

**EAGLE & HAWK TRADING COMPANY LIMITED**

**BUSINESS PLAN  
FOR  
ESTABLISHMENT  
OF  
MIXED FARMING PROJECT**

## 2.0 EXECUTIVE SUMMARY

### Description of the Company

EAGLE & HAWK TRADING COMPANY LIMITED is locally Company incorporated under Company Act of 2002, with certificate of incorporation **No.51192** dated 14<sup>th</sup> January **2005**.

The company share capital is Tsh 10,000,000/= divided into 100 shares with main objectives:

- To engage in commercial farming of agricultural crops, herbs, horticultural products and livestock farming
- distribution of all agricultural inputs, herbs, and selling, import and export of agriculture crops and development of natural resources including forestry products
- To cultivate, grow, buy, prepare any kind of fruits such as pineapples, orange, sugarcane, lime, grapefruits, passion fruits, guava, vegetables,
- To carry on business of all kinds and deal in any such products either in raw form or processed just to mention few.
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## 2.1 Project Location

The project will be located at location P4465 Kigamboni, Dar es Salaam, Tanzania.

## 2.2 The Project Sponsors

EAGLE & HAWK TRADING COMPANY LIMITED will be sponsoring this project. The Company is jointly owned by three shareholders from Lebanon.

Name of shareholder	%Share	Nationality	Date of birth
Khalil Mohamad Choumar P. O. Box 38202 ,Dar es Salaam-Tanzania	90	Lebanese	9 <sup>th</sup> Sept 1972
Huda Hussein Choumar P. O. Box 38202, Dar es Salaam-Tanzania	5	Lebanese	11st Dec 1974
Amina Khalil Choumar P. O. Box 38202, Dar es Salaam-Tanzania	5	Lebanese	12nd Feb 1999

The company has acquired parcel of land at Kigamboni, **Dar es Salaam Region**, the land is suitable for all crops including horticultural crops, livestock and fish farming, the land is suitable for mechanized farming and irrigation, to make project successful, project will require the following infrastructure to mention few ;

- Buildings
- Tractors
- Plough
- Harrow
- Planter
- Mowers
- Insecticide sprayer/duster
- Harvester
- Irrigation system
- Cold room
- Refrigerated trucks
- Packaging machines etc.

The project will increase the current crop production and increase exports.

to agro-processing, consumption and export; provides raw materials to industries and a market for manufactured goods.

Agriculture in Tanzania is dominated by smallholder farmers (peasants) cultivating an average farm sizes of between 0.9 hectares and 3.0 hectares each. About 70 percent of Tanzania's crop area is cultivated by hand hoe, 20 percent by ox plough and 10 percent by tractor. It is rain fed agriculture. Food crop production dominates the agriculture economy 5.1 million ha. are cultivated annually, of which 85 percent is under food crops. Women constitute the main part of agricultural labour force. The major constraint facing the agriculture sector is the falling labour and land productivity due to application of poor technology, dependence on unreliable and irregular weather conditions. Both crops and livestock are adversely affected by periodical droughts.

Irrigation holds the key to stabilizing agricultural production in Tanzania to improve food security, increase farmers' productivity and incomes, and also to produce higher valued crops such as vegetables and even flowers.

Farmers are free to sell their crops to cooperatives or private traders. Due to competition, normal producer prices for food & export crops have increased as such farmers can now sell their produce much faster. Farmers are no longer confined to a single source for their essential inputs for crops and livestock.

The Government recognizes the pivotal role of the agricultural sector both in terms of economic growth and poverty reduction. Also the strong influence of factors outside the sector such as infrastructure, rural financial services, land ownership and good governance is recognized.

**Priority actions include:**

- The pursuit of macroeconomic policies that will motivate investment in agriculture by small holders and large – scale commercial farmers.
- Creation of an enabling environment and provide proactive support to private operators, farmers organizations, NGOs and CBOs supplying inputs and credit to small farmers and ensuring a strong regulatory mechanism.

Rukwa – Ruaha rift valley

Inland Sedimentary

Ufipa and

Western highlands

### 3.5 Farming Systems:

There are 10 farming systems

#### i. **Banana/Coffee/Horticulture system**

Found in Kagera, Kilimanjaro, Arusha, Kigoma and Mbeya regions.

