

**Feasibility and BUSINESS PLAN**

**FOR**

**A NEW BUSINESS HOTEL ANNEX**

**IN**

**SONGEA TOWN, RUVUMA REGION**

**PROPOSED BY**  
**NKOSI ZWANGENDABA HOTEL Limited**  
**P. O. Box 339**  
**SONGEA**



## **1. EXECUTIVE SUMMARY**

### **1.1. Introduction**

NKOSI ZWANGENDABA HOTEL LTD is building a multi-storey new business hotel to be built at plot no 271, block M Seedfarm Ward, along Zwangendaba Street, Songea CBD. On completion the Hotel will accommodate 45 rooms, swimming pool, conference facility, bar and restaurant and a well equipped kitchen.

The hotel accommodation facilities will include two VIP units, five executive suites, nine deluxe rooms and twenty nine standard executive rooms.

The construction project will be undertaken in two phases, the first phase will involve setting and erection of the foundation including the entire building structure, completion and furnishing of ground and first floors ready for occupancy. Phase two will be carried after a lapse of one year from completion of phase one, it will involve finishing and furnishing of second and third floors ready for occupancy.

### **1.2. Targeted Market Segment**

Demand to luxury and high-end hotel accommodation and conference facilities in the Songea Municipality are growing quite fast. In recent years accommodation and hospitality services has been skyrocketing in the Ruvuma region and in particular the Songea Municipality due to increased economic and social activities.

Songea Municipality is the capital of the Ruvuma region located in the south-western part of Tanzania, has many emerging economic activities such as minerals, agriculture/farming, tourism and fishing. The region is the sixth largest in Tanzania with an estimated population of 2 million people. Trade and commerce is the second most important occupation after agriculture, involving about 8.5 percent of the active population, followed by mining and quarrying businesses sub-sectors (4.9 percent), domestic services

(3.3 percent); manufacturing (2.9 percent); raw food sales (1.5 percent); fishing, hunting, and livestock (3.4 percent); and a relatively small proportion engaged in communication and transport (0.7 percent).

The region is spatially strategically located within the Mtwara Economic Growth Corridor that links the Indian Ocean port of Mtwara with the Southern Highland regions, as well as with neighboring countries of Mozambique and Malawi.

NKOSI ZWANGENDABA HOTEL project is targeting visitors to Songea Town and Ruvuma region in general mainly government officials, businessmen, traders, tourists, NGOs Staff and employees of public institutions such as TRA, CRDB, NMB, TPB, TANROADS and TARURA to name but a few. Government Officials and employees of public institutions are targeted during their official missions to the region. Traders and businessmen are expected during harvesting season for cash crops and coal mining activities . Government staff, public employees, NGO Staff, Traders in minerals are expected to visit songea throughout the year.

### **1.3. Investment Costs and Financing Plan.**

Total investment costs for is expected to be TZS 3.5 Billion to be implemented on two phases. **PHASE ONE** is projected at TZS 3,000,000,000, which comprise cost of land, building structure, furniture, equipment, machinery, and motor vehicle. The second phase will cost TZS 1.0 Billion. The proprietor has managed to finalize the land acquisition and complete construction of the fencing wall and is in final stages of completing foundation of the building. Preparations of architectural and structural drawings and various permits have been secured.

### **1.4. Project Description**

The proposed New Hotel business is to be undertaken at a plot number 271 block M along Zwangendaba Street in Seedfarm Ward. The new hotel building construction will be carried in one year and will involve construction of the whole building structure including

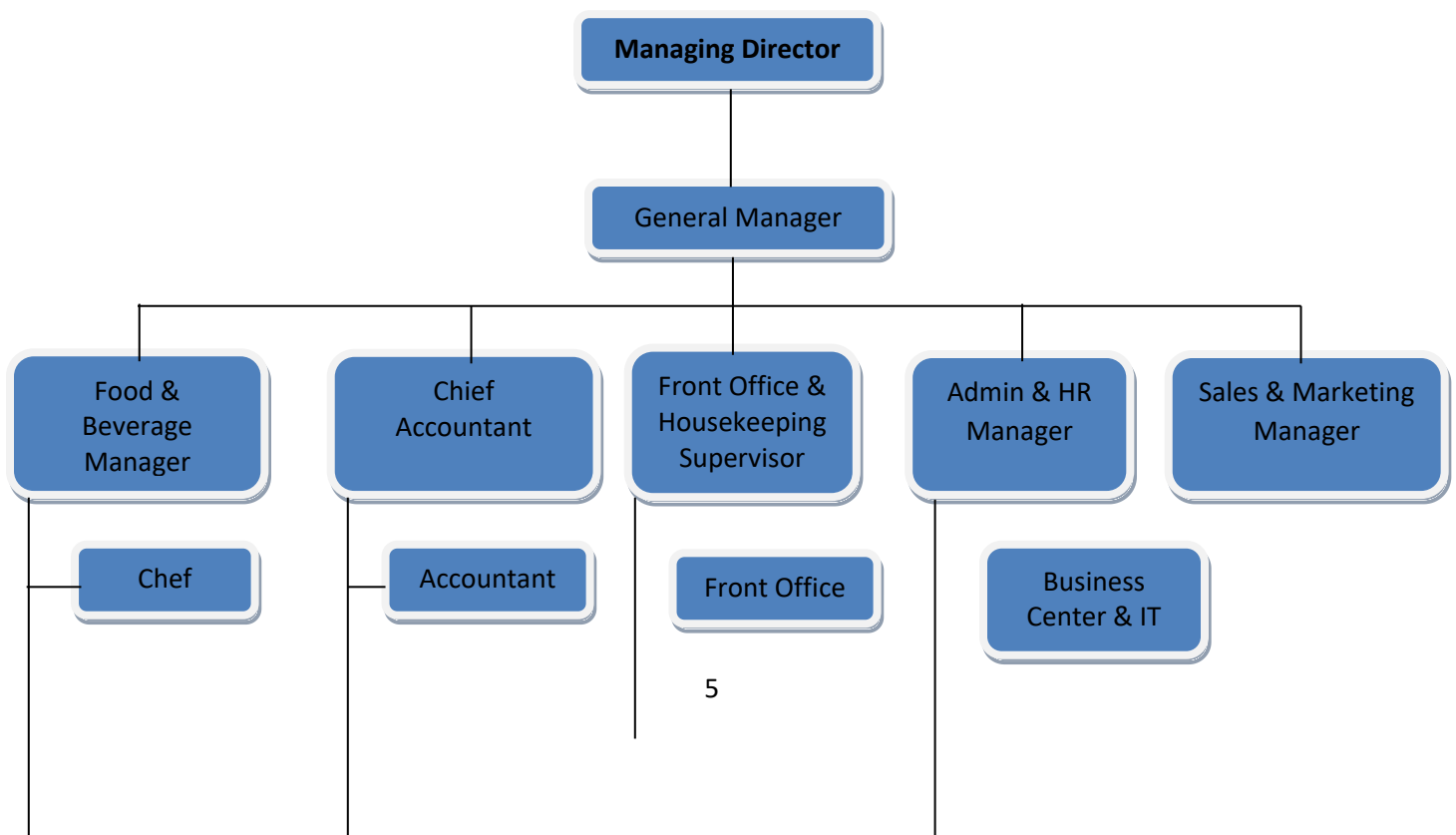
completion and furnishing of all floors ready for occupancy end of 2024.

