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**WAGON LOGISTICS TANZANIA
COMPANY LIMITED**

**FEASIBILITY STUDY FOR CARGO TRUCKING & LOGISTICS
MANAGEMENT PROJECT**

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PART I

1.0 EXECUTIVE SUMMARY

WAGON LOGISTICS TANZANIA COMPANY LIMITED is Company registered in Tanzania under the Companies act of 2002, and bears Certificate of Incorporation No. 138066 issued 25th September, 2017.

The project promoters are well established businessmen in Dar es Salaam Region, carrying out various businesses but majoring in printing and manufacturing of packaging materials, real estate transportation and general trading activities. Having been in business over 15 years the directors are well equipped for expansion and they see a promising business opportunity in Logistics Management and Transportation Sector.

This document is prepared to the serve the purpose as a business plan for WAGON LOGISTICS TANZANIA COMPANY LIMITED for its transportation Project. The implementation of this project will compromise the following activities:-

- The purchases of cargo 100 trucks and to be done into phases
- The purchases of 100 semi-trailers to be done into phases
- Equipping the Company with relevant facilities to for Logistics and transportation project
- Construction of a modern workshop, Goods shed for storage purpose.

The proposed first phase of the project, comprising the purchase of 100 trucks trailers which is estimated to cost more than 6,300,000\$ when the project will be operating at full capacity within five years of the implementation period. The project promoter will finance the entire project by 27% as loan while the remaining 73% of this investment will be financed through equity.

1.1 THE PROJECT PROMOTOERS

The project is sponsored by WAGON LOGISTICS COMPANY LIMITED owned by three directors with the following shares.

NAME OF DIRECTORS	NATIONALITY	NUMBER OF SHARES	% of shares
Zhang Tianwei	Chinese	5100	37.5
John Joseph Mayombo	Tanzanian	4600	33.8
Xu Yuanfei	Chines	3900	28.7

1.2 LEGAL STRUCTURE

The company is operating under and within the ambit of the law due the fact that, it has the following documents; Memorandum and Article of Association, certificate of incorporation, Tax Identification Number, Business License and value added Tax certificates.

1.3 LOCATION

The head Office of the Company's Project will be located at J Mall Building, Post Code 12101, Samora Street, Samora Road, Plot Number 2, House Number 711 Ilala Dar es Salaam.

1.4 MARKETS

The target markets of this project are the neighboring landlocked countries of central, east and southern Africa such as DRC, Malawi, Zambia, Burundi, Rwanda, and Uganda, including hinterland parts of Tanzania.

As the matter of Fact poor transport and communication infrastructures are major causes of low levels of interregional trade in East & Central Africa. It is of view of this factor WAGON LOGISTICS TANZANIA COMPANY LIMITED has resolved to invest in the ones stop logistics and transport sector to provide solution that would lead to stimulating the said intraregional trade. The project is expected to offer challenges to the business community to enhance interregional trade between Tanzania and these countries.

1.5 THE INVESTMENT

Total cost planned to be invested at this project is 375,000 USD. The amount of loan to be secured is 1,500,000 USD while the equity and value asset contribution will be 2,908,000 USD while profit will be reinvested.

1.6 FINANCIAL ASPECTS

Financial information of WAGON LOGISTICS TANZANIA COMPANY LIMITED is projected within Limit of five years. The company projected profit and Loss, account show a respectable turnover of gained to the rest of five years. The projected income statement shows the profits of (99,890\$) in the first year of operation and more than 79,633 USD in the 5th year of the usefully lifetime of the implementation during which the business will be evaluated again. The projected balance sheet shows the increase of net worth of more than 7054\$ in the 2nd year

and more than 79,633\$ in the 5th year. The financial documents show that the business has a positive net cash flow.

PARTY II

2.0 PROJECT CONCEPT

Tanzania is largest country in East Africa which is geographically strategically located in relation to her neighbors. Because of the strategic location of Tanzania, the country's transportation System is also used to serve landlocked neighbors countries which include countries like Uganda, Rwanda, Burundi, DRC, northern parts of Zambia, Malawi and some parts of Mozambique.

The transportation sector plays critical role in the social economic development of the country. Transport provides links between centers of production and those of consumption, markets in the economic sectors such as agriculture, Industry, mining and tourism. It facilitates the flow of people along the import and export corridors that link the coast ports and land locked countries.

Transport equally provides access to employments, health, education, recreation and other services. Therefore, one is right to conclude that without a good transport system the development of a country is impossible .What roads and railways are to a country's development is like what the blood system is to the human body.

The Tanzania Government realizes the role of the transport sector for its social and economic development as the results; it is encouraging private sector to invest in transportation industry, not only that but also offers a good package of incentives for investors investing in transportation sector.

2.1. Government Policy on Transportation

The government has of late put a greater emphasis on the transport and communication sector so as to improve upon them and consequently lead to economic development. The following are therefore the national transport policies among others:

- To improve the standard of trunk road network by maintaining the existing roads so as to ensure a satisfactory level of service and to expand the feeder roads in order to cover

a wider area of agricultural production. Rehabilitation and maintenance of existing railway network is also given greater attention;

- To give assistance to the private sector so as to enable the sector provide transport services both in the country and neighbouring states. Hence, the private transport sector provides over 70% of total road services.
- From the brief outline mentioned above, the transport policy in all its intent is geared towards improving and encouraging all modes of transport whether private or public and run on strictly business principles in order to promote efficiency and raise the quality of the service rendered.

WAGON LOGISTICS TANZANIA COMPANY LIMITED is investing in transportation sector to stimulate interregional trade between Tanzania and neighboring countries, to procure foreign currency for the country in the course of business transactions and to provide extra employment to more people in the sector.