- Tree crop
- High intensive land use
- Volcanic soils with high fertility
- Land scarce

#### ii. **Maize/Legume system:**

Found in Rukwa, Ruvuma, Arusha, Kagera, Shinyanga, Iringa, Mbeya, Kigoma, Tabora, Tanga, Morogoro, Kahama, Biharamulo

- Land not scarce
- Shifting cultivation

vi. **Tea/Maize/ Pyrethrum system:**

Found in Njombe and Mufindi districts in Iringa region

- Tea, Maize, Irish potatoes, beans, wheat, pyrethrum, wattle trees and sunflower

vii. **Cotton/Maize system:**

Found in Mwanza, Shinyanga Kagera, Mara, Singida, Tabora and Kigoma, Morogoro, Coast, Mbeya, Tanga, Kilimanjaro and Arusha.

- Cotton, sweet potatoes, maize, sorghum and groundnuts
- Intensive cultivation
- Livestock kept

viii. **Horticulture based system:**

Found in Lushoto district; Tanga region, Morogoro rural; Morogoro region and Iringa rural in Iringa region.

- Vegetables, (cabbages, tomatoes, sweet pepper, cauliflower lettuce and indigenous vegetables) and fruits, (pears, apples, plums, passion fruits and avocado
- Maize, coffee, Irish potatoes, tea and beans.

- National Irrigation Development Plan and Agriculture Policy are in place
- Potential revenue can be tapped from irrigation water as user charge.

### 3.7 **Support Services and Information:**

#### i. **Research:**

Research remains a core function of the government.

The Government encourages more private sector involvement independently or jointly in research planning and funding.

In order to increase investments in research on a sustainable basis the government encourages the active participation by commodity/crop agencies in research funding and planning; from cooperative societies, unions and commodity boards.

Appropriate mechanisms established to collect and administer such funds.

Private sector is encouraged to participate in funding research and where necessary to own and manage research in particular enterprises.

Government funding is directed mainly to food crop, livestock, resource management and engineering research.

five foundation seed farms now under the Department of Research and Development, and certified production by contract growers vested in Arusha, Morogoro, Iringa regions. Tanzania Seed Company (TANSEED) is involved in both foundation seed farms and certified seed production. The Tanzania Official Seed Certification Agency (TOSCA) is responsible for quality control from the foundation seed farm stage up to the sale of certified seed to the farmers. The Main Seeds produced are hybrid and composite maize, sorghum, beans, wheat and sunflower.

Private Companies involved in seed production and distribution are Cargill Hybrid Seeds, Pioneer Hybrid International and Paunar and Rotian Seeds Company.

#### **4.0 Project Management and Manpower requirements**

For efficient planning, managing and running of project activities, the company will be under managing director assisted by Directors of Administration and Finance, Director of Farms, Production and Technology Development, Director of Business Development and Marketing. The project management will be answerable to board of directors who will be responsible for policy issues.

The project to be completed within five years' time and the company will apply to be exempted from paying import duty and VAT on Capital good and deemed capital good, the project will contribute significantly toward agriculture sector in Tanzania.

### **5.1 Project capacity**

The project is projecting to produce at least 350 tons of various produce and 100 tons of meat per year

### **6.0 Targeted Markets.**

The targeted market of the project is domestic and the larger part will be for international market where the company has already established market in Tanzania, Europe and **UAE**.

### **6.1 Supply and Competition**

The project is not expecting to face any competition within and outside the country, taking the fact that there is high demand for horticultural produces and other farms produces in Tanzania market.

### **6.2 Monitoring and Evaluation**

The Management has full commitment to ensuring good quality of agricultural produces from **EAGLE & HAWK TRADING COMPANY LIMITED** use of new

### **7.1 Financing Pattern**

The project will be financed by equity **US\$ 210,000** and loan **US\$ 300,000**, the cost of loan is projected to be 8% and to be repaid with 4 years.

### **7.2 Project Operating Costs**

In order to realize its intended objective, the project will have to meet the operating costs which is estimated to 65% of total revenue.

### **7.0 Aspect of Project Sustainability**

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed. The peace and tranquility that exists in Tanzania is another aspect of assured business sustainability.

### **8.0 Monitoring and Evaluation**

The monitoring and evaluation tools will be applied in running this project as well, the project sponsors are determined to cooperate fully with the government and other stakeholders for smooth operation.

### 9.5 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from 1<sup>st</sup> year, accumulated cash flow grows from **US 127,365.00** in the 1<sup>st</sup> year, to **US\$800,214** in 6<sup>th</sup> year, **for the details refer appendix (IV)**

### 9.6 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Total shareholders' equity increases from first year from **US\$ 210,000** up to **US\$ 348,031.14** 6<sup>th</sup> year of project operation, **for the details refer appendix (V)**

### 9.7 Projected payback period

Total investment is **US\$ 510,000** cash accumulation in year 4 is **US\$ 613,363** which is more than the initial investment by **US\$ US\$ 103,363**, the project payback Period is within 4years,

The project has a relatively short payback period. It is remarkably impressing for a big project being recovered within 4 Years, **for the details refer appendix (VI)**

## (ii) Revenue to the Government

The Project is expected to pay a substantial annual amount in the form of corporation tax, VAT, Pay as you earn etc during the project's 7 years covered under our project review.