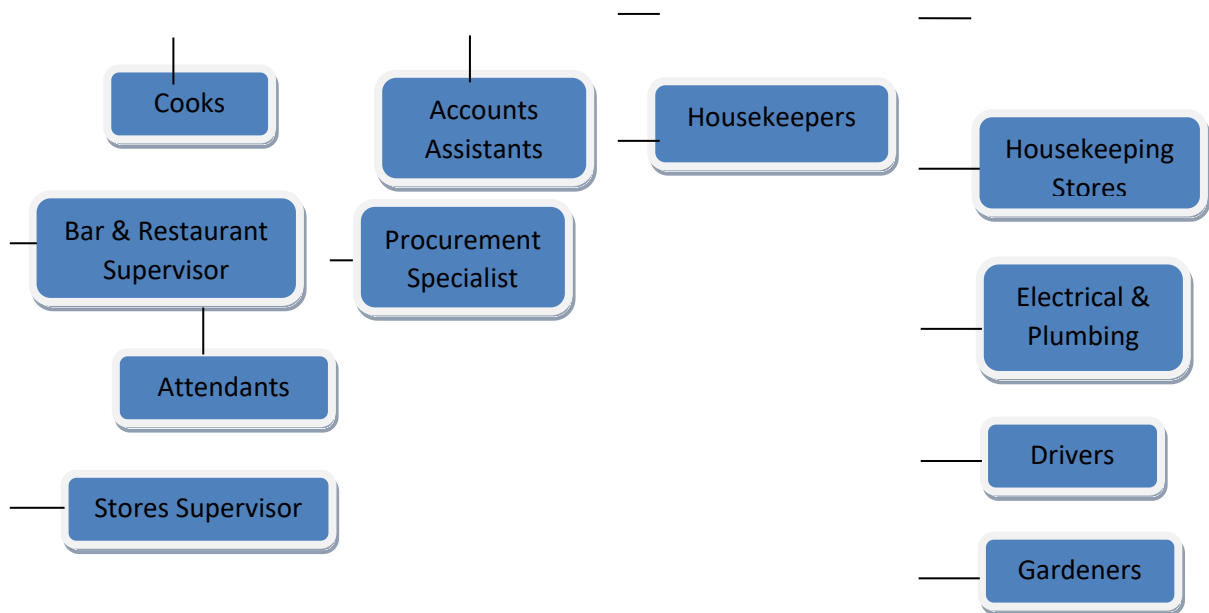
### 1.5. Organization and Management

The proposed new business hotel annex will be professionally organized and managed in order to ensure it provides quality services that match international standards. The manpower to be recruited will possess necessary qualifications and experience of working in the hospitality industry.

It will be headed by the General Manager who will be assisted by five heads of department, i.e.

1. Head of Finance (Chief Accountant) and procurement,
2. Food and Beverages Manager,
3. Admin & HR Manager
4. Front Office & Housekeeping Manager
5. Sales & Marketing Manager





**1.6. Financial Evaluation**

The proposed new business hotel extension has a potential to generate sufficient revenue to cover its operating costs, as well as to service the proposed loan with NMB Bank.

Based on conservative assumptions, the hotel will generate annual revenues of TZS 1.37 billion in the second operating year 2023 (on completion of phase one project) with operating expenses before corporate tax reaching nearly TZS 400 million. In the third year of operation 2024 it is projected annual revenues to be TZS 1,378,528,000 with total operating expenses reaching slightly above TZS 400 million per annum with stead growth year-on-year.

**1.7. Conclusion and Recommendation**

The proposed new business hotel will add value to the hospitality industry in the Songea Municipality, Ruvuma region and Southern tourist circuit in general. It will provide employment and consequently pay taxes to the Government. The proprietor, Mr.

Joseph Odo Haule is a retired Senior Public Executive, a well-established business mogul in Songea and he is serving in several boards both public and private corporate.

## **2. BACKGROUND**

### **2.1. Nkosi Zwangendaba Hotel**

Opened in 2018 it serves as a high-end hotel property in the Songea Municipality. Under the captainship of the proprietor Mr. Joseph Odo Haule, the hotel has commanded an occupancy rate 95% and swayed away competition of the existing properties in the Songea. It is high time now to expand the hotel by adding more rooms and other necessary hotel amenities like conference facility to meet the needs of the customers.

### **2.2. Legal Status**

- Registered by BRELA in March, 2022 with COI #155-331-453
- Taxpayer Identification Number (TIN) number 155-331-453
- Valid Business License
- Building Permit issued by Songea Municipal Council

## **3. PROJECT DESCRIPTION**

### **3.1. Construction of Main Structure of the New Hotel Building**

The construction project of a three storey of Hotel building has already started. The entire main building structure will comprise two VIP units, five executive suites, nine deluxe rooms, twenty nine standard rooms, spacious kitchen, restaurant, bar, storage areas, front office, parking, garden and conference facility.



### 3.2. Pre Inauguration Activities

- Manpower recruitment
- Staff training and orientation
- Testing of various systems
- Marketing and promotion

### 3.3. Opening of the Hotel to the Public

This is a critical marketing event which will be planned and executed properly so as to introduce the hotel into the hospitality industry.

Prominent people including National Leaders will be invited and popular entertainers will be hired to brace the event. All potential customers representing the targeted market will be invited.

### 3.4. Project Costs

SUMMARY OF BILL NR. 1 PROPOSED CONSTRUCTION OF HOTEL FOR MR JOSEPH HAULE TO BE BUILT AT SEED FARM, SONGEA MUNICIPALITY		
ITEM	DESCRIPTION	AMOUNT
A	ELEMENT 1- SUBSTRUCTURE	428,393,427.00
B	ELEMENT 2 - FRAMES	1,511,479,375.00
C	ELEMENT 3 - STAIR	24,714,700.00
D	ELEMENT 4 - WALLING	204,470,000.00

E	ELEMENT 5 - DOORS	64,559,500.00
F	ELEMENT 6 - WINDOWS	112,716,000.00
G	ELEMENT 7 - ROOF	78,428,000.00
H	ELEMENT 8 - FINISHINGS	410,550,500.00
I	ELEMENT 9 - PAINTING AND DECORATIONS	66,664,000.00
J	ELEMENT 10 - PLUMBING AND ELECTRICAL WORKS INSTARATION	48,648,000.00
K	ELEMENT 11 -SEPTIC TANK AND SOAKAWAY PIT AS PER ATTACHED BOQ	6,476,770.00
L	ELEMENT 12-COSTRUCTION OF FENCE AS PER ATTACHED BOQ	79,959,600.00
	<b>SUB TOTAL</b>	<b>3,037,059,872.00</b>
	<b>ADD VAT 18%</b>	<b>562,941,128.00</b>
	<b>TOTAL CARRIED TO GENERAL SUMMARY</b>	<b>3,500,000,000.00</b>
	<b>ADD OPERATING COSTS</b>	<b>100,000,000.00</b>
	<b>GRAND TOTAL</b>	<b>3,600,000,000.00</b>

### 3.5. Financing Plan

#### FINANCING PLAN PHASE 1

Table: Equity - Debt Ratio contribution (TZS)

<b>A: Equity</b>	<b>20%</b>
• Land	40,000,000.00
• Share Capital (Required hard cash)	460,000,000.00
<b>TOTAL SHAREHOLDER CONTRIBUTION</b>	<b>500,000,000.00</b>
<b>B: External Financing (Bank Loan Facility)</b>	<b>80%</b>
• Debt	2,500,000,000.00
<b>TOTAL DEBT CONTRIBUTION</b>	<b>2,500,000,000.00</b>

### 3.6. Source of Financing

The total cost of the project is TZS 2,500,000,000, out of this Nkosi Zwangendaba Hotel will incur a total of TZS 500,000,000 as its equity contribution. The remaining TZS 2,000,000,000 will be raised as a term loan from a Bank.

## 4. STRATEGIC OBJECTIVES

### 4.1. Vision and Mission

To be the Leading Hotel in the region recognized for its unique blend of upscale standards with genuine hospitality and for its treasured experiences provided for customers and guests.

We shall operate and manage the hotel professionally by offering high quality services that will make customers and guests happy and comfortable to be able to return again. By doing so, we shall

generate sufficient revenue to cover operating costs, service the loan, and retain profit for my future growth.

#### **4.2. Specific Objectives**

- i. Finish the hotel phase one within the period of six months
- ii. Recruit competent and qualified staff to operate the hotel
- iii. Prepare appropriate budgets and operate in accordance to budgets that maximize revenue and profitability
- iv. Maintain high standard of service, hygiene and safety in all areas of customer services
- v. Perform marketing activities to attract new guests, and retain them.

### **5. MARKET SITUATION FOR HOTEL SERVICES**

#### **5.1. General**

Tanzania economy has been performing well in recent years. The country's GDP has been growing at an average of five percent (5%), per annum. The growth has been contributed mainly by construction, tourism, mining, manufacturing, and agriculture. Projections for the next five to ten years show this trend will continue, given enhanced investors' confidence in government policies toward private sector participation in national development.

#### **5.2. Ruvuma and Songea Area Profile**

Ruvuma Region is the sixth largest region of Tanzania and covers an area of 67,372 square kilometres (sq.km) of which about 5 percent is cultivated and 2,979 sq.km or 4.7 percent is covered by water bodies. The agriculture sector engages about 75.8 percent of the people aged 10 years and above in the region, and it contributes most of the region's cash income mainly from coffee, beans, maize and cashew nuts,. Trade and commerce is the second most important occupation after agriculture, involving about 8.5 percent of the active population, followed by mining and quarrying businesses sub-sectors (4.9 percent).

