

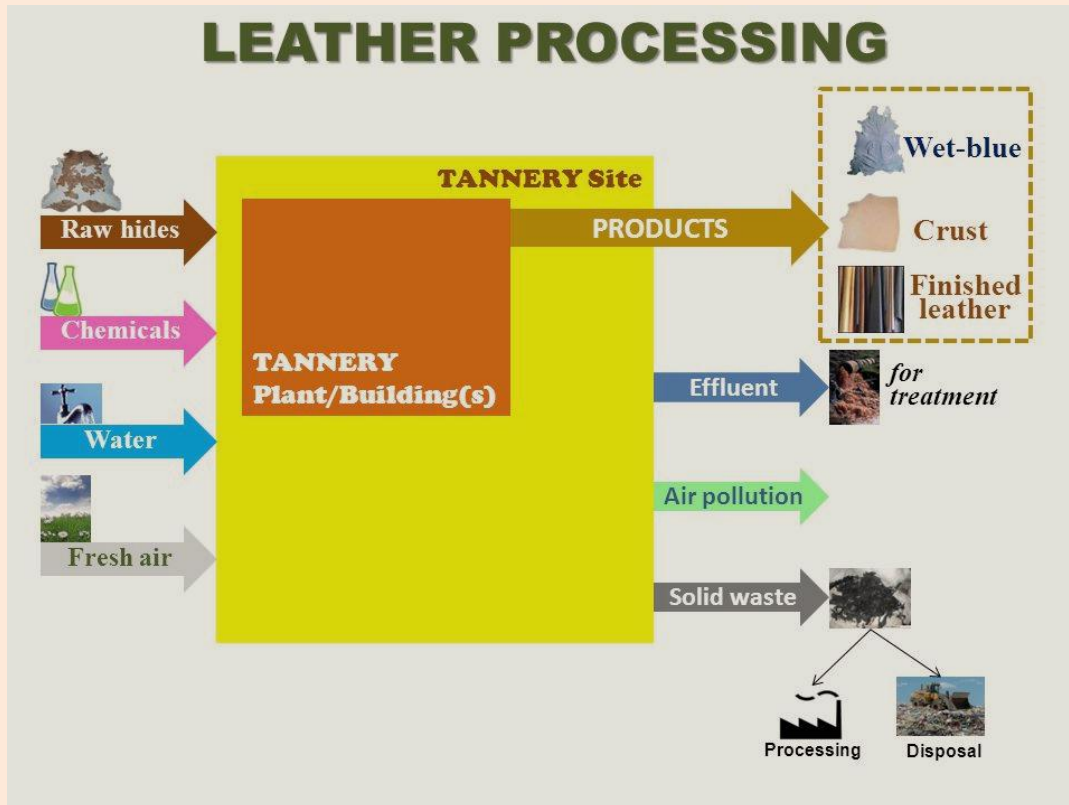
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PROJECT PLAN ON

Booming the Leather Industry in Tanzania

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Year 2020

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I. INTRODUCTION

Tanzania has the third largest livestock population in Africa after Ethiopia and the Sudan. Tanzania accounts for 6.5% of Africa's cattle population, 4.7% of goats and 1.7% of sheep populations. In recent years, the country had, on average, 14.2 million cattle, 9.8 million goats and 4.1 million sheep. Cattle, goats and sheep populations grew annually at the rate of 0.62, 1.17 and 0.51 percent respectively.

In the absence of accurate statistics on off-take rates and rates of collection of hides and skins, accurate estimate of hides and skins production is rather difficult. However, FAO estimates suggest that from the large livestock population, Tanzania produces a sizeable amount of raw hides and skins. Its share of cattle hide production in Africa is apparently higher than its share of cattle population indicating that off-take rate of cattle is perhaps higher in Tanzania than in some other countries.

The importance of the leather industry is undeniable for the United Republic of Tanzania as it provides clear opportunities for value addition to the hides and skins produced in Tanzania, home of the 3rd largest livestock herd in Africa. Socio-economically, the sector contributes to employment generation through abattoirs, tanneries and leather products manufactured along the value chain down to the livestock keepers. The sector offers an important opportunity for country to further integrate in global trade.

