

THE APTON SCHOOL LIMITED

BUSINESS PLAN

FOR

**A SCHOOL PROJECT AT MSASANI AREA, KINONDONI DISTRICT IN
DAR ES SALAAM**

FIVE YEARS: 2021-2025

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DECEMBER, 2021

CORPORATE INFORMATION

Date of Incorporation: 7TH OCTOBER 2021

Company Registration

Number: 153701288

Business Activity: Kindergarten schools, Pre-primary and primary education; day care centres and educational support activities.

Share holders:

Name	Address	Number of shares
1. NIKHIL DAMODAR SANGANI	Plot Number 711/24, India Street, P. O. Box 71681, Dar es salaam.	12,500
2. BINDU DAMODAR SANGANI	Plot Number 711/24, India Street, P. O. Box 71681, Dar es salaam.	12,500
3. NISHA NAVIN KANABAR	Plot No.999, Apartment no 61, Msasani Penisular, Dar es salaam.	12,500
4. SHEILA VINESH BADIAN	Plot No. B-1-2990, Block No.7/13, Ali Hassan Mwinyi Road, Dar es salaam.	12, 500

Registered Office & Address:

P.O. Box 71681, Dar es salaam. Plot 341 A/00. Msasani, Kinondoni District, Dar es Salaam.

TABLE OF CONTENTS

CORPORATE INFORMATION	i
LIST OF ABBREVIATION	iii
1.0 EXECUTIVE SUMMARY	4
1.1 Company Vision, Mission and Core Values	4
1.2 Project Objectives	5
1.3. Project components and costs	5
1.4 Implementation Plan.....	7
1.5. Project Benefits	7
2.0 BUSINESS DESCRIPTION.....	8
2.1 Key Success Factors.....	8
3.0 BUSINESS ENVIRONMENT AND SECTOR ANALYSIS	10
3.1 Business environment.....	10
3.2 Overview of Tanzanian Education Sector	11
3.1.1 Structure of the Education System.....	11
4.0 MARKET PLAN.....	12
4.1 Marketing Strategies	13
4.1.1 SWOT Analysis	13
5.0 OPERATIONAL PLAN	14
6.0 ORGANIZATION AND MANAGEMENT PLAN	17
6.1 The organization structure.....	17
6.2 Management	18
6.3 Administration	18
7.0 RISK ASSESSMENT AND KEY ASSUMPTIONS.....	19
7.1 Competition	19
7.2 Price changes	19
7.3 Investment capital items.....	19
8.0 FINANCIAL PLAN	20
8.1 Sources of Funds	20
8.2 Projected Income Statement	20
9.0 ECONOMIC ASPECTS.....	24
9.1 National economic and social Benefits.....	24
10.0 CONCLUSION	24

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

The Apton School Limited is a private company registered in Tanzania under the Companies Act of 2002. The company is focusing on establishment of an English medium school that will focus on provision of kindergarten and primary school education under the brand name “*The Apton Schools*” at Msasani area in Kinondoni district in Dar es Salaam. The main specialties of the company include; provision of educational services for kindergarten, pre-primary and primary education; and educational support activities that will cater for a need to the surrounding communities and the country at large. Apton school intend to provide high quality education at affordable costs while utilizing modern teaching methods.

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 owners currently run Kids College school (kindergarten) in Upanga, Dar es Salaam. The project is expected to be fully financed through owners’ equity, where the total project investment plan is **US\$ 470,335 (United States Dollar Four Hundred Seventy Thousand, Three Hundred Thirty Five)**. During the first year of operations, the project intends to employ at least 49 people, 44 being Tanzanians and 5 foreigners. The project is expected to accommodate 240 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 school of choice for provision of high-quality early childhood education and support services in Tanzania and beyond.

Our Mission: Our corporate mission is to achieve our vision. We are a committed to provide best educational services that will meet a need of a growing young generation 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 are by educational standards and a system that is uncompromised on quality, 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 childhood and special needs educational services in the country. The project intends to provide high quality yet affordable kindergarten, pre-primary, primary education services.

Specifically, the project aims to achieve the following objectives;

- Provide and expand learning for the child, including health and physical fitness beyond the demands of the core curriculum.
- Expose pupils to age-appropriate career orientation and related practicing professionals based upon their early interests.
- Enhance educational opportunities and career prospects for entire 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.
- Expose Pupils to modern ways of learning through IT.

