626,521.41	6,641,404.53	7,633,980.94	8,627,949.81	9,712,744.88

M/S C.F. BUILDERS LIMITED P.O. BOX 1755 MWANZA

Appendix IX

Discounted Cashflows (in USD)

Item	Year 0	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
Inflows:											
Profit Before Tax		845,409.00	847,217.00	839,474.00	927,177.00	918,282.00	908,747.00	1,002,523.00	991,559.00	979,801.00	1,083,346.00
Depreciation		143,250.00	114,721.00	93,267.00	66,876.00	54,724.00	45,569.00	38,664.00	18,701.00	14,759.00	11,775.00
Residue Value		0.00	0.00	0.00	0.00	231,445.04	200,561.86	172,177.04	145,689.74	138,710.16	132,835.08
Total Inflows	0.00	988,659.00	961,938.00	932,741.00	994,053.00	1,204,451.04	1,154,877.86	1,213,364.04	1,155,949.74	1,133,270.16	1,227,956.08
Outflows:											
Investment	787,000.00	787,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reinvestment		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change in Working Capital		82,579.87	313.09	343.48	8,376.56	412.56	451.74	9,161.03	540.73	591.13	10,325.93
Total Outflows	787,000.00	869,579.87	313.09	343.48	8,376.56	412.56	451.74	9,161.03	540.73	591.13	10,325.93
Net Cashflows	-787,000.00	906,079.13	961,624.91	932,397.52	985,676.44	1,204,038.48	1,154,426.12	1,204,203.01	1,155,409.01	1,132,679.03	1,217,630.15

NPV at 25%	2,288,593.48	
NPV at 30%	1,800,492.05	
IRR	11.90	

Projected Balance Sheet (in USD.)

Particulars	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
Assets:										
Fixed Assets (net)	248,900.00	205,850.00	190,351.75	165,625.18	131,445.04	100,561.86	132,177.04	125,689.74	128,710.16	122,835.08
Current Assets:										
Cash & bank	91,058.71	134,302.51	147,131.07	185,015.68	234,048.25	281,707.27	269,054.04	196,991.27	218,256.16	251,652.43
Debtors	15,133.33	15,293.33	15,485.33	17,149.07	19,002.21	21,068.32	23,374.22	25,950.52	28,832.23	32,059.44
Total Current Assets	106,192.04	149,595.84	162,616.40	202,164.75	253,050.47	302,775.59	292,428.26	222,941.79	247,088.39	283,711.87
Less: Current Liabilities:										
Trade Creditors	2,124.36	2,257.58	2,399.62	2,551.09	2,712.66	2,885.02	3,068.95	3,265.24	3,474.77	3,698.49
Net Current Assets	2,124.36	2,257.58	2,399.62	2,551.09	2,712.66	2,885.02	3,068.95	3,265.24	3,474.77	3,698.49
Net Total Assets	352,967.68	353,188.26	350,568.53	365,238.84	381,782.85	400,452.43	421,536.35	345,366.29	372,323.78	402,848.46
Financed by:										
Equity & Joint venture	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00
Loan	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	0.00	0.00
Reserves	15,967.68	16,188.26	13,568.53	28,238.84	44,782.85	63,452.43	84,536.35	8,366.29	35,323.78	65,848.46
Net Worth	352,967.68	353,188.26	350,568.53	365,238.84	381,782.85	400,452.43	421,536.35	345,366.29	372,323.78	402,848.46

M/S C.F. BUILDERS LIMITED P.O. BOX 1755 MWANZA

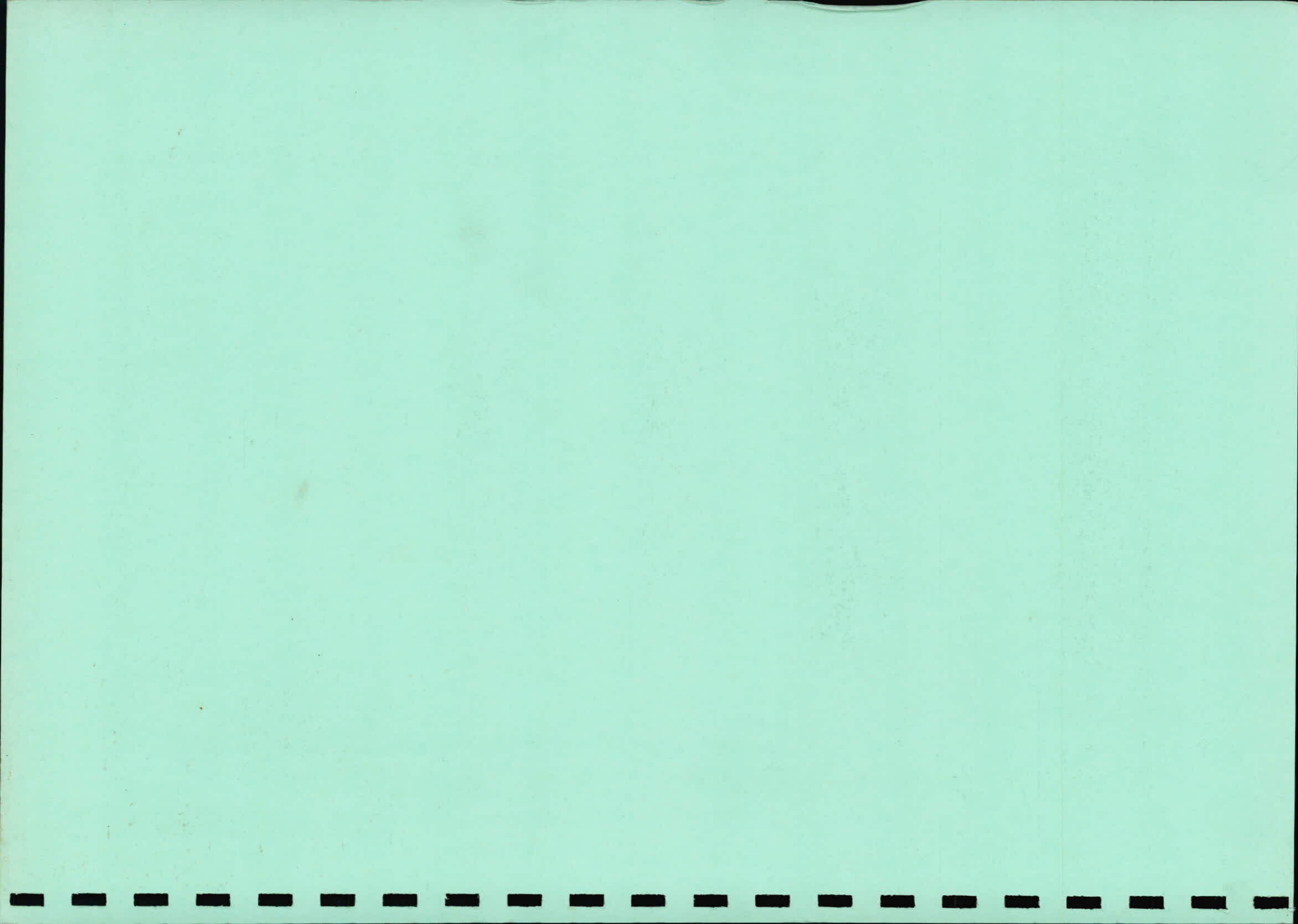
Loan Repayment Schedule (in USD)

Amount 450,000

Period 7 years

Rate 5% p.a

Particulars	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII
Opening	450,000	450,000	385,714	321,429	257,143	192,857	128,571	64,286
Interest	22,500	22,500	19,286	16,071	12,857	9,643	6,429	3,214
Loan repayment	0	64,286	64,286	64,286	64,286	64,286	64,286	64,286
Total payment	22,500	86,786	83,571	80,357	77,143	73,929	70,714	67,500
Loan balance	450,000	385,714	321,429	257,143	192,857	128,571	64,286	0



C.F. BUILDERS LIMITED

Proposed Project for Manufacturing of Various Building Materials

A BUSINESS PLAN

Prepared for :
C.F. Builders Limited
P. O. Box 1755
Mwanza
Tanzania

March 2009

CONTENTS

- 1.0. Executive Summary
- 2.0 Business Proposal
- 3.0 Management of the Company
- 4.0 Machinery and Raw Materials
- 5.0 The Product
- 6.0 Market Analysis
- 7.0 Financial Analysis
- 8.0 Economic Aspect of the Project
- 9.0 Conclusion & Recommendations

List of Appendixes

- I. Capital investment
- II. Staff Remuneration Package
- III. Operating Cost Schedule
- IV. Sales Projections
- V. Projected Income and Expenditure Statement
- VI. Depreciation Schedule
- VII. Working Capital Schedule
- VIII. Cashflow Projections
- IX. Discounted Cashflow Statements
- X. Projected Balance Sheets
- XI. Loan Repayment Schedule

1.0 EXECUTIVE SUMMARY

1.1 The Project Concept

C.F. Builders Limited is a locally incorporated private company under Certificate of Incorporation No: 7671 dated 20th March 1990 created for purposes of undertaking projects in the manufacturing of construction and building materials including but not limited to nails.

This Paper entails a business plan for the proposed investment in the manufacturing of building materials and marketing them for domestic and foreign markets. The products will include mainly nails.

The aim of this study is to assess the commercial viability and operational feasibility of the project being undertaken by C.F. Builders Limited. Most of the data has been compiled by the promoters own research and study done in Tanzania and is first hand information. The financials have also been carried out on the basis of market and cost information provided by the promoters of the project. The report arising from the study will also be used to solicit financing of the project as well as presented to Tanzania Investment Centre for purposes of obtaining TIC Certificate of Incentives to facilitate implementation of the projects.

1.2 Existing Supplying Capacity

The capacity of the existing local suppliers of nails is very low. The current suppliers of the products have a limited capacity because of the following reasons.

- High cost of purchasing plant & equipment (many of them have manual and obsolete machines)
- Problem with technology – most firms owns equipment, which are not capable of producing required quality, specifications and range of products
- On account of limited capital to provide reliable and high quality products they face uncertainty to obtain steady volume of works to meet overheads.

1.3 Estimated Capital Investment Cost

C.F. Builders Limited will invest a total amount of US\$ 787,000 out of which an amount of US\$ 40,000 million will be working capital during the first year of operation. The investment in fixed assets will be distributed as follows:

Item	Total Costs
Land & Buildings	150,000
Machinery & Equipment	450,000
Motor Vehicles	100,000
Furniture and Fittings	22,000
Pre-Operational Expenses	25,000
Fixed Investment	747,000
Working Capital	40,000
TOTAL INVESTMENT	787,000

1.4 Project Financing Plan

The initial financing of the investment will be as follows:

(IN US\$)

Item Description	Equity Contribution	Term Loan	Total
Land & Buildings	150,000	0.00	150,000
Machinery & Equipment	0.00	450,000	450,000
Motor Vehicles	100,000	0.00	100,000
Furniture and Fittings	22,000	0.00	22,000
Sub Total	272,000	450,000	722,000
Pre-Operational Expenses	25,000	0.00	25,000
Working Capital	40,000	0.00	40,000
TOTAL INVESTMENT COST	337,000	450,000	787,000

The shareholders will raise equity of US\$ 337,000 and secure a bank term loan facility of US\$ 450,000 for financing the machinery, equipment and utility vehicles.

1.5 Profitability

On the basis of the projections and the assumptions contained in this report the Company will be financially and commercially profitable. It will be able to generate the following business over the projected five-year period.

1.6 Projected profit and loss over the five-year period

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	960,000	960,000	960,000	1,056,000	1,056,000
Cumulative Profit	845,409	1,692,626	2,532,100	3,459,277	4,377,560
Profit Before Tax	845,409	847,217	839,474	927,177	918,282
Net Income	591,786.3	593,051.9	587,631.8	649,023.9	642,797.4

4

1.7 **Social Viability:**

C.F. Builders Limited will participate in improving the housing industry in Tanzania and play a role in alleviating poverty in the country by providing timely reliable and cost effective products in the building of all kinds of houses. The company will also pay taxes to the government as per tax laws and regulations.

1.8 **Employment**

The company will employ 40 employees.

