KCL PAINTS

INVESTING IN PAINT MANUFACTTURING PROJECT

BUSINESS PLAN

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Part I

1.0 Executive Summary

This is a brief Business Plan to be presented to the members of KABAJEMI Company Limited; the owners of the proposed company are Tanzanian nationals. The object is to determine total project cost and viability of the project and finally sourcing inputs for investment.

The proposed project envisaged at manufacturing of highly quality paints in Tanzania applying Turkish technology the assorted paint products shall entail:

- Architecture & Eco-coating, industrial coating including weather resistant coating, offshore structure, power plant, bridge, water/waste treatment facility, plastic, nonferrous metals, planting surface, functional coating,
- Chemicals\ plant and infrastructure coating,
- Tank/container, cookware, refrigerator, pipe, military combat including ground aviation, munitions coating
- Under water ballast tank, cargo holds, marine vessel interior & exterior coating , steel structure, drinking & fresh water tank, bridges, flooring & water proof flooring coating, anti-corrosion primer, sound and fire proof insulation coating, hi-solid coating and
- Construction of buildings marine vessels deck house, topside and exposed weather deck heavy coating.

2.0 Capital Investment Cost

The total initial project investment costs are estimated at USD US$ 242,208 to be funded through owner's equity at 100%, there will be no any local or external borrowings. The monies will go directly into fixed assets US $ 129,337 and US $ 112,871 as an initial working capital.

3.0 Source of Funds

Directors shall avail the fund from their own sources, indigenous directors will avail cash for buildings, furniture, and a delivery van, other fixed assets and raw materials will be purchased from abroad by Local directors, therefore the entire investment inputs will to be availed by the directors, local nor foreign banks shall not be requested for liquidity.

4.0 Investment & Re-Investment

Funds deployment		US $
land		00
Building structure/Civil works		45,000.00
Plant & Machinery		30,900.00
Motor vehicles		25,000.00
Furniture, Fittings & Fixtures, Office Equipment's		15,762.00
Pre-operational Cost		12,675.00
Working capital		112,871.00
Total investment cost 242,208.00		

5.0 Proposed financing pattern US $

Source	Existing Equity	New Funding		Total	Gearing
		Local	Local		
Equity	00	85,762.00	30,900.00	116,662.00	48.17%
Pre-Operational	00	12,675.00	00	12,675.00	5.23%
Working Capital	00	00	112,871.00	112,871.00	46.60%
Bank Loan	00	00	00	00	00
Total Finance	00	97,437.00	143,771.00	242,208.00	100%

6.0 financial Assumptions

6. 1 projected Balance sheet

The balance Sheet projections shows a very strong cash balance from the beginning of commercial operations. The current liabilities are adequately covered by current assets throughout the projected period. The net worth of the company before declaring dividends rises steadily from US $ 237,403.65 from the first year of investment to US $9,218,186.24 in the fifth year showing the project's capacity for cash generation and growth. The average return on total investment cost of the project works out of 1 year and over 100% which is acceptable with payback period which is two years.

6.2 Income Projections

Financial Projections conducted over five year's period indicate the proposed project is viable and profitable as it makes reasonable profits beginning from the first year of operations.

Accumulated profit grows US $ 952012.57 from the first year of operation to US $ 4,760,062.85 at the end of fifth year of operation after tax.

6.3 Cash Flow projections

The cash flow projections reveal that will be reasonable cash generated to meet both short-term and long term obligations.

Net cash indicates excess of US $ 1,810,566.09 at first year then the rising steadily to US $ 9,052,830.44 the fifth year of operations.

6.4 discounted Cash Flow

The financial (after tax), Rate of Return of the project is at average of US $ 643,993 that is acceptable and quite attractive to prospective investors since it is above the cost of capital injected revealing ratio of 1:3.

Projections also show that a total of USD 92385.82 will be collected in form of corporate taxes, USD 78,108.75 in local Government levies and USD 27,300.00 as corporate Social Responsibility will be realized over the next five years of operation of the project plus numerous job opportunities.

Component/Year	1	2	3	4	5
Cash inflows					
Expected Income	546,459.70	464,597	464,597	464,597	464,597
Cash Outflows					
Fixed Variables/Invariables	155084,67	1,986,271	1,986,271	1,986,271	1,986,271
VAT	92358.67	937,305	937,305	937,305	973,305
Loan service	00	00	00	00	00
Interest on Loan	00	00	00	00	00
Local Govern. Levies	621.75	15,775.51	15,775.51	15,775.51	15,775.51
CSR-Community	460	5,460	5,460	5,460	5,460
Taxation	9369.56	769,370	769,370	769,370	769,370
Total Cash out	257894,65	3,654,184	3,654,184	3,654,184	3,654,184
Net Cash Flows	102809,98	205619,96	308429,90	411239,92	514049,9
Cumulative	1,810,413	3,620,826	5,431,239	7,241,652	9,052,065

6.6 Return on Investment

The total investment cost of the project shall be USD 242,208 by the end of fifth year, the project shall have accumulated cash of US $ 9,052,065 million more than original investment cost. The project therefore recoups its investment cost evenly.

