

**SHANG AN INVESTMENT  
COMPANY LIMITED**

**FEASIBILITY REPORT**

**FOR**

**SET UP OF MANUFACTURING  
OF BUILDING MATERIALS**

**By;  
Shang An Investment  
P O Box 45450  
MKURANGA**

## EXECUTIVE SUMMARY

### 1 Introduction

This study is done with an objective of preparing a Feasibility Report for M/s **Shang An Investment Co. Limited** of Dar es Salaam for a project of setting up of Manufacturing Unit of **Steel and steel structures in** Coast Region, Tanzania.

The scope of services for the proposal feasibility report for development of manufacturing unit for the production of roof sheets pipes, steel pipes building materials in Mwanambaya Street - Mkuranga, Coast Region, include: Market assessment, Development program, land and civil works, project implementation schedule, project cost, financial projections, and conclusion & recommendations.

The overall approach comprised a combination of secondary and primary research. A multi-disciplinary team of appropriate personnel with experience in techno economic studies and market research were deployed for undertaking this assignment.

The assignment commenced with a planning for the primary and secondary research. Initially, our team interacted with **Shang An Investment Co. Ltd** officials to understand the requirements of the study.

Later, the team continuously interacted with **Shang An Investment Co. Ltd** for their inputs on the plan of the unit, machinery, the constructing cost, project cost, financing etc. The data obtained from the secondary and primary research has been analyzed and incorporated in the report. A worksheet model has been prepared for feasibility calculations. The report is prepared on the basis of best of the information provided by the various stakeholders and associations/agencies. The information in the report should not be claimed and be used as evidence for any purpose.

### 2 Demographic Indicators & Development – Tanzania

Tanzania has been showing an appreciate growth in the past few years. The development taking place in the country has been in pace with the other developing nations. The GDP in real terms grew by 7.1 % in 2007, compared to 6.7 % in 2006. Over the years the construction has shown a decent increase.

Since the country started to implement economic and institutional reforms, there has been a steady increase of Foreign Direct Investment (FDI) inflows in the economy. Tanzania is among top three recipients of foreign direct investments (FDI) in non-oil producing African countries after South Africa and Ethiopia. Inflows of FDI have risen from US \$ 463.40 million in 2010 to US \$ 12.50 million in 2017.

### 3 Genesis & Details of the Project

The project involves set up of manufacturing unit of building materials at Mkuranga Coast Region. M/s. **Shang An Investment Co. Limited** of Dar es Salaam, was Incorporated on the 28<sup>th</sup> February, 2020 as private limited liability company under the Companies Ordinance (Cap 212 of the Laws of Tanzania).

The day to day activities would be managed by an individual appointed for the said purpose. It is expected that a significant number of people will be employed, during the construction of the commercial complex and about 60 local citizens would be employed permanently, excluding the security guards, once it becomes operational.

### 5 Project Cost and Means of Finance

The development cost of the entire project has been estimated to be around US \$ 0.83 million. The major factors contributing towards the cost of the project is the cost of machinery and building construction. It has been conveyed to us that the promoters have already had consent from the bank. Considering the size of this project, and also keeping in mind the 3 months of implementation period, the contingencies and pre-operational expenses have been estimated at US\$ 50,000/- The finance for the project is already arranged for by the promoters. The table below indicated in details the manner in which the investment is going to be arranged:

<b>COST OF THE PROJECT AND MEANS OF FINANCE</b>		<b>USD</b>
<b>NO.</b>	<b>PARTICULARS</b>	<b>TOTAL</b>
1	Building and Civil Work	130,000
2	Plant and Machinery	400,000
4	Motor Vehicles	30,000
5	Furniture & Fixture	10,000
6	Pre-operative Expenses	50,000
7	Others	10000
8	Working Capital	200,000
	<b>TOTAL</b>	<b>830,000</b>

## **7 Financial Projections**

Details of financial projections are attached as appendices to this report. However, in brief the annexed project financials show that the project will be one with a full proof financing scheme.

For the purpose of calculations and projections the following assumptions were made:

1. Long term loan is availed @ 8% per annum

The detailed calculations of the projected financial are given in the annexure. The Net Present Value for the project comes out to be US\$ 1,109,296/= and the IRR is reasonably good at 19%. Pay back for the project is estimated to be around 4.59 years.

The next annexure indicates the calculation for the Break Even Analysis and the Margin of Safety. It must be noticed that the average Return on Investment for the five years is more than 22%, which is a very good sign for the investors.