2.0 **THE BUSINESS PROPOSAL**

2.1 **Background**

C.F. Builders Limited is a locally incorporated private company under Certificate of No: 7671 dated 20th March 1990 created for purposes of undertaking projects in the manufacturing of construction and building materials including but not limited to nails. It is also the objective of the company to provide timely, accurate and cost effective construction and building materials including steel nails, aluminium nails and galvanize concrete nails.

This Paper entails a business plan for the proposed investment in the manufacturing of building materials and marketing them for domestic and foreign markets. The products will include mainly nails.

The aim of this study is to assess the commercial viability and operational feasibility of the project being undertaken by C.F. Builders Limited. Most of the data has been compiled by the promoters own research and study done in Tanzania and is first hand information. The financials have also been carried out on the basis of market and cost information provided by the promoters of the project. The report arising from the study will also be used to solicit financing of the project as well as presented to Tanzania Investment Centre for purposes of obtaining TIC Certificate of Incentives to facilitate implementation of the projects.

2.2 **Mission**

The mission on C.F. Building Limited is to become one of the leading producers of all types of building materials, nails in particular in the Lake Zone.

2.3 Company Ownership

As a private company, the ownership is limited to what is stipulated in the Memorandum and Articles of Association Presently, the following are the promoter and directors of the company, namely.

Name and Address of the Shareholder	Nationality	No. of Shares Held	% Share - holding
Ferdinand Makanga Chacha P.O. Box 1755 Mwanza	Tanzanian	30	75%
Monica Mwandigi P.O. Box 1755 Mwanza	Tanzanian	5	12.5%
Fredy Chacha P.O. Box 1755 Mwanza	Tanzanian	5	12.5%

2.4 Project Location and Contact Information

The Company will have its head office at Plot No: 116 "S" situated at Uhuru Road, Nyamagana District, while the production site will be locate at Plot No. 25 Block KK in Mwanza.

The proposed project site has adequate supply of power by TANESCO and water, two most important inputs in the manufacturing of construction and building materials. Furthermore, the area is easily accessible by road transport and very close to the Mwanza Airport, thus transport of raw materials and finished products will not pose any problem.

3.0 MANAGEMENT OF THE COMPANY

3.1 Background of the Directors: Brief Profiles of Directors

Brief Profile of Investors

3.1.1 Mr. Ferdinand Makanga Chacha

Mr. Ferdinand Makanga Chacha is a civil engineer. He has been in the business for over 30 years. Having seen a bright future in the manufacturing of building materials in the country, the shareholder convinced his counterparts to establish manufacturing facilities to produce

nails which are currently been imported to a large extent. Mr. Ferdinand Makanga Chacha is the Managing Director of C.F. Builders Limited.

3.1.2 Mrs. Monica Mwandigi

She is one of the company directors. She is 48 years old. She holds extensive entrepreneurial experience in various businesses. She has a long experience in trading in sundry goods on a sub-whole basis and hotel industry. She will personally assist the Managing Director in executing all day to day company activities.

3.2 Organizational Structure

The Chief Executive Office

Mr. Ferdinand Makanga Chacha will be fully responsible for managing the business. His activities will include:

- Supervision of the production and implementation of the business development plan.
- Finance
- Marketing
- Public relations,
- Administration and personnel.

He has good experience in the management of construction activities, trading and manufacturing business.

The Technical Manager

His duties will be to handle day to day operations including:-

- Supervising production
- Machine maintenance
- Pricing of products
- Marketing of the products

Under the Technical Manager there will be technicians, carpenters and artisans.

4.0 MACHINERY & RAW MATERIALS

4.1 LAND & BUILDINGS

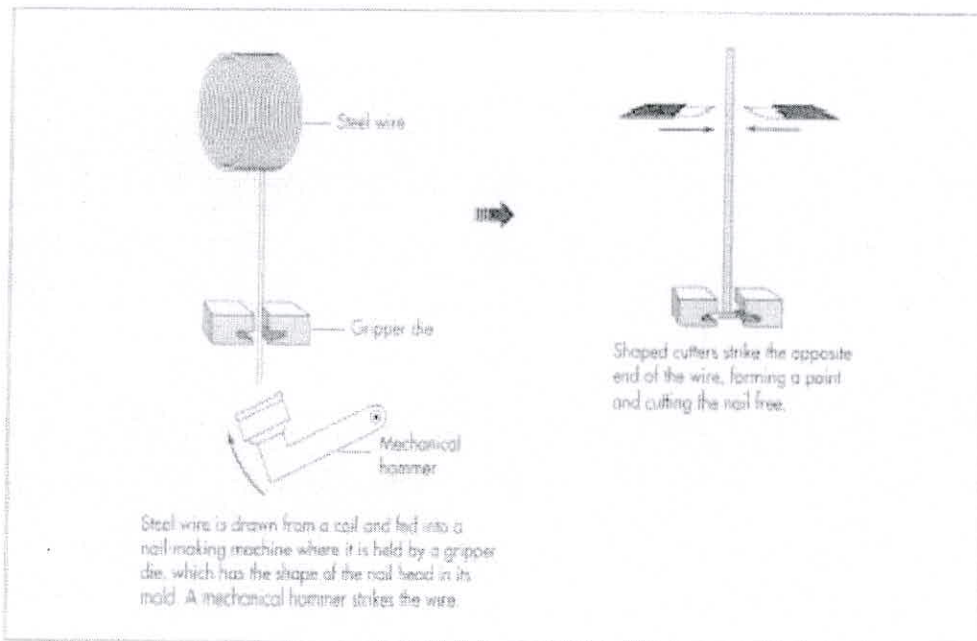
The project is located on an industrial site at Plot No: 24 Block KK, Nyakato Industrial Area with adequate space for accommodating the factory/manufacturing facilities and storage facilities for both raw materials and finished goods. A budget of US\$ 150,000 has been set aside for this item to expand the existing project into a modern one.

4.2 PLANT, MACHINERY & EQUIPMENT

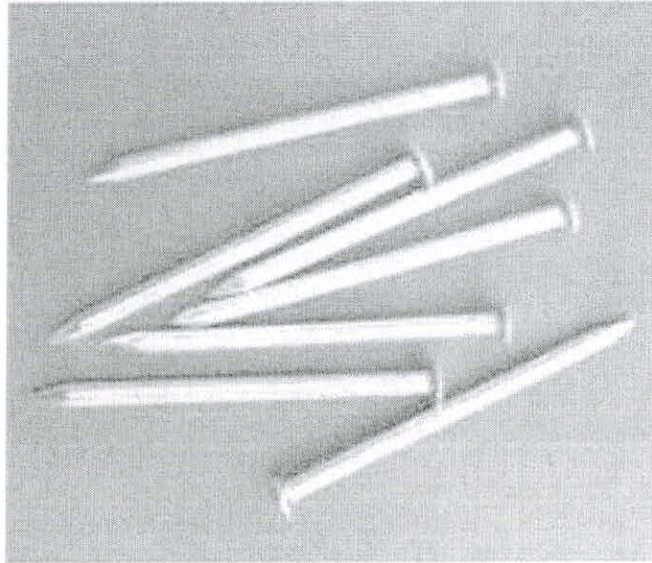
The company will soon order machinery and equipment comprising of complete plants for manufacturing of nails. Additional machinery and accessories will be required to complete the investment and enable production to commence. Arrangement to secure modern production machinery and equipment from China or India is under way and delivery will be done soon after TIC certificate has been obtained.

4.3 RAW MATERIALS

Most nails will be made of steel. Aluminum, copper, brass, bronze, stainless steel, nickel, silver, monel, zinc, and iron may also used.



Galvanized nails will be coated with zinc to give them added corrosion resistance.



Galvanize Concrete Nails

5.0 THE PRODUCT

A nail consists of a metal rod or shank, pointed at one end and usually having a formed head at the other, that can be hammered into pieces of wood or other materials to fasten them together. A nail is usually made of steel, although it can be made of aluminum, brass, or many other metals. The surface can be coated or plated to improve its corrosion resistance, gripping strength, or decorative appearance. The head, shank, and point may have several shapes based on the intended function of the nail.

Nails are divided into three broad categories based on their length. In general nails under 1 inch (2.5 cm) in length are called tacks or brads. Nails 1-4 inches (2.5-10.2 cm) in length are called nails, while those over 4 inches (10.2 cm) are some-times called spikes. These categories are roughly defined, and there is considerable crossover between them. C.F. Builders Limited will engage almost in all these categories.

5.1 Design

Most nails to be manufactured by C.F. Builders will have a broad, circular head. Finished nails will have a narrow, tapered head which allows them to be countersunk below the surface of the material and covered over to produce a smooth finish. Upholstery nails will contain decorative heads.

Double-headed nails will mostly be used to fasten wood forms used in concrete pouring.

The shank will be usually designed to be round and smooth. Shanks with serrations, annular grooves, spiral flutes, or helical threads will be mostly used when a stronger, more permanent grip is required. Thermoplastic coatings may also be added to the shaft. These coatings will heat up through friction while the nail is being driven, then quickly cooled and set to lock the nail in place. The diameter of the shank will be determined by the type of nails.

5.2 Manufacturing Process

As already mentioned, most nails will be made from coils of metal wire. The wire is fed into a nail-making machine which can produce up to 200 nails per minute. The nails may then be further twisted or formed, cleaned, finished, and packaged.

Forming

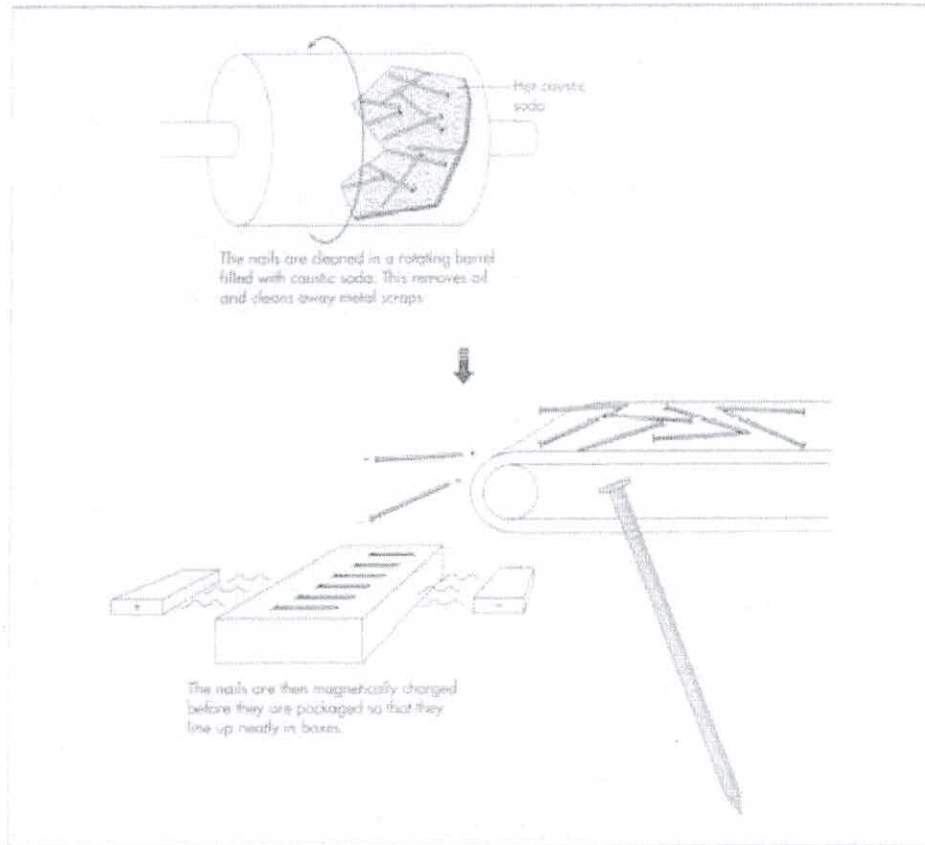
- 1 Wire is drawn from a coil and fed into the nail-making machine where it is gripped by a pair of gripper dies. The shape of the head of the nail has been machined into the end of the dies.
- 2 While the dies clamp the wire in place, the free end of the wire is struck by a mechanical hammer. This deforms the end of the wire into the die cavity to form the head of the nail.
- 3 With the wire still clamped in the dies, a set of shaped cutters strike the opposite end of the nail, forming the point and cutting the nail free from the rest of the wire coming off the coil.
- 4 The dies open and an expelling mechanism knocks the nail into a collection pan below the machine. The free end of the wire is drawn from the coil and fed into the machine. The cycle then begins again.