According to 2016 GDP estimates, Ruvuma Region was among the top eleven regions with the highest contribution to national GDP. However, in terms of GDP per capita, the region ranked fourth after Dar-es-salaam, Iringa and Arusha.

The Region is strategically located within the Mtwara-Lindi Economic Growth Corridor linking the Indian Ocean port of Mtwara with the Southern Highland regions of Njombe, Songwe and Mbeya (within Tanzania) and neighbouring countries of Mozambique (separated by Ruvuma River) and Malawi (separated by Lake Nyasa).

Songea District is one of five districts of Ruvuma Region, and a home to a population of 340,000 people. According to UN population estimates in 2017, Songea Municipality has been projected to be among the world's 15 fastest-growing cities.

The District boasts of abundant minerals and huge agricultural potential. Being in Ruvuma basin, it has large deposits of coal, graphite and uranium, among other commercially demanded minerals. Tanzania's coal exports reached a record \$223.8 million during the year ending March 2023 from \$31.9million in the previous year. Exports of coal have been induced by rising demand for alternative energy, amid supply challenges caused by the war in Ukraine," the Bank of Tanzania (BoT) says in its Monthly Economic Review for April 2023. The resurgent coal demand has also seen the once sleepy town of Songea enjoying unprecedented operations and government collecting sizeable revenues from the exports. Tanzania has exported coal to different countries including China, Kenya , Uganda, Rwanda , Netherlands, India, Senegal, Egypt, Europe, Amsterdam, Ghana.

Following the Hon. Mama Samia Suluhu's initiative to improve investors climate in Tanzania and the promotion of tourism through Royal Tour Film, investors and tourists are flocking Tanzania and Songea in particular to look for areas of investment in coal mining sector and also visiting Selous National Park (Nyerere National

Park) from the Songea, which is being promoted as part of the Southern Tanzania Tourism Circuit.

Because of the above developments, Nkosi Zwangendaba Hotel has witnessed steady stream of business and a growing customer base in the Songea. Investors and buyers of minerals (coal) and tourists are mainly coming from Europe, India, China and other South East Asian Countries. This has put pressure on social amenities such as hotels, guest-houses, and lodges. The road network has been improved and all major roads connecting the District are tarmacked.

### **5.3. Potential Customer Base**

- Frequent government and institutions official visits from other parts of the country to the regional headquarters and entourage
- Signed commercial agreements with reputable international and local NGOs and other corporate entities
- Politicians visiting the District/municipality
- Businessmen dealing in minerals and other natural resources
- Businessmen in agricultural crops
- Tourists

### **5.4. Competition**

The Songea Municipality lacks high-end luxury hotels. In the coming near future, Nkosi Zwangendaba Hotel is not expecting close competition from other hotels as our services to be offered to guests will be of a higher quality compared to what existing properties offer.

There are small and medium lodges with room capacity ranging from eight to thirty rooms. In principle these will pose no threat to our property.

## **6. MANPOWER PLANN**

### 6.1. Objective

The objective for manpower plan is to recruit qualified, experienced and competent personnel who will provide services in a professional manner. Also, to ensure employees are well remunerated to make them motivated to work hard.

### 6.2. Proposed Staff Compliment 2024

PROJECTED MANPOWER COSTS				
TZS				
DESCRIPTION		HEADS	SALARY P.M	TOTAL
<b>HOUSE KEEPING &amp; FRONT OFFICE</b>				
Supervisor		1	400,000	400,000
Front Office Staff		3	250,000	750,000
Housekeeping Attendants		2	250,000	500,000
Business Centre & IT		1	300,000	300,000
<b>House Keeping Total</b>		<b>7</b>		<b>1,950,000</b>
<b>ADMINISTRATION &amp; GENERAL</b>				
Hotel Manager		1	600,000	600,000
Finance/Accounts		1	400,000	400,000
Electrical/Plumbing		1	200,000	200,000
Drivers		1	200,000	200,000
Gardeners		2	150,000	300,000
General Cleaners		2	150,000	300,000
Watchmen		5	200,000	1,000,000
<b>Administration Total</b>		<b>13</b>		<b>3,000,000</b>
<b>FOOD &amp; BEVERAGES</b>				
Supervisor		1	350,000	350,000
Chief Chef		1	450,000	450,000
Cooks		4	250,000	1,000,000
Bar/Restaurant Waitress		4	250,000	1,000,000
<b>Sub-total</b>		<b>10</b>		<b>2,800,000</b>

TOTAL MANPOWER COSTS		30		7,750,000
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## 7. FINANCIAL EVALUATION

### 7.1. Main Assumptions in Financial Projections

- i. Phase one of construction works will be carried and completed within six months after receipt of the proposed loan in 2023
- ii. Occupancy rate:  
We assume the hotel will be fully occupied at 70%.
- iii. In recent times Songea Municipality and the Ruvuma region in general have been experiencing increased engagements for social services by both local and international NGOs as well increased activities in Ngaka and Likuyu projects.
- iv. In total on completion of phase two we will have 56 rooms.

#### v. Accommodation Prices

S/N	ROOM TYPE	PRICES IN TZS
1	VIP Suites	250,000.00
2	Executive Suites	180,000.00
3	Deluxe Rooms	90,000.00
4	Standard Rooms	70,000.00

#### vi. Other Service Prices

Food revenue will be calculated at 50% of arrived guests at a dish price determined. Same apply to beverage revenue.

Revenue from conference services will be calculated at capacity over a period of 120 days at a determined rate per person.

### 7.2. Financial Projections

The financial projections indicate the project will generate sufficient revenue and make profit from the first year of operations.

Apart from profitability, the project has social benefits of which there will be employment opportunities to residents of Songea District and Ruvuma region as a whole, provision of tax to the Government and play a pivotal role in economic improvement of Songea Municipality.

#### **FINANCIAL PERFORMANCE ANALYSIS:**

The financial analysis of the company is based on the audited financial statements for the period of three years ranging from 31<sup>st</sup> December 2020 to 31<sup>st</sup> December 2022 and recently Management Accounts 2023.

#### **Key Financial Indicators**

#### **BALANCE SHEET ANALYSIS (TREND ANALYSIS)**

ASSETS	30-09-2023		31-Dec-22		31-Dec-21		31-Dec-20
Buildings & Structures	930,699,521.00	26%	738,708,091.00	57%	470,586,149.00	16%	406,000,550.00
Machine and Equipment	0.00		-		-		-
Motor Vehicles	0.00		-		-		-
Plant and Machines	-27,449,323.00	-263%	16,882,144.00	-74%	64,053,196.00	-11%	71,810,495.00
Furniture & Fittings	7,962,412.00	-78%	36,999,580.00	-43%	65,213,050.00	11%	58,787,201.00
Computer & Accessories	597,156.00	-78%	2,708,793.00	404%	537,109.00	-38%	859,375.00
Office Equipments	2,468,985.00	-54%	5,384,423.00	-33%	8,044,448.00	16%	6,936,355.00
<b>Total Fixed Assets (Net of Dep)</b>	<b>914,278,751.00</b>	<b>14%</b>	<b>800,683,031.00</b>	<b>32%</b>	<b>608,433,952.00</b>	<b>12%</b>	<b>544,393,976.00</b>
<i>Debtors Over 6 months</i>							
<b>Total Non-Current Assets</b>	<b>0.00</b>		<b>0.00</b>		<b>0.00</b>		<b>0.00</b>
Cash and Bank Balances	28,533,064.00		17,558,474.00		5,230,393.00	56%	3,356,263.00
Ending Inventory	40,545,854.00	20%	55,454,545.00	20%	6,325,100.00	-11%	7,103,642.00
Goods in Transit							
Trade Debtors	3,305,053	7%	3,074,468.00	8%	2,859,970.00	541%	446,000.00
Prepayments							
Other Current Assets							
<b>Total Current Assets</b>	<b>72,383,971.00</b>	<b>-5%</b>	<b>76,087,487.00</b>	<b>428%</b>	<b>14,415,463.00</b>	<b>32%</b>	<b>10,905,905.00</b>
<b>TOTAL ASSETS</b>	<b>986,662,722.00</b>	<b>13%</b>	<b>876,770,518.00</b>	<b>41%</b>	<b>622,849,415.00</b>	<b>12%</b>	<b>555,299,881.00</b>

