

BUSINESS PLAN

FOR

WAYS IMPEX CO. LIMITED

(TRANSPORTATION PROJECT)

PREPARED FOR

WAYS IMPEX CO. LIMITED.

Dar es Salaam

1.0. EXECUTIVE SUMMARY.

WAYS IMPEX CO. LIMITED. is a company registered in the country under the Companies Act 2002 and bears Certificate of Incorporation No. 137012 issued on 9th August 2017

The project promoters are well established business in Tanzania majoring in Logistics and Transportation and the like. Having been in the business for 10 years the directors are now well prepared for establishment and operating large transportation and logistics project and they see a very bright future in the transport sector.

This document has been prepared to serve as a business plan for guidance for **WAYS IMPEX CO. LIMITED** for the transport and logistics project. The implementation of this project will comprise of the following activities: -

- The purchase of 8 trucks,
- The purchase 1 pickup for road patrol
- The purchase of communication sets radio
- The purchase of 1 folk lift

- Equipping the company with relevant facilities

The proposed project on completion is estimated to cost about **US\$ 1,150,000**. The **US\$650,000** of this investment owner's equity and cash generated from business while the rest of **US\$ 500,000** will be sought from local banking institutions.

WAYS IMPEX CO . LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	10,000.00
Machinery & Equipment	50,000.00
Motor Vehicles	1,000,000.00
Furniture & Fixtures	2,000.00
Pre exp	5,000.00
Others	3,000.00
Working Capital	80,000.00
TOTAL	1,150,000.00

1.1 THE PROJECT PROMOTERS

The shareholders of this project are all entrepreneurs with a diverse professional and business backgrounds. The company is owned by 3 shareholders, namely: -

Name	Shares %	Nationality	Date of Birth
Mussa Yohana Shabani P. O. Box 75667 Dar es Salaam, Tanzania Tel:+2556736622835 Email;shabani.maulid@gmail.cm	30	Tanzania	05 th May 1986
Kuyela Juma Maulidi P. O. Box 75667 Dar es Salaam, Tanzania Tel:+2556736622835 Email;kuyelajuma@gmail.cm	50	Tanzania	14 th April 1996
Maulidi Juma Maulidi P. O. Box 75667 Dar es Salaam, Tanzania Tel;maulidmwanelele@gmail.com Tel:+2556736622835	20	Tanzania	02July 1994

1.2 Location.

The project head office will be located at Plot No.15, Block A, House No. 23 along Mandela Road Road , DAR ES Salaam , Tanzania.

1.3 Targeted Markets.

The targeted markets of the project are land locked neighboring countries such as DRC, Rwanda; Burundi etc. the directors already negotiated contracts with various companies in the mentioned countries.

Poor transport and communication infrastructure are said to be the major causes of low levels of intraregional trade in Africa. It is in view of this that, despite poor road infrastructure linking these countries that **WAYS IMPEX CO. LIMITED** has resolved to invest in the transport sector so as to provide a solution that would lead to stimulating the said intraregional trade. The project is expected to offer a challenge to the business community to enhance intraregional trade between Tanzania and these countries.

Why land locked countries prefer to use Dar es Salaam Port

- **Strategic location**

Dar es Salaam port is the most preferable seaport due to its strategic positioning; it is more convenient, secure, quick and easy to be used by neighboring countries

- **Easy connection world wide**

Dar es Salaam Port is gateway to the world, the port has capacity and ability to transport any cargo

- **Productivity**

Now it is renowned for its security, efficient and reliability using most modern technology.

- **Capacity**

Dar es Salaam Port has the capacity to handle more than 10million tons of cargo such as general cargo 3.1 million tons, container 9,619,876 TEUs) 1.milion tones and liquid bulk 6.0 million tons

In 2018 international Container Terminal Services limited handled 500,000 containers about 45% of cargoes were transit to land locked countries. This is good news for WAYS IMPEX CO . LIMITED which is planning to embark in the transportation and logistics businesses

2.0 PROJECT DETAILS

2.1 INTRODUCTION

Tanzania is the largest country in East Africa that is geographically strategically located in relation to her neighbors. Because of the above-mentioned factor, the country's transportation system is also used to serve landlocked neighbors, i.e. countries of Uganda, Rwanda, Burundi, Eastern D. R. of Congo, Northern parts of Zambia, Malawi and some northern parts of Mozambique.

