

CALGARTH INVESTMENT LIMITED

**BUSINESS PLAN FOR
BULK LIQUID STORAGE FACILITY**

1.0. SUMMARY

1.1 Project Concept

This project document presents a proposal by **CALGARTH INVESTMENT LIMITED**, a locally registered company with Certificate of Incorporation No. **165176243 Dated 22nd April 2023** intending to establish a bulk liquid storage facility. The project promoters are confident of mobilizing financial resources through equity financing. The objective of this study is to assess the commercial and operational feasibility of the project undertaken by **CALGARTH INVESTMENT LIMITED**. This study will be used as guiding tool and will be presented to TIC for obtaining certificate of incentives to facilitate smooth implementation of the project.

1.2 Location

The project will be located at Dar es Salaam region.

1.3 The Sponsors

CALGARTH INVESTMENT LIMITED will be sponsoring this project. The Company is jointly owned by the following shareholders.

S/N	Name of shareholders	Percentage of ownership
1	NWABUEZE NNADOZIE MBANASO	15
2	CHIGOZIE AZIBUIKE NWACHUKU	15
3	CHIMEZIE EZIMA	10
4	OGUGUA UCHENNA OBIDIKE	9
5	HARVEST GROUP OF COMPANIES LIMITED	51

1.4 Project Management and Manpower requirements

CALGARTH INVESTMENT LIMITED will be under the General Manager assisted by Deputy General Manager who will be in charge of Finance and Administration, and will have managers responsible with Marketing Departments, sales, logistics, procurements and other several staff.

The company is locally registered and is all owned by five foreign shareholders.

1.5 Project description

Significant measures have been taken to liberalize the Tanzania economy so that to encourage private sector to take a lead as engine of economic growth; The Government of Tanzania embarked on adjustment program to give the private sector the leading role.

It is in view of the above that **CALGARTH INVESTMENT LIMITED** came up with a proposal to establish a liquid storage facility in Dar es Salaam city of Tanzania, the facilities will be used for fuel storage.

The project will involve among others acquiring necessary building materials, tanks, pumps, trucks, and pick up, and other equipments the company plan to invest the project which cost US \$ 550,000.

It is expected that the establishment of the premises facilities will be completed within 3 years time and the company will apply to be exempted from paying import duty and VAT on Capital good and deemed capital good.

1.6 Project Description

A company plan to establish by constructing a liquid storage facilities which aims to store fuel and this is due to high demand of the product.

1.7 Storage Systems

Technological development taking place has contributed quite significantly in the development of storage systems in the world to day. Some depots are completely automated, with no workers working inside. This storage will have a unit for accommodating the storage facilities for different and related products. Automated storage and retrieval machines coordinated by programmable logic controllers and computer running logistics automation software.

Traditional storage has been declining since the last decades of the 20th century with the gradual introduction of just In Time (JIT) technique designated to improve the return on investment of a business by reducing in-process inventory. The JIT system promotes the delivery of products directly from the suppliers to the retail merchant or from directly to importer, however by any case the need of depot facilities will remain necessitating at least one storage facility per country or per region in any typical supply chain for a given range of products.

Modern storage are also used at large by exporters/ manufacturers as a point of developing retail outlets in particular region or country.

This concept reduces the end cost of the product to the consumer and thus enhances the production sale ratio.

2.0 PROJECT'S INVESTMENT COST

The estimated capital investment cost of the project is US \$ 550,000 out of which US \$ 300,000 will be fixed investment costs. Pre-production expenditures have been budgeted at US 20,000; while working capital is put at \$150,000.

CALGARTH INVESTMENT LIMITED

PARTICULAR	US\$
Land and Buildings	222,000
Plant & Machines	84,000
Motor Vehicles	24,000
Furniture & Fixtures	50,000
Pre Expenses	20,000
Working Capital	150,000
TOTAL	550,000

For the project to be a reality a total investment amounting to US \$ 0.55 m is needed

(i) Land and Building: Us \$222,000

The project has opted for construction of facility estimated to cost US \$222,000

(ii) Machinery and Equipment: US\$ 84,000

Some US \$84,000 is anticipated to be spent on the purchase of various storage facility tools and equipment which will accommodate new technology

(iii) Motor Vehicles:US\$ 24,000,

The project will need Tankers, heavy trucks, light trucks and double cabin pick ups. These vehicles will be used in transportation of cargo/fuel to the facility and double cabin pick up for administrative purposes.

