
PROPOSED ESTABLISHMENT OF CARGO TRANSPORT PROJECT

1.0 Executive Summary

State Forwarders is Dar es Salaam, based liquid and dry cargo trucking company that aims to be one of the largest companies in Tanzania and the East Africa region. State Forwarders is initially focusing on the petroleum products and manufacturing industry cargo freight with plans to diversify with new industries served. State Forwarders has chosen these industries as the growth prospects are encouraging and stable, with dominating the freight industry in this country and the neighboring countries.

1.1 Services

State Forwarders will offer both for-hire trucking as well as private carriers. Most of their business will be derived from the private carriers. For the private carrier segment, both truck load (TL) and less than truck load (LTL) will be offered. State Forwarders services will be especially attractive to offering transportation services to manufacturing and mining industry, as participants in that industry typically use referrals, reputation, and customer service as purchasing variables.

1.2 Customer Segments

State Forwarders will serve four different market segments. The first, as mentioned earlier is the manufacturing and mining industry. This segment is growing at an annual rate of 3% with 3,000 potential customers identified. The second segment is the transit cargo industry with a 5 % growth rate and 1500 possible customers. The retail industry is the third with a 2% growth rate and 1500 customers. The last segment is a catch all "other" segment growing at 2% and 500 customers.

1.3 Management

State Forwarders was established in Tanzania in October, 2019 and is lead by Mr. Anil Suchak, a 20 year industry veteran. After college Anil went to work for his family enterprise as a manager for some years. Anil felt that it was instrumental to have

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experience within an industry at all levels. It was quickly obvious that Anil has skills beyond managing the family business trucks and moved into other business lines also belonging to the family but which would still expose him into a lot of management and operations. After five years in the family business it was time for a change. It has now been ten years of experience at his business that provided Anil with the skill sets, experience, and confidence to decide to open own formal registered company business.

1.4 Marketing

State Forwarders will employ three distinct marketing efforts to raise awareness about the company and generate new customers. The first strategy is the use of promotions. This will focus on press releases and advertising using various different media. The second effort will be the use of incentives. The incentives will be offered to existing customers. The last effort will be printed brochures. These will be distributed to new and existing customers.

State Forwarders is a customer-centric organization looking to become one of the premier companies in the East Africa. Profitability is forecasted to occur at month three. State Forwarders has conservatively projected sales of \$11,297,400 for year one growing to \$15,944,518 in year five.

Highlights-Revenue

	Year-2022	Year-2023	Year-2024	Year-2025	Year-2026
Product Sales	1,362,300	1,471,284	1,588,987	1,747,885	1,922,674
Income From Transport Services	9,935,100	10,729,908	11,588,301	12,747,131	14,021,844
Total Turnover	11,297,400	12,201,192	13,177,287	14,495,016	15,944,518

1.5 Project Mission

The mission of State Forwarders is to be the leading transport company servicing East, Central and Southern Africa.

2.0 Company Ownership Summary

State Forwarders is Dar es Salaam based, with principal offices located in Dar es Salaam. Anil Suchak, President and CEO, is the majority owner. He has been in the transport business for more than 10 years.

2.1 Company History

State Forwarders incorporated in October 2019 has not been in yet business but due to massive experience in the sector we anticipate to maintain financial stability during the first phase of operation due to the extensive industry experience of our management team.

3.0 Services

The industry provides transportation services for persons or companies looking to haul heavy things. State Forwarders enables someone to lease a truck, of any size, for any project that needs hauling. We will provide this service to the whole of the East and Central Africa area and hope to expand from this base area within the first five years of operation.

This service is provided on two bases: for-hire and private carriers. Of these two segments, State Forwarders will concentrate on the for-hire carriers, and, more specifically, the truckload (TL) and less-than-truckload (LTL) segments. The services offered, and the markets being targeted, are discussed throughout the following section.

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4.0 Market Analysis Summary

State Forwarders has an opportunity to entrench its competitive position in the regional transportation market by selectively focusing its target market on the food industry. The shareholders and company management has already had experience in servicing such clients and it believes that there is a growing demand for reliable transportation solutions in this customer segment.

