



OLOTU TRADERS COMPANY LIMITED

**BUSINESS PLAN FOR TRANSPORT
AND ROAD HAULAGE PROJECT**

P. O. BOX 931, ARUSHA
PHASE I, II, III & IV
F/Y 2023 – F/Y 2043

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THE EXECUTIVE SUMMARY

1.0 EXECUTIVE SUMMARY

1.1 BACKGROUND INFORMATION

The Board together with shareholders of Olotu Trading Company Limited are business executives based in Arusha. They both have a wide experience in modern business. They have now joined hands and established a modern national transport and haulage business, this company is legally registered and hold a valid certificate of incorporation among others.

1.2 THE PROJECT CONCEPT

Having studied the transport business atmosphere in Arusha/Dar es Salaam regions, and in Tanzania in particular, the transport policy (National Transport Policy 2003) the Directors of this company want to achieve in doing the following:-

- To tap unlimited market connected to transport business.
- They want to develop safe, reliable effective efficient and full integrated transport infrastructure and operation which will best meet the needs of travel and transport not only in Arusha and Dar es Salaam regions but also in the United Republic of Tanzania.
- To create employment to residence of Arusha and Dar es Salaam and other regions
- Contribute to the National GDP as we expect the company to pay taxes to the local city authority and to the central government.

1.3 CORPORATE INFORMATION

- The company is a holder of certificate of incorporation which was officially issued by the Ministry of trade and industries - BRELA.
- The company is operating at Mianzini Plot No. 116, Block DDD and soon in Dar es Salaam, Dodoma - the said land documents are annexed together with this study and form part of the study.
- To legalize all this the company is a holder of several official receipts connected to registration of the company and receipts for land rent. This proves the company legal ownership of both the company and the land

1.4 MANAGEMENT PROFILE

This company is and will continue to be managed by two key Directors namely:-

Allen Philemon Olotu
P. O. Box 931
Arusha

Millan Philemon Olotu
P. O. Box 931
Arusha

All these directors are among the most respected business executives in Arusha region. Once the company business will be in full swing the Directors will recruit other professionals to assist them in their day to day management, of the company.

1.5 THE INVESTMENT

The promoters has got plans of purchasing a fleet of new fifty trucks to ferry goods to several parts of Tanzania, East Africa and to the great lakes region, this will be supported with several administrative motor vehicles, workshop equipments, office equipments and a certain % age of cash will be needed to cater as working capital, the promoters plan to construct a modern office block which will be used as the company Head Office. Total projected investment cost in Phase I according to a brief which we received from the Directors has put the Investment cost to be \$ 5,000,000, This will be financed by 60% foreign loan 10% local term loan and the Directors will contribute 30% as their equity, details of their Investment pattern is debated in details in the main report.

1.6 MARKET RESEARCH

Uganda- is a land locked state Burundi and Rwanda Southern Sudan have the same problem, Democratic Republic of Congo also is a land locked state. All these countries have made great economic achievements; the Dar es Salaam, Mtwara and Tanga ports are among key ports in Tanzania, currently truck roads to and from Tanga, Mtwara and Dar es Salaam are tarmaked, the Saruji company and other industries in Dar es Salaam, Mtwara production capacity plus other companies/industries in Tanga confirm a ready market to this company. As it is correctly debated in the main report there is unlimited market connected to this business to the advantage of the promoters of this project.

1.7 FINANCIAL AND ECONOMIC ANALYSIS

Figures/Data statistics and computations in this feasibility study report confirm the positive viability of this project: (Refer Appendixes) the cash flow which has been projected, the profit and loss statement, the projected balance sheet and I.R.R prove without reasonable doubts that the financial position of the company is expected to be very strong.

1.8 PROFESSIONAL OPINION

The results as per several computations in this project document prove that the project is economically sound, financially strong and profitable, socially acceptable and in conformity to several policies connected to business in Tanzania. We thus recommend the project to be registered with T.I.C and if possible financed

MAIN REPORT

2.0 MAIN REPORT

2.1.1 BACKGROUND INFORMATION

Transport in Tanzania save for the passenger business is not professionally conducted - most transport companies in Tanzania use ancient trucks and in most cases their entire staff/personnel especially drivers are not trained.

There is a lot of potential in transport business due to the new policy of industries. The national transport policy encourage investment, the national Investment promotion policy of 1996 encourage people to invest in transport business. The Tanzania Investment Act have put a lot of incentives to boost Investment both local & foreign, taking all this as key motivating factors the promoters of this project want to achieve in doing the following:-

- To invest heavily in the transport sector.
- To open up the market in East Africa, East and Central Africa, Great lakes region and to the untaped SADC market.
- Once all this is done the promoters want to create employment and also to contribute handsomely to the Government as we expect them, as it is the case now to pay several taxes to the Government.

2.1.2 INVESTMENT OBJECTIVES

Once the process of registration of this project to Tanzania Investment Centre is done and once the implementation of phases II & III is completed, the objectives of this project among others will include that of:-

- To tape the unlimited market of transport business in Tanzania, East Africa and indeed in East and Central Africa.
- To create employment to more than 10 professionals who will be locally recruited, two professionals in transport business from abroad and 80 local Tanzanians who are skilled and unskilled

- The promoters also plan to buy a fleet of 50 new trucks, in Phase I various workshop equipments, modern communication equipments, long base pickups. Several administrative gadgets several office equipments and administrative stationeries plus several modern administrative equipments.

