



Bitendelo Farms Ltd. Business Plan for Cereal Crops, Fruits, and Livestock Production

BITENDELO FARMS LTD

BUSINESS PLAN FOR CEREAL CROPS, FRUITS, AND LIVESTOCK PRODUCTION

PROJECT DURATION: FIVE YEARS

2021-2025

Contact Information:

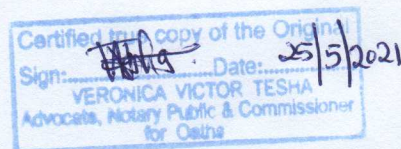
NG'OMBE YARED BITENDELO
P.O. BOX 96
MPANDA-KATAVI, TANZANIA

Tel: +255766226688

Email: info@bitendelofarms.com

Web: www.bitendelofarms.com

MAY, 2021





Bitendelo Farms Ltd: Business Plan for Cereal Crops, Fruits, and Livestock Production

CORPORATE INFORMATION

Registration Number: 145361532

Business Activity: Production of cereal crops and processing of maize, beans, avocados, and livestock.

Shareholders:

Name	Address	shares
NG'OMBE Y ARED BITENDELO	P.O. BOX 96 MPANDA-KATAVI	60,000
MERY HAMIS YARED	P.O. BOX 96 MPANDA-KATAVI	20,000

Registered Office & Address:

P.O. BOX 96
MPANDA-KATAVI
TANZANIA



TABLE OF CONTENTS

Table of Contents	
CORPORATE INFORMATION.....	2
1.0 EXECUTIVE SUMMARY	5
1.1 Vision, Mission, and Core Values.....	6
1.2 Project Location	6
1.3 Implementation Period.....	7
1.4 Project Objectives	7
1.5. Project Components and Costs.....	8
2.0 BUSINESS DESCRIPTION.....	8
3.0 BUSINESS ENVIRONMENT.....	11
4.0 MARKET ANALYSIS	13
4.2 Market Size	14
4.3 SWOT ANALYSIS.....	14
4.4 Marketing, Distribution, and Communication Strategy.....	15
5.0 OPERATIONAL PLAN.....	16
5.1 Long Term Operation Plan	16
5.3 Labor Requirements	17
5.4 Raw Materials Requirements	18
5.5 Production Overheads.....	18
5.6 Total Production Cost	19
6.0 MANAGEMENT PLAN.....	19
7.0 FINANCIAL PLAN.....	19
7.1 Financial Assumptions.....	19
7.2 Sources of Funds.....	22
7.3 Profitability Analysis.....	22
7.3 Operating Expenses	22
7.4 The Projected Income Statements	23
7.5 Projected Balance Sheet	24



Bitendelo Farms Ltd: Business Plan for Cereal Crops, Fruits, and Livestock Production

7.6 Projected Cash Flows	25
7.7 Internal Rate of Return (IRR%)	26
8.0 ECONOMIC ASPECTS	26
8.1 National Economic and Social Benefits	26
9.0 Conclusion	27
9.1 Recommendation	27
APPENDIX 1: List of Items	27



1.0 EXECUTIVE SUMMARY

Bitendelo Farms Limited is a private limited company, with shares registered in Tanzania, that is engaged in the farming, processing, and distribution of agricultural products and livestock. The company intends to implement a project aimed at production and processing of maize, beans, avocado, and livestock (cattle, pigs, sheep, goats and chicken). This business plan has been prepared to establish the viability of targeted products and guide the procurement, operational, and marketing activities of the project. The plan establishes a strategic framework that provides focus, direction, and, most importantly, a common language to guide production and marketing activities, ensuring a cohesive strategic alignment between the company's mission, vision, and goals.

Agriculture is the mainstay of the country's economy. There is a growing demand for agricultural products as food is one of the basic necessities of life. This project aims to utilise this opportunity by establishing modern farms in Katavi Region where the company has acquired 500 acres and expects to increase its landholdings to 10,000 acres. The planned activities will enable the company to meet the rising demand for food at both the national and the regionals levels, and make valuable contributions to the economy through food self-sufficiency and job creation.

The company seeks an investment of **\$1,249,077** to fund the acquisition of agricultural machinery and equipment, land and buildings, and raw materials including seeds, fertilizers, and chemicals to initiate the project. The financial analysis supports the economic feasibility of the project as the company expects to recover initial capital investment within two years of operations and become profitable in the third year. The project is expected to be financed with 100% local equity investment. It will directly employ 48 people, mostly Tanzanians, and create more than 100 indirect jobs through sales agreements with local traders.



1.1 Vision, Mission and Core Values

Vision

Our vision is to become the leading producer, processor, and distributor of agricultural and livestock products in local and foreign markets.

Mission

Our mission is to produce top-quality agricultural and livestock products by employing latest technologies in commercial farming and processing activities.

Core Values

Quality – We strive to excel at everything we do. We are reliable and committed to the highest performance standards in production and distribution activities.

Teamwork - We work together to achieve common vision and goals.