4.1 Market Segmentation

There are several potential customer segments that we will provide our transportation services to major customer segments include the, industrial manufacturers haul, transit cargo and retailers. The chart and table below outline the current market size and growth estimates for these customer segments

Large established companies in the afore-mentioned segments (especially in the oil, mining and manufacturing industry) have their own truck fleets, while smaller players outsource the transportation function. The latter vary in the scale of their operations, but see a steady demand for reliable transportation solutions. We will actively solicit such customers.

		2011	2012	2013	2014	
Potential Customers	Growth					CAGR
Industrial manufacturers haul	3%	3,090	3,183	3,278	3,376	3.00%
Transit cargo	5%	1,575	1,654	1,737	1,824	5.01%
Retail Industry	2%	1,530	1,561	1,592	1,624	2.01%
Other	2%	510	520	530	541	1.99%
Total	3.17%	6,705	6,918	7,137	7,365	3.17%

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4.2 Target Market Segment Strategy

State Forwarders will focus its marketing budget on a selected industry niche. A narrow-served market focus will help strengthen the company's reputation of a reliable transportation services provider and will generate favorable referrals.

The major customer segment the company is focusing on is the Industrial manufacturers haul. Companies in this segment have varying needs, and State Forwarders has already gained valuable experience serving such customers. The company management believes that by increasing its truck fleet it can capture additional clients and provide better service to existing clients.

4.3 Service Business Analysis

Market Description Industry: except local

Establishments that are primarily engaged in furnishing "over-the-road" services or and storage services for freight generally weighing more than 100 pounds. Such operations are principally outside a single region, group of contiguous municipalities, or municipality and its suburban areas.

Market Size Statistics

Estimated number of East and Central Africa establishments	48,117
Number of people employed in this industry	812,712
Total annual sales in this industry	\$139 million
Average employees per establishment	17
Average sales per establishment	\$3.6 million

Industry trends

While a driver shortage continues to plague the TL sector, the LTL carriers have adapted to changing market conditions in order to capitalize on growth opportunities. Intermodal shippers also stand to benefit from market trends. And the evolution of electronic commerce stands to intensify competition among all carriers.

Truckers Dominate Freight Market

Based on value of service, (excluding warehousing and logistics) accounted for 79%, or, of East Africa's commercial freight revenues in 2008, but only 45% of total ton miles. This is because products transported by truck tend to be lightweight, manufactured goods that move short distances, rather than the heavy, long haul, bulk commodities that travel by rail and barge.

Motor carriers specialize in higher-value freight that moves 750 miles or less and for which delivery is required within three days. Some 36% of truck freight (measured by shipping cost) never crosses state lines. Examples of this type of freight are food and consumer staples delivered locally, and manufactured goods shipped between commercial establishments or delivered to consumers or retail outlets.

Truckers have the largest share of the freight market. Unlike railroads, pipelines, or water carriers, they don't face geographic limits caused by physical constraints, and can offer door-to-door service. They also pay relatively little to use the nation's highway system. Railroads, by contrast, must build, maintain, and police their rights-of-way.

The industry consists of two broad segments: private and for hire. In turn, for-hire truckers fall into two broad categories: truckload and less-than-truckload carriers.

4.3.1 Competition and Buying Patterns

Although there are major players in each of the commercial carrier market segments, the market remains highly fragmented. According to the Dar es Salaam Yellow Pages, there are numerous companies providing different kinds of the services. Major

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competitors for State Forwarders are those companies who have comparable truck fleets and are also targeting the petroleum products and Industrial manufacturers haul.

Market research shows that customers in the two sub sectors i.e petroleum products and Industrial manufacturers are price sensitive, and they value on-time deliveries, special handling capabilities, and less-than-truckload orders. Customer referrals and carrier's reputation are believed to strongly influence the buying decision.

4.3.2 Financial Risks and Contingencies

The company recognizes that it is subject to both market and industry risks. The two primary risks to the company are:

- i. **Industry concentration risk.** The company is mainly focused on two major segments being petroleum products and Industrial manufacturers haul businesses in the East and central Africa. This position is favorable since the industry is fairly stable. Any slow down in the industrial production would have negative repercussions for State Forwarders. To mitigate this risk, the company is looking at diversifying its business to include other industries as well.
- ii. **Operational risk.** State Forwarders recognizes the fact that there is an inherent risk in transporting cargo. Any damage to cargo may undermine the profitability of the company. To reduce this risk, the company maintains all necessary insurance.