As far as DSCR is concerned we can see that for the coming years it is expected to be more than 1 which means that the company can repay the loan from its current profits only and not require repaying from its accumulated resources.

## **8 Development Value**

**The Project's development value to the country is as under:-**

The project will generate employment to several people both during the development and after completion. It has been estimated that directly or indirectly this project will provide employment to nearly 60 individuals excluding the security guards.

Government will also earn revenue in terms of various levies on the Company associated with the operation of the complex. Further as indicated in the financial projections the total contribution for five years by way of income-tax itself will be to the tune of about US\$ 778,910. Last but not the least, the manufacturing units are always considered to be a national property and will therefore add to the national wealth.

It may be mentioned here that total investment of US\$ 0.83 million will play a good part in boosting the local economy. Considering all relevant factors it is being recommended that the grant of 0% import duty and VAT deferment on capital goods and deemed capital goods is granted to this project not only to make the project viable but also to catalyse other development benefits that may accrue to the country on acceptance of this project.

### **Approach and methodology Approach**

The overall approach comprised a combination of secondary and primary research. A multi-disciplinary team of appropriate personnel with experience in techno economic studies and market research were deployed for undertaking this assignment.

### **Methodology.**

The assignment commenced with a detailed planning for the primary and secondary research. Initially, our team interacted with **Shang An Investment Co. Limited** officials to understand the requirements of the study. Later, the team continuously interacted with **Shang An Investment Co. Limited** for their inputs on the plan of the commercial complex, the material that would be used, the construction cost, project cost, financing etc.

#### **➤ Secondary Research**

A detailed desk research was undertaken to gain a fair understanding of the construction industry, its trends, market size, best practices etc. The sources from which the secondary data was collected included in-house database, internet,

and various periodicals. The secondary research was used for planning the primary research for the study and identifying the data to be collected by way of primary research. A detailed desk research was undertaken to gain a fair understanding of the construction industry, its trends, market size, best practice etc. The sources from which the secondary data was collected included in- house database, internet, and various periodicals. The secondary research was used for planning the primary research for the study and identifying the data to be collected by way of Primary research.

#### **➤ Primary Research**

Interview guidelines were developed for the compilation of the necessary information by way of interview.

### **Data Analysis and Report Preparation**

The data obtained from the secondary and primary research has been analyzed and incorporated in the report. A worksheet model has been prepared for feasibility calculations.

### **Report Format**

The report is presented in 07 chapters.

#### **Chapter 1 Introduction**

This chapter outlines the objectives, scope, approach & methodology for the study.

#### **Chapter 2 Demographic Indicators & Development – Tanzania**

This chapter discusses about the demography of Tanzania and the macro- economic developments that are taking place in the Country.

### **Chapter 3 Genesis & Details of the Project**

The chapter discusses the initiation of the project, the stakeholders, location, construction details, components of the projects, employment details and other relevant details.

### **Chapter 4 Project Cost and Means of Finance**

The chapter presents the elements of the project cost and discusses the means of financing for the project.

### **Chapter 5 Financial Projections**

Financial statements including projected income statement, projected cash flow statement and projected balance sheet for the first 05 years of operation and financial indicators such as IRR and payback period are given in this chapter.

The Return on Investment on annual basis for the project has also been calculated.

### **Chapter 6 Developmental Value**

This chapter mentions about the benefits incurring to the nation and the citizens as a result of this implementation of the project in consideration.

### **Chapter 7 Conclusions and Recommendations**

The chapter discusses the conclusions derived from the study and recommendations how to go ahead.

### **Annexure**

#### **Limitations**

The report is prepared on the basis of best of the information provided by the various stakeholders and association/agencies. The information in the report shall not be claimed and be used as evidence for any purpose.

## **2. Demographic Indicators and Development - Tanzania Tanzania – The Developing Economy**

In the African continent Tanzania is among the fastest developing economies. Tanzania has clinched the top slot in the improvement index as published by the Centre for International Development at Harvard University.

The report titled “The Africa Competitiveness Report 2000/2001” ranks Tanzania as first on improvement index. Investors in Tanzania are highly optimistic of the future of the economy Low inflation, a reasonable stable currency, friendly government and peaceful country are what most of the international company chiefs quoted as being economic driving force

Tanzania has been showing an appreciable growth in the past few years. The development taking place in the country has been in pace with the other developing nations.

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### **3. Genesis & Details of the Project**

#### **Introduction**

The project involves setting up of Manufacturing Plant for roof sheets pipes Steel pipes and Building Materials at Mkuranga, Coast Region.

