MSHELE INVESTMENT LIMITED

# BUSINESS PLAN FOR THE ESTABLISHMENT FOR COMERCIAL BUILDING PROJECT.

1 SEPTEMBER, 2024

## EXCUTIVE SUMMARY

**Company & Project concept.**

MSHELE INVESTMENTS LIMITED is limited Company incorporated in Tanzania under the Company act of 2002. The Company was incorporated 21/03/2016, and bears Certificate of Incorporation No. 124901. Company belongs to Construction sector and specifically Commercial building.

**Company Objectives**, MSHELE INVESTMENTS LIMITED is legally formed to fulfil the following objectives. To deal with COMERCIAL BUILDING ACTIVITIES.

**Purpose of feasibility report**: This document is prepared to the serve the purpose as a feasibility study for MSHELE INVESTMENTS LIMITED for her REAL ESTATE Project as well as to be submitted to TIC for an award of TIC Certificate of Incentives.

**The project promoters,** the project will be managed and operated by MSHELE INVESTMENTS LIMITED. The Company is owned by Tanzanian investors with different shares distribution.

**Company Legality**, the legal certificates and documents such as Memorandum and Article of Association, certificate of compliance, justify that MSHELE INVESTMENTS LIMITED will be operating within the ambit of the law of the Land.

**Project Organization Structure**, the management of MSHELE INVESTMENT LIMITED constituted by the following organization set up: - Board of Directors, who are responsible on the management on the entire operations of the Company

**Investment Structure,** the project is estimated to cost USD 650,000/= the money covers being purchased Local Equity and Working Capital.

**BASIC INFORMATION**

| | |
|---|---|
| **Name of company** | **MSHELE INVESTMENTS LIMITED** |
| **Address** | **P.O.BOX 187 ARUSHA** |
| **Telephone** | **0759140587** |
| **Project Location** | **ARUSHA-TANZANIA** |
| **Certificate Of Incorporation No** | **124901** |
| **Sector** | **COMERCIAL BUILDING** |
| **Sub Sector** | **REAL ESTATE** |
| **Total Cost of estimated Investment** | **USD 650,000/=** |
| **Directors** | **1. SAMWEL AMANI MSHERI**<br>**2. GIFT LUDWIG MAIMU** |

## 1. PROJECT OBJECTIVES

MSHELE INVESTMENTS LIMITED is legally formed to fulfil the following objectives, to carry out business of REAL ESTATE.

The company plans to do REAL ESTATE in Arusha-Tanzania . The main objective is to achieve approximately 70% market share with profitable sales by 2029.

MSHELE INVESTMENT LIMITED has invested heavily in Tanzania however financial stability is questionable. The Company have plans to increase Capital from 100,000 – 500,000 USD in the next 5 years.

Basically the Construction sector growing together with the economy of the country.

### 1.1 Key Region Objective / Strategy:

The company's strategy is to do Construction in Arusha-Tanzani.

To establish strong partnerships with the current and future customers across the region.

To support the local construction industries, with continuous training.

## 2. LOCATION OF THE PROJECT

MSHELE INVESTMENT LIMITED will conduct this project in Arusha Region, District Arusha.

## 3. INVESTOR PROFILE/PROJECT PROMOTERS

| Name | Nationality | Shares% |
|---|---|---|
| SAMWEL AMANI MSHERI | Tanzanian | 45% |
| GIFT LUDWIG MAIMU | Tanzanian | 52% |
| MATHAYO AMON NDOSI | Tanzanian | 0.6% |
| HILLARY GERALD MSHERI | Tanzanian | 2% |

## 4. INVESTMENT COSTS

The total investment cost is USD 650,000/= the Investment Financing Plan is as follows in USD.

Local Equity USD 150,000/=

The Investment Breakdown is as follows in USD

Working Capital- 500,000/=

**TOTAL=USD 650,000/=**

## 4.1 Financial and Economic Analysis

The projection for financial statements was based on the following assumption: -

- The implementation of the project will cost USD 650,000/=
- The capital expenditure will spread over a period of the five years
- Implementation cost take into consideration inflation rate/influx.

