

# **Business Plan**

## **1.0 INTRODUCTION**

Agriculture is the cradle of development in Tanzania, for true development to be achieved we should look to maximize and modernize utilization of land to go hand in hand with technological advancements and the know-how of the modern world. Agriculture is the bridge to rapid growth; the basis of which industries stand and depend on for raw materials.

VIRTUSYNC LIMITED will require an investment of US\$500,000 for setting up agriculture training center and trading of agricultural produce.

A market opportunity of this size has attracted the company to open a business in Tanzania to curb the demand for the high-quality and agriculture practical training requirement form customers.

Our company is very diverse, offering top notch agricultural training that will benefit society. VIRTUSYNC LIMITED has considerable capabilities and areas of expertise including design, engineering, fabrication and mentoring, and the ability to produce high end agricultural knowledge.

VIRTUSYNC LIMITED will have its niche markets and as well as services that will help it become more successful in accessing markets in a new

country. The shareholders are operating various business in London and Nigeria will facilitate the implementation of the project in Tanzania.

VIRTUSYNC LIMITED is focused on ushering a new education cum sustainability model based deep in the past but powered with the technological innovations of the present digital era. If humanity is taught to provide and produce for its comfortable existence hunger, unemployment, migration and misery would be overcome.

## **1.2 LOCATION**

The project is located at Farm No. 818 and 819 Lingula Area, Kilwa District, Lindi Region

## **1.3 MISSION**

The mission of **VIRTUSYNC LIMITED** is to provide quality and practical agriculture training at competitive rates in Tanzania.

## **1.4 THE PROJECT PROMOTERS**

The project is being promoted by **VIRTUSYNC LIMITED**, a private company registered under the Companies Act 2002, the company is owned by two shareholders.

Name Subscribers	% Shares subscribed	Nationality
Arnold Mutegeki Ruchaki  P. O. Box 32776, DAR ES SALAAM	1	Tanzania
Najeemdeen Adegbenro Alao  Plot No.7,Aminu Kanoo Crescent, Wuse II  Abuja, Nigeria	70	Nigeria
Unalotted shares	29	

## 1.5 PROJECT MANAGEMENT

**VIRTUSYNC LIMITED** will be under the competent Management to be employed by the board of director, the board of director will be involved on policy issues and general guidance of the company vision , the Managing Director will take care all matters related to Financing and Administration, , the company intend to employ 60 employees among of them 5 will be foreigners with special knowledge and experience in providing agriculture trainings.

Under this management, **VIRTUSYNC LIMITED** is expected to grow steadily from small agriculture training center serving local markets only to medium scale factory serving East Africa Region

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	2	5	10	17
Men	3	10	30	43
<b>TOTAL</b>	<b>5</b>	<b>20</b>	<b>40</b>	<b>60</b>

## 1.6 LEGAL STRUCTURE

VIRTUSYNC LIMITED is a company duly registered under the Business Registration and Licensing Authority Agency of Tanzania (BRELA) bearing incorporation number 141315234

## 1.7 OBJECTIVE OF STUDY

The purpose of this study is to work out the technical and commercial details and financial viability of a agriculture training center project

## 2.0 TANZANIA OVER VIEW

Tanzania exemplifies the developing world's struggle to achieve 'High-middle-income' country status while confronting widespread poverty and substantial farming challenges such as low productivity, Lack of access to finance, exploitation from middle men, High post-harvest Loss up to 25% lack of markets, poor farming practices and lack of processing facilities to add value to the farm produce.

Tanzania has made a number of important agriculture achievements in recent years, including food security and raw materials. The agricultural sector on average contributes about 24 per cent of GDP compared to about 30 percent a decade ago; and it contributes about 24 percent of exports, down from about 45 percent ten years earlier, mostly due to the growth of alternative foreign exchange earning opportunities from minerals and tourism services.

