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AFROIL TRANSPORT LIMITED

**FEASIBILITY STUDY FOR CARGO TRUCKING &
LOGISTICS MANAGEMENT PROJECT**

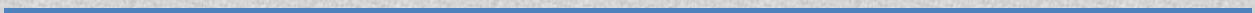


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PART I

1.0 EXECUTIVE SUMMARY

AFROIL TRANSPORT LIMITED

AFROIL TRANSPORT LIMITED is Company registered in Tanzania under the Companies act of 2002, and bears Certificate of Incorporation No. **153267537** issued **3rd September, 2021**.

The project promoters are well established businessmen in Dar es Salaam Region, carrying out various businesses but majoring in transportation and general trading activities. Having been in business over 15 years the directors are well equipped for expansion and they see a promising business opportunity in Logistics Management and Transportation Sector.

This document is prepared to the serve the purpose as a business plan for AFROIL TRANSPORT LIMITED for its transportation Project. The implementation of this project will compromise the following activities: -

- The purchases of cargo 125 trucks both dry and wet cargos and to be done into phases
- The purchases of 100 semi-trailers to be done into phases
- Equipping the Company with relevant facilities to for Logistics and transportation project
- Construction of a modern workshop, Goods shed for storage purpose.

The proposed first phase of the project, comprising the purchase of 125 trucks trailers which is estimated to cost more than 25,140,000\$ when the project will be operating at full capacity within five years of the implementation period. The project promoter will finance the entire project by **25%** as loan while the remaining **75%** of this investment will be financed through equity.

1.1 THE PROJECT PROMOTORS

The project is sponsored by AFROIL TRANSPORT LIMITED. The company is owned by three directors with the following shares.

NAME OF DIRECTORS	NATIONALITY	NUMBER OF SHARES	% of shares
Abdallah Ahmed Mbarak	Tanzanian	1400	16.7
Salmin Ahmed Mbarak	Tanzanian	1400	16.6
Fahmy Ahmed Mbarak	Tanzanian	1400	16.6
Sabri Ahmed Mbarak	Tanzanian	1400	16.6
Hilmi Ahmed Mbarak	Tanzanian	1400	16.6

Lutfi Ahmed Binkleb	Tanzanian	1400	16.6
Adil Mbarak Salmin	Tanzanian	1400	16.6

1.2 LEGAL STRUCTURE

The company is operating under and within the ambit of the law due the fact that, it has the following documents; Memorandum and Article of Association, certificate of incorporation, Tax Identification Number, Business License and value added Tax certificates.

1.3 LOCATION

The head Office of the Company’s Project will be located at Dar es Salaam City at Office block on Plot number 79, Post Code17106, Amani Street Kigamboni Road.

1.4 MARKETS

The target markets of this project are the neighboring landlocked countries of central, east and southern Africa such as DRC, Malawi, Zambia, Burundi, Rwanda, and Uganda, including hinterland parts of Tanzania.

As the matter of Fact poor transport and communication infrastructures are major causes of low levels of interregional trade in East & Central Africa. It is of view of this factor AFROIL TRANSPORT LIMITED has resolved to invest in the ones stop logistics and transport sector to provide solution that would lead to stimulating the said intraregional trade. The project is expected to offer challenges to the business community to enhance interregional trade between Tanzania and these countries.

1.5 THE INVESTMENT

Total cost planned to be invested at this project is 25, 00,000 USD. The amount of loan to be secured is 18,750, 000 USD while the equity and value asset contribution will be 6,250,000 USD while profit will be reinvested.

1.6 FINANCIAL ASPECTS

Financial information of AFROIL TRANSPORT LIMITED is projected within Limit of five years. The company projected profit and Loss, account show a respectable turnover of gained to the rest of five years. The projected income statement shows the profits of (176306.7) \$ in the first year of operation and more than 2,889,940.9\$ in the 5th year of the usefully lifetime of the implementation during which the business will be evaluated again. The projected balance sheet shows the increase of net worth of more than 6,285,223 \$ in the 2nd year and more than

7,675,691 \$ in the 5th year. The financial documents show that the business has a positive net cash flow.

2.0 PROJECT CONCEPT

Tanzania is largest country in East Africa which is geographically strategically located in relation to her neighbors. Because of the strategic location of Tanzania, the country's transportation System is also used to serve landlocked neighbors countries which include countries like Uganda, Rwanda, Burundi, DRC, northern parts of Zambia, Malawi and some parts of Mozambique.

The transportation sector plays critical role in the social economic development of the country. Transport provides links between centers of production and those of consumption, markets in the economic sectors such as agriculture, Industry, mining and tourism. It facilitates the flow of people along the import and export corridors that link the coast ports and land locked countries.

Transport equally provides access to employments, health, education, recreation and other services. Therefore, one is right to conclude that without a good transport system the development of a country is impossible. What roads and railways are to a country's development is like what the blood system is to the human body.

The Tanzania Government realizes the role of the transport sector for its social and economic development as the results; it is encouraging private sector to invest in transportation industry, not only that but also offers a good package of incentives for investors investing in transportation sector.

