

Business Plan MKOMAZI Investment Group Limited

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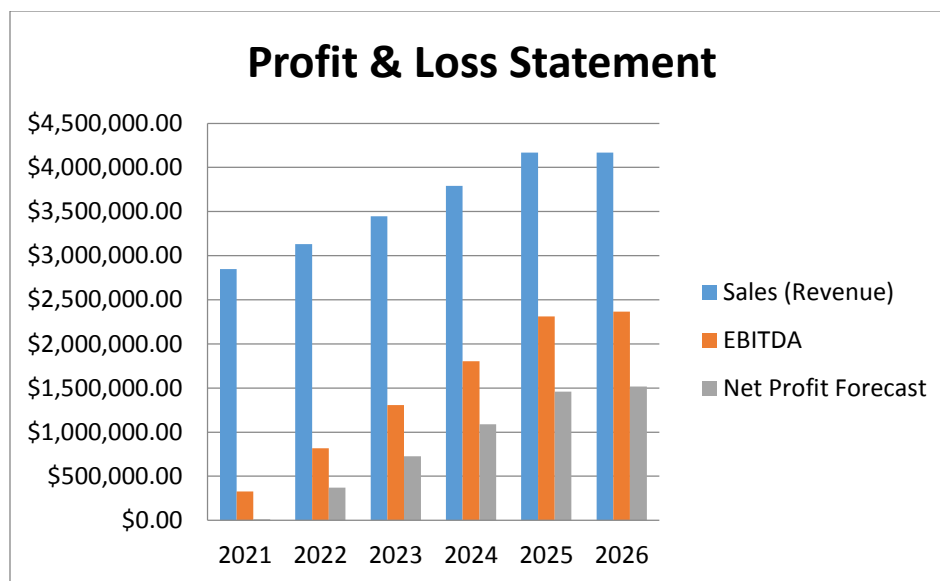
Appendices

1.0 Executive Summary

1.1 Mission Statement

A new MKOMAZI Investment Group Limited intend to start a profit making businesses by providing services in sales and leasing machinery, provision of water treatment products, provision of household products, sales and services of heavy and light motor vehicles spare parts, logistics and distribution services, provision of farm tools and implements, bonded warehousing, bulk cargo storage, bonded warehousing and bulk transportation, transportation of precious materials, door to door distribution services; as a profitable venture for improving local community living standards, increased and better services to ever-demanding needs of similar services in Tanzania and neighbouring countries.

This market share represents revenues of \$2,847,194.40 in Year 1 rising to \$3,131,913.84 and \$3,445,105.22 in Year 2 and Year 3 respectively.



1.2 Goals and Objectives

Five-year goals.

- ✓ Business growth rate of 10% per year starting at 60% capacity in the first year.

- ✓ To further improve quality of services with provision of better technologies year by year.
- ✓ Capture bigger market share
- ✓ Provide better Customer Services
- ✓ To strengthen business stability
- ✓ To increase Company brand awareness
- ✓ Protect Environment
- ✓ To improve staff welfare

Specific, measurable objectives for achieving the company five-year goals.

- ✓ To reach payback (PB) within first four years
- ✓ To increase market shares up to 3% per year in 5 years
- ✓ To attain positive profitability index > 1 in less than three years
- ✓ To conduct training program for specific needs in the next two years for all employees
- ✓ To realize profit margins of not less than 10% - 15% in the first year of operation

2.0 Company Summary

2.1 Startup Summary

- MKOMAZI Investment Group Limited is a private company planning to provide services in transportation, agricultural, construction, water and sanitation, logistics, tourism and mining industry
- In particular services and solutions includes
 - ✓ Provision of essential spare parts for heavy and light motor vehicles, water treatment products, logistics and procurement solutions, bulk cargo and transportation services
 - ✓ Added value crops
 - ✓ Water Treatment
 - ✓ Sanitation Systems
 - ✓ Provision of logistical support to tourism
 - ✓ Marketing of precious minerals
- The company will be registered in Tanzania

- The proposed Company owners have a combined experience in provision of such services to UN Field Missions of over 50 years in various services, project management, full-cycle project development services; mostly with professional experience in America, China, Europe and Africa.
- The proposed Services will be implemented in Tanzania and neighbouring countries
- The major company focus will be in the provision of service transportation, logistics, tourism, water supply, agriculture, marketing of precious stones, warehousing and adding value to commodities' sectors.
- MKOMAZI Investment Group Limited
 - ✓ MKOMAZI Investment Group Limited is a joint venture company comprising of three companies namely;
 - Peak International Trade (Tianjin) Co. Ltd
 - GT Ocean Transportation Limited
 - BenBuild Investments LLC Limited
 - ✓ MKOMAZI Investment Group Limited is registered with shareholding structure of Peak Int.- 51%, GT Ocean - 35%, BenBuild – 14% comprising of 5 Board of Directors (3-1-1).

