

**GSMHQ HAULAGE LIMITED**

**Feasibility study report**

**On**

**Proposed cargo transportation project**

**Prepared for:**

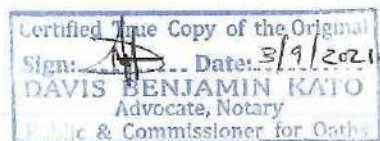
**GSMHQ HAULAGE LIMITED**

**P.O.BOX 6244**

**Dar es Salaam**

**Prepared by:**

**PETER MWAKATOBE (CPA),  
P.O. BOX 1927,  
DAR ES SALAAM.**



## 1.0 EXECUTIVE SUMMARY

### 1.1 The Company

GSMHQ HAULAGE LIMITED is a company limited by shares, mainly intended to deal with transportation of fuel, containerized and loose cargoes. The company was registered on 28<sup>th</sup> July 2021

The shareholders have decided to establish a cargo Transportation Company. The company will use equity finance in order to make their project successfully.

### 1.2 company shareholders

Currently the company has two shareholders as follows:-

FULL NAME	NATIONALITY	SHAREHOLDING
GHALIB SAID MOHAMED	TANZANIAN	80%
SALHA ISLAM SAHAAG	TANZANIAN	20%

## 2.0 THE PROJECT

The directors of GSMHQ HAULAGE LIMITED envisages a bright future in the transportation sector after the Government efforts to improve most of the country's trunk roads and especially after acquiring the new transportation contract. The company is therefore, intends to acquire 300 trucks and 300 trailers in phases up to completion of the project.

## 3.0 PROJECT IMPLEMENTATION SCHEDULE

The director of the company intends to implement this project in three phases of two years each within six –years strategic plan.

### Phase I

This is the current phase for the first two years. The directors are planning to buy 100 trucks and 100 trailers, 10 road patrol pickups and ten station wagons for the managing director. In this phase two hundred workers are going to be employed.

### Phase II

In this second phase the directors intend to modernize and strengthen the project by acquiring another 100 trucks and 100 trailers, modern workshop, tools and equipment, recruiting another two hundred staffs, buying four pick-up and two station wagon as per phase I cost assumptions attached.

### **Phase III**

In this final phase the directors intend to modernize and strengthening the project by acquiring another one hundred trucks and one hundred trailers, employing another two hundred staffs, buying three pick up and four station wagon as per phase III cost assumptions attached.

### **Business location**

The project headquarters is located at plot No 6, Kigamboni Industrial Area - Dar es salaam this available open space will be used as a yard and garage for company trucks. The area is accessible through tarmac road from the town. The city is well connected to the outside environments by air, water, roads, railways and telecommunication. Hence the project stands to benefit from a wide range of clientele in the vicinity.

### **Profitability**

The business as indicated in the projected cash flow is commercially and financially viable; the business will continue contributing suitably to the nation in terms of income tax and other taxes, which the Directors are going to pay to the respective authorities.

## **4.0 ECONOMIC ASPECT**

### **4.1 Institution Set Up**

The Company Directors and Management decision to establish the business has been promoted by the current ever- growing economic activities. The transportation sector fits in the overall policy framework of the government of promoting the informal sector as means of employment creation.

### **Project Priority**

The Company has been established in line with the Government policy, which advocate for improving private sector participation in provision of various development inputs to the public especially in remote areas. Many upcountry regions experience transportation problems to Transport their various goods at different times, so the company's priority is to solve this uncertain various cargoes & fuel availability to those regions.

### **Employment effect**

The 300 trucks to be bought in three phases will provide employment opportunities for more than 600 people, also it will provide employment to direct-linked activities and their incomes shall bring about multiple effects across the entire economy of the country.

### **Government revenue**

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

## **5.0 MARKETING AND MARKETING STRATEGIES**

There is an ample market for the transportation sector. Enquires and draft contracts are already in hand from local traders and manufactures that have shown interest in the company services. Competition is inevitable in the transportation business. Due, however, to ever-rising demand for transportation facilities in the country transportation sector grows constantly in volume. GSMHQ HAULAGE LIMITED in either way will benefit because of the range of fleet or trucks it will own and possess. Customer service will still be given top priority. The company will ensure that deliveries will be of right quality, quantities, time and promptly. The company will adopt prevailing freight rates however a lot of efforts will be directed toward minimizing operational costs and particular over heads. Cost control and personal accountability is paramount in the operations of the business.

## **6.0 FINANCIAL ANALYSIS**

### **Freight revenue**

Based on the above revenue assumptions, the trucks will realize earnings for the company of about us\$12.0m in year 5 on wards

## 9.0 PROJECT COST AND FINANCIAL PLAN

The company plans to finance the business through equity of US\$ 18.2 million

	US\$
LAND AND BUILDING	\$ 1,000,000
PLANT	\$ 400,000
VEHICLES	\$10,000,000
FURNITURE & FITTINGS	\$ 400,000
PRE-EXPENSES	\$ 300,000
OTHERS	\$ 100,000
WORKING CAPITAL	\$ 6,000,000
<b>TOTAL</b>	<b>\$18,200,000</b>

Land, buildings, equipment and planting materials costs are based on professional valuations and correct quotations. A contingency allowance of 5%-10% has been included for individual items to cover potential cost over-runs and changes.