(iv) Office Furniture and Equipment: US \$50,000

This investment cost item has been estimated to cost US \$50,000. It will consist of office tables, chairs, telephone, fax, machines, file cabinets, sofa chairs etc.

(v) Pre-Operational Expenses: US\$ 20,000

They cover things like company registration, expenses spent in exploring the viability of the project, especially the market/client identification exercise. This Pre-operational coast item also covers the architectural designs of project buildings and other engineering services. Also included under this item are issues like consultancy fees, legal fees and recruitment and training costs of personnel.

(vi) Initial Working Capital: US\$150,000

Calculations as well as assumptions for working capital requirements, it is estimated that it will cost US \$ 150,000.

3.0 FINANCING PATTERN

The project will be financed by equity by; constituting US\$ 550,000.

4.0 PROJECT OPERATING COSTS

In order to realize its intended objective the project will have to meet the following operating costs.

(i) Salaries and Wages

The project will engage 12 employees.

(ii) Utilities

Considered here are water and electricity which together will cost US \$ 322,00 annually respectively.

(iii) Motor vehicle running Expenses\$ 2,800

Petrol/diesel and lubricant requirement for the project's motor vehicles, this cost element will amount to US\$2800, annually.

(iv) Communication cost US\$ 17800

5.0 ASPECTS OF PROJECT SUSTAINABILITY

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed. The growing demand for quality fuel storage facility due to growth of manufacturing and transportation sectors gives them assurance of a steady market. The peace and tranquility

that exist in Tanzania is another aspect of assured business sustainability.

6.0 MONITERING AND EVALUATION

The monitoring and evaluation tools will be applied in running this project as well, the project sponsors are determined to cooperate fully with the government and other stakeholders for smooth business running.

7.0 FINANCIAL ANALYSIS

7.1. Considerations and Assumptions:

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight line method to depreciate the project's capital items has been applied.

It is assumed that the major building raw material will be procured from local market and other will be imported. Revenues have been conservatively estimated based on experience of the promoters and trends in the manufacturing industry.

7.2 Financial Statements:

7.3 Projected bulk storage facilities Revenue

For projection purposes, it is assumed that the economic life of the project is five years, and that revenue from fuel storage facility commence from the first year of operation.

7.4 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 5 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from first year to fifth year

PROJECTED INCOME STATEMENT						
		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEARS5
Sales Revenue		797,500	957,000	1,148,400	1,378,080	1,653,696
Cost of Sales		159,500	159,500	159,500	159,500	159,500
Gross Profit		638,000	797,500	988,900	1,218,580	1,494,196
Operating Expenses						
Administrative Overhead						
Costs		51,500	52,015	52,535	53,061	53,591
Motor Vehicle running		28,000	28,280	28,563	28,848	29,137
Salaries and Wages		11,000	11,110	11,221	11,333	11,447
Depreciation		74,150	74,892	75,640	76,397	77,161
Utility Costs		31,200	31,512	31,827	32,145	32,467
Insurance		13,750	13,888	14,026	14,167	14,308
Interest on Loan		10,500	10,605	10,711	10,818	10,926
Total Expenses		140,600	142,006	143,426	144,860	146,309
Profit before Tax		497,400	655,494	845,474	1,073,720	1,347,887
Tax (30%)		149,220	196,648	253,642	322,116	404,366
Profit After Tax		348,180	458,846	591,832	751,604	943,521

7.6 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Net worth of the project increases from the first year of operation to the 5th year.

PROJECTED BALANCE SHEET						
		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Fixed Assets		380,000	305,850	266,700	227,550	188,400
Long term Assets						
Depreciation		74,150	39,150	39,150	39,150	39,150
Total long term assets		305,850	266,700	227,550	188,400	149,250
Current Assets						
Cash		406,100	684,700	979,050	1,292,735	1,625,723
Account Receivable		105,000	110,250	216,535	421,763	527,628
Inventory		214,710	376,383	438,469	402,292	467,493
Total Current Assets		170,000	170,000	170,000	170,000	170,000
Total Assets		475,850	436,700	397,550	358,400	319,250
Current Liabilities						
Accounts Payable		84,000	88,200	92,610	97,241	102,103
Other Current Liablit		70,000	73,500	77,175	81,034	85,085
Subtotal Current Liabi		154,000	1,616,700	169,785	178,274	187,188
Long term Liabilities						
Long term Liabilitie		1,820,000	1,820,000	1,820,000	1,820,000	1,820.00
Total Liabiities		305,850	266,700	227,550	188,400	149,250
Net Assets		820,810	877,633	951,268	1,044,516	1,157,656
Captil and Reserves						
Owners Contribution		780,000	780,000	780,000	780,000	780,000
Retained Earning		40,810	97,633	171,268	264,516	377,656
Total Capital		475,850	436,700	397,550	358,400	319,250

7.7 Projected fixed schedule

The projected fixed schedule is shown in the schedule under same heading. Net worth of the fixed assets decreases from the first year of operation to the 5th year.

