

SEJONG EDU MISSION FOR AFRICA LIMITED

**BUSINESS PLAN FOR A SCHOOL PROJECT AT NYAKAHAMBA-
KEREGE IN BAGAMOYO, PWANI**

FIVE YEARS: 2020-2024

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CORPORATE INFORMATION

Date of Incorporation: 14TH March, 2020

Company Registration

Number: 141345494

Business Activity: Pre-primary and primary education; General secondary education; Technical and vocational secondary education; Higher education; and Educational support activities.

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LIST OF ABBREVIATION

BOQ	Bill of Quantities
EAC	East African Community
HT	Head Teacher
PHC	Population and Housing Census
SADC	Southern African Development Community
TZS	Tanzania Shillings
USD	United States Dollars

1.0 EXECUTIVE SUMMARY

Sejong Edu Mission For Africa Limited is a private company registered in Tanzania. The company is focusing on provision of primary and secondary school education under the brand name *Sejong Schools* at Nyakahamba Street in Kerege Ward, Bagamoyo district, in Pwani (Coastal) region. The main specialties of the company include; pre-primary and primary education; general secondary education; technical and vocational secondary education, with plans to expand to higher education and other educational support activities such as sports and recreation and human health services, and educational support activities that will cater a need to the surrounding communities and the country at large.

The company is owned and managed by experienced persons in education and community services. The directors are graduates from higher learning institutions with a strong base and experience in the education field and community services in Tanzania and in various places abroad. The project is expected to be fully financed through owners' equity, where the total project investment plan is **USD 1,461,558.29**. During the first year of operations, the project intends to employ at least 65 people, 60 being Tanzanians and 5 foreigners. The project is expected to accommodate 600 pupils/students on average per year; the number is expected to increase in the following years.

1.1 Company Vision, Mission and Core Values

Our Vision: To be a company of choice for provision of high quality educational and support services in Tanzania and beyond.

Our Mission: Our corporate mission is to achieve our vision. We are committed to provide best educational services that will meet a need of a growing young generation and adults in the country and neighboring countries.

Core Values: Through our dedicated, competent, professional and motivated organization, modernized, and experienced personnel, we are committed to the following principles:

- We ensure total continual customer satisfaction and optimum returns.
- We are committed to listening and responding to the needs of the community we serve;
- We will set a new standard with an educational system that is uncompromised quality, which is achieved by individuals and as a team.
- To inspire and connect with our community to put their best selves forward every day.

1.2 Project Objectives

The main objective of our project is to provide best educational services in the country. The project intends to provide high quality pre-primary, primary and secondary school education services and later on expand activities to include higher education, sports and culture and health services. Specifically the project aims to achieve the following objectives;

- Provide and expand learning for the whole child, including health and physical fitness beyond the demands of the core curriculum.
- Expose students to age-appropriate career orientation and related practicing professionals based upon their early interests.
- Enhance educational opportunities and career prospects for the entire for the young generation across the country.
- Develop, promote and maintain a positive behaviour support environment so that all students will engage and progress in their learning.

1.3. Project components and costs

The project is expected to commence its activities soon after all the preliminary arrangements and permits are obtained. The project has already secured 21 acres of land at Nyakahamba Street in Kerege ward, in Bagamoyo district that is specifically dedicated for project activities. The company has obtained a sales agreement that will be submitted to TIC for further processes along with this plan. The area requires developments in terms of buildings, classroom facilities, laboratory and office. During phase 1 of the project, the total investment requirement is described in Table 1.1.

Table 1.1: Project Requirements (Cost in US\$)

Descriptions	Quantity	Value per unit	Total value
Land and Buildings			
Land (21 acres)	1	100,000	100,000
Preliminary ground works	1	10,000	10,000
Administration Block (2 storey)	1	150,000	150,000
Classrooms (1 storey)	1	120,000	120,000
Dormitories (2 storeys)	2	150,000	300,000
Sub-total Land& buildings			680,000
Machinery & equipment			
Laboratory Equipments	1	30,000	30,000
Generator	1	10,000	10,000
Computers	10	1,000	10,000
Furniture & Fittings	1	18,000	18,000
Sub-total machinery & equipments			68,000
Motor vehicles			
School Bus	4	40,000	160,000
Directors Car	1	25,000	25,000
Motor Cycle	1	1,000	1,000
Sub-total Motor Vehicles			186,000
TOTAL ASSETS			934,000
Working Capital			
Labour	65		200,869.57
Consumable materials			256,080.00
Operational overheads			17,217.39
Administration Costs			53,391.34
Sub-Total Working Capital			527,558.30
GLAND TOTAL			1,461,558.29

