

KEDSTANZANIA COMPANY LIMITED

Feasibility Study Report

On

Proposal cargo Transportation Project

Prepared by

Keds (T)Co ltd

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DAR ES SALAAM

EXECUTIVE SUMMARY

1.1 The Company

KEDS TANZANIA COMPANY LIMITED is the company limited by shares mainly dealing with manufacturing and distributor of sanitation products Such as washing and baby diaper which are both made locally and currently the company have decided to establish transportation of the cargo locally and for transit, the company will use equity financing in order to make this project successful.

1.2 Company Shareholders

FULL NAME	NATIONALITY	SHAREHOLDING
KEDS TANZANIA CO LTD	CHINESE	99.99%
BIN SONG	CHINESE	00.01%

2.0 THE PROJECT

The Directors of Keds Tanzania Company limited envisages a bright future in the transportation sector after the government efforts to improve most of country's trunk roads also after the company went through difficulties in transport especially when we want to ship our goods from the port to the factory and from the factory to the market which as a results due to poor services rendered by the logistic companies it resulted to ever increase in production costs which are caused by delay on the logistic side therefore the company took it as an opportunity to introduce logistic department which will not only ship the self-cargo but also in future will provide a solution to so many importers and exporters for containerized cargo as well as loose cargo ,the company is going to acquire 150 tractors and 150 trailers in phases up to completion of the project.

3.0 PROJECT IMPLEMENTATION SCHEDULE

The Director of the company intends to implement this project in three phases of three years each within their six years strategic plans

PHASE ONE

This is the current phase for the first two years.

The directors are planning to purchase 50 trucks and 50 Trailers which by in the same phrase will start with 20 Trucks and 20 trailers then the second year of of the first phase will complete the rest 30 trucks and 30 trailers to make total 50 in the first phase, and in this phase 100 workers will be employed

PHASE TWO

In this second phase the directors intends to modernize and strengthen the project by enquiring another 50 trucks and 50 trailers, modern workshop, tools and equipment, employing 100 stuff ,buying two pickups and one station wagon as per phase cost assumption is attached .

PHASE THREE

In this phase the Directors intend to modernize and strengthen the project by acquiring another 50 trucks and 50 trailers, employing another 100 stuffs, buying one pickup and station wagon as per phase three cost assumption attached

Business Location

The Project head quarter is located at plot number 197-205, industrial area Lulanzi ,Kibaha in Coast Region there has an open space available as a yard and garage for company trucks .The Area is accessible for the tarmac road from town and other parts and well connected to outside by lots of tarmac roads ,telecommunications and railways .Hence the Project stands to benefit from a wide range of clientele in the vicinity.

Profitability

The business is indicated in the cash flows, is commercially and financially viable. The business will continue contributing suitability to the nation in terms of income taxes and other taxes, which the directors are going to pay to the respective authorities.

4.0 Economic Aspect

4.1 Institutional set up

The company's Directors and management decision to establish the business has been promoted by current ever growing economic activities.

The transportation sectors fit in the overall policy framework of the government to promote informal sector as means of employment creation.

Project Priority

The company has been established in line with the government policy, which advocate for improving private sectors, participation in provision of various development inputs to the public especially to the remote areas. Many up countries regions experience transportation problems to transport their goods at different times, so the company will priotize to solve this uncertain various cargo both containerized and loose cargoes transportation problems.

Employment effects

The 150 trucks to be bought in three phases will provide employment opportunities for more than 300 people also it will provide direct linked activities and their income shall bring about multiple effect across the entire economy of the country.

Government Revenue

The company would contribute to the government in some earning through taxes . This will be direct from the business and form linked activities.

7.0 Operating Cost Assumption

The transportation tariff applied assumed the existing one with an increase of 15% in each year over the period of the plan. Cost have been assumed to remain constant over the plan period with an increase of 10% in the first three years and 15% in the last 4th year for the trucks operating cost, salaries and other operating costs.

The major operating cost are as summarized as follows

Item/year	US\$			
	1	2	3	4
Tyre and tubes	520,000	570,000	650,000	690,000
Fuel				
Drivers allowances	1,567,308	1,725,961	1,899,038	2,091,346
salaries				
Lubricant	1,615,385	1,774,923	1,774,923	2,149,038
	576,923	634,615	697,115	764,423
Total Direct Cost	4,279,616	4,706,731	5,198,076	5,694,807

8.0 MANAGEMENT AND LABOUR

The project will be managed by the managing Director, who will be overall chief officer of the company he will be assisted by an experienced man in transportation business, who is the general manager and will take care of all operation technical and financial aspects, the general manager will also be responsible on day to day running affairs of the business, there would be one permanent accountant one permanent employed transport officer/records keeper and one office secretary. Company management aims this arrangement at ensuring commitment with direct and efficient control of affairs of the company.