LIABILITIES	30-Sep-23		31-Dec-22		31-Dec-21		31-Dec-20
Long Term Loan	27,558,455	-35%	42,115,425.00		0.00		0.00
Other Term Liabilities							
<b>Total Long Term Liabilities</b>	<b>27,558,455.00</b>	<b>-35%</b>	<b>42,115,425.00</b>		<b>0.00</b>		<b>0.00</b>
Overdrafts							
Current Portion of Long Term Loan							
Creditors	1,755,455	43%	1,224,585.00	29%	948,140.00	24%	767,243.00
Taxation - Provisions	0		0.00		0.00		0.00
<b>Total Current Liabilities</b>	<b>1,755,455.00</b>	<b>43%</b>	<b>1,224,585.00</b>	<b>29%</b>	<b>948,140.00</b>	<b>24%</b>	<b>767,243.00</b>
<b>TOTAL LIABILITIES</b>	<b>29,313,910.00</b>	<b>-32%</b>	<b>43,340,010.00</b>	<b>4471%</b>	<b>948,140.00</b>	<b>24%</b>	<b>767,243.00</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>986,662,723.00</b>	<b>13%</b>	<b>876,770,517.00</b>	<b>41%</b>	<b>622,849,416.00</b>	<b>12%</b>	<b>555,299,881.00</b>

CAPITAL	30-Sep-23		31-Dec-22		31-Dec-21		31-Dec-20
Share capital	0.00		0.00		0.00		0.00
Retained Earnings	957,348,813	15%	833,430,507.00	34%	621,901,276.00	12%	554,532,638.00
<b>Tangible Net Worth</b>	<b>957,348,813.00</b>	<b>15%</b>	<b>833,430,507.00</b>	<b>34%</b>	<b>621,901,276.00</b>	<b>12%</b>	<b>554,532,638.00</b>
Revaluation Reserves							
<b>TOTAL CAPITAL</b>	<b>957,348,813.00</b>	<b>15%</b>	<b>833,430,507.00</b>	<b>34%</b>	<b>621,901,276.00</b>	<b>12%</b>	<b>554,532,638.00</b>

## Summary of the Balance sheet:

### **Fixed Assets:**

Since the company is engaged in the hotel business, fixed assets of the company comprise of Investment in the buildings due to

accumulated profits, equipment, electronics and furniture and fittings.

In FY 2020, the fixed assets of the company stood at TZS 544.393 million which then increased to TZS 608.433 million in FY 2021 noting an increase by 12% from that of the previous year. This increase was a result of investment on hotel buildings. As of December 2022, the fixed assets increased by 32% to TZS 800.683 million. As per management accounts 2023 the fixed assets stood at TZS 914.278 million.

#### **Current Assets:**

Current assets consist of food stuff as inventories, debtors as well as cash/cash equivalents. Current assets of the company increased from TZS 10.905 million in 2020 to TZS 14.415 million in FY 2021 noting a 32% increase from that of the previous year mainly due to the increase in cash and inventory. As per audited accounts of 2022, current assets of the company increased further to TZS 76.087 million noting a further increase by 428% from that of the FY 2021, this same was due to the increase of all components of the current assets. As per management accounts 2023 the figure stood at TZS 72.383 million.

#### **Current Liabilities:**

Current liabilities consist mainly trade creditors and these have been fluctuating throughout the years under review. As of December 2020, the current liabilities were at TZS 767,243 and then increased by 24% to TZS 948,140 in December 2021. As of December 2022, the current liabilities were reported at TZS 1,224,585. As per the management accounts of September 2023 the current liabilities were reported at TZS 1,755,455.

#### **Net Worth:**

The shareholders' funds of the company comprise of paid-up share capital and retained earnings. Before the hotel was managed as Sole proprietor for long period of time until FY 2022 which the company was incorporated with share capital of TZS 200 million throughout the year under review.

Further from the financials submitted, the company has been making steady profits over the period analyzed above which is being ploughed back into the business. The total net worth (TNW) of the company has been increasing throughout the years under review showing that the business is growing and that the shareholders are well committed to the business. The same is also expected to grow in the coming months. As of December 2020, the retained earnings were reported at TZS 554.532 million which then increased by 12% to TZS 621.901 million as of December 2021 and then grew further to TZS 833.430 million as December 2022 and the recently management accounts revealed Net Worth of TZS 957.348 million as of September 2023.

## INCOME STATEMENTS ANALYSIS (Performance Analysis) - TREND ANALYSIS

PROFIT OR LOSS ACCOUNT	30-Sep-23		31-Dec-22		31-Dec-21		31-Dec-20
Turnover	520,810,967	-8%	565,572,248.00	83%	309,720,890.00	43%	216,462,580.00
Gross Profit	317,902,233	-21%	401,588,563.00	93%	208,037,223.00	22%	170,896,983.00
GP Margin	61.04%	-14.04%	71.01%	5.71%	67.17%	-14.92%	78.95%
Operating Expenses	103,085,163.00	-27%	140,980,510.00	15%	122,591,748.00	17%	105,203,573.00
Director's Remuneration	0		0.00		0.00		0.00
Finance Cost	0.00	0%	0.00		0.00		0.00
Depreciation	27,085,821	-32%	39,633,067.00	48%	26,800,922.00		0.00
Operating Profit	187,731,249.00	-15%	220,974,986.00	277%	58,644,553.00	-11%	65,693,410.00
OP Margin	36.05%	-7.74%	39.07%	106.35%	18.93%	-37.61%	30.35%
Interest Expense	0.00		0.00		0.00		0.00
Profit Before Tax	187,731,249.00	-15%	220,974,986.00	277%	58,644,553.00	-11%	65,693,410.00
Income Tax	15,458,545	64%	9,445,755.00	20%	7,889,500.00	132%	3,404,952.00
Profit After Tax	172,272,704.00	-19%	211,529,231.00	317%	50,755,053.00	-19%	62,288,458.00
NP Margin	33.08%	-11.56%	37.40%	128.23%	16.39%	-43.05%	28.78%

### Revenue:

The company's sales have been showing positive trend throughout the years under review. In FY 2020, the business has recorded a turnover of TZS 216.462 Million, which increased to TZS 309.720 million in FY 2021 noting a 43% increase from that of the previous year. As of December 2022, the company reported turnover of TZS 565.572 million as 83% increase from the year 2021. This increasing trend tells us how the business is growing strongly year from year due to demand from the hotel business which is influenced by

quality services and good environment. The story behind this success is the majority shareholder of the company Mr. JOSEPH ODO HAULE, the famous businessman in Ruvuma Region and Southern part of Tanzania.

The Management accounts for the nine months of FY 2023, revealed the revenue of TZS 520.810 million which gives us the comfort the annual revenue for FY 2023 will be higher than FY 2022.

### **HOTEL BUSINESS AND DEMAND**

NKOSI ZWANGENDABA HOTEL is the long established hotel business which cater for demand of hotels in Songea Area in Ruvuma Region. The business is very well effective managed and showed the showed good performance for more than 5 years consistently which raised the confidence to trust the company and still there is huge demand for hotel services from the market.

#### **Direct expenses:**

The company's direct expenses include the purchases of food stuff from the farmers being incurred. As the revenue growth from year to year, also the purchases have been growing as per revenue trend. The rate of growth of the purchases from year to year has not impacted to the gross earnings of the company and this has been witnessed by the consistent growth of the Gross profits with the acceptable levels of Gross margins from year to year.

#### **Operating Expenses:**

The business's operating expenses comprise of various items such as salaries, printing costs, rent and others costs just to name a few. As of December 2021, the operating expenses has increased to TZS 122.591 million from TZS 105.203 million reported in the financial year 2020. The same applies to FY 2022 of which the operating expenses grew further to TZS 140.980 million to reflect how the business is growing effectively to match with the requirements to run with the operating costs.

Also the Management accounts for September 2023 showed us the operating expenses have been incurred in relation to the

requirements of the business to cover the operating costs without affecting the performance and profitability in the time being. We are comfortable that during the FY 2023, the operating expenses will not affect the performance to the overall profitability measurement and assessment.

**Depreciation:**

The depreciation expenses are due to the wear and tear of the business's fixed assets mostly the hotel buildings owned by the business. In the FY 2021 the depreciation expenses were at TZS 26.800 million which then increased to TZS 39.633 million in the FY 2022. The reason behind was the additional/upgrading of hotel buildings to the portfolio which indeed helps to manage the business with its infrastructures to make sure there is business continuity.

**Profitability:**

Along with sales movement, the gross profits increased from TZS 170.896 million in the year ended 31st December 2020 to TZS 208.037 million in the year ended 31st December 2021 noting an increase by 22% the same was in line with the increase in the hotel's revenues. Further in FY 2022 the gross profits increased further to TZS 401.588 million noting a further increase by 93% from what was recorded in 2021, the marginal increase of the gross profits was due to the increase in more business and thus more revenue. As per management accounts 2023 the gross profits stood at TZS 317.902 million which indeed will be higher at the FY 2023 as compared to FY 2022.