The transport sector plays a critical role in the social and economic development of a country. Transport provides links between centers of production and those of consumption, markets, in the economic sectors such as agriculture, industry mining and tourism. It facilitates the flow of goods and people along the import/export corridors that link the coastal ports and landlocked countries. Transport equally provides access to employment, health, education, recreation and other services. Therefore, one is rightly justified to conclude that "without a good transportation system the development of a country is

impossible. What roads and railways are to a country's development is like what the blood system is to the human body'

It is quite gratifying to note that the Government of Tanzania realizes the role of the transport sector for its economic and social development, and as a result has developed a Transport Sector Programme which will be very instrumental in improving the business and investment environment in the transport sector.

It is alleged that poor transport and communication infrastructure are the major causes of low levels of intraregional trade in Eastern Africa. It is in view of this that, despite this poor infrastructure, **WAYS IMPEX CO . LIMITED.** has resolved to assist to provide a solution to stimulate the said intraregional trade and domestic market in particular.

In summary, we can say that **WAYS IMPEX CO. LIMITED** has a major objective the following: -

- To promote trade between Tanzania and her neighbors
- To procure foreign currency for the country in the course of its business transactions.
- To provide extra employment to more people in the sector.

3.0 THE PROJECT

The project's objective is to purchase a total of 8 trucks. This study is based on the 8 trucks and. Some of selected items cost highlighted below

- One truck to cost US\$ 125,000
- Pick Up US\$ 50,000
- Staff bus US\$ 50,000
- Communication sets radio US\$ 30,000
- Volk lift US\$ 15,000
- Expected revenue for each vehicle round trip US\$ 7,000 for 3 trip per month for 10 months per year days
- 60 days to be used for vehicle maintenance and service and unforeseen event

Full scale operations the 8 trucks are expected to be purchased, their destinations being Tanzania's landlocked neighboring countries of Malawi, Zambia, Burundi, Rwanda the Democratic Republic of Congo, etc.

3.1 PROJECT SPONSORS

WAYS IMPEX CO. LIMITED is owned by two individuals, all of whom are Tanzanians. **WAYS IMPEX CO . LIMITED** shareholders have an adequate experience in running the business of motor vehicles as such is well versed in transportation business.

4.0 INVESTMENT AND FINANCING US\$ 1,150,000

For the project to be a reality a total investment amounting to US\$1,150,000 is needed to finance the project

WAYS IMPEX CO . LIMITED PROPOSED FINANCING PATTERN US\$

FOREIGN LOAN	LOCAL LOAN	LOCAL EQUITY
NIL	500,000	650,000

5.0 FINANCING PATTERN

The financing pattern being considered is that involving the purchase of 8 trucks. The project will be financed both by equity and loan. Loan contribution will constitute US\$650,000 owners' equity and cash generated from business and, while remaining. This loan amounting to US\$ 500,000

The loan will be negotiated and acquired from financial institutions. The project sponsors expect to procure this loan on the following terms and conditions: -

Loan Amount	:	US\$ 500,000,
Grace Period	:	1 year
Interest Rate	:	6 % annually
Years	:	Four

6.0 IMPLEMENTATION

Project implementation is expected to be relatively very short once TIC approval is received. Currently, the supplier of the trucks has already been identified and supply is awaiting word from the project promoters.

7.0 MANPOWER AND ORGANIZATION STRUCTURE

The project will be managed by a Board of Directors of **WAYS IMPEX CO . LIMITED**. The Board, like all other boards is responsible for the formulation and supervision of company policies and guidelines. The project's day to day operations will be under the supervision of Managing Director

The project's employee requirement is estimated to be 18 people in number, as shown below: -

MAN POWER REQUIREMENT

	CATEGORY	NO
	Salaries & Wages	
1	Drivers	8
2	Others	2
3	Mechanics Experts	2
4	Mechanics Normal	1
6	Accountant/Manager	1
7	Director	2
8	Manager Transport and Logistics	1
9	Manager Mechanics	1
	SUB TOTAL	18

Employees Distribution Summary

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	0	1	2	3
Men	1	9	5	15
TOTAL	1	10	7	18

To ensure timely delivery of consignments, provision of goods service to customers, Management will provide on the job training in the field of motor vehicle maintenance and will provide bonus and other incentives as a means of instilling and boosting employee work morale.

NB assumption is that the project is fully implemented

8.0 PROJECT OPERATING COSTS

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

9.0 MARKET AND MARKETING

The project's earmarked clientele is in the land locked neighboring countries of Malawi, Zambia, Democratic

Republic of Congo, Burundi, Rwanda and even Uganda. Management has already explored these markets and is confident it can conduct profitable business.

The project management plans for all vehicles several trips per month. The number of trips and the cost of trip are determined by both the trip's destination and nature of road involved. All in all, a total of **one truck will conduct 3 trips** per month.

