

**BOCISA TRADING COMPANY
LIMITED**

BUSINESS PLAN FOR

SLOT MACHINE SERVICE CENTRE FACILITY

APRIL 2022

1.0. SUMMARY

1.1 Project Concept

This project document presents a proposal by **BOCISA TRADING COMPANY LIMITED**, a locally registered company with Certificate of Incorporation intending to establish slot machine service centre. The project promoters are confident of mobilizing financial resources through equity financing.

The objective of this study is to assess the commercial and operational feasibility of the project undertaken by **BOCISA TRADING COMPANY LIMITED**. This study will be used as guiding tool and will be presented to TIC for obtaining certificate of incentives to facilitate smooth implementation of the project.

1.2 Location

The project will be located in Mbeya region.

1.3 The Sponsors

BOCISA TRADING COMPANY LIMITED will be sponsoring this project. The Company is jointly owned by the following shareholders.

S/N	Name of shareholders	Percentage of ownership
1	CHEN WEIMING	50
2	CHEN WEIQIANG	50

1.4 Project Management and Manpower requirements

BOCISA TRADING COMPANY LIMITED will be under the General Manager assisted by Deputy General Manager and incharge of

Finance and Administration with Marketing Department. 13 staff will be directly employed.

The company is locally registered and is all owned by two Chinese shareholders .

1.5 **Project description**

Significant measures have been taken to liberalize the Tanzania economy so that to encourage private sector to take a lead as engine of economic growth; The Government of Tanzania embarked on adjustment program to give the private sector the leading role.

It is in view of the above that **BOCISA TRADING COMPANY LIMITED** came up with a proposal establish a slot machine service centre with storage facility. The facilities will be used for servicing the slot machines and storage for unused or unrepaired machines.

The project will involve among others acquiring necessary building materials, tanks, pumps, light trucks, and pick up, and other equipments.

It is expected that the construction of a modern facilities will be completed within 2 years time and the company will apply to be exempted from paying import duty and VAT on Capital good and deemed capital good, the project will aid and contribute significantly toward the construction, manufacturing and other sector, because the building will be used as service centre and storage facility for slot machines.

1.6 Project Description

A company plan to establish a slot machine service centre and storage facilities to be used by company it will be large to serve the regions ,it will be equipped with loading and unload equipment

1.7 Storage Systems

Technological development taking place has contributed quite significantly in the development of storage systems in the world to day. Some facilities are completely automated, with no workers working inside. Automated storage and retrieval machines coordinated by programmable logic controllers and computer running logistics automation software. These systems are often installed.

The direction and tracking of oil in the depot is coordinated by VMS, or Warehouse Management System, a database driven computer programe. The WMS is used by logistics personnel to improve the efficiency of the warehouse by directing put ways and maintaining accurate inventory by recording depot transactions.

Traditional warehouse has been declining since the last decades of the 20th century with the gradual introduction of just In Time (JIT) technique designated to improve the return on investment of a business by reducing in-process inventory. The JIT system promotes the delivery of products directly from the suppliers to the retail

merchant or from directly to importer, however by any case the need of depot facilities will remain necessitating at least one facility per country or per region in any typical supply chain for a given range of products.

Modern storage facility are also used at large by exporters/manufacturers as a point of developing retail outlets in particular region or country. This concept reduces the end cost of the product to the consumer and thus enhances the production sale ratio. Warehousing is an age old concept which can be used as sharp tool by original manufacturers to reach out directly to consumers leaving aside or bypassing importers or any other agencies or person

2.0 PROJECT'S INVESTMENT COST

The estimated capital investment cost of the project is US \$ 520,000 out of which US \$470,000 will be fixed investment costs. Pre-production expenditures have been budgeted at US \$30,000; other cost will be \$20,000, while working capital is put at \$50,000.

BOCISA TRADING COMPANY LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	220,000
Machinery & Equipment	80,000
Motor Vehicles	110,000
Furniture & Fixtures	10,000
Pre expenses	30,000
Others	20,000
Working Capital	50,000
TOTAL	520,000

For the project to be a reality a total investment amounting to US \$ 0.52m is needed

(i) Land and Building:

The project has opted for construction of storage facility on estimated to cost 220,000 USD

(ii) Machinery and Equipment:

Some US \$ is anticipated to be spent on the purchase of various facility tools and equipment which will accommodate new technology

(iii) Motor Vehicles:

The project will need 2 heavy trucks, 2 light trucks and 3 double cabin pick. These vehicles will be used in transportation of cargo to warehouse and double cabin pick up for administrative purposes.

(iv) Office Furniture and Equipment:

This investment cost item has been estimated It will consist of office tables, chairs, telephone, fax, machines, file cabinets, sofa chairs etc.

(v) Pre-Operational Expenses:

They cover things like company registration, expenses spent in exploring the viability of the project, especially the market/client identification exercise. This Pre-operational coast item also covers the architectural designs of project buildings and other engineering services. Also included under

this item are issues like consultancy fees, legal fees and recruitment and training costs of personnel.