The project investments totals to **US\$ 1,461,558.29 (United States Dollar One Million Four hundred Sixty One Thousand Five Hundred Fifty Eight and Twenty Nine Cents)** which covers the costs of buildings, machinery equipments, motor vehicles, furniture and fittings; and working capital including labour materials, operational overheads and administrative costs.

1.4 Implementation Plan

The project has already commenced since March, 2020 where preliminary costs have been incurred that is acquisition of a land in Bagamoyo district and preliminary costs including land clearance and architectural designs have been incurred by the project. This Business Plan has been created to outline the strategic direction of our school for the next five years from 2020 to 2024. The purpose of the business plan is to set up a road map where the company activities should follow. The implementation programme is well described in the Table 1.2.

Table 1.2: Implementation Schedule

DESCRIPTION		PHASE ONE (MARCH, 2020-JAN. 2021)				PHASE TWO (JAN 2022-JUNE, 2024)
No.	Activities	March-April, 2020	May-August, 2020	Sept-Dec 2020	Jan 2021-Dec.2021	Year 2022-2024
1	Land acquisition					
2	Site clearance, architectural designs and mobilization of resources					
3	Construction of the site and procurement of machinery & equipments					
4	Registration with the Ministry of Education and Vocational Training					
5	Recruitments of Staff, advertisement, enrollments starts, classes begin.					
6	Construction of the site continues, Procurement of machinery and equipments.					

Upon completion of construction, classrooms will be outfitted with desks, bookshelves, dry erase boards, cubbies, etc. The Dining Hall will have tables/chairs, cooking supplies, trays/cutlery, etc. Dorms will be furnished with bunk beds, proper bedding, study tables/chairs, cubbies, etc. Bathrooms will be finished with functioning toilets, showers, and plumbing. The Medical Centre will be stocked with examination table, chair, desk and all proper medical equipment and supplies.

1.5. Project Benefits

Implementation of the project will have economic and social benefits to the company and the country at large notably:

- The project will improve access to best educational services in the country;
- The project will help the government efforts in the fight against illiteracy level in the country.
- The project will increase employment opportunities;
- The project will increase social services to the community;
- The project will increase tax revenue to the government.

2.0 BUSINESS DESCRIPTION

The core business of our project is to provide educational services across the country. **Sejong Schools** will provide educational services through pre-primary, primary and secondary education to about 450 children per year through a life-changing curriculum that is in accordance with the current national educational policy that ensures best quality education to all. **Sejong Schools** will be different from any other school in Tanzania, a progressive educational institution for all children that supports all learners obtaining academic achievement through a thoughtfully planned curriculum and a warm, caring approach by teachers and staff who listen, motivate and empower. Pupils and Students will be equipped with the tools necessary to progress and become successful adults, capable of bringing great change and stability to their families, communities, and ultimately helping to impact the future of their country.

2.1 Key Success Factors

Our Environment

Our environment has been specifically designed to stimulate physical, intellectual and moral growth of pupils and students. The project is designed to have decent, well ventilated classrooms with immaculately cleaned washrooms and beautiful lawns.

Health

The health and welfare of our pupils and students will be taken quite seriously. To this effect, we have made a provision for an in-house recovery room to take care of minor ailments that may occur during the period.

School Curriculum

In accordance with the Tanzania's government policy on national education, our project will provide a wide variety of subjects geared towards the holistic development of pupils and students. Every teaching method will be tailored towards determining the future prospects of the children into responsible adults.

