

**AL AWAEEL COMPANY LIMITED**

***Hotel construction and operation***

# **A FEASIBILITY STUDY REPORT**

Kendwa island, Kigamboni  
C/o P.O. Box 3407, DAR ES SALAAM

**2015**

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## 11.0. EXECUTIVE SUMMARY

### 1.1. Preamble

AL AWAEEL Co. Ltd is a newly established company created for purposes of establishing and managing a Four Star tourist hotel at the Kendwa Island of Indian Ocean of Tanzania. The company is a limited liability entity, under the Companies Act 2002 with Certificate of Incorporation dated February 27<sup>st</sup>, 2015. The company has a Certificate of incorporation No.115533. The company aims to tap into the opportunities in the flourishing tourism industry in the dare s Salaam, Kigamboni Corridor by carrying out business as providers of an unique hotel for accommodation and recreational services.

The shareholders of the company are the project developers and are well-established Business People. They are partners from Tanzanians based in the city of Dar es Salaam and from the United Arabu emirates. Having been in the national and international business environment for several years, they have accumulated experience on forecasting the business opportunity and possible trends, running the business, management of the same business and fund capital for the project establishment. These directors are now seeing a bright future of the tourist sector in the Tanzania and want to invest in hotel accommodation and recreation project.

The main hotel building to be developed will be located on the Kendwa Island joined to the mainland by a bridge of about a kilometer long. the hotel will have a major structure as a tall building of fourteen storey and auxiliary buildings all designed to consist apartments to be utilized to accommodate guests and provide them recreational services. The building will have the reception, kitchen with modern equipment, modern restaurant, bar, bureau de change, internet services, general secretarial bureau and project offices. The rest of the building will be used to provide hotel accommodation planned at 190 rooms in total. All the rooms will be air conditioned and self-contained with TV sets in each room. The rooms will be given a finish touch of international standard and immaculate cleanliness will be observed throughout to give the guest a serene atmosphere while in the hotel. The non building's space is designed to accommodate, swimming pool, parking, play grounds and garden areas. The site has adequate space to accommodate the proposed hotel building, offices, parking yard and all other facilities mentioned above.

In summary the development of the project focuses mainly on:

- i. The construction and equipping the building accommodating hotel rooms, restaurant, bureau de change, internet services, general secretarial bureau, project offices; and bar, gymnasium, swimming pool, conference hall and parking space*
- ii. The acquisition of hotel utility and administration facilities (vehicles, boats, generators, solar systems, clean water systems and infrastructure.*
- iii. Training of the company workforce to be in line with the industry's demand*
- iv. Building a bridge of almost 1 kilometer long to link the Island and the mainland*
- v. Market and Market penetration*

The proposed project is estimated to cost about US\$ 46.7million over an implementation period of four years. The project sponsors/investors have enough financial resources and adequate access to bank funding to undertake the contemplated investment. The project promoters are planning to finance project cost in the following pattern:

Owners' Equity Contribution: 100%

The objectives of this Feasibility Study Report are three fold.

- i. First is to determine the viability of the proposed project.*
- ii. Second is to enable project mobilize resources required in order to facilitate construction and furnishing of the hotel building and procurement of other project capital goods.*
- iii. Third is to facilitate the application for Tanzania Investment Centre (TIC) Certificate of Incentives to access exemptions on duties, VAT deferments and other benefits and protections as statutorily provided for under Tanzania Investment Act (1997) for the Project.*

## 1.2 The Project Promoters

The Project Promoter is M/s AL AWAEEL Co. Ltd, a company which was incorporated in 2015. The owners are three Tanzanians entrepreneurs and One resident of the United Arab emirates with diverse professional and business backgrounds albeit a keen interest to consolidate their wealth of experience and resources to tap the opportunities in the Tourism Industry.

## 1.3 Target Markets

The target market of the planned classic hotel is mainly the High income earners' group of visitors that include both local and foreign business executives; government officials; as well as the traditional tourist market sources from all over the worlds.

The peaceful nature of Tanzania, and its God given beauty will further market appropriately to help further the development of international and local tourism through a deliberate incentive program to feed the hotel demand driven services.

Prospects in the growth of this target market are quite good given the increasing prominence of Dar es salaam as a gate way to Eastern, Southern and Central parts of Tanzania and neighbouring countries of that direction.