## 4.2 Financial Statement of Project

The financial projection is based on the assumption that the prices of input and output are accurately estimated over the project useful lifetime that is five years. However because of unforeseen events in the future, the prices of these inputs and outputs will be adjusted accordingly in order to maintain objective of the comply, that is maximizing next profit and at the sauce time to ensure customer satisfaction by providing the right product service at the right price and time. Expenditure items are as shown in the financial statements. They include all major costs items plus depreciation changes and financial charges. They are also listed under annual costs in the financial statements.

## 4.3 Projected Cash Flow Statement

The business has a positive net cash flow estimating that the project must be implemented.
But also this guarantees the Company to meet its entire obligation.

## 4.4 Projected Business Scale/Production

The business projects having a medium to large-scale production. The projected planning is to grow from USD 13,000,000/= across the territory.

## 4.5 Projected Profit and Loss Amount

The computations of the company projected profit and loss account show a respectable turnover. This agriculture business this is good, it can be seen; the projected profit and loss of statement of the company is strong and sound. Hence the company is expected the following taxes;- Skilled Development Levy, Insurance, Land Rent Tax, PAYEE, NSSF & Corporate Tax

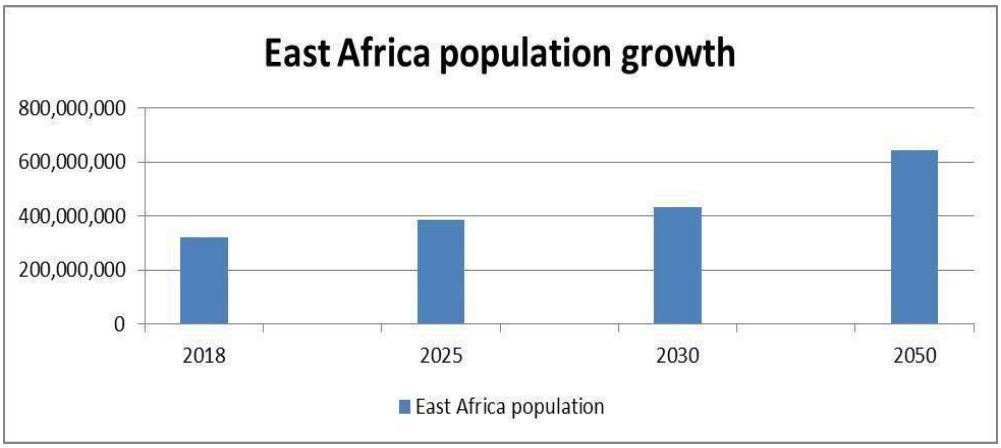
### 4.6 Projected Balance sheet

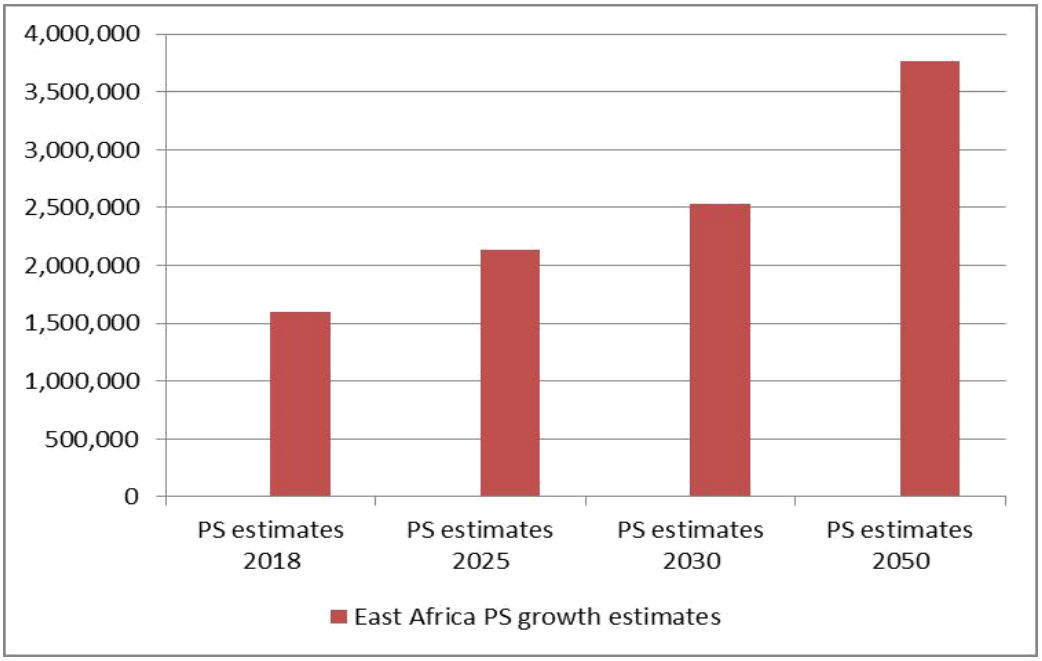
The projected current assets and current capabilities estimates that the company financial status is strong. As the result we expect the company to meet all its financial and Administrative transaction without difficulties

## 5. MARKETS OVERVIEW

The current market is mainly local and foreign, around 60-65%. The future trend is the mining which will increase as the brand is expanding with the middle income growing; they are able to spend more.

The main activity is building activity. This type of activity is unique and rare in the industry. The growing population will increase the construction industry.






## 6. ECONOMIC SWOT ANALYSIS

**Strengths:**

- Large population growth.
