

# **SONGWE RIVERBANK ENTERPRSE LTD.**

FEASIBILITY STUDY FOR A

PROPOSED PRE & PRIMARY SCHOOL

IN

MUUNGANO - sSONGWE – MBEYA RURAL – MBEYA REGION

**Presented to the Tanzania**

**Investment Centre**

**Project promoted by:**

**M/s SONGWE RIVER BANK ENTERPRISE LTD.**

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**MBEYA**

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## PRE & PRIMARY SCHOOL PROJECT DOCUMENT

### PROJECT SUMMARY

Location:

Project Title:

Project Promoter:

Proposed starting date:

Project cost:

Project Description:

The project is intended to start and complete

Construction of a pre & primary school to provide quality secular education to the public without discrimination and to instill good ethics and morals to students. The school is expected to have day and full boarding facilities; it is expected host 525 pupils. Project beneficiaries are expected to be pupils, teachers, parents, and the community as a whole. Registration of this PRE – PRIMARY SCHOOL will be done in accordance with the Education Act no. 25 of 1978 part VI, The Education amendment Act no.10 of 1995 and The Education Regulations 2002.

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**On behalf of,  
Management,  
Songwe Riverbank Enterprise Ltd.**

**Signature**  
  
**Date**  
**15/11/2021**  
**Project Manager / Director**

**Name/title**  
  
**DIRECTOR**

## **2.0 BACKGROUND INFORMATION**

The national education Act N0.25 of 1978 read together with its Act supplement No.10 of 1995 as well as the Education and Training policy of 1995 have opened the way and encouraged private investors namely individuals, private companies, non – Governmental organizations and religious organizations to actively participate in provision of education at all levels (stages) provided that they abide by the operating rules and regulations issued and as from time to time amended by the Government through the ministry of education and culture. It is due to this fact therefore, that we have decided to invest in Education through provision of secondary education.

The economic recovery program, the social and economic adjustment program and the recently launched Roll plan and forward Budgeting plan provide a reflection on efforts taken by the Government towards meaning full economic recovery. Alongside these broad Economic guidelines, the government has been issuing a series of specific sector, social and economic surpluses aimed at restructuring the respective sectors and sub sectors of the economy at a given period of time as a means of influencing change or a speed – up Economic and social reconstruction.

One of these guidelines is the investment guidelines which have for the past 10 years being under constant review so as to suit development reconstruction for the Economy, for example under the investment Act of 1997 administered by the Tanzania Investment Center (TIC), the new agricultural, industrial, trade and commerce are given incentives so as to promote investment in the country.

Human Resource Development (HRD) sector, in which non – Government schools and Colleges belong, falls under the FOURTH SCHEDULE of financial laws (Miscellaneous Amendments) Act 1997. The schedule provides a list of priority sectors for the purposes of investment promotion which are by law eligible to fiscal incentives. This simply means that investors in the HRD Sector are accorded equal treatment like all other investors under the priority sector, including these in manufacturing, agriculture, natural resources, tourism, broadcasting and telecommunications, commercial banks, real estate development, air aviation, etc.

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The total project cost, combining startup costs, capital expenditure, and working capital and operating expenses amount to **USD 434,000**.

The project will be financed through both equity and loan. The project promoters, who are the directors and shared holders of the company, will inject equity into the project in the form of cash and assets. Assets will comprise primarily of buildings, machinery and equipment, startup costs to be capitalized, and all development to be made on the project site. The total amount of equity is expected to amount to USD 193,200.

The projected cash flows indicated a very strong cash position, enough to support loan repayment and interest payments at the due dates. The projected interest calculation and loan repayment is attached as Appendix XI.

On the basis of the results of the analysis, the project is financially viable as it has a positive net present value. The internal rate of Return (IRR) of 30% is also above the cost of capital.

The project's payback period is 7 years.

The project is recommended for approval and immediate implementation.

### **3.0 PROJECT DESCRIPTIONS**

Provision of good quality education to all Tanzania is accorded high priority by the Government of Tanzania because of its centrality in bringing about the nation's social and economic development.

The Government of Tanzania regards education as one coherent entity, from basic through higher education. This is based on the re-organization of government ministries that was decided in February 2008, when the higher and Technical Education Divisions became part of the MoEVT. The components of Tanzania's education sector include pre – primary, primary, secondary, teacher Education, Adult and Non-Formal Educational known as “basic” education. All sub – sectors fall under the parent ministry, the ministry of Education and Vocational Training (MoEVT) except for the Folk education sub – sector which falls under the ministry of community Development, Gender and Children (MCDGC).

#### **3.1 The project promoters**

The project is being promoted by M/s Songwe Riverbank Enterprise Limited. The company was duly registered by the Registrar of companies in pursuance of the companies Act, 2002 on 26<sup>th</sup> February 2021 with the certificate of incorporation No.150916747. The shareholders and also directors of the company are:

1. Gervas Kamore Mbuthia
2. Gertrude Joseph Fundi .
3. Lydiah Ngima Ngare.

Two directors are Kenyan citizens, holding shares into the authorized and issued capital of the company in proportions of, and respectively 25%, 40%, 5% respectively.

### **3.2 Objectives of the Project**

The establishment of this school is based on the following general and specific objectives.