2.2. Social and Economic Impact of the project

The proposed project will result into the following social and economic impacts:

- Increase the provision of high quality logistics and transportation in Tanzania and EAC and Central Africa.
- Increased availability of quality distribution and marketing products along side competitive prices of these products will result in increased healthy competition among all trading and manufacturing companies
- The proposed project of the fleet of trucks investment in this sector will provide employment for more than 30 people
- The Government and other agencies will benefit from various taxes, fees and commissions that will be paid to the Treasury etc. by WAGON LOGISTICS TANZANIA COMPANY LIMITED

2.3 LEGAL OPERATION OF WAGON LOGISTICS TANZANIA COMPANY LIMITED

WAGON LOGISTICS TANZANIA COMPANY LIMITED is company legally registered in Tanzania and it bears the Certificate of Incorporation no: 138066 issued 25th September, 2017. The following documents justify legal establishment and legal operation of WAGON LOGISTICS TANZANIA COMPANY LIMITED within the transportation Industry.

- Memorandum and Article of Association.
- Certificate of Incorporation.
- Tax Identification Number Certificate

- Value added Tax certificate

2.4 MANAGEMENT STRUCTURE

The management of WAGON LOGISTICS TANZANIA COMPANY LIMITED has planned to have the following organization set up:-

- ✓ Managing Director who will be responsible on the supervision on the entire operations of the Company
- ✓ Company Accountant\Manager
- ✓ General Managers who will be supervising rest of departments, drivers and other staffs

The company wants to be guided by the following Management set up;-

WAGON LOGISTICS TANZANIA COMPANY LTD						
PROJECTED SALARIES AND WAGES						
		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
General salaries and benefits:						
<u>Position:</u>	<u>Number</u>					
<u>Directors</u>	2	36,000	36,720	37,454	38,203	38,968
<u>Mangers</u>	2	24,000	24,480	24,970	25,469	25,978
<u>Operational Officers</u>	60	144,000	146,880	149,818	152,814	155,870
<u>Clerck</u>	3	10,800	11,016	11,236	11,461	11,690
<u>watchmen</u>	4	7,200	7,344	7,491	7,641	7,794
					-	-
		222,000	226,440	230,969	235,588	240,300
		22,200	22,644	23,097	23,559	24,030
Total salaries and benefits	71	244,200	249,084	254,066	259,147	264,330
					-	-
<u>Project Manager</u>	1	1,000	1,000	1,000	1,020	1,040
		1,000	1,000	1,000	1,020	1,040
Estimated benefits (7%)		70	70	70	71	73
Total management salaries		1,070	1,070	1,070	1,091	1,113
Total salaries		245,270	250,154	255,136	260,238	265,443

2.5 MANAGEMENT PLANS OF WAGON LOGISTICS TANZANIA COMPANY LIMITED

The management of WAGON LOGISTICS TANZANIA COMPANY LIMITED plans to buy 30 horse tractors & 30 trailers. These trucks will be sourced mostly from EU countries. The tractors will be procured into three to four phases respectively.

The study based on the first batch of 40 trucks. It has been estimated that at full scale operations the 20 trucks are expected at least annually, their destinations being Tanzania's landlocked neighboring countries of Malawi, Zambia, Burundi, Rwanda, DRC etc.

2.6 ITEMS TO BE PURCHASED BY MANAGEMENT OF WAGON LOGISTICS TANZANIA COMPANY LIMITED

The deemed capital goods planned to procure by the Company being part of the implementation of the projects include the following:-

NO	ITEMS	QUATITY/UNITS
1.	Horse Tractors	30
2.	Trailers	30
3.	Steel Structure	3000
4.	Trailers	5
5.	Truck tyre	20,000
5.	Pickups – for road patrol	2
6.	Land Cruiser Hard Top	1
9.	Harrier	4
10.	Machinery & workshop equipments	
	• Electric chain bock	1
	• Manual chain Block	1
	• Gear pumps	2
	• Air pressure grease pump	1
	• Pressure washing machine	1
	• Generator	1
	• Compressor	2
	• Wedding set machines	1
	• Grinder	1
11	Office equipments	
	• Computer set	5
	• Air conditions	6pc
	• Radio call cables	35
	• Photocopy machine	1
	• Fax machine	1

PART III

3.0 MARKET INFORMATION

The project's clientele is in the landlocked neighboring countries of Malawi, Zambia, Democratic of Congo, Burundi, Rwanda and even Uganda. Management has explored these markets and is confident it can undertake profitable business with them.

The project management plans for all vehicles several trips per month. The number trips per month and the cost of trips are determined by both the trip's destination and the nature of road involved. Moreover a total of 220 trips will be made. Each truck will transport a minimum of 28 tons per trip. Thus a total of more than 6,000 tons of various goods will be overhauled between Tanzania and its neighbours

3.1 SERVICES OFFERED BY WAGON LOGISTICS TANZANIA COMPANY LIMITED

The company is licensed to organize Logistics and Transit trucking of Bulk goods activities and clearing forwarding of cargo. The Company will operate three income generating services activities as under

3.1.1 Cargo Bulk transportation.

Under this service provision activity, the company will be fully involved in all aspects of bulk cargo transportation operations within Tanzania mainland such as transportation of goods from lake zones to coastal regions, from coastal regions to southern regions of Tanzania in SADC and EAC Countries. Moreover the bulk cargo transportation will involve the movement of cargos from Inland Tanzania to neighboring land locked countries or to the countries surrounding great lakes.

3.1.2 Warehousing storage service

WAGON LOGISTICS TANZANIA COMPANY LIMITED will provide storage services for the goods waiting shipment to up countries. The price per tonnage for whoever user of the WAGON LOGISTICS TANZANIA COMPANY LIMITED storage services will range between 100 up 120 USD per ton per month. This is expected to be one of the sources of income generation WAGON LOGISTICS TANZANIA COMPANY LIMITED.

3.1.3 Pricing Strategy

WAGON LOGISTICS TANZANIA COMPANY LIMITED will determine its pricing structure for all its products and services on basing on the criteria such as fuel costs, parking boarder entry fees, and etc. However the routes are priced according to distance and the status of the road in question. It has been conservatively assumed that all foreign destinations will have flat rate charge of around 4000\$, while all internal destination will each cost.