(vi) **Initial Working Capital:**

Calculations as well as assumptions for working capital requirements, it is estimated that it will cost some usd 50,000.

3.0 **FINANCING PATTERN**

The project will be financed by equity 100%

4.0 **PROJECT OPERATING COSTS**

In order to realize its intended objective the project will have to meet the following operating costs.

(i) **Salaries and Wages**

The project will engage 13 employees.

(ii) **Utilities**

Considered here are water and electricity which together cost will be annually respectively.

(iii) **Motor vehicle running Expenses**

Petrol/diesel and lubricant requirement for the project's motor vehicles, this cost element will amount to annual calculations.

(iv) **Insurance:**

Each vehicle will be covered by third party insured annually

(v) **Marketing cost**

A portion of cost is to be used in advertising the project

(vi) Depreciation cost

For the day to day depreciation of fixed asset of the project between 5% - 25% will be required annually for depreciation cost.

(vii) Pension contribution

The company will set a side pension contribution

(vii) There will be Communication cost

(viii) There will be Administrative cost

(ix) There will be Maintenance cost

(x) There will be Loan interest

5.0 ASPECTS OF PROJECT SUSTAINABILITY

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed. The growing demand for slot machines service center is huge so that the company decide to construct and establish a service center for slot machines which may serve the southern highland zone and southern zone at that give assurance of a steady market. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

6.0 MONITERING AND EVALUATION

The monitoring and evaluation tools will be applied in running this project as well, the project sponsors are determined to cooperate

fully with the government and other stakeholders for smooth business running.

7.0 FINANCIAL ANALYSIS

7.1. Considerations and Assumptions:

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight line method to depreciate the project's capital items has been applied.

It is assumed that the major building raw material will be procured from local market and other will be imported. Revenues have been conservatively estimated based on experience of the promoters and trends in the manufacturing industry.

7.4 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 5 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. US \$ **579,110** in first year to US \$ **616,578** in the 5 year

**BOCISA TRADING COMPANY LIMITED PROJECTED INCOME AND EXPENDITURE
STATEMENT**

	US \$ 1	US\$ 2	US\$ 3	US\$ 4	US\$ 5
Sales Revenue	630,700	640,780	649,800	655,820	700,860
Cost of Sales	410,000	412,000	418,000	420,000	425,000
Gross Profit	220,700	228,780	231,800	235,820	275,860
Operating Expenses:					
Administrative Expenses	4,200	4,205	5,000	5,200	5,800
Motor vehicle running expenses	10,000	10,000	10,000	10,000	10,000
Salaries and Wages	220,000	220,000	220,000	220,000	220,000
Donation	1,000	1,000	1,000	1,000	1,000
Depreciation	77,000	77,000	77,000	77,000	77,000
Marketing Costs	2,800	2,800	2,810	2,812	2,815
Maintenance	10,000	10,000	10,000	10,000	10,000
Utility costs	30,000	30,000	30,000	30,000	30,000
Insurance	5,000	5,000	5,000	5,000	5,000
Communication	5,400	5,406	5,410	5,415	5,418
Pension Contribution	22,000	22,000	22,000	22,000	22,000
Loan Interest (3%)	6,000	6,000	6,000	6,000	6,000
Total Expenses	393,400	393,411	394,220	394,427	395,033
Profit before tax	827,300	835,369	837,580	841,393	880,827
Tax (30%)	248,190	250,610	251,274	252,417	264,248
Profit After Tax	579,110	584,758	586,306	588,975	616,578

7.5 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from year1, i.e. e US\$ **193,526** of operation to the 5th year i.e. US \$ **327,152**

BOCISA TRADING COMPANY LIMITED PROJECTED CASH FLOW

PROJECTED CASHFLOW

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Cashflow from Operations	1,400,000	1,378,125	1,447,031	1,519,383	1,595,352
Cash Sales					
VAT Receipt	350,000	367,500	385,875	405,169	425,427
Subtotal Cash Received	1,750,000	1,745,625	1,832,906	1,924,552	2,020.78
Expenditures from Operations					
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
Subtotal Cash Payment	1,363,900	1,467,025	1,538,556	1,610,866	1,687,792
Cash from Operations	386,100	278,600	294,350	313,685	332,987
Cash flow from Investments					
Purchases of Assets	2,450,000				
Pre Expenses	30,000				
Working Capital Requirement	100,000				
Cash flow from financing					
Loan	1,820,000				
Owners Contributio	780,000				
Cash Flow from Financing	2,600,000				
Net Casflow for period	406,100	278,600	294,350	313,685	332,987
Cashflow at start of year		406,100	684,700	979,050	1,292,735
Cashflow at the end of year	406,100	684,700	979,050	1,292,735	1,625,722

7.6 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Net worth of the project increases from US\$ **1,379,100** in the first year of operation to US \$**1,416,578** in the 5th year.