2.1.3 OVERVIEW OF TRANSPORT INDUSTRY IN TANZANIA

Transport sector in Tanzania according to economic review from the Ministry of Finance which was issued in June 2022 show the following basic facts:-

- The sector grew by 6.2% in F/Y 2021 as compared to 5.0% in 2020.
- At the Tanzania Investment Centre the number of projects which are connected to transport are still very few - this proves that there is still room for more projects connected to transport to be registered with Tanzania Investment Centre.

2.1.4 PROJECT PRIORITY AREAS

The interview we conducted to the promoters of this project prove to us that they target their priorities to include that of:-

- Building the state of art Head Office in Phase III which will incorporate the company workshop and transport communication center
- The second priority of this project is to purchase a number of capital goods which will boost the companies operations.
- The third priority of the company is to recruit well motivated staff who can easily learn modern technologies and of course the promoters want to socially and economically contribute to the Government confer by paying Taxes.

2.1.5 THE INVESTMENT PROGRAMME

An interview we conducted to the promoters of this project made us to conclude that the programme of implementation in Phase I will be as illustrated below:

SNo.	DETAILS	YEAR 1	YEAR 2	YEAR 3	YEAR 4
1	Documentation of legal documents				
2	Company registration procedures/annual returns				
3	Preparing legal & administrative documents to support the certificate of incentive approval.				
4	Place order of plant & equipment plus motor vehicles				
5	Recruitment of staff				
6	Phase one starts				
7	Full operation of Phase II & III				

3.0 THE DOMESTIC ECONOMY

3.1.1 ROLE OF TRANSPORT SECTOR IN THE ECONOMY

We took trouble to study a lot of documents/data connected to transport business these included that of:-

- Condition of road network in the country
- Road distance (Kms) between region towns
- Summary of road transport and surface layout
- Number of commercial vehicles operations in Tanzania by region and ownership categories
- Tanzania service receipts
- Sectorial contribution of overall GDP at factor cost at current prices
- Gross domestic product GDP at factor cost by kind of economic activity
- Foreign trade indices and terms of trade
- Tanzania imports by country of origin
- Industrial production indices Tanzania mainland
- Production in selected industries
- Production and consumption of cement plus other industrial products.
- Tanzania exports by type of commodity and lastly
- Industrial production indices & local sales

All these data/statistics made us to conclude as follows:-

- In Tanzania Trunk roads, gravel roads have terribly improved to the advantage of the promoters of this project.
- Transport sector in Tanzania is growing very fast

- The output of most industries in Tanzania has improved as such there is a lot of cargo to ferry from different destination in the country. (Magufuli's Industry Policy is another added advantage).
- Transport sector is contributing handsomely to the Government GDP.
- The production of cement plus other industrial commodities has almost doubled to the advantage of this project. Thus all these data, statistics which are annexed together with this feasibility study report confirm without any reasonable doubt that there is unlimited market connected to transport business not only in Arusha region but also in Tanzania East Africa and to great lake regions.

3.2.2 THE TRANSPORT POLICY 2002

The vision of this policy is to have an efficient and cost effective domestic and international transport services connected to all segments of the population and sectors of the national economy with maximum safety and minimum environmental degradation.

Based on this vision then the mission statement of this policy intend to:- develop a safe, reliable effective, efficient and fully integrated transport infrastructure and operations which will best meet the needs of travel and transport and improve level of services at lower costs in a manner which supports Government strategies for social economic development whilst being economically and environmental sustainable. The promoters have taken all this into consideration and it is their ambition to be guided by the vision and mission statement of this policy in their business.

3.2.3 STATUS OF TRANSPORT INFRASTRUCTURE

Data and statistics from the Ministry of Transport and Communication show the following facts:-

- In Tanzania today good kilometers of trunk tarmac road as a % age or total Kms in the country amount to 68%, fair category Kms 10% and Kms which are still poor amounts to 12% of total tarmac trunk road in the country.
- Gravel roads which are in good condition amount to 68% of total gravel roads in Tanzania.

These data show that in Tanzania today more than 76% of both tarmac road and gravel roads are good, 10% are fair and only 12% are in a poor state.

These data prove to us that this project will make money as maintenance costs will be minimized because of good roads 68%.

3.2.4 TRANSPORT AND NATIONAL DEVELOPMENT

Transport sector is the key to any sustainable economy. In Tanzania Transport Sector from 2014 has been contributing to the overall GDP as follows 6.1% 6.2% 5.7% 5.6% 5.1% 4.9% 4.9% 4.9% respectively this trend prove that there is still room for expansion.

3.2.5 INVESTMENT PROGRAMME

The investment programme of this project is expected to follow details as per Para 2.1.4 & 2.1.5 in this feasibility study report. And that the implementation programme will be guided by the implementation programme as per Para 2.15 in this feasibility study report.