## 2.0 THE PROJECT

### 2.1 Brief Description and Rationale behind the Project

#### HOTEL AND FACILITIES

The hotel will be established by constructions with locally available construction materials and designed to combine antique African and modern contemporary styles, creating articulate and seductive ambiance. The hotel is designed to be most convenient for short-term visitors and corporate clients looking to spend a few nights in Kigamboni. It will serve as ideal bases for those wishing to have best hotel accommodation of international standards, and yet pay less than a half of what they would have otherwise paid elsewhere.

The hotel will have accommodation capacity of 190 standard rooms with twin beds. Each room will have its own private veranda where one can relax and enjoy the view. All the rooms will be furnished to a high standard, offering satellite TVs, telephones, fans, and en-suite bathrooms. In addition to the

above amenities, each room features air-conditioning and unlimited use of the internet for those with own laptops.

Facilities within the hotels will include:

- Restaurant serving Breakfast, Lunch and Dinner
- Business Centre with Internet, Fax and Printing facilities
- Reception Area: telephones, postage stamps etc
- Fully Equipped Conference Hall
- Bureau de Change
- Fully Equipped Gymnasium
- Play grounds and swimming pool
- Laundry Facilities, hairdryers, ironing board and iron,
- Standby Power Generator and solar systems
- Installation of underground and overhead Water Tanks and procurement of Water Pumps
- Air Conditioners (split units)
- Mini fridges, TVs, and furniture for each hotel room
- Crockery, Cutlery and other Catering Equipment
- State-of-the-art Communication and Security Equipment

#### MOTOR VEHICLES

The company plans to procure utility and administration motor vehicles including:

- Delivery Vans
- Luxury Mini Buses for transportation of hotel guests
- 4-WD Administration Vehicle

Boats:

Luxury boats to ferry tourists with desire of spending time in the deep sea waters and fishing.

#### 2.2 Location

As mentioned above, the project will be located at Kendwa Island, Kigamboni, Temeke Municipal which has adequate space to accommodate the proposed hotel building, offices, and other facilities for both the company and hotel guests. The location is ideally suited for the project because it is easily accessible and its infrastructure is highly developed.

This is a well thought out project: a brain child of the company directors of unquestionable integrity and wide experience in various disciplines. The project promoter is M/s AL AWAEEL Co. Ltd of P.O. Box 3407, Dar es Salaam.

### **3.0 MARKET ANALYSIS AND STRATEGIES**

#### **3.1 Introductory Remarks**

The project is right closer to the city center of Dar es salaam which is one of the growing cities in Tanzania as it is growing and industrializing very fast. The trade of consumer goods from Far East, Middle East, Europe, America, South Africa, Zambia, Malawi, Zaire, and North Africa play a big role to the betterment and economic success of the area. The city is strategically located in the heart of Eastern and Central Africa and provides easy access to major Eastern and Central African cities and towns by air, roads and water.

Traders of all goods including copper, cashews, fish products, textiles, hide and skins, food, gold, diamonds and gems converge in Dar es Salaam to trade their wares for their needs. Due to these facts, the town has of late registered a continued fast growth rate. The provision of goods and services however is not adequate to match the growth momentum of the town, and among the inadequacies, standard hotel, accommodation and transport are at the top of the list.

Apart from being a logistical and transportation centre, Dar es Salaam is also a center for recreation and leisure amusements.

The city has of late undergone a major face-lift with the recently uncompleted reconstruction of City center buildings, the city roads and other social amenities. It is now attracting more and more investors and visitors and is fast becoming an important trade link between countries of the Southern Africa, and neighboring land locked countries. However, the fast growth also calls for expansion and modernization of services, particularly hotels and business accommodation to cater for the expansion of business activities and number of visitors. This project proposal has therefore been conceived to partly fill the present gap in demand and supply of High class standard hotels as well as business premises in the city.

#### **3.2 Core Service Provision Processes**

Company will operate three core income generating service processes:

##### **3.2.1 Hotel Accommodation**

This will be targeting the market, with average prices at US\$ 210 (Standard Rooms). Total number of rooms is planned at 190

##### **3.2.2 Restaurant and Conference Hall**

### 3.3 Demand/Supply Gap

Although there are a good number of high class hotels in dare s salam, the demand for more is quite apparent. The demand is now increasing fast following the expansion of economic activities in the region, the influx of tourists from all over the world to Tanzania. It is also an important trade link between the world and countries around Tanzania which include the Malawi, Zambia, DR Congo, Rwanda, Burundi, Kenya and Uganda.