2.2 Company Ownership

MKOMAZI Investment Group Limited will be owned by the following shareholders

Equity

- Peak International - 51%
- GT Ocean - 35%
- BenBuild Investments - 14%

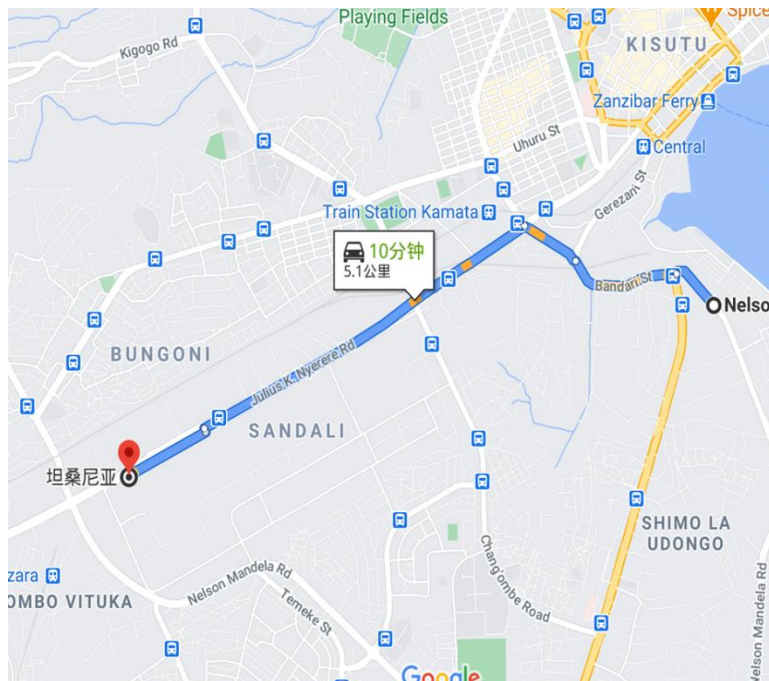
Loan

- Strategic Investor – Banking Institution

2.3 Company Location

MKOMAZI Investment Group Limited will be located in Dar es Salaam, Tanzania. Specifically, the company plans to be located along Julius Nyerere road towards the JNIA Airport, about 5.5 kilometers away from Dar es Salaam port. At this location there are many factories, transportation companies and other enterprises.

The company will commence its business using a rental premise at Diamond PLAZA along Samora Avenue and eventually renting a warehouse at Nyerere Road near TAZARA. As the business grows the company will look into owning a warehouse at a suitable location based on availability of funds and market.



2.4 Company Values

MKOMAZI Investment Group Limited will endeavor to build company culture from within and externally in terms of employee's motivation and customer trust to Company operation respectively, as part of its corporate culture. In particular, MKOMAZI Investment Group Limited will enforce the following values;

- ✓ Leadership: motivation and innovation to shape the future
- ✓ Integrity: to be real
- ✓ Diversity: to be inclusive of gender and ethnicity building confidence internally and externally to potential customers
- ✓ Quality: maintaining quality to attract customers
- ✓ Focusing on the needs of customers
- ✓ Working smart: to remain responsive to change, eager to learn
- ✓ Rewarding to risk takers
- ✓ Being accountable to company’s actions and inactions

3.0 **Various Businesses and Services**

MKOMAZI Investment Group Limited intends to focus on a number of businesses covering provision of support services to transportation facilities, mining and agricultural sector, warehousing/bonded warehousing and logistics, finance and insurance, crops, bulk transportation and precious material trade and services. Details on the aforementioned products and services are as indicated in the below chart.



4.0 **Marketing Plan**

4.1 Market Summary

MKOMAZI Investment Group Limited had identified market segmentation in which 4Ps (Product, Price, Place and Promotion) strategies were found to be the best approach to market her businesses.

The business position in terms of quality services and availability will be ensured to meet the market requirements.

The Company prices will be the penetration prices at the start to popularize and attract customers.

Place – In Tanzania and neighbouring countries locations are part of the targeted market segments by MKOMAZI Investment Group Limited.

Finally, promotion will be conducted through advertisement by means of news media, television, cellphone, internet, blogs and other e-commerce platforms. In addition the promotion will be realized through the distribution channels

4.2 Opportunities and Challenges

Opportunities

Provision of such services like logistics in the transportation sector, international inter-trade, advanced maintenance support and leasing of machinery, heavy trucks and earth moving equipment is still in its infancy phase. MKOMAZI Investment Group Limited will endeavour to introduce new technologies, for better, efficient and improved services as opposed to her competitors.

There are on-going mega projects in areas of transportation like railway and roads construction projects, hydropower projects, housing, water and power distribution projects of which MKOMAZI Investment Group Limited could tap-in.

Challenges

Despite of our company's better strategy and new technologies for providing improved service, we expect to have challenges from the existing and new entrants companies in the similar businesses. However, our company is determined to overcome such challenges by providing better and efficient services to our customers.

4.3 Market Segmentation

MKOMAZI Investment Group Limited market segment focus will be on provision of services and spare parts to the Chinese made trucks, buses, saloon cars, farm implements and machinery. In addition, our company will focus on the water treatment equipment and chemicals, household goods, logistics and transportation. MKOMAZI Investment Group Limited will also dwell in agricultural crops trading mainly for Chinese market.

4.4 Competition

Major competitions are expected to come from new entrants mainly from Far Eastern Countries. For instance, with the new Chinese Road and Belt policy, it is expected to galvanize more Chinese companies investing in Africa in particular Tanzania.

There are also existing local importers of Chinese goods and services in the country, specifically for trucks and spare parts. This is due to the present heavy trucks and its spare parts demands for on-going mega projects in areas of transportation like railway and roads construction projects, hydropower projects, housing, water and power distribution projects.

5.0 Phased Year by Year Business Plan



6.0 SWOT Analysis

S	<p>Strengths</p> <ul style="list-style-type: none"> • Competitive prices • On-ground Experience and knowledge • Acquintancy of new technologies • Abudancy of internal Resources • Geographical advantage, location • Competence, capabilities • Quality, reputation 	W	<p>Weaknesses</p> <ul style="list-style-type: none"> • New to local rules and regulations • There could be gaps in experience, knowledge • Financial situation • Widely dispersed businesses location • Expensive internal transportation network • Underdeveloped telephone, internet facilities inhibiting efficient delivery of services
O	<p>Opportunities</p> <ul style="list-style-type: none"> • Strategic alliances, partnerships with foreign companies for technology and experience. • Door-to-door logistic services are still in its infancy phase • Affordable • Services to neighboring countries – Regional Integration • Early entrants under the new Chinise Belt and Road Policy • Country’s better economic growth - @> 5% per year 	T	<p>Threats</p> <ul style="list-style-type: none"> • Local competitors and new entrants. • Loss af alliances and partners • Price inflation/deflation • Common power failures • Unpredictable local taxes and regulations • Competitors of new products and innovation • Regular change of policies

7.0 PEST Analysis

The PEST analysis is the tool to understand the potential market's factors regarding political, economic, social and technology aspects of a given market.