4.0 CORPORATE INFORMATION

4.1 LEGAL STRUCTURE

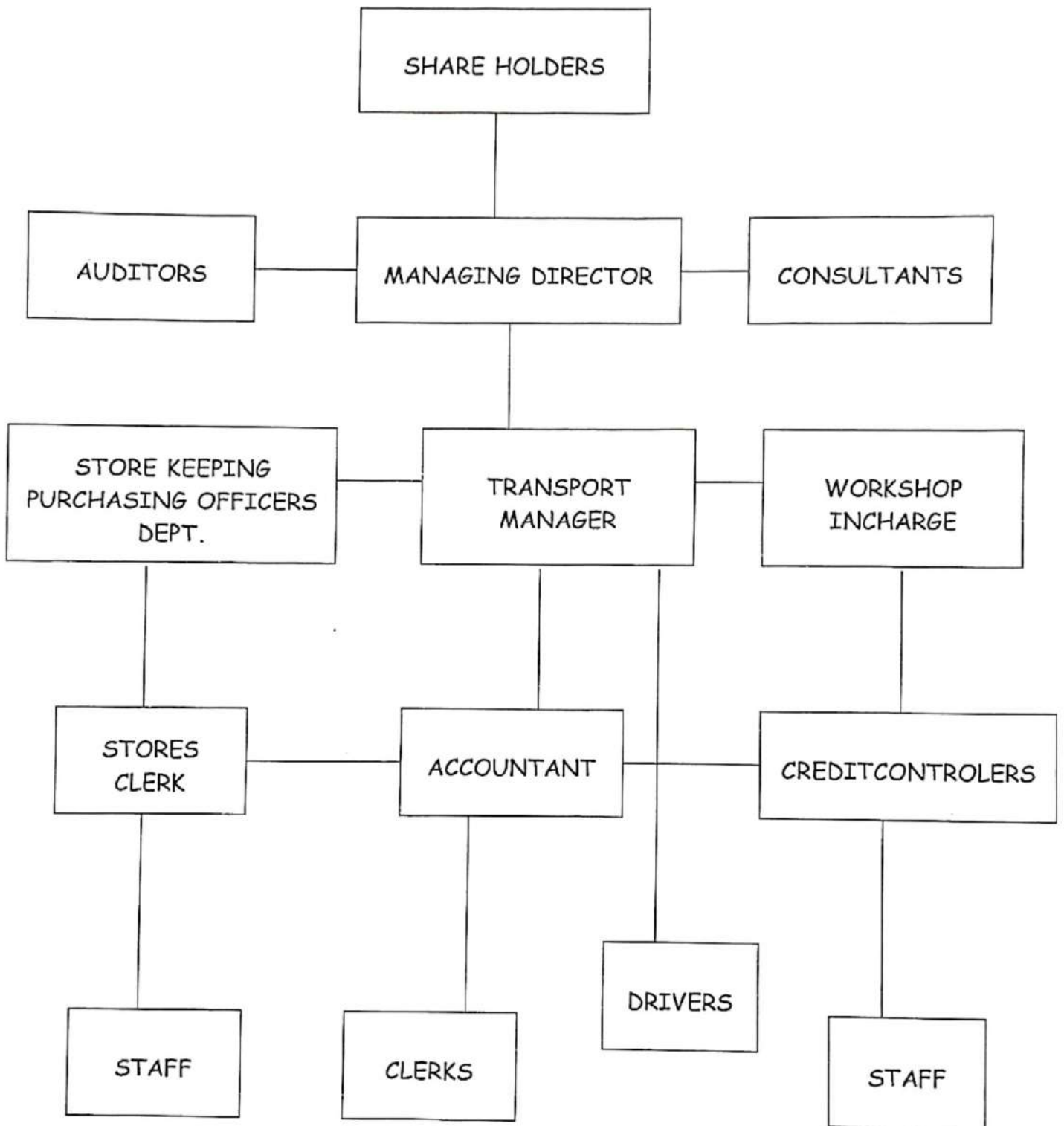
The promoters in all other business are operating within the ambit of law, The take off of this business is also in conformity to all legal and administrative procedures of the business atmosphere in Tanzania. We hope and anticipate this trend will continue.

4.1.1 DETAILS OF PROMOTERS (DIRECTORS)

All Directors are most respected business executives in Arusha region, this scenario will enable the operations of the company to run professionally, these painstaking Directors will be guided as per Exhibit I overleaf.

EXHIBIT 1

THE PROPOSED ADMINISTRATIVE CHART



4.1.2 STATUTORY OBLIGATIONS

We expect the promoters of this project to operate within the ambit of law, as it has been projected in several financial data which are annexed together with this feasibility study report all statutory return connected to the Government will be paid in full - the projected profit and loss account which is annexed together with this feasibility study report prove this fact.

4.1.3 INVESTMENT OBJECTIVES AND OPPORTUNITIES

Details of the investment objective are as correctly narrated under Para 2.1.2 in this feasibility study report. Data and statistics which are annexed together with this study prove the unlimited opportunities connected to this project. (See Annexed Data). The proposed highway of East Africa Community Arusha, Dar es Salaam via Bagamoyo to Tanga and lastly Holili is the latest opportunity available connected to this project.

4.1.4 EXPECTED INCENTIVES TO PROMOTERS

The promoters once registered with Tanzania Investment Centre, expect to benefit and enjoy all incentives as stipulated in details in the Investment Policy Guide and Act connected to Investments in Tanzania, this will boost their business and indirectly will boost the Tanzania economy.