Honesty & Integrity - We are truthful, and our actions are consistent with our words. We are honest and direct in our communications.

Respect & Dignity - We exercise respect and loyalty towards our customers, colleagues, and suppliers.

Innovation & Improvement -We embrace change and challenge the status quo to exceed the expectations of our customers.

Safety – We are committed to the safety, well-being, and security of the business, facilities, employees, and customers.

1.2 Project Location

The project is located on 500 acres of land in Mpanda in Katavi region. The plan is to expand the operations to 10,000 acres in the near future. The site, owned by *Bitendelo Farms Limited*, is accessible by road and has direct access to electricity and water



resources. The facility has secured government approval for farming and production facility. We have paid particular attention to logistics by ensuring that the site is easily accessible and can accommodate smooth movement of raw materials and finished products.

1.3 Implementation Period

The project is expected to commence on June 1st, 2021. The project office has already been built, complete with some office equipment. The project will be implemented in two phases. Phase one will include preliminary stages such as farm preparations, construction, office installation, and procurement of farm machinery and equipment. Phase two will focus on expansion of operations such as construction of new production facilities as well as acquisition and installation of new equipment. Phase two will commence in January 2023. The timeline of the project is detailed below in Table 1:

Table 1: Implementation Schedule

DESCRIPTION		PHASE ONE (June 2021 - Dec. 2022)				PHASE TWO (JAN 2023- 2025)
No.	Activities	June-August, 2021	Sept, - Dec 2021	Jan-June, 2022	July-Dec. 2022	Year 2023 - 2025
1	Farm preparations, procurement of farm machinery and equipment, and resource mobilisation					
2	Farm clearing (ploughing & sowing)					
3	Farm management					
4	Harvesting & storage					
5	Processing, packaging, & Selling					
6	Plant expansion and installation of additional machinery and equipment.					



1.4 Project Objectives

The project aims to produce and process cereals, mainly maize and beans, grow avocados, and manage livestock production including cattle, pigs, sheep, and goats. The products will be sold to address the growing demand for food in both domestic and foreign markets such as Dar es Salaam (local), Comoro, DRC, Kenya, Rwanda, and Madagascar Islands. We believe that the key to profitability is to provide great value to our customers, and we intend to treat our individual and commercial clients as equal participants in the success of our business. Our primary objectives will be:

- Reliable production and distribution of high-quality agricultural and livestock products.
- Creation of employment opportunities within the community through jobs of at least 48 people.
- Becoming profitable in order to generate healthy investment returns for owners and significant tax revenues for the government.
- Expansion of the business by offering even more diverse range of agricultural and livestock products.

1.5. Project components and costs

The project is in the early stages and requires investment to fund acquisition of fixed assets, labor, and materials. The project has already secured the documentations necessary for initial operations. Some costs have already been incurred such as rent and early-stage construction of the processing plant. The details of the requirements are explained below in Table 2:



Table 2: Project Requirements (US\$)

Type of Investment	Qty	Cost (USD)
Land acquisition	500 Acres	\$25,000
Buildings	2	\$100,000
Machinery & equipment	40	\$601,624
Motor vehicles	15	\$230,000
Furniture & fixtures	lump sum	\$20,453
Raw materials	lump sum	\$252,000
Pre-expenses	lump sum	20,000
Total investment requirement		\$1,249,077

2.0 BUSINESS DESCRIPTION

The project has acquired 500 acres to support the production of cereal crops, fruits, and livestock. The goal is to acquire at least 10,000 acres in the near future. For the current 500 acres, the targeted cereal crops include maize (200 acres), beans (100 acres), avocados (100 acres), and livestock (100 acres). Modern equipment will be employed to ensure high harvesting yield, after which the product will be stored and processed in our farm warehouse for distribution to different markets. The company has chosen crops that promise high yield per acre and also enjoy strong demand in local and foreign markets. The company will significantly expand its scale of operations in the near future by acquiring up to 10,000 acres of land.

2.1 Maize

Maize is arguably the most important and most widely produced crop in Tanzania. Tanzania is the largest producer of maize in East Africa. Maize is a major source of income for small landholders and it is also a major source of calorie intake for the majority of Tanzanians. An estimated 85 to 90 percent of Tanzania's population, about 50 million people, eat corn. Maize accounts for 40 percent of dietary calories and more



than 35 percent of utilizable protein among Tanzanian citizens. Apart from the domestic market, Tanzania has the potential to be a major exporter to regional countries who experience annual deficits such as Kenya and DRC.

2.1.1 Maize Production and Demand

Maize flour is one of the common foods in Tanzania and its neighbor countries. This factor contributes to the active market availability of maize product. The reports indicate that Tanzania consumes 90% of its maize production and exports the rest, mainly to Kenya (80%) as well as Somalia, Burundi, South Sudan, Rwanda, and Uganda (FAO, 2020). Given the national importance of maize, the growing demand for export, and the strong natural resource base in the Southern Highlands, a critical but creative review is needed to reach a broad consensus on key improvements in the value chain. *Bitendelo Farms Ltd* views this investment as a valuable opportunity to improve the maize value chain.