The Gross Domestic Product (GDP) in Tanzania was worth 57.44 billion US dollars in 2018. The GDP value of Tanzania represents 0.09 percent of the world economy.

These issues are exacerbated by underlying food insecurity and availability of raw materials to food processing factories. This is a result of a multitude of factors, the major one being the lack of modern farming knowledge and suitable agriculture imputes. The end result of this is low yield.

The lack of modern processing facilities and modern farming practices has created a venue for entrepreneurs to explore the opportunity and set up the processing facilities to fill the gap and cater for increasing local demand as well as export of raw and processed products to the

neighboring countries. Instead of selling raw foods to other countries the company will set a plant for milling and rice processing to cater for the current demand in the region for local and export markets.

## **2.1 BUSINESS OVERVIEW**

Tanzania's Agricultural produce market is among the largest in Sub-Saharan Africa. Among the major agriculture produce in the region include cereal crops such as rice where by various international and national reports show that the demand is very high compare to the current level of production

## **3.0 PRODUCTS AND SERVICES**

VIRTUSYNC LIMITED will supply the Tanzanian market with the following products and services.

- Agriculture training facilities
- Information Technology services

## **3.2 LONG TERM AIM OF THE BUSINESS**

VIRTUSYNC LIMITED aims at reducing the importation of agricultural produce into Tanzania and become an exporter to neighboring countries like Congo, Malawi, Zambia, Brunei, Uganda, and Mozambique. We intend to make enough profit to generate a significant return for our investment

and to finance continued growth and continued development in quality services and produce. We will also maintain a friendly, fair, and creative work environment, which respects diversity, new ideas and hard work.

In the near future we plan to promote the growth of the local people & boost the economy in Tanzania market. We plan to invest with our partners in the following industries:

- Agriculture training center
- Production of agricultural produce
- Freight transport by way of roads
- Manufacture and exportation of porcelain and ceramics

Our investment will promote business and employment for the local Tanzania citizens which shall in turn promote the economy in Tanzania.

Initially we intend to employ Twenty (20) local employees and then in a span of a year we will grow to 70+ local employees. Growth of the local people & the growth of Tanzania economy is VIRTUSYNC LIMITED success.

## 4.0 ANALYSIS

We have assessed the market for strengths, weaknesses, opportunities and threats, both for VIRTUSYNC LIMITED as well as other institutions and for the industry as a whole in Tanzania. While most institution did identify their own situation, fewer firms provided an opinion on the industry as a whole or provided identical answers to those for their own institutions.

In the lists below, items are arranged in order from most frequently mentioned to the least mentioned.

### 4.1 STRENGTHS

Strengths of VIRTUSYNC LIMITED were identified both in terms of business capabilities and in terms of specific products. This entails capability to produce a variety of products, and a flexibility in terms of manufacturing and meeting customers' requirements.

- State of the art machinery design
- Quality: ISO certified products
- Employees - skilled workers
- Fabrication and manufacturing: top of the line machineries  
agriculture machines from China

## 4.2 **WEAKNESSES**

We have identified the following weaknesses:

Our competitors have expressed the lack of skilled workers and also the lack of supplies of good quality services and products as a weakness. We have the ability to erase these problems using our offices in Nigeria and U.K to find experienced workers who are able to train the local workforce.

## 4.3 **OPPORTUNITIES**

The growing economy of Tanzania will give us great opportunities for to carter for food shortages in the neighboring countries. There are many announced government projects, as well as private sector project with huge demand of raw materials in the form of agricultural produce. We forecast the demand to grow over the years to come. Which will give our company new opportunities.

## 4.4 **THREATS**

As we have mentioned on the weakness section the threat will also fall back on lack and shortage of skilled labor. Appropriate labor training is required and also to make sure trained personnel do not leave their jobs by providing competitive salary. Another threat would be price undercutting by competitors. We have to fight this problem by identifying

our quality workmanship as well as the great quality product we offer to our customers.