5.0 THE INVESTMENT

It is the tentative plan of the promoters to invest in this project in two phases. This is so because 60% of the investment cost is expected from foreign bank 10% from local banks and 30% will be contributed by Directors of the company. Official projected figures has put total investment to reach \$ 5,000,000

6.0 MARKET RESEARCH

6.1 PROFESSIONAL DETAILS OF TRANSPORT BUSINESS

Data and statistics as narrated under Para 3.2.4 and Para 4.1.3 prove the unlimited market. The market segment of this business has been projected to incorporate 70% local market 20% East Africa market 5% great lakes region and 5% the SADC region.

6.1.2 TANZANIA EXPERIENCE

The business of transportation was terribly affected during the transition period of economic transformation from the socialist economy to liberalized economy. The sector of transport almost collapsed, now that the economic liberalization is in full swing and most parastals have been sold to private individuals, things have changed and more industries are producing to the maximum to the advantage of the transport sector and indeed to the promoters of this project.

6.1.3 EAST AFRICAN EXPERIENCE

Tanzania, Kenya, Uganda, Rwanda and Burundi have just recently signed the East African Custom Union protocol, this move will definitely increase traffic to and from East Africa member states, the now improved road network within the member states is another advantage, thus we expect the promoters of this project to command a lions share in this business.

6.1.4 SADC REGION EXPERIENCE

Tanzania is among the member states of the now famous SADC Union. Among the protocol which was signed in the early days of SADC among others encourage trade among SADC member states. This move make one to anticipate a tremendous flow of commodities to and form members states. This have an added advantage to the market share of the promoters of this project.

6.1.5 MARKET ANALYSIS AND COMPETITIVE ATMOSPHERE
With an improved infrastructure especially trunk roads in Tanzania (See data/annexed) together with the proposed highway the Government of Tanzania plan to construct from Dar Es Salaam via Bagamoyo Tanga to Holili in Tanga region this move is another added advantage which guarantee the lions share of this project. It is a fact also that we except stiff competition when the promoters will be implementing this project but as the older adage goes "a proper planned project well controlled and timely monitored and implemented the competitive atmosphere is expected to be minimized.

6.1.6 SWOT ANALYSIS
As it has been the case with so many projects in Tanzania their strength is the economic policy of the country, and in this case is the National Transport Policy of 2003. The weakness we witnessed is the managerial set up and lack of capital as according to the promoters of this project 70% of working capital is expected to be sourced from foreign and local banks, this in case of delay will definitely affect the companies operations. Opportunities are many (See annexed data/statistics) and we don't anticipate any threats connected to smooth implementation of this project.

7.0 FINANCIAL AND ECONOMIC ANALYSIS

7.1.1 THE INVESTMENT PATTERN

The investments connected to this project will include the construction of their Head Office, purchases of trucks, workshop equipments, radio communication and other office equipment details of all this are narrated in details under Para 3.2.5, 2.1.4 and 2.1.5

7.1.2 LOAN REPAYMENT SCHEDULE

Details of the expected loan both locally and that from abroad are as per annexed schedules in this feasibility study report.

7.1.3 PROJECTED PROFIT & LOSS STATEMENT

The computation of the company projected profit and loss statement show a respectable turn over, details of all this are as per annexed computation.

7.1.4 PROJECTED BALANCE SHEET

The current assets and current liabilities in the projected balance sheet prove the financial capability of this project to meet all its capital and operational expenses.

7.1.5 PROJECTED DEPRECIATION

This shows the expected life span of the companies motor vehicles, office equipments, workshop equipment e.t.c

7.1.6 INTERNAL RATE OF RETURN

The internal rate of return according to the computations attached prove the positive viability of this project

8.0 RISK FACTORS

8.1 COMPETITIVE ATMOSPHERE

The company is set to face several types of professional competition be that from the East Africa SADC, Great Lakes e. t. c thus all possible risks factors as per Para 8.1 8.1.2 8.1.3 and 8.1.4 To us are within the capability of the management team of this company

9.0 PROFESSIONAL OPINION

9.1.1 ECONOMIC CONSIDERATION

The company is expected to be paying taxes to the Government and local city council. This economically has very good signs as it will assist the city council to grow and indeed The Economy of the region and that of the United Republic of Tanzania.

9.1.2 SOCIAL AND POLITICAL CONSIDERATION

A lot of permanent jobs will be created this have good and very positive impact both politically and socially.

9.1.3 THE ISSUE OF TECHNOLOGY TRANSFER

A lot of people will definitely adopt new technologies especially at the workshop of the company this has very good impact to the would be employees of the company

9.1.4 OTHER BENEFITS

Street vendors, petty traders, car wash, exporters, farmers timber sellers are among the unofficial groups which will benefit once this project will be implemented

10.0 CONCLUSION

This project must be encouraged due to the following basic facts

- It will create employment
- It is expected to be paying taxes
- There is an element of transfer of technology
- The project has spiralover effect.

The project is economically sound, financially profitable, socially acceptable as it is in conformity to the National Transport Policy of 2003 and the Economic vision 2025, we strongly recommend the same to be registered with Tanzania Investment Centre as a local Investment all this must be in conformity to the Tanzania Investment Policy and act and if possible be financed.