Our Approach

What will make *Sejong Schools* the most unique, is our approach to education. Though in most schools in Tanzania, children are often dictated to, discouraged from speaking up or sharing their ideas, we will run our school differently. We believe children will thrive and only reach their fullest potential if they are empowered, Inspired, Motivated, Respected and Encouraged. It is our prerogative to give students a voice, to cater to their specific needs, and to encourage creativity, independent thought, and self-confidence. We believe that with this approach, paired with an innovative curriculum, and qualified, passionate staff, that our students will not only get the most out of their education, but evolve into well-rounded, confident young people. Every pupil/student will matter, and be treated as a human being, not a number. There will always be time made to tutor, show support, and address our students questions and concerns. We will not only be a school, but a community centered around compassion, respect and kindness. We believe education is about so much more than what is taught in the classroom. It is about life experience, building friendships, exploring creativity, and coming into your own. We will provide students with an environment brimming with positive energy, where they can learn, explore and grow.

Technology

We are committed to giving our pupils/students the technological skills necessary to enhance entrepreneurship and employability in today's digital world. We would like to

equip our library with a computer center, where students will learn digital skills that will be useful in the future. As the use of technology in different industries in Tanzania is becoming more intense, workers are often required to have the knowledge and experience that is often not taught in institutions. We believe our pupils/students will benefit greatly from IT, typing and digital technology workshops that will prepare them for the rapid digital revolution of Tanzania.

Our Staff

With the help of our Tanzanian colleagues, who have years of experience in school administration, we will hire our staff, which will be comprised 100% of Tanzanians, creating opportunity for dozens of jobs, providing fair pay in an excellent work environment. There will also be opportunities in the future for volunteers interested in donating their time to make a difference at our schools. After all of our staff is hired, we will conduct orientations and team building seminars so that the *Sejong Schools* family will be on the same page and properly trained to carry out our vision. We will keep on developing and implementing ongoing feedback processes and mechanisms including coaching of teachers on their classroom practice.

3.0 BUSINESS ENVIRONMENT AND SECTOR ANALYSIS

3.1 Business environment

Businesses may be affected by factors beyond owner's control, and these need to be taken into account before making any investment decision. The company has considered many opportunities and challenges that may arise out of the expected changes. Thus analysis of business environment key factors is paramount to this plan in order to determine external factors and how they are likely to affect the project.

Economically; Tanzania is now experiencing economic growth whereby the purchasing power of people is increasing and people's interactions is increasing as trade grows in the East African Region and SADC. This has called for a lot of integrations by many people in big cities especially Dar es Salaam. The increase in population and visitors to these cities necessitates additional demand for goods and services especially education which is an integral part of the welfare of the people.

The country is highly improving business environment to encourage investors in various sectors where education is a key sector to enable the community acquire required skills needed for country's development. The burning issue currently is the rate of inflation and continuous fall in domestic currency this would lead to increased cost of operations as the price of materials are rising.

Politically; Tanzania has enjoyed political stability since it gained its independence in 1961, which has allowed for a degree of continuity and coherence in the organisation of both the state and the private sector. The country retains strong national unity with an engaged civil society and nascent private sector. The government of Tanzania is in support of education through a number of policies and strategies that aims at making education accessible to all. Education and training are at the heart of the Development Vision 2025, which underlines a well-educated and learning society as one of the five main national vision attributes.

3.2 Overview of Tanzanian Education Sector

The education sector in Tanzania has been organised into the following five main clusters:

- i. Basic and Compulsory Education. This comprises pre-primary education (two years), primary education (seven years) and ordinary secondary education (four years);
- ii. Advanced Secondary Education, consisting of two years;
- iii. Technical and Vocational Education and Training (including teacher education);
- iv. Adult Education and Non Formal Education; and
- v. Higher Education.

3.1.1 Structure of the Education System

The education system in Tanzania allows ownerships and operations by both public (owned by the government) and private (owned by individuals, private institutions and religious groups).The education and Training Policy of 1995 stipulated the structure of the formal education and training system in Tanzania as 2-7-4-2-3+, that is; 2 years of pre-primary education (year 1 and 2); 7 years of primary

education(Standard VII); 4 years of secondary ordinary level education (Form 4); 2 years of secondary advanced level education (Form 5 and 6)and 3 or more years of higher education.

Tanzania’s education system is broadly organized into three parts:

- Formal education that comprises pre-primary through to university/higher education;
- Professional Trainings:-Teacher education, that primarily provides pre-service and in-service training for pre-primary, primary and secondary teachers;- Technical and Vocational Education and Training (TVET), that includes several formal and non-formal alternatives available to primary school leavers and above; and
- Adult and non-formal education, which in addition to short vocational courses, provides youth and adults with a number of options for alternative learning to mainstream back into formal education or simply acquire basic and functional literacy and continuing education.