Part II

Introduction

1.0 Formation of the Company and Legal Status

Tanzanians are desirous to form a paint manufacturing Company in Tanzania to be known as KABAJEMIC Company Limited under the Companies Act 12 of 2002 of Tanzania under Business Registration and Licensing Authority (BRELA).

2.0 The Proposed Registered Offices

Is located at Plot No 9/21 Nyamwezi/Omary Londo street P.O BOX 15066 in Dar Es Salaam Region in the Republic of Tanzania.

3.0 The Business

Presently the company is on mobilization progress to embark on industrial action plant to erect paint manufacturing plant at Apt No 001 area no 2/b Kurasini BandariStreet. In Dar es salaam Region where the Company is leasing a piece of go down owned by national house corporation.

4.0 Directors

The directors of the company

1. Twaha Ally Kabajemi
2. Amina Jabir Said

5.0 Proposed Authorized Share Capital

The registered share capital shall be 100,000,000/= divided into 1000 shares of 100,000/= each with directors having powers to increase the same and review the nominal value per share of shares comprised in any increased amount.

Capital structure

Twaha Ally Kabajemi	50%
Amina Jabir Said	20%
An allotted	30%

Shares Allotment US $ 408,163.27

Item/year	0	1	2	Total
Local Partners				
Building	0	45,000.00	0	45,000.00
Delivery van	0	25,000.00	0	25,000.00
Furniture	0	9,000.00	0	9,000.00
Preoperational expenses	0	13,567.00	0	13,567.00
Working Capital – skilled and Unskilled labor's	0	68,002.21	68,002.21	136,004.21
Sub- total		160,569.21	68,0021.21	228,571.43
Plant & Machinery	0	30,900.00		30,900.00
Working capital	0	112,871.00	35,820.00	1148,691.84
Sub – total		143,771.00	35,820.00	179,591.84
Grand total		304,340.21	103,822.21	108,163.27

6.0 Background

Paint is a term used to describe a number of substances that consist of a pigment suspended in a liquid or paste vehicle such as oil or water. With a brush, a roller, or a spray gun, paint is applied in a thin coat to various surfaces such as wood, metal, or stone. Although it's primary purpose is to protect the surface to which it is applied, paint also provides decoration.

Samples of the first known paintings, made between 20,000 and 25,000 years ago, survive in caves in France and Spain. Primitive paintings tended to depict humans and animals, and diagrams have also been found. Early artists relied on easily available natural substances to make paint, such as natural earth pigments, charcoal, berry juice, lard, blood and milkweed sap. Later the ancient Chinese, Egyptians, Hebrews, Greeks, and romans used more sophisticated materials to produce paints for limited decoration, such as painting wall. Oils were used as varnishes, and pigments such as yellow and red ochre's, chalk , arsenic sulfide yellow, and malachite green were mixed with binders such as gum Arabic, lime, egg albumen, and beeswax.

Paint was first used as a protective coating by the Egyptians and Hebrews, who applied pitches and balsams to the exposed wood of their ships. During the middle Ages, some inland wood also received protective coatings of paint, but due to the scarcity of paint, this practice was generally limited to store fronts and signs. Around the same time , artists began to boil resin with oil to obtain highly miscible (mixable) paints, and artists of the fifteenth century were the first to add drying oils to paints, thereby hastening evaporation. They also adopted a new solvent, linseed oil, which remained the most commonly used solvent until synthetics replaced it during the twentieth century.

7.0 Raw materials

A Paint is composed of pigments, solvents, resins, and various additives. The pigments gives the paints color; solvents make it easier to apply; resins help it dry; and additives serves as everything from fillers to anti-fungicidal agents. Hundreds of different pigments, both natural and synthetic, exist. The basic white pigment is titanium dioxide, selected for its excellent concealing properties, and black pigment is commonly made from carbon black. Other pigments used to make paint include iron oxide and cadmium sulfide for reds, metallic saits for yellows and oranges, and iron blue and chrome yellows for blues and greens.

Solvents are various low viscosities, volatile liquids. They include petroleum minerals spirits and aromatic solvents such as benzyl, alcohol, esters, ketones, and acetone. The natural resins most commonly used are lin-seed, coconut,and soybean oil, while alkyds, acrylics, epoxies and polyurethanes number among the most popular synthetic resins. Additives serve many purposes. Some, like calcium carbonate and aluminum silicate, are simply fillers that give the paint body and substances without changing its properties. Other additives produce certain desired characteristics.

Paint canning is a completely automated process. For the standard 8 pint paint can available to consumers, empty cans are first rolled horizontally onto labels,

Then set upright so that the point can be pumped into them. One machine places lids onto the filled cans while a second machines presses on the lids to seal the cons. From wire that is fed into It from coils, a bail meter cuts and shapes the handles before hooking them into holes precut in the cans.