Additional forming

- 5 Nails with helical twists, serrations, or other surface configurations are fed into other machines that roll, twist, stamp, or cut the required forms. This may be a purely mechanical process or may require heating the material before forming.

Finishing

- 6 The nails are cleaned in a rotating barrel filled with hot caustic soda.



This removes any oil from the forming machine and cleans up any small metal scraps, or nippings, that might be clinging to the nails.

- 7 Many nails are given a final bright finish before being packaged. This is accomplished by placing the nails in a rotating drum of hot sawdust to lightly polish the surface of the nails. Other nails may be passed through an open flame in an oven to give them a blued finish. Galvanized nails are dipped into a tank of molten zinc in a process called hot-dip galvanizing. A zinc coating may also be applied by heating the nails to about 570°F (300°C) in a closed container filled with a powder composed of zinc dust and zinc oxide. Other coated nails are either dipped or sprayed to obtain their final finish.
- 8 Depending on the tolerances desired, some specialty nails may also require an additional heat treating step.

Packaging

- 9 Magnetic elevators convey the finished nails to weighing machines which drop them into open cardboard boxes. As they are dropped in, a magnetic field aligns them so they stack in neat rows. After they are packaged, the nails are demagnetized.
- Nails will be usually sold in boxes of 1, 5, 10 and 25 kilograms.

6.0 MARKET ANALYSIS

6.1 Overview

The aim of this chapter is to analyze the market in which C.F. Builders Limited operates and assess the potential for expansion. The study looks at a number of factors that determine the market and how the enterprise is positioned.

6.2 Line of Business

C.F. Builders Limited will be engaged in the manufacturing and sale of the following products, namely,

- Steel & Aluminium nails.
- Galvanized concrete nails.

The company's management is planning to expand the production of steel and aluminium nails. Galvanized concrete nails will be added in the second or third year of expansion.

6.3 Marketing of Products

Products that will be manufactured by C.F. Builders Limited will be similar to the locally manufactured and imported products sold by its competitors; there is no product differentiation with the exceptions of few products. There are four important aspects that count for a firm to be successful in this line of business.

- Quality product
- Offering competitive prices
- Customer tailor made product
- Customer relations

6.3.1 Product Prices

The company's product prices will be charged to cover the production costs, plus profit margin. On the other hand the firm will set its prices relatively lower or equal to that charged by other local manufacturers as a strategy to penetrate the market and an incentive to customers.

6.3.2 Product Range

The company will have an advantage of manufacturing various kinds of products as in section 4.3 above. Product range is the most significant tool in attracting a wide customer base. It affects the purchasing process. Customers do favor manufacturer/importer with a wider range of products as:

- It saves search time
- Reduces transport costs
- Attracts discount

6.3.3 Customer Relations

C.F. Builders Limited realizes that much of the business is generated from customers whom he has and maintains cordial relationship with. The enterprise will try the best to make sure that it maintains good business relations with customers in order to grow.

6.3.4 Quality Products and Quality Control

The company is introducing high quality products that have never been in the market before. It is anticipated that the new products will revolutionize the market and housing industry.

M/s C.F. Builders Limited will ensure that raw materials meet certain standards for chemical composition, yield strength, hardness, corrosion resistance and other properties. These are usually certified by the company supplying the wire, and may be independently checked by the C.F Builders Limited.

During manufacture, nails will also meet certain specifications regarding dimensions and properties. These will be achieved using a method known as statistical process control, which periodically samples the dimensions and properties of the nails being produced and evaluates any changes through statistical analysis techniques.

6.4 Market Segment

For C.F. Builders Limited, the market of the product will be segmented as follows:

Table 2.2 Market Segment

1	Households
2	Contractors
3	Government Departments
4	Public and Private Corporations

6.5 Competition Analysis

As a result of trade liberalization enabling people to access commodities both from internal and external sources, the company will definitely continue to face competition from other dealers in foresaid products. However, the survey made by the firm reveals that:

- Some of the similar supplied by local manufacturers are of a very poor quality and hence discourage customers.
- Prices charged by other dealers on similar products are relatively high compared to quality.

6.6 Marketing Strategies

Despite the existing competitive environment C.F. Builders Limited will easily continue to penetrate the market by adopting various marketing strategies, such as:

- Providing customers with what is needed in terms of quality, quantity and affordability
- Setting competitive prices against its competitors. Naturally, people would like to buy high quality, but low cost products. The profit margins will be kept reasonably low to capture a bigger market share.
- Personal selling through, distribution of brochures, neon signs, stickers and advertisement through media i.e. Radio, Television and newspapers and maintenance and a website. These will create awareness to the products of the firm.
- Establishing and maintaining links with regional dealers in hardware and construction/building materials to widen its market segment.

7.0 FINANCIAL ANALYSIS

7.1. Investment

Investment required to expand the business is estimated at US\$ 787,000

Table No. 6.1 Investment Plan

The initial financing of the investment will be as follows:

(IN US\$)

Item	Total Costs
Land & Buildings	150,000
Machinery & Equipment	450,000
Motor Vehicles	100,000
Furniture and Fittings	22,000
Pre-Operational Expenses	25,000
Fixed Investment	747,000
Working Capital	40,000
TOTAL INVESTMENT	787,000

The project has a vast godown on the industrial plot in which they will develop civil works structures to be used as a factory building and offices. A budget of US\$ 150,000 is set aside for this development.

Initial working capital at the tune of US\$ 40,000 will be required for the procurement of raw materials. The raw materials required are to be procured locally.

The pre-operational expenditure budget includes the costs for professional and legal fees, machinery installation and commissioning. US\$ 25,000 will be spent to cover the costs.

Annex II of the attached Financial Statements shows the breakdown of investment items.

7.2 Sources of Finance

The project promoters are expected to raise a total of US\$ 337,000 or 43% of the total investment amount. It is planned that the remaining US\$. 57% will be met by Bank Term Loans as shown below.

Table No. 6.2 Financing Plan

(IN US\$)

The initial financing of the investment will be as follows:

(IN US\$)

Item Description	Equity Contribution	Term Loan	Total
Land & Buildings	150,000	0.00	150,000
Machinery & Equipment	0.00	450,000	450,000
Motor Vehicles	100,000	0.00	100,000
Furniture and Fittings	22,000	0.00	22,000
<i>Sub Total</i>	<i>272,000</i>	<i>450,000</i>	<i>722,000</i>
Pre-Operational Expenses	25,000	0.00	25,000
Working Capital	40,000	0.00	40,000
TOTAL INVESTMENT COST	337,000	450,000	787,000

7.3 Loan Repayment

The following has been assumed on the Supplier's Credit Facility:

- Rate of interest is 5% per annum on outstanding amount
- Repayment period is 7 years
- Remittance is on monthly basis
- No grace period.

Table No. 6.3 Loan Repayment Schedule

Loan size: USD 450,000

	Year 1	Year 2	Year 3	Year 4	Year 5
Opening	450,000	450,000	385,714	321,429	257,143
Interest	22,500	22,500	19,286	16,071	12,857
Loan repayment	0	64,286	64,286	64,286	64,286
Total Repayment	22,500	86,786	83,571	80,357	77,143
Loan balance	450,000	385,714	321,429	257,143	192,857

7.4 Depreciation Allowance

Depreciation has been allowed based on Tanzanian tax policies. The rates are as follows:

Land & Buildings	2.0%
Plant, Machinery & Equipment	25.0%
Motor Vehicles	25.0%
Furniture, Fixture & Fittings	12.5%

7.5 Operating Costs

The company incurs both direct (variable) costs as well as fixed costs.

7.5.1 Variable / Direct Costs

Variable costs with the factory include raw material, electricity and consumables. According to the determined production process and the rated capacities of the machinery; variable costs have been calculated 85% and 90% of sales for the various products.

7.5.2 Fixed Costs

In the first year, the monthly overheads will average at US\$ 71,910 the figure will rise annually due to expansion as shown on Appendix III. The business operates on credit (that does not exceed 21 days) and cash basis, this eases the demand for working capital. The total cost per annum is as given in the table below.

7.6 Net Income

The financial projections show that the project will make a profit of US\$. 845,409 in the first year, it will increase to US\$. 847,217 in the second year and further to US\$ 918,282 in the fifth year, as shown in Appendix V.

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	960,000	960,000	960,000	1,056,000	1,056,000
Cumulative Profit	845,409	1,692,626	2,532,100	3,459,277	4,377,560
Profit Before Tax	845,409	847,217	839,474	927,177	918,282
Net Income	591,786.3	593,051.9	587,631.8	649,023.9	642,797.4

7.7 Projected Cash Flows

Analysis of the first year of operations shows that the business will generate healthy cash flows. Cashflow projection details are depicted in Appendix VIII.

7.8 Projected Balance Sheets

After the investment and market development efforts, the balance sheet will improve substantially. Company assets, net of liabilities are to grow from US\$. 352,967.68 in the first year to US\$. 402,848.46 in year ten. See Appendix X.

8.0 ECONOMIC ASPECTS OF THE PROJECT

8.1 Employment Effect

The project will generate 40 jobs apart from other indirect jobs that will be created through implementation and operations of the project.

8.2 Linkage Effects

The building/construction materials production business has high forward linkages with the construction sector especially houses.

9.0 CONCLUSION AND RECOMMENDATIONS

- The project will have adequate liquidity to honor its maturing obligations.
- The economic aspects reveal that the project will be beneficial to the nation in terms of promoting growth for the building/construction industry job creation and generating government revenue in terms of tax collections and other levies.

It is therefore recommended that the project be implemented and get the necessary support from TIC and other government departments and institutions for the smooth implementation of the project.

CAPITAL INVESTMENT (in USD)

Item	Equity	Loan	Total
Land and Buildings	150,000.00	-	150,000.00
Motor Vehicles	100,000.00	-	100,000.00
Furniture and Fittings	22,000.00	-	22,000.00
Machinery & Equipment	-	450,000.00	450,000.00
Preparation Expenses	25,000.00	-	25,000.00
Initial Working Capital	40,000.00	-	40,000.00
Total	337,000.00	450,000.00	787,000.00
Contribution in Percentage	43%	57%	100%

Appendix II

M/S C.F. BUILDERS LIMITED P.O. BOX 1755 MWANZA

Staff Remunerations Package (in USD)

Position	Employees	Salary	Monthly Pay	Annual Package
General Manager	1	500	500.00	6,000.00
Shift supervisor	1	150	150.00	1,800.00
Machine operators	10	80	800.00	9,600.00
Unskilled Labourers	15	50	750.00	9,000.00
Store Personnel	1	80	80.00	960.00
Accounts Personnel	1	100	100.00	1,200.00
Secretary cum Receptionist	1	80	80.00	960.00
Drivers	6	70	420.00	5,040.00
Guards	4	60	240.00	2,880.00
Sub Total			3,120.00	37,440.00
Payroll Levy 4%				1,497.60
10% Pension fund				3,744.00
Grant Total				42,681.60

Note: *

- 10% of the benefits will be for Social Security Fund's contribution.
- salary will be inclusive of housing allowance

Appendix III

M/S C.F. BUILDERS LIMITED P.O. BOX 1755 MWANZA

Operating Cost Schedule (in USD)

Guidelines:

- Operating cost will increased by 8% every year
- Insurance will be 2% of the major capital assets(Motor vehicles and Machinery/Equipment)