7.1 Political

On the governance front, Tanzania in general is considered to be a very peaceful country compared its neighbours. However, the country still endures some corruption inherent at higher levels in the country, although not more than its neighbours. The main factor emanating from corruption tendencies triggers unnecessary delays at the port entry, when importation of goods. Our Company recognizes this challenge. Thanks that this activity will be one of our core businesses covering clearing and forwarding, bonded warehouse, and logistics of imported goods.

MKOMAZI Investment Group Limited being in this line of businesses will be better placed to ensure smooth and incorruptible operations are adhered too.

Our company is also optimistic due to the newly elected government drive of zero tolerance to corruption. Individuals caught in corruption practices are brought to face full justice of the highest court of law.

On the same notion, the new government has initiated a forceful and deliberate ambition to promote industrialization particularly in the agricultural and construction sectors, the path under which MKOMAZI Investment Group Limited will be in one way or the other involved in.

7.2 Economic

Real GDP growth was estimated at 6.8% in 2019, down slightly from 7% in 2018. A markedly diversified economy, characterized by robust private consumption, substantial public spending, strong investment growth, and an upturn in exports underpinned the positive outlook. Tourism, mining, services, construction,

agriculture, and manufacturing are notable sectors. Growth is projected to be broadly stable at 6.4% in 2020 and 6.6% in 2021, subject to favorable weather, prudent fiscal management, mitigation of financial sector vulnerabilities, and implementation of reforms to improve the business environment. Source: Africa Development Bank Group Website.

7.3 Social

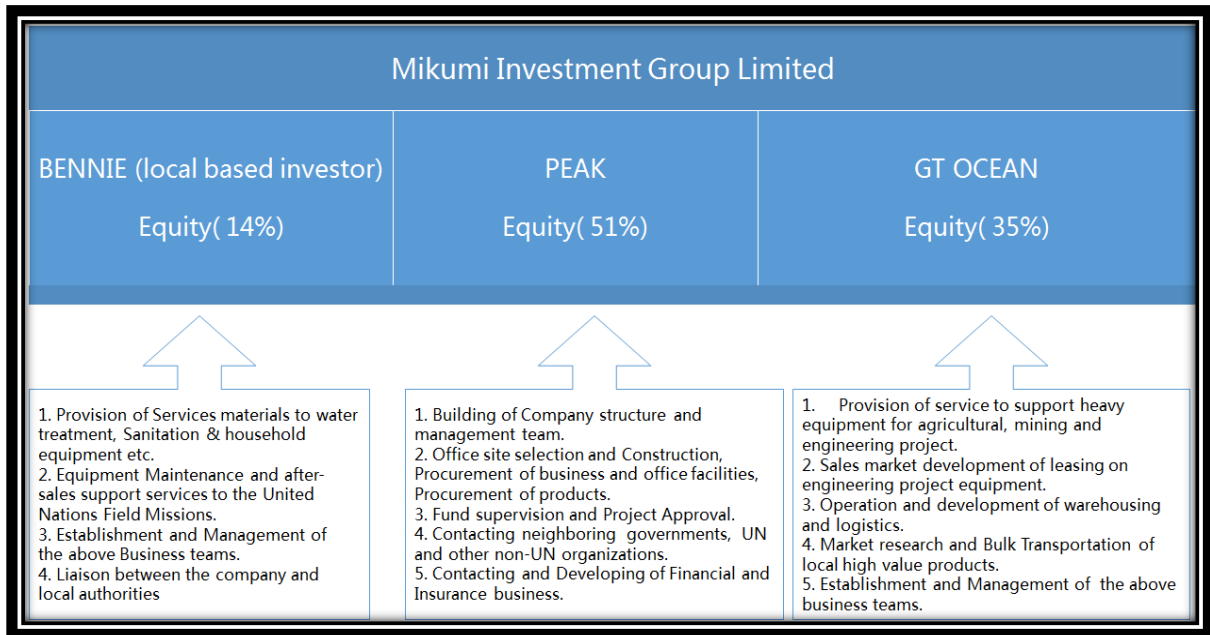
The social aspect is another area that will be impacted by the introduction of our businesses positively. Our company will provide efficient, quality services in delivery of spare parts, hire of earth moving equipment, warehousing and logistics. By so doing will create employment to the local communities in areas where our company will be operating.

7.4 Technology

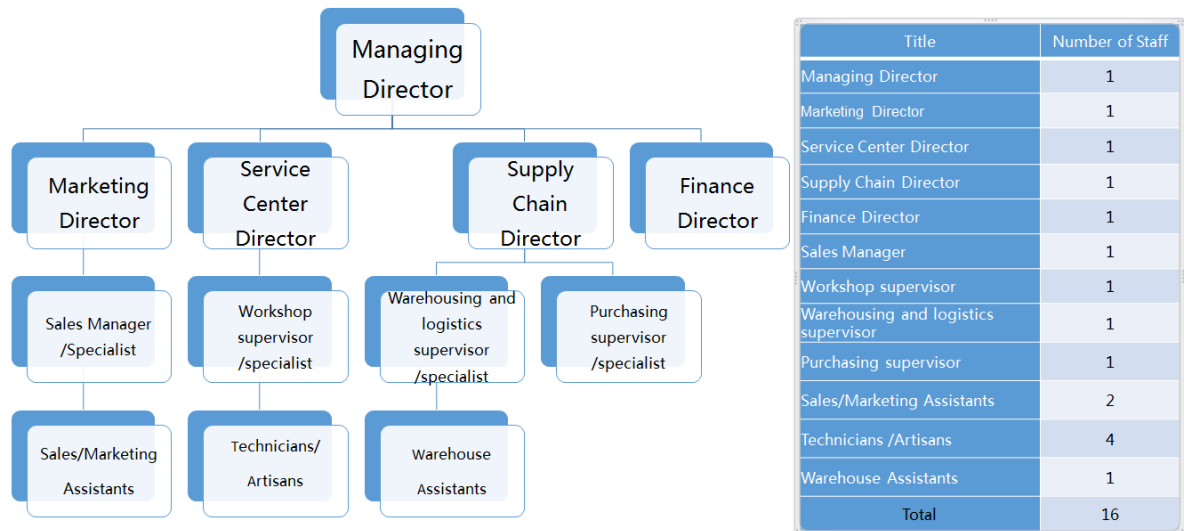
State of the art technology will be deployed in our Company businesses for efficiency and quality services. In real time monitoring of movements for our customers goods and services will be our major focus to achieve our main objectives and goals of our businesses.

