

MWANZA SALAMA COMPANT LIMITED

BUSINESS PLAN

FOR

ESTABLISHMENT OF MODERN WAREHOUSE

1.0 INTRODUCTION

This is a report for business plan for MWANZA SALAMA COMPANT LIMITED for the purposes of development of a modern warehouse at **Plot No.22. 23, Block D, Plot No.27, 28 Block A, Ihayabuyaga, Magu District, Mwanza Region**. The project promoters see big opportunities to set up warehouse facilities to be storage and industrial purposes for own use and leasing to potential clients who are looking good warehouse in Magu District, the warehouses are being developed by MWANZA SALAMA COMPANT LIMITED, a registered Limited company incorporated under the Companies Act, 2002with Incorporation No. 174205914 issued on 29th April,2024

The main role that is going to be assumed by MWANZA SALAMA COMPANT LIMITED is the development of warehouses infrastructure for lease market

MWANZA SALAMA COMPANT LIMITED's mission is to always provide the best possible value to its customers who care about quality, also to create and nurture a healthy, creative and respectful office and workshop environment, in which its employees are fairly compensated and encouraged to respect the customer and the quality of the product it produces.

1.1 MWANZA SALAMA COMPANT LIMITED MISSION

To become a leading storage services provider, providing high standards in service quality, safety and environment, innovative

solutions and services to various industries and promote corporate and personal growth exceeding customer expectations.

1.2 MWANZA SALAMA COMPANT LIMITED MISSION VISION

To be a leader and pioneer in East Africa in trading, manufacturing, real estate, and industrial investments delivering customized and unique solutions ensuring time and cost savings for customers.

1.3 MWANZA SALAMA COMPANT LIMITED VALUES

MWANZA SALAMA COMPANT LIMITED, we believe the customer comes first; the company management is focused to ensure customer delight, superior quality of delivery and increased customer profitability.

At MWANZA SALAMA COMPANT LIMITED, our operation is based in Magu district , we practice an enduring value system based on an open culture, honest and fair business and personal conduct, earning the confidence and trust of our Associates and Customers.

At MWANZA SALAMA COMPANT LIMITED, we practice transparency with all agencies that we are involved with.

At MWANZA SALAMA COMPANT LIMITED, we value the importance of our colleagues, evolving a sense of togetherness and passion to deliver.

1.4 COMMITMENT TO SUCCESS

Endeavor to find solution and exceed customers' expectations.

1.5 TEAM PLAYERS

Possess positive attitude among ourselves, the customers and adopt company standards and system.

1.6 COMPANY OWNERSHIP AND BOARD OF DIRECTORS

MWANZA SALAMA COMPANT LIMITED is promoted by two companies from China which are very experienced in local and international business range from real estate development and manufacturing etc.

Name	Shares %	Nationality
ZHANG YIYUN	89.898	Chinese
CHEN DAOFEN	10.102	Chinese

The MWANZA SALAMA COMPANT LIMITED upholds values of its shareholders and operate within strict legal and ethical guidelines based on national statutes and international best practice standards.

1.7 GOVERNANCE & TECHNICAL PERSPECTIVE

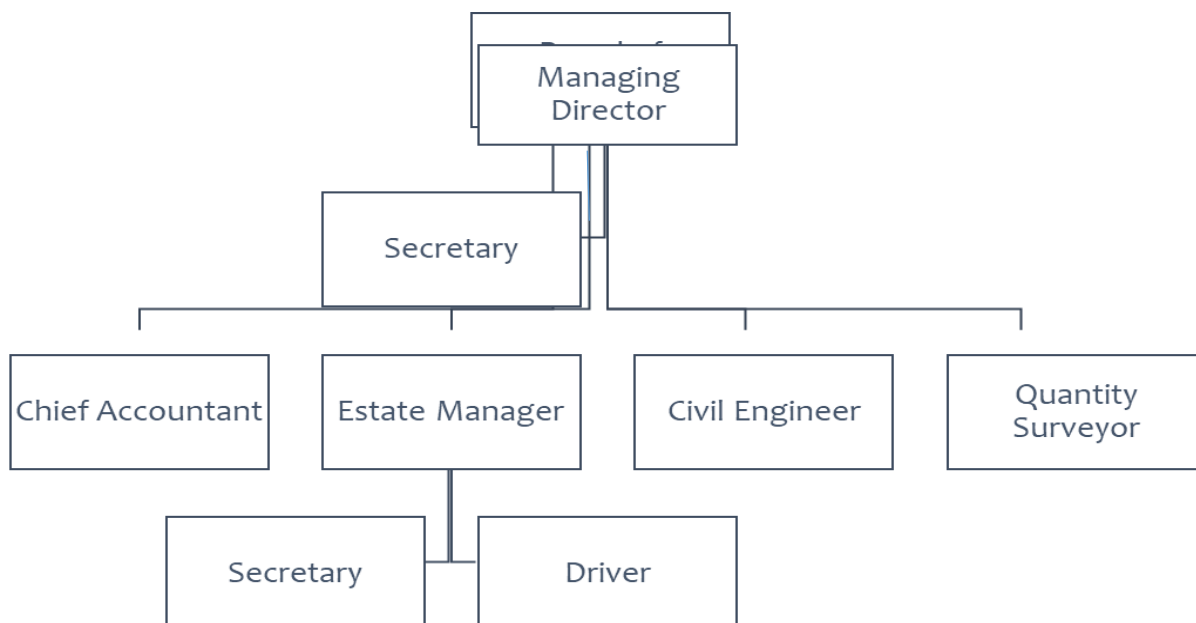
The company is working under the auspices of the board of directors that oversees the governance and strategic part of the company, with the Managing Director on the ground giving