2.1. Government Policy on Transportation

The government has of late put a greater emphasis on the transport and communication sector so as to improve upon them and consequently lead to economic development. The following are therefore the national transport policies among others:

- To improve the standard of trunk road network by maintaining the existing roads so as to ensure a satisfactory level of service and to expand the feeder roads in order to cover a wider area of agricultural production. Rehabilitation and maintenance of existing railway network is also given greater attention;
- To give assistance to the private sector so as to enable the sector provide transport services both in the country and neighboring states. Hence, the private transport sector provides over 70% of total road services.
- From the brief outline mentioned above, the transport policy in all its intent is geared towards improving and encouraging all modes of transport whether private or public

and run on strictly business principles in order to promote efficiency and raise the quality of the service rendered.

AFROIL TRANSPORT LIMITED is investing in transportation sector to stimulate interregional trade between Tanzania and neighboring countries, to procure foreign currency for the country in the course of business transactions and to provide extra employment to more people in the sector.

2.2. Social and Economic Impact of the project

The proposed project will result into the following social and economic impacts:

- Increase the provision of high quality logistics and transportation in Tanzania and EAC and Central Africa.
- Increased availability of quality distribution and marketing products along side competitive prices of these products will result in increased healthy competition among all trading and manufacturing companies
- The proposed project of the fleet of trucks investment in this sector will provide employment for more than 148 people
- The Government and other agencies will benefit from various taxes, fees and commissions that will be paid to the Treasury etc. by AFROIL TRANSPORT LIMITED

2.3 LEGAL OPERATION OF AFROIL TRANSPORT LIMITED

AFROIL TRANSPORT LIMITED is company legally registered in Tanzania and it bears the Certificate of Incorporation no: **153267537** issued **3rd September, 2021**.

The following documents justify legal establishment and legal operation of AFROIL TRANSPORT LIMITED within the transportation Industry.

- Memorandum and Article of Association.
- Certificate of Incorporation.
- Tax Identification Number Certificate
- Value added Tax certificate

2.4 MANAGEMENT STRUCTURE

The management of AFROIL TRANSPORT LIMITED has planned to have the following organization set up:-

- ✓ Managing Director who will be responsible on the supervision on the entire operations of the Company
- ✓ Company Accountant\Manager
- ✓ General Managers who will be supervising rest of departments, drivers and other staffs

The company wants to be guided by the following Management set up;-

No.	Personnel Funtion / category	Number of employees					Expected annual salary increase %	Annual salary (1)/ employee USD				
		2023	2024	2025	2026	2027		2023	2024	2025	2026	2027
1	CEO	1	1	1	1	1	3%	24,000	24,720	25,462	26,225	27,012
2	COO	1	1	1	1	1	3%	12,000	12,360	12,731	13,113	13,506
3	Machenics	6	6	6	6	6	3%	14,400	14,832	15,277	15,735	16,207
4	Administration & Finance	2	2	2	2	2	3%	14,400	14,832	15,277	15,735	16,207
5	Truck Drivers	25	50	75	100	125	3%	18,000	18,540	19,096	19,669	20,259
6	Clearing and fowarding	3	3	3	3	3	3%	9,000	9,270	9,548	9,835	10,130
7		0	0	0	0	0	0%	0	0	0	0	0
8		0	0	0	0	0	0%	0	0	0	0	0
9		0	0	0	0	0	0%	0	0	0	0	0
10		0	0	0	0	0	0%	0	0	0	0	0
11		0	0	0	0	0	0%	0	0	0	0	0
12		0	0	0	0	0	0%	0	0	0	0	0
Subtotal		38	63	88	113	138						
Salaries - Selling, general and administrative expenses SG&A												
No.	Personnel Funtion / category	Number of employees					Expected annual salary increase %	Annual salary (1)/ employee USD				
		2023	2024	2025	2026	2027		2023	2024	2025	2026	2027
1	Logistics Manager	1	1	1	1	1	3%	8,400	8,652	8,912	9,179	9,454
2	Procurement	2	2	2	2	2	3%	9,600	9,888	10,185	10,490	10,805
3	Marketing and sales specialists	2	2	2	2	2	3%	9,600	9,888	10,185	10,490	10,805
4	Security staffs	3	3	3	3	3	3%	9,000	9,270	9,548	9,835	10,130
5	Accountants	2	2	2	2	2	3%	12,000	12,360	12,731	13,113	13,506
6								0	0	0	0	0
7		0	0	0	0	0	0%	0	0	0	0	0
8		0	0	0	0	0	0%	0	0	0	0	0
9		0	0	0	0	0	0%	0	0	0	0	0
10		0	0	0	0	0	0%	0	0	0	0	0
11		0	0	0	0	0	0%	0	0	0	0	0
12		0	0	0	0	0	0%	0	0	0	0	0
Subtotal		10	10	10	10	10						
Total		48	73	98	123	148						

2.5 MANAGEMENT PLANS OF AFROIL TRANSPORT LIMITED

The management of AFROIL TRANSPORT LIMITED plans to buy 100 trucks tractors & 100 semi-trailers of 25 tonnages which combine tanker Trailer trucks. These trucks will be sourced mostly from EU countries. The trucks will be procured into three to four phases respectively.

The study based on the first batch of 40 trucks. It has been estimated that at full scale operations the 20 trucks are expected at least annually, their destinations being Tanzania's landlocked neighboring countries of Malawi, Zambia, Burundi, Rwanda, DRC etc.