- Construction based economy employing 80% of the work force and represents 85% of exports revenue.
- Construction plays an important part to some countries.
- Currency susceptible to exchange fluctuations.
- Government has simplified the establishment of new businesses.
- Well educated population.

**Weaknesses:**

- Very low per capital in construction sector.
- Many obstacles to foreign investment due to bureaucratic attitude.
- One of the world's poorest economies in terms of per capital income
- Land prices are higher where water resources are found.
- High fuel prices due to high government taxation
- Limited loans to small business projects
- Poor national infrastructure.

- Corruption is an issue.

**Opportunities:**

- In order to maintain the per capital consumption at its current level with the increasing population growth, tourism sector needs to increase to meet this demand.
- Expansion of construction
- Economy is expanding over 5-6% % per annum
- Urbanization

**Threats:**

- Many obstacles for foreign investment due to bureaucratic attitude.
- One of the world's poorest economies in terms of per capital income
- Limited loans to small business projects.
- Difficult to obtain credit facilities unless you are a successful established business

## 7. INDUSTRY SWOT ANALYSIS

**Strengths:**

- Well organized and professional construction industry.
- Continued expansion of construction projects.
- Well educated population
- Availability of land and water resources.
- Good infrastructure which allows easy links to neighboring countries

**Weaknesses:**

- Ongoing disease challenges.
- High fertilizer cost, poor quality and availability
- Lack of infrastructure
- Lack of power supply in certainly areas – temporary
- Poor road network and transportation
- Lack of finance for construction.

- Inadequate management competences

**Opportunities:**

- Construction can be used as a tool to alleviate poverty.
- There is a high demand for building materials.
- construction sector is a high priority and capital investments required
- International construction companies looking for investment
- Expansion plans from local large-scale construction companies

**Threats:**

- Governmental bureaucracy and regulations limiting the establishment of a modern industry.
- Some illegal construction companies.
- Pandemic Disease Covid-19.