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 a 10 years' commercial lease agreement from National Housing Corporation for an area of 1,873 square meters with a building having ground and upper floor at Msasani area, plot no 341 A, that is specifically dedicated for project activities. The company has obtained a

lease agreement that will be submitted along with this plan. The area requires further developments 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
Buildings			
Renovation cost:			
Administration Block	1	15,000	15,000
Classrooms	5	10,000	50,000
Library	1	10,000	10,000
Sub-total buildings			75,000
Machinery & equipment			
Library Equipment	1	15,000	15,000
Generator	1	10,000	10,000
Computers	30	1,000	30,000
Furniture & Fittings	1	25,000	25,000
Sub-total machinery & equipment			80,000
Motor vehicles			
School Bus	2	40,000	80,000
Directors Car	1	25,000	25,000
Sub-total Motor Vehicles			105,000
TOTAL ASSETS			260,000
Working Capital			
Labour	49		139,826
Operational overheads			17,217
Administration Costs			53,391
Sub-Total Working Capital			210,435
GLAND TOTAL			470,435

The project investments totals to **US\$ 470,335** 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 operations are expected to commence in March, 2022. Preliminary stages of the project are ongoing by acquiring land and permits. This Business Plan has been created to outline the strategic direction of our school for the next five years from 2021 to 2025. 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 (OCT, 2021-DEC 2022)				PHASE TWO (2023-2025)
No.	Activities	Oct, 2021	Nov,2021	Dec,2021	Jan 2022- Dec.2022	Year 2023-2025
1	Land acquisition					
2	Site preparations, architectural designs and mobilization of resources					
3	Rehabilitation of the site and procurement of machinery & equipment.					
4	Registration with the Ministry of Education and Vocational Training					
5	Recruitments of Staff, advertisement, enrollments start, and classes begin.					
6	Construction of the site continues, Procurement of machinery and equipment.					

Upon completion of renovations, classrooms will be equipped with desks, bookshelves, dry erase boards, cubbies, etc. Administration block will be furnished with reception office, meeting room, teachers' office with appropriate furniture. 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. **The Apton School** will provide educational services through pre-primary, primary and special education to about 240 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. **The Apton School** 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 *The Apton School* 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. Our teaching methods will be fully digitalized where Pupils and Teachers will interact through computer systems that will be installed in classrooms. In addition, we will 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

We will hire staff who have years of experience in school administration, we will hire our staff, which will be comprised by majority 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. We will conduct orientations and team building seminars so that the *The Apton School* 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. 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 matter and is a valued member of our community.

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

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.

Table 4.1: SWOT Analysis

STRENGTHS <ul style="list-style-type: none">• A conducive and inclusive learning environment for all students where students feel valued and safe• Excellence in education programs that are tailored to the pupils/students• Management team experience in educational services.• Well managed and resourced programs to allow pupils/ students to reach their full potential.• Affordable fees will give options to parents who go for expensive schools	WEAKNESSES <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
OPPORTUNITIES <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 city centre 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.	THREATS/CHALLENGES <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 *The Apton School* 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, siblings and sometimes less affording parents.

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 and 5.2 describes labour cost and operational overheads.

Table 5.1 Labor Costs

Title	Local/Foreign	Number	Salary/person	Monthly salary (TZS)/ Month	Total Salary TZS/ year
Salary & Pension:					
Managing Director	Local	1	2,500,000	2,500,000	30,000,000
Operations Manager	Foreign	1	2,000,000	2,000,000	24,000,000
Finance & Admin. Manager	Local	1	2,000,000	2,000,000	24,000,000
Financial Controller	Local	1	2,000,000	2,000,000	24,000,000
Accountant	Local	1	1,000,000	1,000,000	12,000,000
Cashier	Local	1	500,000	500,000	6,000,000
Personal Secretary	Local	1	500,000	500,000	6,000,000
Office assistant	Local	1	300,000	300,000	3,600,000
Drivers	Local	5	300,000	1,500,000	18,000,000
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	8	500,000	4,000,000	48,000,000
Assistants	Local	8	300,000	2,400,000	28,800,000
Cleaners	Local	8	200,000	1,600,000	19,200,000
Watchmen	Local	4	200,000	800,000	9,600,000
		49		26,800,000	321,600,000

Labour costs including the salaries and allowances are averaged at TZS 26,800,000/= per month (US\$ 11,652), while per annum is TZS 321,600,000 (US\$ 139,826).