4.3.3 Business Participants

For the entire earnings of the industry in 2008 the (or motor carrier) business claimed 79% of the East Africa commercial freight transportation market. This total was divided among two sectors: private carriage and for hire.

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Figure 2. Commercial Freight Distribution

Transportation	% of Total
Total	63.6%
Private, Interstate	21.3%
Private, Local	15.7%
Truckload	12.0%
Local For-Hire	7.4%
LTL, National	1.7%
LTL, Regional	2.0%
Package/Express (ground)	3.5%
Railroad	6.7%
Pipeline (oil and gas)	4.8%
Air Freight, Package Domestic	3.1%
Air Freight, Heavy Domestic	1.1%
Water (Great Lakes/rivers)	1.3%
Transportation Total*	80.6%
Logistics Administration	6.5%
Distribution Total	19.4%
Total	100.0%

5.0 Strategy and Implementation Summary

The strategy of State Forwarders is to consolidate its good customer and client service by making timely deliveries, hiring the best drivers and having a competitive pricing structure. The company's goal in the first year is to become an independently-run business entity without having any contracted services. We would like to fully manage our operation, from hiring drivers to sourcing business. The company's goal within the next five years is to operate a full-service business with a fleet of 200 trucks, "hot-shot"

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trucks, and minifloat loads. State Forwarders would like to be in a position to handle any job available at this stage.

Key components of our initial strategy can be summarized as follows:

- i. **Expand fleet of trucks.** The company is currently working to expand on its existing fleet of trucks. This will enable us to increase the number of customers we are able to serve.
- ii. **Establish independent status.** The company is currently operating under fee sharing, but is working to become independent and manage its own operations, from sourcing to daily management.
- iii. **Establish a complete business.** The company is currently working toward becoming a complete business with a fleet of trucks which includes long-haul trucks. The management of the company has identified a good customer base which it can tap into once all the necessary equipment has been acquired. This will enable the company to service areas outside its current domain and increase profit levels.

5.1 Value Proposition

State Forwarders offers the following advantages to customers.

- i. **Quality Service.** We provide our customers with courteous, prompt, and dependable service. The company has a reputation for timely deliveries and the best drivers in the industry, and intends to build upon that.
- ii. **Competitive rates.** We will provide competitive rates for our customers because we have low cost inputs.
- iii. **Package handling.** By maintaining dependable and safe equipment, we will ensure that there is no damage to customer's cargo.

5.2 Competitive Edge

Our major competitive advantage is the vast industry experience and solid reputation of its owner, Anil Suchak. His other companies are also well known among its clients for going that extra mile in the customer-service department.

5.3 Marketing Strategy

We market our services as solutions to the many companies requiring cargo to be transported promptly and efficiently. The company's future marketing plans will be nationwide, emphasizing haulage capabilities for any cargo. The overall marketing plan for services is based on the following fundamentals:

- i. The segment of the market(s) planned to reach.
- ii. Distribution channels planned to reach market segments: television, radio, sales associates, and mailings.
- iii. Share of the market expected to capture over a fixed period of time.

5.3.1 Pricing Strategy

At the time of this writing, State Forwarders already has a lease arrangement with various oil retail and wholesale companies. The company's pricing is based on miles per the East Africans of pounds of cargo transported. We will be able charge competitive rates, as we have minimal overhead compared to our competition. The table below sketches out the pricing structure; for a key to this table please see asterisks at the bottom of the page.

5.3.2 Marketing Programs

Market Responsibilities-State Forwarders is committed to an extensive promotional campaign. To accomplish initial sales goals, the company will require an extremely effective promotional campaign to accomplish two primary objectives:

- Attract quality sales/service personnel with a desire to be successful.

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- Attract customers that will consistently look to State Forwarders for their hauling needs.

Promotion-In addition to standard advertisement practices, State Forwarders will gain considerable recognition through these additional promotional mediums:

- Press releases sent to radio stations, newspapers, and magazines.
- Radio advertising on secondary stations.
- We plan to advertise nationally, in magazines and newspapers, on television and radio, and on billboards.

Incentives-As an extra incentive for customers and potential customers to remember the name, State Forwarders plans to distribute coffee mugs, T-shirts, pens, and other advertising specialties with the company logo.