WAGON LOGISTICS TANZANIA COMPANY LIMITED intends to offer best quality services that comply to the price charged as indicated earlier, there is a market segment that has spending power and can afford this pricing. Therefore, this pricing will reflect the targeted market

segment in focus. After the 2008 seasons the company will analyze its pricing structure once again to reflect the cost of the various components of its products and will adjust accordingly.

3.1.4 Sales and Marketing Communication

Under the implementation plan the following sales and marketing communication approaches will be carried out:-

- Advertising through internet
- Opening up an overseas agent in target countries
- Joining membership to various trade associations.

3.1.5 Transportation Industry in Tanzania Constraints

The road transport in Tanzania is heavily dependent on imported vehicles and related inputs. The road transport is however faced with the following problems:

- Lack of adequate transport and transport facilities;
- Poor infrastructure facilities particularly trunk roads;
- Lack of adequate transport services to land-locked neighboring countries which would like to use our port facilities for enhancement of their international trade;
- Poor maintenance of roads and transport equipments;
- Lack of proper co-ordination between the transport sector and other sectors of the economy.

3.2 Facts about Cargo Haulage Service in Tanzania

3.2.1 Capacity in cargo Handling (Country Overview)

Tanzania surface transport system consists approximately 44,000 km of earth, gravel and tarmac road. The road also contributes about 65% of ton-kilometres in the country. In view of this, there is need for improving the road haulage industry and hence enhancement of economic well being of the country.

One major problem of road transport in the country is still poor condition of many roads. However, the government alongside World Bank funding, has begun to rehabilitate main trunk roads in the country at the moment and this move is expected to alleviate the existing problems. At 18% or roads are tarmac, 21% gravelled, there rest are earth roads.

Hence, there is a great potential for development of road haulage in the country due to limited slow growth potential railways. Development of road transport is therefore essential for purposes of enhancing easy movement of inputs and consumer goods in the country. Road

transport is also important in so far as transport of transit cargo is concerned particularly as regards south, north and central corridors for containerised goods.

The project aim at capturing the transit cargo passing through Dar es Salaam corridor DRC, Burundi, Uganda and Rwanda and later on to other land locked neighbouring countries. The major users of the Dar es Salaam transit corridors are Zambia, DRC, Malawi, Rwanda, Burundi and recently Uganda. The transit and inter-regional goods can be segmented as follows:-

- Transit goods destined for southern corridors of Malawi and Zambia, north and central corridors of DRC, Rwanda, Burundi and Uganda;
- Inter-regional goods which include Southern highlands of Mbeya, Iringa, Ruvuma and Rukwa;
- Central Zones of Morogoro, Dodoma, Mwanza, Tabora and Mara;
- Northern zones of Mwanza, Arusha and Kilimanjaro
- Inter-regional Demand

Inter-regional demand refers to all goods crossing regions in all directions. Inter regional transport demand for southern zone is served by trunk roads and Tanzania Zambia Railways Authority (TAZARA) while the north and central zones are served by Tanzania Railway Corporation (TRC) and trunk roads. The major commodities that are transported by road to these regions include consumer goods, fuel, farm inputs and industrial inputs. The annual tonnage of inter-regional goods for the period 2016/2017 is as follows:

Inward	Average Tonnage
Southern Zone	35,800
Northern Zone	37,500
Central Zone	41,650
Subtotal	114,950
Outward	Average Tonnage
Southern Zone	49,570
Northern Zone	98,560
Central Zone	88,450
Sub total	226,580
Total tons	351,530

Source: **National Transport Corporation**

Demand for transport to haul goods to the regions is highly seasonal. High demand normally occurs from July to December during harvesting, crop collection and supply of farm inputs transportation demand declines in January and remains low up to June.

3:3 Supply of Transport Equipment

According to the market survey, there has been a shift of ownership in recent times of transport projects from those owned by Parastatal Organisations and Co-operative Unions such as Regional Transport Companies (RETCOs) to those operated and owned privately. The supply of goods transport in the region is represented by a fleet of commercial cargo carrying vehicles with average capacities of 35 tons and above operating within the regions, intra-regional and inter regional routes.

3:4 Transit Traffic

Tanzania acts as a transit country for the landlocked countries of DRC, Zambia, Rwanda, Burundi, Uganda, and Malawi. General cargo (that is excluding bulk petroleum and other bulk liquids) handled through the Dar es Salaam port between 1994 and 1997 ranged between 1,875,395 and 2,345,700 tons. The bulk of transit cargo that traffics through Tanzania is that of Zambia with largest proportion being carried out by TAZARA.

Malawi has similarly shown a dramatic increase in passing its transit cargo through the Dar es Salaam port in recent years. The bulk of its cargo is carried by road. Recent efforts by heads of state of Malawi and Tanzania gear towards establishing and exploiting the so called Mtwara Corridor as a potential link between the two countries. Of course, it might take some time before actual implementation of the current plans are put into reality and trucks start rolling across borders of the two states.

3:5 Individual Country Prospectus

3:5:1 Rwanda and Burundi

Most of Burundi's exports are already passing through the Dar es Salaam port. Rwanda's transit traffic keeps on changing from time to time. During the period 1995 and 1996 an estimated 45,000 tonnes of overseas trade passed through Dar es Salaam. Between 1986 and 1994 traffic has been reduced due to Rwanda's poor economic performance and civil war and economic embargo against Burundi between 1996 and early 1999. However, now the embargo has been lifted in Burundi and increased political stability in Rwanda should increase regional cargo traffic through Dar es Salaam port from and to these two states.

3.5.2 Uganda

Uganda has of late substantially increased its international trade through Dar es Salaam. Most trade is handled by rail from Mwanza to Dar es Salaam and vice versa and through Lake Victoria to and from Uganda. Road transport ranks second in this route

3.5.3 Democratic of Congo (DRC)

DRC uses Tanzania as their transit country mainly for exports of their copper and other minerals plus imports of consumer and semi finished goods.