8.0 Management and Organization

8.1 Management



8.2 Staffing



Note: With the above organizational structure, MKOMAZI Investment Group Limited will engage direct and extended employment in form of the

company staff which include in house/direct Motor Vehicle Mechanics (4), service provision and office staff (12) at the commencement of company operation and for indirect employment, the beneficiary of spare parts (over 10,000 tracks and buses), track drivers for local and foreign deliveries, farmers, retail traders for household goods, farmers, water treatment, mining equipment, etc.

9.0 Risks and Mitigation

9.1 Risks

The risks could be analyzed following three phases namely initial business entry phase, operation and maintenance (O&M) and financial factors

Initial Business Entry Phase

The risks that may impact the initial business entry phase include the following:

- ✓ Failure to secure permits on time
- ✓ Environmental Impact
- ✓ Securing the suitable business premises delays
- ✓ Failure to recruit the skilled staff on time

Production (O&M) Phase

The risks that may obstruct the operation and maintenance phase include the following:

- ✓ Failure to receive spare parts in timely manner
- ✓ Possible maintenance machines and operator's hazards
- ✓ Failure to meet delivery targets
- ✓ Possible occupation hazards

Risks due to financial Factors

Possible risks that may impact the project and operations financially include the following:

- ✓ Possible low sales leading to low liquidity
- ✓ Loss of revenue from rental equipment and machinery breakdowns
- ✓ Lack of credit of credit from financial institutions

- ✓ Possible taxes policy change by the government

Potential five market threats forces – substitute products or service, new entrants, bargaining power of suppliers, bargaining power of customers and competitive rivalry.

9.2 Mitigation

One of the important mitigation measures for an operation and business of such magnitude is to insure activities at each and every stage of the initial business operation development. In addition, it is important to engage the insurers and insurers' experts to ensure that many aspect of the initial business entry phase are covered. Above all, using experienced local business promoters is one of the best ways to overcome possible challenges like unnecessary delays, cost saving, avoidance of waste etc., during the initial business entry phase.

The mitigation measures at different phases of business development are summarized as follows;

Initial Business Entry phase

- ✓ Involve Insurers and maintenance crew to manage potential risks
- ✓ Use experienced business promoters
- ✓ Obtain permits prior business phase
- ✓ Conduct OSHA Assessment before commencement of business
- ✓ Include warranties to cover defects on equipment and operational machinery
- ✓ Ensure availability of contingency funds and line of credit available in case of unforeseen
- ✓ Liability against accident/injuries is essential

Production Phase (Operation and Maintenance)

- ✓ Provision of secured working environment, fire hazards protection i.e. workshops facilities meeting OSHA guidance.
- ✓ Provision of protecting gears i.e. masks, glasses, helmets etc.

Mitigation of Financial Factors Risks

- ✓ Ensure liquidity using equity contribution or excess cash flows
- ✓ Ensure that Debt Service Coverage Ratio- DSCR>1.2

- ✓ Ensure provision of property insurance that include loss of revenue out of leasing of equipment and machinery breakdown
- ✓ Provide liability insurance for workers compensation, automobile and pollution clean-up.

10.0 **Start-up Expenses and Capitalization**

11.0 **Financial Plan**

11.1 CAPEX and OPEX

Capital & Operation Expenditure (CAPEX) & OPEX	
Type of Expenditure	Costs in (US\$)
Fees and Expenses	348,798.00
Total Capital Expenditure (CAPEX) 1 year	348,798.00
CAPEX required for the 1st year Construction Phase	\$348,798.00
1 years' operations	
Purchase of Goods Expenditure	\$2,108,944.00
OPEX for 1 year	\$2,108,944.00
CAPEX	\$348,798.00
OPEX + CAPEX	\$2,457,742.00
Financing structure	
Equity - 30%	\$737,322.60
Debt (loan) - 70%	\$1,720,419.40
Total	\$2,457,742.00

11.2 Financial Structure

Financing	
Equity Contribution	
Management Investment	\$115,000.00
Additional Equity Investment	\$622,322.60
Total Equity Financing	\$737,322.60
Banks and Lenders	
Banks and Lenders	\$1,720,419.40
Total Debt Financing	\$1,720,419.40
Total Financing	\$2,457,742.00

11.3 Business Ratios

MKOMAZI Investment Group Limited Business Ratios (Yearly)			
Year	2021	2022	2023
Liquidity Ratios			
Current Ratio	2.32	0.57	0.89
Quick (Acid Test) Ratio	0.50	-0.96	-0.39
Net Working Capital to Sales Ratio	0.85	0.70	0.58
Debt Ratio	0.46	1.88	1.21
Profitability Ratios			
Gross Profit Margin	86%	87%	88%
Operating Profit Margin	11%	26%	38%
Profit Margin	2%	30%	42%
Return on Equity (ROE)	1%	-58%	-292%
Return on Investment (ROI)	0%	51%	60%

DSCR = Net Operating Income/Total Debt Service	2.42	4.05	5.70
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Note: Ratio Debt Service Coverage Ratio (DSCR) >1.2 the minimum acceptable threshold.

