

BUSINESS PLAN

January 15, 2024

SHOES & GARMENTS MANUFACTURING INDUSTRY

Prepared

for

MAGARE ESSENTIALS LIMITED

(USAGARA NEW PROJECT)

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1.0 Executive Summary

1.1 Aim of The Business Plan

The aim of this business plan is to show how a total investment of TZS 900,000,000 can Enhance economic utilization of domestic livestock population for increased value addition towards Tanzania's industrialization and create direct employment of more than 170 people and indirect employment of more than 200 people within five years while maintaining adequate levels of liquidity.

1.2 Company Description and Ownership

Magare Essentials Limited, is a registered and licensed company which plans to establish a NEW BRANCH that will be based in Misungwi at Usagara, Mawe Matatu Area, only few kilometers from Misungwi Town and will be strategically located in the industrial area. The business owner will rent a land and establish its factory for this business.

Magare Essentials Limited is a Private registered company which is owned by Mr. Mabula Johnson Magangila and Ms. Regina Gresmo Mihigo having shares of 400 and 100 respectively.. Magare Essentials Limited was registered in the year 2021. The company is fully managed by the owner – Mr. Mabula Johnson Magangila who will also manage the New Branch in Misungwi and will be assisted by department Managers who will be employed by the company.

1.3 Business Description

The new branch will be called **Usagara New Project** and will deal with designing and manufacturing a wide range of high quality clothes, leather shoes and slippers for men, women and children including shirts, shorts, trousers, skirts, gowns, jackets, coats, office and wedding-suits, classic clothes and other casual wearing, Shoes department deals with designing and manufacturing of various leather shoes products like school shoes, classic shoes and all types of casual shoes. Also the company provides the related business services to the different businesses and people

1.4 Target Market and Implementation Strategy

Usagara New Project of Magare Essentials Limited will utilize its market in Mwanza, Shinyanga and Geita regions to sell its products for the first year and part of the second year. Later it will increase its outreach in Mara, Simiyu, Kagera and Kigoma before it attains the market of at least ten regions in the fifth year of operation.

Company's Target market is not restricted to ages, sex, level of economy or groups, it involves all people and organizations who enjoy using quality products.

The business operate its business in two systems, by order system, by which the customer will have to pay some in advance before the work is done, and will finish the payment after the product or services offered are complete.

Also the business operates as store business on which the Company sales its products on wholesale through its direct stores and from the industry, however retailers enjoys good products from company's stores at affordable prices.

With other market strategies, the company focuses on general marketing processes and contacting companies, schools, hotels, storekeepers and other that who are in some ways interested to the quality products that the company produce.

The company makes physical contact with the targeted market and providing the company brochures after introducing the business to Making the company known to these entities will generate some strong leads, along with getting personal recommendations from individuals as well as commercial businesses owners.

1.5 Objectives

Usagara New Project has the following objectives:

- To be among top three manufacturer and supplier of shoes and clothes in Mwanza region within two years
- To realize revenues to more than double Year1 levels by the end of Year 5.
- To aim for 70% of sales in middle and high-end user business customer segments.
- To have a Net Profit not below 16% at the end of year 3 and not below 18% at the end of Year 5
- To have a showroom in each operating region within 2 years of operation

1.6 Mission and Vision Statement

- The New Project's Vision is to become one of the leading shoes and clothes manufacturer brands not just in the Lake Zone but also on the national stage.
- The New Project's Mission statement is to deliver a high-quality product, on time and within budget while also providing a fast, error free ordering system.

1.7 Start-Up Costs and Funding

The following chart summarizes the start-costs that the business will use to generate profit and cash flow to meet payment obligation. The Start-Up costs of TZS 900,000,000 will be provided by its shareholders. TZS 199,649,300 will be used for one-time costs and TZS 349,200,000 will be used for operation and raw materials costs while TZS 350,000,000 has been already used to buy a piece of land to install the factory.

1.8 Financial Analysis

The business expects to generate the Profits for all five years with the increase in Net Profit Margin, with cash flow showing the positive cash balances throughout the five operating years, this shows that the business will meet all payment needs when they arise, while the Business Financial position shows an increase in net worth from first year to fifth year of operation.

1.9 Investor or Donor Consideration

For investing or donating to the company's capital, the new investor or donor would receive a portion of ownership to be discussed upon agreement. When terms are agreed upon, he or she will exercise significant influence over the company's policies.

The company recognizes that any investor in a start-up Business, no matter how well it appears on paper, ultimately needs an exit vehicle. The company's purpose is to provide the best alternatives to protect the investor's interest, while maintaining the potential growth of the company, the liquidity, and the profitability of future operations. There are several options (exit strategies) that could be discussed while considering alternative methods for the investor to turn illiquid securities into readily tradable securities or cash. These options will be discussed clearly before the agreement.

2.0 Industry Overview

Tanzania's total value of imports for all types of leather and leather products is estimated at USD 13.3 million. This figure has grown at a CAGR of 8% between 2016-2020.

The Tanzanian footwear industry has a production capacity of 300,000 pairs per annum, while the footwear demand is estimated at 46.8 million pairs per annum. The gap between production and demand is filled by imports, mostly from China, Kenya, the United Arab Emirates, South Africa and India.

Tanzania has around 28.8 million cattle, 5 million sheep and 16.7 million goats. Tanzania has the second largest livestock production in Africa. The leather processing potential could be harnessed through the development of footwear clusters and industrial parks

Despite Tanzania's significant capacity of raw material, the domestic transformation to finished leather or crust is very minimal at 5-10% of total activity

By considering the demand of shoes and other leather products in Tanzania, Usagara New Project plans to open the leather shoes and slippers manufacturing industry which will produce around 40,000 pairs of leather shoes and 20,000 pairs of slippers for the first year before it increase its production at the rate of 15% annually.

The industry will be located at Misungwi, Mwanza in the lake zone, for the first year of operation the project targets three regions including Mwanza, Shinyanga and Geita.

According to the 2022 population and housing census, Mwanza, Geita and Shinyanga had a population of 8,918,779 with an average increase of 2.7 percent per annum.

3.0 Company and Business Summary

3.1 Company Description

Usagara New Project is a New Leather shoes, slippers and clothes manufacturing business that will be based in the outskirts of Misungwi Town, strategically located in the industrial area, where the manufacturing factory will be established. The business owner has already bought 14,000 square meters of piece of land to start this potential business.

Usagara New Project is under Magare Essentials Limited which is a Private Registered Company owned by Mr. Mabula Johnson Magangila and Ms. Regina Gresmo Mihigo having shares of 400 and 100 respectively.. It was registered in 2021 with its Head office located at Rock City Mall, Mwanza City. The New Project will be established at Misungwi and will be fully managed by the owner – Mr. Mabula Johnson Magangila who will be assisted by department Managers who will be employed by the company.

Usagara New Project will utilize its market in Mwanza, Geita and Shinyanga to sell its products for the first year and part of second year, and increase its outreach in the other regions before it goes out of the lake zone region in the fifth year of operation.

The business operate its business in two systems, by order system, by which the customer will have to pay some in advance before the work is done, and will finish the payment after the product or services offered are complete.

Also the business operates as store business on which the Company sales its products on wholesale through its direct stores and from the industry, however retailers enjoys good products from company's stores at affordable prices.

Usagara New Project is in the shoes and clothes manufacturing business because it wants to leverage on the vast opportunities available in this industry to contribute to the growth of the Tanzanian economy by enhancing industrialization something the President of the United Republic of Tanzania encourages. The Company also wants to raise the standard of living of the people by improving their appearances through quality leather shoes and clothes designing and finishing.