PROPOSED PROJECT DEVELOPMENT COSTS
PHASE I, II & III

INVESTMENT PATTERN
(In US Dollar)

	EQUITY	LOCAL/FOREIGN TERM LOAN	TOTAL
Land and Buildings (Phases II & III)	500,000	-	500,000
50 Heavy Duty Trucks	750,000	2,990,000	3,740,000
3 Picks - ups	20,000	70,000	90,000
4 Fuel Tanker	30,000	205,000	235,000
3 Long - base pick-ups	40,000	95,000	135,000
Misc. Expenses	50,000	-	50,000
Work-shop plant & equipment	20,000	180,000	200,000
Office furniture & equipment	50,000	-	50,000
Total Investment	1,460,000	3,540,000	5,000,000
Percentage Contribution	30%	70%	100%

PROPOSED PROJECT FUNDING (THE CASH FLOW)

PROJECTED CASH FLOW STATEMENTS
(in US Dollars)

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
INFLOWS										
Net Profit/(Loss) after Tax	(392,183)	270,092	205,380	242,253	358,464	3,006,080	505,134	561,009	547,770	523,534
Depreciation	1,598,750	1,027,975	666,645	437,175	290,895	1,097,030	698,975	448,155	289,965	190,590
Total Inflows	1,206,567	1,298,067	872,025	679,428	649,359	4,103,110	1,204,109	1,009,164	837,735	714,124
OUTFLOWS										
Capital Expenditure	-	-	-	-	-	-	-	-	-	-
Loan Repayments	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Trade Creditors	10,000	2,500	2,500	-	1,680	-	820	-	2,500	-
Surplus/(Deficit) for the year	360,000	352,500	352,500	350,000	351,680	350,000	350,820	350,000	352,500	350,000
	846,577	945,567	519,525	519,525	329,428	297,679	(1,346,890)	659,164	485,235	364,124
SUMMARY										
OPENING BALANCE	-	846,567	1,792,134	2,311,659	2,641,087	2,938,716	1,591,826	2,445,116	3,104,280	3,589,515
SURPLUS/(DEFICIT)	846,567	945,567	519,525	329,428	297,679	(1,346,890)	853,290	659,164	485,235	364,124
TOTAL CASH FLOW	846,567	1,792,134	2,311,659	2,641,087	2,938,766	1,591,826	2,445,116	3,104,280	3,589,515	3,953,639

LOAN REPAYMENT SCHEDULE

LOAN REPAYMENT SCHEDULE

in US Dollars)

	LOAN AMOUNT	INTEREST	REPAYMENTS		BALANCE
			PRINCIPAL	INTEREST	
YEAR 1	3,500,000				3,500,000
Loan Amount					
Interest		315,000			3,815,000
Repayments:					
Interest				315,000	3,500,000
Principal			350,000		3,150,000
YEAR 2					
Interest		283,500			3,433,500
Principal			350,000		3,083,500
Repayment					
Interest				283,500	2,800,000
YEAR 3					
Interest		252,000			3,052,000
Repayment					
Interest				252,000	2,800,000
Principal			350,000		2,450,000
YEAR 4					
Interest		220,500			2,670,500
Repayments:					
Interest				220,500	2,450,000
Principal			350,000		2,100,000
YEAR 5					
Interest		189,000			2,289,000
Repayments:					
Interest				189,000	2,100,000
Principal			350,000		1,750,000
YEAR 6					
Interest		157,500			1,907,500
Repayments:					
Interest				157,500	1,750,000
Principal			350,000		1,400,000
YEAR 7					
Interest		126,000			1,526,000
Repayments:					
Interest				126,000	1,400,000
Principal			350,000		1,050,000
YEAR 8					
Interest		94,500			1,144,500
Repayments:					
Interest				94,500	1,050,000
Principal			350,000		700,000
YEAR 9					
Interest		63,000			763,000
Repayments:					
Interest				63,000	700,000
Principal			350,000		350,000
YEAR 10					
Interest		31,500			381,500
Repayments:					
Interest				31,500	350,000
Principal			350,000		
	3,500,000	1,732,500	3,500,000	1,732,500	

PROJECT PROJECTED REVENUE PROFIT AND LOSS
STATEMENT

PROJECTED PROFIT & LOSS STATEMENTS

(in US Dollars)