Profit before Tax increases as well from TZS 50.755 million to TZS 211.529 million between the FY 2021 and FY 2022 respectively noting an increase by 317% from that of the previous year and as per management accounts of September 2023 the profits before tax were reported at TZS 172.272 million. The continuous increase in the company's profits before tax is due to the continuous increase in the company's revenues while the expenses have been maintained at the acceptable levels.

## RATIOS ANALYSIS

SELECTED RATIOS							
<b>Profitability</b>							
	30-Sep-23		31-Dec-22		31-Dec-21		31-Dec-20
Return on Total Assets (%)	17%	-28%	24%	196%	8%	-27%	11%
Return on Equity (%)	18%	-29%	25%	211%	8%	-27%	11%
Return on Total Invested Capital (%)	19%	-24%	25%	168%	9%	-20%	12%
<b>Liquidity</b>							
	30-Sep-23		31-Dec-22		31-Dec-21		31-Dec-20
Current Ratio	41.23	-34%	62.13	309%	15.20	7%	14.21
Acid Test Ratio	18.14	8%	16.85	97%	8.53	72%	4.96
Net Trade Cycle	49.50	2%	48.31	204%	15.87	-7%	17.10
<b>Debt Service Capacity</b>							
	30-Sep-23		31-Dec-22		31-Dec-21		31-Dec-20
Interest Coverage							
Debt Coverage	38.84	42%	27.26	28%	21.28	23%	17.36
<b>Efficiency</b>							
	30-Sep-23		31-Dec-22		31-Dec-21		31-Dec-20
Stock Turnover	26.00	-21%	32.75	380%	6.82	-97%	245.82
Avg Collection Period	26.00	-21%	32.75	339%	7.45	-38%	11.98
Avg Payable Period	2.89	16%	2.49	-27%	3.40	-45%	6.15
<b>Gearing</b>							
	30-Sep-23		31-Dec-22		31-Dec-21		31-Dec-20
Debt to Net Worth	0.03	-43%	0.05		0.00		0.00
Liabilities to Net Worth	1.03	-2%	1.05	5%	1.00	0%	1.00

### Liquidity:

The Company's current ratios have been observed to be above 1 throughout the years under review. This indicates that the client has sufficient funds to cover and support its day-to-day business operations. In FY 2020 the current ratios were at 14.21 which then slightly increased to 15.20 in FY 2021, this is due to the reason that the current liabilities had slightly increased to as current assets increased to. Further in FY 2022 and Management accounts 2023 the ratios were at 62.13 and 41.23 respectively.

### Gearing:

The company have showed up less reliance from dependence on debt to finance its assets. This has been shown in the FY 2022 when Debt to Net Worth ratios dropped from 0.00 to 0.05 from FY 2022 to FY 2021 and further dropped to 0.03 in the Management accounts of September 2023. Also Liabilities to Net Worth went down from 1.05 to 1.00 from FY 2022 to FY 2021 and further dropped to 1.03 in the Management accounts 2023.

### Efficiency:

Stock holding period depicted the decline trend from FY 2020, 2021 to 2022. The days were recorded 245 days in FY 2020 and dropped to 7 days in FY 2021 and increased to 33 days in FY 2022. This trend shows normal movements towards the maintaining of stock (food stuff) at acceptable levels.

Debtor's days also depicted the decline trend from FY 2020, 2021 to 2022. The debtor's days were recorded 12 days in FY 2020 and dropped to 7 days in FY 2021 and further increased to 33 days in FY 2022. This trend shows positive movements towards the company's strategies to collect debts on acceptable manner.

### **Projected Cash flows**

We have prepared the projected 10 years cash-flows (**See the Annexure**) which relates to the nature of bank financing we are seeking for with the following assumptions.

Hotel will request for bank funding TZS 2.5 Billion for expansion to a total 45 rooms, modern swimming pool, modified conference halls, modern bar & restaurant and highly equipped kitchen	
Hotel Investment costs estimated around TZS 3.0 Billion out of which, TZS 0.5 Billion will be equity contribution and TZS 2.5 Billion as Loan solicitation from bank.	
The requested funds will be fully utilized for construction, purchase of building materials and purchase of hotel decorations and modern equipment.	
The construction and finishing process will be almost 6 months from funds disbursement, hence grace period of 12 months is considered to be offered to the project promoters.	
During the construction period, the cash-flows will be generated from another existing hotel and its infrastructures which will be obliged to pay interest throughout the year.	
Once the hotel is finished after one year, the hotel will be generating revenue which will be more than 205% increase from the	

current capacity.
The projected revenue will be growing at 15% increase year on year whilst expenses will be growing at 12% year on year.
The requested loan of TZS 2.5 Billion will be 120 months of equal instalments with 12 months grace period with 15% per annum.

## **FINANCIAL EVALUATION**

The proposed new business hotel has a potential to generate sufficient revenue to cover its operating costs, as well as to service the proposed loan from NMB Bank.

Based on conservative assumptions, the hotel is expected to generate annual revenues of TZS 1.7 billion by the second operating year 2023 (after completion of phase one project) with operating expenses before corporate tax reaching nearly TZS 420 million. In the fourth year of operation 2026 it is projected annual revenues to be around TZS 2 billion with total operating expenses reaching slightly above TZS 500 million per annum with steady growth year-on-year.

The above audited financial statements together with the projected cash flows, suggests a healthy financial situation, both historically and as supported by the projections post hotel completion. The financial risk therefore appears to be minimal at least in the short run.

## **MANAGEMENT RISK**

### **Joseph Odo Haule - Director General /Board Chairman:**

He is the Director General and Board Chairman of Nkosi Zwangendaba Hotel Limited since incorporation of the company. He is a 67 years old Tanzanian Citizen having an M.A., Economics (Transport Economics), University of Dar es Salaam, Tanzania, and a first degree in Economics from the same University. Mr.

Joseph O. Haule has 34 years post graduate experience in the fields of transport economics, infrastructure financing, Roads Fund Management, restructuring of the roads sector institutions, road safety , as well as capacity building. Mr. Haule worked with the Roads Fund Board Tanzania as its first CEO from 2000 when it was established up to July 2016 when He retired from public service and now working as a freelance consultant.

Mr. Haule has also served as a member of a number of professional organizations, including the World Roads Association (PIARC) based in France where he served as a member of the Executive committee for 6 years and it's Finance Commission for eight years. In 2018 He was appointed Honorary Member of the Association becoming the third African to be bestowed such an Honor. He has also served as a member of the Governing Board of International Road Federation (IRF) based in Geneva as well as the Chairman of its committee on Road Economics and Financing. Mr Haule has also served as a Board Member of the Bank of Tanzania for six years from 2017 to May 2023.

Mr. Haule is an accomplished professional and business man.

#### **Elizabeth Haule - Client and Guest Relations Director**

Professionally, Ms. Elizabeth Haule is a Health Management Systems Specialist. Her main role at the Nkosi Zwagendaba Hotel is to ensure guests have a comfortable stay in Songea as well as being a government liason officer. Her other roles includes maximizing the utilization of the space to the best advantage and making sure that every guest is greeted, seated promptly and well attended. Major responsibility is therefore to ensure that guests on every table receive prompt attention and quality service. To achieve this, she is always familiar with the daily station assignments of staff.

Apart from this, Ms. Haule also deals with marketing aspects, client contracts and supplies. She also oversees the procurement and store-keeping function at the hotel.

#### **Emmanuel P. Mgoba - Operations Director**

Mr. Mgoba, an experienced hotelier with more than 40 years in the hotel industry, is in charge of monitoring and directing each department inside the hotel to meet revenues, profit, and customer satisfaction targets. He oversees the key hotel functions of Operations, House-keeping, Reception, Security, Cleaning Services, Bar and Restaurant.

**Anil Singh Gusain - Chief Chef**

Mr. Singh is the Chief Chef. Is a qualified Chef from India. His main responsibilities include staffing, training, and supervising kitchen and back-of-the-house personnel. He is also in charge of creating and maintaining menus, and overseeing food orders.

Mr. Singh's' other duties include marketing food offerings through advertising, customer contact, and point-of-sale materials, and ensure compliance with all health code and sanitation regulations.

Overall the Nkosi Zwangendaba Hotel is professionally organized and managed. The Management has so far managed to run the hotel business quite successful. Due to the above analysis, the hotel's management is not seen to pose any risk to the business in the foreseeable future.