strategic guidance and direction to ensure that the Company achieves its financial vision, mission and long-term goals. The MD is supported by four senior officers who supervise day-to-day operations of the company with the support of other technical and non-technical staff in different functions such as accounting and procurement management, engineering, construction and quantity survey to ensure that company and stakeholder's objectives are fulfilled.

1.8 MANAGEMENT AND MANAGEMENT INFORMATION SYSTEM

The Managing Director leads the team of senior staffs designated as Chief Accountant, Estate Manager, Civil Engineer and Quantity Surveyor leading their designated departments under the support of other staff.

Organization Structure



1.9 JOB CREATION

The company will nurture its employees and introduce measures to promote job satisfaction and career progression as the business grows, the direct job to be employed MWANZA SALAMA COMPANT LIMITED in managing the warehouse facilities is estimated employing **20** people and people to be employed.

2.0 PROJECT INVESTMENT COST

MWANZA SALAMA COMPANT LIMITED plan to construct the warehouses in 2 phases

The project is expected to be divided into 4 phases

MWANZA SALAMA COMPANT LIMITED COST STRUCTURE

Land and Buildings	1,700,000
Machinery & Equipment	100,000
Motor Vehicles	100,000
Furniture & Fixtures	5,000
Pre exp	20,000
Others	80,000
Working Capital	200,000
TOTAL	2,205,000

2.1 PROJECT FINANCING

The total Costs of the project is estimated to be USD is **USD2,205,000**, the shareholders of MWANZA SALAMA COMPANT LIMITED and cash generated from other business will contribute **US\$ 205,000** and the remaining amounting to **US\$2,000,000** to be sourced from financial institutions with bank interest of **8%** the loan to be repaid within 5 years.

2.2 PROJECT PROJECTED REVENUE

The company has estimated that the rental fee for each warehouse to be **US\$ 4** for **46,079Sqm** and **5** available for lease.

2.3 NUMBER OF WAREHOUSES

The project involves construction of 5houses to be done in 2phases

2.4 OTHER SERVICE

All facilities like water, electricity, gas and telecommunications will be made available as well as Peaceful, secure, environmentally protected, and pollution-free work area Inter-unit transfer.

2.5 FACILITATION DESK

This desk will act like a reception center for all enquiries about the MWANZA SALAMA COMPANT LIMITED.

3.0 INDUSTRIAL TRENDS

The Analysis conducted revealed that in Tanzania currently there is a lack an adequate warehouses facility with full facilities to accommodate the growth of manufacturing sector in. MWANZA SALAMA COMPANT LIMITED project come up with the proposed potential options for addressing this shortage.

Warehouse facilities are an important tool for attracting investment and technology, given that some of the key factors that influence investment decisions are the availability of land, infrastructure, quality services and proximity to strategic markets. The technology transfer opportunities that foreign investment in particular can bring to an economy are crucial to improving production capacity through the associated transition from labour-intensive to technology-intensive production that often accompanies it.

- **Regional and national development:** Contributing to regional and national development is often a primary driver of the decision to establish warehouse facilities that foster new investment, industries, jobs, linkages and growth.