Tanzania is growing commercially and is being viewed positively by outside world. The tourists are becoming more and more interested in viewing the national parks and hidden beauties. Tanzania depends largely on the performance of its agricultural sector for its social and economic development. Like many developing countries it is the agricultural sector that constitutes the major source of national food reserves and, at the same time is an engine for generating foreign exchange and raw materials for basic industries.

However, present economic reforms taking place in the country have started to show that other sectors of the economy like – general engineering and fabrication, tourism, general trade and commerce in non-tradition products, are becoming increasingly important sectors of the economy, especially considering their potential for generating foreign exchange earnings.

As a consequence it is imperative that the need for more and more manufacturing units will be felt and the fact is that there is shortage of such steel structures in Dar es Salaam and other neighboring regions or Tanzania as a whole as one of the key financial input of the Country regions.

It is therefore inferred that such project should be undertaken. It is confirm that **Shang An Investment Co. Limited** has the required expertise for the Project.

With ready market, availability of proven management expertise and availability of funding to the extent needed, the success of the project is guaranteed.

#### **Ownership:**

Ning An, Yanyan An and Zhu Jin Feng are Shareholders, promoters and first directors of the **Shang An Investment Co. Limited**. Its head office will be in Coast Region.

#### **Location**

The site is to be developed at Mkuranga Coast Region. This place is well served with the necessary utility facilities, including the central sewerage system for all liquid waste. Communication links

are also available.

### **Day to day management.**

The management of the company has the required expertise in-house. The day to day activities would be managed by an individual appointed for the said purpose.

### **Employment**

It is expected that a significant number of people will be employed, during the construction of the commercial complex and about 60 local citizens would be employed permanently, excluding the security guards, once it becomes operational. Security personnel will be contracted from an outside security firm.

### **Strategies**

In order to achieve the objectives it is planned to implement the following strategies;

- Establish an effective preventive maintenance programme of the equipment, which will ensure sustainable equipment availability for operation.
- Establish a quality assurance and control system that will ensure provision of quality products and services.
- Conduct regular evaluations of production and servicing processes to ensure optimum costs of products and services.
- Devise and implement productivity improvement measures
- Develop and implement an effective marketing policy
- Develop and implement an advertising and promotion programme
- Establish effective financial and resources management.

### **Market**

Recent reforms taking place in the economy indicate that there is an increase in demand for steel and steel structure. The following are some of the factors that have contributed to such an increase in demand for these products in the country:-

- Increased level of rehabilitation and expansion of roads by the Government and international assistance agencies – which has subsequently resulted in increased kilometers of passable roads by small and heavy duty vehicles.
- Rise in people's standard of living and a change in people's consumption patterns;
- General improvement in the national economy, especially the balance of payments which has made it possible for the Government to achieve greater capability to import critical

products into the country;

- Increased general level of investments in industrial activities which are the major users of industrial inputs;
- Increase transit trade between Tanzania and its neighbours especially – Uganda, Rwanda, Burundi, Malawi, Zambia and the Democratic Republic of Congo.

These factors have led to increased demand for general engineering activities for products in the country. Furthermore, these factors have created the impetus for increased inflow of investment capital by foreign and local private investors who now have decided to venture in the importation and industrial raw materials.

The reforms which are now being introduced in this sector aim at influencing the inflow of and increased supply of both capital goods and other industrial productions and their distribution in the country and beyond and national borders.

### **The Technology & Process**

Steelmaking is the process of producing steel from iron ore and/or scrap. In steelmaking, impurities such as nitrogen, silicon, phosphorus, sulfur and excess carbon (most important impurity) are removed from the sourced iron, and alloying elements such as manganese, nickel, chromium, carbon and vanadium are added to produce different grades of steel. Limiting dissolved gases such as nitrogen and oxygen and entrained impurities (termed "inclusions") in the steel is also important to ensure the quality of the products cast from the liquid steel.

#### **Making the Iron**

To create pure steel, the products that go into it- lime, coke and iron ore- must be made into iron. These are all put into a blast furnace and melted down to create what is called molten iron or hot metal. The iron still has many impurities at this point, and they will have to be removed to ensure the metal is not brittle.

#### **Primary Steel Making**

To get the impurities out, the molten metal is infused with scrap steel. Oxygen will be forced through the furnace as well, which gets out a lot of the carbon and other impurities. For electric furnaces, electricity will be forced through the furnace and the same results can be achieved. After this process has finished, we have raw steel.