8.0 Design

Paint is generally custom-made to fit the needs of industrial customers. For example, one might be especially interested in a fast-drying paint, while another might desire a paint that supplies good coverage over a long lifetime. Paint intended for the consumer can also be custom-made. paint manufactures provide such a wide range of colors that it is impossible to keep large quantities of each on hand. To meet a request for "aquamarine," "canary yellow", or "maroon", the manufacture will select a base that is appropriate for the deepness of color required. (Pastel paint bases will have high amounts of titanium dioxide, the white pigment, while darker tones will have less). Then, according to a predetermined formula the manufacturer can introduce various pigments from calibrated cylinders to obtain the proper color.

9.0 The Manufacturing Process

9.1Making the paste

- Pigment manufactures send bags of fine grain pigments to paint plants. There, the pigment is premixed with resin (a wetting agent that assists in

moistening the pigment), one or more solvents, and additives to form a paste.

9.2 Dispersing the pigment

- The paste mixture for most industrial and some consumer paints is now routed into a sand mill, a large cylinder that agitates tiny particles of sand or silica to grind the pigment particles, making them smaller and dispersing them throughout the mixture. The mixture is then filtered to remove the sand particles.
- Instead of being processed in sand mills, up to 90 percent of the water-base latex paints designed for use by individual home owners are instead processed in a high-speed dispersion tank. There, the premixed paste is subjected to high-speed agitation by a circular, toothed blade attached to a rotating shaft. This process blends the pigment into the solvent.

9.3 Thinning the paste

- Whether created by a sand mill or a dispersion tank, the paste must now be thinned to produce the final product. Transferred to large kettles, it is agitated with the proper amount of solvent for the type of paint desired.

9.4 Canning the paint

- The finished paint product is then pumped into the canning room. For the standard 8 pint (3.78 liter) paint can available to consumers, empty cans are first rolled horizontally onto labels, then set upright so that the paint can be pumped into them. A machine places lids onto the filled cans, and second machines presses on the lids to seal them. From wire that is fed into it from coils, a bail meter cuts and shapes the handles before hooking them

into holes precut in the cans. A certain number of cans (usually four) are then boxed stacked before being sent to the warehouse.

10.0 Quality Control

A paint manufacturer utilizes an extensive array of quality control measures. The ingredients and the manufacturing process undergo stringent tests, and the finished product is checked to insure that it is of high quality. A finished paint is inspected for its density, fineness of grind, dispersion, and viscosity. Paint is then applied to a surface and studied for bleed resistance, rate of drying, and texture.

In terms of the paints aesthetic components, color is checked by an experienced observer and by spectral analysis to see if it matches a standard desired color. Resistance of the color to fading caused by the elements is determined by exposing a portion of a painted surface to an arc light and comparing the amount of fading to a painted surface that was not so exposed. The paints hiding power is measured by painting it over a black surface and a white surface. The ratio of coverage on the black surface to coverage on the white surface is then determine, with .98 being high-quality paint. Gloss is measured by determining the amount of reflected light given off a painted surface.

Tests to measure the paints more functional qualities include one for mar resistance, which entails scratching or abrading a dried coat of paint. Adhesion is tested by making a crosshatch, calibrated to .07 inch (2 millimeters), on a dried paint surface. A piece of tape is applied to the crosshatch, and then pulled off; good paint will remain on the surface. Scrub ability is tested by a machine that rubs a soapy brush over the paints surface. A system also exists to rate settling. An excellent paint can sit for

six months with no settling and rate a ten. Poor paint, however, will settle into an immiscible lump of pigment on the bottom of the can and rate a zero. Weathering is tested by exposing the paint to outdoor conditions. Artificial weathering exposes a painted surface to sun, water, extreme temperature, humidity, or sulfuric gases. Fire retardancy is checked by burning the paint and determining its weight loss. If the amount lost is more than 10 percent, the paint is not considered fire-resistant.

11.0 By Products/Waste

A recent regulation (California Rule 66) concerning the emission of volatile organic compounds (VOCs) affects the paint industry, especially manufacturers of industrial oil – based paints. It is estimated that all coatings, including stains and varnishes, are responsible for 1.8 percent of the 2.3 million metric tons of VOCs released per year. The new regulation permits each liter of paint to contain no more than 250 grams (8.75 ounces) of solvent. Paint manufacturers can replace the solvents with pigment, fillers or other solids inherent to the basic point formula. This method produces thicker paints that are harder to apply, and it is not yet known if such paints are long lasting. Other solutions include using paint powder coatings the use no solvents, applying paint in closed systems from which VOCs can be retrieved, using water as a solvent, or using acrylics that dry under ultraviolet light or heat. A consumer with some unused paint on hand can return it to the point of purchase for proper treatment.

