

LUKASE COMPANY LIMITED

BUSINESS PLAN

FOR

CARGO TRANSPORTATION PROJECT

Strictly Confidential

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1. Report restriction statement

The financial projection of LUKASE COMPANY LIMITED consisting of a balance sheet of five years from 2022 -2026 and statements of income and cash flow for the years then ending using assumptions, including the hypothesis set out in [Note 3](#), with an effective year of 2022, and other information provided by management.

A compilation is limited to presenting, in the form of a financial projection, information provided by management and does not include evaluating the support for the assumptions, including the hypothesis, or other information underlying the projection. Accordingly, I do not express an opinion or any other form of assurance. As the financial projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothesis occurs, and the variations may be material. I have no responsibility to update this communication for events and circumstances occurring after the date of this communication.

CPA (T) Josephat Kisumo

Financial Consultant.

Dar es Salaam.

2. Business Directory

Name of the Company	Lukase Company Limited
Company registration	No. 133225 of 15/02/2017
Sector	Transportation
Sub Sector	Cargo transportation
Project activity	Establishment of cargo transportation project
Project Location	Plot No. 1 Mgagao, Mwangi District - Kilimanjaro
Planned Employment	Direct employment 25
Project Capacity	20 trucks per year
Shareholders of the company	Raston Josephat GabushaJoyce Wasatu Mgendi

3. Capital Investment Cost (Tshs)

Land/building	200,000,000/=
Vehicles	900,000,000/=
Pre - expenses	5,000,000/=
Working capital	95,000,000/=
TOTAL	1,200,000,000/=

4. Source of Funds (Financial Plan) (Tshs)

The company has allocated funds for the proposed cargo transportation project by:-

1. Own Fund/Local Equity	200,000,000/=
2. Local loan	1,000,000,000/=

5. Assumptions & key financial indicators

The company is expected to purchase 20 trucks and Build 20 fuel station within two years upon receipt of the fund.

Key assumptions Projection

Revenue

Year 2022 - Estimates of 10 fuel station

Year 2023 - Estimates of fully 20 fuel station and Motor vehicle (Scania)

Fuel Quantity Estimate (Litre)

Year 2022	720,000
Year 2023	864,000
Year 2024	936,000
Year 2025	1,008,000
Year 2026	1,080,000

6. MARKET CONTEXT

Our world of energising communities in high-potential countries specifically East Africa is changing fast and we are changing with it. As we help to drive sustainable growth and prosperity across the East Africa we believe we are well positioned to thrive in the interests of all our stakeholders. The world we live in is characterized by a number of key trends. We outline them here, focusing on what is happening, what it means for Lukase Company and how we are and will be responding.

Key trends:

- **The advent of a new growth cycle**

The COVID-19 hit had a devastating impact on societies and economies around the world. Countries were affected in different ways and to different degrees. Looking at the year as a whole and the following year 2021, many of the high-potential countries we focus on were relatively less hard hit. Moreover, turning towards 2022 and beyond, the future for East Africa growth looks positive, particularly if the effort to control COVID-19 remains on track.

What this means for Lukase Company Limited. With our geographical footprint, experience and capabilities, local presence and relationships, we are well positioned to benefit from the growth in high-potential East Africa countries. Our five-year strategy will focus us on sustainable growth, notably by excelling for retail and commercial customers in these high-potential East Africa countries.

- **The continued rise of fuel**

Innovative, distributed, sustainable

To meet the future fuel demands of the growth of a company new, sustainable solutions will be required. These solutions will draw on innovative technologies, such as digital fuel management systems and apps.

Partnerships are key .Partnerships with technology experts, finance providers, governments, regulators, customers and communities are key for the fuel transition. Partnerships with customers will also be critical.

- **The growing power and importance of customers**

The consumerisation of energy

In the new world of energy, consumers will be much more involved and powerful. Whether that is customers being able to choose between different providers, or managing their energy use .Call it the consumerisation of energy. This is where getting close to customers, really trying to understand them and being much more responsive and flexible to meet their needs becomes paramount.