The growth of the city in terms of population and economic activities has however not been followed with adequate increase in hotel services to cater for the increasing number of visitors. Supply of hotel accommodation services of acceptable standard in Dar es salaam has generally lagged behind the increasing demand. This is true for both tourist hotels as well as high class hotels.

Physical survey of existing cost hotels for this particular study has not been carried out to establish actual demand. However, available hotel rooms as compared to present city status and population suggest that more hotels, both high class cover only 50% of the need to in the town.

Surveys made by the project promoters shows that room occupancy rate of all the available hotels stands above 95% (always full). This is yet another indicator of the need to provide additional hotel rooms in town.

As stated elsewhere, the target markets of such a class hotel is mainly the high class income group of visitors that include both local and foreign business executives; government officials; as well as the traditional tourist market sources. This is the major segment that occupies hotels in dare s Salaam.

reasonable market share of the market. Market knowledge and connections on the international market network are of prime importance.

Our company envisages undertaking a comprehensive and concerted marketing program in order to obtain the necessary networking connections. It will reach out to all relevant stakeholders both locally and internationally through presentations at international and local that may avail the company the requisite net workings. A focused aggressive marketing strategy is envisaged in this plan; this will include outsourcing adequate working capital to back up the marketing effort.

A considerable budget will be set aside over the period of the first five years towards the marketing and networking effort, which will be used largely in preparation of promotional and advertising materials.

### **3.5 Pricing**

Our company through this project does not pretend to become a market leader, nor does it intent to challenge the bigger and established companies. The company's pricing policy is set with the objectives of achieving profitability and growth and achieving a reasonable share of the market without necessarily pricing the company out of competition. The company will maintain a wide set of packages on offer with different terms and prices to suit different interests and pocket sizes.

### **3.6 Promotion and Advertising**

Creative promotion and advertising strategies will be outlined in the comprehensive marketing plan. With the objective of capturing new market segments and to attract faster responses in older market segments without stretching the company's human and financial resources too thin.

### **3.7 Proper Modern and Adequate Equipment**

To be able to provide quality service that conforms to the demands of a rather sophisticated and highly competitive tourist industry, the company envisages acquisition of new equipments that are at the core of hotel operations industry. These will include:

- Luxurious accommodation and catering facilities

## 4.0 TECHNICAL REQUIREMENTS

Under the implementation program new civil works structures will be constructed and new equipment is envisaged to be acquired in order to establish quality of service. The objective is to create competitive preparedness for the project operations and to enhance the image of the company as a reliable and professional outfit capable of delivering quality service like rest of the best in the industry. The company will need to:

- ◀ Construct the main building and constructing other necessary structures and equipping them accordingly.

## 4.1 CONSTRUCTION COST

The cost of any project (buildings and infrastructure) depends upon the design standards, specifications and level of service provided for in the design. Cost of the project can virtually be scaled down to levels of financing available e.g. through optimization of these parameters. Using the existing market rates and extensive experience of the consultants, a number of alterations can be done to arrive at the current design standard, specifications and level of service, which is within the current level of financing.

### 4.1.1 Basis of Costs

#### Use of local building contractors

In this analysis, it is recommended that the project should contract local construction firms charging competitive rates but delivering good quality works compared with foreign firms. The selection of the main contractor may be made through tendering process.

#### Imported Building Materials

The project developer plans to source some less costly construction materials from outside which will have the effect of lowering the overall construction costs. With the exception of cement and timber, almost all other materials will be imported. These include heavy floor and wall tiles, toilet fittings, aluminium fixtures and fittings, electrical fittings, security system equipment and fire fighting equipment.

## **Building Construction Rates**

These vary from US\$ 500 per m<sup>2</sup> to US\$ 800 per m<sup>2</sup> and in consideration of the above factors, the construction cost for the proposed project will be in the region of US\$ 800 per m<sup>2</sup>.

Source: Consultant's Construction Cost Survey

## **4.2 CONSTRUCTION METHODS**

The construction progress assessment will be carried out using the agreed program of works submitted prior to commencement of the project just immediately after site hand over to contractor.

The following sequence of work will be performed at site for smooth execution of the project:

- Site handing over to the contractor.
- Mobilization period to be agreed upon including construction services.
- Building setting out
- Foundations excavations
- Construction of the framed additions on buildings
- Fixtures, fittings, finishes and decoration
- External works including plumbing, water supply, parking, roads and landscaping.