### **3.3 General objective**

To offer education that will enable children to cope with global economic, social and political changes and challenges. To realize this objective the schools envisaged to offer affordable but quality, relevant and functional education that can be put in practice by the graduates.

### **3.4 Specific objectives**

- ❖ To enable every child be conscious of his/ her dignity as a human being, to lean the ethical conducts and promote their culture.
- ❖ To eradicate illiteracy through provision of quality primary education to the community within and outside the municipality of Sumbawanga.
- ❖ To provide an integral and harmonious education to the children and youth. Such educative process aims at instructing, forming and empowering students to become aware of their own capabilities and potentials and be able to utilize them for their own personal growth and for the good making of the society (social benefit of education).
- ❖ To reduce the unemployment problem by absorbing graduates and non-graduates in the teaching profession from our universities and colleges respectively and who have passed well and have the capacity to educate others.
- ❖ To assist the government that has recently been not able to absorb all primary school leaving boys and girls due to insufficient schools and / or a long distance with which necessitated students to trek and commute quite a while before they find a school.

### 3.5 Proposed name and type of the school

The proposed school intends to provide Nursery and primary education both for Day and Boarding - Good Shepherd Academy.

### 3.6 Age of children and the length of studies

- **Pre – primary school (nursery)**

This level of education will be for children aged 5 to 6 years and will last for two years.

- **Primary school**

Primary school official enrolment age will be as per present that is, 7 years and this level of education will last for 7 years.

### 3.7 School Curriculum

**3.7.1** In Tanzania, curricular for primary schools and secondary schools are centralized and developed by the Tanzania institute of Education.

**3.7.2** At pre – primary school subjects are taught at elementary level. These subjects are taught in a total of 25 periods per week each of which lasts for 20 minutes. The subjects that will be taught at this level and number of periods allocated to each of them are as follows:

No	Subject	No. of Periods Per Week
a)	Elementary of mathematics	2
b)	Elements of music	2
c)	Elements of science	3
d)	Elements of language	5
e)	Elements of Arts and crafts	3
f)	Elements of Health	2
g)	Elements of physical education	2
h)	Elements of civics	3

**Source: Department of Primary Education**

**3.8** Seven basic subjects will be taught from Std. III to Std. VII. They include Kiswahili, English, Mathematics, Social Science, Practical Arts and Religion. Social studies and practical Arts are new

subjects introduced into primary school curriculum after the school curricula view in 1993. The subject social studies will include: elements of History, Geography, Civics, Commerce, Accounts, Environmental Studies, Political Science and Family Life Education.

### 3.9 School Capacity

The school shall have the capacity of enrolling three streams each with a total of 25 pupils per class for level of pre- primary school (nursery) and primary school hence estimating a total number of 28 classes with 525 pupils at full operation.

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#### Enrolment Schedule.

YEAR	PRE – CLASS I	PRE – CLASS II	PRE – CLASS III	TOTAL
2014	25			25
2015	25	25		50
2016	25	25	25	75
2017	25	25	25	100
Grand Total	100	75	50	250

YEAR	STD I	STD II	STD III	STD IV	STD V	STD VI	STD VII	TOTAL
2014	25							25
2015	25	25						50
2016	35	25	25					75
2017	25	25	25	25				100
2018	25	25	25	25	25			125
2019	25	25	25	25	25	25		150
2020	25	25	25	25	25	25	25	175
Grand total	175	150	125	100	75	50	25	700

### **3.10 Location**

The school shall be located at Songwe area Muungano Village in Mbeya Rural .Songwe Riverbank Enterprise has purchased plot in which the school will be constructed.. A copy of letter from the documents to support the transactions and sale agreement of the land is attached herewith. The school site is safe and conducive place for schooling with favorable compound and enough space. The site is in the area planned for construction of a private school.

### **3.11 Other School of the Type Around**

There is no similar registered Government or private pre & primary school in the area

### **4.10 Coverage of the School**

The prospective owner of the school has a land measuring about 12 acres

### **3.11 Social services available**

The school is accessible by all-weather roads. Other services such as water and electricity are available.

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## **4.0 MARKETING**

### **4.1 Demand / supply Gap**

The demand for pre & primary school education in Mbeya rural is quite apparent given the fact that there is no any similar school in the area. The demand is now increasing fast following the expansion of economic activities such as Songwe Airport and other upcoming factories , increase of population in the region. According to Tanzania human development report 1999, although much progress has been made on education since independence, the number of pre & primary schools do not match with the increase of population in the region.

## 4.2 marketing

Branding and marketing of school is as essential as water for survival of the human body. The traditional marketing tools include site advertisement, TV, Radio and print media advertising and brochures. This study allocates 1% of revenue for advertising and promotional purposes.

Marketing expense has been included in the total project cost and it has been estimated at around \$6,000 per year or \$ 30,000 in five years period. The following table gives the breakup of the marketing expense.

Marketing expenses

<b>Media</b>	<b>In% Of The Marketing Expenses</b>
TV advertisement	30%
Site advertisement	10%
Newspapers	38%
Magazines	4%
Point of sales marketing	18%

## 4.3 pricing

The pre & primary school fee strategy will be in line with the going rate market prices of the different schools available in Mbeya region. It should be noted that physical survey of existing school fees for this particular study was not carried out to establish actual demand. However, available English medium school fees as compared to present region status and population suggest that more schools need to be established to cater for the increasing birth rate in the region and Tanzania as a whole.