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
TOTAL INCOME										
Road Haulage Sales	3,634,000	3,788,500	3,800,000	3,805,000	3,805,000	46,364,550	4,547,000	4,547,000	4,690,000	4,570,000
Total Income	<u>3,634,000</u>	<u>3,788,500</u>	<u>3,800,000</u>	<u>3,805,000</u>	<u>3,805,000</u>	<u>46,364,550</u>	<u>4,547,000</u>	<u>4,547,000</u>	<u>4,690,000</u>	<u>4,570,000</u>
Less: DIRECT EXPENSES										
Spares & Repairs	561,000	569,000	729,500	839,500	839,500	875,000	900,000	997,000	1,250,000	1,270,000
Fuel, Oil & Lubricants	810,000	815,000	870,000	900,000	900,000	985,000	985,000	1,035,000	1,070,000	1,095,000
Tyres & Tubes	163,000	244,500	454,830	465,500	46,550	476,447	500,000	550,000	600,000	600,000
	<u>1,534,000</u>	<u>1,628,500</u>	<u>2,054,330</u>	<u>2,205,000</u>	<u>1,786,050</u>	<u>2,336,447</u>	<u>2,385,000</u>	<u>2,582,000</u>	<u>2,920,000</u>	<u>2,965,000</u>
GROSS PROFIT	<u>2,100,000</u>	<u>2,160,000</u>	<u>1,745,670</u>	<u>1,600,000</u>	<u>1,600,000</u>	<u>2,300,003</u>	<u>2,162,000</u>	<u>1,965,000</u>	<u>1,770,000</u>	<u>1,605,000</u>
Less: OVERHEADS										
Directors' Fees	72,000	72,000	72,000	72,000	75,000	75,000	75,000	75,000	80,000	80,000
Salaries & Wages	131,130	131,130	137,690	137,690	144,580	144,580	151,810	151,810	159,400	159,400
National Social S. Fund	13,113	13,113	13,769	13,769	14,458	14,458	15,181	15,181	15,940	15,940
Skills Development Levy	12,190	12,190	12,580	12,580	13,175	13,175	13,610	13,610	14,365	14,365
Staff Subsitenu Allowances	30,000	30,000	30,000	30,000	30,000	30,000	25,000	25,000	25,000	25,000
Electricity & Water	16,500	16,500	16,500	17,250	17,250	17,250	18,000	18,000	18,000	18,000
Staff Uniforms	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	2,000
Staff Welfare	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Insurance & Road Licences	5,500	5,500	5,500	5,500	6,000	6,000	6,000	6,500	6,500	6,500
Telephones & Emails	3,300	3,300	3,300	3,300	3,300	3,500	3,500	3,500	3,500	3,500
Printing & Stationery	200	200	200	250	250	250	300	300	300	300
Bank Charges	315,000	283,500	252,000	220,500	189,000	157,500	126,000	94,500	63,000	31,500
Loan Interest	22,000	22,000	22,000	25,000	25,000	25,000	27,500	27,500	27,500	30,000
Office Vehicle Running Expenses	230,000	230,000	230,000	235,000	235,000	235,000	235,000	240,000	240,000	240,000
Travelling Expenses	8,000	8,000	8,000	8,500	8,500	8,500	9,000	9,000	9,000	9,500
Business Promotion	4,500	4,500	4,500	4,000	4,000	4,000	3,500	3,500	3,000	3,000
General Expenses	15,000	15,000	15,000	16,500	16,500	16,500	17,000	17,000	17,000	17,500
Depreciation	1,598,750	1,027,975	666,645	437,175	290,895	1,097,030	698,975	448,155	289,965	190,590
	<u>2,492,183</u>	<u>1,889,908</u>	<u>1,504,684</u>	<u>1,254,014</u>	<u>1,087,908</u>	<u>1,862,743</u>	<u>1,440,376</u>	<u>1,163,556</u>	<u>987,470</u>	<u>857,095</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>(392,183)</u>	<u>270,092</u>	<u>241,076</u>	<u>346,076</u>	<u>512,092</u>	<u>437,260</u>	<u>721,624</u>	<u>801,444</u>	<u>782,530</u>	<u>747,905</u>
Less: CORPORATION TAX	-	-	35,696	346,076	153,628	131,180	216,490	240,435	234,760	224,371
	<u>(392,183)</u>	<u>270,092</u>	<u>205,380</u>	<u>103,823</u>	<u>358,464</u>	<u>306,080</u>	<u>505,134</u>	<u>561,009</u>	<u>547,770</u>	<u>523,534</u>
BALANCE BROUGHT FORWARD	-	<u>(392,183)</u>	<u>(122,091)</u>	<u>83,289</u>	<u>325,542</u>	<u>684,006</u>	<u>990,086</u>	<u>1,495,221</u>	<u>2,056,230</u>	<u>2,604,000</u>
BALANCE CARRIED FORWARD	<u>(392,183)</u>	<u>122,091</u>	<u>83,289</u>	<u>325,542</u>	<u>684,006</u>	<u>990,086</u>	<u>495,220</u>	<u>2,056,230</u>	<u>2,604,000</u>	<u>3,127,534</u>

PROJECTED BALANCE SHEET

PROJECTED BALANCE SHEETS

(in US Dollars)

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
<u>ASSETS</u>										
<u>CURRENT ASSETS</u>										
Cash & Bank Balances	846,567	1,792,134	2,311,659	2,641,087	2,938,716	1,591,826	2,445,115	3,104,280	3,589,515	3,953,639
Stocks	10,000	12,500	15,000	15,000	16,680	16,680	17,500	17,500	20,000	2,000
	856,567	1,804,634	2,326,659	2,656,087	2,955,396	1,608,506	2,462,615	3,121,780	3,609,515	3,955,639
<u>Less: CURRENT LIABILITIES</u>										
Term Loan	3,150,000	2,800,000	2,450,000	2,100,000	1,750,000	1,400,000	1,050,000	700,000	350,000	-
	3,150,000	2,800,000	2,450,000	2,100,000	1,750,000	1,400,000	1,050,000	700,000	350,000	-
	(2,293,433)	(995,366)	(123,341)	556,087	1,205,396	208,506	1,412,615	2,421,780	3,259,515	3,973,639
<u>NET CURRENT ASSETS</u>										
Add: <u>NET FIXED ASSETS</u>										
Land & Buildings	475,000	451,250	428,685	407,250	386,865	367,540	349,160	331,700	315,115	299,360
Heavy Duty Trucks	2,337,500	1,460,935	913,085	570,680	356,675	1,722,920	1,076,825	673,015	420,635	262,895
Fuel Tanker	62,500	39,060	24,410	15,255	9,535	5,960	3,725	2,795	2,795	2,795
Pick-Ups	168,750	126,560	94,920	71,190	53,390	40,040	30,030	22,520	16,890	12,665
Office Cars	101,250	75,940	56,955	42,715	32,035	24,025	18,020	13,515	10,135	7,600
Motor Cycles	37,500	28,125	21,095	15,820	11,865	8,900	6,675	5,005	3,755	2,815
Workshop Plant & Equipment	175,000	153,125	133,985	117,235	102,580	89,755	78,535	68,720	60,130	52,615
Office Furniture & Equipment	43,750	38,280	33,495	29,310	25,645	22,440	19,635	17,180	15,030	13,150
	3,401,250	2,373,275	1,706,630	1,269,455	978,590	2,281,580	1,582,605	1,134,450	844,485	653,895
	1,107,817	1,377,909	1,583,289	1,825,542	2,184,006	2,490,086	2,995,220	3,556,230	4,104,000	4,627,534
<u>REPRESENTED BY</u>										
AUTHORISED SHARE CAPITAL	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
ISSUED & PAID UP SHARE CAPITAL	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Retained Earnings	(392,183)	(122,091)	83,289	325,542	684,006	990,086	1,495,220	2,056,230	264,000	3,127,534
	1,107,817	1,377,909	1,583,289	1,825,542	2,184,006	2,490,086	2,995,220	3,556,230	1,764,000	4,627,534