## **4.3 COSTING DETAILS**

The quantity surveyor will be doing costing using the standard format of bills of quantities basing on the part of tender document comprising of drawings and specifications.

The tenderers will apply the current market rates for pricing the bill and come up with a competitive tender sum.

## **4.4 REVIEW OF THE WORKING DRAWINGS**

The consultancy team will be reviewing the drawings to fit the locality, any alterations and any client's need in the course of construction. The contractor will immediately be informed of the review for implementation. Also the client will be advised of the cost implication on the effected alterations.

## 5.0 INVESTMENT AND FINANCING

### 5.1 ASSUMPTIONS

- All prices and costs used in this project are based on December 2014 market levels and are kept constant for the entire project life on the assumption that when costs rise, in future it would be possible to increase prices to a level where acceptable profit margin can be maintained.
- The project's life span is assumed to last 10 years after completion of constructions.
- To bring all costs to a conservative level, capital and operating costs estimates have been increased by a contingency allowance.
- The occupancy rate for the hotel rooms has been estimated at 70%, 80%, 100% in the first, second, third and subsequent years of operation respectively.

### 5.2 SUMMARY OF CAPITAL INVESTMENT

The total capital investment is estimated at US\$ 1,076,672.37 and is itemized as follows:

INVESTMENT PLAN	USD	
Land & Buildings	16,092,965.95	-
Furniture and Equipments	18,224,000.00	-
Vehicles	9,465,600.00	-
Others	1,360,000.00	-
Initial W/Capital (monthly)	1,532,634.05	-
<b>GRAND TOTAL</b>	<b>46,675,200.00</b>	

#### Financing Plan

The project is expected to be financed by owners' equity contributions at 100%

## 6.0 MANAGEMENT AND STAFF

To perform a professional job in the hotel industry a company requires a team of skilled and well-motivated personnel. Under the implementation program the project envisages undertaking a deliberate 2 prolonged plan.

- Out - Sourcing staff with relevant and adequate hotel industry skills capable of strategizing and operationalizing growth and profit oriented marketing and operational plans and strategies. The local labour market has enough personnel with relevant skills and experience in the fields of marketing, operations and information technology. However, no effort will be spared in looking for requisite skills elsewhere including on the neighbouring labour market.
- Motivation and retention scheme: Continuity being a vital element in any efficient operation, focus will be given to minimize frequent manpower turn over. In order to achieve this, an attractive incentive package will be part of the expansion program. The objective is to attract the best-qualified personnel to the company labour force and to retain them for a reasonable period of service in order to achieve continuity and harmony in the company's operations.

## 7.0 SWOT ANALYSIS

### 7.1 Strengths

The strengths of this project will be the same as those that have served the project promoters other businesses (mainly import/wholesale trade and general hardware activities) operations in good stead. These are:

- Sound and credible management and financial policies
- All incredible determination and perseverance of the directors against immense odds
- A fairly well skilled, committed and efficient labor force
- The recent upgrading of Kigamboni and Dar es Salaam city of its status and the presence of the mixed-culture communities around the city which provides opportunities for demand of various occasional activities of celebrity.
- A quality product of the proposed project: Tanzania is endowed with some of the best tourist attractions in the world in terms of abundance, quality and quantity. They range from wildlife and wild spaces, historical sites, over 1000 kms of serene white sand palm fringed beaches and a cultural cocktail of wondrous magnitudes.

## 7.2 Weaknesses

Of all the worst shortcomings that might hold the company back from progress, the following rank highest:

- Being new in the industry likely to pose a limited market knowledge and connections.
- Inadequate cutting edge tourism marketing skills

## 7.3 Opportunities

The company is focused to take optimum possible advantage on the following:

- The increased attractiveness of the country as a quality tourist destination of choice and investment
- The introduction of investor friendly government policies including :
  - i. Market liberalization
  - ii. Lucrative investment incentive package
  - iii. Provision of land and on and off site infrastructure.
- Duty exemption on capital goods
- 50% capital investment allowance with indefinite loss carry over period against future profits
- A stable economic and political environment
- Heavy investments in infrastructural development in roads (all weather)
- Telecommunications; the country has one fixed telephone line company and 4 cellular telephone networks with a very wide coverage of the country.
  - Access to computers (tax-free) and the international network - internet - in major towns and cities

## 7.4 Threats

These are many and profound and the most vicious to the company's well being includes:

- Unfair competitive practices among stakeholders such as negative (publicity, skilled manpower draining and agent/client poaching.