Minimum margin of profit will be charged to make the prices competitive. Preliminary prices are indicated in the assumptions leading to projected financial statements.

#### **4. 4 Competitor analysis**

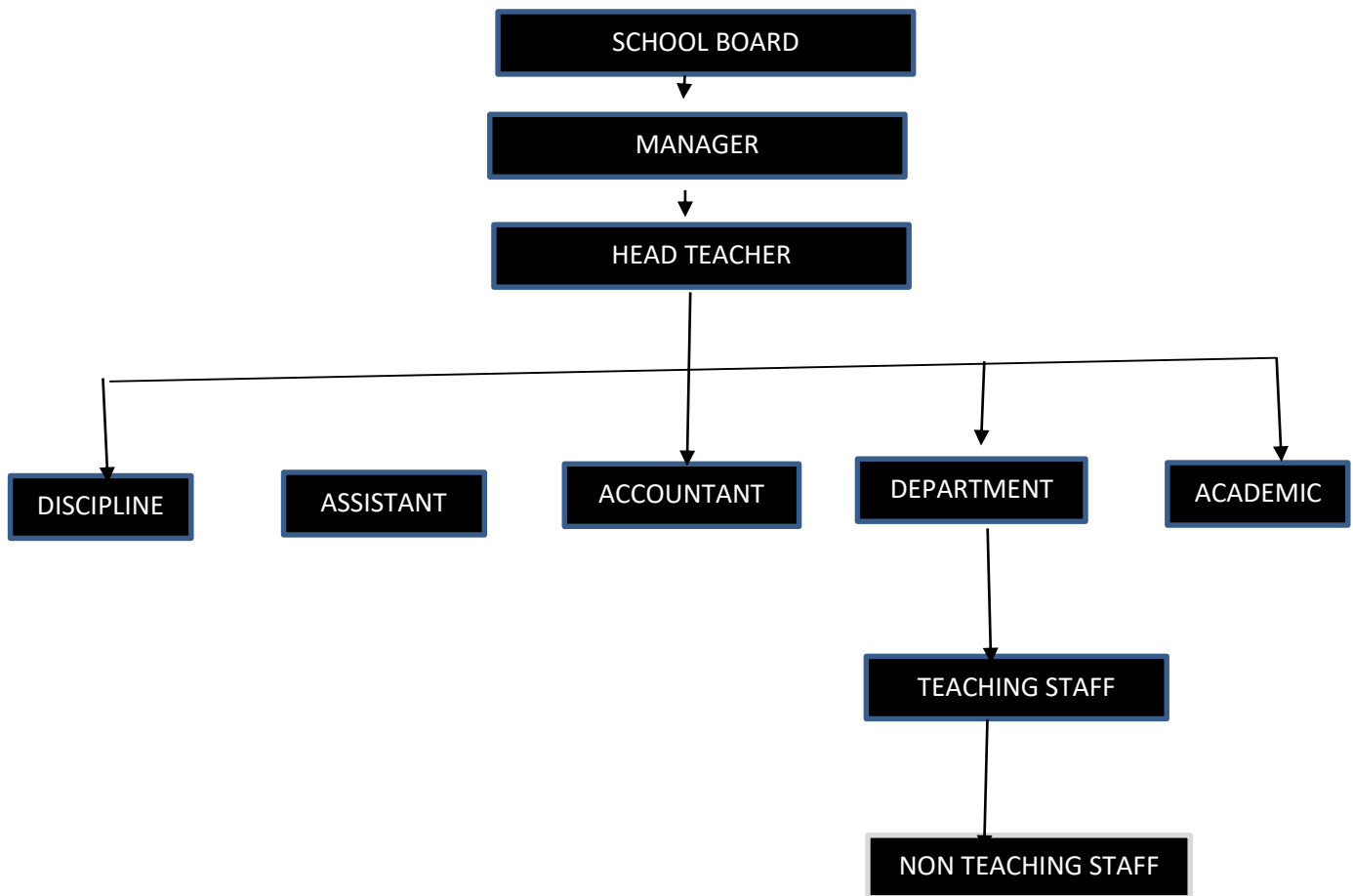
There are no similar schools (English medium) in the Muungano area.

### **5.0 ORGANISATION AND HUMAN RESOURCES**

#### **5.1 Organization structure**

- ❖ The implementation for the project will take place under the following arrangements
- ❖ The owner shall be the top decision maker
- ❖ The manager is appointed by the owner shall perform all management duties and assist the owner in decision – making
- ❖ There shall be the school board formed at the discretion of the directors and in line with the ministry’s directives
- ❖ The owners and the manager will be members of the school board. All decisions as made by the school board shall be implemented downward hierarchically (see the hierarchy below).

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## **5.2 Human Resource Requirement**

The following requirement of staff along with their levels and monthly salary is foreseen for this project.