There are five principal routes available to DRC copper exports:

- Lobito in Angola
- Matadi in DRC
- Dar es Salaam via Kigoma
- Beira and Maputo via Zambia and Rwanda
- East London in South Africa via Zambia and Rwanda

The Dar es Salaam port accounts for 10% of DRC's foreign trade. Road transport ranks first in so far as goods destined to DRC are concerned. Main products handled include oil products and general cargo namely; industrial chemicals, foodstuffs, cotton and machinery.

3.5.4 Malawi

Malawi depended heavily on the ports of Macala and Beira in Mozambique but civil war disputed the flow of traffic from the two ports since 1982. As a result Malawi transit goods have been diverted to Dar es Salaam, with the subsequent construction of container depots and other goods (both imports and exports) near Dar es Salaam port and in Mbeya.

However, because of the ravages of civil war in Mozambique, it can be assumed that the Nacala and Beira route would not be used by Malawi in the foreseeable future. In view of this fact, it is possible that around 40% of Malawi's overseas trade would be routed through Dar es Salaam port and the rest through Durban in South Africa. Even in a situation in which the traditional routes become available again, it is anticipated that around 20% of the overseas trade would continue to be allocated to Malawi's northern corridor.

However, expansion of the Dar es Salaam port container handling facility, improvement of the Dar-Mbeya highway and construction of the new cross border road between Tanzania and Malawi may still filter the traffic towards Dar es Salaam. This refers to such traditional exports traffic such as sugar, Tea and tobacco which are expected to be routed through Dar es Salaam in preference to shipment via Durban in South Africa. Tea and tobacco exports are containerised whilst sugar is assumed to continue to travel as break-bulk. Presently 10% of Malawi's overseas trade passes through its northern corridor to Tanzania and is expected to increase overtime. The proposed project is mainly base on the Dar es Salaam Kigali and Mombasa Kigali routes. Although the Dar-Malawi-Dar is considered to be the main route, cargo destined or originating to/from other neighbouring countries would also be handled depending on the situation at any point in time.

3.5.5 Zambia

The level of transit traffic handled by Zambia through the Dar es Salaam port has reasonably been constant over the previous years. A big portion of north bound traffic is handled by TAZARA while less than 10% of transit traffic is handled by road.

Market Base

As already stated, road transportation of cargo basically involves movement of trucks of agricultural produce, agricultural inputs, building materials,, soft drinks, beer, timber, consumer goods, industrial raw materials like gypsum, fuel, coal etc. Domestic road transportation of cargo is basically classified into intra-regional and inter-regional transport.

Intra-regional transport demand involves transportation of goods within the region which may be inward demand which refers to movement of goods from rural areas to urban centres, rail heads and factories or it may be outward demand which refers to movement of goods to rural areas.

Inter-regional demand of transport includes movement of goods across borders of a particular region to and fro.

The movement of goods to and fro across borders of the country is referred to as international transport demand.

WAGON LOGISTICS TANZANIA COMPANY LIMITED will adhere to the company's basic objectives for which it is established; that is, to strengthen transportation related to agriculture and support building and construction activities (especially those related to rural road construction) in order to serve more efficiently the rural population with a basic view of improving agricultural production and stimulating and supporting other economic activities. Besides intra-regional and inter-regional operations, the company plans to go into international operations to serve the landlocked neighbouring countries.

WAGON LOGISTICS TANZANIA COMPANY LIMITED has an open eye on the vast opportunities that exist in the intra-regional and inter-regional transport. As stated earlier, the directors of the company have a wealth of long experience in the transportation industry in Tanzania. The project therefore targets transportation of Flue-cured Leaf Tobacco in Iringa, Mbeya and Tabora regions and Fire-cured Tobacco in Ruvuma region first from the fields to the markets and thereafter to rail heads and/or directly to the processing plants at Morogoro and Songea respectively. Other agricultural produce are also targeted. Likewise, the company targets transportation of tobacco and other agricultural inputs to these regions. The directors have well established ties with the major tobacco companies such that acquiring transport tenders will not be a problem, and demand for the crop haulage services is huge.

Other targeted markets are transportation of building materials like cement (from Mbeya Cement Company to Dar es Salaam and other neighbouring regions markets, steel (from Dar es Salaam manufacturers to the regions), timber (from Sao Hill to Dar es Salaam and neighbouring regions) and movement of industrial raw materials like gypsum for Mbeya Cement Company and coal from Kiwira Coal Mines.

WAGON LOGISTICS TANZANIA COMPANY LIMITED will also be involved in transportation of building and construction materials. They are especially targeting road construction and specifically rural roads construction, rehabilitation and maintenance projects.

The other major targets in domestic transportation are in securing contracts to transport mining machinery and equipment for major mining companies around the Lake Victoria basin. Also, there is scope for securing transportation contracts from UN bodies such as the World Food Programme, United Nations High Commission for Refugees, etc. The directors have already made contacts to the potential customers in these areas and so far response has been very encouraging.

On the International Transport arena, operating projections assume that the project would operate on the Mombasa and Dar es Salaam routes to Kigali, Bujumbura and Lubumbashi. However, initially the project will mainly operate on the Mombasa – Dar es Salaam, Dar es Salaam – Zambia, Dar es Salaam – Malawi routes where the project promoters have managed to establish contacts with a view to secure contracts to transport transit cargo.

PART IV

4.0 FINANCIAL APECTS

4.1 Investment Plan

In order to sustain the viability and growth of WAGON LOGISTICS TANZANIA COMPANY LIMITED , a modest Investment plan has been drawn during the project period. It is planned that the

company will build the fleet of 50 units of Semi-Trailers, 50 units of Tanker Trailers and Tractor trailers units the first three years. The proposed investment program is expected to take a period of *four years*.