Particulars	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
Insurance 2% of assets	7,870.00	8,499.60	9,179.57	9,913.93	10,707.05	11,563.61	12,488.70	13,487.80	14,566.82	15,732.17
Motor Running expense	8,200.00	8,856.00	9,564.48	10,329.64	11,156.01	12,048.49	13,012.37	14,053.36	15,177.63	16,391.84
Electricity & Water	7,600.00	8,208.00	8,864.64	9,573.81	10,339.72	11,166.89	12,060.24	13,025.06	14,067.07	15,192.44
Stationery & Office utilities	1,440.00	1,555.20	1,679.62	1,813.99	1,959.10	2,115.83	2,285.10	2,467.91	2,665.34	2,878.57
Communications	5,000.00	5,400.00	5,832.00	6,298.56	6,802.44	7,346.64	7,934.37	8,569.12	9,254.65	9,995.02
Repair and Maintenance	7,600.00	8,208.00	8,864.64	9,573.81	10,339.72	11,166.89	12,060.24	13,025.06	14,067.07	15,192.44
Lisence	7,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Travelling costs	2,500.00	2,700.00	2,916.00	3,149.28	3,401.22	3,673.32	3,967.19	4,284.56	4,627.33	4,997.51
Advertising/Marketing expenses	5,200.00	5,616.00	6,065.28	6,550.50	7,074.54	7,640.51	8,251.75	8,911.89	9,624.84	10,394.82
Consultancy/Audit Fees	6,400.00	6,912.00	7,464.96	8,062.16	8,707.13	9,403.70	10,156.00	10,968.48	11,845.95	12,793.63
Contingency 10%	8,000.00	8,640.00	9,331.20	10,077.70	10,883.91	11,754.62	12,694.99	13,710.59	14,807.44	15,992.04
Directors/Board Fees	5,100.00	5,508.00	5,948.64	6,424.53	6,938.49	7,493.57	8,093.06	8,740.50	9,439.74	10,194.92
Total	71,910.00	70,102.80	75,711.02	81,767.91	88,309.34	95,374.09	103,004.01	111,244.33	120,143.88	129,755.39

Appendix IV

M/S C.F. BUILDERS LIMITED P.O. BOX 1755 MWANZA

Assumptions for Projections

- After 3 years ,Sales will Increase by 10% Every year
- 1 kilogram of nails = Tshs. 2,000
- 1 ton = 1000 kilograms
- 1 ton per day (working in 5 days per week)

Sales Projections (in USD)

A:

Projected Income

Type	Inches/cms	Capacity	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
	1inch (2.5 cm) in length	(tons)										
Steel/Aluminium Nails	1-4 inches (2.5-10.2 cm)	240	480,000	480,000	480,000	528,000	528,000	528,000	580,000	580,000	580,000	638,080
Galvanize Concrete Nails	over 4 inches (10.2cm)	240	480,000	480,000	480,000	528,000	528,000	528,000	580,000	580,000	580,000	638,080
Total		192	960,000	960,000	960,000	1,056,000	1,056,000	1,056,000	1,160,000	1,160,000	1,160,000	1,276,160

Appendix V

M/S C.F. BUILDERS LIMITED P.O. BOX 1755 MWANZA

Assumptions for Projections

- Salaries and Wages will Increase by 5% Every year

Projected Income and Expenditure Statement (in USD)

Particulars	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
Revenue:										
Sales	960,000	960,000	960,000	1,056,000	1,056,000	1,056,000	1,160,000	1,160,000	1,160,000	1,276,160
Total Income	960,000	960,000	960,000	1,056,000	1,056,000	1,056,000	1,160,000	1,160,000	1,160,000	1,276,160
Less: Expenses:										
Salary and wages	42,681.00	42,681	44,815	47,056	49,409	51,879	54,473	57,197	60,056	63,059
Operating expenses	71,910	70,102	75,711	81,767	88,309	95,374	103,004	111,244	120,143	129,755
Total Expenses	114,591	112,783	120,526	128,823	137,718	147,253	157,477	168,441	180,199	192,814
Operating Profit	845,409	847,217	839,474	927,177	918,282	908,747	1,002,523	991,559	979,801	1,083,346
Less: Interest	0	0	0	0	0	0	0	0	0	0
Profit Before tax	845,409	847,217	839,474	927,177	918,282	908,747	1,002,523	991,559	979,801	1,083,346
Cummulative Profit	845,409	1,692,626	2,532,100	3,459,277	4,377,560	5,286,307	6,288,830	7,280,389	8,260,189	9,343,535

Depreciation Schedule (in USD)															
NO:	Item	Rate	Method	Year 0	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X	R/Value
1	Land and buildings	2%	DB												
	Opening Balance			150,000.00	150,000.00	147,000.00	144,060.00	141,178.80	138,355.22	135,588.12	132,876.36	130,218.83	127,614.45	125,062.16	
	Depreciation				3,000.00	2,940.00	2,881.20	2,823.58	2,767.10	2,711.76	2,657.53	2,604.38	2,552.29	2,501.24	
	Closing Balance				147,000.00	144,060.00	141,178.80	138,355.22	135,588.12	132,876.36	130,218.83	127,614.45	125,062.16	122,560.92	122,560.92
2	Motor Vehicle	25%	SLM												
	Opening Balance			100,000.00	100,000.00	75,000.00	50,000.00	59,000.00	44,250.00	29,500.00	14,750.00	0.00	0.00	0.00	
	Depreciation				25,000.00	25,000.00	25,000.00	14,750.00	14,750.00	14,750.00	14,750.00	0.00	0.00	0.00	
	Closing Balance				75,000.00	50,000.00	25,000.00	44,250.00	29,500.00	14,750.00	0.00	0.00	0.00	0.00	0.00
3	Furniture and Fittings	12.5%	DB												
	Opening Balance			22,000.00	22,000.00	19,250.00	16,843.75	14,738.28	12,896.00	11,284.00	9,873.50	8,639.31	7,559.40	6,614.47	
	Depreciation				2,750.00	2,406.25	2,105.47	1,842.29	1,612.00	1,410.50	1,234.19	1,079.91	944.92	826.81	
	Closing Balance				19,250.00	16,843.75	14,738.28	12,896.00	11,284.00	9,873.50	8,639.31	7,559.40	6,614.47	5,787.66	5,787.66
4	Equipment and Machinery	25.0%	DB												
	Opening Balance			450,000.00	450,000.00	337,500.00	253,125.00	189,843.75	142,382.81	106,787.11	80,090.33	60,067.75	45,050.81	33,788.11	
	Depreciation				112,500.00	84,375.00	63,281.25	47,460.94	35,595.70	26,696.78	20,022.58	15,016.94	11,262.70	8,447.03	
	Closing Balance				337,500.00	253,125.00	189,843.75	142,382.81	106,787.11	80,090.33	60,067.75	45,050.81	33,788.11	25,341.08	25,341.08
Total Invest.& Reinvestment				450,000.00	450,000.00	373,254.00	364,064.00	347,090.00	337,884.03	283,159.23	237,590.19	198,925.89	180,224.66	165,464.74	
Total Depreciation					143,250.00	114,721.25	93,267.92	66,876.80	54,724.81	45,569.04	38,664.30	18,701.23	14,759.92	11,775.08	

Note: DB - Declining Balance Method
SL - Straight Line Method

Appendix VII

M/S C.F. BUILDERS LIMITED P.O. BOX 1755 MWANZA

Working Capital Schedule (In USD)

Item\ Year	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
Current Assets:										
Debtors 1month of sales	80,000.00	80,000.00	80,000.00	88,000.00	88,000.00	88,000.00	96,666.67	96,666.67	96,666.67	106,346.67
Trade debtors insurance - 1 Year	7,870.00	8,499.60	9,179.57	9,913.93	10,707.05	11,563.61	12,488.70	13,487.80	14,566.82	15,732.17
Total Current Assets	87,870.00	88,499.60	89,179.57	97,913.93	98,707.05	99,563.61	109,155.37	110,154.46	111,233.49	122,078.83
Current Liabilities:										
Salaries and wages (1 month)	3,556.80	3,734.64	3,921.37	4,117.44	4,323.31	4,539.48	4,766.45	5,004.77	5,255.01	5,517.76
Electricity & Water (1 month)	633.33	684.00	738.72	797.82	861.64	930.57	1,005.02	1,085.42	1,172.26	1,266.04
Communications (1 month)	416.67	450.00	486.00	524.88	566.87	612.22	661.20	714.09	771.22	832.92
Transport and Fuel (1 month)	683.33	738.00	797.04	860.80	929.67	1,004.04	1,084.36	1,171.11	1,264.80	1,365.99
Total Current Liabilities	5,290.13	5,606.64	5,943.13	6,300.94	6,681.49	7,086.31	7,517.03	7,975.40	8,463.29	8,982.71
Net Working Capital	82,579.87	82,892.96	83,236.44	91,612.99	92,025.55	92,477.30	101,638.33	102,179.06	102,770.19	113,096.13
Change in Working Capital	82,579.87	313.09	343.48	8,376.56	412.56	451.74	9,161.03	540.73	591.13	10,325.93

Appendix VIII

M/S C.F. BUILDERS LIMITED P.O. BOX 1755 MWANZA

Cashflow Projections (in USD)

Item	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
Inflows:										
Equity	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00
Joint/Loan Capital	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00
Profit Before Tax	845,409.00	847,217.00	839,474.00	927,177.00	918,282.00	908,747.00	1,002,523.00	991,559.00	979,801.00	1,083,346.00
Depreciation	143,250.00	114,721.00	93,267.00	66,876.00	54,724.00	45,569.00	38,664.00	18,701.00	14,759.00	11,775.00
Total Inflows	1,775,659.00	1,748,938.00	1,719,741.00	1,781,053.00	1,760,006.00	1,741,316.00	1,828,187.00	1,797,260.00	1,781,560.00	1,882,121.00
Outflows:										
Investment	787,000.00	787,000.00	787,000.00	787,000.00	787,000.00	787,000.00	787,000.00	787,000.00	787,000.00	787,000.00
Reinvestment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change in Working Capital	82,579.87	313.09	343.48	8,376.56	412.56	451.74	9,161.03	540.73	591.13	10,325.93
Total Outflows	869,579.87	787,313.09	787,343.48	795,376.56	787,412.56	787,451.74	796,161.03	787,540.73	787,591.13	797,325.93
Operating Cashflow	906,079.13	961,624.91	932,397.52	985,676.44	972,593.44	953,864.26	1,032,025.97	1,009,719.27	993,968.87	1,084,795.07
Less: Loan Instalment	0.00	17,142.86	17,142.86	17,142.86	17,142.86	17,142.86	17,142.86	17,142.86	0.00	0.00
Net Cashflow	906,079.13	944,482.05	915,254.66	968,533.58	955,450.58	936,721.40	1,014,883.11	992,576.41	993,968.87	1,084,795.07
Cummulative Cashflows	906,079.13	1,850,561.18	2,765,815.85	3,734,349.43	4,689,800.01	5,626,521.41	6,641,404.53	7,633,980.94	8,627,949.81	9,712,744.88

M/S C.F. BUILDERS LIMITED P.O. BOX 1755 MWANZA

Appendix IX

Discounted Cashflows (in USD)

Item	Year 0	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
Inflows:											
Profit Before Tax		845,409.00	847,217.00	839,474.00	927,177.00	918,282.00	908,747.00	1,002,523.00	991,559.00	979,801.00	1,083,346.00
Depreciation		143,250.00	114,721.00	93,267.00	66,876.00	54,724.00	45,569.00	38,664.00	18,701.00	14,759.00	11,775.00
Residue Value		0.00	0.00	0.00	0.00	231,445.04	200,561.86	172,177.04	145,689.74	138,710.16	132,835.08
Total Inflows	0.00	988,659.00	961,938.00	932,741.00	994,053.00	1,204,451.04	1,154,877.86	1,213,364.04	1,155,949.74	1,133,270.16	1,227,956.08
Outflows:											
Investment	787,000.00	787,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reinvestment		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change in Working Capital		82,579.87	313.09	343.48	8,376.56	412.56	451.74	9,161.03	540.73	591.13	10,325.93
Total Outflows	787,000.00	869,579.87	313.09	343.48	8,376.56	412.56	451.74	9,161.03	540.73	591.13	10,325.93
Net Cashflows	-787,000.00	906,079.13	961,624.91	932,397.52	985,676.44	1,204,038.48	1,154,426.12	1,204,203.01	1,155,409.01	1,132,679.03	1,217,630.15

NPV at 25%	2,288,593.48	
NPV at 30%	1,800,492.05	
IRR	11.90	

Projected Balance Sheet (in USD.)