2.6 ITEMS TO BE PURCHASED BY MANAGEMENT OF AFROIL TRANSPORT LIMITED

The deemed capital goods planned to procure by the Company being part of the implementation of the projects include the following:-

NO	HS CODE	ITEMS NAME	ITEM GROUP	QUANTITY	UNIT	USES
1.	870120900000	Heavy Duty Trucks/Horse/Tractor	Vehicle	125	NMB	Trucking
2.	870120900000	Semi-Trailers	Vehicle	50	NMB	Trucking
3.	870421900000	Pickups(Single Cabin)	Vehicle	4	NMB	Road Patrol
4.	842389100000	Mobile Weigh bridge	Equipment	10	NMB	
5.	870510000000	Crane Lorries	Vehicle	3	NMB	Cargo lifting
6.	870590000000	Breakdown Recovery Vehicle	Vehicle	3	NMB	Cargo lifting
7.	850220000000	Diesel Generators	Plant & Machinery	2	NMB	Standby Generator
8.	851712000000	Walk Talkie Hand Sets	Equipment	30	NMB	Workshop facility
9.	851761000000	Base Station	Equipment	5	NMB	Workshop facility
10.	851761000000	Mobile Base Station	Equipment	30	NMB	Workshop facility
11.	841440000000	Air Compressors	Equipment	2	NMB	Workshop facility
12.	851539000000	Heavy Duty Welding Machines	Equipment	6	NMB	workshop

PART III

3.0 MARKET INFORMATION

The project's clientele is in the landlocked neighboring countries of Malawi, Zambia, Democratic of Congo, Burundi, Rwanda and even Uganda. Management has explored these markets and is confident it can undertake profitable business with them.

The project management plans for all vehicles several trips per month. The number trips per month and the cost of trips are determined by both the trip's destination and the nature of road involved. Moreover a total of 320 trips will be made. Each truck will transport a minimum of 28 tons per trip. Thus a total of more than 6,000 tons of various goods will be overhauled between Tanzania and its neighbours

3.1 SERVICES OFFERED BY AFROIL TRANSPORT LIMITED

The company is licensed to organize Logistics and Transit trucking of Bulk goods activities and clearing forwarding of cargo. The Company will operate three income generating services activities as under

3.1.1 Wet cargo and Cargo Bulk transportation.

Under this service provision activity, the company will be fully involved in all aspects of bulk cargo transportation operations within Tanzania mainland such as transportation of goods from lake zones to coastal regions, from coastal regions to southern regions of Tanzania in SADC and EAC Countries. Moreover, the bulk cargo transportation will involve the movement of cargos from Inland Tanzania to neighboring land locked countries or to the countries surrounding great lakes.

3.1.2 Warehousing storage service

AFROIL TRANSPORT LIMITED will provide storage services for the goods waiting shipment to up countries. The price per tonnage for whoever user of the AFROIL TRANSPORT LIMITED storage services will range between 100 up 120 USD per ton per month. This is expected to be one of the sources of income generation to AFROIL TRANSPORT LIMITED.

3.1.3 Pricing Strategy

AFROIL TRANSPORT LIMITED will determine its pricing structure for all its products and services on basing on the criteria such as fuel costs, parking boarder entry fees, and etc. However the routes are priced according to distance and the status of the road in

question. It has been conservatively assumed that all foreign destinations will have flat rate charge of around 4000\$, while all internal destination will each cost.

AFROIL TRANSPORT LIMITED intends to offer best quality services that comply to the price charged as indicated earlier, there is a market segment that has spending power and can afford this pricing. Therefore, this pricing will reflect the targeted market segment in focus. After the 2008 seasons the company will analyze its pricing structure once again to reflect the cost of the various components of its products and will adjust accordingly.

3.1.4 Sales and Marketing Communication

Under the implementation plan the following sales and marketing communication approaches will be carried out:-

- Advertising through internet
- Opening up an overseas agent in target countries
- Joining membership to various trade associations.

3.1.5 Transportation Industry in Tanzania Constraints

The road transport in Tanzania is heavily dependent on imported vehicles and related inputs. The road transport is however faced with the following problems:

- Lack of adequate transport and transport facilities;
- Poor infrastructure facilities particularly trunk roads;
- Lack of adequate transport services to land-locked neighboring countries which would like to use our port facilities for enhancement of their international trade;
- Poor maintenance of roads and transport equipments;
- Lack of proper co-ordination between the transport sector and other sectors of the economy.

3.2 Facts about Cargo Haulage Service in Tanzania

3.2.1 Capacity in cargo Handling (Country Overview)

Tanzania surface transport system consists approximately 44,000 km of earth, gravel and tarmac road. The road also contributes about 65% of ton-kilometres in the country. In view of this, there is need for improving the road haulage industry and hence enhancement of economic well being of the country.

One major problem of road transport in the country is still poor condition of many roads. However, the government alongside World Bank funding, has begun to rehabilitate main trunk roads in the country at the moment and this move is expected to alleviate the existing problems. At 18% of roads are tarmac, 21% gravelled, the rest are earth roads.

Hence, there is a great potential for development of road haulage in the country due to limited slow growth potential railways. Development of road transport is therefore essential for purposes of enhancing easy movement of inputs and consumer goods in the country. Road transport is also important in so far as transport of transit cargo is concerned particularly as regards south, north and central corridors for containerised goods.