#### **Secondary Steel Making**

The different grades of steel are used for different tasks. The grading is based on which elements are still in the metal, such as carbon dioxide. A lot of the carbon will be removed, but aluminium will take its place to create a Drawing Quality steel. To create structural steel, there is more carbon

left inside, and this gives the steel more tensile strength. Certain techniques can be implemented to alter the level of impurities left, including:

- Stirring
- Raising or lowering the temperature
- Removing the gasses
- Ladle injection

When the process is over and the right grade has been achieved, the next step can begin.

### **Continual Casting**

Next, the steel in its molten form is cast into cooling moulds. This allows the steel to become hard, and the steel is drawn out of there while it is still hot. Guided rollers are used to pull it out and then the steel is cut into the desired lengths. It may be used for beams, billets, slabs or other items, and when the parts are fully cooled they are sent elsewhere for primary forging.

### **Primary Forging**

In this step, the rough cast items are formed into shapes through a process called hot rolling. This get rid of defects in the shape and creates the desired

quality of steel. This process can be used to make seamless tubing, long and flat products and a variety of bespoke items.

### **Secondary Forming**

To create the final shape of the steel there are a number of secondary techniques that can be used, including:

- Coating
- Thermal treating
- Joining
- Pressing
- Drilling
- Machining
- Riveting

That is the entire process by which steel is formed. If you are creating project out of steel and would like some professional advice about what technique to use or what type of steel to implement then contact us. We can take your design plans and turn them into the products you want to ensure the success of your project. Call us today for a free quote.

### **Production Capacity**

The project expect to produce 6,000 Tons of steel per day as per secondary modern type of machines

## **4. Project Cost and Means of Finance Cost of Project**

The development cost of the entire project has been estimated to be around US\$ 0.83 million. The major factors contributing towards the cost of the project is the cost of machinery and cost of equipment's.

## 5. Financial Projections

Details of financial projections are attached as appendices to this report. However, in brief the annexed project financials show that the project will be one with a full proof financing scheme.

The financing is so prudently designed that the smooth cash flow position is guaranteed throughout the gestation period.

### 5.2 Financial Indicators

Considering the usage and demand of steel and steel structures, it can be safely presumed that the premises will safely enjoy 65% occupancy from year 1 and then 5% increase every year. On the basis as mentioned above, the profitability for the company in year 1 has been worked out as following:

**Table i: Annual Profitability of the Company**

<b>Particulars</b>	<b>Year 1</b>
Capacity Utilization	65%
Sales Turnover	2,535,000
Less Cost of Production	1,394,250
Gross Profit	1,140,750
Less	
Administration Expenses	202,800
Marketing Expenses	25,350
Financial Expenses on Long Term Loan	231,667
Depreciation	481,432
Total Indirect Cost	941,249
Operating Profit Before Tax	199,501
Taxation @ 30%	59,850
Operating Profits After Tax	139,651
Proposed Dividends	-
Cumulative Net Cash Profits CF to Balance Sheet	139,651
Net Cash Profit from Operations	621,083

The detailed calculations of the projected financial are given in the annexure. The Net Present Value for the project comes out to be US\$ 1,109,296/- and the IRR is reasonably good at 19%. Pay Back Period for the project is estimated to be around 4.59 years.

The next annexure indicates the calculations for the Break Even Analysis and the Margin of Safety. It must be noticed that the average Return on Investment for the five years is more than 22%, which is a very good sign for the investors.

The chart below indicated the summary of the projected profits of the company from the first five years of the operations. Over a period of five years operations the total amount of Reserves generated shall be to the tune of US\$ 1,817,456. It shows a comfortable position for the company.

## **6. Developmental Values**

The project's development value to the country is as under:-

1. The project will generate employment to several people both during the construction and after completion. It has been estimated that directly or indirectly this project will provide employment to nearly 60 individuals excluding the security guards.
2. Government will also earn revenue in terms of various levies on the Company associated with the operation of the complex. Further as indicated in the financial projections the total contribution for five years by way of income-tax and withholding tax will be to the tune of about US\$ 778,910.
3. The project will also contribute directly and indirectly in the generation of foreign exchange.
4. Last but not least, the manufacturing units are always considered to be a national property and will therefore add to the national wealth.

## **7.5 IMPLEMENTATION SCHEDULE**

The company is in process of purchasing land in Mkuranga, coast region and expecting acquisition of Derivative through Tanzania Investment Centre will be finish before June 2022. January 2023 the company will Import fabricated structures, machines and equipment's which will expected to reach on March/April 2022. The installation process will finish before July/August 2022, and startup of project will be expecting to be on December 2022.