DEPRECIATION SCHEDULE

SCHEDULE OF FIXED ASSETS & DEPRECIATION
(in US Dollars)

	LAND & BUILDINGS	HEAVY DUTY TRUCKS	FUEL TRANKER	PICK-UPS	OFFICE CARS	WORKSHOP PLANT EQUIPMENT	MOTOR CYCLES	OFFICE FURNITURE & EQUIPMENT	TOTAL
YEAR 0	500,000	3,740,000	100,000	225,000	135,000	200,000	50,000	50,000	5,000,000
Investments									
YEAR 1	500,000	3,740,000	100,000	225,000	135,000	200,000	50,000	50,000	5,000,000
Balance b/f	25,000	1,402,500	37,500	56,250	33,750	25,000	12,500	6,250	1,593,750
Less Depreciation	475,000	2,337,500	62,500	168,750	101,250	175,000	37,500	43,750	3,401,250
W. D. V									
YEAR 2	475,000	2,337,500	62,500	168,750	101,250	175,000	37,500	43,750	3,401,250
Balance b/f	23,750	876,505	23,440	42,190	25,310	21,875	9,375	5,470	1,027,975
Depreciation	451,250	22,498,436	39,060	126,560	75,940	153,125	28,125	38,280	2,373,275
W.D.V									
YEAR 3	451,250	1,460,935	39,060	126,560	75,940	153,125	28,125	38,280	2,373,275
Balance b/f	22,555	547,050	14,650	31,840	18,985	19,140	7,030	4,785	666,645
Depreciation	428,685	913,085	24,410	94,720	56,955	133,985	21,095	33,495	1,706,630
W.D.V									
YEAR 4	428,685	913,085	24,410	94,920	56,955	133,985	21,095	33,495	1,706,630
Balance b/f	21,435	342,405	9,155	23,730	14,240	16,750	5,275	4,185	437,175
Depreciation	407,250	570,680	15,255	71,190	42,715	117,235	15,820	29,310	1,269,455
W.D.V									
YEAR 5	407,250	570,680	15,255	71,190	42,715	117,235	15,820	29,310	1,269,455
Balance b/f	20,365	214,005	5,720	17,800	10,600	14,655	3,955	3,665	250,845
Depreciation	386,885	356,675	9,535	53,390	32,035	102,580	11,865	25,645	978,610
W.D.V									
YEAR 6	386,885	356,675	9,535	53,390	32,035	102,580	11,865	25,645	978,610
Balance b/f	2,400,000	2,756,875	9,535	53,390	32,035	102,580	11,865	25,645	3,378,610
Additions	19,345	1,033,755	3,575	13,350	8,010	12,825	2,965	3,205	1,097,030
Depreciation	367,540	1,722,920	6,960	40,040	24,025	89,755	8,900	22,440	2,281,580
W.D.V									
YEAR 7	367,540	1,722,920	6,960	40,040	24,025	89,755	8,900	22,440	2,281,580
Balance b/f	18,380	646,095	2,235	10,010	6,005	11,220	2,225	2,805	699,975
Depreciation	349,160	1,076,825	3,725	30,030	18,020	78,535	6,675	19,635	1,582,605
W.D.V									
YEAR 8	349,160	1,076,825	3,725	30,030	18,020	78,535	6,675	19,635	1,582,605
Balance b/f	17,450	403,810	930	7,510	4,505	9,815	1,670	2,455	448,155
Depreciation	331,700	673,015	2,795	22,520	13,515	68,720	5,005	17,180	1,134,450
W.D.V									
YEAR 9	331,700	673,015	2,795	22,520	13,515	68,720	5,005	17,180	1,134,450
Balance b/f	16,585	252,980	-	5,630	3,980	8,500	1,250	2,150	289,055
Depreciation	315,115	420,635	2,795	16,890	10,135	60,130	3,755	15,030	844,485
W.D.V									
YEAR 10	315,115	420,635	2,795	16,890	10,135	60,130	3,755	15,030	844,485
Balance b/f	15,755	157,740	-	4,225	2,535	7,515	940	1,880	190,590
Depreciation	299,360	262,895	2,795	12,665	7,600	52,615	2,815	13,150	653,895
W.D.V									