The project aims at capturing the transit cargo passing through Dar es Salaam corridor DRC, Burundi, Uganda and Rwanda and later on to other land locked neighbouring countries. The major users of the Dar es Salaam transit corridors are Zambia, DRC, Malawi, Rwanda, Burundi and recently Uganda. The transit and inter-regional goods can be segmented as follows:-

- Transit goods destined for southern corridors of Malawi and Zambia, north and central corridors of DRC, Rwanda, Burundi and Uganda;
- Inter-regional goods which include Southern highlands of Mbeya, Iringa, Ruvuma and Rukwa;
- Central Zones of Morogoro, Dodoma, Mwanza, Tabora and Mara;
- Northern zones of Mwanza, Arusha and Kilimanjaro
- Inter-regional Demand

Inter-regional demand refers to all goods crossing regions in all directions. Inter regional transport demand for southern zone is served by trunk roads and Tanzania Zambia Railways Authority (TAZARA) while the north and central zones are served by Tanzania Railway Corporation (TRC) and trunk roads. The major commodities that are transported by road to these regions include consumer goods, fuel, farm inputs and industrial inputs. The annual tonnage of inter-regional goods for the period 2016/2017 is as follows:

Inward	Average Tonnage
Southern Zone	35,800
Northern Zone	37,500
Central Zone	41,650
Subtotal	114,950
Outward	Average Tonnage
Southern Zone	49,570
Northern Zone	98,560
Central Zone	88,450
Sub total	226,580

Total tons **351,530**
Source: **National Transport Corporation**

Demand for transport to haul goods to the regions is highly seasonal. High demand normally occurs from July to December during harvesting, crop collection and supply of farm inputs transportation demand declines in January and remains low up to June.

3:3 Supply of Transport Equipment

According to the market survey, there has been a shift of ownership in recent times of transport projects from those owned by Parastatal Organisations and Co-operative Unions such as Regional Transport Companies (RETCOs) to those operated and owned privately. The supply of goods transport in the region is represented by a fleet of commercial cargo carrying vehicles with average capacities of 35 tons and above operating within the regions, intra-regional and inter regional routes.

3:4 Transit Traffic

Tanzania acts as a transit country for the landlocked countries of DRC, Zambia, Rwanda, Burundi, Uganda, and Malawi. General cargo (that is excluding bulk petroleum and other bulk liquids) handled through the Dar es Salaam port between 1994 and 1997 ranged between 1,875,395 and 2,345,700 tons. The bulk of transit cargo that traffics through Tanzania is that of Zambia with largest proportion being carried out by TAZARA.

Malawi has similarly shown a dramatic increase in passing its transit cargo through the Dar es Salaam port in recent years. The bulk of its cargo is carried by road. Recent efforts by heads of state of Malawi and Tanzania gear towards establishing and exploiting the so called Mtwara Corridor as a potential link between the two countries. Of course, it might take some time before actual implementation of the current plans are put into reality and trucks start rolling across borders of the two states.

3:5 Individual Country Prospectus

3:5:1 Rwanda and Burundi

Most of Burundi's exports are already passing through the Dar es Salaam port. Rwanda's transit traffic keeps on changing from time to time. During the period 1995 and 1996 an estimated 45,000 tonnes of overseas trade passed through Dar es Salaam. Between 1986 and 1994 traffic has been reduced due to Rwanda's poor economic performance and civil war and economic embargo against Burundi between 1996 and early 1999. However, now the embargo has been lifted in Burundi and increased political stability in Rwanda should increase regional cargo traffic through Dar es Salaam port from and to these two states.

3.5.2 Uganda

Uganda has of late substantially increased its international trade through Dar es Salaam. Most trade is handled by rail from Mwanza to Dar es Salaam and vice versa and through Lake Victoria to and from Uganda. Road transport ranks second in this route

3.5.3 Democratic of Congo (DRC)

DRC uses Tanzania as their transit country mainly for exports of their copper and other minerals plus imports of consumer and semi finished goods.

There are five principal routes available to DRC copper exports:

- Lobito in Angola
- Matadi in DRC
- Dar es Salaam via Kigoma
- Beira and Maputo via Zambia and Rwanda
- East London in South Africa via Zambia and Rwanda

The Dar es Salaam port accounts for 10% of DRC's foreign trade. Road transport ranks first in so far as goods destined to DRC are concerned. Main products handled include oil products and general cargo namely; industrial chemicals, foodstuffs, cotton and machinery.

3.5.4 Malawi

Malawi depended heavily on the ports of Macala and Beira in Mozambique but civil war disrupted the flow of traffic from the two ports since 1982. As a result Malawi transit goods have been diverted to Dar es Salaam, with the subsequent construction of container depots and other goods (both imports and exports) near Dar es Salaam port and in Mbeya.

However, because of the ravages of civil war in Mozambique, it can be assumed that the Nacala and Beira route would not be used by Malawi in the foreseeable future. In view of this fact, it is possible that around 40% of Malawi's overseas trade would be routed through Dar es Salaam port and the rest through Durban in South Africa. Even in a situation in which the traditional routes become available again, it is anticipated that around 20% of the overseas trade would continue to be allocated to Malawi's northern corridor.