A large paint manufacturer will have an in-house wastewater treatment facility that treats all liquids generated on-site, even storm water run-off. The facility is monitored 24 hours a day, and the Environmental Protection Agency (EPA) does a periodic record and systems check of all paint facilities. The liquid portion of the waste is treated on-site to the standards of the local publicly owned wastewater treatment facility: it can be used to make

low-quality paint. Latex sludge can be retrieved and used as fillers in other industrial products. Waste solvents can be recovered and used as fuels for other industries. A clean paint container can be reused or sent to the local landfill.

12.0 Production and volume capacity

The project will start production using single machinery at initial stage with capacity of producing 50 tons per day of assorted paint each containing kg. 25, materials involved are almost 1,500 tons of raw materials. Level of production to be increased when other machines are brought in by the directors.

13.0 Marketing, Sales, Selling points

Presently there are more than twenty three companies in the country dealing in paint business: they vary in sizes from the smallest to the giant ones. Out of the number ten dealers are not manufacturer they do order half finished product and do the final mixing in the country for cost effectiveness.

The smaller ones are just operating from a single room and are players in the field. Survey conducted reveals that all the dealers are selling only one category of paint mostly for buildings, the country is lucking marine and industrial paints; the country is lacking marine paint chemical plant infrastructure coating, tank/container, cookware, refrigerator, pipe, military combat including ground aviation, munitions coating underwater ballast tank, cargo holds, marine vessel interior & exterior coating, steel structure, drinking & fresh water tank, bridges, flooring will start manufacturing paints which are being imported into the country and establish selling points in major cities and towns.

14.0 Management and Control

Production operation shall be controlled by local partner who is a professional and highly oriented in paint industry. He will be the in charge

of all raw materials imported and locally procured: other indigenous personnel will be charged with all marketing aspects including advertisement and product sales promotion. Finance and Administration shall be handled local personnel, holder in business Administration and CPA with experience in various capacities,

Including financial controlling studies. The directors shall also appoint a manager who shall be in-charge of day to day operations of the company. The ultimate authority of the company shall be the board of directors to whom the manager shall report. Daily tactical decisions shall be made by the Manager while strategic corporate decisions shall be made by the board at their sittings which shall take place every month.

Other key staff shall be an accounts assistant who shall also be office administration assistant which function she or he shall be assisted by a messenger-cum-driver; storage and processing supervisor who shall also be the quality controller. He shall be assisted by a stores clerk and 2 storage attendants. There shall also be 2 security guards, one for day time and 2 at night.

15.0 Project implementation

First, site preparation shall start upon the establishment of company, then construction of the warehouse which shall house the facility. This shall be followed by internal partitions of the down to provide for office space, storage containers holding area, waiting area and dining area. Lastly shall be of project equipment mobilization. While construction shall be nearing completion, they shall start raw materials for production.

Kabajemi company Ltd

Paint manufacturing and processing project

Notes to Review workings

Operating costs (contd):

Salaries and wages:

	No. of Persons	salary Person	Per Month	Per Annum
		USD	USD	USD
General Manager	2	1,300	1,300	2600
Finance & Administrative Mana	1	400	400	400
Sales & Marketing Manager	1	300	300	300
Designer				
Electrical Technician				
Storekeeper	1	150	150	150
Plant Technicians	1	190	190	190
Plant Operators	2	180	180	360
Quality Controller	1	160	160	160
Supervisor	1	155	155	155
Drivers	1	120	120	120
Security	6	141	141	846
Total	**17**	**1,096**	**1,096**	**5,281**

Kabajemi company Ltd

Paints manufacturing and Processing Project

Notes to Review Workings

Administrative Overheads:	Qty units	month	Per	per annum
Transport				
Rent			1,000.00	12,000.00
Internet & Telephone			300.00	3,600.00
Postages & Parcels			56.00	672.00
Office Expenses			17.00	204.00
Travelling &Accommodation			5,200.00	62,400.00
Consumable Stores			16.00	192.00
Casual Labours			450.00	5,400.00
Vehicle Hiring			124.00	1,488.00
Vehicle Maintenance			324.00	3,888.00
Equipment Maintenance			45.00	540.00
Repairs Building			321.00	3,852.00
Newspapers & Periodicals			12.24	146.94
Total			**7,865.24**	**94,383**

Item/Year	1	2	3	4	5
VAT Output	**937,305.00**	**937,305.00**	**937,305.00**	**937,305.00**	**937,305.00**
VAT Input	257,347.13	257,347.13	257,347.13	257,347.13	257,347.13
Variation	**679,957.87**	**679,957.87**	**679,957.87**	**679,957.87**	**679,957.87**

KABAJEMI CO LTD

P.O.BOX 203 DAR ES SALAAM

Appendix i

Investment & Re-Investment

Investment Plan	USD Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Land	-	0	0	0	0	0
Building	-	45,000	-	-	-	-
Plant & Machinery	-	30,900	-			
Motor Vehicles	-	25,000				
Furniture & Equipment	-	15,762	-		-	-
Pre-Operational Expenses	-	12,675	0	0	0 0	
Working capital	0	112,871	0	-	-	-
Total Fixed Assets	-	242,208	-	-	-	-