## 8. SOCIAL AND ECONOMIC IMPACT OF THE PROJECT

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

- Increasing and enhancing the provision of high quality construction services in Tanzania and Region
- The proposed project in investment will provide employment to 80 people direct and other 100 people indirect.
    - 95 percent of all direct employment will be local people and 5percent will be foreign people.
    - Employment will be based on the gender equality and equity
    - 80 people will be employed permanently and other 100 people or company-based people will provide services during and after building the hotel such supplying of Building material, transport, food and other commodities.
    - Through Direct and Indirect employment, the Induced jobs will be created too
    - The company shall employ less than 5 people foreigners
- The Government and other agencies will benefit from various taxes, fees and commissions that will be paid to the government by MSHELE INVESTMENT LIMITED.

**PROJECTED INCOME & EXPENDITURE STATEMENT**

| PROJECTED INCOME & EXPENDITURE STATEMENT | | | | | | |
|---|---|---|---|---|---|---|
| | | YR 1 USD | YR 2 USD | YR 3 USD | YR 4 USD | YR 5 USD |
| Sales Revenue | | 1,784,000 | 2,972,000 | 4,194,000 | 5,378,000 | 6,536,000 |
| Cost of Sales | | 1,090,000 | 1,710,000 | 2,369,000 | 3,001,000 | 3,703,000 |
| Gross Profit | | 694,000 | 1,262,000 | 1,825,000 | 2,376,000 | 2,833,000 |
| General Administrative and Other Expenses: | | 227,000 | 227,000 | 227,000 | 227,000 | 227,000 |
| Depreciation | | 239,000 | 309,000 | 353,000 | 401,000 | 471,000 |
| Operating Profit | | 228,000 | 726,000 | 1,245,000 | 1,748,000 | 2,134,000 |
| Finance Costs | | 320,000 | 360,000 | 360,000 | 330,000 | 300,000 |
| Profit before Tax | | (92,000) | 366,000 | 885,000 | 1,418,000 | 1,834,000 |
| Tax (30%) | | - | 109,800 | 265,500 | 425,400 | 550,200 |
| Profit After Tax | | (92,000) | 256,200 | 619,500 | 992,600 | 1,283,800 |

| PROJECTED BALANCE SHEET | | | | | | |
|---|---|---|---|---|---|---|
| | | YR 1<br>USD | YR 2<br>USD | YR 3<br>USD | YR 4<br>USD | YR 5<br>USD |
| Fixed Assets | | | | | | |
| Long-term Assets | | 10,450,000 | 9,405,000 | 8,464,500 | 7,618,050 | 6,856,245 |
| Depreciation | | (1,045,000) | (940,500) | (846,450) | (761,805) | (685,624) |
| Total Long-term Assets | | 9,405,000 | 8,464,500 | 7,618,050 | 6,856,245 | 6,603,745 |
| Current Assets | | | | | | |
| Cash | | 1,055,000 | 1,258,220 | 1,299,883 | 1,379,153 | 1,597,364 |
| Accounts Receivable | | 147,017 | 173,080 | 195,453 | 114,069 | 129,157 |
| Stock | | 200,533 | 220,674 | 225,892 | 246,509 | 279,321 |
| Total Current Assets | | 1,402,550 | 1,651,974 | 1,721,228 | 1,739,731 | 2,005,842 |
| **Total Assets** | | **10,807,550** | **10,116,474** | **9,339,278** | **8,595,976** | **8,609,587** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **C urrent Liabilities** | | | | | | |
| Accounts Payable | | 4,298,900 | 3,507,958 | 2,559,809 | 3,165,870 | 3,099,771 |
| Income taxes payable | | 500,650 | 352,000 | 326,000 | 475,600 | 550,400 |
| Subtotal Current Liabilities | | 4,799,550 | 3,859,958 | 2,885,809 | 3,641,470 | 3,650,171 |
| L ong-term Liabilities | | | | | | |
| Long-term Loan | | 0 | 0 | 0 | 0 | 0 |
| | | | | | | |
| **Net Liabilities** | | **4,799,550** | **3,969,758** | **3,151,309** | **3,641,470** | **3,650,171** |
| **Capital and Reserves** | | | | | | |
| Cash | | 3,600,000 | 3,600,000 | 3,600,000 | 3,600,000 | 3,600,000 |
| Owners Contribution | | 2,500,000 | 2,500,000 | 2,500,000 | 1,000,000 | 1,000,000 |
| Retained Earnings | | (92,000) | 156,516 | 353,469 | 354,506 | 359,416 |
| Total Capital | | 6,008,000 | 6,256,516 | 6,453,469 | 4,954,506 | 4,959,416 |
| Total | | **10,807,550** | **10,116,474** | **9,339,278** | **8,595,976** | **8,609,587** |