The routes are priced according to distance and the status of the road in question. It has however been conservatively assumed that all foreign destinations will have a flat rate charge of **US\$ 7,000 for round trip**.

10.0 REVENUE ASSUMPTIONS

- The company expecting to have 8 trucks and trailers each makes 3 trips per month. Each round trip will generate revenue of **US\$ 7,000**.
- Trucks and trailers to be purchased in the first year
- Project calculation based on 6 years
- Bank interest is 6% per annum

The combined revenue and expenditure from all the planned routes, in the 1st year up to 6th year are indicated above.

The number of trips assumed here, is just a conservative estimate. With the expected improvement of the roads and in general operations coupled with the driver's gaining experience in long distance travels, the number of trips per truck will be raised. This will have a tremendous impact on the Company's expenditure and earnings.

11.0 FINANCIAL ASPECTS FOR THE PROJECT

(i) Projected Profit and Loss Statement

The attached Appendix I shows 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. **US\$317,555** in the 1st year to **US\$ 1,336,214** in the 6th year

(ii) Projected Cash Flows

The project's cash flows are shown in Appendix II. They depict a good liquid position right from the first

year. Cash accumulation builds up from **US\$ 398,905** in the first year to **US\$ 3,064,029** at the end of 6th years of the project's operations based on the 8 trucks and trailers obtained.

(iii) Projected Balance Sheet

The project's assets cash flows are shown in Appendix III. Owners equity grow from **US\$650,000** in the first year to **US\$ 1,986,214** at the end of 8th years of the project's operations based

(iv) Payback Period

PAYBACK PERIOD: US\$

Total investment is **US\$1,150,000** cash accumulation in 3th year **US\$1,418,511** which is more than the initial investment by **US\$268,511** the project payback Period is exactly 3 years.

The project has a relatively short payback period. It is remarkably impressive for a project whose investment is as big as **US\$ 1,150,000** being recovered within 3 years.

12.0 ECONOMIC ASPECTS OF THE PROJECTS

Besides the financial/monetary returns to the owners, there are other benefits to be derived for the whole country viz.

(i) Employment Opportunities

Employment and poverty reduction are among the major concern of the Central and the Local Government authorities. It is gratifying to note that **WAYS IMPEX CO. LIMITED** is going to provide additional employment to 18 people all of whom will be nationals. This is a significant contribution coming from local investors.

(ii) Revenue to the Government

The Project is expected to pay a substantial annual amount in the form of corporation tax and other taxes

(iii) Foreign Exchange Earning

Since the project's clientele is mostly towards neighboring countries the project will thus earn foreign currency for the United Republic of Tanzania.

Out of all project expected cargo overhauling transactions will be settled in foreign currencies. In this study we have assumed that the project will be paid in foreign currency

13.0 CONCLUSION AND RECOMMENDATION

13.1 Conclusion

- (i) The project is profitable and contributes to government revenue by way of taxes.
- (ii) The project provides employment to 18 people all of whom are national Tanzanians.
- (iii) The project is an encouraging sign to prove that we have local investors who have confidence in their country. Tanzania so much so that they are ready to invest such large sums of investment despite the odds of the sector in question.

14.0 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 - (TIC). The project deserves this support because of its viability, since it is technical feasible, economically viable and socially acceptable.

WAYS IMPEX CO .LIMITED PROJECTED PROFIT AND LOSS STATEMENT US\$

APPENDIX I

	1	2	3	4	5	6
Revenue		1,680,000	2,032,800	2,236,080	2,459,688	2,705,657
Operating Cost		1,092,000	1,321,320	1,453,452	1,598,797	1,758,677
Profit before Depreciation &Interest	588,000	646,800	711,480	782,628	860,891	946,980
Interest	30,000	22,500	1,500	7,500	-	-
Depreciation	104,350	104,350	104,350	104,350	104,350	104,350
Net Profit before Tax	453,650	519,950	605,630	670,778	756,541	842,630
Tax (30%)	136,095	155,985	181,689	201,233	226,962	252,789
Profit After Tax	317,555	363,965	423,941	469,545	529,579	589,841
Accumulated Profit	317,555	473,540	655,229	856,462	1,083,425	1,336,214

