

PROJECT DOCUMENT

ON

ESTABLISHMENT AND RENOVATION

OF

**PETROL STATION FACILITIES TO
INCLUDE A RESTAURANT AND
SUPERMARKET**

Prepared By:
GP GLOBAL ENERGY SERVICES (T) LIMITED
P.O. Box 7387
Dar-Es-Salaam

1.0 EXECUTIVE SUMMARY

1.1 Company Background

Messrs. GP GLOBAL ENERGY SERVICES (T) LIMITED. is a private limited liability company, established in 07th January 2016 under Certificate of Incorporation cert no: 122782 to carry out a variety of businesses, ranging from distribution of petroleum products, supermarkets and a restaurant. The company has its headquarters based in Dar-es-salaam.

1.2 The Project

This project envisages establishing and renovating a petrol station facility to include a restaurant and a supermarket. The petrol station is expected to have sales of 10,000 litres per day, a restaurant to serve over 300,000 people per year and supermarket to have about 1 to 5 million shillings worth of sales per Day.

1.3 The Market

Since the core business of petrol station is increasingly determined by other major activities such as shopping i.e. (convenient products and tobacco), and restaurant facilities, analysis of the demand will be based on the number of customers who will be visiting the petrol station to obtain various facilities ranging from fuel refilling up to the purchase of convenient products and restaurant facilities. Since the facility will be along the highway to many major cities it is expected that travelers and people surrounding the areas will be the major customers. Morogoro being the transit region the demand for the facilities to be provided by the proposed facility should not be compromised.

1.4 Investment Costs

The project cost is estimated at US\$ 1,439,000 which will be contributed by the sponsors. The Company will decide to look for the loan if a need arise.

1.5 Investment Cost

		US\$
		TOTAL
Land & Building	750,000	750,000
Petrol pumps and the like	314,000	314,000
Vehicles	35,000	35,000
Furniture and fixture	20,000	20,000
Pre-expenses	30,000	30,000
Restaurant and Supermarket	250,000	250,000
Working capital	40,000	40,000
Total	1,439,000	1,439,000

1.6 Financing Plan

The promoters propose to finance the above investment costs in the following manner:

SOURCE	US \$
Investment from Parent company	1,439,000
Total	1,439,000

2.0 INTRODUCTION

2.1 Background

GP Global Energy Services (T) Limited intends to establish and renovate a petrol station facility to include a restaurant and a supermarket. the petrol station will also include a workshop and offices. The petrol station is expected to have sales of 10,000 litres per day, a restaurant to serve over 300,000 people per year and supermarket to have about 1mln shillings worth of sales per day. The project proposal has been prepared in a view to assess the project's viability and to be used to obtain certificate of incentives.

2.2 The Company and Sponsors

The Company, GP Global Energy Services (T) limited is a private liability company engaged in various businesses with certificate number No 122782 The shareholders have extensive and long-term exposure to various businesses.

3.0 THE PROJECT

3.1 Project Concept

The project envisages Establishing and renovating a petrol station facility to include a restaurant and a supermarket to be able to meet a current demand of convenient stores and restaurant facilities within petrol stations. Among other things, the project components include.

- Constructing and renovating a petrol station, supermarkets and restaurant
- Purchase of petrol pumps and its equipment's, restaurant equipment's and supermarkets items to enhance smooth operations of the project.

3.2 Location

The project will be located in Kibaha Tanzania

The company headquarters will be based in Dar-es-Salaam

Mbagala Industrial Area

P.O. Box. 7387

Dar-es-Salaam

4.0 THE MARKET STRATEGY AND ANALYSIS

The demand for petroleum products is made up of travelers passing mainly through Kibaha going to various parts of the country and also the neighboring countries. When travelers going up country they may need the services of the petrol stations especially for refueling their vehicles and they may also have a need of having lunch or dinner and also to purchase few items at their convenience. Since the proposed petrol station will be at prime location in the city it will provide opportunities for sales to be good.

Travelers by road accounts about 90 % compared to other mode of transport. The region of Kibaha will also provide some customers who will make use of the restaurant, petrol filling and the supermarket. The company marketing strategy has to bear in mind that these days all petrol stations look similar and there is little or no differentiation in terms of products sold, as they all sell the same petrol/diesel at the same price fixed by the oil marketing company. Therefore, they must make sure there is a better customer service by employing courteous and well-trained staff.

The company may also think of ways to beat the competitor's prices by offering what other competitors don't. This could be anything such as varieties of product such as petrol and diesel. If you give all kind of fuels it will attract customers come to your station instead of the others. Other methods will be to encourage customers to fill their tank so they can get a free coffee/windshield wash/ a car wash on their next visit. While they are there getting other facilities, they may purchase something from the convenience store or take something to eat at the restaurant. In order to attract customers to use restaurants the company must also consider taking up franchise of some fast food chain. People travelling long distances may stop not only for petrol but also something to eat!