### **Human resource requirement (in USD)**

<b>Designation</b>	<b>No. of staff</b>	<b>Monthly salary</b>	<b>Annual cost</b>
School manager	1	450	5,400.00
Head teacher	1	400	4'800.00
Assistant head teacher	1	350	4'200.00
Heads of department	4	350	16,800.00
Academic dean	1	350	4,200.00
Discipline master	1	350	4,200.00
Teachers	13	300	46,800.00
Ground men	2	250	6,000.00
Accountant/ cashier	1	300	3'600.00
Matron	1	200	2'400.00
Store keeper	1	200	2'400.00
Caterer	1	200	2'400.00
Secretary cum receptionist	1	150	1'800.00
Nurse	1	200	2'400.00
Drivers	3	100	3'600.00
<b>Sub total</b>	<b>33</b>		<b>111,000.00</b>
<b>Payroll levy 4%</b>			<b>4440.00</b>
<b>10%pension fund</b>			<b>11,100.00</b>
<b>Grand total</b>			<b>126,540.00</b>

### **5.3 technical advisory services**

The company plans to engage external consultants and auditors to provide management advisory services, including the initial set up of accounting and management information system, tax issues, and audit of financial statements for external users. Consultants will be engaged on contract terms, and would be expected to work closely with the MD. The company's use of external consultants would ensure continuous improvements in business strategy and will be a low cost alternative to having a large internal pool of employee.

#### **5.4 Support Services and Needs Assessment**

The project would require moderate use of support services. These include secretarial, store, matron, catering, nurse, and drivers. The market availability of the people for these positions in Tanzania is favorable as the existing enterprises and the government are unable to full absorb the labor force. Others may be hired as temporary workers paid on an hourly basis.

#### **5.5 Management structure and strategic positioning**

The structure of the organization proposed is expected to afford the management a reasonable degree of flexibility and information flow that is considered critical for its business strategy and its market target. The strategy requires high level of contact and interaction with market players; therefore need to remove information barriers between the top management and operational staff. To perform a professional job in the school a company requires a team of skilled and well-motivated staff.

#### **5.6 The profile of a top management of the company**

The managing director of Songwe riverbank Enterprise limited is a long and well established educationist in East Africa. Having been in the human development sector as a teacher for over 40 years. The managing director of Songwe Riverbank limited has now seen a very bright future in human resources development sector in general and pre and primary school in particular and hence decided to establish operations in this sector. Among the schools taught and headed by the managing director are St. Mary's international school (Tanzania), Mary hill Girls secondary school (Kenya), Mangu High school (Kenya) and St. Thomas Catholic Academy (Kenya).

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## **5.7 The company's Mission and Vision**

### **Company's Mission**

Songwe Riverbank Enterprise mission is to provide quality education at affordable rate

### **Company's vision**

Songwe Riverbank limited school's vision is: To make pre- & primary School a a leading School so that it can finally become a High School.

## **6.0 INVESTMENT AND FINANCING PLAN**

### **6.1 project costs**

Break down of total project cost is in the table below

#### **Project costs**

<b>Description</b>	<b>Equity (USD)</b>	<b>Loan (USD)</b>	<b>Total (USD)</b>
Land and Buildings and other civil works	156,200	114,800	271,000
Plant, machinery and equipment	20,000	52,000	72,000
Motor vehicles	29,000	59,000	88,000
Furniture, Fixture and fittings	7,000	15,000	22,000
Pre – operational expenses	20,000	0.00	20,000
Working capital	41,000	0.00	41,000
<b>Total project costs</b>	<b>273,200</b>	<b>240,800</b>	<b>514000</b>

During the operational phase of the project, the company would require funds for working capital, operational expenses or revenue expenditure, and financial expenses, and will thus be reflected in the projections of income statements.

## 6.2 Proposed Capital Investment Structure

S/No	Investment Item	USD
1.0	Land and buildings	
1.1	Site preparation	20000
1.2	Main school, dormitory and office blocks	195,000
1.3	Kitchen and dining/ multipurpose hall	16,000
1.4	Sports and entertainment facilities	15,000
1.5	Laboratory and library	25000
	Sub total	271000
2.0	Machinery and equipment	
2.1	Catering equipment	14000
2.2	Sports and entertainment equipment	4000
2.3	Standby power generator	10000
2.4	Air conditioning system	17000
2.5	Telecommunication system	6000
2.6	Maintenance and cleaning equipment	5000
2.6	Laboratory and miscellaneous tools and equipment	16,000
	Sub total	72,000
3.0	MOTOR VEHICLES	88,000
	Sub total	88,000
4.0	Furniture, fixture and fittings	22,000
	Sub total	22,000
5.0	Pre operational expenses	20,000
	Sub total	
6.0	Initial working capital	41,000
	Sub total	41,000
	<b>TOTAL</b>	<b>514, 000</b>

### 6.3 Source of Funds

There will be three sources of funds for both construction and running of the school. These source are;-

- ❖ Owners' equity
- ❖ School fees collected from this school
- ❖ Parents developmental contributions (to be agreed by parent – owner meetings)
- ❖ Loans and grants from low interest charging banks and international organizations, donors and friends.

### 6.4 Financing Plan

The project will be financed by owner's equity, school fees collected from their schools and loan. The project promoters, who are the directors and shareholders of the company, will inject into the project in the form of cash and assets. Equity injection amounts to USD. 273, 200.

