ABSTRACT

This research is a matter of importance for academic purposes, managers, investors and shareholders. The study attempts to asses financial analysis and the extent of profitability of a project of Modern commercial centre in Moshi municipality in Kilimanjaro Tanzania.

The study intended to make significant analysis of project and investigate on its significant to both private and public projects.

Computer software such as Microsoft excel was used as a tool; for financial feasibility analysis assessment sheets. Different sheets were formulated and different function to analyse financial feasibility analysis of project by using cash flow methods and project financial statements

NPV and IRR were used as criteria to determine the profitability of the project; financial ratios relevant to this investment project were used.

The final results represent the positive NPV of TSH 1,633,822,401, This figure was obtained after using the formula $NPV=\sum A_n / (1+i)^n$ whereby as it appear in appendix 4 cash inflow from year 0 to 11 were used and different sheets of excel formulated with the formula as it is shown in appendix enabled to arrive to that data. IRR of proposed project was 16.09% where the percentage amount was obtained by $NPV(i^*) = \sum A_n / (1+i^*)^n = 0$ and again different excel sheet were formulated to obtain that data as it appear in appendix.

Average return of investment was 11.21% and the payback period was 9 years, the results of payback period can be clearly shown in appendix 4 where the dynamic payback period through the use of formulated excel calculation with the formula $payback\ period = \frac{Amount\ to\ be\ invested}{Estimated\ annual\ net\ cash\ flow}$ show to be over 10 years. The average return on investment from 2007-16 can was obtained by using a ROI formula Earnings before interests and taxes/Total liabilities and shareholders' equity where by the net income of from year one are estimated as it is shown in appendix 4.

The final results assure that the project is financially viable and profitable to be conducted because projected cash flows was enough to return initial capital outlay and the IRR of 16.09%, of the project was higher than the assumed cost of capital of 15% as it is shown in appendix.