## 12.0 Conclusion & Recommendation

### 12.1 Conclusion

- (i) The project is profitable and contributes to government revenue by way of taxes.
- (ii) The project provides employment to **16** people of whom **12** are national Tanzanians.
- (iii) The project is an encouraging sign to prove that we have investors who have confidence with Tanzania and are ready to invest such large sums of investment despite the odds of the sector in question.

### 12.2 Recommendation

After the foregoing economic and financial evaluation of the project, we strongly recommend that this project be implement and be given all the support required by all the concerned Government, Ministries and Agencies, including the Tanzania Revenue Authority, TRA, and the Tanzania Investment Centre –

## EAGLE &amp; HAWK TRADING COMPANY LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	70,000.00
Machinery & Equipment	120,000.00
Motor Vehicles	100,000.00
Furniture & Fixtures	5,000.00
Pre exp	0.00
Others	75,000.00
Working Capital	140,000.00
<b>TOTAL</b>	<b>510,000.00</b>

## EAGLE &amp; HAWK TRADING COMPANY LIMITED FIXED ASSETS SCHEDULE (US\$)

NAME OF ASSETS	6					
	1	2	3	4	5	6
Land and Buildings	70,000	68,600	67,228	65,883	64,566	63,274
Machinery, Tools & Equipment	120,000	90,000	60,000	30,000	0	30,000
Motor Vehicles	100,000	80,000	64,000	51,200	40,960	32,768
Furniture & Fixtures	5,000	4,500	4,050	3,645	3,281	2,952
<b>Total</b>	<b>295,000</b>	<b>243,100</b>	<b>195,278</b>	<b>150,728</b>	<b>108,806</b>	<b>68,995</b>
DEPRECIATION	1	2	3	4	5	6
Land and buildings	1,400	1,372	1,345	1,318	1,291	1,265
Machinery tools & Equipment	17,148	12,861	8,574	4,287	0	-4,287
Motor Vehicles	20,000	16,000	12,800	10,240	8,192	6,554
Furniture & Fixtures	500	450	405	365	328	295
<b>ANNUAL DEPRECIATION</b>	<b>39,048</b>	<b>30,683</b>	<b>23,124</b>	<b>16,209</b>	<b>9,811</b>	<b>3,827</b>

## EAGLE &amp; HAWK TRADING COMPANY LIMITED PROJECTED CASH FLOW US\$

	0	1	2	3	4	5	6
<b>SOURCES:</b>							
Profit before interest and depreciation	0	157,500.00	165,375.00	173,643.75	182,325.94	191,442.23	201,014.35
Equity	210,000.00						
Loan	300,000.00						
<b>Total Sources</b>	<b>510,000.00</b>	<b>157,500.00</b>	<b>165,375.00</b>	<b>173,643.75</b>	<b>182,325.94</b>	<b>191,442.23</b>	<b>201,014.35</b>
<b>Applications:</b>							
Capital expenditure	295,000.00	-	-	-	-	-	-
working Capital & Others	215,000.00	-	-	-	-	-	-
Cash	0	127365	129,018.00	131,180.00	133,840.00	136,953.00	141858
Tax	-	30,135.60	36,357.60	42,455.93	48,485.08	54,489.37	59,156.20
<b>Sub total</b>	<b>510,000.00</b>	<b>157,500.60</b>	<b>165,375.60</b>	<b>173,635.93</b>	<b>182,325.08</b>	<b>191,442.37</b>	<b>201,014.20</b>
<b>Total applications</b>	<b>510,000.00</b>	<b>157,500.60</b>	<b>165,375.60</b>	<b>173,635.93</b>	<b>182,325.08</b>	<b>191,442.37</b>	<b>201,014.20</b>
Accumulated cash		127,365.00	256,383.00	387,563.00	521,403.00	658,356.00	800,214.00

## EAGLE &amp; HAWK TRADING COMPANY LIMITED PAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	70,316.40	39,048	109,364.40	109,364.40
2	84,834.40	30,683.00	115,517.40	224,881.80
3	99,063.83	23,124.00	122,187.83	347,069.63
4	113,131.86	16,209.00	129,340.86	476,410.49
5	127,141.86	9,811.00	136,952.86	613,363.35