Usagara New Project is well positioned to become one of the leading leather shoes and clothes manufacturer in the Lake zone and country wide that is why it has been able to source the best hands and machines in which to run the business. The business owner has put process and strategies in place that will help employ best practices when it comes to leather shoes and clothes manufacturing in the country.

Usagara New Project will always leverage on the manufacture of quality leather shoes and clothes and sale to customers at reasonable prices. The business owner intends to employ professional and experienced people who can run the business smoothly. The leather shoes and clothes manufacturing process will begin with high value leather and other materials and end with finished goods; High value leather and other processed materials will be bought from suppliers, the leather shoes, slippers and clothes manufacturing will be done in the factory by professional and experienced people as the company aims to provide the highest to satisfy customer needs and hence increase the customer base.

Usagara New Project will have a complete infrastructure facility from designing the shoes, slippers and garments to delivery. In-house production process includes design, cutting, embroidery, printing, sewing and finishing under one roof to ensure quality in every process and timely delivery.

Usagara New Project plans to the following in order to achieve its goals;

Profit Maximization

By placing legacy machineries with contemporary systems, contracting with new service providers, decreasing productionline costs and updating the company's product mix.

Improved Product Quality

By investing in preventive maintenance, personnel training and quality control procedures. By decreasing costs and defect rates.

Increased Productivity

By efficiently and effectively managing our resources. Increasing productivity decreases our cost per unit, which allows us to offer lower prices and be more competitive in our market. Implementing ultra-modern equipment and renewable energy solution.

Enhanced Customer Satisfaction

This is why the company focus on: the swift delivery of products, correct fulfillment of orders, prompt resolution of issues and continuous improvements inproduct functionality and service quality.

Keys to Success

Keys to success for Misungwi New Project: Providing the highest quality product with personal customer service.

Core Value

The business's core value are;

- Passion
- Service Consistency
- Customer Commitment and
- continuous Improvement

3.2 Business Description

The leather shoes, slippers and garments making business in Lake zone is defined by its supply chain management, cost minimization, customization, and quality management. With the growing needs for different types of wearing fashions, the standard of living and the rise in the tourism and hospitality industries, the need for different types and styles of leather shoes, slippers and garments for different gender, age and economy have also been growing.

Moreover, the business owner haws set his foot in this manufacturing business because of the changing consumer demographics in terms of westernization, the constant need for establishing social status, and the boom in the fashion business.

3.4 Leather Shoes and garments Manufacturing Summary

Raw materials required

The main raw materials required to run this business are as follows,

- Different varieties of Fabrics
- Leather
- Canvas
- Foam and rubber
- Denim and Synthetic leather
- Textile Fibre, yarn, Fabric, Dyes
- Chemical and Auxiliaries

Machinery required

Some of the machinery required to run this Leather shoes and clothes making business are as follows;

- Embroidery machine
- Elastic machine (sggemysy sewing machine)
- Cutting machine -LVO
- Pressing machine
- Skiving machine
- Post bed machine-golden wheel
- Lire Ningbo cylinder machine
- Eyelet machine -lixing
- Double stitch jiang long
- Industrial sewing machinery juke
- Over lock machinery juke, M/700
- Sublimation machinery
- Grinding machine
- Industrial sewing machinery brother, industrial sewing machinery brother button hook, industrial sewing machinery juke,

Manpower required

The manpower required to run this business on a medium scale are;

- 20-unskilled workers who will not be directly employed
- 19-semi & skilled workers
- 5 Professional workers

Other Assets are required;

- Computers and its Accessories
- CCTV System
- Furniture

Moreover, the company will ensure that all workers are trained to run the business comfortably and responsibly in;

- Machinery usage
- Equipment handling
- Safety precautions and
- Customer handling

The Garments making involves the following general process;

- **Pre-production:** The pre-production phase involves creating concept designs, tech packs, sourcing materials, and crafting initial samples.
- **Garment Construction:** Also known as the bulk production phase, this is where garments come to life – from sampling, cutting, stitching to finishing touches.
- **Quality Control:** This is the stage where every garment gets a thorough check. From the garment's stitching, construction, and materials – each detail is meticulously inspected to guarantee top-tier quality.
- **Delivery:** Once garments clear quality assurance checkpoints, the rest of the production order is set for delivery to your warehouse.

Leather shoes and slippers manufacturing is the process of creating shoes, boots, and sandals using leather as the primary material.

- The process involves designing, pattern making, cutting, stitching, lasting, and finishing the leather to produce high-quality shoes and slippers.
- Leather shoes and slippers is known for its durability, comfort, and style, making it a popular choice among consumers worldwide.
- The leather shoes and slippers industry has been around for centuries, with traditional techniques still in use today, but modern technology and materials are also being incorporated to produce innovative designs and reduce environmental impact.
- Leather shoes and slippers manufacturing requires skilled workers with knowledge in leatherworking, design, and engineering to create shoes that meet the high standards of quality and design required by consumers.

3.5 Start-Up Costs and Funding

Usagara New Project plans to start this business with the Initial capital of TZS 900,000,000 which include all required business plants, properties, equipments, materials, legal expenses, management and operational expenses for the first three months. The business owners have bought 14,000 square meters of land worth TZS 350,000,000

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Sales will start after three months of operation. During this time, the business will use the start-up amount which is TZS 900,000,000.00 which is to be injected into the business by its shareholders.

The table below summarizes the start-up costs

START-UP COSTS (TZS)	
ONE TIME COSTS	
Land Acquisition	350,000,000.00
Factory & Office Construction	66,000,000.00
Office Furniture, Computer & Accessories	22,320,000.00
Water Installation	1,200,000.00
Machineries and Equipments	102,429,300.00
Legal requirement & other	5,200,000.00
Three phase Electricity Installation	2,500,000.00
Sub-Total	549,649,300.00
START-UP EXPENSES	
Salaries & related expenses for first 3 months	50,350,700.00
Start-Up Raw materials, leather, fabrics, others	300,000,000.00
Sub-Total	350,350,700.00
TOTAL START-UP COSTS	900,000,000.00
Amount Already Spent/Used	350,000,000.00
Amount to be Used	550,000,000.00

4.0 Business model and Growth

4.1 Business model

The business model is defined by using these four variants, which the business will use to add profits and hence promote growth.

Value proposition: Ensuring unmatched quality, innovation, and sustainability. Our value proposition lies in providing customers with durable and reliable products that meet or exceed industry standards. The innovation in product design and manufacturing processes will set us apart, contributing to product differentiation and enhanced market competitiveness. While our approach may not be entirely new to the global market, our commitment to quality, innovation, and sustainability is a unique selling point, will making us a trusted choice in the regions and Tanzania as well.

- Target a large consumer base. Research shows a high increase in the demand for leather shoes made from pure leather, which will last longer than imported shoes.
- Easy availability of raw materials and labour force. The business is located near the main road to the Mwanza, Shinyanga, Singida, Manyara and Arusha regions. Shinyanga and Arusha regions are the source of some raw materials for our industry, supplier will deliver the items from there, and other raw materials are expected to be delivered from Mwanza and outside of the country.
- Minimal investment and high returns. As stated in this business plan, the company plans to invest initial capital amounting to TZS 900,000,000 which will yield more than TZS 1,100,000,000 as a Net Profit for the period of five years.

Competitor review: There is a moderate competition in the leather shoes and garments making industry in Mwanza region because many manufacturers are still using local machines which take longer times to manufacture certain sets of shoes/slippers. Manufacturers lack modern technology in designing and capital to meet a number of orders over time.

Consumers of shoes and clothes in Mwanza as well as in other places prefer homemade leather shoes, believing in the production of real leather products compared to exported products, so the market for the exported shoes slightly has begun to decline.