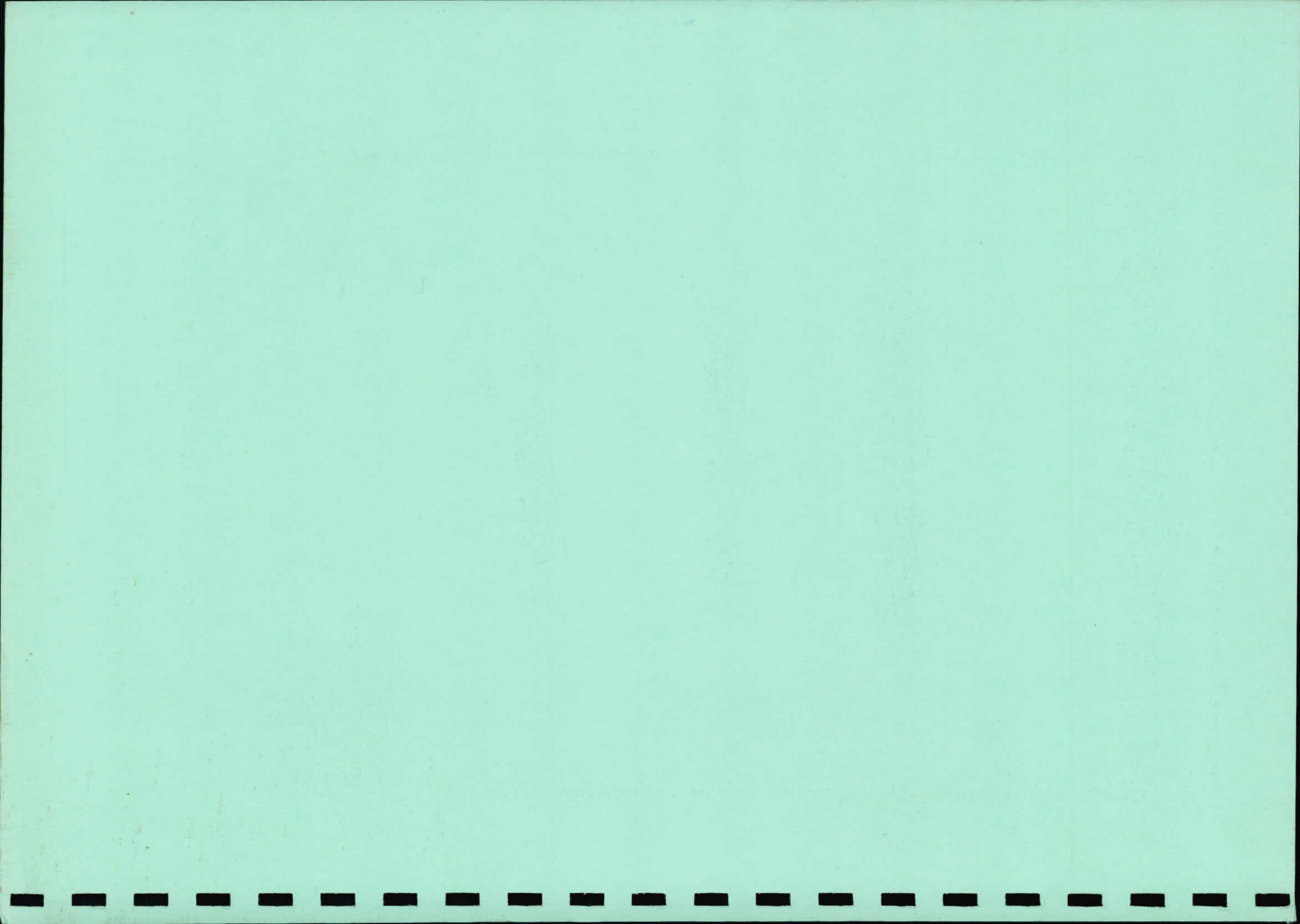
Particulars	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
Assets:										
Fixed Assets (net)	248,900.00	205,850.00	190,351.75	165,625.18	131,445.04	100,561.86	132,177.04	125,689.74	128,710.16	122,835.08
Current Assets:										
Cash & bank	91,058.71	134,302.51	147,131.07	185,015.68	234,048.25	281,707.27	269,054.04	196,991.27	218,256.16	251,652.43
Debtors	15,133.33	15,293.33	15,485.33	17,149.07	19,002.21	21,068.32	23,374.22	25,950.52	28,832.23	32,059.44
Total Current Assets	106,192.04	149,595.84	162,616.40	202,164.75	253,050.47	302,775.59	292,428.26	222,941.79	247,088.39	283,711.87
Less: Current Liabilities:										
Trade Creditors	2,124.36	2,257.58	2,399.62	2,551.09	2,712.66	2,885.02	3,068.95	3,265.24	3,474.77	3,698.49
Net Current Assets	2,124.36	2,257.58	2,399.62	2,551.09	2,712.66	2,885.02	3,068.95	3,265.24	3,474.77	3,698.49
Net Total Assets	352,967.68	353,188.26	350,568.53	365,238.84	381,782.85	400,452.43	421,536.35	345,366.29	372,323.78	402,848.46
Financed by:										
Equity & Joint venture	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00
Loan	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	0.00	0.00
Reserves	15,967.68	16,188.26	13,568.53	28,238.84	44,782.85	63,452.43	84,536.35	8,366.29	35,323.78	65,848.46
Net Worth	352,967.68	353,188.26	350,568.53	365,238.84	381,782.85	400,452.43	421,536.35	345,366.29	372,323.78	402,848.46

M/S C.F. BUILDERS LIMITED P.O. BOX 1755 MWANZA

Loan Repayment Schedule (in USD)

Amount 450,000
 Period 7 years
 Rate 5% p.a

Particulars	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII
Opening	450,000	450,000	385,714	321,429	257,143	192,857	128,571	64,286
Interest	22,500	22,500	19,286	16,071	12,857	9,643	6,429	3,214
Loan repayment	0	64,286	64,286	64,286	64,286	64,286	64,286	64,286
Total payment	22,500	86,786	83,571	80,357	77,143	73,929	70,714	67,500
Loan balance	450,000	385,714	321,429	257,143	192,857	128,571	64,286	0



C.F. BUILDERS LIMITED

Proposed Project for Manufacturing of Various Building Materials

A BUSINESS PLAN

Prepared for :
C.F. Builders Limited
P. O. Box 1755
Mwanza
Tanzania

March 2009

CONTENTS

- 1.0. Executive Summary
- 2.0 Business Proposal
- 3.0 Management of the Company
- 4.0 Machinery and Raw Materials
- 5.0 The Product
- 6.0 Market Analysis
- 7.0 Financial Analysis
- 8.0 Economic Aspect of the Project
- 9.0 Conclusion & Recommendations

List of Appendixes

- I. Capital investment
- II. Staff Remuneration Package
- III. Operating Cost Schedule
- IV. Sales Projections
- V. Projected Income and Expenditure Statement
- VI. Depreciation Schedule
- VII. Working Capital Schedule
- VIII. Cashflow Projections
- IX. Discounted Cashflow Statements
- X. Projected Balance Sheets
- XI. Loan Repayment Schedule

1.0 EXECUTIVE SUMMARY

1.1 The Project Concept

C.F. Builders Limited is a locally incorporated private company under Certificate of Incorporation No: 7671 dated 20th March 1990 created for purposes of undertaking projects in the manufacturing of construction and building materials including but not limited to nails.

This Paper entails a business plan for the proposed investment in the manufacturing of building materials and marketing them for domestic and foreign markets. The products will include mainly nails.

The aim of this study is to assess the commercial viability and operational feasibility of the project being undertaken by C.F. Builders Limited. Most of the data has been compiled by the promoters own research and study done in Tanzania and is first hand information. The financials have also been carried out on the basis of market and cost information provided by the promoters of the project. The report arising from the study will also be used to solicit financing of the project as well as presented to Tanzania Investment Centre for purposes of obtaining TIC Certificate of Incentives to facilitate implementation of the projects.

1.2 Existing Supplying Capacity

The capacity of the existing local suppliers of nails is very low. The current suppliers of the products have a limited capacity because of the following reasons.

- High cost of purchasing plant & equipment (many of them have manual and obsolete machines)
- Problem with technology – most firms owns equipment, which are not capable of producing required quality, specifications and range of products
- On account of limited capital to provide reliable and high quality products they face uncertainty to obtain steady volume of works to meet overheads.

1.3 Estimated Capital Investment Cost

C.F. Builders Limited will invest a total amount of US\$ 787,000 out of which an amount of US\$ 40,000 million will be working capital during the first year of operation. The investment in fixed assets will be distributed as follows:

Item	Total Costs
Land & Buildings	150,000
Machinery & Equipment	450,000
Motor Vehicles	100,000
Furniture and Fittings	22,000
Pre-Operational Expenses	25,000
Fixed Investment	747,000
Working Capital	40,000
TOTAL INVESTMENT	787,000

1.4 Project Financing Plan

The initial financing of the investment will be as follows:

(IN US\$)

Item Description	Equity Contribution	Term Loan	Total
Land & Buildings	150,000	0.00	150,000
Machinery & Equipment	0.00	450,000	450,000
Motor Vehicles	100,000	0.00	100,000
Furniture and Fittings	22,000	0.00	22,000
Sub Total	272,000	450,000	722,000
Pre-Operational Expenses	25,000	0.00	25,000
Working Capital	40,000	0.00	40,000
TOTAL INVESTMENT COST	337,000	450,000	787,000

The shareholders will raise equity of US\$ 337,000 and secure a bank term loan facility of US\$ 450,000 for financing the machinery, equipment and utility vehicles.

1.5 Profitability

On the basis of the projections and the assumptions contained in this report the Company will be financially and commercially profitable. It will be able to generate the following business over the projected five-year period.

1.6 Projected profit and loss over the five-year period

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	960,000	960,000	960,000	1,056,000	1,056,000
Cumulative Profit	845,409	1,692,626	2,532,100	3,459,277	4,377,560
Profit Before Tax	845,409	847,217	839,474	927,177	918,282
Net Income	591,786.3	593,051.9	587,631.8	649,023.9	642,797.4

4

1.7 Social Viability:

C.F. Builders Limited will participate in improving the housing industry in Tanzania and play a role in alleviating poverty in the country by providing timely reliable and cost effective products in the building of all kinds of houses. The company will also pay taxes to the government as per tax laws and regulations.

1.8 Employment

The company will employ 40 employees.

2.0 THE BUSINESS PROPOSAL

2.1 Background

C.F. Builders Limited is a locally incorporated private company under Certificate of No: 7671 dated 20th March 1990 created for purposes of undertaking projects in the manufacturing of construction and building materials including but not limited to nails. It is also the objective of the company to provide timely, accurate and cost effective construction and building materials including steel nails, aluminium nails and galvanize concrete nails.

This Paper entails a business plan for the proposed investment in the manufacturing of building materials and marketing them for domestic and foreign markets. The products will include mainly nails.

The aim of this study is to assess the commercial viability and operational feasibility of the project being undertaken by C.F. Builders Limited. Most of the data has been compiled by the promoters own research and study done in Tanzania and is first hand information. The financials have also been carried out on the basis of market and cost information provided by the promoters of the project. The report arising from the study will also be used to solicit financing of the project as well as presented to Tanzania Investment Centre for purposes of obtaining TIC Certificate of Incentives to facilitate implementation of the projects.

2.2 Mission

The mission on C.F. Building Limited is to become one of the leading producers of all types of building materials, nails in particular in the Lake Zone.

2.3 Company Ownership

As a private company, the ownership is limited to what is stipulated in the Memorandum and Articles of Association Presently, the following are the promoter and directors of the company, namely.

Name and Address of the Shareholder	Nationality	No. of Shares Held	% Share - holding
Ferdinand Makanga Chacha P.O. Box 1755 Mwanza	Tanzanian	30	75%
Monica Mwandigi P.O. Box 1755 Mwanza	Tanzanian	5	12.5%
Fredy Chacha P.O. Box 1755 Mwanza	Tanzanian	5	12.5%

2.4 Project Location and Contact Information

The Company will have its head office at Plot No: 116 "S" situated at Uhuru Road, Nyamagana District, while the production site will be locate at Plot No. 25 Block KK in Mwanza.

The proposed project site has adequate supply of power by TANESCO and water, two most important inputs in the manufacturing of construction and building materials. Furthermore, the area is easily accessible by road transport and very close to the Mwanza Airport, thus transport of raw materials and finished products will not pose any problem.