## 8.0 SALES PROJECTIONS AND EXPENSES

Sales projections and expenses are based on the three main revenue generating services.

- Hotel Accommodation: Occupancy Rates starts at 70% in year one, raising to 80% in year two before stabilizing at 90% in year three onwards.
- Income is expected to come from accommodation and Restaurant

## 9.0 FINANCIAL AND ECONOMIC ANALYSIS

Projecting for financial statements is based on the following assumptions:

- The project is evaluated for 10 years based on the useful life of major assets.
- The implementation of the project will cost US\$ 46,675,200.00
- Capital expenditure will be spread over a period of 3 years.
- Economic depreciation rates are based on useful life of fixed assets and capital items.

### Depreciation and Amortization

NOTE: It is assumed that the project will be granted a 50% capital investment allowance on the year of acquisition of capital/deemed capital goods and thereafter the balance of 50% be subjected to the normal depreciation rates. This applies to Machinery, Equipment, Motor Vehicles and furniture for this particular case.

The Analysis of Costs fall into two main categories:

### 9.1 Operating costs:

- Motor running expense
- Salaries, wages and allowances plus Social Benefits
- Utilities (water + electricity bills)  
Water: and Electricity
- Communications (postage, telephone, faxes, internet)
- Repairs and Maintenance
- Depreciation at full project implementation

### 9.2 Administrative Costs

- Directors/Board fees
- Professional/audit fees

- Traveling
- Insurance: 2% of major capital assets( motor vehicles and Machinery/equipment)
- Licenses
- Taxes / duties / levies
- Marketing and Advertisement

### 9.3 Financial Statements

#### Assumptions

The prices of inputs and outputs are assumed to remain constant over the project life i.e. 10 years. However, in case of changes in the costs of inputs, to maintain the desired profit margin, the prices of the outputs will be accordingly adjusted.

#### 9.3.1 Income

The project's annual income at 1<sup>st</sup> year of commercial production is estimated to start at US\$ 47,177,856.00 as presented in the Income Statement under the FINANCIAL STATEMENTS. Net profit increases from US\$ 21,801,698.69 in the first year of operation to US\$ 38,123,764.8 per annum by year ten. The break-even will be attained at 1,488 room sales of operations.

#### 9.3.2 Expenditure

The expenditure items are as indicated in section 9.1 & 9.2 above. They include all costs items plus depreciation and financial charges. These are listed under Annual Production Costs.

#### 9.3.3 Projected Cash Flows

This is shown in the cash flow, the project has a positive net cash flow from year 1 of operation to the 10th year.

## 9.4 Financial Indicators

Financial indicators showing the financial viability of the project are summarized below:

### 9.4.1 Internal Rate of Return (IRR)

The project' internal rate of return (IRR) after tax is computed at 35.0% at the discount rate of 4%.

### 9.4.2 Payback Period

The payback period is computed at 2.7 years which is within 3 years.

## 9.5 Economic Benefits of the Project

The successful operation of the Project will contribute significant economic benefits to the Kigamboni, Dar es Salaam and Tanzania as whole. In summary, the benefits that will be realized are as follows:-

- It will serve to provide more standard hotels services in the city to cater for the increasing number of visitors
- Employment opportunities for over 130 permanent staff at full commercial operations
- Provision of income to other services providers, thus contributing to the reduction of poverty. The income to be earned will help in improving standard of living of the workers and other people residing in the region.
- The direct income for the workers, combined with other social benefits that the Management will provide, will help in overall efforts of alleviation of poverty in the Region.
- Provision of a market for goods and services demanded by expanded tax base to the Treasury and local Government authorities and generation of substantial income to the Government. The Government earns considerable revenue from the tourism sector in terms tax collections.
- This project will facilitate the increase of foreign exchange earnings through services provision as most of the tourists to be served will be foreigners.
-

## 10.0 CONCLUSION AND RECOMMENDATIONS

### 10.1 Conclusion

The project as analyzed in this report is both economically and technically viable. The project has come at the right time to provide the much needed quality accommodation and tour operation facilities for tourists and successful business people in Tanzania as a whole.