2.2 Beans

In Tanzania, 7% of the land under production is used for the cultivation of beans. The average yield of beans (dry) is 888 kilograms per hectare (CIAT & World Bank, 2017). Research indicates that beans account for 71% of leguminous protein in diets and 75% of areas under legumes. Per capita bean consumption is 19.3kg, contributing 16.9% protein and 7.3% calorie in human nutrition. Over 75% of rural households in Tanzania depend on beans for daily subsistence (Xavery et al., 2006; Kalyebara and Buruchara, 2008). In addition to internal bean consumption, Tanzania supplies/export to more than ten countries, both within and outside Africa. Our company will utilise these opportunities by distributing products to markets with high growth potential.

2.3 Avocadoes

Avocadoes are grown in northern and southern highlands in Tanzania. According to reports by the Tanzania Horticultural Association (TAHA) and the Avocado Catalogue 2020, avocado exports jumped from 1,877 tonnes in 2014 to 9,000 tonnes in 2019.



The harvest periods for avocados in Tanzania are from January to March and May to August.

The fruit is mainly grown in Kilimanjaro, Mbeya, Njombe, Songwe, Katavi, Iringa Kigoma, Tanga, Kagera, and Morogoro regions. Avocado plantations are set at altitudes ranging from 1,100 to 1,900 meters ordinance datum, with an annual rainfall of around 800 to 1,200 mm. Katavi region is suitable for growing avocados as adequate rainfall and weather enable earlier harvests.

2.3 Livestock

The company aims to allocate 100 acres to livestock production and processing. The livestock including cattle, sheep, goats, and pigs will be managed using modern ranching best practices to ensure supply of high quality, tender meat to domestic and foreign markets.

3.0 BUSINESS ENVIRONMENT

The business may be affected by factors beyond owner's control, and these factors must be accounted for in investment decisions. The company may experience both opportunities and challenges due to expected trends. Thus, analysis of business environment key factors is paramount to determining the likelihood of external factors and their potential impact on the project.

Economic factors: Tanzania has been experiencing significant economic growth as a result of trade with East Africa and SADC regions which has increased the purchasing power and consumption levels of its citizens. The country is improving its business environment to attract foreign investment in various economic sectors, agriculture being the primary one as it will help the government reduce post-harvest loss and improve the livelihood of local farmers. The primary concerns are inflation and depreciation of domestic currency as they increase cost of production, particularly due to rising fuel prices. However, Common Market for the East African Community (EAC)



encourages businesses to improve business performance and creates export opportunities for them which also inspires the businesses to expand their scale of production.

Political factors: The political environment is conducive for business. The current government has implemented numerous policies to support various industries such as agricultural and industrial sectors. This is evident by the National Development Vision 2025 (VISION 2025) which recognizes the importance of the industrial sector to transforming Tanzania's economy to a self-sustainable semi-industrial state by 2025. The Sustainable Industrial Development Policy 1996-2020 (SIDP) announced government's decision to phase the public sector out of productive activities and allow the private sector to become the principal vehicle for economic growth.

Social-Cultural factors: The social aspect focuses on forces within the society such as family, friends, colleagues, neighbours, and media. These forces can affect our attitudes, opinions, and interests which, in turn, influence product sales and revenue. The tastes and preferences of society continue to evolve and Tanzania is no different. Most Tanzanians are willing to pay a premium price for a product that meets their expectations. The population of Tanzania has grown to more than 59 million people now. The increase in population also increases the demand for goods and services.

Technological factors: Technological factors are used to evaluate available alternatives with respect to technological capabilities. Our company considers technology as a valuable tool to improve business processes. Technological factors are one of various external environment factors that shape businesses and are included in the PESTLE analysis. Technology now has more impact on business operations and global success than it has ever before. Furthermore, technological progress has also given birth to digital marketing strategies that also facilitate distribution of products and services. Technological advances have even influenced R&D divisions as well as new product development. *Bitendelo Farms Ltd* is constantly



monitoring technological progress in the external environment. This allows us to not only achieve continuous improvement in business operations and but also understand the transformation of the business landscape. We will continue to embrace innovative strategies to support exponential business growth.

4.0 MARKET ANALYSIS

There is a growing demand for agricultural products in domestic and foreign markets. The research indicates that the grains market in Tanzania is expected to register a CAGR of 4.2% during the period 2020-2025. The agricultural sector in Tanzania provides livelihood to the majority of the citizens, accounting for 68% of the total employed population while contributing 34% of total GDP.

This project will utilise the prevailing opportunities and utilise modern farming techniques to ensure high yield and quality of products that meet the market demand. This section determines demand level and whether the company will be able to capture some of the market share. The section also addresses methods of production, market size, pricing methods, and competitors' analysis. Key stakeholders in the food industry and the cooking oil market achieve product differentiation by offering innovative and better quality products at affordable prices. *Bitendelo Farms Limited* is aware of these market forces that shape the agricultural products and livestock business. We will utilise all reasonable means to ensure that our products meet the required standards and build a competitive position in the market.