Capitalization

Fixed assets	116,662
Pre-Operation Expenses	12,675
Working capital	112,871
Total Initial Investment	242,208

Appendix iii

ECONOMIC DEPRECIATION	USD						
ASSETS Item/year	ASSETS VALUE	% RATE	Year 1	Year 2	0 Year 3	0 0 Year 4	0 Year 5
Land &Buildings	45,000.00	5%	2,250.00	2,250.00	2,250.00	2,250.00	2,250.00
Plant & Machinery	30,900.00	12%	3,708.00	3,708.00	3,708.00	3,708.00	3,708.00
Motor Vehicles	25,000.00	24%	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00
Furniture & Equipmen:	15,762.00	12%	1,891.44	1,891.44	1, 891.44	1,891.44	1,891.44
Pre-Operational Expenses	12,675.00	12%	1,521.00	1,521.00	1,521.00	1,521.00	1,521.00
Working capital	-	0%	-	-	-	-	-
TOTAL ASSETS VALUE	129,337.00	0	-	-	-	-	-
TOTAL DEPRECIATION	0	-	15,370.44	15,370.44	15,370.44	15,370.44	15,370.44
ACCUMULATED DEPRECIATIO	-	-	15,370.44	30,740.88	46,111.32	61,481.76	76,852.20

WORKING CAPITAL REQUIREMEN

	Item/Year	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Requirements							
	1.0 stock : One month		77,491.56				
	: Salary & wages		47,191.47				
	: Others		1,000.00	-	-	-	-
	Working Capital Requirements		125,683.03	-	-	-	-
	Merchandise Inventory		111,261.00	111, 261.00	111,261.00	111,261.00	111,261.00
	1.1 Debtors : One Month		5,210.00	5,210.00	5,210.00	5,210.00	5,210.00
	Total Working Capital		116,471.00	116,471.00	116,471.00	116,471.00	116471.00
2.0 Creditors							
	2.1 Utilities		1,600.00	1,600.00	1,600.00	1,600.00	1,600.00
	2.2 Administrative		2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
	Total Creditors		**3,600.00**	**3,600.00**	**3,600.00**	**3,600.00**	**3,600.00**
	Net working Capital		**112,871.00**	**1,610.00**	**1,610.00**	**1,610.00**	**1,610.00**
	Increase/Decrease in WC		**112,871.00**	**(11,261.00)**	**112,871.00**	**(111,261.00)**	**112,871.00**

PROJECTED INCOME & LOSS STATEMENT	Appendix v					
	USD					
Item/Year	Year 1	Year 2	Year 3	Year 4	Year 5	
Proceeds	1,207,250.00		1,207,250.00	1,207,250.00	1,207,250.00	1,207,250.00
VAT input	59,638.15		59,638.15	59,638.15	59,638.15	59,638.15
Total income	1,266,888.15		1,266,888.15	1,266,888.15	1,266,888.15	1,266,888.15
Direct Cost	29,706.28		29,706.28	29,706.28	29,706.28	29,706.28
Gross Margin	1,237,181.87		1,237,181.87	1,237,181.87	1,237,181.87	1,237,181.87
Fixed variables						
Staff costs	21,440.00		21440.00	21440.00	21440.00	21440.00
Staff Welfare	514.00		514.00	514.00	514.00	514.00
Administrative Costs	10,382.94		10,382.94	10,382.94	10,382.94	10,382.94
Semi fixed Variables						
Storage, Transport, Marketing & Distribution	8,775.51		8,775.51	8,775.51	8,775.51	8,775.51
Community Welfare (CSR)	460.00		460.00	460.00	460.00	460.00
Local government levies	621.75		621.75	621.75	621.75	621.75
Insurance	618.00		618.00	618.00	618.00	618.00
Packaging & Other Costs	3,208.00		3,208.00	3,208.00	3,208.00	3,208.00
Total Operating Costs	46,020.20		46,020.20	46,020.20	46,020.20	46,020.20
Income from Operations	1,191,161.67		1,191,161.67	1,191,161.67	1,191,161.67	1,191,161.67
Non-Operating Costs/Capital						
Interest on long term loan	-					
VAT Output	214,409.10		214,409.10	214,409.10	214,409.10	214,409.10
Economic Depreciation	15,370.44		15,370.44	15,370.44	15,370.44	15,370.44
Total Non-Operating Costs	229,779.54		229,779.54	229,779.54	229,779.54	229,779.54
Gross profit	961,382.13		961,382.13	961,382.13	961,382.13	961,382.13
Taxation	9,369.56		9,369.56	9,369.56	9,369.56	9,369.56
Net Profit After tax	952,012.57		952,012.57	952,012.57	952,012.57	952,012.57
Retained Earnings	952,012.57		1,904,025.14	2,856,037.71	3,808,050.28	4,760,062.85