## **7. Conclusions & Recommendations**

**The economic impact from implementing and operating it is also positive.**

Since the project is technically feasible, financially and economically viable, socially and from nation's point of view desirable a fast implementation thereof is recommended. It is important that there are no cost overruns so as to enable the realization of the benefits as outlined above.

It may be mentioned here that total investment of US\$ 0.83 million will play a good part in boosting the local economy.

Considering all relevant factors it is being recommended that the grant of 0% import duty & VAT deferments on capital goods and deemed capital goods is granted to this project not only to make the project viable but also to catalyze other development benefits that may accrue to the country on acceptance of this project.

## **FINANCIAL STATEMENTS**

## INVESTMENT BREAKDOWN

<b>COST STRUCTURE</b>	<b>AMOUNTS</b>	<b>USD</b>
<b>PARTICULAR</b>		
Land and Buildings		130,000
Plant & Machines		400,000
Motor Vehicles		30,000
Furniture & Fixtures		10,000
Pre Expenses		50,000
Others		10,000
Working Capital		200,000
<b>TOTAL</b>		<b>830,000</b>

**PROJECTED INCOME  
STATEMENT**

	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEARS5</b>
Sales Revenue	950,000	1,045,000	1,149,500	1,264,450	1,390,895
Cost of Sales	161,500	627,000	689,700	758,670	834,537
<b>Gross Profit</b>	<b>788,500</b>	<b>1,672,000</b>	<b>1,839,200</b>	<b>2,023,120</b>	<b>2,225,432</b>
<b>Operating Expenses</b>					
Administrative Overhead					
Costs	105,000	110,250	115,763	121,551	127,628
Motor Vehicle running					
Expenses	8,000	8,400	8,820	9,261	9,724
Salaries and Wages	38,000	396,900	416,745	437,582	459,461
Depreciation	13,000	381,000	381,000	381,000	381,000
Marketing Costs	26,500	27,563	28,941	30,388	31,907
Utility Costs	12,500	25,725	27,011	28,362	29,780
Insurance	20,000	51,450	54,023	54,023	54,023
Interest on Loan	18,200	18,200	18,200	18,200	18,200
Communication	1,750	1,838	1,029	1,929	2,929
<b>Total Expenses</b>	<b>242,950</b>	<b>1,021,326</b>	<b>1,051,532</b>	<b>1,082,296</b>	<b>1,114,652</b>
<b>Profit before Tax</b>	<b>545,550</b>	<b>650,674</b>	<b>787,668</b>	<b>940,824</b>	<b>1,110,780</b>
Tax (30%)	163,665	195,202	236,300	282,247	333,234
<b>Profit After Tax</b>	<b>381,885</b>	<b>455,472</b>	<b>551,368</b>	<b>658,577</b>	<b>777,546</b>

**PROJECT BALANCE SHEET**

	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>
Fixed Assets	570,000	462,250	387,000	275,500	164,000
Long term Assets					
Depreciation	107,750	107,750	107,750	107,750	107,750
<b>Total long term assets</b>	<b>462,250</b>	<b>354,500</b>	<b>279,250</b>	<b>167,750</b>	<b>56,250</b>
Current Assets					
Cash	406,100	684,700	979,050	1,292,735	1,625,723
Account Receivable	105,000	110,250	216,535	421,763	527,628
Inventory	214,710	376,383	438,469	402,292	467,493
<b>Total Current Assets</b>	<b>725,810</b>	<b>1,171,333</b>	<b>1,634,053</b>	<b>2,116,790</b>	<b>2,620,844</b>
<b>Total Assets</b>	<b>1,188,060</b>	<b>1,525,833</b>	<b>1,913,303</b>	<b>2,284,540</b>	<b>2,677,094</b>
<b>Current Liabilities</b>					
Accounts Payable	84,000	88,200	92,610	97,241	102,103
Other Current Liabilities	70,000	73,500	77,175	81,034	85,085
<b>Subtotal Current Liabilities</b>	<b>154,000</b>	<b>1,616,700</b>	<b>169,785</b>	<b>178,274</b>	<b>187,188</b>
<b>Long term Liabilities</b>					
Long term Liabilities	1,820,000	1,820,000	1,820,000	1,820,000	1,820,000
<b>Total Liabilities</b>	<b>1,974,000</b>	<b>1,981,700</b>	<b>1,989,785</b>	<b>1,998,274</b>	<b>2,007,188</b>
<b>Net Assets</b>	<b>820,810</b>	<b>877,633</b>	<b>951,268</b>	<b>1,044,516</b>	<b>1,157,656</b>
<b>Capital and Reserves</b>					
Owners Contribution	780,000	780,000	780,000	780,000	780,000
<b>Retained Earning</b>	<b>40,810</b>	<b>97,633</b>	<b>171,268</b>	<b>264,516</b>	<b>377,656</b>
<b>Total Capital</b>	<b>820,810</b>	<b>877,633</b>	<b>951,268</b>	<b>1,044,516</b>	<b>1,157,656</b>