The Hides, Skins and Leather Sector in Tanzania, despite its potential to contribute in the economy in terms of employment creation, income generation, foreign earnings and poverty reduction, has suffered from a range of critical cross-sectional operational constraints that have hindered the sector's development since the 1980s. The industry is currently at a low level of development

It is relevant here to appreciate the objectives of various stakeholders' vis the development of this sector in the country. First, the government's objective is to add value to the raw materials available in the country by producing downstream products of leather including footwear, garments, leather goods etc. Next, the industry's objective, in spite of the various challenging features present, is to generate more wealth from the raw material resources. If we look at labour as the third stakeholder, their objective too is to find more jobs within the country and to gradually improve their economic condition through better working conditions and wages. Consequently, the **Tanzania Leather Sector Development Strategy (2016-2020)** has been prepared to address all issues related to sector performance, specifically competitive constraints affecting the sector performance. This strategy is the outcome of joint effort by a wide spectrum of stakeholders, reflecting public-private smart partnership. Its implementation equally depends on the common effort of each one of us to carve a place for Tanzania in the global economy and a niche for its products in the international market place. The essence of the strategy is to enable Tanzania use her resources to address economic challenges with the objective of attaining the goals of the **Development Vision 2025**. The goal is achievable if all of us work together in a focused and strategic way.

We "**Kirobe Investments Limited**" as private sector, being the primary beneficiary of this strategy implementation, and having been directly involved in its design process, are committed to contribute to the implementation of the strategy. **LAT** believes that appropriate strategy implementation will help the industry transform itself. However, it would need a strong and determined government and industry to propel the industry from its current rather unsatisfactory situation. The government and the industry must truly believe that the transformation is possible and can be done within a reasonable time.

2. THE INDUSTRY OVERVIEW

2.1 Leather Sector Overview

Since privatization and market liberalization in the mid- 1980s, the Tanzanian leather sector has experienced a sharp decline in many of its manufacturing operations, such that most of the footwear and leather goods industry was replaced by imports. The tanning industry also faced difficulties in terms of attracting investment to upgrade existing facilities or in building productive capacity without State interventions.

2.2 Leather Sector Fluctuating Growth

The tanning industry, while currently faltering, has a huge opportunity for expansion and value addition and should aim to become a standard leather supplier to the region and the world. The additional advantages that the sector

enjoys are labour availability, port facilities and the commitment of the Government to improving the sector. The country's tanning industry only produces at around 46 % of installed capacity, and mostly processes up to the stage of wet-blue. Exports from the leather sector have been fluctuating between US \$ 7 million and US \$ 21 million over the last decade.

2.3 Leather Sector Target Focus Growing Opportunities

The United Republic of Tanzania has suffered from a decline in its leather industry since the mid-1980s. The industry was not very competitive to start with and the liberalization process, together with the lack of public sector investment, led to it being hollowed out. Some FDI has since been injected into the tanning sector, which is currently the most vibrant stage of the value chain. Despite the fact that the tannery sector is more dynamic than other segments of the industry, critical constraints to source materials remain upstream, and the sector remains undeveloped in downstream activities. Despite thriving international demand for leather products, Tanzanian export performance has been lacklustre. This section explores the overall structure and performance of the sector in the United Republic of Tanzania.

2.4 Input Requirements in the Industry

There are numerous types of inputs required for the production of leather and leather products. Upstream activities of the value chain concern animal husbandry and the inputs needed to keep livestock. The key livestock production inputs include breeding techniques for calves, veterinary services, immunization and animal foodstuffs. The National Ranching Company (NARCO) plays a critical role in promoting breeding operations, with a view to breeding superior quality cattle to smallholder and pastoral livestock producers. Access to finance is an important aspect of animal husbandry because a number of years are required before cattle are ready for slaughter.

Inputs for slaughter slabs, houses and abattoirs include storage materials such as warehouses and salt, tools such as flaying implements, and access to finance to assist with investment in and the cash flow operations of the slaughtering operations.

Tanneries require inputs in the form of machinery, which is imported; chemicals, which are also imported; qualified labour; and finance. Such materials and labour are relatively easily accessible, even if qualified expatriate labour is seen as more expensive and complicated to obtain owing to immigration controls.