9.0 PROJECT COST AND FINANCING PLAN

The Company to finance the business through equity of US\$9.1 Million

	US\$
LAND AND BUILDING	\$500,000
PLANT	\$200,000
VEHICLES	\$5,000,000
FURNITURE AND FITTING	\$200,000
PRE EXPENSES	\$150,000
OTHERS	\$50,000
WORKING CAPITAL	\$3,000,000
TOTAL	\$9,100,000

Land building, equipment and planting materials costs are based on the professional valuation and current quotations. A contingency allowance of 5%-10% has been included for individual item to cover potential costs over runs and changes.

9.1 PROPOSED FINANCING PLANS

It is proposed that the project will be financed as follows:

	US\$
Sponsors equity	9,100,000
Total Financing	9,100,000

10.0 CONCLUSIONS AND RECCOMENDATION

Project Priorities

The project is in line with the government policy of encouraging private sector

Employment Effect

Employment of 300 workers will be available

Government Revenue For the whole of the life span of the project the government will earn an income inform of income tax and other taxes

Environment Impact

The project doesn't have any environmental risk/problem as it does not involve production of harmful by products. This business plan has attempted to highlight the element of business plan in preparation to investment decision of US\$.9.100.000 net is being anticipated for an anticipated pursuant to this report. After a thorough and painstaking review of this particular industry, it is the strong opinion of the consultants Directors and management alike that this business is worth serious consideration by TIC: The project is commercially financially and economically viable.

ANNEXTURE AND APPENDICES

KEDS TANZANIA COMPANY LIMITED

PROJECTED DIRECT COSTS

ITEM/YEAR	US\$			
	1	2	3	4
Tyre and Tubes	\$520,000	570,000	650,000	690,000
Fuel				
Drivers allowance	\$1,567,308	1,725,961	1,899,038	2,091,346
,salaries				
Spares & lubricant	\$1,615,385	1,774,038	1,951,923	2,149,038
	\$576,923	634,615	697,115	764,423
Total direct cost	4,279,616	4,706,731	5,198,076	5,674,807

KEDS TANZANIA COMPANY LIMITED

INVESTMENT COST

	US\$
LAND AND BUILDING	\$500,000
PLANT	\$200,000
VEHICLES	\$5,000,000
FURNITURE & FITTING	\$200,000
PRE-EXPENSES	\$150,000
OTHERS	\$50,000
WORKING CAPITAL	\$3,000,000
TOTAL	\$9,100,000

KEDS TANZANIA COMPANY LIMITED

PROJECTS FINANCING PLAN

US\$

ITEMS/FUNDS	EQUITY	TOTAL
CAPITAL COST	9,100,000	9,100,000
TOTAL CAPITAL COST	9,100,000	9,100,000

KEDS TANZANIA COMPANY LIMITED

ESTIMATE WORKING CAPITAL

Item/year	Assumption	1	2	3	4	5	6	7	8
A. CURRENT ASSET									
Stock									
Direct cost	1 month cost	356,635	392,227	493,173	474,567	474,567	474,567	474,567	474,567
Spare & lubricant	3 months stock	144,230	158,653	174,279	191,106	191,106	191,106	191,106	191,106
Fuel	3-month supply	391,827	431,490	487,981	537,260	537,260	537,260	537,260	537,260
Total stock		892,692	980,370	1,155,433	1,202,933	1,202,933	1,202,933	1,202,933	1,202,933
B. DEBTORS									
Trade debtors	50% of ½ month	125,000	262,500	300,000	375,000	375,000	375,000	375,000	375,000
Total current assets		1,017,693	1,242,870	1,455,433	1,577,933	1,577,933	1,577,933	1,577,933	1,577,933
C. CURRENT LIABILITIES									
CREDITORS	One month	134,615	147,837	162,660	179,087	179,087	179,087	179,087	179,087
SALARIES									
SUB TOTAL		134,615	147,837	162,660	179,087	179,087	179,087	179,087	179,087
WORKING CAPITAL		883,077	1,095,033	1,262,773	1,398,846	1,398,846	1,398,846	1,398,846	1,398,846
Change in W/capital		883,077	211,956	167,700	136,073	-	-	-	-