DISCOUNTED CASHFLOW STATEMENT FOR IRP

FINANCIAL RATE OF RETURN COMPUTATION

(in US Dollars)

	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
INFLOWS:											
Profit/Loss before tax		(292,183)	270,092	241,076	346,076	512,092	437,260	721,624	801,444	782,530	747,905
Depreciation		1,598,750	1,027,975	666,645	437,175	290,895	1,097,030	698,975	448,155	289,965	190,590
Loan Interest		315,000	283,500	252,000	220,500	189,000	157,500	126,000	94,500	63,000	31,500
Total Inflows		1,521,567	1,581,567	1,159,721	1,003,751	991,987	1,691,790	1,546,599	1,344,099	1,135,495	969,995
OUTFLOWS:											
Investments	5,000,000						2,400,000				
Net Inflows	5,000,000	1,521,567	1,581,567	1,159,721	1,003,751	991,987	(708,210)	1,546,599	1,344,099	1,344,099	969,995
D. Factor at 15%		.870	.756	.657	.572	.497	.432	.376	.327	.284	.247
	(5,000,000)	1,323,763	1,195,665	761,937	574,146	493,018	(305,947)	581,521	439,520	322,481	239,589
D. Factor at 20%		.833	.694	.579	.482	.402	.335	.279	.233	.194	.162
	(196,015)	1,267,465	1,097,604	671,478	483,808	398,779	(237,250)	431,501	313,175	220,286	157,139

FRR= 15+5 (196015)

821708

= 15+1.2

FRR = 16.2%

**KEY DATA AND STATISTICS TO SUPPORT AND
JUSTIFY THE IMPLEMENTATION OF THE PROJECT**

SOURCE: B. O. T. PRESIDENTS OFFICE & TREASURY

CONDITIONS FOR ROAD NETWORK IN
THE COUNTRY

SURFACE TRANSPORT

Road Transport

Summary of Road Type and Surface Layer

S/N	REGION	ROAD CLASS												TOTAL (Km)
		TRUNK (Km)		REGIONAL (Km)		FEEDER (Km)		DISTRICT (Km)		URBAN (Km)		Unpaved		
		Paved	Unpaved	Paved	Unpaved	Paved	Unpaved	Paved	Unpaved	Paved	Unpaved			
1.	Arusha	263	351	0	979	0	2,840	0	3,368	41	4	7,846		
2.	Coast	355	56	0	710	0	1,297	0	753	0	0	3,151		
3.	Dar es Salaam	83	0	10	257	0	0	0	0	119	35	504		
4.	Dodoma	133	423	60	517	15	1,590	0	1,300	32	41	4,111		
5.	Iringa	457	109	6	1,200	0	1,806	0	2,635	36	68	6,317		
6.	Kagera	194	388	0	1,093	0	911	32	1,275	4	29	3,926		
7.	Kigoma	6	427	0	418	0	372	0	642	8	54	1,927		
8.	Kilimanjaro	326	1,09	26	462	0	834	0	1,075	57	33	2,813		
9.	Lindi	127	221	0	736	20	637	6	1,750	4	20	3,521		
10.	Mara	112	137	7	637	0	416	0	740	5	56	2,110		
11.	Mbeya	335	502	0	805	0	849	0	1,619	3	69	4,182		
12.	Morogoro	312	186	0	942	0	870	0	1,140	4	65	3,519		
13.	Mtwara	94	103	0	565	0	1,460	0	1,584	6	32	3,844		
14.	Mwanza	162	236	15	987	0	1,446	12	969	31	3	3,861		
15.	Rukwa	10	831	0	717	0	1,059	0	1,270	1	98	3,986		
16.	Ruvuma	179	526	29	1,097	47	598	0	1,303	0	8	3,787		
17.	Shinyanga	189	87	0	912	0	1,780	0	1,460	8	15	4,451		
18.	Singida	0	613	0	766	0	873	0	399	0	15	2,666		
19.	Tabora	0	800	0	806	0	1,784	0	1,594	30	75	5,089		
20.	Tanga	263	64	0	879	0	1,093	0	1,602	70	26	3,997		
	TOTAL	3,600	6,060	153	15,485	82	22,515	50	26,458	459	746	75,608		

Source: MCT

Note: Total Road network in Tanzania is about 85,000 Km. Unclassified roads make up about 9,400 Km of the network, which is not included in Table 2.1.6 above.

SUMMARY OF ROAD TRANSPORT AND
SURFACE LAYER

NUMBER OF COMMERCIAL VEHICLES
OPERATIONS IN TANZANIA BY REGION
AND OWNERSHIP CATEGORIES

Number of Commuter Buses in Regional Towns:

Towns	Number of Buses	
	2015	2016
Dodoma	450	500
Arusha	1118	1960
Moshi	1220	1225
Lindi	13	45
Tanga	1120	1134
Morogoro	1312	1250
Kibaha (Coast)	-	-
Dar Es Salaam	5801	9872
Sumbawanga	-	-
Mtwara	1135	1149
Songea	952	884
Iringa	997	1112
Shinyanga	-	-
Mbeya	1355	1250
Singida	-	7
Tabora	915	417
Kigoma	966	470
Bukoba	1119	1125
Musoma	949	1132
Mwanza	1660	2546
Manyara (Babati)	690	1500

Source: NBS