The debt to equity ratio given the estimated amounts of equity of loan will be as follows:

	<b>Amount (USD)</b>	
<b>Percentage</b>		
Equity	273,200	53
Loan	240,800	47
Total	514,000	100

## **6.5 Machinery and Equipment Requirements**

Investment capital for the project is required for procurement of machinery and equipment. These will include:

- Multipurpose hall equipment
- Sports and Entertainment facilities
- Standby power generator
- Borehole and procurement of a water pump
- Air conditioners (split units)
- Crockery, cutlery and other catering equipment
- State – of – the art communication and security equipment
- Maintenance and cleaning equipment
- Laboratory and miscellaneous tools and equipment
- Library equipment
- Computer lab. Equipment
- Language lab. Equipment

## **6.6 Furniture, Fixture and Office Equipment Requirement**

The details of the required furniture, fixture and office equipment are such as: students tables and chairs for the staff, visitors chairs, computers, laser printer, dot matrix, UPS, Air conditioners, Beds, Blankets, television, Facsimile.

## **7. ECONOMIC AND FINANCIAL ANALYSIS**

### **7.1 Projected Financial Statements**

The projected financial statements for ten year period are attached as Appendix I-XI. These statements include the projected balance sheets, income statements, and the statement of cash flows.

The projected balance sheets indicate a healthy trend, with a total equity position. The project current assets will remain substantially above current liabilities, thus posing no liquidity problems.

The projected income statement shows a steady increase in net income starting from the first year of project implementation.

The projected cash flows indicated a strong cash position, enough to support loan repayment and interest payments at the due dates. The projected interest calculation and loan amortization is attached as

## **7.2 Analysis of Financial and Economic Visibility**

The analysis of financial viability of the project was done using the discounted cash flow approach (DCF) and the payback method. On the basis of the results of the analysis, the project is financially viable as it has a positive net present value. The internal rate of return (IRR) of 30% is also above the cost of capital.

The project's payback period is 7 years.

Economically, the project is also viable for it will contribute significantly to the development in the following measurable ways;

- ❖ The project will create about 33 employment opportunities.
- ❖ The project will contribute to the government revenue in the form of taxes its projected that, the project will have generated about USD 472,274 sales alone by the end of year ten.

## **7.3 Contribution of the Project to Economic Development**

The successful operation of the project will contribute significant economic benefits to the Mbeya Rural and Mbeya Region people and Tanzania as whole. In summary, the benefits that will be realized are as follows;

- It will increase the number of pre and primary school in the region
- It will create employment to both teaching and non-teaching staff and business opportunities for all those who will be associated with the project.
- The government will also benefit from taxes from the increased business activities that will arise as a result of this new development in the area.

- Provision of income to other services providers, thus contributing to the reduction of poverty. The income to earn will help in improving standard of living of the workers and other people residing in the area.

## **8. CONCLUDING REMARKS AND RECOMMENDATIONS**

### **8.1 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 pre and primary school education facilities in Mbeya and Tanzania as a whole.

### **8.2 Economic and Financial Viability**

The technical analysis indicates that the project is both financially and economically feasible.

### **8.3 Social and administrative sustainability**

The project is socially acceptable as it contributes directly to the national development objective. There are no likely social complexities with respect to the project

### **8.4 Recommendations**

The project is highly recommended for implementation as it fall within the Government's priority growth sector (Human Resource Development) thus should receive necessary approvals and support with opportunities to invest much more due to various incentives being granted by the GOVERNMENT OF TANZANIA like TIC and Favorable policies.

## CAPITAL INVESTMENT (In USD)

Item	Equity	Loan	Total
Land And Buildings	156,200	114,800.00	
Motor Vehicles	20,000	59,000.00	
Furniture And Fittings	29,000	15,000.00	
Office Equipment &Machinery	7,000	52,000.00	
Preparation Expenses	20,000	-	
Initial Working Capital	41,000	-	
<b>Total</b>	<b>273,200</b>	<b>240,800.00</b>	
<b>Contribution In Percentage</b>	<b>53%</b>	<b>47%</b>	<b>100%</b>

## STAFF REMUNERATION PACKAGE (IN USD)

POSITION	EMPLOYEES	SALARY	MONTHLY PAY	ANNUAL PACKAGE
School manager	1	450	450.00	5,400.00
Head teacher	1	400	400.00	4,800.00
Assistant head teacher	1	350	350.00	4,200.00
Head of deparments	4	350	1,400.00	16,800.00
Academic dean	1	350	350.00	4,200.00
Discipline master	1	350	350.00	4,200.00
Teachers	13	300	3,900.00	46,800.00
Ground men	2	250	500.00	6,000.00
Accountant/cashier	1	300	300.00	3,600.00
Matron	1	200	200.00	2,400.00
Store keeper	1	200	200.00	2,400.00
Caterer	1	200	200.00	2,400.00
Secretary/receptionist	1	150	150.00	1,800.00
Nurse	1	200	200.00	2,400.00
Drivers	3	100	300.00	3,600.00
Sub total	33		9,250.00	111,000.00
PAYROLL LEVY 4%				4,440.00
10%PENSION FUND				11,100.00
<b>GRAND TOTAL</b>				<b>126,540.00</b>

**Note:** -- 10% of the benefits will be for social security fund's contribution.

----Salary will be inclusive of housing allowance

## Operating cost schedule (in USD)

## Guidelines

- Operating cost will increased by 8% every year
- Insurance will be 2% of the major capital assets (motor vehicles and machinery / equipment).