Brochures-The objective of a brochure is to portray the company's goals and products as an attractive functionality. State Forwarders will develop three brochures: one to be used to promote sales, one to announce the product in a new market, and the third to recruit sales associates.

5.4 Sales Strategy

The company will base its sales strategy on increasing the sales from its existing customers, and also to target new businesses. For the latter purpose, we will employ a part-time sales representative.

A customer survey has shown that currently some transport companies are losing sales from its existing clients because the company cannot provide certain types of services. The customers have also shown interest in giving more business to State Forwarders once the company has in place its truck fleet to handle special orders. Once the new trucks are purchased, we will notify our clientele of the new services and pitch our services to the new businesses. We will further continue our policy of only accepting jobs which can be delivered with high customer satisfaction. Orders that require

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outsourcing will be gradually eliminated so that we can provide total quality control over the services we render.

5.4.1 Sales Forecast

The following table and charts show our projected sales for the next five years.

	Year-2022	Year-2023	Year-2024	Year-2025	Year-2026
Product Sales	1,362,300	1,471,284	1,588,987	1,747,885	1,922,674
Income From Transport Services	9,935,100	10,729,908	11,588,301	12,747,131	14,021,844
Total Turnover	11,297,400	12,201,192	13,177,287	14,495,016	15,944,518
Products	878,230	912,196	953,392	1,048,731	1,153,604
Services	2,985,060	-	-	-	-
Total Cost of Sales	3,863,290	912,196	953,392	1,048,731	1,153,604

6.0 Management Summary

The company's management is minimal in order to reduce the overhead. Anil, the company owner and president, makes all executive decisions. At the moment, he also generates most of the sales leads. Additional staff will be hired to work as an executive secretary that answers phone inquiries and maintains the customer database. A part-time sales representative will also be hired to solicit new business once the company acquires new trucks. In the years 2022-2026, the administrative staff is planned to increase in order to handle the higher sales volume. In the future, a sales manager will be hired to allow Mr. Anil more time to dedicate himself to company management.

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Personnel Plan			
	2021	2022	2023
Total People	30	55	103

6.1 Project Organizational Structure

The company's management philosophy is based on responsibility and mutual respect. State Forwarders maintains an environment that stimulates productivity and emphasizes respect for customers and fellow employees. The company structure is linear, which lends the staff responsibilities and decision-making power.

6.2 Management Team

The management of State Forwarders is highly experienced and qualified. Anil Suchak, president and CEO, has been involved in the industry for more than 10 years. He is well respected by the professionals with whom he has worked. All administrative functions will be performed by General Manager, who has worked with business for at least five years. She/he must possess extraordinary customer service and database management skills.

7.0 Financial Plan and Forecasts

7.1 Capital Investment and Project Financing

The company is raising **\$10,200,000** in terms of a bank loan and shareholders equity for the purpose of financing equipment purchases to meet a growing demand for its services. The company management has reason to believe that an increased truck fleet will assist the company in its effort to widen its market offering and increase sales.

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7.2 Project investment Cost Breakdown

Item	US\$
Land/Building –Own Office and Workshop	
Plant and Machinery	200,000
Vehicles	10,000,000
Furniture & fittings	
Pre-expenses	
Others	
Working capital	
TOTAL	10,200,000

7.3 Project Financing Structure

Foreign Equity US\$	Local equity US\$	Foreign Loan US\$	Local Loan US\$
	\$ 1,500,000		\$ 8,700,000

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7.4 Schedule of Project Capital Goods

INTENDED CAPITAL/DEEMED CAPITAL GOODS/ITEMS

S/n	Item	Quantity
1	Forklift	8
2	Cranes	10
3	Utility vehicles -Pickups/single cabin road petrol pickup	6
4	Mobile workshop	4
5	Heavy duty trucks (Tractor)	200
6	Low Loader	5
7	Workshop equipment/Tool box sets	Various
8	Construction materials for yards/Workshop	As per BOQ
9	Radio base station	50
10	Radio call handsets	50
11	Radio Communication	50
12	Truck Trailer	100
13	Trailer Tanker	100
14	Industrial Generator	6
15	Garage Equipment:	
	-Compressors	8
	-Pressure Pumps	6
	-Lifts	3
	-Tyre changers	5
	-Wheel Alignments Machines	5
	-Battery Changers Machines	5
	-Wheel Changers Balance Machines	5
	-Welding Machines	5
16	Gps System	30
17	Weighing Scale	10
18	Weighing Bridge	3
19	Heavy duty trucks with container lifting gear	5
20	Tool Boxes	30
21	Pain Booth	5
22	Pneumatic Tools Kits	5
23	Trollers Jacks	10
24	Light Trucks 2-10 TONS	5

7.5 Important Assumptions

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The following table highlights the important general assumptions of State Forwarders. Interest rates, tax rates, and personnel burden are based on conservative assumptions.