Financing	\$
Long-term liabilities	
Long-term loan	1,500,000
Owner's equity	
Cash	485,000
Contributed asset value	923,000
Total	2,908,000

The fleet development programme is indicated in Table below:-

4.1.1 Trucks acquisition plan

All trucks will be purchased in the first year of production

4.2 Investment and Financing USD 2,908,000

<i>COST INVESTMENT STRUCTURE</i>	<i>\$</i>
Current assets	
Working capital	375,000
Pre- Operation Exp	380,000
Other	
Sub total	755,000
Property and equipment	
Land	40,000
Building	90,000
Equipment	65,000
Furniture and fixtures	5,000
Leasehold improvements	3,000
Plant	20,000
Motor Vehicles	1,900,000
Other _____	30,000
	2,153,000
Total assets	2,908,000
<i>Financing</i>	<i>\$</i>
Long-term liabilities	
Long-term loan	1,500,000
Owner's equity	
Cash	485,000
Contributed asset value	923,000
Total	2,908,000

For the project to be a reality a total investment amounting to 2,908,000 \$ including working capital.

4:2:1 Machinery and Equipment 65,000 \$

Some of the 65,000\$ is anticipated to be spent on the purchase of various workshop & garage machinery and equipments. The equipments for mechanical workshop will include things like diesel pump, spray facilities, tyre retreading plants etc.

Also to be included is the purchase of welding and grinding machine, compressors, both mobile and stationery, electric chain block , Manual chain Block, Grease air pressure, pressure washing machine, welding machine, Generator etc

4:2:2 Office Furniture and Equipment 5,000USD

This investment Cost item has been estimate to cost 5,000\$.It will consist office tables, chairs, telephone, fax machines, computer, File cabinets, sofa chairs etc

4:2:2 Pre Operational Expenses 380,000 USD

The cost covers things like company registration, expenses spent by Directors of WAGON LOGISTICS TANZANIA COMPANY LIMITED in exploring the viability of the project, especially the market/client identification exercise done in those countries targeted to be served. The pre operational cost covers issues like consultancy fees, legal , recruitment and training costs of personnel

4:2:2 Motor Vehicles: 1,900,000 USD

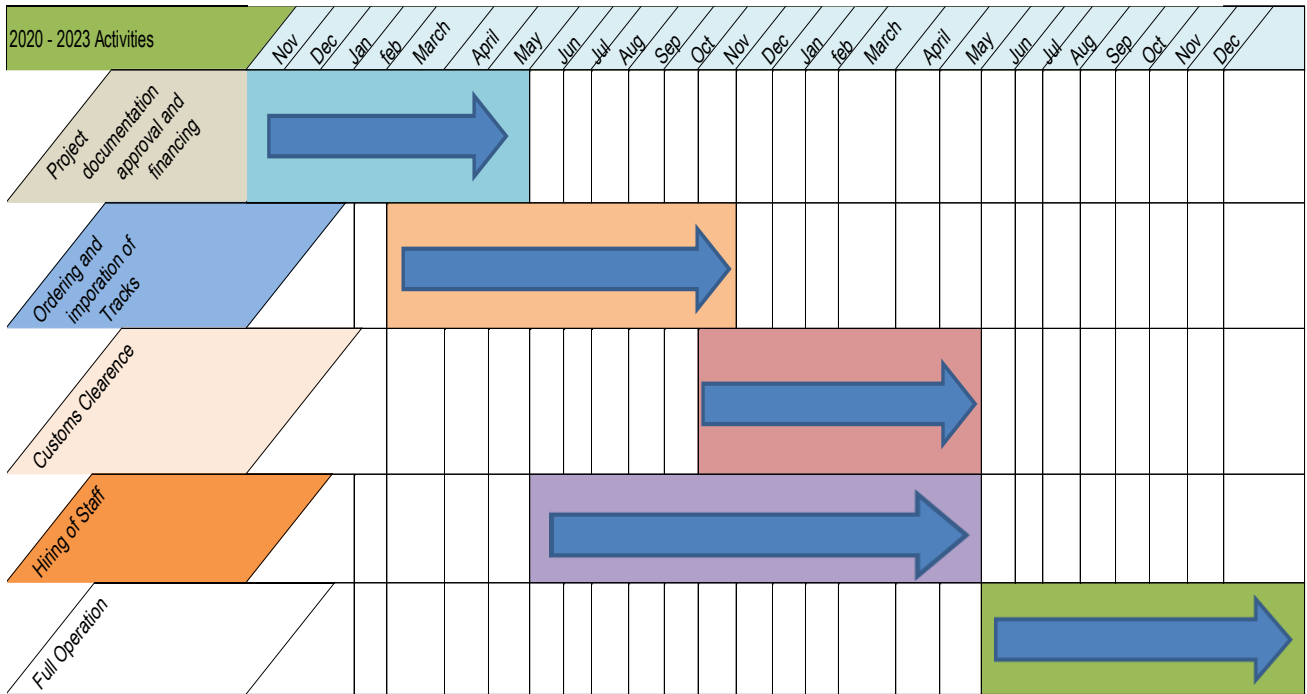
The project will need several vehicles at a estimated cost of 1,900,000 USD .According to the Company's Plans the first phase will involve the purchase of several vehicles at the cost of more than 35,000\$ – 45,000\$. These Vehicles will be used to overhauling various types of goods and products on behalf of several customers located in land locked countries.

4:2:3 Working Capital

A provision working capital has been made at 375,000 USD from project operation. This will take care of Employee, training, salaries fuel etc.