- **Improving the business environment:** Warehouse facilities can improve companies' productivity by reducing production costs, reducing waste and pollution, and generally increasing economic opportunities.
- **Fostering innovation:** Warehouse facilities create environments that foster collaboration and innovation by providing a location where the government, the private sector and universities and research institutes can collaborate, as well as conduct and commercialise research and reinforce entrepreneurship. Warehouse facilities can also support entrepreneurs by incubating new businesses. The shared services offered by warehouse facilities can moreover reduce small business market entry barriers and facilitate access to seed capital
- **Economic experimentation and demonstration.** Warehouse facilities can serve as a test of economic reforms, new policies and approaches in a geographically-concentrated pilot area. Their demonstration effects can then, if successful, be replicated nationwide, along with the best practices drawn from these pilots and their demonstration effects then being applied to other industrial locations and businesses
- **Community development.** Industrial parks, as local economic hubs and growth centres with certain positive externalities, can (when properly designed) serve as platforms for

delivering on broader local community goals, such as local employment creation, as well as transportation services, education and training, health care, mail and communication services, and others

- Promoting environmental safeguards. Warehouse facilities can offer the opportunity to decrease production costs through common infrastructure and systems, while also leading to increased materials, water and energy efficiency, including through waste recycling, water management and resource recovery. Eco-warehouse facilities can further reduce pollution and waste by applying pollution prevention, renewable energy, industrial symbiosis, and other environmental management methods and technologies.

4.0 THE MARKET

4.1 General Market Review

Market observations in reveal that there is still high demand for high quality industrial premises with readymade infrastructure, quality workmanship, quality design, and services available and affordable price are basic factors to attract investors in the industrial park.

5.0 BUSINESS ANALYSIS

MWANZA SALAMA COMPANT LIMITED potential and capability for survival is based on the following facts:

- MWANZA SALAMA COMPANT LIMITED products and services are reputed for quality.
- MWANZA SALAMA COMPANT LIMITED workers have requisite capability and experience.
- The location of MWANZA SALAMA COMPANT LIMITED in Magu District.

5.1 PLANNED OBJECTIVES

The planned objectives are meant for construction of warehouses for lease.

5.2 STRATEGIES

In order to achieve the above objectives, it is planned to implement the following strategies;

- Equip the project adequately by installing state-of -the-art facilities and support infrastructure;
- Institute a preventive maintenance programme;
- Develop and implement an effective marketing policy–Target Marketing; develop and implement an advertising and promotional programme;
- Establish an effective financial and resources management.

5.3 IMPLEMENTATION

It is expected that the project will be implemented in 5-year period that involves plot construction of

6.0 FINANCIAL APPRAISAL

The company's financial projections have been prepared over the period of 8 years. As mentioned, US\$ 2,000,000 bank loan is expected to be sought from financial institution during the initial stage of the project implementation period.

6.1 FINANCIAL REVIEW

The financial review as shown on appendices attached to this document of **MWANZA SALAMA COMPANT LIMITED** business shows that: –

- The project is profitable;
- The liquidity position is sound and that it should be able to meet its financial commitment without any undue difficulty;
- The operations are financially viable;
- The key ratios are acceptable.

6.2 FINANCIAL APPRAISAL

- The company's financial projections have been prepared over the period of 8 years. As mentioned, no bank loan is

expected to be sought during the initial stage of the project implementation period.

- **Considerations and Assumptions:**

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied, it is assumed to be 10% annual depreciation.

- 8 years financial projections have been worked out

6.3 Projected Rental Revenue

For projection purposes, it is assumed that the economic life of the project is 8 years, and that revenue from business commence from the first year of operation

6.4 Projected Profit and Loss Statement

The Income and Expenditure Statement show the projected income for the 8years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from negative **US \$ 303,590** in first to **US \$ 3,569,853** in 8th year.

6.4 Projected Cash Flows

This is shown in the Projected Cash Flows Statement. They indicate that the project will meet its entire financial obligation, the net cash flow in the first-year rise from **US\$ 509,090** and grow up to **US\$ 4,573,853** in 8th year.

6.5 Projected payback period

Total investment is **US \$ 2,205,000**, cash accumulation in year 5th is **US\$ 2,732,638** more than the initial investment costs.

7.0 ECONOMIC ADVANTAGES

Several Social Economic benefits that will be apprehended in the course of operating this undertaking will include the following:

- **SOCIAL AND ECONOMIC IMPACT OF THE PROJECT**

The project will have both economic and social benefits to the community and the country as a whole. The first and foremost important benefit will be to the Municipality in which the industrial will be located with potential for increasing the standard of living for people in that particular area.

- **EMPLOYMENT EFFECT**

The project will create employment to both skilled, semi-skilled, unskilled staff and casual labourers. The company will also create employment opportunities to locals. The employees will also benefit from contribution by the employer for social security

fund. In addition, the plant operations will increase activity levels consequently trigger income spillover effect to the neighbouring people.

- **CONTRIBUTION TO GOVERNMENT REVENUE**

The project will contribute to the Government reserve in form of taxes, payroll levy, land rent, and other taxes and duties on local and export sales. In addition, the project will have a multiplier effect in the economy as a whole.

