

JCRA SECURITY SYSTEMS LIMITED

PROPOSED PROJECT FOR ESTABLISHING FACILITIES FOR DESIGN, FABRICATION, INSTALLATION, MAINTENANCE AND SUPPLY OF ELECTRONIC SECURITY SYSTEMS

A BUSINESS PLAN

Prepared for:

JCRA Security Systems Limited

P.O. Box 491

Geita

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1.0 EXECUTIVE SUMMARY

M/s JCRA Security Systems Limited (hereinafter referred to as JCRA) is a locally incorporated under The Companies Act, 2002 and assigned Certificate No. 158668858 dated the 31st day of October, 2022 with the company Registered Office situated at Plot No. 50 Block “G” Nyamalembu Street, Mtakuja Ward in Geita. The new company envisages developing state-of-the-art security systems to carry out activities meant to provide security measures that are designed to deny unauthorized access to facilities, equipment and resources and to protect personnel and property from damage or harm such as espionage, theft, or terrorist attacks by mainly applying electronic security technology. The envisaged physical security services involves the use of multiple layers of interdependent systems that will include CCTV surveillance, security guards, protective barriers, locks, access control, perimeter intrusion detection, deterrent systems, fire protection, and other systems designed to protect persons and property. Other activities will include security systems design, security equipment design and fabrication, security equipment supply, risk management, security training, security infrastructure management and maintenance, provision of security consultancy services and similar activities.

JCRA is formed by five shareholders. The brain behind this project is Mr. Jeremia Bezuidenhoutis (40% shares) who will be the overall in-charge of the daily company activities. Mr. Bezuidenhout is extensively experienced in the security profession in general with an experience of over 25 years in the industry, and as a specialist in security systems in particular for the last 24 year, working in various big mining companies in West Africa, South Africa (Anglogold Ashanti), Allied Gold Corporation and Geita Gold Mine in Tanzania. The second one is Mr. J.C Coetsee (15%), a specialist in design and implementation of engineering drawings. The third is Mr. H.N. Coetsee (15%), a specialist in maintenance and engineering works. Ms. C.N Bezuidenhout (20%) is trained in budgeting and accounting. The last one is Mr. F.Y Lukwaro (3%), a business consultant playing advisory and facilitation roles in trade and investment. The first four are all South Africans while the last is a Tanzanian.

The basic objective of business plan is to determine the viability of the proposed project and serve as a supporting document to be presented to local banks to solicit funds to supplement equity funding. Thirdly, the document will be submitted to Tanzania Investment Centre (TIC) as a supporting document in our application for TIC Certificate of Incentives while lastly, it will be used by the company as the business plan to guide the project implementation and operational programme.

To implement the new project, the company envisages importing some hand tools, machinery and equipment preferably from South Africa. However, most of the design and fabrication jobs will be undertaken within the workshop of affiliated company, M/s Pro Mining Services of which the only two owners of the company are also shareholders of JCRA and specialists in design and engineering works. Most of the electronic security technology and equipment will be procured from South Africa.

Total initial investment cost is estimated at US\$ 541,250- to be invested in the procurement of building renovations and civil works structures (US\$ 18,000), hand

tools, equipment and machinery (US\$ 76,750-), motor vehicles (US\$ 135,000-), furniture and office equipment (US\$ 12,500-), pre-operational expenditures (US\$24,000-), contingencies (US\$ 25,000-) and working capital requirements (US\$ 250,000).

It is proposed that the investment be financed in the following manner: Foreign Equity Contribution (US\$ 275,012- [50.81%]); Local Equity (US\$ 16,238- [3.00%]); and Local Bank Loan (US\$ 250,000- [46.19%]) at an interest rate of 8% per annum.

JCRA's revenue generating activities can be categorized in four (4) major groups: (i) Design, Fabrication and Installation of electronic security systems; (ii) Maintenance and management of electronic security systems/provision of technical support; (iii) Supply of electronic security system equipment to other security companies; and (iv) Provision of armed security guards.

Total revenue is estimated at US\$ 822,414-- per annum with the net income after tax at an average of 25% of gross sales per annum and payback period of 3.75 years. The biggest revenue source is design, fabrication and installation of electronic security systems which constitutes 40% of gross sales; followed by maintenance and management of electronic security systems/provision of technical support (30%); supply of electronic security system equipment to other security service providers (25%); and provision of security guards (5%).

There are over fifty big registered security companies in Tanzania, , most of them being located in Dar es Salaam, Arusha and Mwanza cities. However, they are mostly mere security guards providers as opposed to JCRA that will target the use of electronic security technology including CCTV surveillance. Competition in this area is not quite threatening. The target market of JCRA is mainly the mining industry within the country. While the managing director has 25 years of extensive experience in the mining industry in the electronic security technology, two other directors are very conversant with the mining industry where they have been providing specialized technical support in the industry, majoring in design and implementation of engineering drawings; as well as in the maintenance and engineering works for the last 20 years in Geita Gold Mine.

The second major target is securing other commercial installations, embassies and institutions. JCRA has particularly an eye in the new Standard Gauge Railway (SGR) for provision of protection to travelers, infrastructure and installations, including the rail itself and its stations against sabotage and unauthorized access.

2.0. AN OVERVIEW TO PRIVATE PHYSICAL SECURITY SERVICES IN TANZANIA

2.1. Introduction

Following trade liberalization policies from late 1980's onwards, Tanzania has witnessed economic growth across all major sectors due to development of new investments projects by both foreign and local investors, most notably in the mining, transportation and service sectors. The new investments in the economy ushered in fast growth of private physical security services which was necessary for the protection of infrastructure and personnel in such investment areas.

2.2 Physical Security: Definition:

Physical security involves the use of multiple layers of interdependent systems that can include CCTV surveillance, security guards, protective barriers, locks, access control, perimeter intrusion detection, deterrent systems, fire protection, and other systems designed to protect persons and property. It refers to the protection of building sites and equipment (and all information and software contained therein) from theft, vandalism, natural disaster, manmade catastrophes, and accidental damage (<https://nces.ed.gov/pubs98/safetech/chapter5.asp>). Items such as fences, gates, walls and doors all act as physical deterrents to criminal entry. Additional locks, barbed wire, visible security measures and signs all reduce the number of casual attempts carried out by cybercriminals. At its core therefore, physical security is all about keeping your facilities, people and assets safe from real-world threats. It includes physical deterrence, detection of intruders, and responding to those threats.

Security experts agree that the three most important components of a physical security plan are access control, surveillance, and security testing, which work together to make your space more secure (<https://www.getkisi.com › overview › physical-security>). The growing sophistication of physical security through technologies such as artificial intelligence (AI) and the internet of things (IoT) means IT and physical security are becoming more closely connected, and as a result security teams need to be working together to secure both the physical and digital assets.

2.3 Importance of Physical Security

At its core, physical security is about keeping your facilities, people and assets safe from real-world threats. It includes physical deterrence, detection of intruders, and responding to those threats. While it could be from environmental events, the term is usually applied to keeping people – whether external actors or potential insider threats – from accessing areas or assets they shouldn't. It could be keeping the public at large out of your HQ, on-site third parties from areas where sensitive work goes on, or your workers from mission-critical areas such as the server room.

Physical attacks could be breaking into a secure data center, sneaking into restricted areas of a building, or using terminals they have no business accessing. Attackers could steal or damage important IT assets such as servers or storage media, gain access to important terminals for mission critical applications, steal information via USB, or upload malware onto your systems.

Rigorous controls at the outermost perimeter should be able to keep out external threats, while internal measures around access should be able to reduce the likelihood of internal attackers (or at least flag unusual behavior). One of the most common errors a company makes when approaching physical security, according to David Kennedy, CEO of penetration testing firm TrustedSec, is to focus on the front door. “They'll put all of the security in the front door; surveillance cameras, security guards, badge access, but what they don't focus on is the entire building of the whole.” Smoking areas, on-site gym entrances, and even loading bays may be left unguarded, unmonitored and insecure, he says. Turnstiles or similar barriers that have movement sensors on the exits can also easily be opened by putting a hand through to the other side and waving it around.

2.4 Physical Security Principles and Measures

Physical security largely comes down to a couple of core components: access control and surveillance.