5.0 SUPPLY OF FUEL TO THE PETROL STATIONS

In Tanzania as whole there are about 1456 petrol station, and half of them have been registered by EWURA. In Kibaha area there are around 30 petrol stations which shows that once the petrol station is completed and operational it will not face any difficult to market itself.

Most of the petroleum in Tanzania is procured in bulk in order that all players will be assured of security of supply at the most competitive prices possible. By purchasing from a pool imports obtained from suppliers selected through a competitive bidding process they take advantage of the economy of scales.

With the growing number of vehicles imported in the country the company is assured of growing market as most for the vehicles which travels upcountry especially those of passengers' and cargo to up country pass via Morogoro town. The current traffic growth rate is 6-7% and road transport accounts for 90% of total mode of transport.

5.0 PROJECT IMPLEMENTATION SCHEDULE

The critical activities are securing finance to purchase capital equipment

6.0 MANAGEMENT AND ORGANISATION STRUCTURE

6.1 Organization

GP GLOBAL ENERGY SERVICES (T) LIMITED is organized directly under the Shareholders, who form part of Board of Directors.

The Board of Directors is responsible in formulating policies, rules, regulations and planning aspects to ensure that transport system and the related activities meet the requirements the company and that it is operating on profitable basis.

The Managing Director appointed by the Board of Directors is the overall in charge of day-to-day operations of the Company. The following heads of

sections – the Manager of Operations, Administrative officer, Financial Controller, Chief Mechanics, Container Terminal Manager and Senior Logistics Officer, assists him.

Manpower Requirements

The company expects to employ 15 people for the said fuel station.

Summary of deployment for each section is as indicated below:

Department	Total
Supervisor / Manager	2
Operations Department	10
Cashier / Accounts	1
Security	2
Total	15

Recruitment and Training

The company will recruit various workers and they all are expected to have strong background in the area where he/she is employed. All the new employees are expected to receive on-the-job training. All key staff is to be employed 1-2 months before the Company starts fuel station operations.

7.0 FINANCIAL ANALYSIS

Revenue Assumptions

The basic revenue underlying the projected revenue is detailed below:

Basic Revenue Assumptions

The project will operate expecting from fuel sales to be 10,000-liter sales per day

Super market will have 1 mln sales

Restaurant will attract 300,000 customers per annum

The revenue and operating cost assumptions have been projected at constant prices; Operating expenses has been assumed to be 60% of the total operating costs.

Projected Profit and Loss Accounts

From the foregoing freight revenue and operating cost assumptions, the projected profit and loss accounts clearly demonstrates that the project will be very profitable.

Projected Cash flow

Substantial cash surpluses will accrue to the project right from year one. The strong liquidity position confirms the project's ability to meet all financial obligations.

7.0 PROJECT COST AND FINANCING PLAN

7.1 Estimated Project Cost

The total project cost is estimated at US\$ 1,439,000. The breakdown of these investments is as outlined below.

US\$

		TOTAL
Land & Building	750,000	750,000
Petrol pumps and the like	314,000	314,000
Vehicles	35,000	35,000
Furniture and fixture	20,000	20,000
Pre-expenses	30,000	30,000
Restaurant and Supermarket	250,000	250,000
Working capital	40,000	40,000
Total	1,439,000	1,439,000

7.2 Proposed Financing Plan

It is proposed that the project be financed as follows:

Shareholders equity	1,439,000
Total Financing	1,439,000

8.0 ECONOMIC DEVELOPMENT CONSIDERATIONS

8.1 Employment Creation

The project will create approximately 15 jobs with capacity to expand the employment levels in the later years.

8.3 Special Features, Risks and Issues

A key input required for the success of the project is good management and technical ability. The project sponsors should undoubtedly be able to provide the overall management of the project adequately

Economies of Scale

Profitability is greatly affected by economies of scale. The project will be profitable with subsequent to establishment of the petrol station, restaurant and a supermarket.