APPENDIX II

WAYS IMPEX CO. LIMITED PROJECTED CASH FLOWS US\$

	1	2	3	4	5	6
SOURCES:						
Profit before interest and depreciation	-	588,000	711,480	782,628	860,891	946,980
Equity	650,000					
Loan	500,000					
Total Sources	1,150,000	646,800	711,480	782,628	860,891	946,980
Applications:						
Capital expenditure	1,097,000	-	-	-	-	-
working Capital & Others	53,000	53,000	53,000	53,000	53,000	53,000
Cash	-	398,905	476,791	528,395	580,929	641,194
Tax	-	136,095	181,689	201,233	226,962	252,789
Sub total	1,150,000	588,000	711,480	782,628	860,891	946,983
Total applications	1,150,000	646,800	711,480	782,628	860,891	946,983
Accumulated cash	398,905	836,720	1,313,511	1,841,906	2,422,835	3,064,029
Necessary working capital	53,000	53,000	53,000	53,000	53,000	53,000

WAYS IMPEX CO. LIMITED PROJECTED BALANCE SHEET US\$

APPENDIX III

	1	2	3	4	5	6
Fixed Assets						
Opening balance	-					
		1,097,000	888,300	783,950	679,600	575,250
Total Long-term Assets	-	1,097,000	888,300	783,950	679,600	575,250
Less depreciation	-	104,350	104,350	104,350	104,350	104,350
Closing balance	-	992,650	783,950	679,600	575,250	470,900
Working capital	53,000	53,000	53,000	53,000	53,000	53,000
Accumulated cash	-	398,905	1,313,511	1,841,906	2,422,835	3,064,029
Total assets	53,000	1,444,555	2,150,461	2,574,506	3,051,085	3,587,929
Financed by						
Loan	500,000	375,000	125,000	-	-	-
Equity	650,000	650,000	650,000	650,000	650,000	650,000
Net profit	-	317,555	655,229	856,462	1,083,425	1,336,214
Total equity	650,000	967,555	1,305,229	1,506,462	1,733,425	1,986,214
Total equity and debts	650,000	1,123,540	1,305,229	1,506,462	1,733,425	1,986,214

WAYS IMPEX CO. LIMITED PROJECTED LONG-TERM LOAN REPAYMENT

PROJECTED LONG TERM LOAN REPAYMENT				
Repayments US\$				
Year	principle	Loan Interest (6%)	Total Amount Paid	Loan Balance
0		30000		500,000
1	125,000	22500	147,500	375,000
2	125,000	15000	140,000	250,000
3	125,000	7500	132,500	125,000
4	125,000	0	125,000	0
8				
TOTAL	500,000	45,000	545,000	

WAYS IMPEX CO. LIMITED PROJECTED PAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	317,555	104,350.00	421,905.00	421,905.00
2	363,965	104,350.00	468,315.00	890,220.00
3	423,941	104,350.00	528,291.00	1,418,511.00
4	469,545	104,350.00	573,895.00	1,992,406.00
5	529,579	104,350.00	633,929.00	2,626,335.00
6	589,841	104,350.00	694,191.00	3,320,526.00

WAYS IMPEX CO . LIMITED PROPOSED FINANCING PATTERN US\$

FOREIGN LOAN	LOCAL LOAN	LOCAL EQUITY
NIL	500,000	650,000

WAYS IMPEX CO . LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	10,000.00
Machinery & Equipment	50,000.00
Motor Vehicles	1,000,000.00
Furniture & Fixtures	2,000.00
Pre exp	5,000.00
Others	3,000.00
Working Capital	80,000.00
TOTAL	1,150,000.00

WAYS IMPEX CO . LIMITED FIXED ASSETS US\$

NAME OF ASSETS	1	2	3	4	5	
Land And Buildings	20,000	19,600	19,200	18,800	18,400	18,000
Machinery, Tools & Equipment	75,000	71,250	67,500	63,750	60,000	56,250
Motor Vehicles	1,000,000	900,000	800,000	700,000	600,000	500,000
Furniture & Fixtures	2,000	1,800	1,600	1,400	1,200	1,000
Total	1,097,000	992,650	888,300	783,950	679,600	575,250
DEPRECIATION	1	2	3	4	5	
Land and buildings	400	400	400	400	400	400
Machinery tools & Equipment	3,750	3,750	3,750	3,750	3,750	3,750
Motor Vehicles	100,000	100,000	100,000	100,000	100,000	100,000
Furniture & Fixtures	200	200	200	200	200	200
ANNUAL DEPRECIATION	104,350	104,350	104,350	104,350	104,350	104,350

PROJECT IMPLEMENTATION SCHEDULE

It is expected that the Project will be take 15 months to implement as shown below: -

	ACTIVITY	PERIOD
1.	Processing TIC Certificate of Incentive	March 2020
2.	Funds Mobilization	April - June 2020
3.	Ordering of Vehicles	April- Dec 2023
5.	Arrival of Vehicles	June 2020- Jan 2023
6.	Trial Operations	July 2020
7.	Commercial Operations	August 2020