Marketing strategy: Usagara New Project wants to grow beyond the corner of the Town so it is ready and willing to utilize every available means (conventional and non – conventional means) to advertise and promote the business; Below are the platforms the company can leverage on to boost the brand name and promote the business; Many of these strategies will be conducted in the first year of operation.

- Sponsor relevant community-based events/programs.
- Leverage on the internet and social media platforms like Instagram, Facebook, Twitter, YouTube, Google and others to promote the business.
- Install billboards in strategic locations, especially in Misungwi Town.
- Engage in road shows from time to time in targeted neighborhoods to create awareness and trust.
- Distribute fliers and handbills in target areas.
- Contact corporate organizations and residents in its target areas by calling them up and informing them of the New Project and the products it sells.
- Advertise its products in its official website and employ strategies that will help pull traffic to the site.
- Ensure that all staff members wear branded shirts, and all vehicles and trucks are well branded with the company logo
- Encourage visitation and word of mouth strategies which will help produce customer contact for business purposes

Target consumers. Targeting consumers for this business in ways such as

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Also the business operates as store business on which the Company sales its products on wholesale through its direct stores and from the industry, however retailers enjoys good products from company's stores at affordable prices

4.2 Business growth

One of major goals of starting this leather shoes and garments manufacturing business is to build a business that will survive off its own cash flow without injecting finances from external sources once the business is officially running.

One way to gain approval and win customers over is to sell the product a little cheaper than what is obtainable in the market; the business is well prepared to survive on lower profit margins for a while.

Usagara New Project will make sure that the right foundation, structures, and processes are put in place to ensure the staff 's welfare. Its company corporate culture is designed to drive this business to greater heights, and training and retraining of its workforce are at the top burner of the business strategy.

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As a matter of fact, a profit-sharing arrangement will be made available to all management based on their performance for a period of two years or more, as determined by the top management of the organization. If this is put in place, the company will be able to successfully hire and retain the best hands it can get in the industry and management will be more committed to help build the business of the owner's dreams.

4.3 Competition

Usagara New Project understands the concept of service and support and is more likely to pay for it when the offer is clearly stated.

There are many competitors in the local market, especially on shoes, office and casual wear. Although many of them deliver the same products as the company does, they fail to deliver a fully modern, good quality and well-designed package on time because many of them lack modern tools, skilled and experienced workmanship and capital. Apart from that many of them are not manufacturers, they sell what they buy, and some of the company's competitors become the clients when they buy for resale.

There are four factors that govern the cost of the products manufacturing to the business: Scope, Product, Design, and Services. Most people mistakenly think that the size of the project and the choice of brand name products will produce the best results. But it is the design, quality of raw materials and company services that will have the greatest impact on the quality and value of the customer's investment.

Contacting some organizations through the word of mouth and providing brochures helped the company to create awareness to clients, and hence made the company have the clients it has.

The company is committed to ensure the consistency in the quality of the products all the time, and that is the main reason why the company's products differ with others.

4.4 Target Market Segment Strategy

Usagara New Project will utilize its current market in Mwanza, Shinyanga and Geita regions to sell its products, where the company will have direct stores. The Company intends to increase its outreach within three years before it goes out of lake zone Tanzania in the fifth year of operation.

To increase its customer base, the company upon establishment of its Sales and Marketing team, plans to increase its area of outreach to more than five regions including Mara, Simiyu, Kagera and Singida and improve its supply to the areas where the Company is already established.

Company's Target market is not restricted to ages, sex, level of economy or groups, it involves all people and organizations who enjoy using quality products.

The business operates its business in three systems, by order system, by which the customer will have to pay some in advance before the work is done, and will finish the payment after the product or services offered are complete.

Also the business operates as store business on which the Company sells its products on wholesale through its direct stores and from the industry, however retailers enjoy good products from the company's stores at affordable prices.

The company targets mainly low-medium and high income earners whose purchasing power is good enough to meet the cost of modern, quality and well-designed products.

With other market strategies the company focuses on general marketing processes and contacting contractors, mining companies, schools, hotels, storekeepers and others that are in some ways interested in the quality products that the company produces.

The company makes physical contact with the targeted market and providing the company brochures after introducing the business to Making the company known to these entities will generate some strong leads, along with getting personal recommendations from individuals as well as commercial businesses owners.

5.0 Strategy and Implementation Summary

5.1 SWOT Analysis

Usagara New Project did not intend to launch the business by trial and error, hence the management needed to conduct a proper SWOT analysis. The management believes that if the business gets it right from the onset, it will succeed in creating the foundation that will help the company build a standard factory that will favorably compete with leading manufacturers in the region, country and Africa at large.

The management is quite aware that there are several large, medium and small-scale manufacturers in the same line of business all over the country and even in Misungwi region where this business will be located, which is why the business owner decided to follow the due process of establishment and maintenance a business.

The business management knows that if a proper SWOT analysis is conducted for the business, it will be able to position the business to maximize company's strength, leverage on the opportunities that will be available to the business, mitigate business risks and be well equipped to confront business threats.

SWOT Analysis was conducted to help the business achieve its business goals and objectives. Here is a summary from the result of the SWOT analysis that was conducted on behalf of **Usagara New Project** under **Magare Essentials Limited**;

- **Strengths:**

The company's strength as a manufacturer business is due to its plan of using the latest machines, tools and equipments that will help in manufacturing quality products in commercial quantities with less stress. The business will also has a good relationship with the major players in the industry, including expected customers and suppliers. Aside from its relationship (network) and equipment, the company can confidently boast that it will have some of the most experienced and skilled hands in this manufacturing line of business, Moreover, the Company will never met with financial difficulties in its operation as it is putting everything on line, one of its major strengths. With a strong team work, the company will has more than 25 organizations to start with by which **Usagara New Project** will be their supplier of the products it produces.

- **Weaknesses:**

A major weakness that may count against **Usagara New Project** is the fact that we are a new shoe and garments manufacturing business.

So also, we may not have enough cash reserve to promote our shoe and garments manufacturing company the way we would want to do into the lake zone market and outside Tanzania and gain acceptance especially the way management want.

- **Opportunities:**

The opportunities that are available to the company cannot be quantified; it is well known that everybody likes quality products. Many organizations including schools, hospitals and mining make use of uniforms and demands of both leather shoes and garments products is always high and it will continue to increase due to the increase in population.

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In the targeted areas there are many new businesses which are being started. Surely new businesses will not end today as people are still being born, which makes the demand of these products sustainable. However customer behavior changes, people now days like locally made products.

- **Threats:**

Both the number of small local manufacturers and the number of larger commercial companies have been growing. Increasing imports of readymade products will slightly constrain demand for locally made products, just like any other business. One of the major threats that the business is likely to face is economic downturn.

It is a fact that economic downturn affects purchasing/spending power. Another threat the company may likely confront is the arrival of a new leather shoes and garments products manufacturing company in the same region where the Company's target market exists, and one which may want to adopt the same business model as Usagara New Project.

5.2 Competitive Edge

Usagara New Project competitive edge is in its ability to provide high volumes and flexibility in style and design while maintaining a quality product backed by excellent service and professional people.

5.3 Sales Strategy

Usagara New Project sales strategy is to make itself known through market drive, print advertising, and personal contact with organizations and wholesalers who are primarily involved with design/construction of commercial development and luxury homes. Having planning showrooms in Misungwi, will be a sales tool in and of itself. A showroom will give the business exposure to the public, new arrivals to the area, and other customers.

5.4 Sales Forecast

From the survey conducted, it was discovered that the sales generated by a leather shoe and garments manufacturing business depend on the size of the target market and the level of income.