11.4 Important Assumption

General Assumption						
Year	2021	2022	2023	2024	2025	2026
Long Term Interest Rate	12%	12%	12%	12%	12%	12%
Inflation Rate	5%	5%	5%	5%	5%	5%
Equity Interest Rate	10%	10%	10%	10%	10%	10%
Discount rate	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%
Assembly Plant Start Capacity	60%	N/A	N/A	N/A	N/A	N/A
Production Growth Rate	0%	10%	10%	10%	10%	0%
Accumulative growth Rate	60%	70%	80%	90%	100%	100%
Annual Payroll increase	2%	2%	2%	2%	2%	2%
Personal (PAE)	20%	20%	20%	20%	20%	20%
Decrease in Equipment Purchase	100%	90%	80%	70%	60%	50%
VAT	18%	18%	18%	18%	18%	18%
Corporate Tax (N/A- TIC act)	30%	30%	30%	30%	30%	30%
Total Number of Shares	10,000,000					

Note: It is assumed the Business begins at 60% capacity in the second half of 2021. Annual production growth rate will be 10% until max of the production plant capacity

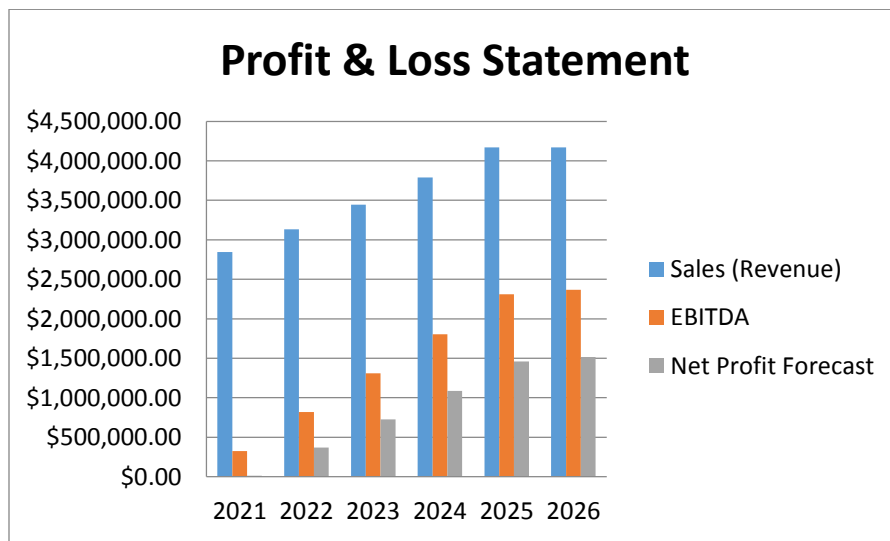
The rate of equipment/tools/business materials purchases is projected to decrease by 10% each preceding year. Else MKOMAZI Investment Group Limited will have to borrow additional funds to overcome negative cash balances

11.5 Breakeven Analysis

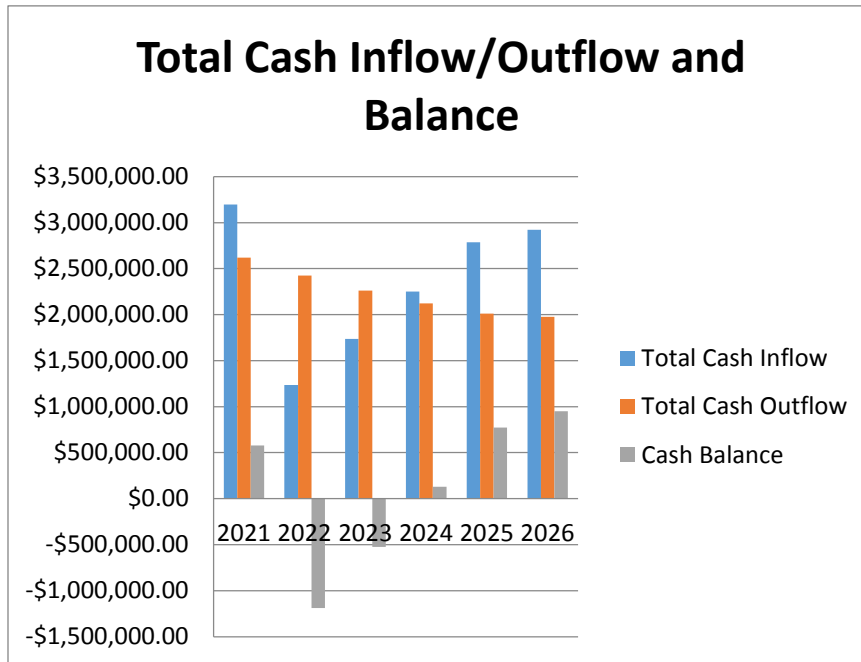
Calculating Break-Even Point for MKOMAZI Investment Group Limited Businesses – Based on 5th Year

Gross Margin	52%
Overhead Costs (Fixed Costs)	\$474,593.43
Break Even Point: Total Costs Cover divided by Gross Profit Margin (52%)	\$912,679.67