Leather manufacturers also require a number of inputs, such as machinery and tools, design skills, and marketing channels. The footwear industry also requires

inputs, such as soles, shoelaces, metallic pieces, etc. In the United Republic of Tanzania, many leather product designers reuse existing parts available in the country in order to keep prices down, thus making use of recycled materials.

2.5 Contribution of hides and skins to rural livelihoods

Hides and skins are an end product of animal production. As an end product – although more correctly they are a by-product—they are an important and valuable resource. In the Tanzania and other developing countries, they are almost never exploited to anything like their full potential. Hides and skins are often thought of as intrinsically unclean and end up being discarded or wasted because of ignorance or misinformation. Others are processed improperly which greatly reduces their potential value.

Hides and skins are a renewable resource of national and international significance. They provide scope for exploitation on a sustainable long-term basis. More particularly, production and marketing of hides and skins provide opportunities to support and sustain livelihoods especially in rural areas. In order to operate successful ventures, however, there must be a suitable business structure and the hides and skins must be treated as commercial assets. As a resource, hides and skins are the raw materials for various types of businesses – such as collecting, processing and distributing – which provide many service jobs in countries where livestock are produced. To take advantage of this in a successful way, farmers, merchants, butchers, entrepreneurs, and traders working in rural communities need to take full advantage of their local knowledge, including sources and supplies of hides and skins. Each of these groups needs to be aware of its own special skills and those of others in the supply chain so that each is able to add to the production process. Too often butchers, for example, see hides and skins merchants simply as unnecessary middlemen. Greater understanding and appreciation of other people's contribution to the business of hide and skin production – for example under the auspices of trade associations – could help to resolve contentious issues and promote economic cooperation.

3. PROJECT ANALYSIS

3.1 The Context

Leather processing business which is popularly called **Leather Tanning and Finishing Investments** are businesses that are involved in the following activities: **tanning, currying and finishing hides and skins; and dyeing and finishing furs**. Operators in this industry generally purchase or obtain raw skins from slaughterhouses and treat and dye them to create finished leather.

If you keep a close tab of happenings in the leather tanning and finishing industry, you will agree that in the last five years, the revenue generated from the industry increased

slightly. While improved economic conditions have driven downstream demand from the automotive market, the industry has continued to be adversely affected by import competition.

The industry will also face increased competition from substitute products such as faux leather. As the **“Inflation of our Tanzanian Currency to US dollar”** is expected to improve, high import levels of hide and skins products will persist and exports of skins from our country will continue to decline. As a result, industry revenue is anticipated to decline over the five years.

The Leather Tanning and Finishing Industry is a thriving sector of the economy in Tanzania and can generate more Forex Income through Exports for creation of economic base for development of the nation. The recent research conducted by various Researchers shows that the Leather Tanning and Finishing Industry in Tanzania operates with a low level of **Capital Intensity**, as while operators do require machinery for many production processes, the industry’s machinery needs are on a smaller scale than other manufacturing industries, and labor is the primary input of production.

One good thing about the **Leather Processing Business** is that the business can be targeted at **National or International Markets** depending on the financial capacity of the Investing Company. According to the **“Tanzania Leather Sector Development Strategy (2016-2020)”**; **Leather Processing Business in Tanzania** viewed as a profitable industry and it is open for any aspiring entrepreneur to come in Tanzania and establish Leather Investment Industry that can compete for the available market and make profits.

3.2 The Project Plan Summary

Kirobe Investment Limited is a Company Incorporated on 24th day of November 2004 With **Certificate No. 50939** under the Company Act of the Law of Tanzania. It is licensed to carryout leather businesses including processing for Internal market as well as External Markets through Exports. The company is in progressive Strategy on establishment the **“Leather Processing Plant”** in Dodoma Tanzania. The Company has secured a long – term lease for a facility in a strategic location for investment of the Plant in **Dodoma Tanzania**.

The Company is applying the **“Incentive”** facilities from the **“Tanzania Investment Centre”** for the government approval for the kind of manufacturing business we want to run and it is easily accessible and we are deliberate about that in order to facilitate easy creation of market for hides and skins from rural farmers for improved social economic developments and livelihoods through leather industry in Tanzania. We are aware that there are few leather tanning and finishing companies in Tanzania whose products can be found in nooks and crannies of the nation, which is why we spent time and resources to conduct our feasibility studies and market survey so as to enable us visualizing the market status of end products processed by our company Nationally and Internationally. Beyond manufacturing quality and safe leather, our customer care is going to be second to none.