4.1 TARGET MARKETS AND THEIR CHARACTERISTICS

There is a diverse range of market segments that consume agricultural products especially maize and beans, fruits and livestock. We have conducted market research to identify potential markets as well as learn about their needs. We intend to market our products to the following groups of customers:

- Local traders of agricultural and livestock commodities.



- Large organizations that buy cereals in bulk for storage and distribution to their networks.
- Food processors that use our agricultural products and livestock as raw materials.
- Animal feed processors who use agricultural produce for their production.

4.2 Market Size

Our feasibility field survey indicates that the market for our products will continue to grow with an increase in population. Highest demand comes from local traders. Our annual production activity will comprise of two cycles of six months each. The expected revenue is **US\$664,800** per annum. Table 4.1 below summarises the expected demand for the products in the first year of the project:

Table 4.1: Expected Demand (US\$)

Descriptions	Units	Qty	Value per unit	Sales/season	Total Sales/Year
Maize					
Maize flour	tons	20	3,500	70,000	140,000
Animal feeds	Tons	10	3,240	32,400	64,800
Sub-total				102,400	204,800
Beans	Tons	20	8,000	160,000	320,000
Avocados	Tons	0	-	-	-
Livestock					
Cattle	Nos	200	200	40,000	80,000
Sheep	Nos	300	30	9,000	18,000
Goats	Nos	300	30	9,000	18,000
Pigs	Nos	300	40	12,000	24,000
Sub-total				70,000	140,000
GRAND TOTAL				332,400	664,800

4.3 SWOT ANALYSIS

Bitendelo Farms Ltd has conducted a thorough SWOT analysis to help us achieve our business goals and objectives. The analysis has helped us identify strengths that may



be leveraged as well as weaknesses that must be addressed. Similarly, we have identified potential opportunities that may be exploited as well as threats that must be mitigated.

Strengths: *Bitendelo Farms Limited* has an experienced and knowledgeable management team. The company hires people who have experience and are self-starters and can be relied upon to grow the company from scratch to profitability. The company also has a great distribution network and a culture of exemplary customer service.

Weakness: We are still in early stage of agricultural production. We also have limited financial resources that put constraints on our ability to engage in corporate marketing to raise our profile.

Opportunities: Population growth and regional trade arrangements create significant growth opportunities for our business. We only need to position our business properly to exploit market opportunities. We know it will require hard work but we are determined to succeed.

Challenges/Threats: Some of the major threats we may likely face are economic downturn and unfavourable government policies. The economic downturn adversely affects purchasing power. Another potential threat is other companies targeting our customer groups. However, we hope to create strong market positions by ensuring that our products meet the expectations of our customers.

4.4 Marketing, Distribution and Communication Strategy

We will employ various methods of marketing mix to address current and potential weaknesses and challenges/threats while utilizing strengths to exploit emerging opportunities:



Pricing: The price strategy depends on a number of factors such as business, economic, and marketing objectives. Prices can be cost-based or market-based. It is important to set fair prices that cover operating costs and ensure profitability while also being acceptable to the customers. Our products will be competitively priced. Due to the introductory nature of our products, we intend to implement a penetration pricing strategy to ensure that our prices encourage customers to try our products and we can hopefully convert them into repeat customers. We will price our products relatively cheaper than the competition. This also requires us to maintain tight control over production costs so that we can still earn profits despite low prices.

Distribution: *Bitendelo Farms Limited* will target the most convenient market segments at first. We will first sell to wholesalers in selected regions which will save us time and keep distribution costs low. As our production expands, we will employ company vehicles to distribute products as well as conduct follow-up meetings with the customers. We may target some market segments through online order platform. However, the company's primary focus will remain on wholesale distribution networks in strategic regions such as Dar es Salaam, Mwanza, Dodoma, Kigoma, Mbeya, and Arusha.

Promotion: We will employ word-of-mouth marketing as it is cheap and appropriate for less complex products like ours. The company will also make use of trade fairs and exhibitions to promote the products. We will employ fliers and t-shirts as promotional tools. We will outsource the creation and operation of corporate website/blog to an IT contractor who can promote us in foreign markets.

5.0 OPERATIONAL PLAN

5.1 Long Term Operation Plan

The project will be managed by two departments which are the Finance and Administration department and the Operation and Marketing department. The Finance and Administration department manages administrative and personnel issues while



Bitendelo Farms Ltd: Business Plan for Cereal Crops, Fruits, and Livestock Production

the Operation and Production department, under the leadership of farm manager, oversees field operations and marketing activities. The farm manager is a skilled salaried employee who works to achieve company's targets. On the other hand, the Finance and Administrative Manager will lead the strategic plans and make sure they correspond to the operational environment. The operational plan is concerned with raw materials (inputs in the production process) and production costs.