**JOSEPH ODO HAULE**  
**Director General and Board Chairman**

## Annexes: Cash flows

### INVESTMENT COSTS

DESCRIPTION	EXISTING	ADDITION	TOTAL
Land	40,000,000	-	40,000,000
Fencing	79,959,600		79,959,600
Operations	-	100,000,000	100,000,000
Substructure	300,000,000	147,393,427	447,393,427
Frames	-	1,211,479,375	1,211,479,375
Stairs	-	24,714,700	24,714,700
Walling	-	204,470,000	204,470,000
Doors	-	64,559,500	64,559,500
Windows	-	112,716,000	112,716,000
Roof	-	78,428,000	78,428,000
Finishings		110,550,500	110,550,500
Painting & Deco		46,664,000	46,664,000
Plumbing & Electrical Works		48,648,000	48,648,000
Septic Tank & Soakaway Pit		6,476,770	6,476,770
<b>Total (excluding VAT)</b>	<b>419,959,600</b>	<b>2,156,100,272</b>	<b>2,576,059,872</b>

### FINANCING PLAN

DESCRIPTION	EXISTING	ADDITION	TOTAL
Equity Contribution	379,959,600	120,040,400	500,000,000
Loan -	-	2,000,000,000	2,000,000,000
<b>Total</b>	<b>379,959,600</b>	<b>2,120,040,400</b>	<b>2,500,000,000</b>

REVENUE  
ASSUMPTION

DESCRIPTION	QTY	PRICE	AMOUNT PER DAY	AMOUNT PER MONTH	AMOUNT PER ANNUM
Room Revenue					
VIP Suites	2	200,000	400,000	1,600,000	19,200,000
Executive Suites	5	150,000	750,000	16,500,000	198,000,000
Deluxe Rooms	13	90,000	1,170,000	25,740,000	308,880,000
Standard Room	36	70,000	2,520,000	55,440,000	665,280,000
<b>Total Room Revenue</b>			<b>4,840,000</b>	<b>99,280,000</b>	<b>1,191,360,000</b>
Food Revenue	20% of Room Revenue		968,000	29,040,000	348,480,000
Beverages Revenue	20% of Room Revenue		968,000	29,040,000	348,480,000
Conference Revenue	500	50,000	5,000,000	25,000,000	300,000,000
<b>Total Other Revenue</b>			<b>6,936,000</b>	<b>83,080,000</b>	<b>996,960,000</b>
<b>TOTAL REVENUE</b>			<b>11,776,000</b>	<b>182,360,000</b>	<b>2,188,320,000</b>

REVENUE ASSUMPTIONS

It is our assumptions that the two VIP Suites will be occupied in a total of 4 days in a month. Our other room categories (Executive Suites, Deluxe and Standard Rooms) will attract 70% occupancy monthly. Conference will be occupied for ten days in a month

### Inflationary Factor

Operating revenue and expenses will increase relatively to national inflation rate which is projected at 4.0%

### PROJECTED MANPOWER COSTS

TZS

DESCRIPTION	HEADS	SALARY P.M	TOTAL
<b>HOUSE KEEPING &amp; FRONT OFFICE</b>			
Supervisor	1	400,000	400,000
Front Office Staff	3	250,000	750,000
Housekeeping Attendants	4	250,000	1,000,000
Business Centre & IT	<u>1</u>	300,000	<u>300,000</u>
<b>House Keeping Total</b>	<b><u>9</u></b>		<b><u>2,450,000</u></b>
<b>ADMINISTRATION &amp; GENERAL</b>			
Hotel Manager	1	600,000	600,000
Finance/Accounts	2	400,000	800,000
Electrical/Plumbing	1	200,000	200,000
Drivers	1	200,000	200,000
Gardners	2	150,000	300,000
General Cleaners	2		300,000

		150,000	
Watchmen	<u>5</u>	200,000	<u>1,000,000</u>
<b>Administration Total</b>	<b><u>14</u></b>		<b><u>3,400,000</u></b>
<b>FOOD &amp; BEVERAGES</b>			
Supervisor	1	350,000	350,000
Chief Chef	1	450,000	450,000
Cooks	5	250,000	1,250,000
Bar/Restaurant Waitress	<u>5</u>	250,000	<u>1,250,000</u>
<b>Sub-total</b>	<b><u>12</u></b>		<b><u>3,300,000</u></b>
<b>TOTAL MANPOWER COSTS</b>	<b><u>35</u></b>		<b><u>9,150,000</u></b>
			109,800,000

OPERATING COST ASSUMPTIONS

DESCRIPTION/YEAR		2024	2025	2026
<b>Underlying Base</b>				
Room Revenue		1,191,360,000	1,244,971,200	1,300,994,904
Food Revenue		348,480,000	364,161,600	380,548,872
Beverage Revenue		348,480,000	364,161,600	380,548,872
Conference Revenue		300,000,000	313,500,000	327,607,500
<b>Total</b>		<b>2,188,320,000</b>	<b>2,286,794,400</b>	<b>2,389,700,148</b>
<b>OPERATING COSTS</b>				
House Keeping				
As a % of Room Revenue	7%	83,395,200	87,147,984	91,069,643
Total Departmental Operating Costs				
<b>RESTAURANT/BAR/LAUNDRY</b>				
Food: 40% As percentage Food Revenue	35%	121,968,000	127,456,560	133,192,105
Beverages: 35% As percentage Beverage Revenue	35%	121,968,000	127,456,560	133,192,105
Laundry: 10% As percentage Room Income	2%	23,827,200	24,899,424	26,019,898
<b>TOTAL OPERATING COSTS</b>		<b>351,158,400</b>	<b>366,960,528</b>	<b>383,473,752</b>
<b>OTHER OVERHEADS</b>				
Salaries and Wages		54,900,000	109,800,000	114,741,000
NSSF	10%	5,490,000	10,980,000	11,474,100
Skills Development Levy	5%	2,470,500	4,392,000	4,589,640
Repairs/Maintenance	3%	54,708,000	57,169,860	59,742,503.70

Marketing & Business Expenses	0.5%	5,470,800	10,941,600	11,948,501
Insurance as percentage of Investment Cost	0.4%	10,304,239	10,304,239	10,304,239
Mobile Phones and Internet	1%	10,941,600	22,867,944	23,897,001
Electricity and Water	3%	27,354,000	28,584,930	29,871,252
Stationery & Printing	0.25%	2,735,400	5,716,986	5,974,250
City Service Levy	0.3%	3,282,480	6,860,383	7,169,100
Refuse & Sewarage Collection	0.6%	6,564,960	13,720,766	14,338,201
Fuel & Lubricants	2%	21,883,200	45,735,888	47,794,003
MV Repairs and Maintenance as percentage of fuel costs	40%	8,753,280	18,294,355	19,117,601
Total Other Overheads		<u>214,858,459</u>	<u>345,368,952</u>	<u>360,961,393</u>
<b>TOTAL OPERATING COSTS</b>		<u><b>566,016,859</b></u>	<u><b>712,329,480</b></u>	<u><b>744,435,145</b></u>

## FINANCIAL PROJECTIONS

### STATEMEN OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOMES

DESCRIPTION	2024	2025	2026	2027	
	TZS	TZS	TZS	TZS	
REVENUE					
Sales	1,094,160,000	2,286,794,400	2,389,700,148	2,497,236,655	2,609,000,000
Cost of Sales	<u>175,579,200</u>	<u>366,960,528</u>	<u>383,473,752</u>	<u>400,730,071</u>	<u>418,000,000</u>
<b>GROSS PROFIT</b>	<u><b>918,580,800</b></u>	<u><b>1,919,833,872</b></u>	<u><b>2,006,226,396</b></u>	<u><b>2,096,506,584</b></u>	<u><b>2,190,000,000</b></u>