### 9.1 Proposed financial plan

It is proposed that the project be financed as follows

	US\$
Foreign Loan	8,500,000.00
Domestic Loan	8,500,000.00
Shareholders Domestic Capital	1,200,000.00
Total financing	18,200,000.00

## 10.0 CONCLUSION AND RECOMMENDATIONS

### Project priorities

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

Employment of six hundred workers will be available.

### Government revenue

For the whole of the life span of the project, the government will earn an income in form of income tax and other taxes.

## **Environmental Impact**

The project does not have any environmental problem/risk, as it does not involve production of any harmful by products this business plan has attempted to highlight the main elements of the business plan in preparation for an investment decision of a total of US\$ 18,200,000net is being anticipated pursuant to this report. After a thorough and painstaking review of this industry, it is a strong opinion of the consultants, directors and management a like that this business is worth serious consideration by TIC; the project is commerciality, financial and economically viable.

# ANNEXTURE AND APPENDICES

## GSMHQ HAULAGE LIMITED

### INVESTMENT COST

	US\$
LAND AND BUILDING	\$1,000,000
PLANT	\$ 400,000
VEHICLES	\$ 10,000,000
FURNITURE AND FITTINGS	\$ 400,000
PRE-EXPENSES	\$ 300,000
OTHERS	\$ 100,000
WORKING CAPITAL	\$ 6,000,000
TOTAL	\$ 18,200,000

**GSMHQ HAULAGE LIMITED  
PROJECTS FINANCING PLAN**

US\$

ITEM/FUNDS	EQUITY	TOTAL
CAPITAL COST	18,200,000	18,200,000
TOTAL CAPITAL COST	18,200,000	18,200,000

**GSMHQ HAULAGE LIMITED**  
**PROJECTED CARGO HANDLING AND FREIGHT REVENUE US\$000**

Item/year	0	1	2	3	4	5	6	7	8	9	10
ACHIEVEABLE CAPACITY	35	70	80	90	100						
NUMBER OF TRUCKS	100	210	240	270	300	300	300	300	300	300	300
FREIGHT REVENUE	\$6,000,000	\$12,600,000	\$14,400,000	\$16,200,000	\$18,000,000	\$18,000,000	\$18,000,000	\$18,000,000	\$18,000,000	\$18,000,000	\$18,000,000
GRAND TOTAL	\$6,000,000	\$12,600,000	\$14,400,000	\$16,200,000	\$18,000,000	\$18,000,000	\$18,000,000	\$18,000,000	\$18,000,000	\$18,000,000	\$18,000,000

## GSMHQ HAULAGE LIMITED

### PROJECTED DIRECT COSTS

ITEM/YEAR	1	2	3	4
TYRE AND TUBES	\$1,040,000.00	\$1,140,000.00	\$1,380,000.00	\$1,380,000.00
FUEL	\$3,134,616.00	\$3,451,922.00	\$3,798,000.00	\$4,182,692.00
DRIVERS ALLOWANCES,	\$3,230,770.00	\$3,548,076.00	\$3,903,846.00	\$4,298,076.00
SALARIES	\$1,153,846.00	\$1,269,230.00	\$1,394,230.00	\$1,528,846.00
SPARES, LUBRICANTS				
<b>TOTAL DIRECT COSTS</b>	<b>\$8,559,232.00</b>	<b>\$9,409,228.00</b>	<b>\$10,476,076.00</b>	<b>\$11,389,614.00</b>

**GSMHQ HAULAGE LIMITED**  
**ESTIMATED WORKING CAPITAL**

US\$

ITEM/YEAR	ASSUMPTION	1	2	3	4	5	6	7	8	9
<b>A. CURRENT ASSETS</b>										
<b>STOCKS</b>										
Direct cost	1 month costs	713,270	784,454	986,346	949,134	949,134	949,134	949,134	949,134	949,134
Spare & lubricants	3 month stock	288,460	317,306	348,558	382,212	382,212	382,212	382,212	382,212	382,212
fuel	3 month supply	783,654	862,980	975,962	1,074,520	1,074,520	1,074,520	1,074,520	1,074,520	1,074,520
Total stocks		1,785,384	1,964,740	2,310,866	2,405,866	2,405,866	2,405,866	2,405,866	2,405,866	2,405,866
<b>DEBTORS</b>										
trade debtors	50% of ½ month	250,000	525,000	600,000	750,000	750,000	750,000	750,000	750,000	750,000
<b>TOTAL CURRENT ASSETS</b>		2,035,384	2,489,740	2,910,866	3,155,866	3,155,866	3,155,866	3,155,866	3,155,866	3,155,866
<b>B. CURRENT LIABILITIES</b>										
<b>CREDITORS</b>										
salaries	1 month	269,230	295,674	325,320	358,174	358,174	358,174	358,174	358,174	358,174
Sub total		269,230	295,674	325,320	358,174	358,174	358,174	358,174	358,174	358,174
Working capita		1,766,142	2,190,066	2,525,546	2,797,692	2,797,692	2,797,692	2,797,692	2,797,692	2,797,692
Change in W/ capital		1,766,154	423,912	335,400.00	272,146	-	-	-	-	-