We know that our customers are the reason why we are in business which is why we will go the extra distances to get them satisfied when they purchase our products.

- **Products**

Booming the Hides and Skins Processing Project run by “**Kirobe Investment Limited**” shall going to run a **Standard Leather Processing Plant** whose products will not only be sold in Tanzania but also throughout East Africa and overseas countries specifically Italy where the venture business is in agreement pipeline. We are in the leather tanning and finishing industry to make profits and also to create market to our poor farmers in villages, create employment to youth, enhance good livelihoods and improved social economic developments to communities in Tanzania.

The following are some of the products that we expect to manufacture in our Plant;

- Upper leather (including patent)
- Wet blues (unfinished)
- Upholstery leather
- Garment leather
- Contract or commission leather
- Calf, sheep and other animal leather
- Sole and accessories of Rubber Materials
- Other leather (including furs)

- **Vision Statement**

*Our vision is to “establish **Standard Leather Processing Company** whose products will not only be sold in Tanzania, but also throughout East Africa and overseas countries of the world”.*

- **Mission Statement**

*Our mission is to “establish a world class **Leather Processing Company** that in our own capacity will favorably compete with leaders in the leather tanning and finishing industry”. We want to build a business that will be listed amongst the top 5 leather processing brands in the **United Republic of Tanzania**.*

- **Business Structure**

Kirobe Investment Limited is established with the aim of competing with other leading leather processing companies in the industry. This is why we will ensure that we put proper structures in place that will support the kind of growth that we envisaged while setting up the business.

We will make sure that we only recruit people that are qualified, honest, hardworking, customer centric and are ready to work to help us build a prosperous business that will benefit all our stake holders. As a matter of fact,

profit-sharing arrangement will be made available to all our **Senior Management Staff** and it will be based on their performance for a period of assigned years or more depending on how fast we meet our set target.

In view of that, we expect to recruit qualified and competent Personnel to occupy the following positions;

- Chief Executive Officer (Owner)
- Plant Manager
- Human Resources and Admin Manager
- Merchandise Manager
- Sales and Marketing Manager
- Machine Operators
- Accountants/Cashiers
- Distribution Truck Drivers

3.3 Business Environmental Scanning - (SWOT Analysis)

From our market research conducted, we got to know that there are poor leather tanning and finishing companies in Tanzania which is why we are following the due process of establishing a business so as to uplift the Industry in Tanzania.

We know that if proper SWOT analysis is conducted for our business, we will be able to position our business to maximize our strength, leverage on the opportunities that will be available to us, mitigate our risks and be well equipped to confront our threats.

Kirobe Investment Limited Company, expect to recruit experts in Human Resources and Business Analysts with bias in startup businesses to help us conduct SWOT analysis and to help us create a business model that will help us achieve our business goals and objectives.

This is the summary of the “**Internal and External Environmental Factors**” (SWOT Analysis) that was conducted by **Kirobe Investment Limited**.

- **Strength:**

Our major strength as a **Leather Processing Company** is the vast experience of our Managing Director **Mr. Daudi Wangwe** who will recruit expertized Personnel for managing this Project. He knows the people who are highly experienced and understand how to grow business from the scratch to becoming a national phenomenon. Access to raw materials in pretty large quantities, and distribution networks for our excellent customer service culture that will count as a strong strength for the business.

- **Weakness:**

One major weakness that may count against us is the fact that we are a **New Leather Processing Company** and we don't have the **Financial Capacity** to engage

in the kind of publicity that we intend giving the business especially when big names in the leather tanning and finishing line of business are already determining the direction of the market.

- **Opportunities:**

The opportunities available to leather processing companies are enormous because almost all Tanzanians make use of products that are made from leather. As a result of that, we were able to conduct thorough market survey and feasibility studies so as to come up with 'on – point products', position our business to take advantage of the existing market for tanned and finished leather products and also to create our own new market. We know that it is going to require hard work, and we are determined to achieve it.