PARTICULARS	YEAR I	YEAR II	YEAR III	YEAR IV	YEAR V	YEAR VI	YEAR VII	YEAR VIII	YEAR IX	YEAR X
Insurance 2% of assets	4,600.00	4,968.00	5,365.44	5,794.68	6,258.25	6,758.91	7,883.59	7,883.59	8,514.28	9,195.42
Motor running expense	4200.00	4,536.00	4,898.88	5,290.79	5,714.05	6,171.18	6,664.87	7,198.06	7,7773.91	8,395.82
Electricity & water	13,000.00	14,040.00	15,163.20	16,376.26	17,686.36	19,101.26	20,629.37	22,279.72	24,062.09	25,987.06
Stationery & office utilities	9,000.00	9,720.00	10,497.60	11,337.41	12,244.40	13,223.95	14,281.87	15,424.42	16,658.37	17,991.04
Communications	3,000.00	3,240.00	3,499.20	3,779.14	4,081.47	4,407.98	4,760.62	5,141.47	5,552.79	5,997.01
Repair and maintenance	6,600.00	7,128.00	7,698.24	8,314.10	8,979.23	9,697.57	10,473.37	11,311.24	12,216.14	13,193.43
License	5,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Travelling costs	2,500.00	2,700.00	2916.00	3,149.28	3,401.22	3,673.32	3,967.19	4,284.56	4,627.33	4,997.51
Advertising / marketing expenses	6,000.00	6,480.00	6998.40	7,558.27	8,162.93	8,815.97	9,521.25	10,282.95	11,105.58	11,994.03
Consultancy/audit fees	4,000.00	4,320.00	46665.60	5,038.85	5,441.96	5,877.31	6,347.50	6,855.30	7,403.72	7,996.02
Contingency 10%	6,000.00	6,480.00	6,998.40	7,558.27	8,162.93	8,815	9,521.25	10,282.95	11,105.58	11,994.03
Directors/board fees	5,100.00	5,508.00	5,948.64	6,424.53	6,938.49		8,093.06	8,740.50	9,439.74	10,194.92
<b>Total</b>	<b>69,000.00</b>	<b>69,120.00</b>	<b>74,649.60</b>	<b>80,621.57</b>	<b>87,071.29</b>	<b>94,037.00</b>	<b>101,559.96</b>	<b>109,684.75</b>	<b>118,459.53</b>	<b>127,936.30</b>

**Assumptions for projections**

- School fee is estimated at \$ 438 for a day student per year
- School fee is estimated at \$ 500 for a boarding student per year
- After 3 years, sales will increase by 10% every year

**Sales projections (in USD)****PROJECTED INCOME**

Use	No. of pupils	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
Sales											
A. Pre – Primary School (Day)	162	70,956	70,956	70,956	78,052	85,857	94,443	103,887	114,276	125,704	138,274
B. Pre – Primary School(Boarding)	100	50,000	50,000	50,000	55,000	60,500	66,550	73,205	80,526	88,579	97,437
C. Primary School (Day)	163	71,394	71,394	71,394	78,533	86,386	95,025	104,527	114,980	126,478	139,126
D. Primary school (boarding)	100	50,000	50,000	50,000	55,000	60,500	66,550	73,205	80,526	88,579	97,437
Total	525	242,350	242,350	242,350	266,585	293,243	322,568	354,824	390,308	429,340	472,274



**MS/SONGWE RIVERBANK ENTERPRISE LTD****APPENDIX VI****Assumptions for projections**

- Salaries and wages will increase by 5% every year

**Projected income and expenditure statement (In USD)**

Particulars	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
Revenue										
Sales	242,350	242,350	242,350	266,585	293,243	322,568	354,824	390,308	429,340	472,274
Total income	242,350	242,350	242,350	266,585	293,243	322,568	354	390,308	429,340	472,274

**Less: Expenses:**

Salary and wages	126,540.00	126,540	132,867	139,510	146,486	153,810	161,501	169,576	178,054	186,957
Operating expenses	69,000	69,120	74,650	80,622	87,071	94,037	101,5660	109,685	118,460	127,936
Total expenses	195,540	195,660	207, 517	220,132	233,557	247,847	263,061	279,260	296,514	314,893
Operating profit	46,810	46,690	34,833	46,453	59,686	74,721	91,763	111,048	132,826	157,381
Less: interest	0	0	0	0	0	0	0	0	0	0
Profit before tax	46,810	46,690	34,833	46,453	59,686	74,721	91,763	111,048	132,826	157,381
Cumulative profit	46,810	93,500	128,333	174,786	234,472	309,193	400,957	512,004	644,830	802,211