11.6 Projected Profit and Loss

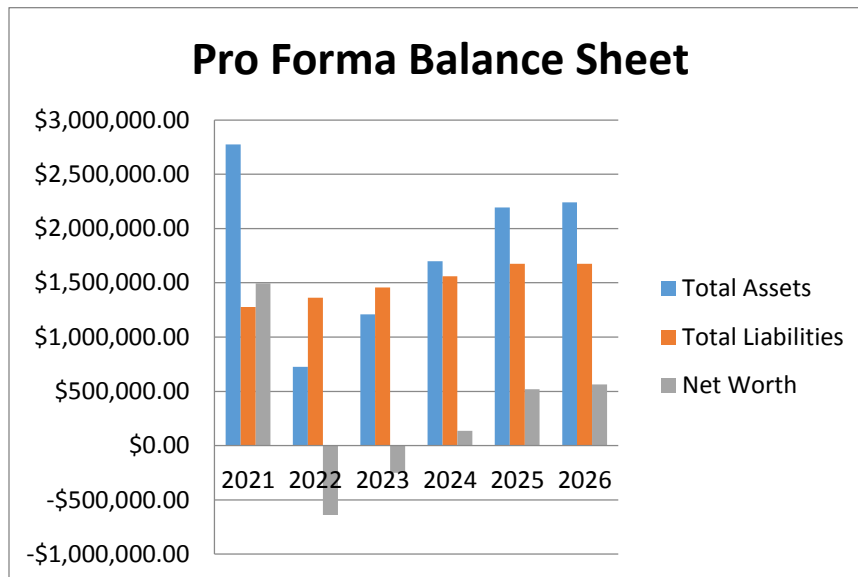


11.7 Projected Cash Flow



Note: The cash balance is negative in year 2022 and 2023 if we maintain the high trend of purchases without borrowing more.

11.8 Projected Balance Sheet



11.9 Key Financial Indicators

Financial Indicators

Years of Operations	10	15	20	25
Net Present Value	\$23,920,187.25	\$37,177,460.51	\$49,954,918.90	\$ 62,269,928.15
Internal rate of return (IRR)	125%	125%	125%	125%
Profitability Index (NPV/Installed Cost)	13.90	21.61	29.04	36.19

NPV (25 years): US\$ 62,269,928.15

IRR: 125%

SPB: 1.16 year

12.0 Corporate Social Responsibility

MKOMAZI Investment Group Limited takes the matter of social responsibility seriously. We are planning to provide support in different social set-ups and environment as follows;

Protecting Environment

During operation of heavy trucks and machinery, there are hazardous wastes from emanating from service and maintenance like lubricants; batteries etc. which may produce harmful Green House Gases causing environment degradation. MKOMAZI Investment Group Limited is committed to treat these wastes to ensure reduction of GHG. One of the methods to meet this goal is to collect the same wastes for recycling.

Philanthropy/Generosity

Supporting social activities and making charity donations to local communities i.e. schools, dispensaries, community centers etc.

Ethical Labour Practices

- ✓ Treating the labour force as assets not as liabilities

- ✓ Treating employees fairly, recognizing with gender related issues
- ✓ Engaging and training employees to raise their skills and morale for better productivity and motivation.

13.0 Initial Business Implementation Plan

13.1 Implementation Strategy

MKOMAZI Investment Group Limited will firstly come into Joint Venture Agreement between shareholders. Once and an agreement had been finalized, parties involved will agree on the individual party responsibilities aimed at establishing the company, following formal registration as detailed in the proceeding clause.

13.2 Initial Business Implementation Schedule

Initial Business Implimentation Plan																															
Milestone	Activity	Working Days																												Total No. of Days	
1	Drafting of Required Paper Works/Documents																														
	Decide a Business Structure - (LTD, PLC, Branch or Representative Office)																														4
	Fill form 14A, providing info about office location, directors and company secretary																														4
	Drafting of Sino-TANZ Business Plan																														7
	Drafting of Joint Venture Agreement (JV)																														4
	Drafting of Memorandum and Articals of Association (MEMARTS)																														9
	Obtaining Passport size photos and copies of Passport for Shareholders and Directors																														6
	Total Days for Milestone 1																														14
2	Initial Company Registration Activities																														
	Presenting Sino-TANZ Company paper work to Tanzania Investment Centre (TIC)																														2
	Submit form 14A to Business Registration and Licencing Agency (BRELA)																														2
	Application for Company name with (BRELA)																														2
	Obtaining Certificate of Incorporation																														4
	Obtaining of Certified Lease Agreement on the Business Premises																														2
	Opening a Company Bank Account																														3
	Total Days for Milestone 2																														8
3	Registration with Tax Authority																														
	Obtaining the Tax Identification Number (TIN)																														2
	Application of Value Added Tax (VAT)																														2
	Total Days for Milestone 3																														2
4	Employers Registration																														
	Application for Employers Registration																														2
	Total Days for Milestone 4																														1
5	Getting a Business License																														
	Obtaining of Business License from Ilala Municipality																														2
	Total Days for Milestone 5																														2
	Total Number of Days																														27

14.0 Most Important Keys to Success

The most important keys to success include;

- ✓ Marketing – MKOMAZI Investment Group Limited will secure the market segment(s) by making contractual arrangements for sales of all company products and services
- ✓ Chain of Supply – There will be contractual agreement of supply of all necessary spare parts and other important ingredients ensuring the customer fleet are serviceable all times.

- ✓ Management – MKOMAZI Investment Group Limited will engage Strong Senior Management with business processes experience to ensure success
- ✓ Service and products provisions – MKOMAZI Investment Group Limited will ensure that all targets are met and quality of goods and services assurance is improved and maintained.