The company has perfected its sales and marketing strategies and is quite optimistic that the business will meet or even surpass the set sales target of generating enough income/profits from the first year of operation and build the business from survival to sustainability.

The company has been able to critically examine the shoes and garments manufacturing industry; it has analyzed its chances in the industry and has been able to come up with the following sales forecast.

The company has taken lower forecasts as its strategy of not projecting something big which can harm its objectives;

- First Year:- TZS 900,000,000
- Second Year:- TZS 1,080,000,000
- Third Year:- TZS 1,296,000,000
- Forth Year: TZS 1,555,200,000
- Fifth Year: TZS 1,910,304,000

N.B: This projection is done based on what is obtainable in the industry and with the assumption that there won't be any major economic meltdown that can impact negatively on household spending, bad weather and natural disasters (epidemics), and unfavorable government policies. Please note that the above projection might be lower and at the same time it might be higher.

5.5 Marketing Strategy

Usagara New Project wants to grow beyond the corner of Tanzania; it is ready and willing to utilize every available means (conventional and non-conventional) to advertise and promote the business.

Below are the platforms the company can leverage to boost the brand name and promote the business. Many of these strategies are conducted when it is appropriate.

- Sponsor relevant community-based events/programs.
- Leverage on the internet and social media platforms like Instagram, Facebook, Twitter, YouTube, Google and others to promote the business.
- Install billboards in strategic locations, especially in Mwanza City and Misungwi
- Engage in road shows from time to time in targeted neighborhoods to create awareness and trust.
- Distribute fliers and handbills in target areas.
- Contact corporate organizations and residents in its target areas by calling them up and informing them of **Usagara New Project** and the products it sells.
- Advertise its products in its official website and employ strategies that will help pull traffic to the site.
- Ensure that all staff members wear branded shirts, and all vehicles and trucks are well-branded with the company logo
- Encourage visitation and word of mouth strategies which will help produce customer contact for business purposes.

5.6 Pricing Strategy

The business owner is quite aware that one of the easiest means of penetrating the market and acquiring a lot of customers for all of company's products is to sell them at competitive prices hence the Company will do all it can to ensure that the prices of its products are going to be what other commercial manufacturers would look towards beating.

One thing is certain, the nature of the business makes it possible for manufacturers to place prices for their products based on their discretion without following the benchmark in the industry. The truth is that it is one of the means of avoiding running into a loss. The easier you sell off your harvest the better for your business

5.7 Sourcing Strategy

The company get its raw materials from within the country especially materials like hard leather, threads, soft leather and glues. However some other raw materials are to be imported from other countries as are not available within the country.

5.8 Technology

The Company will depend on its dominance in the latest technology in ergonomics combined with classic design elements of fine leather shoes and garments. The company must remain on top of new technologies in display, input and output, and communications.

6.9 Insurance

Usagara New Project contacted several insurance agencies for quotes for insurance premiums to own and operate a new leather shoes and garments manufacturing business.

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The business owner is still working closely with the agents to get the proper amount of insurance needed for the business. Before the business starts, the insurance agreement will already be signed.

5.1.0 Payment Options

The payment policy adopted by Usagara New Project is all inclusive because the Company is quite aware that different customers prefer different payment options but at the same time, the company will ensure that the financial rules and regulation of Tanzania are being followed.

Here are the payment options that Usagara New Project will make available to its clients;

- Payment via bank transfer
- Payment with cash
- Payment via online bank transfer
- Payment via check
- Payment via mobile money transfer

The company has chosen banking platforms that will enable its clients make payment for the products and services without any stress on their part. Company bank account numbers will be made available on the website and promotional materials to clients who may want to deposit cash or make online transfers.

5.1.1 Sources of Income

Usagara New Project will be in the leather shoes and garments manufacturing business for the purpose of maximizing profits hence the owner has decided to explore all the available opportunities within the industry to achieve his corporate goals and objectives.

5.1.2 Project contribution to the community

This manufacturing business will be located at Misungwi industrial area, alongside main road to Mwanza City. This location is easily reached by many people as there is public transport passing through the factory. and it is a place containing many business including hotels, shops and training institutions. Among others, the following are benefits that the business is offering to the community

- **Employment.** The business will employ people in two categories: more than 50 people will work directly for the factory. Since the factory uses raw materials from other sectors, it indirectly employs many people, including those who add value to raw materials, load and transport to the factory.
- **Industrial stimulation.** Due to the production of leather shoes and garments products many industries that produce tools and equipment or raw materials encouraged to produce more.
- **Business creation.** Since the company manufacture finished goods other businesses order certain types of products that it can resell in malls or by any other means.
- **Low prices.** The people surrounding the factory where the products are being manufactured have the advantage of getting the products at low prices compared to other customers because there will be no transportation cost and the business wants to create a good relationship with the neighborhood.
- **Education opportunities.** Many field students come to learn practical lessons at the business as it gives them knowledge and experience.
- **Food vender opportunity.** The factory have more than 50 staff members and other people who come to work as laborers and clerical employees, which gives food suppliers the opportunity to bring in and sell to the staff.
- **The Company is interacting with the local community by providing funds and advice where necessary as part of its Social Corporate Responsibility (CSR).**

Also, since the development of the people is the development of the government, the company believes that once the community develops, the country is impacted as well.

However, the project effect the economy of the country through paying electricity bills, paying taxes, permits, and licenses. Moreover, the employment created in this project reduces the burden of unemployment and hence help the government in solving this problem.

5.1.3 Laws and Regulations

Usagara New Project is aware of the current laws and regulations which are in effect in Tanzania industry;

- Land Use and Zoning Regulations. The business is located in the industrial area where the leather and garments manufacturing industry is legally permitted, and also the business owner holds the land title certificate.
- Health Inspection Regulations. The factory will be certified by the health inspection officer when the factory building is complete to make sure it meets current specifications.
- Building Code and Construction Regulations; the Company has already received a building permit from the authority and will make sure it follows the building code of the industry.
- Environmental and natural resource regulation. The company will make sure it gets the permit certificates from both authorities to run the industry smoothly.
- Company and business registration. The company was registered in 2021. Currently the business owner plans to register a business name for the leather shoes and garments making business before the operation starts.

The Company will abide by all laws and regulations as required in order to run this leather shoes and garments manufacturing business.

6.0 Management Summary

6.1 Personnel Plan

This table shows salaries for the whole Company. Salary increases are kept to a minimum to help the growth of the Company. As shown in the table below, the Company plans to start with 44 people for the first three months and the number of employees will increase depending on the demand due to increase in sales as shown below;

Personnel Chart			
	Quantity	Salary /Month	TZS PER MONTH
Sales & Marketing Manager	1	600,000.00	600,000.00
Operational Manager	1	600,000.00	600,000.00
Human Resource Manager	1	600,000.00	600,000.00
Accountant	1	600,000.00	600,000.00
Plant technician Manager	1	450,000.00	450,000.00
Sales & Marketing Officers	2	350,000.00	700,000.00
Business Development Officer	1	350,000.00	350,000.00
Operations Officers	29	350,000.00	10,150,000.00
Health and Safety Occupational Officer	1	350,000.00	350,000.00
Cashier & Store keepers	2	350,000.00	700,000.00
Assistant Executive Officer	1	350,000.00	350,000.00
Transport Officer	2	350,000.00	700,000.00
Security Guard	1	250,000.00	250,000.00
Total	44		16,400,000.00

6.2 Management Plan

Usagara New Project will be established with the aim of competing favorably with other leading brands in the industry, which is why it ensures that the owner puts the right structure in place that will support the kind of growth that the company plans while setting up and developing the business.