**NOTE;** DB- declining balance method  
SL-straight line method

# SONGWE RIVERBANK

# Appendix VII

## Working Capital Schedule (In USD)

Item / Year	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
<b>Current Assets:</b>										
Debtors 1 month of sales	27,129.00	29,320.00	30,123.00	31,800.00	32,644.00	33,765.00	34,189.00	35,242.00	36,118.00	37,557.00
Trade debtors insurance – 1 Year	4,600.00	4,968.00	4,365.44	5,794.68	6,258.25	6,758.91	7,299.62	7,883.59	8,514.24	9,195.42
<b>Total Current Assets</b>	<b>31,729.00</b>	<b>34,288.00</b>	<b>35,488.44</b>	<b>37,594.68</b>	<b>38,902.25</b>	<b>40,523.91</b>	<b>41,488.62</b>	<b>43,125.59</b>	<b>44,632.28</b>	<b>46,752.42</b>
<b>Current liabilities</b>										
salaries and wages (1 month)	10,545.00	11,072.25	11,625.86	12,207.16	12,817.51	13,458.39	14,131.31	14,837.87	15,579.77	16,358.76
Electricity & Wages (1 month)	1,083.33	1,170.00	1,263.60	1,364.69	1,473.86	1,591.77	1,719.11	1,856.64	2,005.17	2,165.59
Communications (1 month)	250.00	270.00	291.60	314.93	340.12	367.33	396.72	428.46	462.73	499.75
Motor Running Expenses (1 month)	350.00	378.00	408.24	440.90	476.17	514.26	555.41	599.84	647.83	699.65
<b>Total Current Liabilities</b>	<b>12,228.33</b>	<b>12,890.25</b>	<b>13,589.30</b>	<b>14,327.67</b>	<b>15,107.67</b>	<b>15,931.76</b>	<b>16,802.55</b>	<b>17,722.81</b>	<b>18,695.50</b>	<b>19,723.75</b>
<b>Net Working Capital</b>	<b>19,500.67</b>	<b>21,397.75</b>	<b>21,899.14</b>	<b>23,267.00</b>	<b>23,794.58</b>	<b>24,592.15</b>	<b>24,686.07</b>	<b>25,402.78</b>	<b>25,936.78</b>	<b>27,028.67</b>
Change in Working Capital	19,500.67	1,897.08	501.39	1,367.87	527.58	797.57	93.92	716.71	534.00	1,091.90

# SONGWE RIVERBANK

# Appendix VIII

## Cash flow Projections (in USD)

Item / Year	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
<b>Inflows:</b>										
Equity	273,200.00	273,200.00	273,200.00	273,200.00	273,200.00	273,200.00	273,200.00	273,200.00	273,200.00	273,200.00
Loan Capital	240,800.00	240,800.00	240,800.00	240,800.00	240,800.00	240,800.00	240,800.00	240,800.00	240,800.00	240,800.00
Profit Before tax	46,810.00	46,690.00	34,833.00	46,453.00	59,686.00	74,721.00	91,763.00	111,048.00	132,826.00	157,381.00
Depreciation	48,062	48,062	48,062	48,062	48,062	48,062	48,062	48,062	48,062	48,062
<b>Total Inflows</b>	<b>527,780.00</b>	<b>522,731.85</b>	<b>507,116.36</b>	<b>507,860.87</b>	<b>518,885.71</b>	<b>532,217.53</b>	<b>547,939.06</b>	<b>552,194.11</b>	<b>573,163.18</b>	<b>597,077.75</b>
<b>Outflows</b>										
Investment	514,000.00	514,000.00	514,000.00	514,000.00	514,000.00	514,000.00	514,000.00	514,000.00	514,000.00	514,000.00
Reinvestment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change in Working Capital	19,500.67	1,897.08	501.39	1,367.87	527.58	797.57	93.92	716.71	534.00	1,091.90
<b>Total Outflows</b>	<b>533,500.67</b>	<b>515,897.08</b>	<b>514,501.39</b>	<b>515,367.87</b>	<b>514,527.58</b>	<b>514,797.57</b>	<b>514,093.92</b>	<b>514,716.71</b>	<b>514,534.00</b>	<b>515,091.90</b>
<b>Operating Cash flow</b>	<b>74,279.33</b>	<b>86,834.77</b>	<b>72,614.97</b>	<b>72,493.00</b>	<b>84,358.13</b>	<b>97,419.96</b>	<b>113,845.14</b>	<b>117,477.40</b>	<b>138,629.18</b>	<b>161,985.85</b>
<b>Less: Loan Installment</b>	<b>0.00</b>	<b>17,142.86</b>	<b>17,142.86</b>	<b>17,142.86</b>	<b>17,142.86</b>	<b>17,142.86</b>	<b>17,142.86</b>	<b>17,142.86</b>	<b>0.00</b>	<b>0.00</b>
<b>Net Cash flow</b>	<b>74,279.33</b>	<b>69,691.91</b>	<b>55,472.11</b>	<b>55,350.14</b>	<b>67,215.27</b>	<b>80,277.10</b>	<b>96,702.28</b>	<b>100,334.54</b>	<b>138,629.18</b>	<b>161,985.85</b>
<b>Commutative cash flow</b>	<b>74,279.33</b>	<b>143,971.24</b>	<b>199,443.36</b>	<b>254,793.50</b>	<b>322,008.77</b>	<b>402,285.87</b>	<b>498,988.16</b>	<b>599,322.70</b>	<b>737,951.88</b>	<b>899,937.73</b>