KEDS TANZANIA COMPANY LIMITED
PROJECTED DEPRECIATION SCHEDULE

US\$

Items/year	Amount		1	2	3	4	5	6	7	8	9	10
Land and buildings	500,000	4%	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Motor vehicles	\$5,000,000	25%	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
Machinery & equipment	200,000	12.5%	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Furniture & fixture	\$200,000	12.5%	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Pre operational expenses	\$150,000	20%	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Total			1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000

KEDS TANZANIA COMPANY LIMITED

PROJECTED INCOME STATEMENT US\$

Item/year	1	2	3	4	5	6	7	8	9	10
Sales Revenue	3,000,000	6,300,000	7,200,000	8,100,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	
Cost of sales	4,279,616	4,706,731	5,198,076	5,694,807	4,279,616	4,706,731	4,706,731	4,706,731	4,706,731	
Gross profit	1,279,616	1,593,269	2,001,924	2,405,193	4,720,384	4,720,384	4,720,384	4,720,384	4,720,384	
Depreciation	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	
Sub total	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000
Profit before Tax	[65,384]	248,269	656,924	1,060,193	3,375,384	3,375,384	3,375,384	3,375,384	3,375,384	3,375,385
Cooperate tax 30%	-	74,481	197,077	318,058	1,012,384	1,012,384	1,012,384	1,012,615	1,012,615	1,012,615
Profit after tax	[65,384]	173,788	459,847	142,135	2,362,769	2,362,769	2,362,769	2,362,769	2,362,769	2,362,769
Profit brought forward	[65,384]	[108,404]	3,514,431	1,093,578	3,456,347	5,819,116	8,181,885	10,544,654	12,907,423	15,270,192

KEDS TANZANIA COMPANY LIMITED

PROJECTED CASHFLOWS

US\$4

Item/year	0	1	2	3	4	5	6	7	8	9
Capital inflows Present Equity	9,100,000									
Sub total capital flow	9,100,000									
OPERATING INFLOWS										
Profit b4 tax		[65,384]	248,269	656,924	1,060,193	3,375,384	3,375,384	3,375,384	3,375,384	3,345,384
Depreciation		1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000
Subtotal operating inflow		1,279,616	1,593,269	2,001,924	2,105,193	4,720,384	4,720,384	4,720,384	4,720,384	4,720,384
TOTAL INFLOWS		1,279,616	1,593,269	2,001,924	2,105,193	4,720,384	4,720,384	4,720,384	4,720,384	4,720,384
CAPITAL OUTFLOW Investment	9,100,000	[65,384] 1,345,000	248,269 1,345,000	656,924 1,345,000	1,060,193 1,345,000	3,375,384 1,345,000	3,375,384 1,345,000	3,375,384 1,345,000	3,375,385 1,345,000	3,375,385 1,345,000
Sub total capital outflow	9,100,000	1,279,616	1,593,269	2,001,924	2,105,105	4,720,384	4,720,384	4,720,384	4,720,384	4,720,384
Operating outflow										
Taxation		74,481	197,077	318,058	1,012,615	1,012,615	1,012,615	1,012,615	1,012,615	1,012,615
Sub total operating outflow	9,100,000	74,481	197,077	318,058	1,012,615	1,012,612	1,012,615	1,012,615	1,012,615	1,012,615
Total outflow	9,100,000	74,481	197,077	318,058	1,012,615	1,012,615	1,012,615	1,012,615	1,012,615	1,012,615
Net cashflow	-	1,205,135	1,205,135	1,396,192	1,092,578	1,092,578	1,092,578	1,092,578	1,092,578	1,092,578

KEDS TANZANIA COMPANY LIMITED
PROJECTED CARGO HANDLING AND FREIGHT REVENUE

ITEM/ YEAR	1	1	2	3	4	5	6	7	8	9	10
ACHIVABLE CAPACITY	35	70	80	90	100						
NUMBER OF TRUCKS	20	125	130	135	150	150	150	150	150	150	150
FREIGHT REVENUE	3,000,000	6,300,000	7,200,000	8,100,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000
GRAND TOTAL	3,000,000	6,300,000	7,200,000	8,100,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000

US\$000