5.3 Labor Requirements

Labor is one of the most important resources in an organization. The proposed plant will require both skilled and unskilled workers who will be Tanzanians. Table 5.1 indicates labor requirements will cost US\$13,200 per month which translates to US\$158,400 per year.

Table 5.1: Labor Requirement (US\$)

Description	Qty	Unit Price \$	Monthly Salary	Annual Salary
			\$	\$
Managing Director	1	2,500	2,500	30,000
Operations			-	-
Farm Manager	1	1,300	1,300	15,600
Section Supervisors	5	200	1,000	12,000
Casual Laborers	25	100	2,500	30,000
Maintenance Department			-	-
Mechanic	1	700	700	8,400
Electrician	1	700	700	8,400
Finance & Administration Department			-	-
Human Resources Officer	1	900	900	10,800
Accountant	1	900	900	10,800
Store Keeper	1	500	500	6,000
Personal Secretary	1	200	200	2,400
Drivers & machine operators	6	200	1,200	14,400
Security Officer	2	100	200	2,400
Marketing Department			-	-



Bitendelo Farms Ltd: Business Plan for Cereal Crops, Fruits, and Livestock Production

Sales Officers	2	300	600	7,200
Total	48		13,200.00	158,400.00

5.4 Raw Materials Requirements

The project requires raw materials from both within and outside Tanzania. The project intends to procure raw materials every three months, resulting in annual material requirements of US\$252,000.

Table 5.2: Raw Materials Requirements per Month (US\$)

Type of raw materials	Price/Consign ment	Amount per year (2 times)
Maize seeds	28,000	112,000
Beans seeds	20,000	80,000
Avocado seedlings	3000	12,000
Livestock	50000	50000
Packaging materials (200,000 pcs	8500	34,000
Other materials 1000 pcs	3500	14,000
Total Purchases	63,000	252,000

5.5 Production Overheads

Production overheads covers costs such as utilities for water and electricity, postage and telephone, maintenance, and other costs directly associated with production. Table 5.3 shows production overheads amounting to US\$2,550 per month or US\$30,600 per year.

Table 5.3: Production Overheads (US\$)



Bitendelo Farms Ltd: Business Plan for Cereal Crops, Fruits, and Livestock Production

Item	Monthly Expenses	Estimated Annual Costs
Postage & Telephone	100	1,200
Electricity	300	3,600
Water bills	150	1,800
Maintenance Costs	1,000	12,000
Rent	500	6,000
Others	500	6,000
Total Costs	2,550	30,600

5.6 Total Production Cost

The estimated total production cost is US\$441,000 per annum as shown in Table 5.4 below. The raw materials are purchased four times a year, resulting in quarterly expenditure of US\$63,000 or annual expenditure of US\$252,000. The labor costs and production overheads have been calculated on a monthly basis.

Table 5.4: Total Production Cost (US\$)

Item	Expenses/Month/Consignment	Estimated Annual Cost
Raw materials	63,000	252,000
Direct labor	13,200	158,400
Production Overheads	2,550	30,600
Total Costs	78,750	441,000

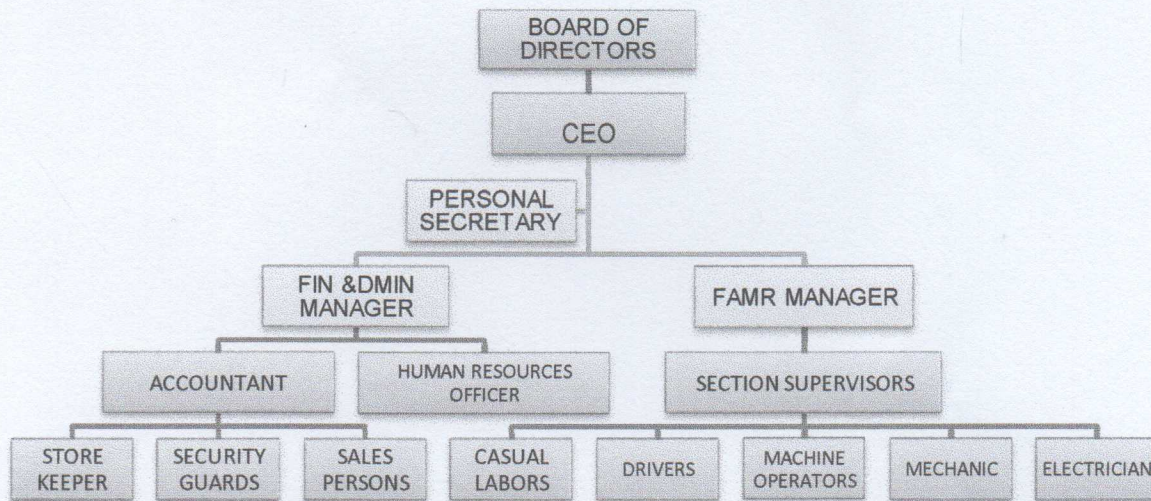
6.0 MANAGEMENT PLAN

Bitendelo Farms Limited will be led by a managing director who will oversee the company's operations on a daily basis. The farm manager will oversee the production activities and field operations. The finance and administrative manager will be responsible for the administrative tasks and management of company finances. The



section supervisors will oversee daily operations and manage casual workers at different levels, and the mechanic and electrician will be responsible for technical issues at the plant. The following figure illustrates the organisational structure of the company.