2.4.1 Access control

Access control encompasses a large area that includes basic barriers to more sophisticated things such as keypad, ID card or biometrically-restricted doors. The first line of defense is the building itself--the gates fences, windows, walls, and doors. Locking these, adding deterrents such as barbed wire, warning signage, and visible guards will put off most casual attempts on your locations.

Access control systems are many and varied, and each have their own pros and cons. Simple ID card scanners might be cheap but are easily stolen or forged. Near-field communication (NFC) or radio-frequency identification (RFID) cards make forging harder but not impossible. Use of RFID badges is considered not safe enough as they can be easily forged. Instead, use of magnetic strips where you actually have to swipe and maybe use a second form of authorization like a pin number is a better option.”

Biometric security is also a common option to secure both facilities and devices. In theory our unique body identifiers – whether fingerprint, iris, face or even your pulse – are harder to steal or fake than any cards. A report from ABI Research predicts the use of biometrics will only increase in the future. Fingerprint remains the most common method, but ABI suggests it will be augmented with a growth in face, iris and pulse.

2.4.2 Surveillance

Surveillance includes everything from guards on patrol, burglar alarms and CCTV to sound and movement sensors and keeping a log of who went where. At more high-risk locations, companies can deploy far more sophisticated detectors such as proximity, infrared, image, optical, temperature, smoke and pressure sensors to maintain a holistic view of their facilities.

2.4.3 IoT and AI Bring Physical Security into the Digital World

Where typically physical security and digital security used to be entirely separate realms, they are slowly becoming more and more intertwined. Surveillance systems are increasingly connected to the internet, access control systems and monitoring systems are keeping digital logs, while use cases for AI in physical security are become more popular. For example, CCTV-based image recognition can alert you to the arrival of people or vehicles. In more sophisticated systems, facial or even walk recognition is possible across entire facilities and let you know if an unknown person is on-site or a worker is somewhere they shouldn't have access to. Behavioral analytics tied into access controls can alert you to unusual behavior.

2.4.4 Amalgamating Physical and IT Security Teams

Growth in physical security technology demands that IT and physical security need to operate more closely. Digital logs need to be processed, stored and presented to the right people. AI models may need to be created and systems trained. Importantly, all internet-connected devices need to be properly secured. Physical security systems are no longer just a sensor that reports back to the user whether it detects motion or not. As a result of this growing convergence of the physical and digital, physical and IT security are becoming increasingly merged in cross-functional teams, with some companies creating security operation centers (SOCs) that deal with both types of security.

Even if the two teams are not merging into one large function, it is still important that the two work together and have shared responsibility. Having CSOs responsible for both physical and IT security can bring the different teams together to help raise security across the organization.

Social Engineering and Physical Security

It's an old adage than you can get in anywhere wearing a high-vis jacket and carrying a ladder, because people are inherently trusting and want to be helpful. And penetration testers often try to gain onsite access during intrusion simulations by impersonating builders, cleaners, or even [IT support workers](#). "Our easiest way by far to get in is just walking to a location you see employees going into wearing a suit," says Kennedy. "I'll wear a suit to impersonate an executive and walk in behind somebody that is casually dressed because nine times out of 10 they are not going to question who I am because of level of importance. They don't want to cause any disruptions or challenge somebody that may be of higher authority to them."

At a branch office of a financial organization, Kennedy was able to gain access just by saying that he was from corporate IT there to update the servers. In another case, a story about fixing a server crash was enough to convince a guard at an electricity company's office that two men who were wearing black and sneaking around at 3 a.m. were legitimate employees. Given the major human element involved in such attacks, they can be hard to defend against. The best security technology will fail if your employees allow friendly but unverified

people in places they shouldn't have access to. Employee education and awareness is key to reducing the potential.

2.5. Situational Analysis of Private Security Companies in Tanzania

2.5.1 Introduction

The right to security is said to be the cornerstone of all other rights of a person¹. This is because, it is on the right to security of persons and property that even the cardinal right to life as well as right to personal freedom (liberty), freedom of movement, right to own property, right to work, freedom of expression and to participate in public affairs are built. The Constitution of Tanzania (infra) as well as international conventions guarantees and obligate the state to ensure security and order to its citizen.

The right to security in Tanzania is incorporated under Article 16(1) in the Tanzania Constitution which provides that “Every person is entitled to respect and protection of his person, the privacy of his own person, his family and of his matrimonial life, and respect and protection of his residence and private communications” (Jaba, S (2011): *The Private Security Industry in Tanzania: Challenges, Issues and Regulations*).

2.5.2 Genesis of Private Security Companies and Registration Procedures

After the decline of “command economy” in the socialist bloc, the policy of privatisation has hit even areas that were considered to be exclusive domain of the state, such as defence and security. The Private Security industry is a booming industry in Tanzanian economy. In the past two decades, it has experienced tremendous growth and transformation. The Private Security Industry permeated Tanzanian market in the form of Private Security Companies in 1980s. The private security industry mushroomed in 1990s and prospered in 2000s, the period when the government of Tanzania undertook extensive reform of the ordained Ujamaa policy to liberal policy. The industry provides guards and police-type security services, in some way, outnumbering national Police Forces. The procedure for commencing security business in Tanzania requires the prospective owner to register his business by the Business Regulation and Licensing Authority (BRELA) and secure a company's licence. Besides, he has to seek a permit from the Police Force to run his business. Such permit is granted by the Chief of Police Force (CPF) and usually has expiry date of three years. After a permit is issued, the regional police authorities is required to monitor activities of the security company in their respective areas of jurisdiction.

2.5.3 Primary Private Security Company Activities

Primarily, the sector provides domestic security services, such as policing (guarding and arresting), body guarding (bouncers), fire fighting (evacuation), ambulance services, surveillance, event security, security consultancy, investigation and detection. In particular, their services cut across various areas of the economy such as banks security, travel and tour security, and investment security. They offer business intelligence, and investigation such as diligence, and asset tracking and recovery, counter-surveillance and anti-surveillance, private detection (ransom and kidnap

cases),

2.5.4 Positive Implications

Privatisation of security in Tanzania has positive implications on the right of the people to be free from violence and crimes. First, the Private Security Services has complemented the Police Force's functions especially in large cities and town. This point is cemented by the fact that private guards are almost outnumbering police. According to Jaba, S, Private Security Companies perform 40% of policing works in Tanzania. For example, nowadays Private Security Companies take care of the security in sport fields (e.g. football stadia), escorting role and guarding individuals' houses (buildings, business premises). The Private Security Companies guards and provide surveillance systems in high end suburbs like Oyster bay, Mbezi, Mikocheni, and Posta (in Dar es Salaam) and many other areas in the country where they have tremendously improved security in the areas.

In the area of fire-fighting, Private Security Companies have proved to be better equipped and efficient than government agencies responsible for the task. However, their fire-fighting services are still concentrated in big cities and as expected, are profit-oriented. Therefore, if the private security sector is to be reformed effectively, the police can deal with more important and urgent security works rather than day-to-day policing works. Second, privatisation of security has to some extent relieved the government from supplying police in business and residence premises, thus security services becoming income generating venture. On the other hand, presence of many Private Security Companies which compete in providing security services to the public has improved performance in the area of policing. Finally, the Private Security Industry has created considerable employment opportunities and skills to local Tanzanians.

2.5.5 Challenges

Most of Private Security Companies in Tanzania are poorly equipped save for large companies like Ultimate Security, Security Group, KK Security, G4S, Knight Support etc. It is common to find private guards equipped with wooden batons, whistles, torches and dogs purporting to protect properties worthy millions of shillings. It becomes very difficult for a private guard who is ill equipped to stop criminals (bandits) with heavier weapons such as sub-machine guns and revolvers. Again, it has been established that there is poor partnership and coordination between the police force and private security guards which jeopardizes security environment as to operate efficiently, coordination of the two is of utmost importance.

A threat to employers is that employees (guards) in the private sector are free to form and join trade unions, and thus having an automatic right to strike (unlike members of armed forces). If they actually exercise their right to strike [it] may paralyse sectors (and individuals) who depend on their services e.g. Bureaux de Change, Shopping complexes, large and medium businesses and Hotels etc. It should however be noted that paying for private security services is an added cost to tax payers (i.e. for a producer who has engaged a Private Sector Company to secure his business, at the end, shifts such costs to consumers). Moreover, underpayment is a common feature in the private security companies and other private sectors. It is

well understood that an inadequate wage is always a threat to security.