### 10.2 Recommendations

A fast implementation of this venture is therefore highly recommended especially at this juncture when the Government in collaboration with donor communities is implementing a program of boosting investment in the tourism sector as evidenced by the current efforts by the Ministry of Natural Resources and Tourism in partnership with the EC through Centre for Development of Enterprises (CDE) - a management unit for PRO-INVEST who are currently implementing a special program seeking to increase investment in the tourism sector by encouraging partnerships between EU and local enterprises.

# **FINANCIAL ACCOUNTS**

Appendix I

INVESTMENT PLAN	USD
Land & Buildings	16,092,965.95
FURNITURE and Equipments	18,224,000.00
Vehicles	9,465,600.00
Others	1,360,000.00
Initial W/Capital (monthly)	1,532,634.05
<b>GRAND TOTAL</b>	<b>46,675,200.00</b>

WORKING CAPITAL

Appendix II

FIGURES IN US\$

	1	2	3	4	5	6	7	8	9	10
ADM. EXPENSES	16,032,572.16	16,669,760.45	17,566,642.4	18,078,561.6	14,818,011.6	15,651,343.5	16,543,665.6	17,499,645.5	17,626,781.6	18,725,803.0
DEBTORS (5% OF Y)	2,358,892.80	2,476,837.44	2,600,670.3	2,730,714.6	2,867,149.8	3,010,622.2	3,161,131.8	3,319,181.2	3,485,165.4	3,659,407.5
DAMAGES	-	-	-	-	-	-	-	-	-	-
OTHERS	-	-	-	-	-	-	-	-	-	-
TOTAL	18,391,464.96	19,146,597.89	20,167,312.7	20,701,564.2	17,685,269.2	18,661,965.7	19,704,797.4	20,818,826.7	21,111,946.9	22,385,210.5

**Appendix III**

FIGURE IN US\$

	1	2	3	4	5	6	7	8	9	10
<b>CASH FLOW</b>										
<b>INFLOW;</b>										
EQUITY	46,675,200.00	-	-	-	-	-	-	-	-	-
DEPRECIATION	5,654,880.00	5,654,880.00	5,654,880.00	5,654,880.00	1,615,680.00	1,615,680.00	1,615,680.00	1,615,680.00	718,080.00	718,080.00
PRETAX PROFIT	31,145,283.84	32,866,988.35	34,446,943.9	36,535,695.0	42,526,959.6	44,560,885.2	46,679,185.3	48,884,337.2	52,076,418.2	54,462,526.3
<b>TOTAL INFLOW</b>	83,475,363.84	38,521,868.35	40,101,823.9	42,190,575.0	44,142,639.6	46,176,565.2	48,294,865.3	50,500,017.2	52,794,498.2	55,180,606.3
<b>OUT FLOW;</b>										
INVESTMENT	46,675,200.00	-	-	-	-	-	-	-	-	-
CORP. TAX 30%	9,343,585.15	9,860,100.10	10,334,068.8	10,960,701.3	12,758,091.5	13,368,279.9	14,003,744.8	14,665,311.9	15,622,907.5	16,338,761.5
<b>TOTAL OUTFLOW</b>	56,018,785.15	9,860,100.10	10,334,068.8	10,960,701.3	12,758,091.5	13,368,279.9	14,003,744.8	14,665,311.9	15,622,907.5	16,338,761.5
<b>NET</b>	27,456,578.69	28,661,768.26	29,767,719.2	31,229,873.7	31,384,548.1	32,808,285.3	34,291,120.5	35,834,705.3	37,171,554.8	38,841,844.8
<b>CUMMULATIVE</b>	27,456,578.69	56,118,346.94	85,886,102.0	117,115,940	148,500,488	181,308,809	215,599,894	251,434,635	288,606,190	327,448,034

OPERATING COST SCHEDULE

Appendix IV

FIGURES IN US\$

	1	2	3	4	5	6	7	8	9	10
<b>UTILITIES;</b>										
ELEC. & WATER	215,424.00	236,966.40	260,663.04	286,729.34	315,416.64	346,940.35	381,623.62	419,789.57	461,797.25	507,969.79
<b>FIXED COST;</b>										
DEPRECIATION	5,654,880.00	5,654,880.00	5,654,880.00	5,654,880.00	1,615,680.00	1,615,680.00	1,615,680.00	1,615,680.00	718,080.00	718,080.00
<b>ADM. COST;</b>										
SALARIES & WAGES	2,994,393.60	3,144,113.28	3,301,336.90	3,466,387.58	3,639,696.19	3,821,693.57	4,012,774.66	4,213,406.21	4,424,090.88	4,645,295.42
<b>OTHEREXPENSES</b>	7,167,874.56	7,633,800.77	6,189,670.08	8,670,564.67	9,247,218.82	9,867,029.57	10,533,551.4	11,250,733.8	12,022,849.3	12,854,493.7
<b>TOTAL</b>	16,032,572.16	16,669,760.45	17,566,642.4	18,078,561.6	14,818,011.6	15,651,343.5	16,543,665.6	17,499,645.5	17,626,781.6	18,725,803.0