7.5.1 General Assumptions

Income Tax				
Income Tax %	30.0%			
Assessed Loss Carried Over	0			
Payment Frequency (Months)	6			
First Payment Month	2			
Current Or Subsequent	Current			
<i>Projected loan repayments and interest are calculated based on the below terms (each on a separate sheet).</i>				
Loan Terms	<i>Loans 1</i>	<i>Loans 2</i>	<i>Loans 3</i>	<i>Leases</i>
Interest Rate	8.25%	8.00%	8.50%	9.50%
Repayment Term (in years)	10.0	8.0	5.0	4.0

7.6 Projected Profit and Loss

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The table below summarizes our projected income statement for the first five years of plan implementation. As with the other tables, the Profit and Loss table is projected to be quite conservative. The detailed monthly projection can be found in the appendix.

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<i>Cash Flow Projections - Income Statement</i>					
	Year-2022	Year-2023	Year-2024	Year-2025	Year-2026
Product Sales	1,362,300	1,471,284	1,588,987	1,747,885	1,922,674
Income From Transport Services	9,935,100	10,729,908	11,588,301	12,747,131	14,021,844
Total Turnover	11,297,400	12,201,192	13,177,287	14,495,016	15,944,518
Products	878,230	912,196	953,392	1,048,731	1,153,604
Services	2,985,060	-	-	-	-
Total Cost of Sales	3,863,290	912,196	953,392	1,048,731	1,153,604
Products	484,070	559,088	635,595	699,154	769,070
Services	6,950,040	10,729,908	11,588,301	12,747,131	14,021,844
Total Gross Profit	7,434,110	11,288,996	12,223,895	13,446,285	14,790,913
<i>Products</i>	<i>35.5%</i>	<i>38.0%</i>	<i>40.0%</i>	<i>40.0%</i>	<i>40.0%</i>
<i>Services</i>	<i>70.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
Gross Profit %	65.8%	92.5%	92.8%	92.8%	92.8%
Other Income	60,000	64,800	69,984	76,982	84,681
Operating Expenses					
Accounting Fees	24,000	24,720	25,462	26,225	27,012
Advertising & Marketing	131,000	134,930	138,978	143,147	147,442
Bank Charges	3,000	3,090	3,183	3,278	3,377
Cleaning Expenses	9,420	9,703	9,994	10,293	10,602
Computer Expenses	8,000	8,240	8,487	8,742	9,004
Consumables	5,289	5,448	5,611	5,779	5,953
Electricity & Water	13,400	13,802	14,216	14,643	15,082
Entertainment	12,000	12,360	12,731	13,113	13,506
Equipment Hire	18,000	18,540	19,096	19,669	20,259
Insurance	25,800	26,574	27,371	28,192	29,038
Legal Fees	74,000	76,220	78,507	80,862	83,288
Motor Vehicle Expenses	1,800	1,854	1,910	1,967	2,026
Postage	1,200	1,236	1,273	1,311	1,351