Lack of professionalism is another problem in the Private Security Companies. It is a normal practice among Private Security Companies operating in Tanzania to recruit staff with questionable backgrounds. This practice may be disastrous to the security of people and their properties especially where such staff have access to firearms; the likelihood of using them illegally is higher. It becomes even worse where private security guards learn some vital security information in the course of their duty and decide to disclose them to criminals. Again, it is unlikely for a private security guard to respond to an event outside his assigned area of duty. This is not the case with the members of the Police Force who react instantly even without an order from the superior to rescue a situation.

2.6. The Best Private Security Companies in Tanzania

2.6.1 Introduction

The Tanzanian security market though has many Private Security Companies, only few companies seem to prosper than the rest. In his survey of the prospering companies in Tanzania, Jaba, S (The Private Security Industry in Tanzania: Challenges, Issues and Regulations, October 2011) discovered that there is a considerable number of ex-army officials employed in them and of course, those companies have secured a number of contracts in government affiliated agencies, foreign embassies, High Commissions and transnational organizations. Such oligopolistic nature of the private security market ends weakening competition at the expense of smaller companies in the industry.

2.6.2 List of Twenty (20) Best Security Companies in Tanzania

Data available in the internet suggest that there are over 50 reputable registered private security companies in Tanzania. However, most of these companies are mere security guards companies which do not apply electronic security technology. Of these companies, the author had identified 20 best security companies in the country.

Table 2.1: The 20 Best Private Security Companies In Tanzania

S/NO	COMPANY NAME	LOCATION	COMPANY SECURITY ACTIVITIES
1.	China Asset Tracker	Dar es Salaam	Vehicle Tracking Services and Supply of GPS Tracking Devices
2.	Gigatec Distributors Ltd	Dar es Salaam	Authorized Distributor of Matrix Products and Infilink Technologies
3.	Sepra Systems Ltd	Dar es Salaam	Security and electrical Automation Systems Contractor
4.	Magilu Investment and Technology Supply	Geita	GPS Tracking Systems and Fleet Management Software Solutions
5.	Knight Support (T) Ltd	Dar es Salaam	Operating in Tanzania and Kenya, offering security services such as escort, response, evacuation,

			guarding services, fire and rescue, and vehicle tracking
6.	K.K Security Ltd	Dar es Salaam	Manned guarding services, canines security, facilities management, cash management, risk management and training to clients throughout East and Central Africa
7.	Intelligence Securico Ltd	Arusha	Provides Security Services throughout the country
8.	G4S Security Services (T) Ltd	Dar es Salaam	Security Solutions and Cash Management, specializing in protection of assets in the financial, industrial, diplomatic, mining, oil and gas
9.	SSTL Group	Dar es Salaam	Leaders in delivering high quality safety and survival training programmes and standards compliance for personnel workers. Based out of Halifax, NovaScotia, Canada.
10.	Streamline Consulting Ltd	Dar es Salaam	Fraud, Forensic, Regulatory Compliance & Investigative Services
11.	Superdiva Security Company Ltd	Musoma	Private Security Services, Body Guard Services and Auxiiary Services, and Escort
12.	Ultimate Security	Dar es Salaam	Operates in Kenya, Tanzania and Uganda offering a wide range of security services including the traditional static guard
13.	Secure 7 System Ltd	Dar es Salaam	A Tanzanian based company specializing in in Digital security Systems, providing end to end solutions , focusing in provision ofstate-of-the-art technologies in surceillance
14.	Vivid Solutions (T) Ltd	Arusha	Specializes in selling, installation and maintenance of residential and commercial systems for security, fire, and medical alarm.
15.	CarTrack Vehicle Tracking	Dar es Salaam	Vehicle tracking and recovery system
16.	U Track – Fleet Management System	Dar es Salaam	Provides vehicle tracking and fleet management services
17.	Nguvu Moja Security Ltd	Geita/Mara	Guarding Services and Electronic Surveillance
18.	SGA Security Tanzania	Dar es Salaam/ Mwanza	Electronic Security Technology and Security Services Providers in Mining sector

19.	ABUS Secure Tech Global	Dar es Salaam	Sole East African Distributor of quality German Engineered Locks
20.	GardaWorld Dar es Salaam Security Services	Dar es Salaam	Provides Mobile Patrol Security; Executive Protection; Crowd Management Services; Airport Security services – passengers screening services as well as security to all vulnerable areas; Police Support Services by taking on certain responsibilities such as responding to lower priority calls; Fire Protection and Confined Space Monitoring including provision of vital expertise for development of commercial and industrial fire safety programs

2.6.3 Analysis of Twenty (20) Best Security Companies in Tanzania

- Of the twenty best security companies in Tanzania, 15 are located in Dar es Salaam. However, most of them have branches all over the country. These includes Knight Support (T) Ltd, KK Security, G4S Security Services (T) Ltd, and SGA Security Tanzania;
- Only 5 companies are based upcountry. These are: Magilu Investment and Technology Supply (Geita), Intelligence Securico Ltd (Arusha), Vivid Solutions (T) Ltd (Arusha), Nguvu Moja Security Services (Geita), and Superdiva Security Company Ltd (Musoma);
- The 20 best security companies can be grouped in five categories:

Table 2.2: Service Provision Categories of the 20 Best Security Companies in Tanzania

S/No.	Category	Companies	No. of Operators
1.	Electronic Technology Security and general Security Service Providers	(i) Sepra Systems Ltd (Dar) (ii) Knight Support (T) Ltd (iii) G4S Security Services (T) Ltd (iv) SSTL Group (v) Ultimate Security (vi) Secure 7 System Ltd (vii) Nguvu Moja Security Ltd (viii) SGA Security Tanzania (x) Vivid Solutions (T) Ltd	10
2.	Asset Tracking & Recovery Services	(i) China Asset Tracker (ii) CarTrack Vehicle Tracking (iii) U Track Fleet Management	3

		System (iv) Magilu Investment & Technology Supply	
3.	Fraud, Forensic & Investigative Services	(1) Streamline Consulting Ltd	1
4.	Security Guards	(i) K.K. Security Ltd (ii) Intelligence Securo Ltd (iii) Superdiva Security Company Ltd (iv) GardaWorld Dares Salaam Security Services	4
5.	Distributors of Security Equipment	(i) Gigatec Distributors Ltd (ii) ABUS Secure Tech Global	2

3.0. PROJECT OVERVIEW

3.1 Introduction

M/s JCRA Security Systems Limited (JCRA) is a locally incorporated company under The Companies Act, 2002 with Certificate of Incorporation No. 158668858 dated the 31st day of October, 2022. The Registered Office of the Company is situated at Plot No. 50 Block “G” Nyamalembo Street, Mtakuja Ward in Geita. The new company envisages developing state-of-the-art facilities to carry out activities meant to provide security measures that are designed to deny unauthorized access to facilities, equipment and resources and to protect personnel and property from damage or harm such as espionage, theft, or terrorist attacks by mainly applying electronic security technology. The envisaged security services involves the use of multiple layers of interdependent systems that will include CCTV surveillance, security guards, protective barriers, locks, access control, perimeter intrusion detection, deterrent systems, fire protection, and other systems designed to protect persons and property. Other activities will include security systems design and fabrication, security equipment supply, risk management, security training, security infrastructure management and maintenance, provision of security consultancy services and similar activities.

3.2 Project Ownership

The initial Authorized Share Capital of the company is TShs 500,000,000/= divided into 500 ordinary shares of TZS 1,000,000/=. The liability of the members is limited and the following names compromise the company ownership and principal shareholding as illustrated on Table 3.1 below.