The management will ensure that it only hire people that are qualified, honest, hardworking and customer centric and are ready to help build a prosperous business that will benefit all its stake holders. As a matter of fact, a profit-sharing arrangement is being made available to all senior management staff and is based on their performance for a period of five years or more depending how fast the company meet its set target.

In view of that, the company has decided to hire qualified and competent hands to occupy the following positions;

- Managing Director
- Operation Manager
- Sales & Marketing Manager
- Human Resource Manager
- Accountant
- Contract Management Officer
- Business Development Officer
- Health and Safety Occupational Officer
- Cashier & Storekeeper
- Plant Technician Manager
- Assistant Executive Officer
- Transport Officer
- Security Guard

Roles and Responsibility

Managing Director

- He is the head and the owner of the Company and business
- Signs all Company's contracts entered by other organizations or people
- Creates the necessary strategies and policies that will positively affect the development and growth of the business
- Hire the management team and delegates necessary tasks that fit their defined positions
- Source for the capital and develops the overall budget for the firm
- Appoints members of the Advisory Board of the Company and sits on the Advisory Board as a President

Accountant

- Track cash flow of and financial planning for the Company
- Analyze the Company's financial strengths and weaknesses and proposes corrective actions
- Prepare the financial statements when required and tax returns
- Ensure the budget of the Company is followed and petty cash is monitored and managed well
- Make sure the Company operates in a profitable manner and within the designed budget
- Propose means of raising and increasing the capital of the Company
- Monitor all cash movements and ensures all financial transactions are duly recorded
- Prepare the financial accounts, financial statements and other financial transactions on behalf of the Company

- Ensure that the Company implements its budget accordingly
- Follow through on what the Chief Financial Officer assigns

Sales & Marketing Manager

- Prepare the market driven schedule and budget
- Conduct market research to determine new target markets for the Company
- Communicate the Company's products to the market
- Conduct physical marketing campaign to gain customers for the Company
- Ensure, enquire, and provide accurate information and take orders from customers on behalf of the Company
- Remain aware of industry trends as well as Company's policies to ensure that customers get accurate information
- Keep an updated but accurate customers database on behalf of the Company
- Under the supervision of the Chief Marketing Officer, the marketing officer conducts market research to determine new target markets for the Company
- Under the supervision of the Chief Marketing Officer, the marketing officer communicates the Company's products to the market
- Under the supervision of the Chief Marketing Officer, the marketing officer conducts a physical marketing campaign to gain customers for the Company
- Ensure, enquire, provide accurate information and take orders from customers on behalf of the Company
- Remain aware of industry trends as well as the Company's policies to ensure that customers get accurate information
- Under the supervision of Chief Marketing Officer, the marketing officer keeps an updated but accurate customers database on behalf of the Company

Operation Manager

- Ensure that the strategies set are well understood by managers and are implemented within the time allotted, quality expected and budget projected
- Supervise managers to ensure smooth running of the business and the Company as well
- Ensure that the Company complies with the laws and regulations set by the authorities
- Make decisions on behalf of the chief executive officer when needed
- Ensure that the Company has tools and equipment needed for operations
- Ensure that all the administrative functions of the firm flows smoothly
- Coordinates all members of the management and ensures that they align with the vision and mission of the Company
- Ensure all are well at the manufacturing plant and supervise all Company workers

Human Resource Manager

- Source for interviews and hiring of capable and proficient employees on behalf of the Company
- Oversee employee welfare and training packages
- Conduct periodic performance appraisals on employees and rewards or punishes where appropriate

Procurement & storekeeper

- Source for reliable suppliers on behalf of the Company
- Prepare the purchasing contract and ensure that it benefits the Company

USAGARA NEW PROJECT- MAGARE ESSENTIALS LIMITED

- Engage and manage the out-procurement database
- Greet, acknowledge, and assist each customer where possible
- Make sure the customer gets what he/she wants according to his/her budget in accordance with company policies and procedures
- Provide answers to product and payment-related queries
- Resolve customer complaints and refer customers to the right person to answer queries and deal with any problems
- Accurately process sales, using cash registers, scanners or equipment
- Accept cash, checks and bankcards for payment
- Process payments according to Company procedures
- Provide change for cash payments and issue receipts for payments received
- Issue refunds and credits and process returns and exchanges
- Balance sales and receipts according to company procedure
- Maintain accurate records of transactions
- May be required to assist in areas such as shelf stocking, product display, pricing and clean-up
- maintain a neat, tidy, and orderly work area

Contract Management Officer

- Liaise on all aspects of contractual matters between Companies and clients
- Work with and advise high level managers across a range of the organization's legal management issues
- Work closely with internal departments including those responsible for financial and legal issues
- Knowledgeable in accurate and up to date contract language and structure
- Ability to negotiate to develop new contracts to suit the Company's policies and goals
- Ensure the maintenance and updating of existing contracts, including contract demographics and fees

Business Development Officer

- Develop and sustain solid relationships with Company stakeholders and customers
- Analyze customer feedback data to determine whether customers are satisfied with company products and services
- Recruit, train, and guide business development staff.
- Provide insight into product development and competitive positioning
- Analyzing financial data and develop effective strategies to reduce business costs and increase company profits
- Conduct market research to identify new business opportunities
- Collaborate with company executives to determine the most viable, cost-effective approach to pursue new business opportunities
- Meet with potential investors to present company offerings and negotiate business deals.

Health and Safety Occupational Officer

- Investigate health-related complaints and cases of ill health
- Carry out risk assessments and site inspections
- Ensure that equipment is installed correctly and safely
- Identify potential hazards
- Determine ways of reducing risks

- Compile statistics and write reports
- Run health and safety meetings and training courses for employees
- Liaise with external health and safety authorities
- Keep up to date and ensure compliance with current health and safety legislation

Sales Officer

- Develop and sustain long-lasting relationships with customers
- Screen, recruit, and train sales employees
- Call potential customers to explain Company's products and encourage purchases
- Answer customers' questions and escalate complex issues to the relevant departments as needed
- Develop in-depth knowledge of Company products
- Maintain an accurate record of all sales, scheduled customer appointments, and customer complaints
- Collaborate with the marketing department to ensure that the Company is reaching its target audience
- Inform product developers of possible product improvements and changes to ensure that company products meet current market needs
- Prepare cost-benefit analyses for prospective and existing customers to determine the most suitable purchase options
- Analyze competitors' products to determine product features, benefits, shortfalls, and market success.

Plant Technicians Manager

- To work in a fast-paced, high-speed environment, follow standardized work procedures and adhere to safe work practices in a continuous improved environment
- Perform work related to machines including repair and operations
- Perform necessary pre-operation activities to ensure proper equipment startup and operation on multiple pieces of equipment
- Operate/monitor multiple pieces of equipment during operation to ensure quality production and minimal unplanned stops
- Communicate with team members and support teams to ensure continuous production of the correct product at high levels of quality with minimal time and materials
- Ensure factory keeping and sanitation
- To deal with furniture designing, making and decor

Assistant Executive Officer

- Review documents and keep records
- Accounting/bookkeeping
- Calendar management and event planning
- Conduct research, design and maintain a filing system
- Client relations
- Handle information requests and prepare statistical reports
- Organize meetings and arrange travel plans
- Type and process expense reports
- Take meeting minutes

USAGARA NEW PROJECT- MAGARE ESSENTIALS LIMITED

Transport Officer

- Ensures that the supplies ordered by customers are delivered on the right time and the right destination
- Supervise loading and offloading of products from the truck
- Remains responsible for the maintenance and overall condition of the truck

Security Guard

- Ensure the safety of the company during and after working hours
- Prepare security activities logs and submit to the operational manager
- Passes necessary security tips and information to staffs

7.0 Financial Plan & Projection

Usagara New Project plan to use TZS 900,000,000. This provides the solution of the current financing required. The amount requested will be used for working capital purposes and for Non-current Assets acquisition, hence promoting business growth, Profitability and sustainability. The following outline shows how the Start-Up capital will be used;

- Raw materials TZS 300,000,000
- Non-Current Assets TZS 544,449,300
- Operational Cost TZS 55,550,700 and
- The piece of land worth TZS 350,000,000 of square meters 14,000 is already bought

7.1 Projected Profit and Loss

As the Statement of Profit and Loss shows, Usagara New Project projects to continue its steady growth in profitability over the next years of operations. This is evidenced by the Projected Income Statement, as for Year 1, Year 2, Year 3, Year 4 and Year 5 the Profit will be TZS 129,379,372.50, TZS 165,719,229.38, TZS 223,216,219.84, TZS 289,753,904.29 and TZS 373,191,711.62 respectively.