Figure 6.1: Organization Chart





7.0 FINANCIAL PLAN

7.1 Financial Assumption

The financial plan employs several assumptions on the basis of professional judgment, economic trends, and current financial market environment as noted below:

- (i) The initial focus will be on domestic market through wholesalers, retailers, , and direct sales. The company will later export to other countries.
- (ii) Sales will take place throughout the month and billing will be done at the end of the month.
- (iii) The annual sales are projected to grow by 5%.
- (iv) Depreciation will be charged on the basis of straight-line method which involves evenly spreading cost over the estimated useful life. The rates to be used are as follows:

(a) Buildings	5%
(b) Furniture & Fittings	10%
(c) Equipment	10%
(d) Motor vehicles	20%

The financial assumptions will take into account issues on credit sales, payments of interest rates, taxes, and other levies. We recognize that payment terms and collection days are critical but not factors we can influence easily. At least we acknowledge the problem and plan to manage it. Interest rates, tax rates, and personnel burden are based on conservative assumptions. Some of the more important underlying assumptions are:

- We assume a strong economy, without major recession.
- We assume, of course, that there are no unforeseen changes in economic policy to make our service immediately obsolete or unwanted.
- We assume an annual inflation rate of 5%.
- We estimate maintenance costs of Property, Plant, and Equipment at 5% of costs.
- Corporate tax rate is 30% of net income



7.2 Sources of Funds

The project financing will come from owners' equity. The owners have already committed some funds to support land acquisition and preliminary costs of the project.

7.3 Profitability Analysis

The project profitability analysis indicates that the project will generate significant amounts of profit throughout its life. Table 7.1 summarizes the profit analysis for five years.

Table 7.1: Profit Projections (US\$)

Year	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEARS 5
Sales	664,800	698,040	732,942	769,589	808,069
Total production cost	441,000	463,050	486,203	510,513	536,038
Profit Margin (Loss)	223,800	234,990	246,740	259,076	272,030

7.3 Operating Expenses

The following table shows the projected operating costs for five years. All expenses reflect an annual inflation rate of 5%.

Table 7.2 Operating Expenses

Expenses	Year 1	Year 2	Year 3	Year 4	Year 5
Marketing expenses	900	945	992	1,042	1,094
Bank charges	522	548	576	604	634
Insurance	8,060	8,463	8,886	9,330	9,797
Office expenses	1,045	1,097	1,152	1,210	1,270
Permits and licenses	435	457	480	504	529
Vehicle expenses	3,480	3,654	3,837	4,029	4,230
Professional fees	2,608	2,738	2,875	3,019	3,170
Provisional for bad & doubtful debts	3,670	3,854	4,046	4,248	4,461
Depreciations	15,250	16,012	16,813	17,653	18,536



Bitendelo Farms Ltd: Business Plan for Cereal Crops, Fruits, and Livestock Production

Miscellaneous expenses	2,100	2,205	2,315	2,431	2,553
Total	38,070	39,973	41,972	44,070	46,274

7.4 The Projected Income Statements

The projected income statements for five years indicate that the project will generate significant amount of profits as detailed below:

Table 7.3 Projected Income Statements for Five Years

Description	Year 1	Year 2	Year 3	Year 4	Year 5
	US\$	US\$	US\$	US\$	US\$
Total sales	664,800	698,040	732,942	769,589	808,069
Less Cost of sales:	441,000	463,050	486,203	510,513	536,038
Gross profit	223,800	234,990	246,740	259,076	272,030
Less Operating expenses	38,070	39,973	41,972	44,070	46,274
<i>Earnings before Interest and Tax (EBIT)</i>	<i>185,730</i>	<i>195,017</i>	<i>204,768</i>	<i>215,006</i>	<i>225,756</i>
Less Loan interest	0	0	0	0	0
<i>Earnings before tax</i>	<i>185,730</i>	<i>195,017</i>	<i>204,768</i>	<i>215,006</i>	<i>225,756</i>
Less Tax 30%	55,719	58,505	61,430	64,502	67,727
NET PROFIT/ (Loss)	130,011	136,512	143,337	150,504	158,029
Dividend 30%	39,003	40,954	43,001	45,151	47,409
Retained earnings	91,008	95,558	100,336	105,353	110,621



7.5 Projected Balance Sheet

The projected balance sheet for five years indicates that the project is capable of financing its operations throughout its life as shown in Table 7.4:

Table 7.4 Projected Balance Sheet for Five Years

DESCRIPTIONS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	US\$	US\$	US\$	US\$	US\$
NON-CURRENT ASSETS					
Land & buildings	125,000	220,515	219,489	218,515	217,589
Machinery & equipment	601,624	901,530	912,377	924,139	966,725
Motor vehicles	250,000	350,000	400,000	420,000	430,000
Furniture & fixtures	20,453	125,000	132,000	143,000	156,000
Total Non-Current Assets	997,077	1,597,045	1,663,866	1,705,654	1,770,314
Stocks	77,750	58,440	59,284	52,500	53,100
Debtors & prepayments	69,750	40,950	41,500	45,400	36,700
Cash and bank balance	125,000	120,096	156,000	135,000	145,000
Total Current Assets	272,500	219,486	256,784	232,900	234,800
TOTAL ASSETS	1,269,577	1,816,531	1,920,650	1,938,554	2,005,114
Share capital	862,070	862,070	862,070	862,070	862,070
Additions	250,000	800,000	800,000	800,000	800,000
Retained earnings	91,008	95,558	100,336	105,353	110,621
Total Equity	1,203,078	1,757,628	1,762,406	1,767,423	1,772,691
Bank loan	-	-	-		
Trade creditors and accruals	52,569	44,277	142,886	142,605	215,491
Taxation	13,930	14,626	15,358	16,126	16,932
Total Current Liabilities	66,499	58,903	158,244	158,731	232,423
Total Liability & Equity	1,269,577	1,816,531	1,920,650	1,926,154	2,005,114



7.6 Projected Cash Flows

The projected cash flows for five years indicates that the project will generate sufficient cash to support daily operations as shown in Table 7.5:

Table 7.5 Cash Flow Projections for Five Years

DESCRIPTIONS	Year 1	Year 2	Year 3	Year 4	Year 5
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Cash from operations:					
Profits before tax	185,730	195,017	204,768	215,006	225,756
Adjustments for non-cash items:					
Depreciations	15,250	16,012	16,813	17,653	18,536
Change in Working Capital:					
Receivables	-69,750	-40,950	-41,500	-87,400	-36,700
Trade payables & Accruals	52,569	44,277	142,886	142,605	215,491
Capital additions	250,000	800,000	800,000	800,000	800,000
Total	433,799	1,014,356	1,122,967	1,087,864	1,223,083
Tax payments	-13,930	-27,518	-38,579	-51,161	-65,437
Total Cash Inflow from Operating Activities	419,869	986,838	1,084,388	1,036,703	1,157,646
Cash from investing activities:					
Purchase of property, plant & equipment	- 997,077	- 950,788	- 1,005,483	- 1,012,552	- 1,100,237
Net Cash Outflow from Investing Activities	-577,208	36,050	78,905	24,151	57,409
Cash from financing activities:					
Dividends	-39,003	-40,954	-43,001	-45,151	-47,409
Change in cash & cash equivalent	-616,211	-4,904	35,904	-21,000	10,000
<i>Beginning Cash Balance</i>	741,211	125,000	120,096	156,000	135,000
<i>Ending Cash Balance</i>	125,000	120,096	156,000	135,000	145,000



7.7 Internal Rate of Return (IRR%)

The proposed project is expected to have an IRR of 24% over its projected operational period of five years. This IRR is higher than the cost of the borrowed funds from financial institutions. It is clear that this project is an attractive investment proposition:

Table 7.7: Internal Rate of Return

	Outlay	-997,077
	NPBT Yr1	223,800
	NPBT Yr2	234,990
	NPBT Yr3	246,740
	NPBT Yr4	259,076
	NPBT Yr5	272,030
IRR		24.00%

Table 7.8: Projected results

Item	Value
Total investment (US\$)	-997,077
Payback period	2 year; 10 months
IRR	24%
Break-even revenue (US\$)	1,974,795

8.0 ECONOMIC ASPECTS

8.1 National Economic and Social Benefits

The expected economic and social impact of this proposed project to Tanzania is positive, both directly and indirectly as explained below:

(100) Direct Economic Impact

Direct positive economic impact is expected to come from three factors namely:

- (a) Tax payments to the government.
- (b) Foreign currency savings.



© Employment opportunities including 48 direct jobs.

(d) Technology transfer.

(ii) Indirect Economic Impact (job creation)

In addition to direct employment opportunities, this project will also create indirect jobs by promoting the operations of distributors and suppliers. It is highly likely that such distributors and suppliers will hire more people to manage growing business volume.

(iii) Corporate Social Responsibility

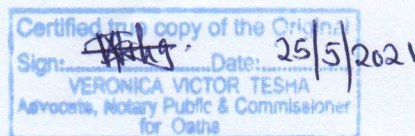
The project will adhere to the principles of responsible corporate citizenship through initiatives such as financial donations to disadvantaged communities near the factory.