Table 3.1: Company Shareholders and Shareholding Structure:

S/No	Shareholder's Name	Address	Number of Shares
1.	Jeremia Bezuidenhout	433 Bahamas Street Hibberden , 4220 KwaZulu, Natal SOUTH AFRICA	200
2.	Hendrik Nicolaas Coetsee	Plot No. 50 Block “G” Nyamalembo Street, Mtakuja Ward, Geita District P.O. Box 491 Geita TANZANIA	75
3.	Jozua Caleb Coetsee	Plot No. 50 Block “G” Nyamalembo Street, Mtakuja Ward, Geita District P.O. Box 491 Geita	75

		TANZANIA	
4.	Chantel Nicoline Bezuidenhout	433 Bahamas Street Hibberden , 4220 KwaZulu, Natal SOUTH AFRICA	100
5.	Fanuel Yona Lukwaro	Room No Zero Kauma House, Plot No. 242 Block "T" Kenyatta Road P.O. Box 491 Geita TANZANIA	15
6.	Un-allocated Shares		35

3.3 Shareholders and Directors Brief Profiles

Shareholders

The company shareholders will be five (5) as listed below:

(i) Jeremia Bezuidenhout: South Africa Passport No. A08277585

Mr. Bezuidenhout is the majority shareholder of the company holding 40% of all allotted shares. He is the brainchild behind the project and will be the overall in-charge of the daily company activities. Mr. Bezuidenhout is extensively experienced in the security profession in general with an experience of over 25 years in the industry, and as a specialist in security systems in particular for the last 24 years, working in various big mining companies in West Africa, South Africa (Anglogold Ashanti), and Geita Gold Mine in Tanzania (2015 – 2019).

(ii) Jozua Caleb Coetsee: South Africa Passport No. A08040548

Mr. J.C Coetsee who holds 15% of the shares is the Managing Director and shareholder of M/s Pro Mining Services Ltd, a locally registered company providing mining support services to M/s Geita Gold Mine with a specialty in design and implementation of engineering drawings. His company has been in operation since 2002. Before that he had been working for various companies in the country continuously since 1997 in various engineering positions. He is also the managing director of another local company, M/s Rocky Bay Campsite Ltd situated at Busisi Ward in Sengerema district, designed to provide tourist class accommodation and restaurant services, targeting mainly the gold mining community in Lake Zone.

(iii) Hendrik Nicolaas Coetsee: South Africa Passport No. A05531773

Mr. H.N Coetsee owns 15% of company shares. He is also a director and shareholder of M/s Pro Mining Services Ltd operating in Geita region specializing in the provision of technical support services to M/s Geita Gold Mine. His major role is in the maintenance and engineering works and is expected to be the pivotal personnel in the design and fabrication and installation of security systems. He is

also a director of M/s Rocky Bay Campsite Ltd situated at Busisi Ward in Sengerema district, designed to provide tourist class accommodation and restaurant services, targeting mainly the gold mining community in Lake Zone.

(iv) Ms Chantel Nicoline Bezuidenhout: South Africa Passport No. A08274457

Ms Bezuidenhout (20% shares) is trained in budgeting and accounting and hence expected to take care of the company finances. But even more important, she is a professional sewer and will head another company division which will deal with garments manufacturing activities, mainly targeting in production of working clothes and supply of other working gear to the mining companies in Lake Zone.

(v) Fanuel Yona Lukwaro: Tanzanian Passport No. TAE017879

Mr. Fanuel Yona Lukwaro is a former Manager (Lake Zone) of Tanzania Investment Centre (TIC) where he served for 14 years from 2006-2019 in that capacity, and before that as Senior Investment and Promotion Officer (1999-2005) at the Head Office, Dar es Salaam. TIC is a semi-autonomous government agency responsible for promotion and facilitation of investments in the country. Mr. Lukwaro has since retirement been engaged in trade and investment advisory and facilitation services, including provision of trade and investment policies advise and guide, company registration, preparation of business plans/feasibility studies, processing of licences, permits and authorizations and such similar activities. Mr. Lukwaro holds a Bachelor Degree in Economics (1986), Master Degree in Project Planning & Management (2015), as well as Master Degree in project Monitoring & Evaluation (2019).

Company Directors

Though the number of shareholders is five (5), the company has appointed only three (3) directors among them to work as directors. These are:

- (1) Jeremia Bezuidenhout,
- (2) Ms Chantel Nicoline Bezuidenhout, and
- (3) Fanuel Yona Lukwaro

3.4. Project Description

M/s JCRA Security Systems Limited (JCRA) envisages developing facilities for provision of various security activities. To start with, the company targets to provide services in four main areas where it considers to have vast experience in-house. The areas are:

- (i) Security Equipment Design , fabrication and installation of electronic of electronic surveillance security systems, including CCTV Surveillance;
- (ii) Management and maintenance of security systems infrastructure through contracts, as well as Security Consultancy including Risk Management;
- (iii) Supply of Security Systems Equipment to other security companies; and
- (iv) Provision of Traditional Security Guards

All the above proposed measures are meant to deny unauthorized access to facilities, equipment and resources and to protect personnel and property from damage or harm such as espionage, theft, or terrorist attacks Other activities will include security systems design and fabrication, security equipment supply, risk

management, security training, security infrastructure management and maintenance, provision of security consultancy services and similar activities.

To implement the new project, the company envisages importing some hand tools, machinery and equipment. However, most of the design and fabrication jobs will be undertaken within the workshop of affiliated company, M/s Pro Mining Services of which the only two owners of the company are also shareholders of JCRA and specialists in design and engineering works. Most of the electronic security technology and equipment will be procured from South Africa.

Being a security service provider, the proposed project looks at its prospective employees as the most valuable asset in the company and expects to spend about 40% of its gross revenue in payment of salaries, wages and allowances as labour is the most important input in the provision of security services.

3.5. Business Plan Objectives

The basic objective of business plan is to determine the viability of the proposed project and serve as a supporting document to be presented to local banks to solicit funds to supplement equity funding. Thirdly, the document will be submitted to Tanzania Investment Centre (TIC) as a supporting document in our application for TIC Certificate of Incentives while lastly, it will be used by the company as the business plan to guide the project implementation and operational programme.

3.6. Technical Aspects

3.6.1. Project Location

The project will be strategically located at Plot No. 50 Block "G" Nyamalembo Street Mtakuja Ward in Geita Township, a few kilometres from Geita Gold Mine, the prime market potential during initial years of the project implementation. However, most of the design and fabrication will be undertaken within the workshop of the affiliated company, M/s Pro Mining Services Ltd located within the boundaries of Geita Gold Mine.

3.6.2. Project Site Analysis

The project site is located within Geita Township and the workshop within Geita Gold Mine. Hence, all the basic and essential industrial infrastructure such transport, water supply, effluent disposal, electric power supply, telecommunication system and security are available for both sites. The realization of the project development requires successful completion of a number of necessary activities and facilities to enable a successful development of the project. The project location is already installed with the necessary utilities such as reliable supplies of electricity; water, transportation, telecommunications services, waste disposal and other services are in place.

3.6.3. Land, Buildings and Structures

The project will be carried out in a lease property at Plot No. 50 Block "G" Nyamalembo Street, Geita Township. Fabrication activities will be conducted at Pro Mining Services Ltd workshop situated within Geita Gold Mine. The amount of US\$

18,000- has been allocated for renovation, partitioning and improvement of other civil works structures within the site.

3.6.4. Machinery. Tools and Equipment.

Under this investment item, the cost involves mostly importation offhand tools and other equipment including power generator, Initially, JCRA will mostly use machinery and equipment at M/s Pro Mining Services Ltd.

Cost budget for this capital item is estimated cost of US\$ 76,750. These cost assumptions are C.I.F Dar es Salaam, port charges, transportation to the project site, and also installation, commissioning, and all consultancy services.

3.6.5. Motor Vehicles

- 4 Pickups will be procured to serve transportation needs at an estimated cost of US\$ 25,000- each, total US\$ 100,000-..
- 1 4WD Station Wagon will be procured at estimated cost of US\$ 35,000- to serve for administrative needs.
- Additional vehicles will be hired if and when the needs arise from time ti time.

3.6.6. Office Furniture & Equipment

This cost item includes purchase of various office furniture items: tables, chairs, cabinets, safes, telecommunication gadgets, tv sets, firefighting equipment, fridges, air conditioners etc. A budget of US\$ 12,500 has been allocated for this item.