Appendix vi

PROJECTED CASH FLOW ATATEMENT

Item/Year		USD Year 1	Year 2	Year 3	Year 4	Year 5
Inflows :	equity Contribution – Assets	-	0	0	0	-
	Working Capital Received	-	0	0	0	0
	Long Term Loan Received including w/c	-	0	0	0	0
	Share capital paid in	242,208,00				
	Net Profit after Tax from Operation	1,795,195.6	1,795,195.65	1,795,195.65	1,795,195.65	1,795,195.65
	Non-Operating Cost – Economic Depreciation	15,370.44	15,370.44	15,370.44	15,370.44	15,370.44
	Total inflows	**2,052,774.09**	**1,810,566.09**	**1,810,566.09**	**1,810,566.09**	**1,810,566.09**
Outflows:						
	Fixed asset Purchases Investment & Re Investment	242,208,00	-	-	-	-
	Mid-Term Loan Repayment	-	-	-	-	-
	Loan Term Repayment	-	-	-	-	-
	Dividends Payments	-	-	-	-	-
	Total Cash Outflows	**242,208.00**				
	Net Cash Flows per year	**1,810,566.09**	**1,810,566.09**	**1,810,566.09**	**1,810,566.09**	**1,810,566.09**
	Ending Cash Position	**1,810,566,09**	**3,621,132.18**	**5,431,698.27**	**7,424,264.35**	**9,052,830.44**

Appendix vii

PROJECTED BALANCE SHEET					
Item/Year	USD Year 1	Year 2	Year 3	Year 4	Year 5
ASSETS					
Fixed asset at cost	**129,337.00**	**129,337.00**	**129,337.00**	**129,337.00**	**129,337.00**
Depreciation	15,370.44	30,740.00	46,111.32	61,481.76	76,852.20
Net Book Value	**113,966.56**	**98,596.12**	**83,225.68**	**67,855.24**	**52,484.80**
Cash & Bank Balances	810,566.09	1,621,132.18	2,431,698.27	3,242,264.36	4,052,830.45
Debtors	5,210.00	5,210.00	5,210.00	5,210.00	5,210.00
Merchandise Inventory	111,261.00	111,261.00	111,261.00	111,261.00	111,261.00
Total Current Assets	**927,037.09**	**1,854,074.18**	**2,781,111.27**	**3,708,148.36**	**4,635,185.45**
Trade Creditors	3,600.00	3,600.00	3,600.00	3,600.00	3,600.00
Accruals					
Total Current Liabilities	3,600.00	3,600.00	3,600.00	3,600.00	3,600.00
Net Current Assets	**923,437.09**	**1,846,874.18**	**2,770,311.27**	**3,693,748.36**	**4,617,185.45**
Total Assets	**1,041,003.65**	**2,082,007.73**	**3,123,010.95**	**4,164,014.60**	**5,205,018.25**
Represented By					
LIABILITIES & EQUITY					
Owner's Equity	42,208.00	42,208.00	42,208.00	42,208.00	42,208.00
Retained Earnings	**952,012.57**	1,904,025.14	2,856,037.71	3,808,050.28	4,760,062.85
External share Capital Paid in	-	-	-	-	-
Other Equity	-	-	-	-	-
Net worth	994,220.57	1,946,233.14	2,898,245.71	3,850,258.28	4,802,270.85
Outstanding Long Term Loan	-	-	-	-	-
Total Resources					

Appendix viii

PROJECTED DISCOUNTED CASH FLOW							
	Item/Year	USD 0	Year 1	Year 2	Year 3	Year 4	Year 5
Inflows							
	Profit after Tax	1,795,196	1,795,196	1,795,196	1,795,196	1,795,196	1,795,196
	Capital charges	15,370	15,370	15,370	15,370	15,370	15,370
	Salvaged Value	0	0	0	0	0	0
	Recovery Of Working Capital						
	Total Inflows	**0**	**1,810,566**	**1,810,566**	**1,810,566**	**1,810,566**	**1,810,566**
Outflows							
	Investment & Re- investment	242,208	0	0	0	-	0
	Working capital Increase/Decrease	0	112,871	(111,871)	112,871	(111,261)	112,871
	Total cash outflows	**242,208**	**112,871**	**(111,261)**	**112,871**	**(111,261)**	**112,871**
Net cash flows		**(242.208)**	**1,697,695**	**1921,827**	**1,697,695**	**1,921,827**	**1,863,051**
	Discounting factor at 15	**1.00**	**1.15**	**1.3225**	**1.520875**	**1.74900625**	**2.011357188**
	NPV	**(242,208)**	**1,476,257**	**1,453,17**	**1,116,262**	**1,098,811**	**926,266**
	NPV at 15%	**5,828,564**	**-**	**-**	**-**	**-**	**-**
	Discounting Factor at 20%	**1.00**	**1.2**	**1.44**	**1.728**	**2.0736**	**2.48832**
	NPV	**(242,208)**	**2,037,234**	**2,767,431**	**2,933,617**	**3,985,101**	**4,635,867**
	NPV at 20%	**16,117,042**	**0**	**0**	**0**	**0**	**0**