APPENDICES

**GP GLOBAL ENERGY SERVICES (T) LIMITED
INVESTMENT COST**

US\$

		TOTAL
Land & Building	750,000	750,000
Petrol pumps and the like	314,000	314,000
Vehicles	35,000	35,000
Furniture and fixture	20,000	20,000
Pre-expenses	30,000	30,000
Restaurant and Supermarket	250,000	250,000
Working capital	40,000	40,000
Total	1,439,000	1,439,000

GP GLOBAL ENERGY SERVICES (T) LIMITED

PROJECT'S FINANCING PLAN

US\$

Item/Funds	Equity	TOTAL
CAPITAL COST	1,439,000	1,439,000
Total Capital Cost	1,439,000	1,439,000

Assumptions:

Depreciation Method: SLM

STATEMENT SHOWING DEPRECIATION OF ASSETS

In USD'

Year	Depreciable Amt	Dep %	1	2	3	4	5	6	7	8	9	10
Buildings & Pumps	614,000	5%	30,700	30,700	30,700	30,700	30,700	30,700	30,700	30,700	30,700	30,700
Furniture & Fixtures	20,000	10%	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Restaurant & Super Market	250,000	10%	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Vehicles	35,000	10%	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Yearly Total	919,000		61,200	61,200	61,200	61,200	61,200	61,200	61,200	61,200	61,200	61,200

STATEMENT SHOWING PROFIT OR LOSS FOR FUEL STATION

In USD

Particulars	1	2	3	4	5	6	7	8	9	10	Total
Revenue For the Year	2,411,814	2,411,814	2,756,359	2,756,359	3,445,448	3,445,448	3,445,448	3,445,448	3,445,448	3,445,448	31,009,034
COGS	2,128,314	2,128,314	2,432,359	2,432,359	3,040,448	3,040,448	3,040,448	3,040,448	3,040,448	3,040,448	27,364,034
Gross Operating Profit	283,500	283,500	324,000	324,000	405,000	405,000	405,000	405,000	405,000	405,000	3,645,000
OTHER OPERATIONAL EXPENSES											
Insurance	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	112,500
Security	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	50,000
Payroll	48000	48000	48000	48000	48000	48000	48000	48000	48000	48000	480,000
CAPITAL & FINANCE CHARGES											
Depreciation	61,200	61,200	61,200	61,200	61,200	61,200	61,200	61,200	61,200	61,200	612,000
PROFIT BEFORE TAX	158,050	158,050	198,550	198,550	279,550	279,550	279,550	279,550	279,550	279,550	2,390,500
Corporate Tax @ 30%	47,415	47,415	59,565	59,565	83,865	83,865	83,865	83,865	83,865	83,865	717,150
PROFIT AFTER TAX	110,635	110,635	138,985	138,985	195,685	195,685	195,685	195,685	195,685	195,685	1,673,350
PROFIT BROUGHT FORWARD	0	221,270	360,255	499,240	694,925	890,610	1,086,295	1,281,980	1,477,665	1,673,350	
ACCUMULATED PROFITS	110,635	221,270	360,255	499,240	694,925	890,610	1,086,295	1,281,980	1,477,665	1,673,350	

APPENDIX: 1 PROJECTED CASHFLOWS**STATEMENT SHOWING CASH FLOW PROJECTIONS**

Year	0	1	2	3	4	5	6	7	8	9	10
Opening Cash Flow		40,000	211,835	383,670	583,855	784,040	1,040,925	1,297,810	1,554,695	1,811,580	2,068,465
Equity Infusion	1,399,000										
Working Capital Infusion	40,000										
Cash Inflows											
Fuel		2,172,414	2,172,414	2,482,759	2,482,759	3,103,448	3,103,448	3,103,448	3,103,448	3,103,448	3,103,448
Super Market Sales		113,400	113,400	129,600	129,600	162,000	162,000	162,000	162,000	162,000	162,000
Restaurant		113,400	113,400	129,600	129,600	162,000	162,000	162,000	162,000	162,000	162,000
Car Wash and Servicing		12,600	12,600	14,400	14,400	18,000	18,000	18,000	18,000	18,000	18,000
Total Cash Inflow	-	2,411,814	2,411,814	2,756,359	2,756,359	3,445,448	3,445,448	3,445,448	3,445,448	3,445,448	3,445,448
Operational Expenses		2,192,564	2,192,564	2,496,609	2,496,609	3,104,698	3,104,698	3,104,698	3,104,698	3,104,698	3,104,698
Taxation		47,415	47,415	59,565	59,565	83,865	83,865	83,865	83,865	83,865	83,865
Total Cash Outflow	-	2,239,979	2,239,979	2,556,174	2,556,174	3,188,563	3,188,563	3,188,563	3,188,563	3,188,563	3,188,563
Net Cash flow for the year		171,835	171,835	200,185	200,185	256,885	256,885	256,885	256,885	256,885	256,885
Closing Balance of Cash flow - 1,439,000		211,835	383,670	583,855	784,040	1,040,925	1,297,810	1,554,695	1,811,580	2,068,465	2,325,350