**PROJECTED STATEMENT OF CASH FLOWS**

| | | YR 1 USD | YR 2 USD | YR 3 USD | YR 4 USD | YR 5 USD |
|---|---|---|---|---|---|---|
| | | | | | | |
| **CASH PROVIDED BYTH FOLLOWING ACTIVITIES** | | | | | | |
| | | | | | | |
| **OPERATING** | | | | | | |
| Net earnings | | (92,000) | 256,200 | 619,500 | 992,600 | 1,283,800 |
| Depreciation | | 239,000 | 309,000 | 3 53,000 | 4 01,000 | 471,000 |
| | | 147,000 | 565,200 | 972,500 | 1,393,600 | 1,754,800 |
| Change in working capit accounts | | | | | | |
| Accounts receivable | | (87,000) | (43,080) | (65,453) | (89,069) | (294,157) |
| Inventory | | 200,533 | 220,674 | 225,892 | 246,509 | 279,321 |
| Other assets | | 0 | 0 | 0 | 0 | 0 |
| Accounts payable | | 4,298,900 | 1,200,000 | 886,534 | 669,645 | 794,562 |
| Income taxes payable | | 0 | 0 | 0 | 0 | 0 |
| **Total** | | 4,559,433 | 1,942,794 | 2 ,019,476 | 2,220,685 | 2,534,526 |
| | | | | | | |
| **FINANCING** | | | | | | |
| Repayment of long- term loan | | 0 | 0 | 0 | 0 | 0 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **CHANGE IN CASH** | | 4,559,433 | 1,942,794 | 2,019,476 | 2,220,685 | 2,534,526 |
| | | | | | | |
| **CASH BEGINNING OF THE YEAR** | | 1,055,000 | 1,258,220 | 1,299,883 | 1,379,153 | 1,597,364 |
| | | | | | | |
| **CASH, END OF THE YEAR** | | 5,614,433 | 3,201,014 | 3,319,359 | 3,599,838 | 4,131,890 |

**OPERATING COSTS**

| | | **YR 1 USD** | **YR 2 USD** | **YR 3 USD** | **YR 4 USD** | **YR 5 USD** |
|---|---|---|---|---|---|---|
| Depreciation | | 239,000 | 309,000 | 353,000 | 401,000 | 471,000 |
| Operating profit | | 228,000 | 726,000 | 1,245,000 | 1,748,000 | 2,134,000 |
| **TOTAL** | | **467,000** | **1,035,000** | **1,598,000** | **2,149,000** | **2,605,000** |

**COST INVESTMENT STRUCTURE AT FULL CAPACITY**

| **Current assets** | **Rate** | **USD** |
|---|---|---|
| Working capital | | 1,055,000 |
| Opening stock | | 200,533 |
| Account receivable | | 147,017 |
| | | 1,402,550 |
| **Property and Equipment** | | |
| Long - term assets | | 10,450,000 |
| Depreciation | (10%) | (1,045,000) |
| | | 9,405,000 |
| **Total Assets** | | **10,807,550** |
| | | |
| Current Liabilities | | |
| Account payable | | 4,298,900 |
| Income tax payable | | 500,650 |
| | | 4,799,550 |
| Owner's Equity | | |
| Cash | | 3,600,000 |

| | | |
|---|---|---|
| Contributed asset value | | 2,500,000 |
| Less Retained Earnings | | (92,000) |
| | | 6,008,000 |
| **Total** | | **10,807,550** |