Commercial customers

From mines to cement makers, construction companies to transport businesses - commercial customers increasingly need and demand value-adding, tailored solutions, rather than just products. This calls for relationship building and a genuine focus on delivering business benefits. Rather than just be sold fuel or lubricants for example, businesses want to buy energy solutions that help them save, make money and succeed.

Retail customers

Really getting to know what customers want and need is also at the core of retail excellence. It's the foundation for insight-driven value propositions that win customers and build loyalty.

What this means for Lukase Company Limited. We are wholeheartedly customer-led. As a company, we are increasing our focus on data gathering and analysis, so we can make better-informed decisions and develop more compelling, insight-driven products, services and experiences for our customers.

- **The criticality of environmental, social and governance (ESG) issues**

This is key trend that gained significant momentum in 2020, the rise of environmental, social and governance (ESG) as a core consideration for companies, investors, employees and indeed all stakeholders. ESG is closely allied to fuel and energy transition, of course. It also aligns with the UN SDGs and UN-supported Principles for Responsible Investment (PRI). Moreover, it complements and strengthens the broader groundswell behind the acceptance that strong, purpose-led, values-based companies will thrive now and in the long term.

What this means for Lukase Company limited. We will be committed to ensuring we embed strong ESG throughout Lukase Company. To this end, we shall create and launch our ESG framework at the end of this year. The framework will be designed to integrate best practice ESG into our everyday action throughout Lukase Company, and to create a bold and ambitious set of principles and accompanying commitments against which to hold ourselves accountable.

- **The continuing demand for fuels**

Fuels are here to stay, for the time being. In our high-potential East Africa countries, fuel and lubricants demand is undoubtedly a big opportunity. But at the same time, as these countries grow their populations and economies, there will still be major demand for traditional road transport fuels for some time to come.

What this means for Lukase Company Limited, this means a growing demand from both people and businesses for fuel and lubricants. It also increases the importance of offering customers the fuels they want, such as lower-sulphur and higher-performance fuels. We are well positioned to serve both the immediate needs of retail and commercial customers for reliable, affordable fuels. We are looking forward to pressing on with meeting all these needs in our services

7. Projected income statement - 5 year comparative

LUKASE COMPANY LIMITED PROJECTED FINANCIAL STATEMENTS 2022- 2026

PROJECTED INCOME STATEMENTS	2022 USD	2023 USD	2024 USD	2025 USD	2026 USD
Revenue from contracts with customers	9,391,304	24,041,739	26,045,217	28,048,696	30,052,174
Total revenue	9,391,304	24,043,762	28,852,515	34,623,017	41,547,621
Cost of sales	6,573,913	15,026,087	16,278,261	17,530,435	18,782,609
Cost of sales	6,573,913	15,026,087	16,278,261	17,530,435	18,782,609
Gross Profit	2,817,391	9,017,675	12,574,254	17,092,583	22,765,012
Selling and Operating costs					
Employee benefit expenses	281,739	309,913	340,904	374,995	412,494
Operating expenses	469,565	516,522	568,174	624,991	687,490
Depreciation	147,826	152,261	156,829	161,534	166,380
Amortisation	1,630	1,793	1,973	2,170	2,387
Sub-total Selling and Operating costs	900,761	980,489	1,067,880	1,163,690	1,268,751
General and Administration expenses:					
Employee benefit expenses	112,696	123,965	136,362	149,998	164,998
Operating expenses	234,783	258,261	281,739	305,217	328,696
Sub-total General and Administration expenses:	347,478	382,226	418,101	455,215	493,693
Total expenses from operations	1,248,239	1,362,715	1,485,981	1,618,905	1,762,445
Operating profit/(loss)	1,569,152	7,654,960	11,088,273	15,473,678	21,002,568
Finance costs	(1,643,000)	(1,643,000)	(1,643,000)	(1,643,000)	(1,643,000)
Profit /(loss) before tax	(73,848)	6,011,960	9,445,273	13,830,678	19,359,568