BOCISA TRADING COMPANY LIMITED PROJECTED BALANCE SHEET “US\$”

		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Fixed Assets		138,000	81,000	58,000	-3,000	-64,000
Long term Assets						
Depreciation		57,000	57,000	57,000	57,000	57,000
Total long term assets		81,000	24,000	1,000	-60,000	-121,000
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
Total Current Assets		725,810	1,171,333	1,634,053	2,116,790	2,620,844
Total Assets		806,810	1,195,333	1,635,053	2,056,790	2,499,844
Current Liabilities						
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
Subtotal Current Liabilities		154,000	1,616,700	169,785	178,274	187,188
Long term Liabilities						
Long term Liability		1,820,000	1,820,000	1,820,000	1,820,000	1,820,000
Total Liabilities		1,974,000	1,981,700	1,989,785	1,998,274	2,007,188
Net Assets		820,810	877,633	951,268	1,044,516	1,157,656
Capital and Reserves						
Owners Contribution		780,000	780,000	780,000	780,000	780,000
Retained Earnings		40,810	97,633	171,268	264,516	377,656
Total Capital		820,810	877,633	951,268	1,044,516	1,157,656

7.7 Projected fixed schedule

The projected fixed schedule is shown in the schedule under same heading. Net worth of the fixed assets decreases from US\$ **713,000** in the first year of operation to US \$**405,000** in the 5th year.

BOCISA TRADING COMPANY LIMITED FIXED ASSETS

NAME OF ASSETS			YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings			40,000	38,000	36,000	34,000	32,000
Plant & Machines			70,000	56,000	42,000	28,000	14,000
Motor Vehicle			20,000	-20,000	-60,000	100,000	-140,000
Furniture & Fixtures			8,000	7,000	40,000	35,000	30,000
Total			138,000	81,000	58,000	-3,000	-64,000
Depreciation			YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings			2,000	2,000	2,000	2,000	2,000
Plant & Machines			14,000	14,000	14,000	14,000	14,000
Motor Vehicles			40,000	40,000	40,000	40,000	40,000
Furniture & Fixtures			1,000	1,000	1,000	1,000	1,000
ANNUAL DEPRECIATION			57,000	57,000	57,000	57,000	57,000
CLOSING FIXED ASSETS			81,000	24,000	1,000	-60,000	-121,000

7.8 Projected Risks

This is a real estate investment; no major risks have been identified for this kind of project so far. Unless a change in the country's political and economic stability occurs the project is more likely to prosper very fast for a very long period.

8.0 ECONOMIC ASPECTS

Implementation of this project will have the following social and economic values

- The project will provide high quality workshop and storage facilities with state of the art and company office to meet international standards required by the company and targeted clients
- The project is an ideal option for utilization of the recently acquired prime site
- The project will involve transfer of technology in storage facilities industry and manufacturing
- The project will create employment for 10 people on permanent contract basis as well as on temporary basis.
- It will create more business opportunities to local pharmacies, which will also have a trickledown effect in the environmental issues.
- It will generate substantial revenue to the government in the form of corporate tax, value added tax and pay as you earn.
- The project will earn substantial amounts of foreign exchange.

9.0 IMPLEMENTATION

Project implementation is expected to be relatively very short once project has been approved it is estimated that ordering and assembling of machines will take approximately 8 months.

10.0 CONCLUSION AND RECOMMENDATIONS

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 1997.

FINANCIAL STATEMENTS

INVESTMENT BREAKDOWN

PARTICULAR	US\$
Land and Buildings	220,000
Machinery & Equipment	80,000
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Furniture & Fixtures	10,000
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Working Capital	50,000
TOTAL	520,000

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Furniture & Fixtures			8,000	7,000	40,000	35,000	30,000
Total			138,000	81,000	58,000	-3,000	-64,000
Depreciation			YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings			2,000	2,000	2,000	2,000	2,000
Plant & Machines			14,000	14,000	14,000	14,000	14,000
Motor Vehicles			40,000	40,000	40,000	40,000	40,000
Furniture & Fixtures			1,000	1,000	1,000	1,000	1,000
ANNUAL DEPRECIATION			57,000	57,000	57,000	57,000	57,000
CLOSING FIXED ASSETS			81,000	24,000	1,000	-60,000	-121,000

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Cash Sales						
VAT Receipt		350,000	367,500	385,875	405,169	425,427
Subtotal Cash Received		1,750,00 0	1,745,62 5	1,832,90 6	1,924,55 2	2,020.78
Expenditures from Operations						
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
Subtotal Cash Payment		1,363,90 0	1,467,02 5	1,538,55 6	1,610,86 6	1,687,79 2
Cash from Operations		386,100	278,600	294,350	313,685	332,987
Cash flow from Investments						
Purchases of Assets		2,450,00 0				
Pre Expenses		30,000				
Working Capital Requirment		100,000				
Cash flow from financing						
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Cashflow at start of year			406,100	684,700	979,050	1,292,73 5
Cashflow at the end of year		406,100	684,700	979,050	1,292,73 5	1,625,72 2

BOCISA TRADING COMPANY LIMITED PROJECTED BALANCE SHEET
“US\$”

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