**GSMHQ HAULAGE LIMITED**  
**PROJECTED DEPRECIATION SCHEDULE**

US\$

Item/year	amount	1	2	3	4	5	6	7	8	9	10
Land and buildings	1,000,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Motor vehicles	\$10,000,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Machinery and equipment's	400,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Furniture & fixtures	\$ 400,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Pre operational expenses	\$ 300,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
<b>TOTAL</b>		<b>2,700,000</b>	<b>2,700,000</b>	<b>2,700,000</b>	<b>2,700,000</b>	<b>2,700,000</b>	<b>2,700,000</b>	<b>2,700,000</b>	<b>2,700,000</b>	<b>2,700,000</b>	<b>2,700,000</b>

**GSMHQ HAULAGE LIMITED**  
**PROJECTED INCOME STATEMENT**

US\$

ITEM/YEAR	1	2	3	4	5	6	7	8	9	10
SALES REVENUE	6,000,000	12,600,000	14,400,000	16,200,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000
COST OF SALES	8,559,232	9,413,462	10,396,152	11,389,614	8,559,232	9,413,462	9,413,462	9,413,462	9,413,462	9,413,462
GROSS PROFIT	2,559,232	3,186,538	4,003,848	4,810,386	9,440,768	9,440,768	9,440,768	9,440,768	9,440,768	9,440,768
DEPRECIATION	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000
SUB TOTAL	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000
PROFIT BEFORE TAX	(140,768)	486,538	1,303,848	2,110,386	6,740,768	6,740,768	6,740,768	6,740,768	6,740,768	6,740,768
Corporation tax at 30%	-	145,961.4	391,154.4	633,115.8	2,022,230.4	2,022,230.4	2,022,230.4	2,022,230.4	2,022,230.4	2,022,230.4
Profit after tax	(140,768)	340,576.6	912,693.6	1,477,270.2	4,718,537.6	4,718,537.6	4,718,537.6	4,718,537.6	4,718,537.6	4,718,537.6
Profit brought forward	(140,768)									

## GSMHQ HAUAGE LIMITED PROJECTED CASH FLOWS

US\$

Item/year	0	1	2	3	4	5	6	7	8	9
Capital inflow										
Present equity	18,200,000									
Subtotal capita in flow	18,200,000									
<b>OPERATING INFLOW</b>										
Profit before tax	(140,768)	486,538		1,303,848	2,110,386	6,740,768	6,740,768	6,740,768	6,740,768	6,740,768
Depreciation	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000
Subtotal operating inflow	2,559,232	3,186,538	4,003,848	4,810,386	9,440,768	9,440,768	9,440,768	9,440,768	9,440,768	9,440,768
<b>TOTAL INFLOW</b>										
CAPITAL OUTFLOW	9,100,000	2,559,232	3,186,538	4,003,848	4,810,386	9,440,768	9,440,768	9,440,768	9,440,768	9,440,768
investment										
Subtotal capital outflow	9,100,000	2,559,232	3,186,538	4,003,848	4,810,386	9,440,768	9,440,768	9,440,768	9,440,768	9,440,768
<b>OPERATING OUTFLOW</b>										
TAXATION										
	145,961.4	391,154.4	633,115.8	2,022,230.4	2,022,230.4	2,022,230.4	2,022,230.4	2,022,230.4	2,022,230.4	2,022,230.4
Subtotal operating flow	9,100,000	145,961.4	391,154.4	633,115.8	2,022,230.4	2,022,230.4	2,022,230.4	2,022,230.4	2,022,230.4	2,022,230.4
<b>TOTAL OUTFLOW</b>										
NET CASHFLOW		145,961.4	391,154.4	633,115.8	2,022,230.4	2,022,230.4	2,022,230.4	2,022,230.4	2,022,230.4	2,022,230.4
		2,413,271	2,795,384	3,370,732	2,788,156	7,418,538	7,418,538	7,418,538	7,418,538	7,418,538

NET CASHFLOW	2,413,271	2,795,384	3,370,732	2,788,156	7,418,538	7,418,538	7,418,538	7,418,538	7,418,538
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Presented to GSMHQ HAULAGE LIMITED at Dar es salaam, on this 3rd day of September 2021.



PETER MWAKATOBE (CPA)

Certified True Copy of the Original  
 Sign:  Date: 3/9/2021  
 DAVIS BENJAMIN KATO  
 Advocate, Notary  
 Public & Commissioner for Oaths