Income tax expenses	(22,154)	(1,803,588)	(2,833,582)	(4,149,203)	(5,807,870)
Profit/(loss) after tax from continuing operations	(96,002)	4,208,372	6,611,691	9,681,474	13,551,697

8. Projected balance sheet - 5 year comparative

LUKASE COMPANY LIMITED PROJECTED STATEMENT OF FINANCIAL POSITION:

	2022	2023	2024	2025	2026
	USD	USD	USD	USD	USD
Assets					
Non-current assets					
Property and equipment	8,000,000	7,600,000	6,800,000	6,080,000	5,700,000
Right-of-use	189,182	1,248,007	1,014,559	2,146,516	2,276,100
Intangible assets	21,739	21,739	21,739	21,739	21,739
Investments	-	-	-	-	-
Total Non-current assets	8,210,921	8,869,746	7,836,298	8,248,255	7,997,839
Current assets					
Inventory	657,391	1,502,609	1,627,826	1,753,043	1,878,261
Income tax receivable					
Trade receivables	845,217	1,683,063	2,308,201	2,769,841	3,739,286
Cash and cash equivalent	751,761	3,000,000	2,000,000	4,000,000	6,000,000
Total current assets	2,254,370	4,683,063	4,308,201	6,769,842	9,739,286
Total assets	10,465,291	13,552,809	12,144,499	15,018,097	17,737,125
Equity and liabilities					
Equity					
Share capital	17,391	17,391	17,391	17,391	17,391
Other components of equity	-	-	-	-	-

Retained earnings	(96,002)	4,112,370	4,016,368	8,128,737	12,145,105
Total equity	(78,611)	4,129,761	4,033,759	8,146,129	12,162,496
Non-current liabilities					
Interest-bearing loans and borrowings	8,357,000	6,714,000	5,071,000	3,428,000	1,785,000
Other financial liabilities					
Provisions					
Total non-current liabilities	8,357,000	6,714,000	5,071,000	3,428,000	1,785,000
Current liabilities					
Trade and other payables	543,902	1,066,048	1,396,740	1,800,968	2,146,629
Interest-bearing loans and borrowings	1,643,000	1,643,000	1,643,000	1,643,000	1,643,000
Other financial liabilities	-	-	-	-	-
Provisions					
Total current liabilities	2,186,902	2,709,048	3,039,740	3,443,968	3,789,629
Total Liabilities	10,543,902	9,423,048	8,110,740	6,871,968	5,574,629
Total equity and liabilities	10,465,291	13,552,809	12,144,499	15,018,097	17,737,125
WC	67,468	1,974,015	1,268,461	3,325,874	5,949,657

These financial projections should be read subject to the Disclaimer of Liability
on the contents page and the assumptions annexed hereto

9. Projected statement of cash flow - 5 year comparative

10. Net present value (NPV) of the Company

NET PRESENT VALUE

The NPV of a project is equal to the sum of the present value of all cash flows associated with it:

	2022	2023	2024	2025	2026	Total
$NPV = IO + \frac{CF1}{(1+K)^1} + \frac{CF2}{(1+K)^2} + \frac{CF3}{(1+K)^3} + \frac{CF4}{(1+K)^4} + \frac{CF5}{(1+K)^5}$						10,000,000
Profit after tax (PAT)	(96,002)	4,208,372	6,611,691	9,681,474	13,551,697	
Add back: Depreciation	147,826	152,261	156,829	161,534	166,380	
Net Cash Flow	51,824	4,360,633	6,768,520	9,843,008	13,718,077	
Discounting factor	0.86	0.74	0.64	0.55	0.48	
Present value	44,672	3,240,386	4,335,914	5,435,309	6,531,176	19,587,458
Net Present Value(NPV)						9,587,458

Where as

K- Cost of capital at 16.43%

CF- Cash flows

NPV- Net Present Value

IO- Initial Investment

The decision rule associated with the Net present value is; Accept the project if its Net present value is positive and reject if it is Net present value is negative (If the net present value is zero, it is a matter of indifference), as NPV computed amounted to TZS 9,587,458 is positive therefore the project is viable (should be undertaken.)