9.0 CONCLUSION

The financial analysis demonstrates that the project will experience significant growth that should enable it to recoup initial investment as well as generate profits over the years. The objectives laid out in this plan are achievable, making the project a feasible undertaking. In addition, the project will also benefit the local community by creating both direct and indirect jobs. The company also aims to fulfill its corporate social responsibilities through financial investment in the disadvantaged communities. Last but not least, the project will generate valuable tax revenue for the government that can be invested to further promote economic development.

9.1 RECOMMENDATION

We strongly recommend this project as it holds great potential in both domestic and foreign markets. The financial analysis reveals it will be quite a profitable initiative that will create jobs as well as generate revenue for the government. We encourage stakeholders in both the private and the public sectors to support this project and help make it a success.





APPENDIX 1: LIST OF ITEMS

BITENDELO FARMS LIMITED MIXED FARMING LIST OF ITEMS

Equipment	Quantity
Agricultural tractors	20 units
Combines	20 units
Harvester heads	20 units
Self-propelled sprayers	10 units
Bulldozers	10 units
Excavators	10 units
Complete irrigation system and accessories	2,000 sets
Cultivators	20 units
Disc harrows	30 units
Disc plows	15 units
Planters	20 units
Forklifts	20 units
Tipper trucks	30 units
Used box truck	20 units
Flatbed semi-trailers	50 units
Lowbed/step deck semi-trailers	50 units
Enclosed semi-trailers	50 units
Semi-trucks	100 units
Heavy duty cranes	15 units
Motor graders	10 units
Front end loaders	15 units
Pick-up trucks, 4X4, double cabin	20 units
Pick-up trucks, 4X4, single cabin	25 units
Golf-like farm transportation carts	12 units
Motorcycles	200 units
Motor bikes	200 units
Rotary mowers	15 units
Riding mowers	15 units
Mowing hedger, trimmer, blower and accessories	100 sets
Mobile weigh bridge	10 sets
Stationary weigh bridge	5sets
Portable generators	25 units
Stationary generators	10 units
Power Inverters	25 units
Electric transformers	10 units
Variety of GPS systems	250 units
Radio handsets	1,000 sets
Radio base stations	100 sets
Security systems, cameras, and accessories	1,000 sets
Heavy duty chains	5,000 meters
Well drill – light duty	5 units
Well drill – heavy duty	5 units
Furniture	100 sets



Bitendelo Farms Ltd: Business Plan for Cereal Crops, Fruits, and Livestock Production

Refrigerators	100 units
Deep Freezers	100 sets
Chainsaws and accessories	120 sets
Ratchet straps	2,000 sets
Chainsaw oil	5,000 liters
Barrel fan 42 inch	30 units
Ladder 23 ft	15 units
Solar panels	100 sets
Batteries for solar system	50 units
Water pump and accessories	20 sets
Laundry washing machines	50 units
Laundry driers	50 units
Complete kitchen and accessories	25 sets
Trolleys	1,500
Air condition units	200 units
Microwave	25 units
Pressure washers	20 units
Power fork attachments	15 units
Television sets	100 pieces
Bucket attachments for excavator	15 units
Uniforms/clothes	5,000 pieces
Office printers, laptops, copiers, scanners and accessories	200 sets
Winches and accessories	50 units
Toilets	500 sets
Sanitary equipment	300 sets
Emergency road triangles	3,000 sets
Complete prefabricated buildings	100 units
Empty containers	10,000 units
Label makers/printers and accessories	15 units
Fuel tanker	50 units
Underground fuel tanker	25 units
Recovery trucks	5 units
Welding & Bending machines and accessories	20 sets
Wheel alignment machines	20 units
Complete tire replacement machines and accessories	20 sets
Workshop repair kits/tools	400 sets
Feeder table equipment	5,000 pieces
Variety of chemicals	10,000 tons
Fertilizers	100,000 tons
Seeds	100,000 tons
PPE	100,000 sets
Variety of cables	320 drums
Variety of pipes	2500 units
Scrapers	15 units
Water bowser	5 units
Machinery for wood cutting, sizing, and finishing	10 units
Heavy equipment tires, chains, rollers	3,000 units
Shank rippers	12 units
Cement	10,000 tons
Material for roofing system	1,000 tons
Tiles	5,000 square meters



Bitendelo Farms Ltd: Business Plan for Cereal Crops, Fruits, and Livestock Production

Waterproof compound	50,000 kgs
Paint	100,000 kgs
Steel, copper and other bars	5,000 tons
Binding wires and accessories	20 tons
Blocks and bricks	3,000,000
Aluminum profile and accessories	100,000 pieces
Bearings	40,000 pieces
Stones	2,000 tons
Working buckets	5,000 pieces
Prefabricated steel bridge	3
Nails, bolts	5,000 kgs
Wall put	50 tons
Gypsum	20 tons
Z-purling	10 tons
Glass and accessories	3,000 sets
Complete urinals	150 sets
Metal sheets	5,000 tons
Silicon	10,000 pieces
Complete fire alarm system	100 sets
Tents	200 sets
Variety of machines and equipment for post-harvest storage	100 sets