Appendices

Appendix -1 Projected Profit and Loss Statement

MKOMAZI Investment Group Limited Profit & Loss Statement			
Year	2021	2022	2023
Sales (Revenue)	\$2,847,194.40	\$3,131,913.84	\$3,445,105.22
Cost of Goods Sold (COGS) -Direct Labour, Equipment, Tools + Spare Parts	\$2,108,944.00	\$1,898,049.60	\$1,708,244.64
Gross Margin	100%	100%	100%
Operating Income	\$738,250.40	\$1,233,864.24	\$1,736,860.58
Expenses			
Payroll	\$210,706.00	\$219,218.52	\$232,636.45
General Office Administration Costs	\$45,000.00	\$45,000.00	\$45,000.00
Warehouse Rentals	\$70,092.00	\$70,092.00	\$70,092.00
Company Registration	\$5,000.00	\$0.00	\$0.00
Insurance Cost	\$8,000.00	\$8,000.00	\$8,000.00
Office Rentals	\$18,000.00	\$18,000.00	\$18,000.00
Utilities	\$3,000.00	\$3,000.00	\$3,000.00
Miscellaneous Costs	\$10,000.00	\$10,000.00	\$10,000.00
Payroll Taxes	\$42,141.20	\$42,225.48	\$42,309.93
Total Operating Costs	\$411,939.20	\$415,536.00	\$429,038.38
EBITDA	\$326,311.20	\$818,328.24	\$1,307,822.20
Corporate taxes (30%)	\$97,893.36	\$245,498.47	\$392,346.66
Interest Expenses	\$206,450.33	\$194,685.83	\$181,509.58
Depreciation Expenses	\$8,461.54	\$8,123.08	\$7,784.62
Operating Income	\$738,250.40	\$1,233,864.24	\$1,736,860.58
Net Profit	\$13,505.97	\$370,020.86	\$726,181.34
Profit Margin	2%	30%	42%

Appendix – 2 Projected Cash Inflow/Outflow and Balance

MKOMAZI Investment Group Limited Proforma Cashflow Analysis (Yearly)			
Year	2021	2022	2023
Cash from Operations	\$738,250.40	\$1,233,864.24	\$1,736,860.58
Cash from Receivables	\$0.00	\$0.00	\$0.00
Operating Cash Inflow	\$738,250.40	\$1,233,864.24	\$1,736,860.58
Other Cash Inflows			
Equity Investment	\$737,322.60	\$0.00	\$0.00
Increased Borrowing	\$1,720,419.40	\$0.00	\$0.00
Sales of Business Assets	\$0.00	\$0.00	\$0.00
Account Payable Increases	\$0.00	\$0.00	\$0.00
Total other Cash Inflows	\$2,457,742.00	\$0.00	\$0.00
Total Cash Inflows	\$3,195,992.40	\$1,233,864.24	\$1,736,860.58
Cash Outflows			
Repayment of Loans	\$98,037.52	\$109,802.02	\$122,978.26
Operating Expenses + Pay Roll Taxes	\$411,939.20	\$415,536.00	\$429,038.38
Taxes on Profits			
Overdrafts (Main)	\$0.00	\$0.00	\$0.00
Account Payable Decreases (Payment of loaned goods)	\$0.00	\$0.00	\$0.00
Account Receivable Increases (The payment not yet made for credit sales made)	\$0.00	\$0.00	\$0.00
Asset Purchases	\$2,108,944.00	\$1,898,049.60	\$1,708,244.64
Dividends paid to Shareholders	\$0.00	\$0.00	\$0.00
Total Cash Outflows	\$2,618,920.72	\$2,423,387.62	\$2,260,261.28
Net Cash Flow	\$577,071.68	-\$1,189,523.38	-\$523,400.70
Cumulative balance	\$577,071.68	-\$612,451.70	-\$1,135,852.40

Appendix – 3 Projected Balance Sheet

MKOMAZI Investment Group Limited Proforma Balance Sheet (Yearly)			
Year	2021	2022	2023
Assets			
Cash	\$577,071.68	-\$1,189,523.38	-\$523,400.70
Amortized Development Expansion Costs	\$0.00	\$0.00	\$0.00
Inventory (Equipment and Tools)	2,108,944.00	1,898,049.60	1,708,244.64
Furniture and Equipment	\$80,000.00	\$0.00	\$0.00
Accumulated Depreciation	\$8,461.54	\$16,584.62	\$24,369.23
Total Assets	\$2,774,477.22	\$725,110.83	\$1,209,213.17
Liabilities and Equity			
Accounts Payable (Corporate Tax -30%)	\$854,158.32	\$939,574.15	\$1,033,531.57
Long Term Liabilities (Loan)	\$304,487.84	\$304,487.84	\$304,487.84
Long Term Equity	\$119,996.80	\$119,996.80	\$119,996.80
Other Liabilities	\$0.00	\$0.00	\$0.00
Total Liabilities	\$1,278,642.96	\$1,364,058.80	\$1,458,016.21
Net Worth	\$1,495,834.26	-\$638,947.96	-\$248,803.04
Total Liabilities and Equity	\$2,774,477.22	\$725,110.83	\$1,209,213.17

Appendix – 4 Projected Operation and Maintenance

Annual Cost of Operation and Maintenance

	2021	2022	2023
	1	2	3
Payroll	210,706	219,219	232,636
General Office Administration Costs	45,000	45,000	45,000
Warehouse Rental	70,092	70,092	70,092
Company Registration	5,000	0	0
Insurance Costs	8,000	8,000	8,000
Office Rentals	18,000	18,000	18,000
Utilities	3,000	3,000	3,000
Miscellaneous	10,000	10,000	10,000
Pay Roll Taxes	42,141	42,225	42,310
Total	411,939	415,536	429,038
Operations per month	34,328.27	34,628.00	35,753.20

Appendix -5 Cost of Goods Sold (COGS)

Cost of Goods Sold (COGS) -Direct Labour +Equipment/Material	Amount (US\$)
Purchase of Equipment	
Indirect labour	
Handling Equipment	
Total	\$2,108,944.00

Appendix – 6 Fixed Assets (Vehicles, Furniture and Tools) Depreciation

Fixed Assets Depreciation			
Calculate Sum of Years Depreciation			
Enter: (do not edit highlighted cells)			
Purchase price			110,000.00
Salvage value			0.00
Depreciable value			110,000.00
Life (in years)			25.00
Output: (do not edit fields below)			
Year	Depreciation Expense	Accumulated Depreciation	Book Value
1	8,461.54	8,461.54	101,538.46
2	8,123.08	16,584.62	93,415.38
3	7,784.62	24,369.23	85,630.77
4	7,446.15	31,815.38	78,184.62
5	7,107.69	38,923.08	71,076.92
6	6,769.23	45,692.31	64,307.69
7	6,430.77	52,123.08	57,876.92
8	6,092.31	58,215.38	51,784.62
9	5,753.85	63,969.23	46,030.77
10	5,415.38	69,384.62	40,615.38
11	5,076.92	74,461.54	35,538.46
12	4,738.46	79,200.00	30,800.00
13	4,400.00	83,600.00	26,400.00
14	4,061.54	87,661.54	22,338.46
15	3,723.08	91,384.62	18,615.38
16	3,384.62	94,769.23	15,230.77
17	3,046.15	97,815.38	12,184.62
18	2,707.69	100,523.08	9,476.92
19	2,369.23	102,892.31	7,107.69
20	2,030.77	104,923.08	5,076.92