4.3 PROJECT IMPLEMENTATION SCHEDULE

The project will need three to Five years as displayed in trucks acquisition plan to be in full operational. It is projected that more time will be required for approval of relevant papers



PROJECTED FINANCIAL STATEMENTS

WAGON LOGISTICS TANZANIA COMPANY LTD

PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	\$	\$	\$	\$	\$
SALES	1,269,600	1,459,200	1,596,000	1,787,520	2,002,022
				-	-
COST OF SALES	408,380	465,260	500,900	561,008	628,329
				-	-
GROSS MARGIN	861,220	993,940	1,095,100	1,226,512	1,373,693
				-	-
OPERATING COSTS				-	-
Advertising	7,000	7,700	8,470	9,486	10,625
Automotive	8,000	8,800	9,680	10,842	12,143
Bank charges	-	-	-	-	-
Business taxes	12,000	13,200	14,520	16,262	18,214
Casual wages	3,000	3,300	3,630	4,066	4,553
Depreciation	599,100	599,100	599,100	670,992	751,511
Dues, licenses and fees	5,000	5,500	6,050	6,776	7,589
Insurance	8,000	8,800	9,680	10,842	12,143
Interest on long-term debt	68,849	54,993	40,428	45,279	50,713
Management salaries	1,070	1,070	1,070	1,198	1,342
Misellaneous expenses	6,000	6,600	7,260	8,131	9,107
Office costs	5,000	5,500	6,050	6,776	7,589
Postage	3,000	3,300	3,630	4,066	4,553
Professional fees	8,000	8,800	9,680	10,842	12,143
Property taxes	8,000	8,800	9,680	10,842	12,143
Repairs and maintenance	6,000	6,600	7,260	8,131	9,107
Rent	4,000	4,400	4,840	5,421	6,071
Salaries and benefits	244,200	249,084	254,066	284,554	318,700
Telephone	3,200	3,520	3,872	4,337	4,857
Utilities	4,500	4,950	5,445	6,098	6,830
Total operating costs	1,003,919	1,004,017	1,004,410	1,124,940	1,259,932
				-	-
INCOME BEFORE TAXES	(142,699)	(10,077)	90,690	101,572	113,761
				-	-
INCOME TAXES	42,810	3,023	(27,207)	(30,472)	(34,128)
				-	-
NET INCOME	(99,890)	(7,054)	63,483	71,101	79,633

WAGON LOGISTICS TANZANIA COMPANY LTD						
PROJECTED BALANCE SHEET						
	Opening	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	\$	\$	\$	\$	\$	\$
ASSETS						
CURRENT						
Cash	375,000	566,514	908,131	1,297,491	1,453,190	1,627,573
Accounts receivable	-	52,900	60,800	66,500	74,480	83,418
Inventory	380,000	380,000	380,000	380,000	425,600	476,672
Other assets	-	-	-	-	-	-
Total	755,000	999,414	1,348,931	1,743,991	1,953,270	2,187,662
					-	-
CAPITAL ASSETS					-	-
Land	40,000	40,000	40,000	40,000	44,800	50,176
Building	90,000	90,000	90,000	90,000	100,800	112,896
Equipment	65,000	65,000	65,000	65,000	72,800	81,536
Furniture and fixtures	5,000	5,000	5,000	5,000	5,600	6,272
Leasehold improvements	3,000	3,000	3,000	3,000	3,360	3,763
Computer equipment	20,000	20,000	20,000	20,000	22,400	25,088
Automotive equipment	1,900,000	1,900,000	1,900,000	1,900,000	2,128,000	2,383,360
Other	30,000	30,000	30,000	30,000	33,600	37,632
	2,153,000	2,153,000	2,153,000	2,153,000	2,411,360	2,700,723
Accumulated depreciation	-	(599,100)	(1,198,200)	(1,797,300)	(2,012,976)	(2,254,533)
	2,153,000	1,553,900	954,800	355,700	398,384	446,190
					-	-
Total	2,908,000	2,553,314	2,303,731	2,099,691	2,351,654	2,633,852
					-	-
LIABILITIES					-	-
CURRENT					-	-
Accounts payable	-	58,846	61,220	62,721	70,248	78,678
Income taxes payable	-	(42,810)	(3,023)	27,207	30,472	34,128
Current portion of long-term debt	270,833	284,689	299,254	314,565	352,313	394,590
Total	270,833	300,725	357,451	404,493	453,032	507,396
					-	-
LONG-TERM DEBT					-	-
Long-term loan	1,500,000	1,229,167	944,478	645,223	722,650	809,368
Less current portion	(270,833)	(284,689)	(299,254)	(314,565)	(352,313)	(394,590)
	1,229,167	944,478	645,223	330,659	370,338	414,778
Total	1,500,000	1,245,203	1,002,675	735,152	823,370	922,174
OWNER'S EQUITY					-	-
Cash	485,000	485,000	485,000	485,000	543,200	608,384
Contributed asset value	923,000	923,000	923,000	923,000	1,033,760	1,157,811
Accumulated earnings	-	(99,890)	(106,943)	(43,461)	(48,676)	(54,517)
	1,408,000	1,308,110	1,301,057	1,364,539	1,528,284	1,711,678
					-	-
Total	2,908,000	2,553,314	2,303,731	2,099,691	2,351,654	2,633,852

WAGON LOGISTICS TANZANIA COMPANY LTD					
PROJECTED STATEMENT OF CASH FLOWS					
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	\$	\$	\$	\$	\$
CASH PROVIDED BY THE FOLLOWING ACTIVITIES					
OPERATING					
Net earnings	(99,890)	(7,054)	63,483	71,100.61	79,632.69
Depreciation	599,100	599,100	599,100	670,992.00	751,511.04
	499,210	592,046	662,583	742,092.61	831,143.73
Changes in working capital accounts				-	-
Accounts receivable	(52,900)	(7,900)	(5,700)	(6,384.00)	(7,150.08)
Inventory	-	-	-	-	-
Other assets	-	-	-	-	-
Accounts payable	58,846	2,374	1,501	1,681.56	1,883.35
Income taxes payable	(42,810)	39,787	30,230	33,857.56	37,920.47
Total	462,346	626,307	688,614	771,247.74	863,797.47
				-	-
FINANCING				-	-
Repayment of long-term loan	(270,833)	(284,689)	(299,254)	(335,164.98)	(375,384.77)
				-	-
CHANGE IN CASH	191,514	341,618	389,360	436,082.76	488,412.69
				-	-
CASH, BEGINNING OF YEAR	375,000	566,514	908,131	1,017,107.01	1,139,159.85
				-	-
CASH, END OF YEAR	566,514	908,131	1,297,491	1,453,189.77	1,627,572.55