However, expansion of the Dar es Salaam port container handling facility, improvement of the Dar-Mbeya highway and construction of the new cross border road between Tanzania and Malawi may still filter the traffic towards Dar es Salaam. This refers to such traditional exports traffic such as sugar, Tea and tobacco which are expected to be routed through Dar es Salaam in preference to shipment via Durban in South Africa. Tea and tobacco exports are containerised whilst sugar is assumed to continue to travel as break-bulk. Presently 10% of Malawi's overseas

trade passes through its northern corridor to Tanzania and is expected to increase overtime. The proposed project is mainly base on the Dar es Salaam Kigali and Mombasa Kigali routes. Although the Dar-Malawi-Dar is considered to be the main route, cargo destined or originating to/from other neighbouring countries would also be handled depending on the situation at any point in time.

3.5.5 Zambia

The level of transit traffic handled by Zambia through the Dar es Salaam port has reasonably been constant over the previous years. A big portion of north bound traffic is handled by TAZARA while less than 10% of transit traffic is handled by road.

Market Base

As already stated, road transportation of cargo basically involves movement of trucks of agricultural produce, agricultural inputs, building materials,, soft drinks, beer, timber, consumer goods, industrial raw materials like gypsum, fuel, coal etc. Domestic road transportation of cargo is basically classified into intra-regional and inter-regional transport.

Intra-regional transport demand involves transportation of goods within the region which may be inward demand which refers to movement of goods from rural areas to urban centres, rail heads and factories or it may be outward demand which refers to movement of goods to rural areas.

Inter-regional demand of transport includes movement of goods across borders of a particular region to and fro.

The movement of goods to and fro across borders of the country is referred to as international transport demand.

AFROIL TRANSPORT LIMITED will adhere to the company's basic objectives for which it is established; that is, to strengthen transportation related to agriculture and support building and construction activities (especially those related to rural road construction) in order to serve more efficiently the rural population with a basic view of improving agricultural production and stimulating and supporting other economic activities. Besides intra-regional and inter-regional operations, the company plans to go into international operations to serve the landlocked neighbouring countries.

AFROIL TRANSPORT LIMITED has an open eye on the vast opportunities that exist in the intra-regional and inter-regional transport. As stated earlier, the directors of the company have a wealth of long experience in the transportation industry in Tanzania. The project therefore

targets transportation of Flue-cured Leaf Tobacco in Iringa, Mbeya and Tabora regions and Fire-cured Tobacco in Ruvuma region first from the fields to the markets and thereafter to rail heads and/or directly to the processing plants at Morogoro and Songea respectively. Other agricultural produce are also targeted. Likewise, the company targets transportation of tobacco and other agricultural inputs to these regions. The directors have well established ties with the major tobacco companies such that acquiring transport tenders will not be a problem, and demand for the crop haulage services is huge.

Other targeted markets are transportation of building materials like cement (from Mbeya Cement Company to Dar es Salaam and other neighbouring regions markets, steel (from Dar es Salaam manufacturers to the regions), timber (from Sao Hill to Dar es Salaam and neighbouring regions) and movement of industrial raw materials like gypsum for Mbeya Cement Company and coal from Kiwira Coal Mines.

AFROIL TRANSPORT LIMITED will also be involved in transportation of building and construction materials. They are especially targeting road construction and specifically rural roads construction, rehabilitation and maintenance projects.

The other major targets in domestic transportation are in securing contracts to transport mining machinery and equipment for major mining companies around the Lake Victoria basin. Also, there is scope for securing transportation contracts from UN bodies such as the World Food Programme, United Nations High Commission for Refugees, etc. The directors have already made contacts to the potential customers in these areas and so far response has been very encouraging.

On the International Transport arena, operating projections assume that the project would operate on the Mombasa and Dar es Salaam routes to Kigali, Bujumbura and Lubumbashi. However, initially the project will mainly operate on the Mombasa – Dar es Salaam, Dar es Salaam – Zambia, Dar es Salaam – Malawi routes where the project promoters have managed to establish contacts with a view to secure contracts to transport transit cargo.

PART IV

4.0 FINANCIAL APECTS

4.1 Investment Plan

In order to sustain the viability and growth of AFROIL TRANSPORT LIMITED, a modest Investment plan has been drawn during the project period. It is planned that the company will build the fleet of 50 units of Semi-Trailers, 50 units of Tanker Trailers and Tractor trailers units the first three years at the cost of US\$ 6,300,000. The proposed investment program is expected to take a period of *five years*.

Financing plan					
Planning years >>	2023	2024	2025	2026	2027
Shareholders equity	USD	USD	USD	USD	USD
Equity contribution (or withdrawal)	1,250,000.00	1,250,000.00	1,250,000.00	1,250,000.00	1,250,000.00
Share capital	1,250,000.00	2,500,000.00	3,750,000.00	5,000,000.00	6,250,000.00
Long-term loans from bank					
Loans drawn at the beginning of the year	3,750,000.00	3,750,000.00	3,750,000.00	3,750,000.00	3,750,000.00
Repayments made at the end of the year	8,922.00	31,498.00	145,207.00	272,877.00	581,798.00
Basis for interest calculation - end of year	3,750,000.00	7,491,078.00	11,209,580.00	14,814,373.00	18,291,496.00
Interest rate	0.05	0.05	0.05	0.05	0.05
Interest expenses	187,500.00	374,553.90	560,479.00	740,718.65	914,574.80
Loan balance: year end (goes to balance sheet)	3,741,078.00	7,459,580.00	11,064,373.00	14,541,496.00	17,709,698.00