3.6.7. Pre-Operational Expenditures

Pre-operational expenditures includes costs like company formation, preliminary project studies, business plan development costs, licenses, permits and authorization, legal fees, travelling expenses, initial recruitment and training expenses, and interest accrued during project construction period. Budget allocated for this is US\$ 24,000.

3.6.8 Contingencies

A budget of US\$ 25,000- has been set aside to cover for any other costs which might have been overlooked during the preparation of this business plan.

3.6.9. Initial Working Capital

This item will mainly cover initial imports of raw materials estimated to last for the first three months of operations. Otherwise, raw materials will generally be maintained at one month's stock and debtors at one month's sales volume constitute the biggest portion of current assets. Trade credits will be 15 days for the items listed. The initial working capital allocated budget is 100,000US\$.

3.6.10 Capital Investment Cost Summary

Table 3.2: Capital Investment Cost (in US\$)

S/No.	Investment Item	Cost
1.	Land & Buildings: Renovations & Partitioning	18,000
2.	Hand Tools, Equipment and Machinery	76,750
3.	Motor Vehicles 4 Pick ups 1 4WD Administration Vehicle	135,000
4.	Furniture and Office Equipment	12,500
5.	Pre-operational Expenditures	24,000
6.	Contingencies	25,000
	Sub total	291,250
7.	Add: Initial Working Capital	250,000
	GRAND TOTAL	541,250

3.6.11. Financing Pattern (in US\$):

Table 3.3: Project Financing Pattern

S/No.	Source of Funds	Amount
1.	Local Equity	16,238
2.	Foreign Equity	275,012
	Total Equity	291,250
3.	Local Bank Loan	250,000
	TOTAL FINANCING	541,250

3.6.12 Depreciation and Amortization Schedule

Depreciation of fixed assets and amortization of the pre-operational expenses rates used are as follows:

Table 3.4: Depreciation and Amortization Schedule (in US\$)

S/No.	Capital Item	Cost	Scrap Value	Depr. Rate	Annual Depreciation
1.	Buildings/Structures	18,000	50%	20%	1,800
2.	Hand Tools, Machinery Equipment	76,750	35%	12.5%	6,236
3.	Motor Vehicles	135,000	20%	20%	21,600
4.	Furniture & Office Equipment	12,500	15%	12.5%	1,328
5.	Pre-operational Expenditures	24,000	0%	20%	4,800
6.	Contingencies	25,000	0%	20%	5,000
	TOTAL				40,764

3.7 Production and Revenue Estimates

Total revenue is estimated at US\$ 1,028,000- when the project is operating at 100% capacity utilization. However, due to technical reasons, it is assumed that the .3: in year two (2) before stabilizing at 80% from year three (3) onwards. In essence therefore, we are looking at the maximum revenue generation of US\$ 822,400-. The basis of revenue computations are on estimated services to be provided in the four (4) envisaged business activities:

(i) Design, Fabrication and Installation of Electronic Security Technology systems:

This will be the major activity of the project, designed to contribute 40% of gross sales.

(ii) Maintenance and Management of Electronic Security Systems Infrastructure:

This activity is estimated to generate 30% of gross sales;

(iii) Supply of Electronic Security Systems Equipment:

Sales electronic security equipment is estimated to fetch 25% of gross sales.

(iv) Armed Security Guards services.

This branch of security services is projected to generate only 5% of gross income, starting at the beginning of year three (3).

Service provision and revenue generation is summarized under Table 3.3 below:

Table 3.5: Service Provision and Revenue Estimates:

S/No	Activity	Revenue at 100% Capacity Utilization (US\$)	Actual Production (US\$)		
			Year1 60%	Year 3 70%	Year 3 80%
1.	Design, Fabrication, and Installation of Electronic Security Sy stems	411,200	246,720	287,840	328,960
2.	Maintenance and Management of Electronic Security Systems Infrastructure	308,400	185,040	215,880	246,720
3.	Supply of Electronic Security Systems Equipment	257,000	154,200	179,900	205,600
4.	Armed Security Guards services	51,400	0	0	41,120
	Total Revenue Estimates	1,028,000	585,960	683,620	822,400

3.8 Major Operating Costs

The following will be the major production cost items per annum.

These will include:

1. Salaries, Wages and Allowances (25% for electronic security technology services, and armed security guard services);
2. Materials for fabrication of security equipment (25% of Equipment Sales)
3. Other Project Supplies (15% of total sales);

4. Import of Security Equipment for sale (45% of sales)

Other Operating Costs

3. Water Supplies & Treatment;
4. Electricity;
5. Repairs and Maintenance;
6. Motor Vehicles Running Expenses;
7. Project Overheads;
8. Administrative Overheads;
9. Licenses, Permits & Authorizations;
10. Marketing & Travelling;
11. Transport Expenses;

Table 3.6 Operating Costs (in US\$)

S/No.	MAJOR OPERATING COSTS	YEAR 1	YEAR 2	YEAR 3
1.	Salaries/Wages – 25% of gross revenue	146,490	170,905	205,600
2.	Materials for fabrication of security equipment	38,550	44,975	51,250
3.	Import of Security Equipment for Sale	69,390	80,955	92,520
	<i>Sub total</i>	254,430	296,835	349,370
4.	Other Project Supplies	87,894	102,543	123,360
	Total	342,324	399,378	472,730
	As % of Sales	58.42	58.42	57.48
	Operating Margin	243,636	284,242	349,670
	As % of Sales	41.58	41.58	42.52
	Other Operating Costs			
5.	Water Supplies & Treatment	4,800	5,100	5,400
6.	Electricity	8,400	8,580	9,000
7.	Repairs & Maintenance of Company Assets	11,212	12,330	14,184
8.	Motor Vehicle Running Expenses	13,500	13,500	13,500
9.	Operating Overheads	29,298	29,298	29,298
10.	Administrative Overheads	23,438	23,438	23,438
11.	Licences, Permits and Authorizations	6,000	6,000	6,000
12.	Marketing & Traveling	17,578	17,578	17,578
13.	Transport Expenses	14,000	14,000	14,000
	Sub total	128,226	129,824	132,398
	Total Operating Cost	470,660	528,292	605,129
	As % of Total Revenue	80.33	77.28	73.58
	Gross Profit	115,410	154,758	217,272
	As% of Sales	19.70	22.64	26.42

- Corporate Tax is fixed at 30% of taxable profits.

The project will be granted a Tanzania Investment Centre (TIC) Certificate of Incentives and therefore enjoy tax relief on both capital and deemed capital goods, including.

3.9. Service Demand and Market Analysis

3.9.1. Service Demand

The project involves design, fabrication and installation of electronic security systems as the major activity. Other activities are maintenance and management of electronic security systems infrastructure on contractual basis, supply of electronic security system equipment to other security companies; and to a lesser extent, provision of armed security guards.

Security industry is a booming industry in Tanzanian economy. In the past two decades, it has experienced tremendous growth and transformation. The Private Security Industry permeated Tanzanian market in the form of Private Security Companies in 1980s. The private security industry mushroomed in 1990s and prospered in 2000s, the period when the government of Tanzania undertook extensive reform of the ordained Ujamaa policy to liberal policy. The industry provides guards and police-type security services, in some way, outnumbering national Police Forces. Security services therefore has considerable demand in the various sectors of the economy as it is an important input in protecting people and assets against theft and unauthorized access. While the demand for general security is wide, it is even higher in the electronic security technology services, the basis of this business plan as indicated in the market potential under Section 3.7.2 below.

3.9.2. Market Potential for Electronic Security Technology Services:

There are over fifty registered security companies, most of them being located in Dar es Salaam, Arusha and Mwanza cities. However, they are mostly mere security guards providers as opposed to JCRA that will target the use of electronic security technology including CCTV surveillance. Competition in this area is not quite threatening.

The target market of JCRA is mainly the mining industry within the country. While the managing director has 25 years of extensive experience in the mining industry in the electronic security technology, two other directors are very conversant with the mining industry where they have been providing specialized technical support in the industry, majoring in design and implementation of engineering drawings; as well as in the maintenance and engineering works for the last 20 years in Geita Gold Mine. The two factors are expected to influence access to the mining industry security contracts.