WAGON LOGISTICS TANZANIA COMPANY LTD					
PROJECTED STATEMENT OF CASH FLOWS					
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	\$	\$	\$	\$	\$
CASH PROVIDED BY THE FOLLOWING ACTIVITIES					
OPERATING					
Net earnings	(99,890)	(7,054)	63,483	71,100.61	79,632.69
Depreciation	599,100	599,100	599,100	670,992.00	751,511.04
	499,210	592,046	662,583	742,092.61	831,143.73
Changes in working capital accounts				-	-
Accounts receivable	(52,900)	(7,900)	(5,700)	(6,384.00)	(7,150.08)
Inventory	-	-	-	-	-
Other assets	-	-	-	-	-
Accounts payable	58,846	2,374	1,501	1,681.56	1,883.35
Income taxes payable	(42,810)	39,787	30,230	33,857.56	37,920.47
Total	462,346	626,307	688,614	771,247.74	863,797.47
				-	-
FINANCING				-	-
Repayment of long-term loan	(270,833)	(284,689)	(299,254)	(335,164.98)	(375,384.77)
				-	-
CHANGE IN CASH	191,514	341,618	389,360	436,082.76	488,412.69
				-	-
CASH, BEGINNING OF YEAR	375,000	566,514	908,131	1,017,107.01	1,139,159.85
				-	-
CASH, END OF YEAR	566,514	908,131	1,297,491	1,453,189.77	1,627,572.55

WAGON LOGISTICS TANZANIA COMPANY LTD					
PROJECTED OPERATING COST					
	Year 1	Year 2	Year 3	Year 4	Year 5
	\$	\$	\$	\$	\$
Advertising	7,000	7,700	8,470	9,486	10,625
Automotive	8,000	8,800	9,680	10,842	12,143
Bank charges	-	-	-	-	-
Business taxes	12,000	13,200	14,520	16,262	18,214
Casual wages	3,000	3,300	3,630	4,066	4,553
Dues, licenses and fees	5,000	5,500	6,050	6,776	7,589
Insurance	8,000	8,800	9,680	10,842	12,143
Misellaneous expenses	6,000	6,600	7,260	8,131	9,107
Office costs	5,000	5,500	6,050	6,776	7,589
Postage	3,000	3,300	3,630	4,066	4,553
Professional fees	8,000	8,800	9,680	10,842	12,143
Property taxes	8,000	8,800	9,680	10,842	12,143
Repairs and maintenance	6,000	6,600	7,260	8,131	9,107
Rent	4,000	4,400	4,840	5,421	6,071
Telephone	3,200	3,520	3,872	4,337	4,857
Utilities	4,500	4,950	5,445	6,098	6,830
Total	90,700	99,770	109,747	122,917	137,667

WAGON LOGISTICS TANZANIA COMPANY LTD						
PROJECTED SALARIES AND WAGES						
		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
General salaries and benefits:						
<u>Position:</u>	<u>Number</u>					
<u>Directors</u>	2	36,000	36,720	37,454	38,203	38,968
<u>Mangers</u>	2	24,000	24,480	24,970	25,469	25,978
<u>Operational Officers</u>	60	144,000	146,880	149,818	152,814	155,870
<u>Clerck</u>	3	10,800	11,016	11,236	11,461	11,690
<u>watchmen</u>	4	7,200	7,344	7,491	7,641	7,794
					-	-
		222,000	226,440	230,969	235,588	240,300
		22,200	22,644	23,097	23,559	24,030
Total salaries and benefits	71	244,200	249,084	254,066	259,147	264,330
					-	-
<u>Project Manager</u>	1	1,000	1,000	1,000	1,020	1,040
		1,000	1,000	1,000	1,020	1,040
Estimated benefits (7%)		70	70	70	71	73
Total management salaries		1,070	1,070	1,070	1,091	1,113
Total salaries		245,270	250,154	255,136	260,238	265,443

Financial Projections Template - Loan Analysis

				Amount financed		1,500,000.00
				Annual interest (e.g., 8.25)		5.000
				Duration of loan (in years)		5
				Start date of loan		Month 1
				Monthly payments		28,306.85
				Total number of payments		60
				Yearly principal + interest		339,682.21
				Principal amount		1,500,000.00
				Finance charges		198,411.03
				Total cost		1,698,411.03

<i>COST INVESTMENT STRUCTURE</i>	\$
Current assets	
Working capital	375,000
Pre- Operation Exp	380,000
Other	
Sub total	755,000
Property and equipment	
Land	40,000
Building	90,000
Equipment	65,000
Furniture and fixtures	5,000
Leasehold improvements	3,000
Plant	20,000
Motor Vehicles	1,900,000
Other _____	30,000
	2,153,000
Total assets	2,908,000
Financing	\$
Long-term liabilities	
Long-term loan	1,500,000
Owner's equity	
Cash	485,000
Contributed asset value	923,000
Total	2,908,000

Depreciation rates:		
Depreciation will be calculated by the straight-line method		
at the following rates:		
		<u>Depreciation</u>
Land	0%	-
Building	5%	4,500
Equipment	20%	13,000
Furniture and fixtures	20%	1,000
Leasehold improvements	20%	600
Plant	20%	4,000
Motor Vehicles	30%	570,000
Other	20%	6,000
	Total	599,100