The fleet development programme is indicated in Table below: -

4.1.1 Trucks acquisition plan

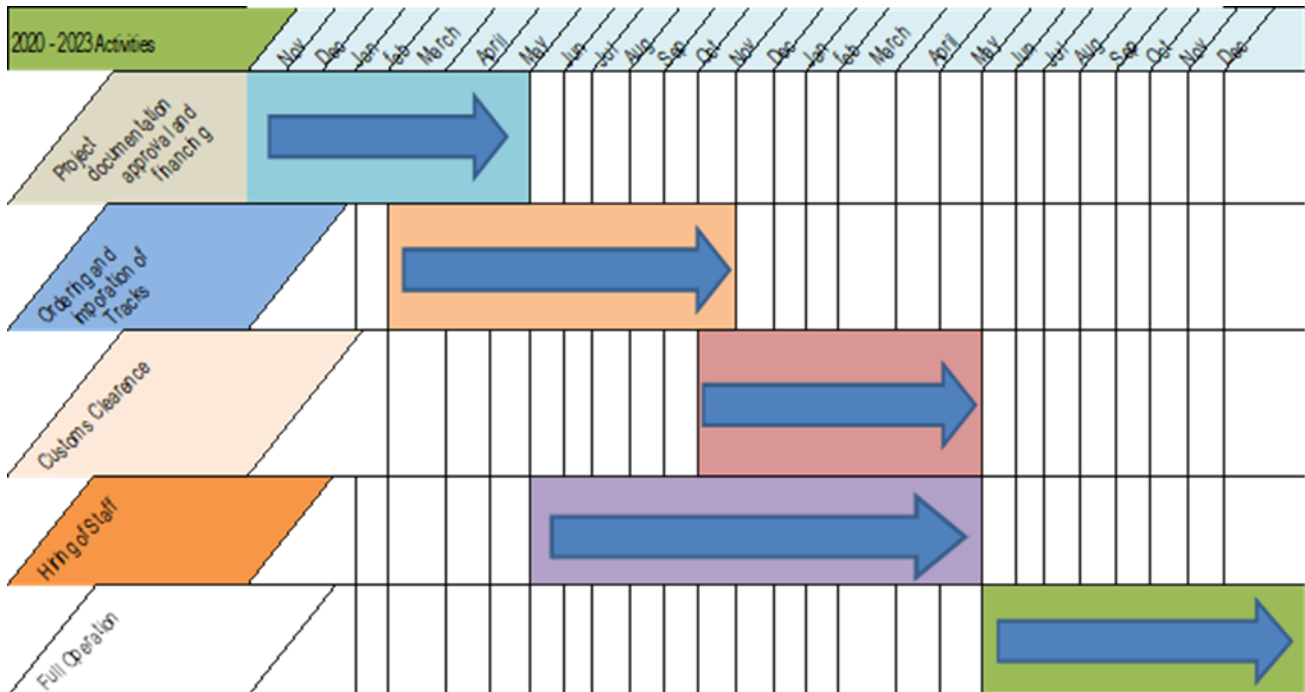
CATEGORY OF TRUCK/YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
Tanker –Trailers (40,000 ltrs)	25	25	25	25	25	125
Tanker Trailers (25tons)	10	10	10	10	10	50
Truck Tractors(25 tons)	5	5	5	5	5	25
TOTAL	40	40	40	40	40	200

4.2 Investment Plan

Investment Plan						
planning years >>	2023	2024	2025	2026	2027	TOTAL
	USD	USD	USD	USD	USD	INVESTMENT
Investment						
Land & Bulding	-	-	-	-	-	-
Plant & Machinery	20,000	20,000	-	-	-	40,000
Furniture	-	-	-	-	-	-
Vehicles	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	25,000,000
Computer & IT Software	20,000	20,000	-	-	-	40,000
Equipment	30,000	30,000	-	-	-	60,000
Total investment	5,070,000	5,070,000	5,000,000	5,000,000	5,000,000	25,140,000

4.3. PROJECT IMPLEMENTATION SCHEDULE

The project will need three to Five years as displayed in trucks acquisition plan to be in full operational. It is projected that more time will be required for approval of relevant papers



PROJECTED FINANCIAL STATEMENTS

AFROIL TRANSPORT LIMITED					
PROJECTED INCOME STATEMENTS					
Planning years >>	2023	2024	2025	2026	2027
	USD	USD	USD	USD	USD
Total net sales	2,650,000	7,180,000	10,098,000	15,108,000	20,970,000
Wet cargo shipping per Kms	2,500,000	7,000,000	9,888,000	14,868,000	20,700,000
Clearing and Forwarding	150,000	180,000	210,000	240,000	270,000
Total other operating revenues	175,000	210,000	235,000	270,000	295,000
Hiring of Recovery of vehicles	150,000	180,000	200,000	230,000	250,000
Third part wet cargo shipping	25,000	30,000	35,000	40,000	45,000
Total revenues	2,825,000	7,390,000	10,333,000	15,378,000	21,265,000
Cost of goods sold COGS	2,316,818	5,337,485	7,534,681	10,881,698	14,716,373
Freight-in costs	1,412,500	3,695,000	5,166,500	7,689,000	10,632,500
Direct costs	37,000	40,000	44,000	47,000	53,000
Energy	56,500	147,800	206,660	307,560	425,300
Utilities	28,250	73,900	103,330	153,780	212,650
salaries	782,568	1,380,785	2,014,191	2,684,358	3,392,923
Gross profit	508,182	2,052,515	2,798,319	4,496,302	6,548,627
Selling, general and administrative	203,522	168,683	171,453	175,337	179,337
Salaries	122,022	125,683	129,453	133,337	137,337
Workspace	15,000	15,000	15,000	15,000	15,000
Marketing & sales expenses	56,500	18,000	17,000	17,000	17,000
General office and utilities exp	10,000	10,000	10,000	10,000	10,000
Operating profit / EBITDA	304,660	1,883,832	2,626,866	4,320,965	6,369,290
Depreciation	263,467	526,933	776,933	1,026,933	1,263,600
Interest expenses (loan from bank)	187,500	374,554	560,479	740,719	914,575
Interest income from investments (bank deposit)	-	240	480	720	960
Extraordinary charges (or income)	30,000	37,000	45,000	52,000	64,000
Currency exchange adjustment					
Fees and provisions	20,000	25,000	30,000	35,000	45,000
Other	10,000	12,000	15,000	17,000	19,000
Income tax	-	230,712	373,336	750,394	1,238,135
Net profit (or loss)	- 176,307	714,874	871,598	1,751,639	2,889,941