3.0 MANAGEMENT OF THE COMPANY

3.1 Background of the Directors: Brief Profiles of Directors

Brief Profile of Investors

3.1.1 Mr. Ferdinand Makanga Chacha

Mr. Ferdinand Makanga Chacha is a civil engineer. He has been in the business for over 30 years. Having seen a bright future in the manufacturing of building materials in the country, the shareholder convinced his counterparts to establish manufacturing facilities to produce

nails which are currently been imported to a large extent. Mr. Ferdinand Makanga Chacha is the Managing Director of C.F. Builders Limited.

3.1.2 Mrs. Monica Mwandigi

She is one of the company directors. She is 48 years old. She holds extensive entrepreneurial experience in various businesses. She has a long experience in trading in sundry goods on a sub-whole basis and hotel industry. She will personally assist the Managing Director in executing all day to day company activities.

3.2 Organizational Structure

The Chief Executive Office

Mr. Ferdinand Makanga Chacha will be fully responsible for managing the business. His activities will include:

- Supervision of the production and implementation of the business development plan.
- Finance
- Marketing
- Public relations,
- Administration and personnel.

He has good experience in the management of construction activities, trading and manufacturing business.

The Technical Manager

His duties will be to handle day to day operations including:-

- Supervising production
- Machine maintenance
- Pricing of products
- Marketing of the products

Under the Technical Manager there will be technicians, carpenters and artisans.

4.0 MACHINERY & RAW MATERIALS

4.1 LAND & BUILDINGS

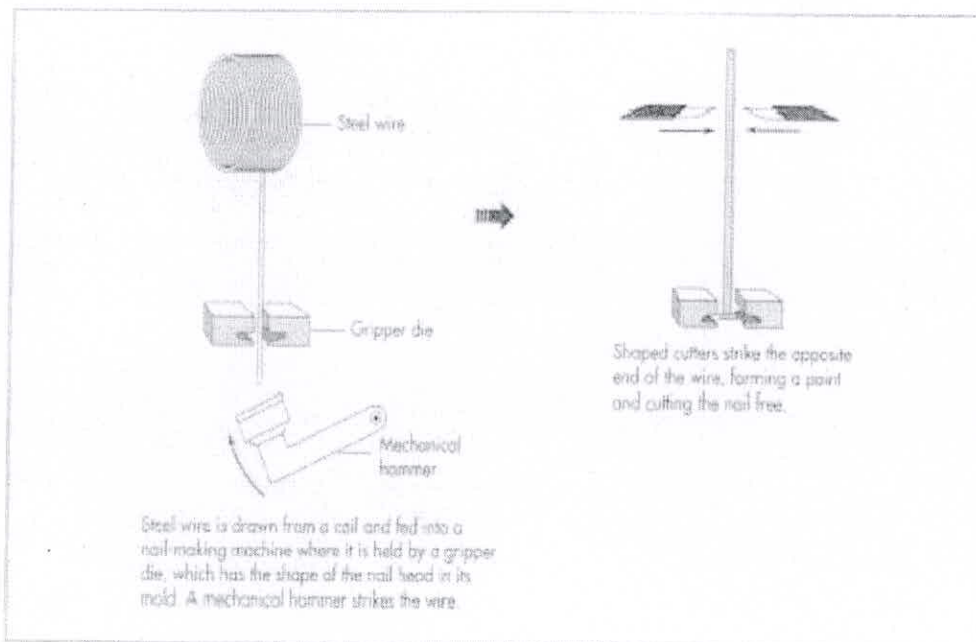
The project is located on an industrial site at Plot No: 24 Block KK, Nyakato Industrial Area with adequate space for accommodating the factory/manufacturing facilities and storage facilities for both raw materials and finished goods. A budget of US\$ 150,000 has been set aside for this item to expand the existing project into a modern one.

4.2 PLANT, MACHINERY & EQUIPMENT

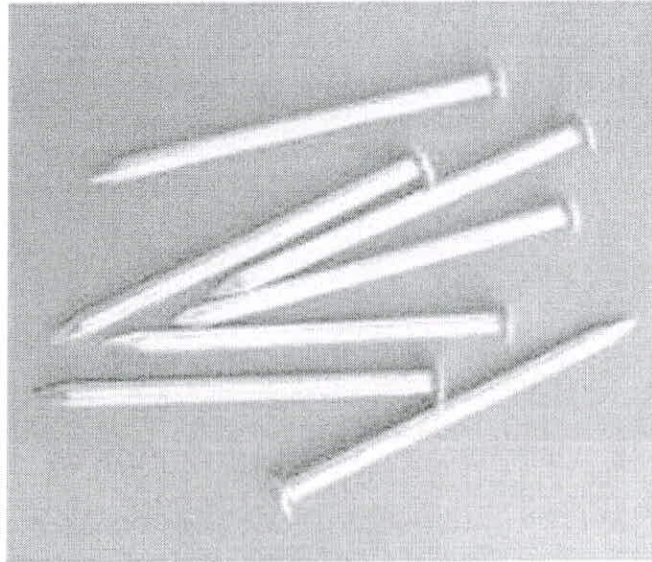
The company will soon order machinery and equipment comprising of complete plants for manufacturing of nails. Additional machinery and accessories will be required to complete the investment and enable production to commence. Arrangement to secure modern production machinery and equipment from China or India is under way and delivery will be done soon after TIC certificate has been obtained.

4.3 RAW MATERIALS

Most nails will be made of steel. Aluminum, copper, brass, bronze, stainless steel, nickel, silver, monel, zinc, and iron may also used.



Galvanized nails will be coated with zinc to give them added corrosion resistance.



Galvanize Concrete Nails

5.0 THE PRODUCT

A nail consists of a metal rod or shank, pointed at one end and usually having a formed head at the other, that can be hammered into pieces of wood or other materials to fasten them together. A nail is usually made of steel, although it can be made of aluminum, brass, or many other metals. The surface can be coated or plated to improve its corrosion resistance, gripping strength, or decorative appearance. The head, shank, and point may have several shapes based on the intended function of the nail.

Nails are divided into three broad categories based on their length. In general nails under 1 inch (2.5 cm) in length are called tacks or brads. Nails 1-4 inches (2.5-10.2 cm) in length are called nails, while those over 4 inches (10.2 cm) are some-times called spikes. These categories are roughly defined, and there is considerable crossover between them. C.F. Builders Limited will engage almost in all these categories.

5.1 Design

Most nails to be manufactured by C.F. Builders will have a broad, circular head. Finished nails will have a narrow, tapered head which allows them to be countersunk below the surface of the material and covered over to produce a smooth finish. Upholstery nails will contain decorative heads.

Double-headed nails will mostly be used to fasten wood forms used in concrete pouring.

The shank will be usually designed to be round and smooth. Shanks with serrations, annular grooves, spiral flutes, or helical threads will be mostly used when a stronger, more permanent grip is required. Thermoplastic coatings may also be added to the shaft. These coatings will heat up through friction while the nail is being driven, then quickly cooled and set to lock the nail in place. The diameter of the shank will be determined by the type of nails.

5.2 Manufacturing Process

As already mentioned, most nails will be made from coils of metal wire. The wire is fed into a nail-making machine which can produce up to 200 nails per minute. The nails may then be further twisted or formed, cleaned, finished, and packaged.

Forming

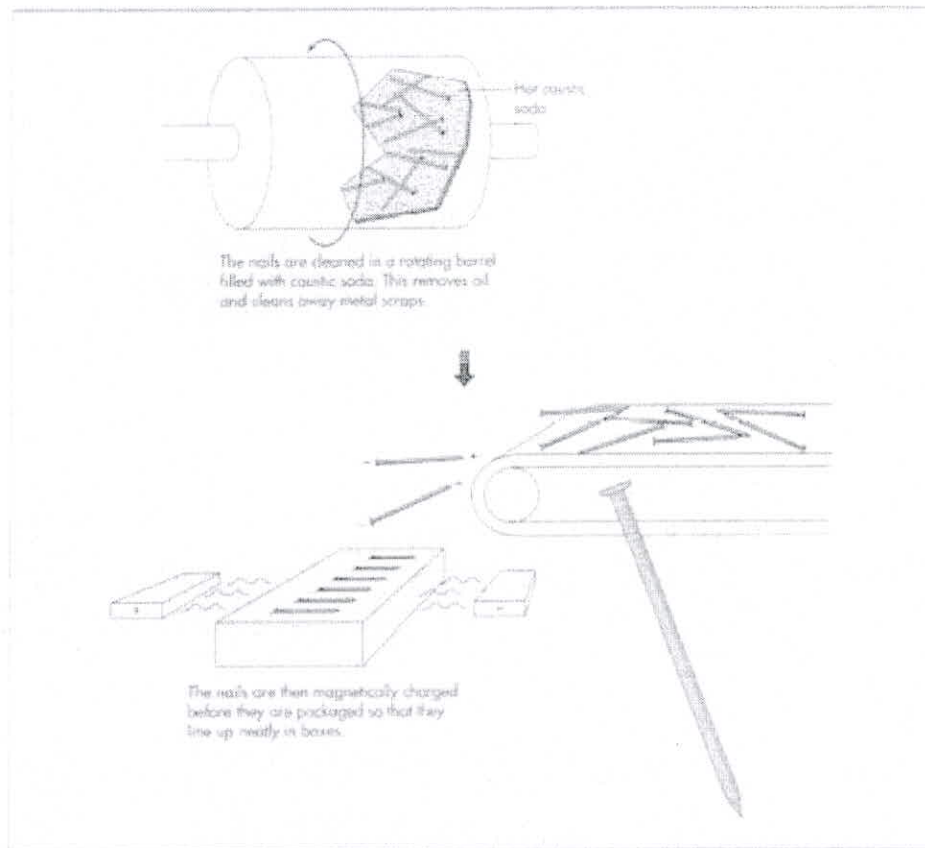
- 1 Wire is drawn from a coil and fed into the nail-making machine where it is gripped by a pair of gripper dies. The shape of the head of the nail has been machined into the end of the dies.
- 2 While the dies clamp the wire in place, the free end of the wire is struck by a mechanical hammer. This deforms the end of the wire into the die cavity to form the head of the nail.
- 3 With the wire still clamped in the dies, a set of shaped cutters strike the opposite end of the nail, forming the point and cutting the nail free from the rest of the wire coming off the coil.
- 4 The dies open and an expelling mechanism knocks the nail into a collection pan below the machine. The free end of the wire is drawn from the coil and fed into the machine. The cycle then begins again.

Additional forming

- 5 Nails with helical twists, serrations, or other surface configurations are fed into other machines that roll, twist, stamp, or cut the required forms. This may be a purely mechanical process or may require heating the material before forming.

Finishing

- 6 The nails are cleaned in a rotating barrel filled with hot caustic soda.



This removes any oil from the forming machine and cleans up any small metal scraps, or nippings, that might be clinging to the nails.

- 7 Many nails are given a final bright finish before being packaged. This is accomplished by placing the nails in a rotating drum of hot sawdust to lightly polish the surface of the nails. Other nails may be passed through an open flame in an oven to give them a blued finish. Galvanized nails are dipped into a tank of molten zinc in a process called hot-dip galvanizing. A zinc coating may also be applied by heating the nails to about 570°F (300°C) in a closed container filed with a powder composed of zinc dust and zinc oxide. Other coated nails are either dipped or sprayed to obtain their final finish.
- 8 Depending on the tolerances desired, some specialty nails may also require an additional heat treating step.

Packaging

- 9 Magnetic elevators convey the finished nails to weighing machines which drop them into open cardboard boxes. As they are dropped in, a magnetic field aligns them so they stack in neat rows. After they are packaged, the nails are demagnetized.
- Nails will be usually sold in boxes of 1, 5, 10 and 25 kilograms.

6.0 MARKET ANALYSIS

6.1 Overview

The aim of this chapter is to analyze the market in which C.F. Builders Limited operates and assess the potential for expansion. The study looks at a number of factors that determine the market and how the enterprise is positioned.

6.2 Line of Business

C.F. Builders Limited will be engaged in the manufacturing and sale of the following products, namely,

- Steel & Aluminium nails.
- Galvanized concrete nails.

The company's management is planning to expand the production of steel and aluminium nails. Galvanized concrete nails will be added in the second or third year of expansion.