The profit increases with the increase in sales, the profit margin also increase with the increase in sales this is because it lowers the cost of operation, Net Profit Margin has been significantly increasing from its start in the year 1 until the business become stable in the year 3 when it attains the margin of 17.22% then increased to 18.63% in the year 4, Since the business plans to make expansion and increase sales, the Profit for the year 5 will increase to have the Net Profit Margin of around 20%.

7.2 Projected Cash Flow

Although the Company expects to be more profitable in the first year, it still has drains on the cash flow. This is because the business is new to the industry so it tries to win the market and establish the customer base; however, the start-up capital will be used to meet the first three months before the cash flow is stable enough to pay its obligations by using its own generated cash. The cash flow, however, stays in positive balance throughout the period and is expected to increase as the sales increase. For the last 3 years of the operation of the business, cash flow statements show positive balances, this means that the business never met with the difficulties of meeting its unforeseen expenses. The main concern of the business is to have sufficient cash on hand to meet its payment Obligations, and be prepared for unexpected needs of cash. The cash balance seems to increase monthly this is because the sales increase as the business increase the number of customers.

7.3 Projected Balance Sheet

The Company's projected balance sheet shows an increase in net worth to more than TZS 679,000,000, TZS 845,000,000, TZS 1,068,000,000, TZS 1,358,000,000 and TZS 1,730,000,000 in the Year 1, Year 2, Year 3, Year 4 and Year 5 respectively, at which point the Company expects to be making compelling profits on sales of TZS 1,011,000,000 and TZS 1,731,000,000 respectively. With the present financial projections the business owner will be careful in supporting the working capital, assets and inventory to support growth in sales. The Financial Position of Usagara New Project shows healthy growth of net worth, and strong financial position. The financial position Statement for Usagara New Project is quite solid. The management is strong enough and more capable of keeping the business on track to make sure the business continue to accumulate wealth.

The business will be financed by the business owners, who will contribute 100% of the start-up capital invested in the business. There has been an increase in the owner's equity due to the increase in the Net Profit from the business..(Projected Financial Position Statement is on page number 22).

USAGARA NEW PROJECT- MAGARE ESSENTIALS LIMITED

8.0 PROJECTED FINANCIAL STATEMENT

USAGARA NEW PROJECT P.O.BOX , MISUNGWI-MWANZA CONDENSED PROJECTED INCOME STATEMENT FOR THE PERIOD OF FIVE YEARS						
Description	Notes	YEAR 1 TZS	YEAR 2 TZS	YEAR 3 TZS	YEAR 4 TZS	YEAR 5
Income from Sales	2	900,000,000.00	1,080,000,000.00	1,296,000,000.00	1,555,200,000.00	1,910,304,000.00
Cost of Sales	3	450,000,000.00	565,000,000.00	591,000,000.00	756,900,000.00	979,000,000.00
Gross profit		450,000,000.00	515,000,000.00	705,000,000.00	798,300,000.00	931,304,000.00
Employment Costs	7	196,800,000.00	218,700,000.00	304,800,000.00	313,200,000.00	334,200,000.00
Administrative Costs	8	36,700,000.00	35,700,000.00	38,100,000.00	38,250,000.00	38,630,000.00
Finance Cost	5	820,000.00	984,000.00	1,180,800.00	1,416,960.00	1,700,352.00
Depreciation	1	30,852,325.00	22,874,243.75	42,038,885.94	31,498,891.02	23,642,631.40
Total operating expenses		265,172,325.00	278,258,243.75	386,119,685.94	384,365,851.02	398,171,983.40
Profit before tax		184,827,675.00	236,741,756.25	318,880,314.06	413,934,148.98	533,131,016.60
Taxation	6	55,448,302.50	71,022,526.88	95,664,094.22	124,180,244.70	159,939,304.98
Net Profit for the Period		129,379,372.50	165,719,229.38	223,216,219.84	289,753,904.29	373,191,711.62
Net Profit Margin (%)		14.38	15.34	17.22	18.63	19.54

Signature

Mabua Johnson Maganglla

Managing Director



Date 15/01/2024

The summary of significant accounting notes on pages 24 to 26 form an integral part of the projected financial statements

USAGARA NEW PROJECT
P.O.BOX , MISUNGWI-MWANZA
STATEMENT OF FINANCIAL POSITION AS AT END OF

Description	Notes	YEAR 1 TZS	YEAR 2 TZS	YEAR 3 TZS	YEAR 4 TZS	YEAR 5 TZS
ASSETS						
Non-current assets						
Property, Plant & Equipment	1	443,896,975.00	421,022,731.25	478,983,845.31	447,484,954.30	423,842,322.90
Current assets						
Inventories/Stock	3	270,000,000.00	295,000,000.00	350,000,000.00	340,000,000.00	360,000,000.00
Trade and other receivables	12	-	-	-	-	-
Pre-Payments	12	74,900,000.00	24,900,000.00	-	-	-
Cash and bank balances	9	240,582,397.50	454,175,870.63	674,430,976.41	985,683,771.71	1,402,518,114.73
Total Current Assets		585,482,397.50	774,075,870.63	1,024,430,976.41	1,675,683,771.71	1,762,518,114.73
TOTAL ASSETS		1,029,379,372.50	1,195,098,601.88	1,503,414,821.72	1,773,168,726.01	2,186,360,437.63
EQUITY AND LIABILITIES						
Equity						
Owners Equity	13	900,000,000.00	900,000,000.00	900,000,000.00	900,000,000.00	900,000,000.00
Profit for the year		129,379,372.50	165,719,229.38	223,216,219.84	289,753,904.29	373,191,711.62
Retained earnings			129,379,372.50	295,098,601.88	518,314,821.72	808,068,726.01
Total Equity		1,029,379,372.50	1,195,098,601.88	1,418,314,821.72	1,708,068,726.01	2,081,260,437.63
Liabilities						
Trade & Other Payables	11	-	-	85,100,000.00	65,100,000.00	105,100,000.00
Accrued Charges				85,100,000.00	65,100,000.00	105,100,000.00
TOTAL LIABILITIES		-	-	85,100,000.00	65,100,000.00	105,100,000.00
TOTAL EQUITY AND LIABILITIES		1,029,379,372.50	1,195,098,601.88	1,503,414,821.72	1,773,168,726.01	2,186,360,437.63

Signature

Mabula Johnson Magangila

Managing Director



Date 15/01/2024

The summary of significant accounting notes on pages 24 to 26 form an integral part of the projected financial statements