The second major target is securing other commercial installations, embassies and institutions. JCRA has particularly an eye in the new Standard Gauge Railway (SGR) for provision of protection to travelers, infrastructure and installations, including the rail itself and its stations against sabotage and unauthorized access.

3.9.3 Competition Analysis

Since target market of JCRA is mainly in the mining industry and to a lesser extent in other commercial installations, embassies and institutions such as the new Standard Gauge Railway (SGR) for provision of protection to travelers, infrastructure and installations including the rail itself and its stations against sabotage and unauthorized access. Hence, potential competitors lie in the companies listed under Table 2.2 above, particularly the following selected companies under Electronic Security Technology and Security Service Providers:

3.9.3.1 Major Competitors In The Mining Sector

Three major security companies currently involved in the provision of electronic security technology and other security services in the major mines as analysed under Table 2.1 (The Best 20 Security Companies in Tanzania) pose the most competition threat to growth of JCRA. These are:

(i) Nguvu Moja Security Ltd

Nguvu Moja Security Ltd is a Tanzanian security company that is primarily made up of a committed band of brothers from the Tanzania Special Forces Commandos, Tanzania Peoples Defence Force (TPDF), Police and National Service. Most leadership positions are filled by ex-Commandos who hold strong values and beliefs in integrity, courage, intelligence and an unrelenting self-drive. This company specializes in provision of security services in the mining sector. It is currently appointed to assist in ensuring the safety of employees at its gold mines in Tanzania of North Mara, Bulyanhulu and Buzwagi operations with a total number of over 462 local employees by September 2020. The company has been fully trained in the basic legal principles regarding security and the legal framework that they work in, the conduct of security personnel, the effective use of their equipment and the International Security and Human Rights Principles.

(ii) SGA Security Tanzania

SGA is a Multinational security organization with fixed base operations in the Eastern Africa region, servicing security contracts throughout Africa from its Regional Headquarters in Nairobi, Kenya. The Tanzania operations are coordinated from Head Office along Mwai Kibaki Road, Mbezi Beach, Dar es Salaam. The company is very active in the mining sector with its operations at Geita Gold Mine, among other areas. It emerged overall best services provider in 2021 in the mining sector amongst contractors in Local Content Performance as per the Mining Act Cap 123. SGA received the winner's Trophy and a Certificate of Appreciation during the Minerals Night Gala organized by Ministry of Minerals at Mlimani City Hall, Dar es Salaam on 23rd February 2022. They were awarded top winner's award during the ceremony. This Tanzania Local Content Performance Award to SGA came after the company won five other prestigious awards in 2021: the top award in the category of electronic security technology and security services providers in Mining sector by the Ministry of Minerals and Tantrade, the Most preferred Security Company of the year in Tanzania and in Eastern

Africa by Consumer Choice Awards Africa and the Platinum Award for the Quality Excellence Award for the Best Loyalty Team of the Year in East Africa and Best Security Company in East Africa by The East Africa Brand Quality Awards.

SGA won in the Local Content Performance category, which requires that a company must be registered and operating here in Tanzania, with 20% of the local ownership/ share for Tanzanian, total employment available for Tanzanian, the total Tanzanian present in top Company Management, the succession plan for Expatriate staff, Company CSR programmes among other criteria. It was a stringent criteria and SGA emerged tops.

SGA is the oldest private security company to operate in Tanzania and it has proven that taking care of staff in the key to succeeding in security business. Additionally, SGA is proud to be certified ISO 18788 on Security Management Operations System, a first for any security company operating in Tanzania. But also, SGA has maintained its ISO 9001 certification on Quality Management System since 2001 and ISO 45001 Standard for Occupational Health and Safety.

(iii) G4S Security Services (T) Ltd

G4S is a very well experienced global security company based in the United Kingdom with branches all over the world, Tanzania included. G4S employs over 2,000 people on a full time basis and has branches in five (05) regions in Tanzania, namely Arusha, Dar es Salaam, Mbeya, Mtwara and Mwanza. **G4S Tanzania** is a leading security solutions and cash management company specializing in protection of assets in the financial, industrial, and diplomatic circles.

G4S is one company that has successfully benefited from the growing need for intelligent mine security solutions and management. More than two years ago the company reevaluated its business approach to the mining security sector and made necessary changes, which resulted in the mining division achieving 50% growth in 2012.

3.9.3.2 Other Potential Competitors in the General Security Services Provision

The major potential competitors in the provision of general security services in commercial installations, embassies, institutions etc, are seven (7) well established and long operating companies. These are:

- (i) K.K Security
- (ii) Knight Support (T) Ltd
- (iii) Ultimate Security
- (iv) SSTL Group
- (v) Secure 7 Systems Ltd
- (vi) Vivid Solutions (T) Ltd
- (vii) Sepra Systems Ltd
- (viii) Intelligence Securo Ltd, and
- (ix) GardaWorld Dares Salaam Security Services

3.9.4. Pricing Strategy

The basis for pricing has been from observations and data collected from various parts of Tanzania, market behavior of input costs and profit margins. The pricing has been estimated at constant price based in United States Dollar and annual sales projected at 60% of full revenue generation capacity in year one, increasing to 70% in year two before stabilizing at 80% from year three onwards.

3.9.5. Project Implementation

Implementation of the project is planned to take about 12 months. Initial site preparations are planned towards the end of January 2023 while full provision of full security services is expected to materialize by January 2024 when the company completes recruitment and training of personnel (including foreign expatriates), and has managed to secure security provision contracts .

4.0. MANPOWER REQUIREMENT AND RECRUITMENT

4.1. Employment

The whole project is looking at providing direct employment to at least 71 permanent jobs at full implementation and operation of the project by end of year three. Recruitment will be made in phases the number of which will depend on contracts secured from clients. On the armed security guard front, it is planned to take off at the beginning of year three and is estimates to employ about 48 security guards on a permanent basis. The employment schedule is divided into five (5) Departments: Corporate (4); Electronic Security fabrication and installation (9), Maintenance and Management of electronic security infrastructure (6); Supply of Electronic Security Equipment (4); and Armed Security Guard (48); total 71 employees.

4.2. Recruitment

JCRA has agreed with the affiliated company, M/s Pro Mining Services Ltd that initially, JCRA will choose among Pro Mining Security Services Ltd employees, recruit and train them on electronic security technology (design, fabrication, installation; as well as management and maintenance of electronic security infrastructure. Other employees outside Pro Mining will be employed later. Careful methodology is being worked out by a competent management consultant who will set the job descriptions to ensure that the right calibre is recruited. Recruitment of expatriate personnel will be carried out in consultation with the relevant authorities in Government and the collaborating agencies.

4.3. Training and the Use of Consultants

The Company plans to initially carry out on the job training for most of the technical staff to be dispatched to the project site by the Pro Mining Services Ltd. The company will ensure that employees acquire adequate skills and procedures to perform their duties perfectly. Educational materials will be distributed to the workers to develop themselves further.

Whereas the company will endeavor to obtain the best talents to fill the permanent posts in the organization, it is intended where necessary, to continue with the policy of hiring out specialized skills by way of consultants. Alternatively, those skills not required throughout the year will be left to consultants. These include legal counsels, systems and management consultants. To ensure efficient and scientific management, operational manuals will be prepared for the core functions of the company.

4.4. Organization and Management

The project will be managed by qualified professionals given the vast experience that the Managing Director and other Directors have acquired over years in running and managing similar businesses. The Board of Directors formulates policy and offer strategic business guidance to management and regularly monitor and evaluate performance of the company.

All the day-to-day management will be vested in the management team headed by Mr. Bezuidenhout, the Managing Director who is to be assisted by qualified and experienced personnel.