**PROFIT & LOSS ACCOUNT**

**Appendix V**

	FIGURES IN US\$									
	1	2	3	4	5	6	7	8	9	10
<b>REVENUE</b>	47,177,856.00	49,536,748.80	52,013,586.2	54,614,256.6	57,344,971.2	60,212,228.7	63,222,850.9	66,383,982.7	69,703,163.9	73,188,329.3
<b>LESS EXPENSES</b>										
GRAIN COST	4,717,785.60	4,953,674.88	5,201,376.58	5,461,429.25	5,734,515.07	6,021,208.51	6,322,299.46	6,638,398.27	6,970,330.75	7,318,850.88
SALARIES & WAGES	2,994,393.60	3,144,113.28	3,301,336.90	3,466,387.58	3,639,696.19	3,821,693.57	4,012,774.66	4,213,406.21	4,424,090.88	4,645,295.42
ELECTRIC. & WATER	215,424.00	236,966.40	260,663.04	286,729.34	315,416.64	346,940.35	381,623.62	419,789.57	461,797.25	507,969.79
INSURANCE	179,520.00	197,472.00	217,219.20	238,941.12	262,853.18	289,134.91	318,037.63	349,848.58	384,819.07	423,308.16
TRAVELING	179,520.00	197,472.00	217,219.20	238,941.12	262,853.18	289,134.91	318,037.63	349,848.58	384,819.07	423,308.16
REPAIRS & MAINT	17,952.00	19,747.20	21,721.92	23,912.06	26,281.73	28,902.72	31,810.94	34,970.50	38,489.09	42,330.82
STATIONERY	71,808.00	78,988.80	86,887.68	95,576.45	105,126.91	115,646.78	127,207.87	139,917.89	153,920.45	169,323.26
TELEPHONE	107,712.00	118,483.20	130,331.52	143,364.67	157,690.37	173,488.13	190,829.76	209,894.78	230,898.62	253,984.90
NSSF	299,439.36	314,411.33	546,135.74	346,653.12	363,958.85	382,162.18	401,263.10	421,333.44	442,409.09	464,525.95
BANK CHARGES	7,180.80	7,898.88	8,688.77	9,550.46	10,519.87	11,561.09	12,710.02	14,002.56	15,402.82	16,946.69
BUSINESS LICENSE	7,180.80	7,898.88	8,688.77	9,550.46	10,519.87	11,561.09	12,710.02	14,002.56	15,402.82	16,946.69
SUNDRY EXPENSES	107,712.00	118,483.20	130,331.52	143,364.67	157,690.37	173,488.13	190,829.76	209,894.78	230,898.62	253,984.90
ADVERTISEMMENT	179,520.00	197,472.00	217,219.20	238,941.12	262,853.18	289,134.91	318,037.63	349,848.58	384,819.07	423,308.16
DIRECTORS PAY	1,292,544.00	1,421,798.40	1,563,978.24	1,720,376.06	1,892,428.03	2,081,642.11	2,289,813.50	2,519,527.30	2,770,675.78	3,047,746.94
DEPRECIATION	5,654,880.00	5,654,880.00	5,654,880.00	5,654,880.00	5,654,880.00	5,654,880.00	5,654,880.00	5,654,880.00	5,654,880.00	5,654,880.00
<b>TOTAL ADM. COST</b>	16,032,572.16	16,669,760.45	17,566,642.4	18,078,561.6	18,818,011.6	19,651,343.5	20,543,665.6	21,499,645.5	22,526,781.6	23,638,803.0
PRETAX PROFIT	31,145,283.84	32,866,988.35	34,446,943.9	36,535,695.0	38,526,959.6	40,560,885.2	42,679,185.3	44,884,337.2	47,276,418.2	49,849,526.3
CORP. TAX 30 %	9,343,585.15	9,860,100.10	10,334,068.8	10,960,701.3	11,566,091.5	12,168,279.9	12,797,444.8	13,455,311.9	14,145,927.5	14,888,761.5
<b>NET PROFIT</b>	21,801,698.69	23,006,888.26	24,112,839.2	25,574,993.7	26,960,868.1	28,392,605.3	29,881,740.5	31,429,025.3	33,130,490.7	34,960,764.8