AFROIL TRANSPORT LIMITED					
Projected Balance sheet (end of year)					
planning years >>	2023	2024	2025	2026	2027
	USD	USD	USD	USD	USD
Long-term assets					
Fixed assets: property, plant and equipment	4,806,533	9,349,600	13,572,667	17,545,733	21,282,133
Long-term financial investments		-	-	-	-
Goodwill	-	-	-	-	-
Total long-term assets	4,806,533	9,349,600	13,572,667	17,545,733	21,282,133
Current assets					
Cash & cash equivalents (current account)	- 841,610	- 1,215,536	- 792,630	- 153,702	1,073,449
Deposit account	6,000	12,000	18,000	24,000	30,000
Accounts receivable	653,425	1,770,411	2,489,918	3,725,260	5,170,685
Inventories	761,694	1,754,790	2,477,155	3,577,545	4,838,260
Total current assets	579,508	2,321,664	4,192,443	7,173,103	11,112,394
Total assets	5,386,042	11,671,264	17,765,110	24,718,836	32,394,527
Long-term liabilities					
Long-term loans	3,741,078	7,459,580	11,064,373	14,541,496	17,709,698
Total long-term liabilities	3,741,078	7,459,580	11,064,373	14,541,496	17,709,698
Current liabilities					
Accounts payable	571,270	1,316,092	1,857,866	2,683,158	3,628,695
Total current liabilities	571,270	1,316,092	1,857,866	2,683,158	3,628,695
Shareholders equity					
Share capital	1,250,000	2,500,000	3,750,000	5,000,000	6,250,000
Reserves	-	35,744	96,756	271,919	560,914
Retained earnings (or - accumulated losses)	- 176,307	359,848	996,115	2,222,262	4,245,221
Total shareholders' equity	1,073,693	2,895,592	4,842,870	7,494,182	11,056,134
Total liabilities & equity	5,386,042	11,671,264	17,765,110	24,718,836	32,394,527

AFROIL TRANSPORT LIMITED					
PROJECTED CASHFLOW STATEMENTS					
Planning years >>	2023	2024	2025	2026	2027
	USD	USD	USD	USD	USD
Cash flow from operating activities					
Operating profit (EBITDA)	304,660	1,883,832	2,626,866	4,320,965	6,369,290
Interest expenses	- 187,500	- 374,554	- 560,479	- 740,719	- 914,575
Interest income from investments (bank deposit)	-	240	480	720	960
Extraordinary charges (or incomes)	- 30,000	- 37,000	- 45,000	- 52,000	- 64,000
Income tax	-	- 230,712	- 373,336	- 750,394	- 1,238,135
Movements in working capital					
Decrease (or - increase) in accounts receivable	- 653,425	- 1,116,986	- 719,507	- 1,235,342	- 1,445,425
Decrease (or - increase) in inventories	- 761,694	- 993,096	- 722,366	- 1,100,389	- 1,260,715
Increase (or - decrease) in accounts payable	571,270	744,822	541,774	825,292	945,536
Increase (or - decrease) in other provisions	-	-	-	-	-
Total cash flow from operating activities	- 756,688	- 123,453	748,433	1,268,133	2,392,937
Cash flow from investing activities					
Sale (or - purchase) of fixed assets	-5,070,000	- 5,070,000	- 5,000,000	- 5,000,000	- 5,000,000
Sale (- purchase) of long-term financial investments	-	-	-	-	-
Decrease (or - increase) of goodwill	-	-	-	-	-
cash placed in the deposit account	- 6,000	- 6,000	- 6,000	- 6,000	- 6,000
Total cash flow from investing activities:	-5,076,000	- 5,076,000	- 5,006,000	- 5,006,000	- 5,006,000
Free cash flow	-5,832,688	- 5,199,453	- 4,257,567	- 3,737,867	- 2,613,063
Cash flow from financing activities					
Long term loans drawn	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000
Repayments of loans made	- 8,922	- 31,498	- 145,207	- 272,877	- 581,798
Equity contribution (or - withdrawal)	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
Dividend paid	-	- 142,975	- 174,320	- 350,328	- 577,988
Total cash flow from financing activities	4,991,078	4,825,527	4,680,473	4,376,795	3,840,214
Total net increase (- decrease) in cash	- 841,610	- 373,926	422,906	638,928	1,227,151
Cash balance: beginning of the year	-	- 841,610	- 1,215,536	- 792,630	- 153,702
Cash balance: end of the year	- 841,610	- 1,215,536	- 792,630	- 153,702	1,073,449