- **Threat:**

The industry has been adversely affected by import competition, and the fact that domestic leather products and apparel manufacturing industries are too local that cannot compete with imported leather products especially from **China** that are even poor in quality and are not purely leather products will likely pose a threat to our business.

4. MARKETING ANALYSIS

4.1 Marketing Trend

The current various researches conducted shows that the Leather Tanning and Finishing industry in Tanzania is undergoing a transition period and therefore needs serious high Investments due to the fact that, Tanzania is a 2rd largest livestock population in Africa after Ethiopia. Despite that, Tanzania has been a Centre of poor leather dumped products from China and Asian Countries. It has come to some traders are considering exporting high quality hides and skins from Tanzania to overseas and bringing poor leather products back to the United Republic of Tanzania to arising high prices compared to the manufacturing costs in abroad.

4.2 Target Market

Booming the Hides and Skins Processing Project once it comes in full production of Intended leather products, there is indeed a wide range of available customers. In view of that, we have conducted our market research and we have ideas of what our target market would be expecting from us. We are in Investment Venture with processed leather to Italy abroad. However, we generally target retail markets in a wide range to the following groups of customers;

- Leather belts, shoes, bags, luggage and wallets manufacturers
- Leather car seat manufacturers
- Every other manufacturing companies that make use of tanned and finished leather as raw materials

4.3 Competitive Advantage

A close study of the industry reveals that the market has become much more intensely competitive over the last decade due to the high importation of leather finished products. As a matter of fact, we have to be highly creative, customer centric and proactive if we need to survive in this industry. We are aware of the stiff competition and we are prepared to compete favorably with other companies in Tanzania and throughout East Africa.

In view of that, **Kirobe Investment Limited** is launching a standard leather processing brand that will indeed become the preferred choice for manufacturers that make use of processed leather in every region where our product will be retailed.

4.4 Sales and Marketing Strategy

- **Source of Income**

Kirobe Investment Limited, is established with the objective of maximizing profits in the leather tanning and finishing industry in the United Republic of Tanzania and we are going to go all the way to ensure that we do all it takes to sell our products to a wide range of customers.

- **Sales Forecast**

One thing is certain when it comes to leather processing and manufacturing business, our products is expected to be well – packaged and branded regarding that our production plant shall be centrally positioned and easily accessible, we will always attract customers cum sales that will translate to increase in revenue generation for the business.

- **Marketing Strategy**

Prior to choosing a location for planting the Leather Processing Plant in Tanzania, we conducted a thorough market survey and feasibility studies in order for us to be able to penetrate the available market in our target market locations. We have detailed information and data that we were able to utilize to structure our business to attract the number of customers we want to attract per time and also for our products to favorably compete with other leading brands in Tanzania.

5. FINANCIAL ANALYSIS

M/S. Kirobe Investment Leather Processing Project financial analysis suggests that; the preliminary estimates will experience a steady growth in the first year of operations.

The Project anticipates an increase in **Gross Margin** and **Sales Volume** in subsequent years of income. Thus the overall financial analysis presents a conservative but realistic depiction of the Leather Production and Value Chain project general financial position.

5.1 Important Assumptions

We assume the following to the “Leather Processing Project” in five years:

- **That**, the market projection growth rate for the project is accurate.
- **That**, the national economic condition, which are favorable to the project will not experience significant decline in the forecasted five years
- **That, the Project** will have an annual revenue growth rate of **37.4%** in the **2nd** year to **44.8%** in the **3rd** year, **56.4%** in the **4th** year and **63.7%** in the **5th** year of business transactions.
- **That**, the depreciation rate of the plan and properties of the Leather Processing Pant unit will be at **12.5%** in reducing balance basis and **Return Ratio at 18%**.
- **That**, we stay in-line with the continuing advances in technology of Leather Processing to promote Leather Industry in Tanzania.

5.2 Investment Cost of the Project

The total **Initial Investment Cost** of the project including working capital is estimated at **USD\$: 612,500.00** equivalent to **TZS: 1,378,125,000=**. This fund will be in terms of **Equity, Debt or Grants funding** from **Financiers**.