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Printing & Stationery	3,600	3,708	3,819	3,934	4,052
Professional Fees	32,000	32,960	33,949	34,967	36,016
Rent	244,000	251,320	258,860	266,625	274,624
Repairs & Maintenance	5,880	6,056	6,238	6,425	6,618
Security	3,900	4,017	4,138	4,262	4,389
Subscriptions	3,200	3,296	3,395	3,497	3,602
Telephone & Fax	30,120	31,024	31,954	32,913	33,900
Training	12,000	12,360	12,731	13,113	13,506
Uniforms	2,530	2,606	2,684	2,765	2,848
Total Operating Expenses	664,139	684,063	704,585	725,723	747,494
Staff Costs					
Salaries	840,000	865,200	891,156	917,891	945,427
Wages	360,000	370,800	381,924	393,382	405,183
Total Staff Costs	1,200,000	1,236,000	1,273,080	1,311,272	1,350,611
Depreciation & Amortization					
Depreciation	188,000	263,000	307,000	250,000	275,000
Amortization	12,000	12,000	12,000	12,000	12,000
Total Depreciation & Amortization	200,000	275,000	319,000	262,000	287,000
Profit / (Loss) before Interest & Tax	5,429,971	9,158,733	9,997,214	11,224,272	12,490,489
Interest Paid					
Interest - Loans 1	147,281	285,593	263,400	239,305	213,146
Interest - Loans 2	138,660	193,325	171,354	147,561	121,792
Interest - Loans 3	33,772	277,970	468,365	379,139	262,496
Interest - Leases	36,451	27,353	17,351	6,357	-
Total Interest Paid	356,163	784,240	920,470	772,362	597,434
Profit / (Loss) before tax	5,073,808	8,374,493	9,076,744	10,451,911	11,893,056
Taxation	1,522,142	2,512,348	2,723,023	3,135,573	3,567,917
Profit / (Loss) for the year	3,551,665	5,862,145	6,353,721	7,316,337	8,325,139
Dividends	248,617	410,350	444,760	512,144	582,760
Retained earnings for the year	3,303,049	5,451,795	5,908,960	6,804,194	7,742,379
<i>Profit / (Loss) %</i>	<i>31.4%</i>	<i>48.0%</i>	<i>48.2%</i>	<i>50.5%</i>	<i>52.2%</i>
<i>Interest Cover</i>	<i>15.2</i>	<i>11.7</i>	<i>10.9</i>	<i>14.5</i>	<i>20.9</i>
<i>Return on Equity (ROE)</i>	<i>62.3%</i>	<i>46.3%</i>	<i>34.2%</i>	<i>28.8%</i>	<i>25.1%</i>
<i>Return on Net Assets (RONA)</i>	<i>24.5%</i>	<i>26.4%</i>	<i>22.1%</i>	<i>21.8%</i>	<i>21.3%</i>

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7.7 Projected Cash Flow

The projected cash flow is presented in the chart and table below. The first disbursement of the long-term loan in the amount of \$ 8,700,000 is expected to be received in April, 2021.

The monthly cash flow is presented in the illustration, with one bar representing cash flow per month, and the other the monthly balance. The annual cash flow can be found in the table below, and are in monthly detail in the appendix.

State Forwarders Limited					
<i>Cash Flow Projections - Cash Flow Statement</i>					
	Year-2022	Year-2023	Year-2024	Year-2025	Year-2026
Cash flows from operating activities					
Profit / (Loss) for the year	3,551,665	5,862,145	6,353,721	7,316,337	8,325,139
Interest	356,163	784,240	920,470	772,362	597,434
Taxation	1,522,142	2,512,348	2,723,023	3,135,573	3,567,917
<i>Adjustment for non-cash expenses:</i>					
Depreciation	188,000	263,000	307,000	250,000	275,000
Amortization	12,000	12,000	12,000	12,000	12,000
Reserves	-	-	-	-	-
<i>Changes in operating assets & liabilities</i>					
Inventory	(433,763)	461,203	(6,438)	(14,900)	(16,390)
Trade Receivables	(616,564)	(78,925)	(85,239)	(115,073)	(126,580)
Loans & Advances	-	(2,000,000)	-	10,000	15,000
Other Receivables	-	(70,000)	-	(5,000)	(10,000)
Trade Payables	(81,032)	1,778	2,082	4,287	4,686
Sales Tax	105,226	196,922	27,431	36,038	39,686
Payroll Accruals	-	600	618	637	656
Other Accruals	5,000	6,000	(16,000)	(20,000)	10,000
Other Provisions	(12,000)	(9,000)	19,000	15,000	18,000
<i>Cash generated from operations</i>	<i>4,596,837</i>	<i>7,942,310</i>	<i>10,257,669</i>	<i>11,397,261</i>	<i>12,712,546</i>