## **5.0 COMPETITIVE EDGE**

VIRTUSYNC LIMITED competitive edge rests with its proximity to its target markets, as well as the industry knowledge, reputation and contacts of its senior management. The many years of direct experience have led them to identify this unique opportunity and put together the technology and sources to take advantage of it. Their reputation in the specific market segment will result in the achievement of long-term commitments for our production.

## **6.0 EXPORT SALES DIVISION**

The vision and core aim of the promoters of this project is to boost the agricultural products and raw materials export and reduce import of the country while bridging the gap of modern agriculture knowledge. We also plan to give trainings and seminars to introduce our products. We plan to get top fabricators to come and visit our plant to show the state-of-the-art technology being used in our factory.

## **6.1 SALES STRATEGY**

Because of the unique extensive experience and reputation of our management team we plan to hire the Company's chosen industry segment, we are able to identify all of the potential clients of our services and customers of our agriculture end products we will produce in our facility. While most of the production of flake is ultimately intended to be used internally, we are confident that any developed surplus will be sold immediately.

## **6.2 PROMOTION**

Appropriate promotion means will be employed after consultations with promotion experts to enable the company properly promote its products

## **6.3 ASPECTS OF PROJECT SUSTAINABILITY**

The project sponsors having studied market conditions are convinced that the project will be able to operate undisturbed. The growing demand for quality agriculture produces gives assurance of a steady market.

#### 6.4 QUALITY CONTROL SYSTEM

The required quality control system will be employed ensuring that products produced maintain the same standard

#### 6.5 ENVIRONMENT PROTECTION

The company intends to make environment friendly; the company will save the country's environment in particular and global environment in general.

#### 7.0 Project Investment Cost

The estimated capital investment cost of the project is **US\$1,065,000.00**,

##### VIRTUSYNC LIMITED COST STRUCTURE

<b>PARTICULAR</b>	<b>US\$</b>
Land and Buildings	320,000.00
Machinery & Equipment	200,000.00
Motor Vehicles	150,000.00
Furniture & Fixtures	40,000.00
Pre exp	25,000.00
Others	30,000.00
Working Capital	300,000.00
<b>TOTAL</b>	<b>1,065,000.00</b>

For the project to be a reality a total investment amounting to **US\$1,065,000.00** is needed

**(i) Land and Building: Us \$320,000**

The Company is planning to classes and warehouse estimated to cost US\$ 320,000.

**(ii) Machinery and Other equipment: US\$ 200,000**

Some US \$ 200,000 is anticipated to be spent on the purchase of various machines, equipment and other tools which will accommodate new technology

**(iii) Motor Vehicles:US\$150,000**

The project will need 4 trucks, 1 double single pick up. These vehicles will be used to facilitate project business.

**(iv) Furniture: US\$40,000**

This investment cost item has been estimated to cost US\$40,000. It will consist of, tables, chairs, telephone, fax, machines, file cabinets, sofa chairs etc.

**(v) Pre-Operational Expenses: US\$ 25,000**

They cover things like company registration, expenses spent in exploring the viability of the project, especially the market/client

identification exercise. Also included under this item are issues like consultancy fees, legal fees and recruitment and training costs of personnel.

(v) **Initial Working Capital: US\$300,000 and others US\$ 30,000**

An assumption for working capital requirements has been budgeted at US \$ 300,000 and unplanned expenses US\$30,000

#### **4.1 Financing pattern**

The project will be financed by equity US\$ **1,065,000**

#### **5.0 Project operating costs**

In order to realize its intended objective, the project will have to meet production expenses amounting to 70% of total revenue.

#### **6.0 Financial Analysis**

##### **6.1 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.

Revenues have been conservatively estimated based on experience of the promoters and trends in the industry.

The company is expecting to produce 12,000 tons of cassava per year. and selling 1tonUS\$100

**6.2 Financial Statements:**

**6.3 Projected Revenue**

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

**VIRTUSYNC LIMITED PROJECTED REVENUE LTD**

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Revenue	1,200,000	1,296,000	1,399,680	1,511,654	1,632,586.