Table 3.1: Projected school-aged population, by formal education level, 2012-2025 (Millions)

Education Level	2012	2014	2016	2020	2025
Basic Education (5-15 Years)	13.04	13.75	14.50	16.13	18.41
<i>Pre-primary (5 Years)</i>	<i>1.37</i>	<i>1.45</i>	<i>1.53</i>	<i>1.70</i>	<i>1.94</i>
<i>Primary (6-11 Years)</i>	<i>7.33</i>	<i>7.73</i>	<i>8.15</i>	<i>9.06</i>	<i>10.35</i>
<i>O-Level (12-15 Years)</i>	<i>4.34</i>	<i>4.58</i>	<i>4.83</i>	<i>5.37</i>	<i>6.13</i>
<i>A-Level (16-17 Years)</i>	<i>1.75</i>	<i>1.85</i>	<i>1.95</i>	<i>2.17</i>	<i>2.47</i>
<i>Higher (18-20 Years)</i>	<i>2.87</i>	<i>3.02</i>	<i>3.19</i>	<i>3.55</i>	<i>4.05</i>
Total School-Aged Population	17.66	18.63	19.64	21.84	24.94

Source: PHC, 2012 and Projections for single-age demographic data.

4.0 MARKET PLAN

There is a growing population in the country, where current statistics shows that the population trend grows by 3% annually with a current population of 55.9 million in 2019.¹ Dar es Salaam being the largest commercial city has been one of the fastest growing cities in terms of population estimated to have about 6 million people in the year 2019. This rise in population in Dar es Salaam leads to limited chances of schools with best quality education. This makes some parents to seek more education services to the surrounding regions especially Pwani region. The rising population requires additional social services including schools. Our motive is to cater for this need especially through providing a high quality education where every child matters and is a valued member of our community.

4.1 Marketing Strategies

4.1.1 SWOT Analysis

The SWOT analysis is conducted in order to assess ourselves regarding our internal strengths and drawbacks that we need to improve. We have also analyzed external factors which may provide opportunities or pose threats to our project. Finally we have indicated how we can best utilize the available opportunities and mitigate potential threats and overcome our weaknesses.

¹ National Bureau of Statistics, 2020: Tanzania in Figures, 2019

Table 4.1: SWOT Analysis

<p>STRENGTHS</p> <ul style="list-style-type: none"> • A conducive and inclusive learning environment for all students where students feel valued and safe • Excellence in educators and educational programs that are tailored to the whole pupils/students • Management team experience in educational services. • Well managed and resourced programs to allow pupils/ students to reach their full potential. 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Newness of our school may cause delay in getting pupils/students on time. • No enough manpower currently. • No advertisements taking place currently
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Growing demand of educational services due to increase in population in Dar es Salaam and the country at large • Nearness of our School to Dar es Salaam creates opportunity for more Dar es Salaam residents to access our services. • Economic growth and rising in incomes of individuals provides opportunities for the project. 	<p>THREATS/CHALLENGES</p> <ul style="list-style-type: none"> • High expectations and catering for student learning styles. • Communication barriers between parents and teachers/community support. • Stiff competition in education sector.

From the SWOT analysis the company has been able to identify its strength, weaknesses, opportunities and threats. The company is capitalizing on the key strengths to provide best services to customers. The available opportunities create a room for business expansion and the company sees that this prevailing opportunity cannot be left in vain. On the other hand, the company is facing some limitations in providing its services, thus marketing strategies are aimed at minimization of these constraints. The company shall make use of the marketing mix in making sure that high quality product is maintained in the market, our services reaches to high demand locations (place), reasonable price is charged to our clients and appropriate promotional tools are employed to increase awareness of our products and services.

Product: The School has an added advantage to compete in the market through its determination to provide high quality products and services. At *Sejong Schools* we are committed to being an excellent school by providing a safe and supportive

learning environment in which we strive to ensure that every pupil/student is a successful and each teacher is highly effective.

Pricing: Educational services are mostly for helping the community combat illiteracy and empower the learning generations to become well learned persons who could solve community problems. The pricing method that the company applies is based on meeting this target, though operational costs need to be fully covered.