6.3 Marketing of Products

Products that will be manufactured by C.F. Builders Limited will be similar to the locally manufactured and imported products sold by its competitors; there is no product differentiation with the exceptions of few products. There are four important aspects that count for a firm to be successful in this line of business.

- Quality product
- Offering competitive prices
- Customer tailor made product
- Customer relations

6.3.1 Product Prices

The company's product prices will be charged to cover the production costs, plus profit margin. On the other hand the firm will set its prices relatively lower or equal to that charged by other local manufacturers as a strategy to penetrate the market and an incentive to customers.

6.3.2 Product Range

The company will have an advantage of manufacturing various kinds of products as in section 4.3 above. Product range is the most significant tool in attracting a wide customer base. It affects the purchasing process. Customers do favor manufacturer/importer with a wider range of products as:

- It saves search time
- Reduces transport costs
- Attracts discount

6.3.3 Customer Relations

C.F. Builders Limited realizes that much of the business is generated from customers whom he has and maintains cordial relationship with. The enterprise will try the best to make sure that it maintains good business relations with customers in order to grow.

6.3.4 Quality Products and Quality Control

The company is introducing high quality products that have never been in the market before. It is anticipated that the new products will revolutionize the market and housing industry.

M/s C.F. Builders Limited will ensure that raw materials meet certain standards for chemical composition, yield strength, hardness, corrosion resistance and other properties. These are usually certified by the company supplying the wire, and may be independently checked by the C.F Builders Limited.

During manufacture, nails will also meet certain specifications regarding dimensions and properties. These will be achieved using a method known as statistical process control, which periodically samples the dimensions and properties of the nails being produced and evaluates any changes through statistical analysis techniques.

6.4 Market Segment

For C.F. Builders Limited, the market of the product will be segmented as follows:

Table 2.2 Market Segment

1	Households
2	Contractors
3	Government Departments
4	Public and Private Corporations

6.5 Competition Analysis

As a result of trade liberalization enabling people to access commodities both from internal and external sources, the company will definitely continue to face competition from other dealers in foresaid products. However, the survey made by the firm reveals that:

- Some of the similar supplied by local manufacturers are of a very poor quality and hence discourage customers.
- Prices charged by other dealers on similar products are relatively high compared to quality.

6.6 Marketing Strategies

Despite the existing competitive environment C.F. Builders Limited will easily continue to penetrate the market by adopting various marketing strategies, such as:

- Providing customers with what is needed in terms of quality, quantity and affordability
- Setting competitive prices against its competitors. Naturally, people would like to buy high quality, but low cost products. The profit margins will be kept reasonably low to capture a bigger market share.
- Personal selling through, distribution of brochures, neon signs, stickers and advertisement through media i.e. Radio, Television and newspapers and maintenance and a website. These will create awareness to the products of the firm.
- Establishing and maintaining links with regional dealers in hardware and construction/building materials to widen its market segment.

7.0 FINANCIAL ANALYSIS

7.1. Investment

Investment required to expand the business is estimated at US\$ 787,000

Table No. 6.1 Investment Plan

The initial financing of the investment will be as follows:

(IN US\$)

Item	Total Costs
Land & Buildings	150,000
Machinery & Equipment	450,000
Motor Vehicles	100,000
Furniture and Fittings	22,000
Pre-Operational Expenses	25,000
Fixed Investment	747,000
Working Capital	40,000
TOTAL INVESTMENT	787,000

The project has a vast godown on the industrial plot in which they will develop civil works structures to be used as a factory building and offices. A budget of US\$ 150,000 is set aside for this development.

Initial working capital at the tune of US\$ 40,000 will be required for the procurement of raw materials. The raw materials required are to be procured locally.

The pre-operational expenditure budget includes the costs for professional and legal fees, machinery installation and commissioning. US\$ 25,000 will be spent to cover the costs.

Annex II of the attached Financial Statements shows the breakdown of investment items.

7.2 Sources of Finance

The project promoters are expected to raise a total of US\$ 337,000 or 43% of the total investment amount. It is planned that the remaining US\$. 57% will be met by Bank Term Loans as shown below.

Table No. 6.2 Financing Plan (IN US\$)

The initial financing of the investment will be as follows:

(IN US\$)

Item Description	Equity Contribution	Term Loan	Total
Land & Buildings	150,000	0.00	150,000
Machinery & Equipment	0.00	450,000	450,000
Motor Vehicles	100,000	0.00	100,000
Furniture and Fittings	22,000	0.00	22,000
Sub Total	272,000	450,000	722,000
Pre-Operational Expenses	25,000	0.00	25,000
Working Capital	40,000	0.00	40,000
TOTAL INVESTMENT COST	337,000	450,000	787,000

7.3 Loan Repayment

The following has been assumed on the Supplier's Credit Facility:

- Rate of interest is 5% per annum on outstanding amount
- Repayment period is 7 years
- Remittance is on monthly basis
- No grace period.

Table No. 6.3 Loan Repayment Schedule

Loan size: USD 450,000

	Year 1	Year 2	Year 3	Year 4	Year 5
Opening	450,000	450,000	385,714	321,429	257,143
Interest	22,500	22,500	19,286	16,071	12,857
Loan repayment	0	64,286	64,286	64,286	64,286
Total Repayment	22,500	86,786	83,571	80,357	77,143
Loan balance	450,000	385,714	321,429	257,143	192,857

7.4 Depreciation Allowance

Depreciation has been allowed based on Tanzanian tax policies. The rates are as follows:

Land & Buildings	2.0%
Plant, Machinery & Equipment	25.0%
Motor Vehicles	25.0%
Furniture, Fixture & Fittings	12.5%

7.5 Operating Costs

The company incurs both direct (variable) costs as well as fixed costs.

7.5.1 Variable / Direct Costs

Variable costs with the factory include raw material, electricity and consumables. According to the determined production process and the rated capacities of the machinery; variable costs have been calculated 85% and 90% of sales for the various products.

7.5.2 Fixed Costs

In the first year, the monthly overheads will average at US\$ 71,910 the figure will rise annually due to expansion as shown on Appendix III. The business operates on credit (that does not exceed 21 days) and cash basis, this eases the demand for working capital. The total cost per annum is as given in the table below.

7.6 Net Income

The financial projections show that the project will make a profit of US\$. 845,409 in the first year, it will increase to US\$. 847,217 in the second year and further to US\$ 918,282 in the fifth year, as shown in Appendix V.

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	960,000	960,000	960,000	1,056,000	1,056,000
Cumulative Profit	845,409	1,692,626	2,532,100	3,459,277	4,377,560
Profit Before Tax	845,409	847,217	839,474	927,177	918,282
Net Income	591,786.3	593,051.9	587,631.8	649,023.9	642,797.4

7.7 Projected Cash Flows

Analysis of the first year of operations shows that the business will generate healthy cash flows. Cashflow projection details are depicted in Appendix VIII.

7.8 Projected Balance Sheets

After the investment and market development efforts, the balance sheet will improve substantially. Company assets, net of liabilities are to grow from US\$. 352,967.68 in the first year to US\$. 402,848.46 in year ten. See Appendix X.

8.0 ECONOMIC ASPECTS OF THE PROJECT

8.1 Employment Effect

The project will generate 40 jobs apart from other indirect jobs that will be created through implementation and operations of the project.

8.2 Linkage Effects

The building/construction materials production business has high forward linkages with the construction sector especially houses.

9.0 CONCLUSION AND RECOMMENDATIONS

- The project will have adequate liquidity to honor its maturing obligations.
- The economic aspects reveal that the project will be beneficial to the nation in terms of promoting growth for the building/construction industry job creation and generating government revenue in terms of tax collections and other levies.

It is therefore recommended that the project be implemented and get the necessary support from TIC and other government departments and institutions for the smooth implementation of the project.

CAPITAL INVESTMENT (in USD)

Item	Equity	Loan	Total
Land and Buildings	150,000.00	-	150,000.00
Motor Vehicles	100,000.00	-	100,000.00
Furniture and Fittings	22,000.00	-	22,000.00
Machinery & Equipment	-	450,000.00	450,000.00
Preparation Expenses	25,000.00	-	25,000.00
Initial Working Capital	40,000.00	-	40,000.00
Total	337,000.00	450,000.00	787,000.00
Contribution in Percentage	43%	57%	100%

Appendix II

M/S C.F. BUILDERS LIMITED P.O. BOX 1755 MWANZA

Staff Remunerations Package (in USD)

Position	Employees	Salary	Monthly Pay	Annual Package
General Manager	1	500	500.00	6,000.00
Shift supervisor	1	150	150.00	1,800.00
Machine operators	10	80	800.00	9,600.00
Unskilled Labourers	15	50	750.00	9,000.00
Store Personnel	1	80	80.00	960.00
Accounts Personnel	1	100	100.00	1,200.00
Secretary cum Receptionist	1	80	80.00	960.00
Drivers	6	70	420.00	5,040.00
Guards	4	60	240.00	2,880.00
Sub Total			3,120.00	37,440.00
Payroll Levy 4%				1,497.60
10% Pension fund				3,744.00
Grant Total				42,681.60

Note: *

- 10% of the benefits will be for Social Security Fund's contribution.
- salary will be inclusive of housing allowance

Appendix III

M/S C.F. BUILDERS LIMITED P.O. BOX 1755 MWANZA

Operating Cost Schedule (in USD)

Guidelines:

- Operating cost will increased by 8% every year
- Insurance will be 2% of the major capital assets(Motor vehicles and Machinery/Equipment)

Particulars	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
Insurance 2% of assets	7,870.00	8,499.60	9,179.57	9,913.93	10,707.05	11,563.61	12,488.70	13,487.80	14,566.82	15,732.17
Motor Running expense	8,200.00	8,856.00	9,564.48	10,329.64	11,156.01	12,048.49	13,012.37	14,053.36	15,177.63	16,391.84
Electricity & Water	7,600.00	8,208.00	8,864.64	9,573.81	10,339.72	11,166.89	12,060.24	13,025.06	14,067.07	15,192.44
Stationery & Office utilities	1,440.00	1,555.20	1,679.62	1,813.99	1,959.10	2,115.83	2,285.10	2,467.91	2,665.34	2,878.57
Communications	5,000.00	5,400.00	5,832.00	6,298.56	6,802.44	7,346.64	7,934.37	8,569.12	9,254.65	9,995.02
Repair and Maintenance	7,600.00	8,208.00	8,864.64	9,573.81	10,339.72	11,166.89	12,060.24	13,025.06	14,067.07	15,192.44
Lisence	7,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Travelling costs	2,500.00	2,700.00	2,916.00	3,149.28	3,401.22	3,673.32	3,967.19	4,284.56	4,627.33	4,997.51
Advertising/Marketing expenses	5,200.00	5,616.00	6,065.28	6,550.50	7,074.54	7,640.51	8,251.75	8,911.89	9,624.84	10,394.82
Consultancy/Audit Fees	6,400.00	6,912.00	7,464.96	8,062.16	8,707.13	9,403.70	10,156.00	10,968.48	11,845.95	12,793.63
Contingency 10%	8,000.00	8,640.00	9,331.20	10,077.70	10,883.91	11,754.62	12,694.99	13,710.59	14,807.44	15,992.04
Directors/Board Fees	5,100.00	5,508.00	5,948.64	6,424.53	6,938.49	7,493.57	8,093.06	8,740.50	9,439.74	10,194.92
Total	71,910.00	70,102.80	75,711.02	81,767.91	88,309.34	95,374.09	103,004.01	111,244.33	120,143.88	129,755.39

Appendix IV

M/S C.F. BUILDERS LIMITED P.O. BOX 1755 MWANZA

Assumptions for Projections

- After 3 years ,Sales will Increase by 10% Every year
- 1 kilogram of nails = Tshs. 2,000
- 1 ton = 1000 kilograms
- 1 ton per day (working in 5 days per week)

Sales Projections (in USD)**A: Projected Income**

Type	Inches/cms	Capacity	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
	1inch (2.5 cm) in length	(tons)										
Steel/Aluminium Nails	1-4 inches (2.5-10.2 cm)	240	480,000	480,000	480,000	528,000	528,000	528,000	580,000	580,000	580,000	638,080
Galvanize Concrete Nails	over 4 inches (10.2cm)	240	480,000	480,000	480,000	528,000	528,000	528,000	580,000	580,000	580,000	638,080
Total		192	960,000	960,000	960,000	1,056,000	1,056,000	1,056,000	1,160,000	1,160,000	1,160,000	1,276,160