Table 5.2: Operational Overheads

Item	Monthly Expenses(TZS)	Estimated Costs(TZS)	Annual
Postage& Telephone	500,000		6,000,000
Electricity bills	2,000,000		24,000,000
Water bills	300,000		3,600,000
Cleaning expenses	1,200,000		14,400,000
Total Costs	4,000,000		48,000,000

Total operational overheads will be TZS 4,000,000/= (US\$1,739) per month, which totals to TZS 48,000,000 (US\$ 20,870) 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 576,000,000 (US\$ 250,435)**. 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: Kindergarten	80	750,000	60,000,000	180,000,000
2	School fees: Pre-Primary School	80	800,000	64,000,000	192,000,000
3	School fees: Primary School	80	850,000	68,000,000	204,000,000
	Total	240		192,000,000	576,000,000

The total amount projected per term is TZS **192,000,000** (US\$ 83,478). That is TZS **576,000,000** (US\$ 250,435) per annum. The average estimated number of

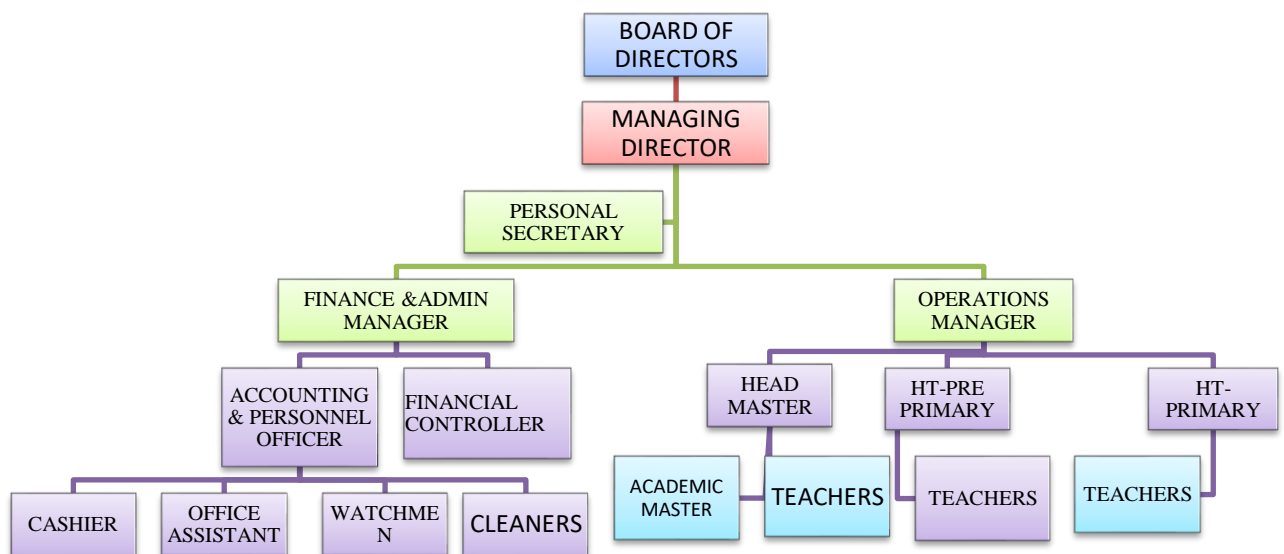
pupils/students is 240 for kindergarten, pre-primary, and primary schools. Payments of school fees shall be on term basis.

6.0 ORGANIZATION AND MANAGEMENT PLAN

6.1 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, 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



6.2 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.

6.3 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
Rent	13,252,350	159,028,200
Repair & Maintenance	4,000,000	48,000,000
Professional fees	500,000	6,000,000
Bank Charges	200,000	2,400,000
Insurance	1,000,000	12,000,000
Office supplies	1,000,000	12,000,000
Other – General	1,000,000	12,000,000
Sub-total	20,952,350	251,428,200

The administrative costs for the month are estimated at TZS **20,952,350** (US\$ 9,110) that is TZS **251,428,200** (US\$ 109,317) 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 7,790. The report shows that there are 3,742-government secondary school in the country and 1,259 non-government secondary schools making 5,001 secondary schools in 2019. From these figures, the government owns most schools, the remaining are privately owned by either individuals, faith-based organisations, or 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 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, 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 equipment cost estimates are based on a quotation obtained from the machinery and equipment suppliers within the country and outside the country.