5.0 FINANCIAL ANALYSIS

5.1 Financial Assumptions

The estimated capital cost and basic operating assumptions are summarized in the financial projections as shown in Annexure I to XI. In the financial analysis the following major assumptions have been taken into considerations:

- By taking into consideration gradual increase in service provision capacity, the financial projections are for 5 years.
- For convenience and stability, all financial figures have been quoted in United States Dollar at US\$ 1 = 2,350/=TShs.
- Total capital investment cost is estimated at US\$ 541,250-.
- It is proposed to finance the total Investment costs of this project through local and foreign equity contributions (53.8%), as well as local bank term loan (46.2%). The Initial Working Capital Requirements estimated at US\$ 250,000- will be financed through a bank short-term loan in form of overdraft facility to be charged interest at the rate of 8%.
- Implementation period of thirteen (12) months has been taken into consideration to allow for development of the site (renovations, infrastructure and other civil works structures etc); recruitment and training of technical staff; procurement and installation of the necessary hand tools, machinery equipment and motor vehicles; and securing security service contracts.
- Discounting rate has been assumed to be 8%
- Depreciation of fixed assets and amortization of the pre-operational expenses/contingencies rates used are as shown in Table 3.3 under sub-section 3.6.12.
- Project capacity utilization is estimated at 60% in the first year, rising to 70% in second year before stabilizing at 80% from year three onwards.
- Investment Costs are shown in Annex I (Investment, Replacement and Depreciation/Amortization Schedules).
- Direct production costs shown in Annex 1V (Trading Account) are based on current rates.
 - Salaries, Wages and Allowances have been based on the prevailing scales in the security service industry in Tanzania. There is provision of 20% to cover company contribution to Social Security Fund (10%) and other Social Welfare Benefits (10%).
 - Administrative/Overhead and Service Provision Overhead costs are based on the prevailing rates in the market and needs of the proposed project.

5.2 Major Operating Costs

Major production cost items are indicated in Table 3.5 under Section 3.8.

- Corporate Tax is fixed at 30% of taxable profits.
The project will be granted a Tanzania Investment Centre (TIC) Certificate of Incentives and therefore enjoy tax relief on both capital and deemed capital goods, including.

5.3 Analysis of Financial Results

Following are highlights of the financial projections and analysis:

Annex IV – Trading Account

Operations of the project are profitable right from year 1 when the company posts a net profit after tax of US\$ 38,259-. The profitability position remains stable during the subsequent years, rising to US\$ 70,225- in year two, 118,889- in year three before climaxing at US\$ 123,556-- by end of the 5th and last assumed economic life of the project.

Appendix V – Sources and Uses of Funds

The projected Cash flow for Financial Planning indicates that the project will generate enough cash to meet its financial obligations. Net annual cash surplus balance (Net Profit After Tax) increases from US\$ 38,259- in year one to US\$ 123,556- by the 5th year of operation. The cumulative cash balance during the same period grows 1.63 fold, increasing from US\$ 38,259- to US\$ 474,485-. This is a positive indication that the project is liquid enough to meet its cash requirements to support its trading operations.

Appendix VI - Projected Balance Sheets

The balance sheets indicate a favourable state of affairs of the project throughout the projected period. Similarly current liabilities are well covered by the current assets, the ratio ranging from 2.63 to 4.72 fold. The company net-worth grows 2.63 fold during the economic life of the project, increasing from US\$ 291,250- at the end of construction period to US\$ 765,735- by end of the 5th year, a significant growth in the value and profitability of the company.

Payback Period

The Normal Payback Period is 3.52 years at zero discount rate

Key Financial Ratios

- The ratio between Net Profit + Interest to Investment ranges from 20%% to 43%.
- **Return on Equity (RoE)** tells us how much profit the firm generates for each dollar of equity it owns. RoE on this project by the end of its assumed economic life at year five (5) is 61.97, translating to a return of 61.97 for

every 100 equity dollars invested in the project. This indicates that the project is very profitable, over and above the industrial standard return of 15-20%

- **Return on Investment (RoI)** is a performance measure used to evaluate the efficiency or profitability of an investment. RoI on this project is 63%, a return of 63% for every US\$ 100- invested.
- **Debt to Equity Ratio (D/E Ratio)** is used to evaluate a company's financial leverage. It is a measure of the degree to which a company is financing its operations with debt rather than its own resources. D/E Ratio for this particular project is only 0.29 by far lower than the standard range of 2 to 2.5. This result tells us that resource allocation in this project is not optimal. The directors should consider more borrowing to seize growth opportunities.
- **Equity to Total Liabilities** ratio range from 0.88 in year one, decreasing as the loan amount is reduced before reaching 1.13 at year four when the loan is fully paid, and 1.34 by the end of the assumed project life at year five.

Breakeven Analysis

Break-even ratio for this project is 45.97%. This tells us that the firm can break-even when it operates at 45.97% of the assumed security services provision capacity. .

Sensitivity Analysis

From the analysis carried out on changes of some key factors to show their effect on profitability and IRR, the project shows to be more sensitive to changes in price than changes in decline in capacity utilization and increase in direct operating costs.

6.0. CONCLUSION AND RECOMMENDATIONS

Analysis of the project confirms that the project is:

- Technically feasible,
- Financially and Economically viable,
- Socially desirable
- Environmentally sound, manageable and sustainable.

A timely financing and implementation of the project is therefore highly recommended in order to realize the anticipated benefits outlined in this study/report.

Provided all other economic factors remain substantially the same, it is strongly recommended that the project be implemented with immediate effect. It is further recommended that an application for TIC Certificate of Investment Incentives be submitted to Tanzania Investment Centre with a view to benefit from investment benefits and protection as statutorily allowed under Tanzania Investment Act, 1997.

FINANCIAL PROJECTIONS

ANNEX V: SOURCES AND USES OF FUNDS (US\$)

SOURCES & USES/YEAR		0	1	2	3	4	5
Sources							
Local Equity Equity		16,238					
Foreign Equity		275,012					
Local Bank Loan		250,000					
Sales Revenue			585,960	683,620	822,400	822,400	822,400
Total Sources		541,250	585,960	683,620	822,400	822,400	822,400
Use of Funds							
Total Invest. Costs		541,250					
Total Operating costs			470,660	528,292	605,129	605,129	605,129
Incremental W/C			-	(-4,969)	(-22,701)	-	-
Loan Repayment			83,333	83,333	83,334		-
Loan interest			20,000	13,333	6,667		-
Tax at	30%		16,397	30,096	50,952	52,952	52,952
Total Uses		541,250	590,390	659,123	768,783	658,081	658,081
Balance		-	(-4,430)	24,497.00	53,617	164,319	164,319
Balance/CF		-	(-4,430)	20,067	73,684	238,003	402,322

ANNEX VI: PROJECTED BALANCE SHEET AT THE END OF EACH YEAR (\$)

PERIOD		YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
ASSETS							
Current Assets							
Cash C/F			38,259	108,484	227,373	350,929	474,485
Stock of materials			73,245	85,452	102,800	102,800	102,800
Stock of output			48,830	56,968	68,533	68,533	68,533
Total			160,334	250,904	398,706	522,262	645,818
Investment Assets							
Land		-	-	-	-	-	-
Buildings & Structures		18,000	16,200	14,400	12,600	10,800	9,000

Machinery, Tools & Equipment		76,750	70,514	64,278	58,042	51,806	45,570
Motor Vehicles		135,000	113,400	91,800	70,200	48,600	27,000
Furniture & Office Equipment		12,500	11,172	9,844	8,516	7,188	5,860
Pre-operational Expenses		24,000	19,200	14,400	9,600	4,800	-
Contingencies		25,000	20,000	15,000	10,000	5,000	-
Initial Working Capital		250,000	250,000	250,000	250,000	250,000	250,000
Total Investment Book Value		541,250	500,486	459,722	418,958	378,194	337,430
TOTAL ASSETS		541,250	660,820	710,626	817,664	900,456	983,248
LIABILITIES AND EQUITY							
Current liabilities			61,038	85,452	137,066	137,066	137,066
Other Liabilities			103,606	142,106	112,038	121,211	80,447
Loan outstanding		250,000	166,667	83,334	50,000	-	-
Equity		291,250	291,250	291,250	291,250	291,250	291,250
Cumm. Net Profit after tax		-	38,259	108,484	227,373	350,929	474,485
TOTA LIABILITIES AND EQUITY		541,250	660,820	710,626	817,727	900,456	983,248
CL/CA			0.38	0.34	0.35	0.27	0.22
CA/CL							
ANNEX VII - INTERNAL RATE OF RETURN							
Method of Computation: Double Your Money Scenario			61,038	85,452	137,066	137,066	137,066
Number of years required to double investment money = 4			103,606	142,106	112,038	121,211	80,447
100/4x75% = 18.75			166,667	83,334	50,000	-	-
			331,311	310,892	299,104	258,277	217,513
ANNEX VIII – PAYBACK PERIOD			0.88				1.34
Payback Period Analysis							
	Year	Beginning Balance	Net Profit After Tax	Ending Balance			
Cost of investment	0	291,250	0	541,250			
	1	291,250	38,259	252,991			
	2	252,991	70,225	182,766			
	3	182,766	118,889	63,877			
	4	63,877	123,556	59,670			
	5	59,670	123,556	183,235			
Payback Period =		3.52	Years				