Appendix – 7 Debt Interest and Principal Computation

Interest and Principal for Loan			
Amount Borrowed:	\$1,720,419		
Interest Rate:	12%		
Loan Term (Years)	10		
Year	Interest	Principal	Total
1	\$206,450.33	\$98,037.52	\$304,487.84
2	\$194,685.83	\$109,802.02	\$304,487.84
3	\$181,509.58	\$122,978.26	\$304,487.84
4	\$166,752.19	\$137,735.65	\$304,487.84
5	\$150,223.91	\$154,263.93	\$304,487.84
6	\$131,712.24	\$172,775.60	\$304,487.84
7	\$110,979.17	\$193,508.67	\$304,487.84
8	\$87,758.13	\$216,729.71	\$304,487.84
9	\$61,750.56	\$242,737.28	\$304,487.84
10	\$32,622.09	\$271,865.75	\$304,487.84

Appendix – 8 Equity Interest and Principal Computation

Equity Interest and Principal for Loan			
Amount Borrowed:		\$737,323	
Interest Rate:		10%	
Loan Term (Years)		10	
Year	Interest	Principal	Total
1	\$73,732.26	\$46,264.54	\$119,996.80
2	\$69,105.81	\$50,890.99	\$119,996.80
3	\$64,016.71	\$55,980.09	\$119,996.80
4	\$58,418.70	\$61,578.10	\$119,996.80
5	\$52,260.89	\$67,735.91	\$119,996.80
6	\$45,487.30	\$74,509.50	\$119,996.80
7	\$38,036.35	\$81,960.45	\$119,996.80
8	\$29,840.30	\$90,156.50	\$119,996.80
9	\$20,824.65	\$99,172.15	\$119,996.80
10	\$10,907.44	\$109,089.36	\$119,996.80

Appendix – 9 Computation of Weightage Average Cost of Capital (WACC)

WACC = E/V × Re + D/V × Rd × (1 - Tc)			WACC	8.88%
where:				
Re = cost of equity			10%	
Rd = cost of debt			12%	
E = market value of the firm's equity			\$737,322.60	
D = market value of the firm's debt			\$1,720,419.40	
V = E + D = firm value			\$2,457,742.00	
E/V = percentage of financing that is equity			30%	
D/V = percentage of financing that is debt			70%	
Tc = corporate tax rate			30%	

Appendix – 10 Computation of Net Present Value (NPV) and Payback Period

Discounted Rate **8.88%**

		Payback period	1.16 years
Period	Net Cash-flow		
0	-\$1,720,419		
1	\$1,993,036.08		\$272,616.68
2	\$2,192,339.69		0.16
3	\$2,411,573.66		
4	\$2,652,731.02		
5	\$2,918,004.12		
6	\$2,918,004.12		
7	\$2,918,004.12		
8	\$2,918,004.12		
9	\$2,918,004.12		
10	\$2,918,004.12		
11	\$2,918,004.12		
12	\$2,918,004.12		
13	\$2,918,004.12		
14	\$2,918,004.12		
15	\$2,918,004.12		
16	\$2,918,004.12		
17	\$2,918,004.12		
18	\$2,918,004.12		

	19	\$2,918,004.12
	20	\$2,918,004.12
	21	\$2,918,004.12
	22	\$2,918,004.12
	23	\$2,918,004.12
	24	\$2,918,004.12
	25	\$2,918,004.12

Net Present Value for 25 years**\$62,269,928.15**

Appendix – 11 Computation of Cash-flow from Operations

Description	Amount/Rate	Units				
First years income	\$ 2,847,194.40					
Operating & Maintenance Cost of Revenue	30%					
Project Life	25	years				
Debt Ratio	70%					
Interest on debt	12%					
Cost of Equity	10%					
Corporate Tax	30%					
WACC	8.88%					
Equity Contribution	\$737,322.60	USD	\$	737,322.60		
Capital Cost	\$1,720,419.40	USD	\$	1,720,419.40		
Year			2021	2022	2023	2024
Period	0	1	2	3	4	
First Years Revenue	0	2,847,194.40	3,131,913.84	3,445,105.22	3,789,615.75	
Revenues (USD)	\$	\$2,847,194.40	\$3,131,913.84	\$3,445,105.22	\$3,789,615.75	
O& M Cost (USD)	\$	30%	30%	30%	30%	
Operating & Maintenance Cost (USD)	\$	-\$854,158.32	-\$939,574.15	-\$1,033,531.57	-\$1,136,884.72	
Corporate Tax (30%)		30%	30%	30%	30%	
Corporate Tax from Revenue		-\$854,158.32	-\$939,574.15	-\$1,033,531.57	-\$1,136,884.72	
Cashflow from Operations	(\$1,720,419)	\$1,993,036.08	\$2,192,339.69	\$2,411,573.66	\$2,652,731.02	
Initial Investment (USD)	(\$1,720,419)	\$1,880,222.72	\$1,951,174.52	\$2,024,803.74	\$2,101,211.43	
Discount rate	8.88%					
Operation Cash Flow for 25 years	NPV	\$62,547,050.97				
Operating & Maintenance Cost (USD) for 25 years	PV	19,429,726.70				

Annual growth rate - 10%
O & M - 30% of Revenue