USAGARA NEW PROJECT- MAGARE ESSENTIALS LIMITED

**USAGARA NEW PROJECT
P.O.BOX , MISUNGWI-MWANZA
CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2023**

Description	Notes	YEAR 1 TZS	YEAR 2 TZS	YEAR 3 TZS	YEAR 4 TZS	YEAR 5 TZS
Cash flow from Operating Activities						
Net Income		129,379,372.50	165,719,229.38	223,216,219.84	289,753,904.29	373,191,711.62
<i>Adjustment for</i>						
Depreciation of property, plant and equipment	1	30,852,325.00	22,874,243.75	42,038,885.94	31,498,891.02	23,642,631.40
Gain/(Loss) on Exchange rate						
<i>Working capital adjustments:</i>						
(increase)/Decrease in trade and other receivables						
Decrease/(Increase) in Inventories	4	(270,000,000.00)	25,000,000.00	55,000,000.00	(10,000,000.00)	20,000,000.00
Increase(Decrease) in trade and other payable						
Net cash flows from operating activities		(109,768,302.50)	213,593,473.13	320,255,105.78	311,252,795.30	416,834,343.02
Cash flow from Investing activities						
Purchases/Construction of fixed assets		(199,649,300.00)		(100,000,000.00)		
Net cash flows used in Investing activities		(199,649,300.00)	-	(100,000,000.00)	-	-
Cash flow from Financing activities						
Proceeds from Issue of shares		550,000,000.00				
Payment of Cash Dividends						
Net cash flows (used in)/from financing activities		550,000,000.00	-	-	-	-
Cash and cash equivalents						
Net Increase/Decrease in Cash and cash equivalents		240,582,397.50	213,593,473.13	220,255,105.78	311,252,795.30	416,834,343.02
Cash and cash equivalents at the Beginning of the Year			240,582,397.50	454,175,870.63	674,430,976.41	985,683,771.71
Cash and cash equivalents the end of the Year	9	240,582,397.50	454,175,870.63	674,430,976.41	985,683,771.71	1,402,518,114.73

Signature

Mabula Johnson Magangila

Managing Director



Date 25/01/2024

The summary of significant accounting notes on pages 24 to 26 form an integral part of the projected financial statements

9.0 NOTICES TO THE PROJECTED FINANCIAL STATEMENT

NOTE 1 : PROPERTY, PLANT AND EQUIPMENT

DESCRIPTION	COMPUTER AND ACCESSORIES	PLANT & MACHINERY	FURNITURE AND FITTINGS	LAND	TOTAL (TZS)
Cost or valuation					
At the start of YEAR 1	9,820,000.00	102,429,300.00	12,500,000.00	350,000,000.00	474,749,300.00
valuation/addition					-
At The End of YEAR 1	9,820,000.00	102,429,300.00	12,500,000.00	350,000,000.00	474,749,300.00
Depreciation	37.50%	25.00%	12.50%	-	
At the start of YEAR 1	9,820,000.00	102,429,300.00	12,500,000.00	350,000,000.00	474,749,300.00
Charge for the year	3,682,500.00	25,607,325.00	1,562,500.00		30,852,325.00
At The End of YEAR 1	6,137,500.00	76,821,975.00	10,937,500.00	350,000,000.00	443,896,975.00

NOTE 1 : PROPERTY, PLANT AND EQUIPMENT

DESCRIPTION	COMPUTER AND ACCESSORIES	PLANT & MACHINERY	FURNITURE AND FITTINGS	LAND	TOTAL (TZS)
Cost or valuation					
At the start of YEAR 2	6,137,500.00	76,821,975.00	10,937,500.00	350,000,000.00	443,896,975.00
valuation/addition					-
At The End of YEAR 2	6,137,500.00	76,821,975.00	10,937,500.00	350,000,000.00	443,896,975.00
Depreciation	37.50%	25.00%	12.50%		
At the start of YEAR 2	6,137,500.00	76,821,975.00	10,937,500.00	350,000,000.00	443,896,975.00
Charge for the year	2,301,562.50	19,205,493.75	1,367,187.50		22,874,243.75
At The End of YEAR 2	3,835,937.50	57,616,481.25	9,570,312.50	350,000,000.00	421,022,731.25

NOTE 1 : PROPERTY, PLANT AND EQUIPMENT

DESCRIPTION	COMPUTER AND ACCESSORIES	PLANT & MACHINERY	FURNITURE AND FITTINGS	LAND	TOTAL TZS)
Cost or valuation					
At the start of YEAR 3	3,835,937.50	57,616,481.25	9,570,312.50	350,000,000.00	421,022,731.25
valuation/addition		100,000,000.00			100,000,000.00
At The End of YEAR 3	3,835,937.50	157,616,481.25	9,570,312.50	350,000,000.00	521,022,731.25
Depreciation	37.50%	25.00%	12.50%		
At the start of YEAR 3	3,835,937.50	157,616,481.25	9,570,312.50	350,000,000.00	521,022,731.25
Charge for the year	1,438,476.56	39,404,120.31	1,196,289.06		42,038,885.94
At The End of YEAR 3	2,397,460.94	118,212,360.94	8,374,023.44	350,000,000.00	478,983,845.31

USAGARA NEW PROJECT- MAGARE ESSENTIALS LIMITED

NOTE 1 : PROPERTY, PLANT AND EQUIPMENT

DESCRIPTION	COMPUTER AND ACCESSORIES	PLANT & MACHINERY	FURNITURE AND FITTINGS	LAND	TOTAL (TZS)
Cost or valuation					
At the start of YEAR 4	2,397,460.94	118,212,360.94	8,374,023.44	350,000,000.00	478,983,845.31
valuation/addition					
At The End of YEAR 4	2,397,460.94	118,212,360.94	8,374,023.44	350,000,000.00	478,983,845.31
Depreciation	37.50%	25.00%	12.50%		
At the start of YEAR 4	2,397,460.94	118,212,360.94	8,374,023.44	350,000,000.00	478,983,845.31
Charge for the year	899,047.85	29,553,090.23	1,046,752.93		31,498,891.02
At The End of YEAR 4	<u>1,498,413.09</u>	<u>88,659,270.70</u>	<u>7,327,270.51</u>	<u>350,000,000.00</u>	<u>447,484,954.30</u>

NOTE 1 : PROPERTY, PLANT AND EQUIPMENT

DESCRIPTION	COMPUTER AND ACCESSORIES	PLANT & MACHINERY	FURNITURE AND FITTINGS	LAND	TOTAL TZS)
Cost or valuation					
At the start of YEAR 5	1,498,413.09	88,659,270.70	7,327,270.51	350,000,000.00	447,484,954.30
valuation/addition					
At The End of YEAR 5	1,498,413.09	88,659,270.70	7,327,270.51	350,000,000.00	447,484,954.30
Depreciation	37.50%	25.00%	12.50%		
At the start of YEAR 5	1,498,413.09	88,659,270.70	7,327,270.51	350,000,000.00	447,484,954.30
Charge for the year	561,904.91	22,164,817.68	915,908.81		23,642,631.40
At The End of YEAR 5	<u>936,508.18</u>	<u>66,494,453.03</u>	<u>6,411,361.69</u>	<u>350,000,000.00</u>	<u>423,842,322.90</u>