FIXED ASSETS SCHEDULE						
NAME OF ASSETS		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings		82,000,000	77,900,000	73,800,000	69,700,000	65,600,000
Plant & Machines		28,000,000	22,400,000	16,800,000	11,200,000	5,600,000
Motor Vehicle		24,000,400	23,760,400	23,755,400	23,750,400	23,745,400
Furniture & Fixtures		300,000	262,500	225,000	187,500	150,000
Total		134,300,400	124,322,900	114,580,400	104,837,900	95,095,400
Depreciation		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings		4,100,000	4,100,000	4,100,000	4,100,000	4,100,000
Plant & Machines		5,600,000	5,600,000	5,600,000	5,600,000	5,600,000
Motor Vehicles		240,000	5,000	5,000	5,000	5,000
Furniture & Fixtures		37,500	37,500	37,500	37,500	37,500
ANNUAL DEPRECIATION		9,977,500	9,742,500	9,742,500	9,742,500	9,742,500
CLOSING FIXED ASSETS		124,322,900	114,580,400	104,837,900	95,095,400	85,352,900

7.8 Projected Risks

This is a real estate investment; no major risks have been identified for this kind of project so far. Unless a change in the country's political and economic stability occurs the project is more likely to prosper very fast for a very long period.

8.0 ECONOMIC ASPECTS

Implementation of this project will have the following social and economic values

- The project will provide high quality storage facilities with state of the art and company office to meet international standards required by the company and targeted clients
- The project is an ideal option for utilization of the recently acquired prime site

- The project will involve transfer of technology in bulk storage industry and manufacturing
- The project will create employment for 12 people on permanent contract basis as well as on temporary basis.
- It will create more business opportunities to local transporters, which will also have a trickledown effect in the environmental issues.
- It will generate substantial revenue to the government in the form of corporate tax, value added tax and pay as you earn.
- The project will earn substantial amounts of foreign exchange.

10.0 CONCLUSION AND RECOMMENDATIONS

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 1997.

FINANCIAL STATEMENTS

CALGARTH INVESTMENT LIMITED

INVESTMENT BREAKDOWN

INVESTMENT BREAKDOWN			
PARTICULAR			AMOUNTS USD
Land and Buildings			222,000
Plant & Machines			84,000
Motor Vehicles			24,000
Furniture & Fixtures			50,000
Pre Expenses			20,000
Working Capital			150,000
TOTAL			550,000

OTHER OPERATING COST						
Other Operations Cost		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Motor Vehicle running expens		28,000	28,400	28,800	29,200	29,600
Salaries and Wages		11,000	12,100	13,310	14,641	16,105
Administrative Overhead Costs		51,500	56,650	62,315	68,547	75,401
Utility Costs		31,200	34,320	37,752	41,527	45,680
Interest on Loan		10,500	9,450	8,505	7,655	6,889
Communication Exepnses		17,800	19,580	21,538	23,692	26,061
Total Costs		150,000	160,500	172,220	185,261	199,736

FIXED ASSETS SCHEDULE						
NAME OF ASSETS		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings		222,000	210,900	199,800	188,700	177,600
Plant & Machines		84,000	67,200	50,400	33,600	16,800
Motor Vehicle		24,000	-16,000	-21,000	-26,000	-31,000
Furniture & Fixtures		50,000	43,750	37,500	31,250	25,000
Total		380,000	305,850	266,700	227,550	188,400
Depreciation		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings		11,100	11,100	11,100	11,100	11,100
Plant & Machines		16,800	16,800	16,800	16,800	16,800
Motor Vehicles		40,000	5,000	5,000	5,000	5,000
Furniture & Fixtures		6,250	6,250	6,250	6,250	6,250
ANNUAL DEPRECIATION		74,150	39,150	39,150	39,150	39,150
CLOSING FIXED ASSETS		305,850	266,700	227,550	188,400	149,250

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