OPERATING EXPENSES

Administrative Expenses	125,334,101	283,057,452	360,961,393	376,740,965	393,000,000
Audit Fees	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Interest on Loan	-	-	-	-	-
Depreciation	12,724,192	127,877,510	127,877,510	127,877,510	127,877,510
<b>TOTAL OPERATING EXPENSES</b>	<b>143,058,293</b>	<b>415,934,962</b>	<b>493,838,903</b>	<b>509,618,475</b>	<b>526,754,510</b>
<b>NET PROFIT BEFORE TAX</b>	<b>775,522,507</b>	<b>1,503,898,910</b>	<b>1,512,387,493</b>	<b>1,586,888,109</b>	<b>1,664,245,490</b>
Provision for Income Tax	232,656,752	451,169,673	453,716,248	476,066,433	499,000,000
<b>NET PROFIT AFTER TAX</b>	<b>542,865,755</b>	<b>1,052,729,237</b>	<b>1,058,671,245</b>	<b>1,110,821,676</b>	<b>1,165,245,490</b>
Less: Drawings	-	-	-	-	-
<b>RETAINED EARNINGS</b>	<b>542,865,755</b>	<b>1,052,729,237</b>	<b>1,058,671,245</b>	<b>1,110,821,676</b>	<b>1,165,245,490</b>
Opening Balance	2,294,445,286	2,837,311,041	3,890,040,277	4,948,711,523	6,059,533,199
<b>Closing Balance</b>	<b>2,837,311,041</b>	<b>3,890,040,277</b>	<b>4,948,711,523</b>	<b>6,059,533,199</b>	<b>7,224,766,698</b>

PROJECTED STATEMENT OF CHANGE IN EQUITY

DESCRIPTION	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
	TZS	TZS	TZS	TZS	TZS
<b>Capital Account</b>					
Opening Balance	615,000,000	735,040,400	735,040,400	735,040,400	735,040,400
Addition	120,040,400	-	-	-	-
<b>Closing Balance</b>	<b>735,040,400</b>	<b>735,040,400</b>	<b>735,040,400</b>	<b>735,040,400</b>	<b>735,040,400</b>
<b>Retained Earnings</b>					
Opening Balance	2,294,445,286	2,837,311,041	3,890,040,277	4,948,711,523	6,059,533,199
Retained for the Period	542,865,755	1,052,729,237	1,058,671,245	1,110,821,676	1,165,245,490
<b>Closing Balance</b>	<b>2,837,311,041</b>	<b>3,890,040,277</b>	<b>4,948,711,523</b>	<b>6,059,533,199</b>	<b>7,224,766,698</b>
<b>TOTAL EQUITY</b>	<b>3,572,351,441</b>	<b>4,625,080,677</b>	<b>5,683,751,923</b>	<b>6,794,573,599</b>	<b>7,959,533,199</b>

STATEMENT OF FINANCIAL POSITION

DESCRIPTION	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
	TZS	TZS	TZS	TZS	TZS
<b>ASSETS</b>					
<b>NON CURRENT ASSETS</b>					
Property, Plant, and Equipment	2,928,586,180	2,800,708,670	2,672,831,160	2,544,953,650	2,417,000,000
<b>CURRENT ASSETS</b>					
Cash and Bank Balance	288,725,027	1,692,844,694	1,753,005,885	2,369,252,501	3,070,000,000
Accounts Receivables	668,753,005	611,068,919	664,367,580	639,446,344	592,000,000
<b>TOTAL CURRENT ASSETS</b>	<b>957,478,032</b>	<b>2,303,913,613</b>	<b>2,417,373,465</b>	<b>3,008,698,845</b>	<b>3,663,000,000</b>
<b>TOTAL ASSETS</b>	<b>3,886,064,212</b>	<b>5,104,622,283</b>	<b>5,090,204,625</b>	<b>5,553,652,495</b>	<b>6,080,000,000</b>
<b>LIABILITIES</b>					
<b>NON CURRENT LIABILITIES</b>					
Term Loan - CRDB Bank	-	-	-	-	-
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CURRENT LIABILITIES</b>					
Accounts Payables	7,152,915	38,544,751	24,691,945	25,480,924	26,000,000
Provision for Income Tax	232,656,752	451,169,673	453,716,248	476,066,433	499,000,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>239,809,667</b>	<b>489,714,424</b>	<b>478,408,193</b>	<b>501,547,356</b>	<b>525,000,000</b>
<b>TOTAL LIABILITIES</b>	<b>239,809,667</b>	<b>489,714,424</b>	<b>478,408,193</b>	<b>501,547,356</b>	<b>525,000,000</b>
<b>EQUITY</b>					
Proprietor's Capital	735,040,400	735,040,400	735,040,400	735,040,400	735,000,000
Retained Profit	2,837,311,041	3,890,040,277	4,948,711,523	6,059,533,199	7,224,000,000

TOTAL EQUITY	<u>3,572,351,441</u>	<u>4,625,080,677</u>	<u>5,683,751,923</u>	<u>6,794,573,599</u>	<u>7,959,</u>
TOTAL LIABILITIES AND CAPITAL	<u>3,812,161,107</u>	<u>5,114,795,101</u>	<u>6,162,160,116</u>	<u>7,296,120,956</u>	<u>8,485,</u>

PROJECTED DEPRECIATION

ASSET	COST	ADDITION	TOTAL	RATE	2022	#	2024	#	2025
Land	40,000,000	-	40,000,000	0%	-		-		-
Buildings	79,959,600	2,156,100,272	2,236,059,872	2%	1,599,192.00		44,721,197		44,721,197
Motor Vehicles	30,000,000	-	30,000,000	12.50%	3,750,000		3,750,000		3,750,000
Tools and Equipment	47,000,000	315,700,000	362,700,000	12.50%	5,875,000		45,337,500		45,337,500
Generator	-	150,000,000	150,000,000	12.50%	-		18,750,000		18,750,000
Furniture & Fittings	12,000,000	110,550,500	122,550,500	12.50%	1,500,000		15,318,813		15,318,813
<b>Total</b>	<b>208,959,600</b>	<b>2,732,350,772</b>	<b>2,941,310,372</b>		<b>12,724,192</b>		<b>127,877,510</b>		<b>127,877,510</b>
Cumulative Depreciation					12,724,192		140,601,702		268,479,212
<b>NET CARRYING AMOUNT</b>					<b>2,928,586,180</b>		<b>2,800,708,670</b>		<b>2,672,831,160</b>

MONTH	PRINCIPAL	INSTALLMENT	INTEREST	TOTAL
Jun-22	200,000	-	3,000	3,000
Jul-22	198,333	1,667	2,975	4,642
Aug-22	196,667	1,667	2,950	4,617
Sep-22	195,000	1,667	2,925	4,592
Oct-22	193,333	1,667	2,900	4,567
Nov-22	191,667	1,667	2,875	4,542
Dec-22	190,000	1,667	2,850	4,517
Jan-23	188,333	1,667	2,825	4,492
Feb-23	186,667	1,667	2,800	4,467
Mar-23	185,000	1,667	2,775	4,442
Apr-23	183,333	1,667	2,750	4,417
May-23	181,667	1,667	2,725	4,392
Jun-23	180,000	1,667	2,700	4,367
Jul-23	178,333	1,667	2,675	4,342
Aug-23	176,667	1,667	2,650	4,317
Sep-23	175,000	1,667	2,625	4,292
Oct-23	173,333	1,667	2,600	4,267
Nov-23	171,667	1,667	2,575	4,242
Dec-23	170,000	1,667	2,550	4,217
Jan-24	168,333	1,667	2,525	4,192
Feb-24	166,667	1,667	2,500	4,167
Mar-24	165,000	1,667	2,475	4,142
Apr-24	163,333	1,667	2,450	4,117
May-24	161,667	1,667	2,425	4,092
Jun-24	160,000	1,667	2,400	4,067
Jul-24	158,333	1,667	2,375	4,042
Aug-24	156,667	1,667	2,350	4,017

Sep-24	155,000	1,667	2,325	3,992
Oct-24	153,333	1,667	2,300	3,967
Nov-24	151,667	1,667	2,275	3,942
Dec-24	150,000	1,667	2,250	3,917
Jan-25	148,333	1,667	2,225	3,892
Feb-25	146,667	1,667	2,200	3,867
Mar-25	145,000	1,667	2,175	3,842
Apr-25	143,333	1,667	2,150	3,817
May-25	141,667	1,667	2,125	3,792
Jun-25	140,000	1,667	2,100	3,767
Jul-25	138,333	1,667	2,075	3,742
Aug-25	136,667	1,667	2,050	3,717
Sep-25	135,000	1,667	2,025	3,692
Oct-25	133,333	1,667	2,000	3,667
Nov-25	131,667	1,667	1,975	3,642
Dec-25	130,000	1,667	1,950	3,617
Jan-26	128,333	1,667	1,925	3,592
Feb-26	126,667	1,667	1,900	3,567
Mar-26	125,000	1,667	1,875	3,542
Apr-26	123,333	1,667	1,850	3,517
May-26	121,667	1,667	1,825	3,492
Jun-26	120,000	1,667	1,800	3,467
Jul-26	118,333	1,667	1,775	3,442
Aug-26	116,667	1,667	1,750	3,417
Sep-26	115,000	1,667	1,725	3,392
Oct-26	113,333	1,667	1,700	3,367
Nov-26	111,667	1,667	1,675	3,342
Dec-26	110,000	1,667	1,650	3,317
Jan-27	108,333	1,667	1,625	3,292
Feb-27	106,667	1,667	1,600	3,267