Table: 5.2. Sources and Uses of Funds

• Sources of Funds	USD \$	TZS
➤ Fund from other, sources (owners' Equity)	112,500	253,125,000
➤ Debt/Loan/Equity/Grant	500,000	1,125,000,000
Total Sources of Funds	612,500	1,378,125,000
• Uses of Funds		
➤ Purchase of Machines & Equipment	176,352	396,792,000
➤ Purchases of Raw Materials/Hides and Skins	123,646	278,203,500
➤ Ware house	222,576	500,796,000
➤ Pre-Production Expenses	89,926	202,333,500
Total Uses of Funds	612,500	1,378,125,000

USD \$ 1 = TZS: 2,250/=

5.3 Cash flow Forecasting for Years 2021-2025

The cash flow forecasting will be conducted in five years consecutively from year 2021 to 2025. Additionally, in the subsequent year after 2025, the value of the business will be estimated and put into account in the year end for forecasting 2025 in order to get more accuracy of **IRR** and **NPV** calculation.

The cash flow forecast for the Enterprise for five years ending 31st December of each year is as follows:-

Table 5.3: Cash flow forecasting for year 2021 to 2025 in TZS “000”

	DESCRIPTION	Initial Investment	2021 Forecast	2022 Projection	2023 projection	2024 Projection	2025 Projection	TOTAL
A	CASH INFLOW							
	Sales of Leather Products	-	238,624	327,869	474,755	742,517	1,215,500	2,999,265
	Debt/Loan/Equity/Grant	1,125,000	-	-	-	-	-	1,125,000
	TOTAL CASH INFLOW	1,125,000	238,624	327,869	474,755	742,517	1,215,500	4,124,265
B	CASH OUTFLOW							
	Purchases of Machine Equipments	691,792	-	-	-	-	-	691,792
	Renovation of the Factory	-	-	-	-	-	-	-
	Purchase of Raw Materials(Hides & Skins)	279,442	-	64,542	88,680	128,410	200,833	482,465
	Capital Investment	147,970	8,894	10,006	13,658	22,836	36,012	137,501
	Machine Parts & Maintenance	-	-	816	918	1,033	1,193	3,960
	Utilities	-	9,136	11,639	15,689	22,970	36,223	95,657
	Office Furniture & Equipments	5,796	-	-	1,250	-	1,750	8,796
	Production & Administration Expenses	-	25,938	29,180	32,828	36,931	41,548	166,425
	Loan Repayment & Interest	-	40,779	40,779	40,779	40,779	40,779	203,895
	TOTAL CASH OUTFLOWS	1,125,000	84,747	156,962	193,802	252,959	358,338	2,171,808
	NET CASH GAIN/LOSS (A-B)	-	153,877	170,907	280,953	489,558	857,162	1,952,457
	Beginning Cash balance	2,725	2,725	156,602	327,509	608,462	1,098,020	2,725
	End Cash balance	2,725	156,602	327,509	608,462	1,098,020	1,955,182	1,955,182

From the cash flow analysis in the table 5.3, the Initial Investment Cost from “Debt Financing” is USD \$ 500,000.00 equals to Tshs. 1,125,000,000=.

However, the calculation of IRR (Internal Rate of Return), NPV (Net Present Value), and Payback period can be summary as following

- Internal Rate of Return (IRR) = 15,8%
- Net Present Value (NPV) = TZS 827,457,000/=.
- Payback period = 4.0 years (year 2024)

From the results, the return is very satisfying because the IRR is quite much high and also the NPV is also high and the Payback period quite a bit long and cash at the ending balance in the fifth year is very high. Therefore, the scenario in financial situation of the business shows that, the Payback period is still in five years and IRR is still pleasing.

5.4 Projected Income Statement

The Profit Forecast and Projection for the project from the manufacturing cost is shown on the following table

Table 5.4 The Projected Cash flow for the Enterprise for five years ending 31st December in each year is as follows in **TZS “000”**