Place: The projects will invest in modern and sophisticated educational facilities and good surrounding environment.

Promotion: Media advertisements especially print media through flyers has been widely employed by the company. We will engage in positive promotion of the school through developing of school branding and marketing strategy. We will improve parent communication through new school website with comprehensive and up to date school information. This will help to introduce new products and services, meet new clients and educate the community. Different procedures of promotion will be applied, such as providing discounts to early customers.

5.0 OPERATIONAL PLAN

The operational plan describes how the project will be undertaken and describes the main requirements of the project. Apart from the investment in fixed assets indicated earlier, the project requires other materials such as consumables, permits, and direct labour for successful delivery of the project. Table 5.1 describes materials consumables on daily basis.

Table 5.1 Consumables: Material requirement per month (TZS)

Item	Quantity	Unit Price	Amount per day	Amount per month
Fuel for generators and vehicles	20 lts	2,300	500,000	1,380,000
Meals and soft drinks	Lampsum	1,560,000	1,560,000	46,800,000
Stationeries	Lampsum			900,000
Total Purchases				49,080,000

Therefore, the total amount required for consumables covering a one month period is TZS 49,080,000 (US\$ 21,340) per month that is US\$ 256,080 per year.

Table 5.2 Labor Costs

Title	Local/Foreign	Number	Salary/person	Monthly salary(TZS)/ Month	Total Salary TZS/ year
Salary & Pension:					
Managing Director	Foreign	1	4,500,000	4,500,000	54,000,000
Operations Manager	Foreign	1	3,500,000	3,500,000	42,000,000
Finance & Admin. Manager	Local	1	2,500,000	2,500,000	30,000,000
Financial Controller	Foreign	1	2,500,000	2,500,000	30,000,000
Accountant	Local	1	1,200,000	1,200,000	14,400,000
Cashier	Local	1	800,000	800,000	9,600,000
Personal Secretary	Local	1	600,000	600,000	7,200,000
Office assistant	Local	1	300,000	300,000	3,600,000
Drivers	Local	8	300,000	2,400,000	28,800,000
Head Teacher	Local	3	800,000	2,400,000	28,800,000
Academic Teacher	Local	3	700,000	2,100,000	25,200,000
Teachers	Foreign	2	600,000	1,200,000	14,400,000
Teachers	Local	15	500,000	7,500,000	90,000,000
Assistants	Local	14	300,000	4,200,000	50,400,000
Cleaners	Local	8	210,000	1,680,000	20,160,000
Watchmen	Local	4	280,000	1,120,000	13,440,000
		65		38,500,000	462,000,000

Labour costs including the salaries and allowances are averaged at TZS 38,500,000/= per month (US\$ 16,739.13), while per annum is TZS 462,000,000 (US\$ 200,869.57).

Table 5.3: Operational Overheads

Item	Monthly Expenses(TZS)	Estimated Costs(TZS)	Annual
Postage& Telephone	500,000		6,000,000
Electricity bills	300,000		3,600,000
Water bills	100,000		1,200,000
Cleaning expenses	1,200,000		14,200,000
Total Costs	3,300,000		39,600,000

Total operational overheads will be TZS 3,300,000/= (US\$1,434.78) per month, which totals to TZS 39,600,000 (US\$ 17,217.39) per annum.

5.2 Revenue collections

Revenue collections will be done on cash basis paid directly to the bank. Where there is a written agreement the company will also provide services on credit basis to institutions sponsoring children at our school with a maximum of 30 days payment period. Each year shall have three terms with 3 months operating dates and one-month holiday. For the first year of the project, the average revenue is estimated to be **TZS 1,350,000,000 (US\$ 586,956.52)**. The description of revenue projections is shown in Table 5.4.