Mar-27	105,000	1,667	1,575	3,242
Apr-27	103,333	1,667	1,550	3,217
May-27	101,667	1,667	1,525	3,192
Jun-27	100,000	1,667	1,500	3,167
Jul-27	98,333	1,667	1,475	3,142
Aug-27	96,667	1,667	1,450	3,117
Sep-27	95,000	1,667	1,425	3,092
Oct-27	93,333	1,667	1,400	3,067
Nov-27	91,667	1,667	1,375	3,042
Dec-27	90,000	1,667	1,350	3,017
Jan-28	88,333	1,667	1,325	2,992
Feb-28	86,667	1,667	1,300	2,967
Mar-28	85,000	1,667	1,275	2,942
Apr-28	83,333	1,667	1,250	2,917
May-28	81,667	1,667	1,225	2,892
Jun-28	80,000	1,667	1,200	2,867
Jul-28	78,333	1,667	1,175	2,842
Aug-28	76,667	1,667	1,150	2,817
Sep-28	75,000	1,667	1,125	2,792
Oct-28	73,333	1,667	1,100	2,767
Nov-28	71,667	1,667	1,075	2,742
Dec-28	70,000	1,667	1,050	2,717
Jan-29	68,333	1,667	1,025	2,692
Feb-29	66,667	1,667	1,000	2,667
Mar-29	65,000	1,667	975	2,642
Apr-29	63,333	1,667	950	2,617
May-29	61,667	1,667	925	2,592
Jun-29	60,000	1,667	900	2,567
Jul-29	58,333	1,667	875	2,542
Aug-29	56,667	1,667	850	2,517

Sep-29	55,000	1,667	825	2,492
Oct-29	53,333	1,667	800	2,467
Nov-29	51,667	1,667	775	2,442
Dec-29	50,000	1,667	750	2,417
Jan-30	48,333	1,667	725	2,392
Feb-30	46,667	1,667	700	2,367
Mar-30	45,000	1,667	675	2,342
Apr-30	43,333	1,667	650	2,317
May-30	41,667	1,667	625	2,292
Jun-30	40,000	1,667	600	2,267
Jul-30	38,333	1,667	575	2,242
Aug-30	36,667	1,667	550	2,217
Sep-30	35,000	1,667	525	2,192
Oct-30	33,333	1,667	500	2,167
Nov-30	31,667	1,667	475	2,142
Dec-30	30,000	1,667	450	2,117
Jan-31	28,333	1,667	425	2,092
Feb-31	26,667	1,667	400	2,067
Mar-31	25,000	1,667	375	2,042
Apr-31	23,333	1,667	350	2,017
May-31	21,667	1,667	325	1,992
Jun-31	20,000	1,667	300	1,967
Jul-31	18,333	1,667	275	1,942
Aug-31	16,667	1,667	250	1,917
Sep-31	15,000	1,667	225	1,892
Oct-31	13,333	1,667	200	1,867
Nov-31	11,667	1,667	175	1,842
Dec-31	10,000	1,667	150	1,817
Jan-32	8,333	1,667	125	1,792
Feb-32	6,667	1,667	100	1,767

Mar-32	5,000	1,667	75	1,742
Apr-32	3,333	1,667	50	1,717
May-32	1,667	1,667	25	<u>1,692</u>
<b>Installment per Month</b>				<b><u><u>4,310</u></u></b>

CASH FLOW PROJECTIONS FOR TWELVE MONTHS OF 2022

DESCRIPTION	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
CASH INFLOWS						
Loan Receipt	2,000,000					
Equity Contribution	379,960					
Cash Sales						
<b>TOTAL CASH INFLOWS</b>	<b>2,379,960</b>	-	-	-	-	-

**CASH OUTFLOWS**

Payments to construction Contractor	428,393	1,511,194	224,470	254,744	55,125	410,556		
Purchases for Operations								
<b>Other Overheads</b>								
Salaries and Wages								4,575
NSSF								458
Skills Development Levy								206
Repairs/Maintenance								4,559
Marketing & Business Expenses								456
Insurance as percentage of Investment Cost								859
Mobile Phones and Internet								912
Electricity and Water								2,280
Stationery & Printing								228
City Service Levy								274
Refuse & Sewarage Collection								547
Fuel & Lubricants								1,824
MV Repairs and Maintenance								729
<b>Total Costs</b>	<b>428,393</b>	<b>1,511,194</b>	<b>224,470</b>	<b>254,744</b>	<b>55,125</b>	<b>17,905</b>		
<b>NET CASH AVAILABLE FOR LOAN REPAYMENT</b>	<b>1,951,566</b>	<b>- 1,511,194</b>	<b>- 224,470</b>	<b>- 254,744</b>	<b>- 55,125</b>	<b>- 17,905</b>		
Loan Installment								
<b>NET CASH AFTER LOAN PAYMENT</b>	<b>1,951,566</b>	<b>- 1,511,194</b>	<b>- 224,470</b>	<b>- 254,744</b>	<b>- 55,125</b>	<b>- 17,905</b>		
Opening Balance	-	1,951,566	440,372	215,902	- 38,841	- 93,966	-	-
<b>CUMMULATIVE NET CASH</b>	<b>1,951,566</b>	<b>440,372</b>	<b>215,902</b>	<b>- 38,841</b>	<b>- 93,966</b>	<b>- 111,871</b>		

CASH FLOW PROJECTIONS FOR TWELVE MONTHS OF 2025

DESCRIPTION	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	
<b>CASH INFLOWS</b>							
Cash Sales	190,566	190,566	190,566	190,566	190,566	190,566	190,566
<b>TOTAL CASH INFLOWS</b>	<b>190,566</b>	<b>190,566</b>	<b>190,566</b>	<b>190,566</b>	<b>190,566</b>	<b>190,566</b>	<b>190,566</b>
<b>CASH OUTFLOWS</b>							
Purchases for Operations	30,580	30,580	30,580	30,580	30,580	30,580	30,580
<b>Other Overheads</b>		-	-	-	-	-	
Salaries and Wages	4,575	4,575	4,575	4,575	4,575	4,575	4,575
NSSF	458	458	458	458	458	458	458
Skills Development Levy	206	206	206	206	206	206	206
Repairs/Maintenance	4,764	4,764	4,764	4,764	4,764	4,764	4,764
Marketing & Business Expenses	912	912	912	912	912	912	912
Insurance as percentage of Investment Cost	859	859	859	859	859	859	859
Mobile Phones and Internet	1,906	1,906	1,906	1,906	1,906	1,906	1,906
Electricity and Water	2,382	2,382	2,382	2,382	2,382	2,382	2,382
Stationery & Printing	476	476	476	476	476	476	476
City Service Levy	572	572	572	572	572	572	572
Refuse & Sewarage Collection	1,143	1,143	1,143	1,143	1,143	1,143	1,143
Fuel & Lubricants	3,811	3,811	3,811	3,811	3,811	3,811	3,811
MV Repairs and Maintenance	1,525	1,525	1,525	1,525	1,525	1,525	1,525
Payment of Income Tax	58,164			58,164	-	-	58,164
<b>Total Cash Outflow</b>	<b>112,332</b>	<b>54,168</b>	<b>54,168</b>	<b>112,332</b>	<b>54,168</b>	<b>54,168</b>	<b>112,332</b>
<b>NET CASH AVAILABLE FOR LOAN REPAYMENT</b>	<b>78,234</b>	<b>136,398</b>	<b>136,398</b>	<b>78,234</b>	<b>136,398</b>	<b>136,398</b>	<b>78,234</b>
Loan Installment	-	-	-	-	-	-	-
<b>NET CASH AFTER LOAN PAYMENT</b>	<b>78,234</b>	<b>136,398</b>	<b>136,398</b>	<b>78,234</b>	<b>136,398</b>	<b>136,398</b>	<b>78,234</b>
Opening Balance	288,725	366,959	503,357	639,755	717,989	854,387	990,771
<b>CUMMULATIVE NET CASH</b>	<b>366,959</b>	<b>503,357</b>	<b>639,755</b>	<b>717,989</b>	<b>854,387</b>	<b>990,785</b>	<b>1,069,056</b>