PAYMENT MONTH	BEGINNING BALANCE	INTEREST	PRINCIPAL	BALANCE	ACCUMULATIVE INTEREST	ACCUMULATIVE PRINCIPAL
1	1,500,000.00	6,250.00	22,056.85	1,477,943.15	6,250.00	22,056.85
2	1,477,943.15	6,158.10	22,148.75	1,455,794.40	12,408.10	44,205.60
3	1,455,794.40	6,065.81	22,241.04	1,433,553.36	18,473.91	66,446.64
4	1,433,553.36	5,973.14	22,333.71	1,411,219.64	24,447.05	88,780.36
5	1,411,219.64	5,880.08	22,426.77	1,388,792.87	30,327.13	111,207.13
6	1,388,792.87	5,786.64	22,520.21	1,366,272.66	36,113.76	133,727.34
7	1,366,272.66	5,692.80	22,614.05	1,343,658.61	41,806.57	156,341.39
8	1,343,658.61	5,598.58	22,708.27	1,320,950.34	47,405.14	179,049.66
9	1,320,950.34	5,503.96	22,802.89	1,298,147.45	52,909.10	201,852.55
10	1,298,147.45	5,408.95	22,897.90	1,275,249.55	58,318.05	224,750.45
11	1,275,249.55	5,313.54	22,993.31	1,252,256.24	63,631.59	247,743.76
12	1,252,256.24	5,217.73	23,089.12	1,229,167.12	68,849.33	270,832.88
13	1,229,167.12	5,121.53	23,185.32	1,205,981.80	73,970.86	294,018.20
14	1,205,981.80	5,024.92	23,281.93	1,182,699.87	78,995.78	317,300.13
15	1,182,699.87	4,927.92	23,378.93	1,159,320.94	83,923.70	340,679.06
16	1,159,320.94	4,830.50	23,476.35	1,135,844.59	88,754.20	364,155.41
17	1,135,844.59	4,732.69	23,574.16	1,112,270.43	93,486.89	387,729.57
18	1,112,270.43	4,634.46	23,672.39	1,088,598.04	98,121.35	411,401.96
19	1,088,598.04	4,535.83	23,771.03	1,064,827.01	102,657.17	435,172.99
20	1,064,827.01	4,436.78	23,870.07	1,040,956.94	107,093.95	459,043.06
21	1,040,956.94	4,337.32	23,969.53	1,016,987.41	111,431.27	483,012.59
22	1,016,987.41	4,237.45	24,069.40	992,918.01	115,668.72	507,081.99
23	992,918.01	4,137.16	24,169.69	968,748.32	119,805.88	531,251.68
24	968,748.32	4,036.45	24,270.40	944,477.92	123,842.33	555,522.08
25	944,477.92	3,935.32	24,371.53	920,106.39	127,777.65	579,893.61
26	920,106.39	3,833.78	24,473.07	895,633.32	131,611.43	604,366.68
27	895,633.32	3,731.81	24,575.04	871,058.27	135,343.23	628,941.73
28	871,058.27	3,629.41	24,677.44	846,380.83	138,972.64	653,619.17
29	846,380.83	3,526.59	24,780.26	821,600.57	142,499.23	678,399.43
30	821,600.57	3,423.34	24,883.51	796,717.05	145,922.57	703,282.95
31	796,717.05	3,319.65	24,987.20	771,729.86	149,242.22	728,270.14
32	771,729.86	3,215.54	25,091.31	746,638.55	152,457.76	753,361.45
33	746,638.55	3,110.99	25,195.86	721,442.69	155,568.76	778,557.31
34	721,442.69	3,006.01	25,300.84	696,141.85	158,574.77	803,858.15
35	696,141.85	2,900.59	25,406.26	670,735.59	161,475.36	829,264.41
36	670,735.59	2,794.73	25,512.12	645,223.47	164,270.09	854,776.53
37	645,223.47	2,688.43	25,618.42	619,605.05	166,958.52	880,394.95
38	619,605.05	2,581.69	25,725.16	593,879.89	169,540.21	906,120.11
39	593,879.89	2,474.50	25,832.35	568,047.54	172,014.71	931,952.46
40	568,047.54	2,366.86	25,939.99	542,107.55	174,381.57	957,892.45
41	542,107.55	2,258.78	26,048.07	516,059.49	176,640.35	983,940.51
42	516,059.49	2,150.25	26,156.60	489,902.88	178,790.60	1,010,097.12
43	489,902.88	2,041.26	26,265.59	463,637.29	180,831.86	1,036,362.71
44	463,637.29	1,931.82	26,375.03	437,262.27	182,763.69	1,062,737.73
45	437,262.27	1,821.93	26,484.92	410,777.34	184,585.61	1,089,222.66
46	410,777.34	1,711.57	26,595.28	384,182.06	186,297.19	1,115,817.94
47	384,182.06	1,600.76	26,706.09	357,475.97	187,897.94	1,142,524.03
48	357,475.97	1,489.48	26,817.37	330,658.60	189,387.43	1,169,341.40
49	330,658.60	1,377.74	26,929.11	303,729.50	190,765.17	1,196,270.50
50	303,729.50	1,265.54	27,041.31	276,688.19	192,030.71	1,223,311.81
51	276,688.19	1,152.87	27,153.98	249,534.20	193,183.58	1,250,465.80
52	249,534.20	1,039.73	27,267.12	222,267.08	194,223.30	1,277,732.92
53	222,267.08	926.11	27,380.74	194,886.34	195,149.42	1,305,113.66
54	194,886.34	812.03	27,494.82	167,391.52	195,961.44	1,332,608.48
55	167,391.52	697.46	27,609.39	139,782.13	196,658.91	1,360,217.87
56	139,782.13	582.43	27,724.42	112,057.71	197,241.33	1,387,942.29
57	112,057.71	466.91	27,839.94	84,217.76	197,708.24	1,415,782.24
58	84,217.76	350.91	27,955.94	56,261.82	198,059.15	1,443,738.18
59	56,261.82	234.42	28,072.43	28,189.39	198,293.57	1,471,810.61
60	28,189.39	117.46	28,189.39	0.00	198,411.03	1,500,000.00
61	0.00	0.00	0.00		198,411.03	28 Page