Table 5.4: Revenue Collections

S/ N	Revenue Source	Number of pupils	Fee per pupil/term (TZS)	Amount per term (TZS)	Amount per year (TZS)
1	School fees: Pre-Primary School	150	600,000	90,000,000	270,000,000
2	School fees: Primary School	150	630,000	94,500,000	283,500,000
3	School fees: Secondary School	150	800,000	120,000,000	360,000,000
4	Professional Courses and Higher Learning	150	970,000	145,500,000	436,500,000
	Total	600		450,000,000	1,350,000,000

The total amount projected per term is TZS 450,000,000 (US\$ 195,652.17). That is TZS 1,350,000,000 (US\$ 586,956.52) per annum. The average estimated number of pupils/students is 450 for pre-primary, primary and secondary schools. The project also expects to enrol about 150 students for professional courses and university level. All these together make a total of 600 pupils/students enrolment per year. The school programme shall have three terms of 4 months each, including holidays. Payments of school fees shall be made on term basis or trimester for college and University students.

6.0 ORGANIZATION AND MANAGEMENT PLAN

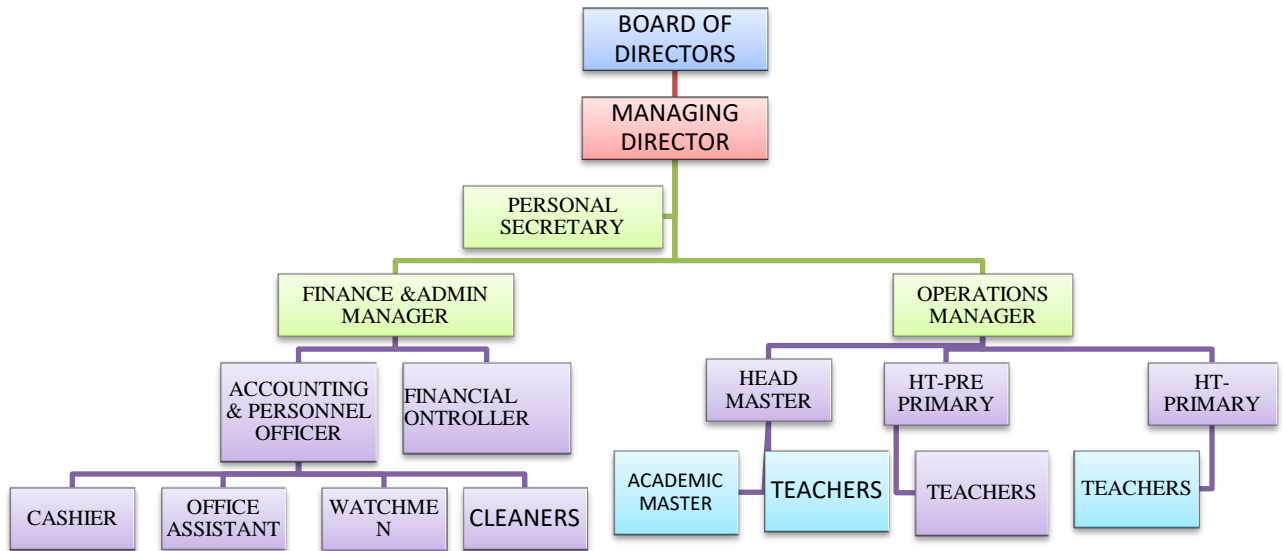
6.1 Number of jobs created

During the first year of operations, the project intends to employ at least 65 people, 60 being Tanzanians and 5 foreigners. The number of staff will increase from time to time as the number of students increases.

6.2 The organization structure

The project has a hierarchical mode of organization structure. The organization structure comprises of the Board of Directors, Managing Director, Departmental Managers, and Headmaster, Head teachers, Teachers, Assistants, cleaners, drivers and other support staff. The figure 6.1 describes the organization structure and the reporting lines for each category.

Figure 6.1 Organization Chart



6.3 Management

The Managing Director is responsible for day-to-day activities of the project and direct reports to the board of directors. Operations Manager is responsible for day-to-day activities of the company including sourcing of materials, manage the personnel under him, sourcing and maintaining teachers and the timetable, and answerable to the Managing Director. Finance and Administrative Manager shall be responsible for all financial and administrative issues and reports to the Managing Director. Accounting and Administrative officer shall be responsible for all sales activities, receiving and payment of cash; and managing the store. The financial controllers shall ensure monitoring resource allocation especially funds and making sure that the fund is used in a desired manner. The accounting and Personnel Officer shall manage all staff under him and perform all administrative duties.