DESCRIPTIONS	YEAR 1 TZS	YEAR 2 TZS	YEAR 3 TZS	YEAR 4 TZS	YEAR 5 TZS
NOTE 2: REVENUE					
Income from Sales of Shoes	850,000,000.00	1,020,000,000.00	1,224,000,000.00	1,468,800,000.00	1,806,624,000.00
Income from Sales of Garments	50,000,000.00	60,000,000.00	72,000,000.00	86,400,000.00	103,680,000.00
	<u>900,000,000.00</u>	<u>1,080,000,000.00</u>	<u>1,296,000,000.00</u>	<u>1,555,200,000.00</u>	<u>1,910,304,000.00</u>
NOTE 3: COST OF SALES					
Inventory at the beginning		270,000,000.00	295,000,000.00	350,000,000.00	340,000,000.00
ADD:					
Purchases	720,000,000.00	590,000,000.00	646,000,000.00	746,900,000.00	999,000,000.00
Carriage Inward					
Inventory at the Year-end/Closing Stock	270,000,000.00	295,000,000.00	350,000,000.00	340,000,000.00	360,000,000.00
	<u>450,000,000.00</u>	<u>565,000,000.00</u>	<u>591,000,000.00</u>	<u>756,900,000.00</u>	<u>979,000,000.00</u>
	450,000,000.00	561,600,000.00	583,200,000.00	777,600,000.00	955,152,000.00
NOTE 4: INCREASE/DECREASE IN INVENTORY		25,000,000.00	55,000,000.00	(10,000,000.00)	20,000,000.00

DESCRIPTIONS	YEAR 1 TZS	YEAR 2 TZS	YEAR 3 TZS	YEAR 4 TZS	YEAR 5 TZS
NOTE 5: FINANCE COST					
Interest and Bank charges	820,000.00	984,000.00	1,180,800.00	1,416,960.00	1,700,352.00
NOTE 6: TAXATION					
Tax by Installments	55,448,302.50	71,022,526.88	95,664,094.22	124,180,244.70	159,939,304.98
NOTE 7: EMPLOYMENT COSTS					
Salary and Wages	196,800,000.00	218,700,000.00	304,800,000.00	313,200,000.00	334,200,000.00
NOTE 8: ADMINISTRATION EXPENSES					
Business license	200,000.00	200,000.00	200,000.00	200,000.00	200,000.00
Consultation fee and associated expenses	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00
Travelling & Per-diem expenses	5,600,000.00	5,800,000.00	6,200,000.00	6,200,000.00	6,400,000.00
Electricity and water	3,200,000.00	3,400,000.00	3,600,000.00	3,800,000.00	3,900,000.00
Fuel Expenses	2,800,000.00	3,200,000.00	3,300,000.00	3,400,000.00	3,600,000.00
Hiring expenses	1,600,000.00	1,200,000.00	1,000,000.00	800,000.00	600,000.00
Rent expense	12,000,000.00	12,000,000.00	14,000,000.00	14,000,000.00	14,000,000.00
Stationary & printing	450,000.00	450,000.00	450,000.00	450,000.00	450,000.00
Registration and upgrade Expenses	200,000.00	200,000.00	200,000.00	200,000.00	200,000.00
Repair & Maintenance	400,000.00	600,000.00	700,000.00	750,000.00	830,000.00
Food to all staffs					
Communication, Transport and Postage expenses	3,450,000.00	3,450,000.00	3,450,000.00	3,450,000.00	3,450,000.00
Marketing and Tender Expenses	4,800,000.00	3,200,000.00	3,000,000.00	3,000,000.00	3,000,000.00
	<u>36,700,000.00</u>	<u>35,700,000.00</u>	<u>38,100,000.00</u>	<u>38,250,000.00</u>	<u>38,630,000.00</u>
NOTE 9: CASH & CASH EQUIVALENCY					
Cash Balance					
Bank Balance					
	<u>240,582,397.50</u>	<u>454,175,870.63</u>	<u>674,430,976.41</u>	<u>985,683,771.71</u>	<u>1,402,518,114.73</u>
NOTE 10: SHORT -TERM LOAN					
CRDB BANK					
NMB BANK					
BOA BANK					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NOTE 11: ACCOUNT PAYABLES					
Trade Creditors			85,100,000.00	65,100,000.00	105,100,000.00
	<u>-</u>	<u>-</u>	<u>85,100,000.00</u>	<u>65,100,000.00</u>	<u>105,100,000.00</u>
NOTE 12: ACCOUNT RECEIVABLES					
Trade Debtors					
Pre-Payment	74,900,000.00	24,900,000.00			
	<u>74,900,000.00</u>	<u>24,900,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
NOTE 13: SHARE CAPITAL					
Paid up Shares	<u>550,000,000.00</u>	<u>550,000,000.00</u>	<u>550,000,000.00</u>	<u>550,000,000.00</u>	<u>550,000,000.00</u>

USAGARA NEW PROJECT- MAGARE ESSENTIALS LIMITED

10.0 APPENDIX

REQUIRED MACHINERIES & PLANTS				
DETAIL	QNT	UNIT	PRICE PER EACH	TOTAL
STOOL	43		33,000.00	1,419,000.00
INDUSTRIAL SEWING MACHINERY BROTHER	8		900,000.00	7,200,000.00
INDUSTRIAL SEWING MACHINERY BROTHER BUTTON HOOL	1		900,000.00	900,000.00
INDUSTRIAL SEWING MACHINERY JUKI	6		1,200,000.00	7,200,000.00
INDUSTRIAL SEWING MACHINERY JUKI USED	7		900,000.00	6,300,000.00
OVER LOCK MACHINERY ZUKE	1		1,200,000.00	1,200,000.00
OVER LOCK MACHINERY M/700	1		1,200,000.00	1,200,000.00
ZIG ZAGA MACHINERY TOYOTA	1		250,000.00	250,000.00
DUSTIBINS,EXTENSIONS,TRAY,STANDING HANGER				454,000.00
CUTTING TABLE	9		185,000.00	1,665,000.00
CUTTIND MACHINERY	2		250,000.00	500,000.00
PLACER IRON, IRON	6			1,400,000.00
SUBLIMATION MACHINERY	2		1,200,000.00	2,400,000.00
EMBROIDERY MACHINE	1		14,000,000.00	14,000,000.00
ELASTIC MACHINE(SEGEMSY)	1		6,000,000.00	6,000,000.00
DOUBLE STICH JIANG LONG	1		1,200,000.00	1,200,000.00
AILET MACHINE -LIXING	1		3,000,000.00	3,000,000.00
CUTTING MACHINE -LVO	1		5,300,000.00	5,300,000.00
POSTBED MACHINE-GOLDEN WHEEL	1		2,750,000.00	2,750,000.00
LIER NINGBO CYLINDER MACHINE	1		2,500,000.00	2,500,000.00
SKYVING MACHINE	1		2,750,000.00	2,750,000.00
PRESSING MACHINE	1		5,000,000.00	5,000,000.00
OVEN MACHINE	1		700,000.00	700,000.00
GRANDING MACHINE	1		1,000,000.00	1,000,000.00
SCISSORS (NGOZ)	11		4,130.00	45,430.00
BROA	1		120,000.00	120,000.00
STEEL SANDPAPER-12,KNIVES				39,530.00
LAST	510	PRS	25,000.00	12,750,000.00
CLOTH SCISSORS	22		20,000.00	440,000.00
NUMBER PUNCHS		PCS		103,840.00
MANUAL PRESSING MACHINE	1		500,000.00	500,000.00
FIRE EXTINGUISHER	1		100,000.00	100,000.00
ELASTIC MACHINE(SEGEMSY)	2		6,000,000.00	12,000,000.00
ZIG ZAGA SCISSORS	5		8,500.00	42,500.00
				<u>102,429,300.00</u>
COMPUTERS & ACCESSORIES			6,320,000.00	6,320,000.00
CCTV SYSTEM	1		3,500,000.00	3,500,000.00
FURNITURES			12,500,000.00	12,500,000.00
				<u>22,320,000.00</u>
				<u>124,749,300.00</u>