AFROIL TRANSPORT LIMITED						
Investment and depreciation plan						
planning years >>	2023	2024	2025	2026	2027	TOTAL
	USD	USD	USD	USD	USD	INVESTMENT
Investment						
Land & Bulding	-	-	-	-	-	-
Plant & Machinery	20,000	20,000	-	-	-	40,000
Furniture	-	-	-	-	-	-
Vehicles	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	25,000,000
Computer & IT Software	20,000	20,000	-	-	-	40,000
Equipment	30,000	30,000	-	-	-	60,000
Total investment	5,070,000	5,070,000	5,000,000	5,000,000	5,000,000	25,140,000
Fixed assets accumulated: at cost	5,070,000	10,140,000	15,140,000	20,140,000	25,140,000	
Depreciation						
Land & Bulding	-	-	-	-	-	
Plant & Machinery	800	1,600	1,600	1,600	1,600	
Furniture	-	-	-	-	-	
Vehicles	250,000	500,000	750,000	1,000,000	1,250,000	
Computer & IT Software	6,667	13,333	13,333	13,333	-	
Equipment	6,000	12,000	12,000	12,000	12,000	
Total depreciation	263,467	526,933	776,933	1,026,933	1,263,600	
Total depreciation accumulated	263,467	790,400	1,567,333	2,594,267	3,857,867	
Net asset book value	4,806,533	9,349,600	13,572,667	17,545,733	21,282,133	
Depreciation period: linear, in years						
- For investment A	25					
- For investment B	25					
- For investment C	20					
- For investment D	20					
- For investment E	3					
- For investment F	5					

Reconciliation of shareholders equity					
planning years >>	2023	2024	2025	2026	2027
	USD	USD	USD	USD	USD
Beginning shareholders equity	-	1,073,693	3,181,542	5,128,820	7,780,131
+ Net profit (or - loss)	- 176,307	714,874	871,598	1,751,639	2,889,941
+ Equity contribution (or - withdrawal)	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
- Dividends paid	-	- 142,975	- 174,320	- 350,328	- 577,988
Ending shareholders equity	1,073,693	3,181,542	5,128,820	7,780,131	11,342,084
Additional reserves	-	35,744	61,012	175,164	288,994
Dividends paid	-	142,975	174,320	350,328	577,988
Retained earnings (or accumulated losse	- 176,307	536,155	636,266	1,226,147	2,022,959

Calculation of income tax					
planning years >>	2023	2024	2025	2026	2027
	USD	USD	USD	USD	USD
Net profit after extraordinary items	- 176,306.67	945,345.07	1,244,453.74	2,501,313.10	4,127,115.52
Income tax rate	0.30	0.30	0.30	0.30	0.30
Net loss carried forward	- 176,306.67	-	-	-	-
Taxable income	-	769,038.40	1,244,453.74	2,501,313.10	4,127,115.52
Income tax	-	230,711.52	373,336.12	750,393.93	1,238,134.66

Financing plan					
Planning years >>	2023	2024	2025	2026	2027
Shareholders equity	USD	USD	USD	USD	USD
Equity contribution (or withdrawal)	1,250,000.00	1,250,000.00	1,250,000.00	1,250,000.00	1,250,000.00
Share capital	1,250,000.00	2,500,000.00	3,750,000.00	5,000,000.00	6,250,000.00
Long-term loans from bank					
Loans drawn at the beginning of the year	3,750,000.00	3,750,000.00	3,750,000.00	3,750,000.00	3,750,000.00
Repayments made at the end of the year	8,922.00	31,498.00	145,207.00	272,877.00	581,798.00
Basis for interest calculation - end of year	3,750,000.00	7,491,078.00	11,209,580.00	14,814,373.00	18,291,496.00
Interest rate	0.05	0.05	0.05	0.05	0.05
Interest expenses	187,500.00	374,553.90	560,479.00	740,718.65	914,574.80
Loan balance: year end (goes to balance sheet)	3,741,078.00	7,459,580.00	11,064,373.00	14,541,496.00	17,709,698.00
Liquidity control					
Operating costs	2,520,340.00	5,506,167.70	7,706,133.93	11,057,034.91	14,895,709.68
Minimum cash in relation to operating costs	0.20	0.20	0.20	0.20	0.20
Minimum cash balance required (to be available at the end of the year)	504,068.00	1,101,233.54	1,541,226.79	2,211,406.98	2,979,141.94
Actual cash balance at the end of the year	- 841,610.05	- 1,215,536.19	- 792,630.04	- 153,702.16	1,073,449.14
Dept to equity relation control					
Dept to equity ratio - planned	4.02	3.03	2.67	2.30	1.93
Dept to equity ratio - acceptable by the	2.00	2.00	2.00	2.00	1.20
Deposit of excess liquidity to a bank account					
Amount deposited (at the end of the year)	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00
Total amount deposited (per end of year) - basis for the interest calculation	-	6,000.00	12,000.00	18,000.00	24,000.00
Total amount deposited (per end of year) - basis for the balance sheet	6,000.00	12,000.00	18,000.00	24,000.00	30,000.00
Interest rate	0.04	0.04	0.04	0.04	0.04