## PROJECTED CASHFLOW

	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>
<b>Cash flow from Operations</b>	950,000	950,000	950,000	950,000	950,000
Cash Sales					
<b>VAT Receipt</b>	<b>350,000</b>	<b>367,500</b>	<b>385,875</b>	<b>405,169</b>	425,427
Subtotal Cash Received	1,750,000	1,745,625	1,832,906	1,924,552	2,020,78
<b>Expenditures from Operations</b>					
Purchases	630,000	661,500	694,575	729,304	765,769
Interest and Loan	18,200	18,200	18,200	18,200	18,200
Additional Cash Spent	610,700	640,325	671,431	701,295	733,652
VAT Payments	105,000	147,000	154,350	162,068	170,171
<b>Subtotal Cash Payment</b>	<b>1,363,900</b>	<b>1,467,025</b>	<b>1,538,556</b>	<b>1,610,866</b>	<b>1,687,792</b>
<b>Cash from Operations</b>	<b>386,100</b>	<b>278,600</b>	<b>294,350</b>	<b>313,685</b>	<b>332,987</b>
Cash flow from Investments					
Purchases of Assets	2,450,000				
Pre Expenses	30,000				
Working Capital Requirement	100,000				
<b>Cash flow from financing</b>					
Loan	1,820,000				
Owners Contribution	780,000				
Cash Flow from Financing	2,600,000				
Net Cash flow for period	406,100	278,600	294,350	313,685	332,987
Cash flow at start of year		406,100	684,700	979,050	1,292,735
<b>Cash flow at the end of year</b>	<b>406,100</b>	<b>684,700</b>	<b>979,050</b>	<b>1,292,735</b>	<b>1,625,722</b>

### OTHER OPERATIONG COST

<b>Other Operations Cost</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>
Motor Vehicle running expense	8,000	8,400	8,800	9,200	9,600
Salaries and Wages	16,000	17,600	19,360	21,296	23,426
Depreciation	84,000	92,400	101,640	111,804	122,984
Administrative Overhead Costs	15,000	16,500	18,150	19,965	21,962
Marketing Costs	11,150	12,265	13,492	14,841	16,325
Utility Costs	24,500	26,950	29,645	32,610	35,870
Insurance	22,000	24,200	26,620	29,282	32,210
Interest on Loan	18,200	20,020	22,022	24,224	26,647
Communication Expenses	1,150	1,265	1,392	1,531	1,684
<b>Total Costs</b>	<b>200,000</b>	<b>219,600</b>	<b>241,120</b>	<b>264,752</b>	<b>290,707</b>

### FIXED ASSETS SCHEDULE

<b>NAME OF ASSETS</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>
Land and Buildings	130,000	123,500	117,000	110,500	104,000
Plant & Machines	400,000	320,000	240,000	160,000	80,000
Motor Vehicle	30,000	10,000	-10,000	-30,000	-50,000
Furniture & Fixtures	10,000	8,750	40,000	35,000	30,000
<b>Total</b>	<b>570,000</b>	<b>462,250</b>	<b>387,000</b>	<b>275,500</b>	<b>164,000</b>
<b>Depreciation</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>
Land and Buildings	6,500	6,500	6,500	6,500	6,500
Plant & Machines	80,000	80,000	80,000	80,000	80,000
Motor Vehicles	20,000	20,000	20,000	20,000	20,000
Furniture & Fixtures	1,250	1,250	1,250	1,250	1,250
<b>ANNUAL DEPRECIATION</b>	<b>107,750</b>	<b>107,750</b>	<b>107,750</b>	<b>107,750</b>	<b>107,750</b>
<b>CLOSING FIXED ASSETS</b>	<b>462,250</b>	<b>354,500</b>	<b>279,250</b>	<b>167,750</b>	<b>56,250</b>