- **PROJECT SENSITIVITY TO ENVIRONMENT**

The environmental impact assessment is a key guide to this project. In that sense the project will do thorough research on the nature of the environment around the site and by means of national guidelines, use all means possible to keep the environment natural within the project area. No interruptions will be done unnecessarily and where necessary the highest precaution will be made.

8.0 CONCLUSION AND RECOMMENDATION

The project is consistent with the governments Industrial Policy, financially and economically viable, socially desirable and environmentally friendly, hence it is recommended for approval and obtain strategic status

MWANZA SALAMA COMPANT LIMITED PROJECTED INCOME STATEMENT US\$

	1	2	3	4	5	6	7	8
Revenue	680,000	714,000	749,700	787,185	826,544	867,871	911,265	956,828
Operating Expenses:	40,800	42,840	44,982	47,231	49,593	52,072	54,676	57,410
Profit before Depreciation &Interest	639,200	671,160	704,718	739,954	776,952	815,799	856,589	899,419
Interest	160,000	144,000	128,000	112,000	96,000	-	0	0
Depreciation	45,500	45,500	45,500	45,500	45,500	45500	45500	45500
Gross Profit	433,700	481,660	531,218	582,454	635,452	770,299	811,089	853,919
Tax (30%)	130,110	144,498	159,365	174,736	190,635	231,090	243,327	256,176
Profit After Tax	303,590	337,162	371,853	407,718	444,816	539,209	567,762	597,743
Accumulated Profit	303,590	640,752	1,012,605	1,420,322	1,865,138	2,404,348	2,972,110	3,569,853

MWANZA SALAMA COMPANT LIMITED PROJECTED CASH FLOWS STATEMENT US\$

SOURCES:		1	2	3	4	5			
Profit before interest and depreciation	–	639,200	671,160	704,718	739,954	776,952	815,799	856,589	899,419
Equity	205,000								
Loan	2,000,000								
Total Sources	2,205,000	639,200	671,160	704,718	739,954	776,952	815,799	856,589	899,419
Applications:									
Capital expenditure	1,905,000	–	–	–	–	–			
working Capital &Others	300,000								
Cash	–	509,090	526,662	545,353	565,218	586,316	584,709	613,262	643,243
Tax	–	130,110	144,498	159,365	174,736	190,635	231,090	243,327	256,176
Sub total	2,205,000	639,200	671,160	704,718	739,954	776,952	815,799	856,589	899,419
Total applications	2,205,000	639,200	671,160	704,718	739,954	776,952	815,799	856,589	899,419
Accumulated cash		509,090	1,035,752	1,581,105	2,146,322	2,732,638	3,317,348	3,930,610	4,573,853

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MWANZA SALAMA COMPANT LIMITED PROJECTED BALANCE SHEET US\$

Fixed Assets		1	2	3	4	5	6	7	8
Opening balance	–	1,905,000	1,859,500	1,814,000	1,768,500	1,723,000	1,677,500	1,632,000	1,586,500
Total Long-term Assets	–	1,905,000	1,859,500	1,814,000	1,768,500	1,723,000	1,677,500	1,632,000	1,586,500
Less depreciation	–	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500
Closing balance	–	1,859,500	1,814,000	1,768,500	1,723,000	1,677,500	1,632,000	1,586,500	1,541,000
Working capital	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Accumulated cash	–	509,090	1,035,752	1,581,105	2,146,322	2,732,638	3,317,348	3,930,610	4,573,853
Total assets	300,000	2,668,590	3,149,752	3,649,605	4,169,322	4,710,138	5,249,348	5,817,110	6,414,853
Financed by									
Equity	205,000	205,000	205,000	205,000	205,000	205,000	205,000	205,000	205,000
Accumulated profit	–	303,590	640,752	1,012,605	1,420,322	1,865,138	2,404,348	2,972,110	3,569,853
Total equity	205,000	508,590	845,752	1,217,605	1,625,322	2,070,138	2,609,348	3,177,110	3,774,853
Long term loan	2,000,000	1,800,000	1,600,000	1,400,000	1,200,000	–			
Total debts	2,000,000	1,800,000	1,600,000	1,400,000	1,200,000	–	–	–	–
Total equity and debts	2,205,000	2,308,590	2,445,752	2,617,605	2,825,322	2,070,138	2,609,348	3,177,110	3,774,853

MWANZA SALAMA COMPANT LIMITED PROJECTED LONG TERM LOAN REPAYMENT

Year	Principle	Loan Interest (8%)	Total Amount Paid	Loan Balance
1	200,000.00	160,000.00	360,000.00	2,000,000.00
2	200,000.00	144,000.00	344,000.00	1,800,000.00
3	200,000.00	128,000.00	328,000.00	1,600,000.00
4	200,000.00	112,000.00	312,000.00	1,400,000.00
5	200,000.00	96,000.00	296,000.00	1,200,000.00