6.4 Administration

Project activities shall be supervised and monitored by the management team. Daily activities such as; purchases of materials, handling of pupils/students and revenue collection requires strong, committed and skilled personnel. To conduct such activities in a desired order, a number of facilities are required. Such facilities are like transport, supplies and the like. The costs associated with running the project activities are indicated in Table 6.1. The costs for administrative expenses include all office running expenses and other costs associated with administration.

Table 6.1: Administration Costs (TZS)

Description	Cost/Month	Cost/Year
Travelling Expenses	1,000,000	12,000,000
Repair & Maintenance	4,000,000	48,000,000
Professional fees	500,000	6,000,000
Bank Charges	200,000	2,400,000
Insurance	3,333,340	40,000,080
Office supplies	200,000	2,400,000
Other – General	1,000,000	12,000,000
Sub-total	10,233,340	122,800,080

The administrative costs for the months are estimated at TZS 10,233,340 (US\$ 4,449.28) that is TZS 122,800,080 (US\$ 53,391.34) per year.

7.0 RISK ASSESSMENT AND KEY ASSUMPTIONS

7.1 Competition

According to the report from the Ministry of Education and Vocational Training in 2019, there are 6,212 government primary schools and 1,578 non-government schools making a total of 17,790. The report shows that there are 3,742 government secondary school in the country and 1,259 non-government secondary schools making a total of 5,001 secondary schools in 2019. From these figures, most schools are owned by the government, the remaining are privately owned either by individuals, faith-based organisations, and private-for-profit or non-governmental organisations. Despite these numbers of schools, actual demand has never been met and it seems that it will take time for the demand to be fully met, as years pass, the population keep on increasing hence necessitating demand for more educational services.

7.2 Price changes

Due to inflation, the price of materials is expected to rise up particularly. In order to cutter for this price increase, the cost of materials has been projected to rise by 5% for each year which is within the current trend in the country. The annual performance including sales and expenses from year to year is also projected to increase by 5%.

7.3 Total Capital Investments

The capital investment items of the proposed pharmaceutical products manufacturing project comprise of two main categories, namely (a) investment capital items and (b) working capital items.

7.3.1 Investment capital items

Investment capital items comprise two types, namely, fixed/tangible and intangible ones. Tangible investment capital items represent the fixed assets, such as “*buildings*” and “*machinery and equipment*” that will be either constructed or procured by the company in the course of setting up the project. Intangible investment capital items represent costs for procuring items like “*technology/technical knowhow*” and cost incurred prior to start-up of operations of the project – generally known as “*pre-operating expenses*”. Pre-operating expenses are cost incurred for items like “*project preparation costs*” that may be paid to project consultants and “*funds mobilization costs*” or “*costs for incorporation of the limited liability company*”, the vehicle that will own and manage the project/business.

i) Land and buildings

The cost of land and building is based on the market value of land for the plot on which the schools will be located .The estimates for the buildings are based on the cost of constructing m2 of school building, office building and dormitories as per BOQ prepared by the company.

ii) Machinery and equipment

Machinery and equipments cost estimates are based on a quotation obtained from the machinery and equipment suppliers within the country and outside the country, especially from China and South Korea.

iii) Motor vehicles

Cost estimates for motor vehicles are based on foreign proforma invoices obtained from local dealers of such motor vehicles.

8.0 FINANCIAL PLAN

8.1 Sources of Funds

The project financing is expected to be 100% through owners' equity. The amount of profit generated is intended to be retained by a huge proportion in order to build up a strong capital base to finance future operations.

8.2 Projected Income Statement

The Projected income statements for five years indicate that the project shall be able to generate substantial amounts of profits as detailed in Table 8.1.

Table 8.1 Projected Income Statements for Five Years (in US\$)

Description	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Revenue	586,957	645,652	710,217	781,239	859,363
Less: Cost of sales	404,765	425,003	446,254	468,567	491,995
Operating Profit	182,191	220,649	263,964	312,672	367,368
<i>Less: Op. expenses</i>	<i>122,783</i>	<i>128,922</i>	<i>135,368</i>	<i>142,136</i>	<i>149,243</i>
Earnings Before Interest and Tax	59,409	91,727	128,596	170,536	218,124
Less :Charges					
Interest	-	-	-		
Earnings Before Tax	59,409	91,727	128,596	170,536	218,124
<i>Corporate Tax (30%)</i>	<i>17,823</i>	<i>27,518</i>	<i>38,579</i>	<i>51,161</i>	<i>65,437</i>
Earnings After Tax	41,586	64,209	90,017	119,375	152,687
<i>Dividends (30%)</i>	<i>12,476</i>	<i>19,263</i>	<i>27,005</i>	<i>35,812</i>	<i>45,806</i>
Retained Earnings	29,110	44,946	63,012	83,562	106,881