DESCRIPTION	YEAR 2021 Forecast TZS	YEAR 2022 Projection TZS	YEAR 2023 Projection TZS	YEAR 2024 Projection TZS	YEAR 2025 Projection TZS
REVENUE					
Sales of Leather Products	238,624	326,369	474,755	742,517	1,215,500
TOTAL SALES	234,624	326,369	474,755	742,517	1,215,500
<u>COST OF SALES</u>					
Purchases of Raw Materials	60,442	64,542	88,680	206,234	431,135
Transportation Expenses	98,894	64,126	129,479	172,836	236,012
TOTAL COST OF SALES	168,336	128,668	218,159	379,070	667,147
GROSS PROFIT	70,288	197,701	256,596	363,447	548,353
<u>EXPENSES</u>					
Production & Administrative Expenses	25,938	29,180	32,828	36,931	41,548
Machine Parts & Maintenance	-	816	918	1,033	1,193
Utilities	9,136	11,639	15,689	22,970	36,223
Depreciation	2,922	3,287	3,698	4,160	4,680
Other expenses	2,778	2,976	3,116	3,712	4,016
TOTAL EXPENSES	40,774	47,898	56,249	68,806	87,660
Profit Before Tax	29,514	149,803	200,347	294,641	460,693
TRA – Taxes 30%	(8,854)	(14,940)	(30,104)	(58,392)	(108,208)
NET PROFIT / LOSS	20660	134,864	170,243	236,249	352,485

The revenue in the forecast year 2021 is at **TZS: 238,624,000** with Net Profit at **TZS: 20,660,000**; and **Gross Profit Margin** rate of **29.5%**

- **Sales Growth** from the forecast year to year 2022 is at **TZS 326,369,000** in 2023 **TZS: 474,756,000**; in 2024 **TZS 742,517,000**; and in 2025 is at **TZS 1,215,500,000**; respectively.
- The **Net Profit** is at **TZS: 134,863,000** in 2022, **TZS: 170,243,000** in 2023; **TZS: 236,249,000** in 2024 and **TZS: 352,485,000** in 2025 respectively.

5.5 Projected Balance Sheet

Table: 5.5: The Projected Balance Sheet for the Project for five years as at 31st December of each year is as follows – in Tzs “000”

Description	Year 2021 Forecast TZS	Year 2022 Projection TZS	Year 2023 Projection TZS	Year 2024 Projection TZS	Year 2025 Projection TZS
ASSETS					
<u>NON-CURRENT ASSETS</u>					
• Plant and Properties	23,373	32,114	46,501	72,728	119,055
• Accumulated Depreciation	(2,922)	(3,287)	(3,698)	(4,160)	(4,680)
TOTAL NON- CURRENT ASSETS	20,451	28,827	42,803	68,568	114,375
<u>CURRENT ASSETS</u>					
• Inventory	38,325	41,073	60,739	85,132	128,678
• Trade Debtors Other & Receivable	-	107,712	118,861	122,119	127,918
• Cash& Cash Equivalents	150,596	141,133	172,118	187,711	27,918
• Other Current Assets	11,712	12,116	14,915	15,553	196,200
TOTAL CURRENT ASSETS	200,638	302,034	366,533	410,515	480,714
TOTAL ASSETS	221,084	330,861	409,336	479,083	595,089
<u>LIABILITIES AND EQUITY</u>					
<u>NON-CURRENT LIABILITIES</u>					
• Long term Loan	163,116	122,337	81,558	40,779	-
TOTAL	163,116	122,337	81,558	40,770	-
<u>CURRENT LIABILITIES</u>					
• Trade Creditor &Other Payables	-	27,151	89,871	73,862	13,264
• Taxation	2,476	4,675	14,280	33,441	65,364
• Other Liabilities	-	1,227	1,868	9,915	1,110
TOTAL CURRENT LIABILITIES	2,476	33,053	106,019	117,218	79,738
TOTAL LIABILITIES	165,592	155,390	187,577	157,997	79,738
<u>EQUITY</u>					
• Capital Account	34,832	40,608	51,516	84,837	162,866
• Profit for the Year	20,660	134,863	170,243	236,249	352,485
NET WORTH	55,492	175,471	221,759	321,086	515,351
TOTAL LIABILITIES AND EQUITY	221,084	330,861	409,336	479,083	595,089

6. CONCLUSION AND RECOMMENDATIONS

We recommend this project to adopt the **Economics Rate of Return (ERR)** in order to be relevant.

The concept of **ERR** to be applied to this project shall be more relevant because it involve medium capital development. In other ways, this project is technically feasible, financially productive and socially desirable. We therefore call upon the Financial Institutions and other Agencies to join our hands for funding this project of **Booming the Leather Processing Industry in Tanzania**.

With thanks

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