**BALANCE SHEET**

**Appendix VI**

	1	2	3	4	5	6	7	8	9	10
<b>FIXED ASSETS</b>	38,497,058.69	35,634,720.00	29,979,840.0	24,324,960.0	18,670,080.0	17,054,400.0	15,438,720.0	13,823,040.0	12,207,360.0	11,489,280.0
LESS DEPRECIATION	5,654,880.00	5,654,880.00	5,654,880.0	5,654,880.0	1,615,680.0	1,615,680.0	1,615,680.0	1,615,680.0	718,080.0	718,080.0
NET CURRENT ASSETS	32,842,178.69	39,774,855.12	46,463,079.2	53,580,113.7	59,389,668.1	62,429,085.3	65,527,600.5	68,686,865.3	71,639,394.8	74,027,764.8
<b>TOTAL</b>	68,476,898.69	69,682,088.26	70,788,039.2	72,250,193.7	76,444,068.1	77,867,805.3	79,350,640.5	80,894,225.3	71,639,394.8	84,798,964.8
<b>REPRESENTED BY;</b>										
EQUITY	46,675,200.00	46,675,200.00	46,675,200.0	46,675,200.0	46,675,200.0	46,675,200.0	46,675,200.0	46,675,200.0	46,675,200.0	46,675,200.0
PRETAX PROFIT	31,145,283.84	32,866,988.35	34,446,943.9	#VALUE!	42,526,959.6	44,560,885.2	46,679,185.3	48,884,337.2	52,076,418.2	54,462,526.3
LESS TAXATION	9,343,585.15	9,860,100.10	10,334,068.8	10,960,701.3	12,758,091.5	13,368,279.9	14,003,744.8	14,665,311.9	15,622,907.5	16,338,761.5
NET PROFIT	21,801,698.69	23,006,888.26	24,112,839.2	25,574,993.7	29,768,868.1	31,192,605.3	32,675,440.5	34,219,025.3	36,453,474.8	38,123,764.8
RESERVES	-	21,801,698.69	44,808,586.9	68,921,462.0	94,496,419.8	124,265,288	155,457,929	188,133,334	222,352,395	258,805,870
<b>TOTAL</b>	68,476,898.69	69,682,088.26	70,788,039.2	72,250,193.7	76,444,068.1	77,867,805.3	79,350,640.5	80,894,225.3	83,128,674.8	84,798,964.8

FIGURE IN US\$

ECONOMIC RATE OF RETURN ON EQUITY

Appendix VII

	1	2	3	4	5	6	7	8	9	10
PROFIT AFTER TAX	21,801,698.69	23,006,888.26	24,112,839.2	25,574,993.7	29,768,868.1	31,192,605.3	32,675,440.5	34,219,025.3	36,453,474.8	38,123,764.8
EQUITY	46,675,200.00	46,675,200.00	46,675,200.0	46,675,200.0	46,675,200.0	46,675,200.0	46,675,200.0	46,675,200.0	46,675,200.0	46,675,200.0
% RATE OF RETURN	47	49	52	55	64	67	70	73	78	82

FIGURE IN US\$



Appendix XI

\* INTERNAL RATE OF RETURN

FIGURES IN US\$

YEAR	CASHFLOW	DISCOUNT	NPV
			4%
1	27,456,578.69		2.54
2	28,661,768.26		2.44
3	29,767,719.17		2.35
4	31,229,873.66		2.26
5	31,384,548.10		2.17
6	32,808,285.31		2.09
7	33,629,553.41		2.01
8	35,834,705.28		1.93
9	37,171,554.82		1.85
10	38,841,844.80		1.78
	TOTAL		261,879,647

Rate of Return based on Gross Asset Value or Investment of  
Average Cash Flow for a period of 10 years

$$\frac{\text{Net Cash Flow}}{\text{Investment}} = \frac{32,678,643.15}{46,675,200.00} \times \frac{100}{2} = 35\% = 0.35$$