# SONGWE RIVERBANK

# Appendix IX

## Discounted Cash flow (in USD)

Item	Year 0	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
<b>Inflows:</b>											
Profit before Tax		46,810.00	46,690.00	34,833.00	46,453.00	59,686.00	74,721.00	91,763.00	111,048.00	132,826.00	157,381.00
Depreciation		46,970.00	42,041.85	38,283.36	27,407.87	25,199.71	23,496.53	22,176.06	7,146.11	6,337.18	5,696.75
Residue Value		0.00	0.00	0.00	0.00	231,445.04	200,561.86	172,177.04	145,689.74	138,710.16	132,835.08
<b>Total Inflows</b>	<b>0.00</b>	<b>93,780.00</b>	<b>88731.85</b>	<b>73,116.36</b>	<b>73,860.87</b>	<b>316,330.75</b>	<b>298,779.39</b>	<b>286,116.10</b>	<b>263,883.85</b>	<b>277,873.34</b>	<b>295,912.83</b>
<b>Outflows</b>											
Investment	514,000.00	514,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reinvestment		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change in Working Capital		19,500.67	1,897.08	501.39	1,367.87	527.58	797.57	93.92	716.71	534.00	1,091.90
<b>Total Outflows</b>	<b>514,00.00</b>	<b>453,500.67</b>	<b>1,897.08</b>	<b>501.39</b>	<b>1,367.87</b>	<b>527.58</b>	<b>797.57</b>	<b>93.92</b>	<b>716.71</b>	<b>534.00</b>	<b>1,091.90</b>
<b>Net Cash Flows</b>	<b>-514,00.00</b>	<b>74,279.33</b>	<b>86,834.77</b>	<b>72,614.97</b>	<b>72,493.00</b>	<b>315,803.17</b>	<b>297,981.82</b>	<b>286,022.18</b>	<b>263,167.14</b>	<b>277,339.34</b>	<b>294,820.93</b>

NPV at 25%	22,568,248.18	
NPV at 30%	43,032,402.60	
<b>IRR</b>	<b>30.00</b>	

## Project Balance Sheet (in USD)

Particulars	Year I	Year II	Year III	Year IV	Year V	Year VI	Year VII	Year VIII	Year IX	Year X
<b>Assets:</b>										
Fixed Assets (net)	198,900.00	195,850.00	190,351.75	165,625.18	131,445.04	100,561.86	132,177.04	125,689.74	128,710.16	122,835.08
<b>Current Assets:</b>										
Cash & Bank	110,121.00	117,300.00	125,063.00	127,122.68	131,762.71	139,125.34	146,290.52	154,009.36	156,082.81	159,674.30
Debtors	15,133.33	15,293.33	15,485.33	17,149.07	19,002.21	21,068.32	23,374.22	25,950.52	28,832.23	32,059.44
<b>Total Inflows</b>	<b>125,254.33</b>	<b>132,593.33</b>	<b>140,548.33</b>	<b>144,271.75</b>	<b>150,764.92</b>	<b>160,193.66</b>	<b>169,664.74</b>	<b>179,959.88</b>	<b>184,915.04</b>	<b>191,733.74</b>
<b>Less: Current Liabilities:</b>										
Trade creditors	2,124.36	2,257.58	2,399.62	2,551.09	2,712.66	2,885.02	3,068.95	3,265.24	3,474.77	3,698.49
<b>Net Current Assets</b>	<b>2,124.36</b>	<b>2,257.58</b>	<b>2,399.62</b>	<b>2,551.09</b>	<b>2,712.66</b>	<b>2,885.02</b>	<b>3,068.95</b>	<b>3,265.24</b>	<b>3,474.77</b>	<b>3,698.49</b>
<b>Net Total Assets</b>	<b>322,029.97</b>	<b>326,185.76</b>	<b>328,500.47</b>	<b>307,345.84</b>	<b>279,497.31</b>	<b>257,870.50</b>	<b>298,772.83</b>	<b>302,384.39</b>	<b>310,150.43</b>	<b>310,870.33</b>
<b>Financed by:</b>										
Equity	273,200.00	273,200.00	273,200.00	273,200.00	273,200.00	273,200.00	273,200.00	273,200.00	273,200.00	273,200.00
Loan	240,800.00	240,800.00	240,800.00	240,800.00	240,800.00	240,800.00	240,800.00	240,800.00	0.00	0.00
Reserves	32,400.00	32,400.00	32,400.00	32,400.00	32,400.00	32,400.00	32,400.00	32,400.00	32,400.00	32,400.00
<b>Net Worth</b>	<b>209,167.68</b>	<b>209,388.26</b>	<b>206,768.53</b>	<b>221,438.84</b>	<b>237,982.85</b>	<b>256,652.43</b>	<b>277,736.35</b>	<b>201,566.29</b>	<b>228,523.78</b>	<b>259,048.46</b>

<b>Loan Repayment Schedule (in USD)</b>
---

Amount            240,800

Period            7 years

Rate              5% p.aS

<b>Particulars</b>	<b>Year I</b>	<b>Year II</b>	<b>Year III</b>	<b>Year IV</b>	<b>Year V</b>	<b>Year VI</b>	<b>Year VII</b>	<b>Year VIII</b>
Opening	240,800	240,800	206,400	172,000	137,600	103,200	68,800	34,400
Interest	12,040	12,040	10,320	8,600	6,880	5,160	3,440	1,720
Loan repayment	0	34,400	34,400	34,400	34,400	34,400	34,400	34,400
<b>Total payment</b>	<b>12,040</b>	<b>46,440</b>	<b>44,720</b>	<b>43,000</b>	<b>41,280</b>	<b>39,560</b>	<b>37,840</b>	<b>36,120</b>
Loan balance	240,800	206,400	172,000	137,600	103,200	68,800	34,400	0