Appendix ix

INVESTMENT PROFITABILITY ANALYSIS-SENSITIVITY ANALYSIS

		USD					
	Item/Year	**0**	**Year1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Cash inflows							
	Total Revenue		546,459.70	546,459.70	546,459.70	546,459.70	546,459.70
5,464,597							
Outflows							
	Operating overheads		33,356.00	33,356.00	33,356.00	33,356.00	33,356.00
	VAT		92,358.67	92,358.67	92,358.67	92,358.67	92,358.67
	Principal Repayments		-	-	-	-	-
	Interest on loan		-	-	-	-	-
	Taxation		29,370.00	29,370.00	29,370.00	29,370.00	29,370.00
	Total Cash Outflows		**155,084.67**	**155,084.67**	**155,084.67**	**155,084.67**	**155,084.67**
	Net Cash Flows		**391,375.03**	**391,375.03**	**391,375.03**	**391,375.03**	**391,375.03**
	Cumulative Cash Flows		**391,375.03**	**782,750.06**	**1,174,125.09**	**1,565,500.12**	**1,956,875.15**

KABAJEMI CO LTD

Paint manufacturing and Processing Project

Notes to Review Workings

Raw materials: Usd Usd

Kargo Plastic	20	15	2.20	3.00	2.01	22.21	3.33	25.54	45.00	19.46	
Plastic	20	17.0	2.20	4.25	12.01	8.46	1.27	9.73	39.00	29.27	Silk
Silk class Plastic	20	20.0	2.20	5.00	2.00	920	1.38	10.58	46.50	35.92	Coat plastic
Acrylic	20	20.0	2.20	5.00	2.00	9.20	1.38	10.58	46.50	35.92	
Silk Plaster	0.90	20.0	1.10	5.00	2.00	8.10	1.22	9.32	20.00	10.69	
Terasit	25	38.0	3.06	9.50	2.00	14.59	2.18	16.74	38.00	21.26	
Curuser		20.0	3.06	5.00	2.00	10.06	1.51	11.56	45.00	33.44	(silkcoatrulctex
Granit	25	14.0	3.06	3.50	2.00	8.56	1.28	9.84	38.00	28.16	(silkcoat stone)
Latex	20	12.0	2.20	3.00	2.00	19.20	2.08	22.08	36.00	13.92	

One machine per day will produce op to 200 buckets
Requirement per day two shift

Raw materials	INPUTS						OUTPUTS			
	Pack Kg	Price Unit	Landed Cost-un	Qty Tons	Amount	Production Cost	Total Inputs	Units Buck	Selling Price-unit	Amount
Plastic	20	4.5	8.46	1,000	423.00	63.45	486.45	150	46.50	6,975.00
Silicon plastic gold	20	4.15	9.20		-		-			-
Interior wall plastic rose	20	3.22			-		-			-
Exterior acrylic paint	20	5.0	9.20	1,000	460.00	69.00	529.00	150	46.50	6,975.00
Interior-exterior undercoat	20	3.3	8.10	2,000	810.00	121.50	931.50			-
Mineral stone	20	2.5	8.56	1,000	427.78	64.17	491.95	50	38.00	1,900.00
Terasit	25	2.3	14.56	2,000	1,455.56	174.66	1,630.22	100	38.00	3,800.00
Total	**0**	**0**	**0**	**7,000**	**3,576.33**	**492.78**	**4,069.11**	**450**	**0**	**19,650.00**

US$

Production of paint assorted %	H/R	units	per day	per month	per annum	Amount
Inputs						
Raw materials-			3,576.33	92,984.67	1,115,816	
Electricity units			15.70	408.16	4,898	
Water –Ltrs			4.8	124.80	1,498	
Labour-skilled/unskilled			985.56	25,624.56	307,495	
Total inputs			**4,582.39**	**119,142.19**	**1,429,706.28**	
Outputs						
Finished product						
1.Weather guard – Ltrs						
2.Silk – Ltrs						
3.Mansion –						
Packaging Materials						
Drums						
Plastic pale kg 20						
Plastic pale kg 50		450	459.00	11,934.00	**143,208.00**	
Carriages						
Freight inwards						
Freight Outwards				4,897.96	**58,775.51**	
Services						
Insurance						**618.00**

KABAJEMI COMPANY LTD

Paints manufacturing and Processing Project

Notes to Review Workings

Administrative Overheads:	Qty	units	month	Per	per annum
Transport					
Rent				1,000.00	12,000.00
Internet & Telephone				300.00	3,600.00
Postages & Parcels				56.00	672.00
Office Expenses				17.00	204.00
Travelling &Accommodation				5,200.00	62,400.00
Consumable Stores				16.00	192.00
Casual Labours				450.00	5,400.00
Vehicle Hiring				124.00	1,488.00
Vehicle Maintenance				324.00	3,888.00
Equipment Maintenance				45.00	540.00
Repairs Building				321.00	3,852.00
Newspapers & Periodicals				12.24	146.94
Total				**7,865.24**	**94,383**