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	250,435	322,957	389,104	458,560	531,488
Less: Cost of sales	157,043	164,896	173,140	181,797	190,887
Operating Profit	93,391	158,061	215,964	276,762	340,600
<i>Less: Op. expenses</i>	<i>142,067</i>	<i>149,170</i>	<i>156,629</i>	<i>164,460</i>	<i>172,683</i>
Earnings Before Interest and Tax	-48,676	8,891	59,335	112,302	167,917
Less :Charges					
Interest	-	-	-		
Earnings Before Tax (Loss)	-48,676	8,891	59,335	112,302	167,917
<i>Corporate Tax (30%)</i>	<i>0</i>	<i>2,667</i>	<i>17,801</i>	<i>33,691</i>	<i>50,375</i>
Earnings After Tax (Loss)	-48,676	6,223	41,535	78,611	117,542
<i>Dividends (30%)</i>	<i>0</i>	<i>1,867</i>	<i>12,460</i>	<i>23,583</i>	<i>35,263</i>
Retained Earnings	0	4,356	29,074	55,028	82,279

The project shall be able to make substantial amounts of profits from the second year throughout towards the end of five years. A loss of US\$ 48,676 is expected during the first-year; followed by earnings after tax of US\$ 4,356 in the following year; then US\$ 29,074 in the third year. In the fourth year, the project expects to generate US\$ 55,028 as net profit after tax; and US\$ 82,279 in the fifth year.

Table 8.2 Projected Balance Sheet for Five Years

DESCRIPTIONS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	US\$	US\$	US\$	US\$	US\$
NON-CURRENT ASSETS					
Buildings	75,000	78,750	82,688	86,822	91,163
Machinery & Equipment	80,000	125,000	140,000	155,000	165,000
Motor vehicles	105,000	215,000	200,000	195,000	173,000
Total Non-Current Assets	260,000	418,750	422,688	436,822	429,163
Stocks	7,472	18,440	19,284	22,500	33,100
Debtors & Prepayments	119,100	110,950	111,500	115,400	116,700
Cash and Bank balance	119,179	120,096	114,500	250,000	265,000
Total Current Assets	245,751	249,486	245,284	387,900	414,800
TOTAL ASSETS	505,751	668,236	667,972	824,722	843,963
Authorized Share Capital	21,739	21,739	21,739	21,739	21,739
Trust Capital Account	467,995	370,756	309,394	564,455	617,845
Retained Earnings	0	4,356	29,074	55,028	82,279
Total Equity	489,734	396,851	360,207	641,222	721,863
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 EQUITY & LIABILITIES	505,751	668,236	667,971	824,722	843,963

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	-48,676	8,891	59,335	112,302	167,917
Adjustments for non-cash items:					
Depreciations	32,750	40,094	40,078	49,483	50,638
Change in Working Capital:					
Receivables	-119,100	-110,950	-111,500	-115,400	-116,700
Trade payables & Accruals	7,142	261,622	297,025	175,000	114,000
Total	-127,884	199,657	284,938	221,385	215,855
Tax payments	0	-2,667	-17,801	-33,691	-50,375
Total Cash Inflow from Operating Activities	-127,884	196,989	267,138	187,694	165,480
Cash from investing activities:					
Purchase of assets	-260,000	-418,750	-422,688	-436,822	-429,163
Other purchases	81,219	224,545	162,414	408,211	313,946
Net Cash Outflow From Investing Activities	-306,665	2,784	6,864	159,083	50,263
Cash from financing activities:					
Dividends	0	-1,867	-12,460	-23,583	-35,263
Change in cash & cash equivalent	-306,665	917	-5,596	135,500	15,000
<i>Beginning Cash Balance</i>	<i>425,844</i>	<i>119,179</i>	<i>120,096</i>	<i>114,500</i>	<i>250,000</i>
Ending Cash Balance	119,179	120,096	114,500	250,000	265,000

9.0 ECONOMIC ASPECTS

9.1 National economic and social Benefits

The economic and social impact of establishing the proposed project to Tanzania is expected to be positive. This positive impact is expected to be direct and indirect as explained below:

(i) Direct economic impact

Direct positive economic impact is expected to come from the following factors, namely,

- (a) Tax payments to the government
- (b) Access to quality education increased,
- (c) Employment opportunities generation; 49 direct jobs expected to be created.
- (d) Technology transfer.

(ii) Indirect economic impact

The project is expected to operate as a responsible corporate citizen by fulfilling some of its corporate responsibilities such as assisting some of the disadvantage communities by way of donations, starting from the communities living near the school and participation in economic development activities of the country.

10.0 CONCLUSION

The plan has proven that the project is viable and beneficial to owners, the government and the public. The fact that owners are willing to provide capital 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 convenient 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.