ANNEX IX: RETURN ON EQUITY (RoE)							
RoE = Net Income After Tax / Shareholders Equity x 100							
Net Income After Tax for 5 years = Cumulative Net Profit After Tax =				474,485			
Shareholders Equity = Initial Equity + Retained Earnings (Cumulative Net Income After Tax)							
Net Income After Tax for 5 years		474,485					
Initial Shareholders Equity		291,250					
Add: Cumulative Net Profit After Tax		474,485					
		765,735					
RoE = 474,485 / 765,735 x 100 = 61.97							
ANNEX X: RETURN ON INVESTMENT (RoI)							
RoI = Final Value - Initial Cost / Cost of Investment x 100							
RoI = 474,485 - 291,250 / 291,250 x 100							
RoI = 63%							
Final Value		474,485					
Minus Initial Cost		291,250					
		183,235					
Divide by Cost of Investment		291,250					
		0.63					
Times 100 =		63					
ANNEX XI: DEBT TO EQUITY RATIO (D/E RATIO)							
D/E Ratio = Company's Total Liabilities divide by its Shareholders Equity.							
Total Liabilities = Current + Long Term Liabilities							
Total Liabilities = 217,513							
Shareholders Equity = Owners Equity + Cumulative Retained Earnings After Tax = 765,735							
D/E Ratio = 217,513 / 765,735 = 0.29							
ANNEX XII BREAK-EVEN POINT							
Break-even Point = Gross Profit Margin / Fixed Costs x 100							
Gross Profit = 217,272							
Fixed Cost = 472,730							
Break-even Ratio = 217,272 / 472,730 x 100 = 45.97%							

APPENDIX 1: CAPITAL INVESTMENT STRUCTURE (IN US\$)					
CAPITAL ITEM	YEAR 0	YEAR 1	YEAR 2	TOTAL	
LAND, BUILDINGS & STRUCTURES					
Revovation and Civil Works Structures	18,000			18,000	
MACHINERY EQUIPMENT					
Handtools and Machinery Equipment	76,750			76,750	
MOTOR VEHICLES					
4 Pickups	100,000			100,000	
1 4WD Station Wagon	35,000			35,000	
FURNITURE & OFFICE EQUIPMENT	12,500			12,500	
PRE-OPERATIONAL EXPENDITURES	24,000			24,000	
CONTINGENCIES	25,000			25,000	
INITIAL WORKING CAPITAL	250,000			250,000	
TOTAL INVESTMENT	541,250			541,250	
DEPRECIATION & AMORTIZATION SUMMARY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land, Buildings & Structures	1,800	1,800	1,800	1,800	1,800
Machinery Equipment	6,236	6,236	6,236	6,236	6,236
Motor Vehicles	21,600	21,600	21,600	21,600	21,600
Furniture & Office Equipment	1,328	1,328	1,328	1,328	1,328
Pre-operational Expenditures	4,800	4,800	4,800	4,800	4,800
Contingencies	5,000	5,000	5,000	5,000	5,000
	40,764	40,764	40,764	40,764	40,764

APPENDIX 2: OPERATIONAL COSTS				YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Materials								
Materials for fabrication of security equipment				38,550	44,975	51,250	51,250	51,250
Import of Security Equipment for sale				69,390	80,955	92,520	92,520	92,520
Other Material Supplies				87,894	102,543	123,360	123,360	123,360
				<i>195,834</i>	<i>228,473</i>	<i>267,130</i>	<i>267,130</i>	<i>267,130</i>
Salaries, Wages & Allowances				117,192	136,724	164,480	164,480	164,480
Labour Overhead Costs (20% of Salaries, Wages & Allowances)				29,298	34,181	41,120	41,120	41,120
				<i>146,490</i>	<i>170,905</i>	<i>205,600</i>	<i>205,600</i>	<i>205,600</i>
<i>Total Materials and Salaries, Wages & Allowances</i>				<i>342,324</i>	<i>399,378</i>	<i>472,730</i>	<i>472,730</i>	<i>472,730</i>
Other Operating Costs								
Water Supply & Treatment				4,800	5,100	5,400	5,400	5,400
Electricity				8,400	8,580	9,000	9,000	9,000
Repairs & Maintenance of capital assets				11,212	12,330	14,184	14,184	14,184
Motor Vehicle Running Expenses				13,500	13,500	13,500	13,500	13,500
Project Overheads				29,298	29,298	29,298	29,298	29,298
Administrative Overheads				23,438	23,438	23,438	23,438	23,438
Licences, Permits and Authorizations				6,000	6,000	6,000	6,000	6,000
Marketing & Travelling				17,578	17,578	17,578	17,578	17,578
Transport Expenses				14,000	14,000	14,000	14,000	14,000
				128,226	129,824	132,398	132,398	132,398
TOTAL OPERATING COST				470,550	528,292	605,129	605,129	605,129
				-	-	-	-	-

APPENDIX 3: ANNUAL DEPRECIATION AND AMORTIZATION OF ASSETS									
CAPITAL ITEM/YEAR	Scrap Value	Rate	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
Land									
Commulative Investment									
Annual Depreciation	100%	0%	-	-	-	-	-	-	-
Book Value									
Buildings & Structures			18,000						18,000
Commulative Investment			18,000	18,000	18,000	18,000	18,000	18,000	
Annual Depreciation	50%	20%		1,800	1,800	1,800	1,800	1,800	9,000
Book Value - Buildings			18,000	16,200	14,400	12,600	10,800	9,000	
Machinery, Tools & Equipment			76,750						76,750
Cumulative Investment			76,750	76,750	76,750	76,750	76,750	76,750	
Annual Depreciation	35%	12.5%		6,236	6,236	6,236	6,236	6,236	
Book Value			76,750	70,514	64,278	58,042	51,806	45,570	
Vehicles			135,000						135,000
Cumulative Investment			135,000	135,000	135,000	135,000	135,000	135,000	
Annual Depreciation	20%	20%		21,600	21,600	21,600	21,600	21,600	
Book Value			135,000	113,400	91,800	70,200	48,600	27,000	
Furniture & Office Equipment			12,500						12,500
Cumulative Investment			12,500	12,500	12,500	12,500	12,500	12,500	
Annual Depreciation	15%	12.5		1,328	1,328	1,328	1,328	1,328	
Book Value			12,500	11,172	9,844	8,516	7,188	5,860	
Pre-operational Expenses			24,000						24,000
Cumulative Investment			24,000	24,000	24,000	24,000	24,000	24,000	
Annual Depreciation	0%	20%		4,800	4,800	4,800	4,800	4,800	
Book Value			24,000	19,200	14,400	9,600	4,800	-	
Contingencies			25,000						25,000
Cumulative Investment			25,000	25,000	25,000	25,000	25,000	25,000	
Annual Depreciation	0%	20%		5,000	5,000	5,000	5,000	5,000	
Book Value			25,000	20,000	15,000	10,000	5,000	-	
Total Cumulative Book Value			291,250	252,286	213,322	174,358	135,394	98,430	
Buildings & Structures			18,000	18,000	18,000	18,000	18,000	18,000	
Hand Tools, Machinery Equipment			76,750	70,514	64,278	58,042	51,806	45,570	
Motor Vehicles			135,000	113,400	91,800	70,200	48,600	27,000	
Furniture & Office Equipment			12,500	11,172	9,844	8,516	7,188	5,860	
Pre-operational Expenditures			24,000	19,200	14,400	9,600	4,800	-	
Contingencies			25,000	20,000	15,000	10,000	5,000	-	
Total			291,250	252,286	213,322	174,358	135,394	96,430	