Item/Year	1	2	3	4	5
VAT Output	**937,305.00**	**937,305.00**	**937,305.00**	**937,305.00**	**937,305.00**
VAT Input	257,347.13	257,347.13	257,347.13	257,347.13	257,347.13
Variation	**679,957.87**	**679,957.87**	**679,957.87**	**679,957.87**	**679,957.87**

KABAJEMI COMPANY LTD

Paint manufacturing and processing project

Notes to Review workings

Operating costs (contd):

Salaries and wages:

	No. of Persons	salary Person	Per Month	Per Annum
		USD	USD	USD
General Manager	2	1,300	1,300	2600
Finance & Administrative Mana	1	400	400	400
Sales & Marketing Manager	1	300	300	300
Designer				
Electrical Technicia				
Storekeeper	1	150	150	150
Plant Technicians	1	190	190	190
Plant Operators	2	180	180	360
Quality Controller	1	160	160	160
Supervisor	1	155	155	155
Drivers	1	120	120	120
Security	6	141	141	846
Total	**17**	**1,096**	**1,096**	**5,281**

PAINT MANUFACTURING PROJECT

Project: paint manufacturing

Name of company : KABAJEMI

Address : Dar es salaam

KEY PROJECT PARAMETERS/ASSUMPTIONS

Currency **US$**

Financial

	Rate
Exchange Rate Js$	2,450
Staffing No Monthy Ann.Gross	
Inflation	7%
Corporate Tax	30%
Value Added Tax (Vat)	18%
Cost O Fund	
Short Term (1yr)	0%
Term Loan (5yrs)	18%
Arranging Success Fees	1%

Investment	**Yr 1**	**Yr 2**	**Yr 3**	**Yr 4**	**Yr 5**	
Fixed Assets	116,662	0	0	0	0	
Pre-Operational Cost	12,675	0	0	0	0	
Working Capital	112,871	0	0	0	0	
Total Investment	**242,208**	**0**	**0**	**0**	**0**	
Income	**5,464,597**	**5,464,597**	**5,464,597**	**5,464,597**	**5,464,597**	
ess : Vat	937,305	937,305	937,305	937,305	937,305	
Operating Overheads	1,962,727	1,962,7271,	962,727	1,962,727	1,962,727	
Profit Before Tax	**2,564,565**	**2,564,565**	**2,564,565**	**2,564,565**	**2,564,565**	
Taxation	769,370	769,370	769,370	769,370	769,370	
Net Profit	1,795,196	1,795,196	1,795,196	1,795,196	1,795,196	
Cumulative	1,795,196	3,590,391	5,385,587	7,180,783	8,975,978	
Irr	5,828,564					

HUMAN RESOURCES & PAYROLL COST PROJECTION

Position		Rate	YR 1	YR 2	YR 3	YR 4	YR 5
General Manager	2	1,300	2,600	2,600	2,600	2,600	2,600
Finance & Marketing Manager	1	400	400	400	400	400	400
Sales & Marketing Manager	1	300	300	300	300	300	300
Designer							
Electrical Technician							
Storekeeper	1	150	150	150	150	150	150
Plant Technicians	1	**190**	**190**	**190**	**190**	**190**	**190**
Plant Operators	2	180	360	360	360	360	360
Quality Controller	1	160	160	160	160	160	160
Supervisor	1	155	155	155	155	155	155
Drivers	1	120	120	120	120	120	120
Security	6	141	846	846	846	846	846
Total	17	**1,096**	**5,281**	**5,281**	**5,281**	**5,281**	**5,281**

Input	**tons**	**Value**	**%**	**Output**	**Tons**	**Value**	**%**
Raw Materials		**1,115,816**					
Electricity & Water		6,396					
Labour – Skilled/ Unskilled		307,495					
Insurance		618					
Total Annual Production Cost			**1,430,324**				
Cost Per Ton							

Fixed Assets Purchases

Budgeting

Projected Profit &Loss Statement

Cash/Flow/Balance Sheet/ Discounted Cash Flow/Sensitivity Analysis

Expected income	5,464,597	5,464,597	5,464,597	5,464,597	5,464,597
Cash outflows					

Fixed Variables/invariables	1,926,274	1,926,274	1,926,274	1,926,274	1,926,274
VAT	937,305	937,305	937,305	937,305	937,305
Loan Service	0	0	0	0	0
Interest on Loan	0	0	0	0	0
Local Govern. Levies	15,775	15,775	15,775	15,775	15,775
CSR – Community	5,460	5,460	5,460	5,460	5,460
Taxation	769,370	769,370	769,370	769,370	769,370
Total Cash out	**3,564,184**	**3,564,184**	**3,564,184**	**3,564,184**	**3,564,184**
Net Cash Flows	1,810,413	1,810,413	1,810,413	1,810,413	1,810,413
Cumulative	1,810,413	1,810,413	1,810,413	1,810,413	1,810,413