The project shall be able to make substantial amounts of profits throughout its circle of five years. In the first year earnings after tax shall be US\$ 41,586; followed by US\$ 64,209 in the following year; then US\$ 90,017 in the third year. In the fourth year the project expects to generate US\$ 119,375 as net profit after tax; and US\$ 152,687 in the fifth year.

Table 8.2 Projected Balance Sheet for Three Years

DESCRIPTIONS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	US\$	US\$	US\$	US\$	US\$
NON-CURRENT ASSETS					
Land& Buildings	674,500	780,500	880,100	910,000	950,000
Machinery & Equipments	61,200	125,000	140,000	155,000	165,000
Motor vehicles	148,800	268,900	320,500	345,000	373,000
Total Non-Current Assets	884,500	1,174,400	1,340,600	1,410,000	1,488,000
Stocks	7,472	18,440	19,284	22,500	33,100
Debtors & Prepayments	9,100	10,950	11,500	15,400	16,700
Cash and Bank balance	119,179	120,096	114,500	250,000	265,000
Total Current Assets	135,751	149,486	145,284	287,900	314,800
TOTAL ASSETS	1,020,251	1,323,886	1,485,884	1,697,900	1,802,800
Authorized Share Capital	217,391	217,391	217,391	217,391	217,391
Trust Capital Account	757,733	790,164	897,717	1,213,447	1,356,428
Retained Earnings	29,110	44,946	63,012	83,562	106,881
Total Equity	1,004,234	1,052,501	1,178,120	1,514,400	1,680,700
Bank loan	-	-	-		
Total Non-Current Liability	-	-			
Trade Creditors and Accruals	7,142	261,622	297,025	175,000	114,000
Taxation	8,875	9,763	10,739	8,500	8,100
Total Current Liabilities	16,017	271,385	307,764	183,500	122,100
TOTAL LIABILITY & EQUITY	1,020,251	1,323,886	1,485,884	1,697,900	1,802,800

Table 8.3 Cash Flow Projections for Five Years

DESCRIPTIONS	Year 1	Year 2	Year 3	Year 4	Year 5
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Cash from operations:					
Profits before tax	59,409	91,727	128,596	170,536	218,124
Adjustments for non-cash items:					
Depreciations	104,450	112,350	115,320	129,922	132,400
Change in Working Capital:					
Receivables	-9,100	-10,950	-11,500	-11,400	-16,700
Trade payables & Accruals	8,875	9,763	10,739	7,500	12,450
Total	163,634	202,890	243,155	296,558	346,274
Tax payments	-17,823	-27,518	-38,579	-51,161	-65,437
Total Cash Inflow from Operating Activities	145,811	175,372	204,576	245,397	280,837
Cash from investing activities:					
Purchase of property, plant & equipment	-964,000	-155,192	-183,167	-74,085	-
Net Cash Outflow From Investing Activities	-818,189	20,180	21,409	171,312	60,806
Cash from financing activities:					
Dividends	-12,476	-19,263	-27,005	-35,812	-45,806
Change in cash & cash equivalent	-830,665	917	-5,596	135,500	15,000
<i>Beginning Cash Balance</i>	<i>949,844</i>	<i>119,179</i>	<i>120,096</i>	<i>114,500</i>	<i>250,000</i>
<i>Ending Cash Balance</i>	119,179	120,096	114,500	250,000	265,000

9.0 CONCLUSION

The plan has proven that the project is viable and beneficial to owners, the government and the general public. The fact that owners are willing to provide 100% equity to finance the project shows a strong commitment in making sure that the project is successfully implemented. The school site is located at a very convenience place for such activities; owners are willing to comply to all government requirements. The fact that there is a huge demand for educational services despite presence of a number of schools in Tanzania makes this project a viable idea. Good government policies in promoting educational sector will also help the project to thrive.