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Interest paid	(356,163)	(784,240)	(920,470)	(772,362)	(597,434)
Taxation paid	(1,522,142)	(2,512,348)	(2,723,023)	(3,135,573)	(3,567,917)
<i>Net cash from operating activities</i>	<i>2,718,532</i>	<i>4,645,723</i>	<i>6,614,175</i>	<i>7,489,326</i>	<i>8,547,196</i>
Cash flows from investing activities					
Purchases of property, plant & equipment	(240,000)	(2,500,000)	(2,200,000)	(2,000,000)	(3,500,000)
Purchases of intangible assets	-	-	-	-	-
Purchases of investments	-	-	-	-	-
<i>Net cash used in investing activities</i>	<i>(240,000)</i>	<i>(2,500,000)</i>	<i>(2,200,000)</i>	<i>(2,000,000)</i>	<i>(3,500,000)</i>
Cash flows from financing activities					
Proceeds from shareholders' contributions	2,000,000	1,500,000	-	-	-
Dividends paid	-	(248,617)	(410,350)	(444,760)	(512,144)
Proceeds from loans 1	2,500,000	-	-	-	-
Proceeds from loans 2	2,200,000	-	-	-	-
Proceeds from loans 3	2,400,000	2,000,000	2,500,000	-	-
Proceeds from finance leases	-	-	-	-	-
Repayment of loans 1	(121,329)	(258,985)	(281,178)	(305,272)	(331,432)
Repayment of loans 2	(163,865)	(264,704)	(286,674)	(310,468)	(336,236)
Repayment of loans 3	(64,708)	(600,138)	(1,179,113)	(1,319,630)	(1,436,273)
Repayment of finance leases	(91,677)	(100,775)	(110,777)	(121,771)	-
<i>Net cash from financing activities</i>	<i>8,658,422</i>	<i>2,026,782</i>	<i>231,909</i>	<i>(2,501,902)</i>	<i>(2,616,085)</i>
Increase / (Decrease) in cash equivalents	11,136,954	4,172,504	4,646,084	2,987,424	2,431,111
Cash & cash equivalents at beginning of year	171,000	11,307,954	15,480,458	20,126,541	23,113,966
Cash & cash equivalents at end of year	11,307,954	15,480,458	20,126,541	23,113,966	25,545,077

Balance Sheet

State Forwarders Limited

State Forwarders Limited					
<i>Cash Flow Projections - Balance Sheet</i>					
	Year-2022	Year-2023	Year-2024	Year-2025	Year-2026
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	1,102,000	3,339,000	5,232,000	6,982,000	10,207,000
Intangible Assets	108,000	96,000	84,000	72,000	60,000
Investments	800,000	800,000	800,000	800,000	800,000
	2,010,000	4,235,000	6,116,000	7,854,000	11,067,000
Current Assets					
Inventory	603,763	142,560	148,998	163,898	180,288
Trade Receivables	986,564	1,065,489	1,150,729	1,265,801	1,392,382
Loans & Advances	55,000	2,055,000	2,055,000	2,045,000	2,030,000
Other Receivables	53,000	123,000	123,000	128,000	138,000
Cash & Cash Equivalents	11,307,954	15,480,458	20,126,541	23,113,966	25,545,077
	13,006,281	18,866,507	23,604,268	26,716,665	29,285,746
Total Assets	15,016,281	23,101,507	29,720,268	34,570,665	40,352,746
EQUITY & LIABILITIES					
Equity					
Shareholders' Contributions	2,001,000	3,501,000	3,501,000	3,501,000	3,501,000
Reserves	-	-	-	-	-
Retained Earnings	3,703,049	9,154,844	15,063,804	21,867,998	29,610,377
	5,704,049	12,655,844	18,564,804	25,368,998	33,111,377
Non-Current Liabilities					
Long Term Loans 1	3,578,671	3,319,687	3,038,509	2,733,236	2,401,805
Long Term Loans 2	2,536,135	2,271,431	1,984,757	1,674,289	1,338,053
Long Term Loans 3	2,335,292	3,735,154	5,056,042	3,736,412	2,300,139
Finance Leases	333,323	232,548	121,771	-	-
	8,783,422	9,558,820	10,201,079	8,143,938	6,039,996
Current Liabilities					
Bank Overdraft	-	-	-	-	-
Trade Payables	48,968	50,745	52,828	57,115	61,800
Sales Tax	121,226	318,148	345,579	381,617	421,303
Payroll Accruals	20,000	20,600	21,218	21,855	22,510
Other Accruals	60,000	66,000	50,000	30,000	40,000
Provision For Taxation	-	-	-	-	-