Appendix V

M/S C.F. BUILDERS LIMITED P.O. BOX 1755 MWANZA

Assumptions for Projections

- Salaries and Wages will Increase by 5% Every year

Projected Income and Expenditure Statement (in USD)

Particulars	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
Revenue:										
Sales	960,000	960,000	960,000	1,056,000	1,056,000	1,056,000	1,160,000	1,160,000	1,160,000	1,276,160
Total Income	960,000	960,000	960,000	1,056,000	1,056,000	1,056,000	1,160,000	1,160,000	1,160,000	1,276,160
Less: Expenses:										
Salary and wages	42,681.00	42,681	44,815	47,056	49,409	51,879	54,473	57,197	60,056	63,059
Operating expenses	71,910	70,102	75,711	81,767	88,309	95,374	103,004	111,244	120,143	129,755
Total Expenses	114,591	112,783	120,526	128,823	137,718	147,253	157,477	168,441	180,199	192,814
Operating Profit	845,409	847,217	839,474	927,177	918,282	908,747	1,002,523	991,559	979,801	1,083,346
Less: Interest	0	0	0	0	0	0	0	0	0	0
Profit Before tax	845,409	847,217	839,474	927,177	918,282	908,747	1,002,523	991,559	979,801	1,083,346
Cummulative Profit	845,409	1,692,626	2,532,100	3,459,277	4,377,560	5,286,307	6,288,830	7,280,389	8,260,189	9,343,535

Depreciation Schedule (in USD)

NO:	Item	Rate	Method	Year 0	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X	R/Value
1	Land and buildings	2%	DB												
	Opening Balance			150,000.00	150,000.00	147,000.00	144,060.00	141,178.80	138,355.22	135,588.12	132,876.36	130,218.83	127,614.45	125,062.16	
	Depreciation				3,000.00	2,940.00	2,881.20	2,823.58	2,767.10	2,711.76	2,657.53	2,604.38	2,552.29	2,501.24	
	Closing Balance				147,000.00	144,060.00	141,178.80	138,355.22	135,588.12	132,876.36	130,218.83	127,614.45	125,062.16	122,560.92	122,560.92
2	Motor Vehicle	25%	SLM												
	Opening Balance			100,000.00	100,000.00	75,000.00	50,000.00	59,000.00	44,250.00	29,500.00	14,750.00				
	Depreciation				25,000.00	25,000.00	25,000.00	14,750.00	14,750.00	14,750.00	14,750.00	0.00	0.00	0.00	
	Closing Balance				75,000.00	50,000.00	25,000.00	44,250.00	29,500.00	14,750.00	0.00	0.00	0.00	0.00	0.00
3	Furniture and Fittings	12.5%	DB												
	Opening Balance			22,000.00	22,000.00	19,250.00	16,843.75	14,738.28	12,896.00	11,284.00	9,873.50	8,639.31	7,559.40	6,614.47	
	Depreciation				2,750.00	2,406.25	2,105.47	1,842.29	1,612.00	1,410.50	1,234.19	1,079.91	944.92	826.81	
	Closing Balance				19,250.00	16,843.75	14,738.28	12,896.00	11,284.00	9,873.50	8,639.31	7,559.40	6,614.47	5,787.66	5,787.66
4	Equipment and Machinery	25.0%	DB												
	Opening Balance			450,000.00	450,000.00	337,500.00	253,125.00	189,843.75	142,382.81	106,787.11	80,090.33	60,067.75	45,050.81	33,788.11	
	Depreciation				112,500.00	84,375.00	63,281.25	47,460.94	35,595.70	26,696.78	20,022.58	15,016.94	11,262.70	8,447.03	
	Closing Balance				337,500.00	253,125.00	189,843.75	142,382.81	106,787.11	80,090.33	60,067.75	45,050.81	33,788.11	25,341.08	25,341.08
	Total Invest.& Reinvestment			450,000.00	450,000.00	373,254.00	364,064.00	347,090.00	337,884.03	283,159.23	237,590.19	198,925.89	180,224.66	165,464.74	
	Total Depreciation				143,250.00	114,721.25	93,267.92	66,876.80	54,724.81	45,569.04	38,664.30	18,701.23	14,759.92	11,775.08	

Note: DB - Declining Balance Method
SL - Straght Line Method

Appendix VII

M/S C.F. BUILDERS LIMITED P.O. BOX 1755 MWANZA

Working Capital Schedule (In USD)

Item\ Year	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
Current Assets:										
Debtors 1month of sales	80,000.00	80,000.00	80,000.00	88,000.00	88,000.00	88,000.00	96,666.67	96,666.67	96,666.67	106,346.67
Trade debtors insurance - 1 Year	7,870.00	8,499.60	9,179.57	9,913.93	10,707.05	11,563.61	12,488.70	13,487.80	14,566.82	15,732.17
Total Current Assets	87,870.00	88,499.60	89,179.57	97,913.93	98,707.05	99,563.61	109,155.37	110,154.46	111,233.49	122,078.83
Current Liabilities:										
Salaries and wages (1 month)	3,556.80	3,734.64	3,921.37	4,117.44	4,323.31	4,539.48	4,766.45	5,004.77	5,255.01	5,517.76
Electricity & Water (1 month)	633.33	684.00	738.72	797.82	861.64	930.57	1,005.02	1,085.42	1,172.26	1,266.04
Communications (1 month)	416.67	450.00	486.00	524.88	566.87	612.22	661.20	714.09	771.22	832.92
Transport and Fuel (1 month)	683.33	738.00	797.04	860.80	929.67	1,004.04	1,084.36	1,171.11	1,264.80	1,365.99
Total Current Liabilities	5,290.13	5,606.64	5,943.13	6,300.94	6,681.49	7,086.31	7,517.03	7,975.40	8,463.29	8,982.71
Net Working Capital	82,579.87	82,892.96	83,236.44	91,612.99	92,025.55	92,477.30	101,638.33	102,179.06	102,770.19	113,096.13
Change in Working Capital	82,579.87	313.09	343.48	8,376.56	412.56	451.74	9,161.03	540.73	591.13	10,325.93

Appendix VIII

M/S C.F. BUILDERS LIMITED P.O. BOX 1755 MWANZA

Cashflow Projections (in USD)

Item	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
Inflows:										
Equity	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00
Joint/Loan Capital	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00
Profit Before Tax	845,409.00	847,217.00	839,474.00	927,177.00	918,282.00	908,747.00	1,002,523.00	991,559.00	979,801.00	1,083,346.00
Depreciation	143,250.00	114,721.00	93,267.00	66,876.00	54,724.00	45,569.00	38,664.00	18,701.00	14,759.00	11,775.00
Total Inflows	1,775,659.00	1,748,938.00	1,719,741.00	1,781,053.00	1,760,006.00	1,741,316.00	1,828,187.00	1,797,260.00	1,781,560.00	1,882,121.00
Outflows:										
Investment	787,000.00	787,000.00	787,000.00	787,000.00	787,000.00	787,000.00	787,000.00	787,000.00	787,000.00	787,000.00
Reinvestment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change in Working Capital	82,579.87	313.09	343.48	8,376.56	412.56	451.74	9,161.03	540.73	591.13	10,325.93
Total Outflows	869,579.87	787,313.09	787,343.48	795,376.56	787,412.56	787,451.74	796,161.03	787,540.73	787,591.13	797,325.93
Operating Cashflow	906,079.13	961,624.91	932,397.52	985,676.44	972,593.44	953,864.26	1,032,025.97	1,009,719.27	993,968.87	1,084,795.07
Less: Loan Instalment	0.00	17,142.86	17,142.86	17,142.86	17,142.86	17,142.86	17,142.86	17,142.86	0.00	0.00
Net Cashflow	906,079.13	944,482.05	915,254.66	968,533.58	955,450.58	936,721.40	1,014,883.11	992,576.41	993,968.87	1,084,795.07
Cummulative Cashflows	906,079.13	1,850,561.18	2,765,815.85	3,734,349.43	4,689,800.01	5,626,521.41	6,641,404.53	7,633,980.94	8,627,949.81	9,712,744.88

M/S C.F. BUILDERS LIMITED P.O. BOX 1755 MWANZA

Appendix IX

Discounted Cashflows (in USD)

Item	Year 0	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
Inflows:											
Profit Before Tax		845,409.00	847,217.00	839,474.00	927,177.00	918,282.00	908,747.00	1,002,523.00	991,559.00	979,801.00	1,083,346.00
Depreciation		143,250.00	114,721.00	93,267.00	66,876.00	54,724.00	45,569.00	38,664.00	18,701.00	14,759.00	11,775.00
Residue Value		0.00	0.00	0.00	0.00	231,445.04	200,561.86	172,177.04	145,689.74	138,710.16	132,835.08
Total Inflows	0.00	988,659.00	961,938.00	932,741.00	994,053.00	1,204,451.04	1,154,877.86	1,213,364.04	1,155,949.74	1,133,270.16	1,227,956.08
Outflows:											
Investment	787,000.00	787,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reinvestment		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change in Working Capital		82,579.87	313.09	343.48	8,376.56	412.56	451.74	9,161.03	540.73	591.13	10,325.93
Total Outflows	787,000.00	869,579.87	313.09	343.48	8,376.56	412.56	451.74	9,161.03	540.73	591.13	10,325.93
Net Cashflows	-787,000.00	906,079.13	961,624.91	932,397.52	985,676.44	1,204,038.48	1,154,426.12	1,204,203.01	1,155,409.01	1,132,679.03	1,217,630.15

NPV at 25%	2,288,593.48	
NPV at 30%	1,800,492.05	
IRR	11.90	

Projected Balance Sheet (in USD.)

Particulars	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
Assets:										
Fixed Assets (net)	248,900.00	205,850.00	190,351.75	165,625.18	131,445.04	100,561.86	132,177.04	125,689.74	128,710.16	122,835.08
Current Assets:										
Cash & bank	91,058.71	134,302.51	147,131.07	185,015.68	234,048.25	281,707.27	269,054.04	196,991.27	218,256.16	251,652.43
Debtors	15,133.33	15,293.33	15,485.33	17,149.07	19,002.21	21,068.32	23,374.22	25,950.52	28,832.23	32,059.44
Total Current Assets	106,192.04	149,595.84	162,616.40	202,164.75	253,050.47	302,775.59	292,428.26	222,941.79	247,088.39	283,711.87
Less: Current Liabilities:										
Trade Creditors	2,124.36	2,257.58	2,399.62	2,551.09	2,712.66	2,885.02	3,068.95	3,265.24	3,474.77	3,698.49
Net Current Assets	2,124.36	2,257.58	2,399.62	2,551.09	2,712.66	2,885.02	3,068.95	3,265.24	3,474.77	3,698.49
Net Total Assets	352,967.68	353,188.26	350,568.53	365,238.84	381,782.85	400,452.43	421,536.35	345,366.29	372,323.78	402,848.46
Financed by:										
Equity & Joint venture	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00	337,000.00
Loan	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00	0.00	0.00
Reserves	15,967.68	16,188.26	13,568.53	28,238.84	44,782.85	63,452.43	84,536.35	8,366.29	35,323.78	65,848.46
Net Worth	352,967.68	353,188.26	350,568.53	365,238.84	381,782.85	400,452.43	421,536.35	345,366.29	372,323.78	402,848.46

M/S C.F. BUILDERS LIMITED P.O. BOX 1755 MWANZA

Loan Repayment Schedule (in USD)

Amount 450,000

Period 7 years

Rate 5% p.a

Particulars	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII
Opening	450,000	450,000	385,714	321,429	257,143	192,857	128,571	64,286
Interest	22,500	22,500	19,286	16,071	12,857	9,643	6,429	3,214
Loan repayment	0	64,286	64,286	64,286	64,286	64,286	64,286	64,286
Total payment	22,500	86,786	83,571	80,357	77,143	73,929	70,714	67,500
Loan balance	450,000	385,714	321,429	257,143	192,857	128,571	64,286	0