State Forwarders Limited

Dividends Payable	248,617	410,350	444,760	512,144	582,760
Other Provisions	30,000	21,000	40,000	55,000	73,000
	528,810	886,843	954,385	1,057,730	1,201,373
Total Equity & Liabilities	15,016,281	23,101,507	29,720,268	34,570,665	40,352,746
<i>Days in period</i>	365	365	366	365	365
<i>Current Ratio</i>	24.6	21.3	24.7	25.3	24.4
<i>Quick Ratio</i>	23.5	21.1	24.6	25.1	24.2
<i>Inventory Days</i>	29.9	29.9	29.9	29.9	29.9
<i>Debtors Days</i>	25.0	25.0	25.0	25.0	25.0
<i>Creditors Days</i>	15.0	15.0	15.0	15.0	15.0
<i>Debt / Equity</i>	1.5	0.8	0.5	0.3	0.2
<i>Workings (Not Printed):</i>					
<i>Inventory Days</i>	30.00	30.00	30.00	30.00	30.00
<i>Monthly COS</i>	3,863,290	912,196	953,392	1,048,731	1,153,604
<i>Debtors Days</i>	25.00	25.00	25.00	25.00	25.00
<i>Monthly Turnover (Inclusive)</i>	13,330,932	14,397,407	15,549,199	17,104,119	18,814,531
<i>Creditors Days</i>	15.00	15.00	15.00	15.00	15.00
<i>Monthly Payables (Inclusive)</i>	1,427,068	1,478,871	1,539,557	1,664,494	1,801,054
<i>Sales Tax:</i>					
<i>Payment Month?</i>	No	No	No	No	No
<i>Month Index</i>	2	2	2	2	2
<i>Monthly Output Total</i>	2,033,532	2,196,215	2,371,912	2,609,103	2,870,013
<i>Monthly Input Total</i>	814,937	287,327	298,436	319,402	342,198
<i>Income Tax:</i>					
<i>Payment Month?</i>	Yes	Yes	Yes	Yes	Yes
<i>Month Index</i>	0	0	0	0	0
<i>Monthly Total</i>	1,522,142	2,512,348	2,723,023	3,135,573	3,567,917
<i>Payroll Accrual:</i>					
<i>Accrual %</i>	20.0%	20.0%	20.0%	20.0%	20.0%
<i>Payment Month?</i>	Yes	Yes	Yes	Yes	Yes
<i>Month Index</i>	1	1	1	1	1
<i>Monthly Total</i>	20,000	3.0%	3.0%	3.0%	3.0%
<i>Dividends:</i>					

State Forwarders Limited

<i>Dividend %</i>	<i>7.0%</i>	<i>7.0%</i>	<i>7.0%</i>	<i>7.0%</i>	<i>7.0%</i>
<i>Expense Month?</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
<i>Payment Month?</i>	<i>No</i>	<i>No</i>	<i>No</i>	<i>No</i>	<i>No</i>
<i>Profit / (Loss) for the year</i>	<i>3,551,665</i>	<i>5,862,145</i>	<i>6,353,721</i>	<i>7,316,337</i>	<i>8,325,139</i>
<i>Dividend Value</i>	<i>248,617</i>	<i>410,350</i>	<i>444,760</i>	<i>512,144</i>	<i>582,760</i>
<i>Dividend Expense</i>	<i>248,617</i>	<i>410,350</i>	<i>444,760</i>	<i>512,144</i>	<i>582,760</i>
<i>Dividend Accrual</i>	<i>248,617</i>	<i>410,350</i>	<i>444,760</i>	<i>512,144</i>	<i>582,760</i>
<i>Dividend Status</i>					

8.0 Conclusion and Recommendations

Analysis of viability of the proposal of setting up a cargo transport service project by **State Forwarders Limited** shows that the proposal is economically and financial viable.

The obvious economic and social benefits of the project are among others

- i. Contribute to the Government revenue in terms of tax payments and foreign exchange and other levies
- ii. Employment generation to Tanzanians
- iii. Provision of services provide support and contribute to growth of other sectors including industries

It is therefore recommended that TIC provide the project with certificate of incentives in order to enable timely implementation of the project under the Tanzania Investment Act.