#### **6.4 Projected Profit and Loss Statement**

The Income and Expenditure Statement shows the projected income for the 5 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. **US\$293,930** in first year to **US \$321,773** in the 5 years, **Refer appendix III**

#### **6.5 Projected Cash Flows**

This is shown in the financial statements. The project has a positive end of year cash flow from year 1st, i.e., **US\$ 317,390** of operation to the 5th year i.e., **US\$ 2,311,529**, **Refer appendix IV**

#### **6.6 Projected Balance Sheet**

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Total equity of the project increases from **US\$ 481,000** in the first year of operation to **US \$ 802,773** in the 5<sup>th</sup> year. **Refer appendix V**

#### **6.7 Projected payback period**

Total investment is **US \$ 1,065,000** cash accumulation third year is **US\$ 1,245,575**. which is more than the initial investment by **US\$ 180,575** the project payback Period is within 3 years,

The project has a relatively short payback period. It is remarkably. **Refer appendix VI**

## **7.0 Economic Aspects**

Implementation of this project will have the following social and economic values

- The project is an ideal option for utilization business opportunity available in Tanzania market and foreign market
- The project will create employment for 60 people on permanent contract basis as well as on temporary basis.
- It will generate substantial revenue to the government in the form of corporate tax, value added tax and pay as you earn.
- The project will have transfer of knowledge and skills as far as agriculture trainings is concerned

## **8.0 Implementation**

Project implementation is expected to be relatively very short once project has been approved, it is estimated that implementation of the projected will be as following: -

<b>S/N</b>	<b>ACTIVITY</b>	<b>PERIOD</b>
1	Processing TIC Certificate of Incentive	October 2021
2	Site clearance and constructing	April-November 2022
3	Machines ordering	March-June 2022
5	Installation of machines	June- Oct 2021
6	Testing operations	Nov -Jan 2022
7	Commercial Operations	Feb 2023

## **9.0 Conclusion and recommendations**

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act,

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**APPENDIX (I)****VIRTUSYNC LIMITED COST STRUCTURE**

<b>PARTICULAR</b>	<b>US\$</b>
Land and Buildings	320,000.00
Machinery & Equipment	200,000.00
Motor Vehicles	150,000.00
Furniture & Fixtures	40,000.00
Pre exp	25,000.00
Others	30,000.00
Working Capital	300,000.00
<b>TOTAL</b>	<b>1,065,000.00</b>

**APPENDIX (II)****VIRTUSYNC LIMITED PROJECTED REVEN**

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Revenue	1,200,000.00	1,296,000.00	1,399,680.00	1,511,654.40	1,632,586.75

## VIRTUSYNC LIMITED PROJECTED INCOME &amp; EXPENDITURE STATEMENT US\$

	1	2	3	4	5
Revenue	1,200,000	1,296,000	1,399,680	1,511,654.40	1,632,586.75
<b>Operating Expenses</b>	720,000.00	907,200.00	979,776.00	1,058,158.08	1,142,810.73
<b>Profit before Depreciation &amp; Interest</b>	<b>480,000.00</b>	<b>388,800.00</b>	<b>419,904.00</b>	<b>453,496.32</b>	<b>489,776.03</b>
<b>Interest</b>	30,000.00	22,500.00	15,000.00	7,500.00	-
<b>Depreciation</b>	30,100.00	30,100.00	30,100.00	30,100.00	30,100.00
<b>Gross Profit</b>	<b>419,900.00</b>	<b>336,200.00</b>	<b>374,804.00</b>	<b>415,896.32</b>	<b>459,676.03</b>
Tax (30%)	125,970.00	100,860.00	112,441.20	124,768.90	137,902.81
<b>Profit After Tax</b>	<b>293,930.00</b>	<b>235,340.00</b>	<b>262,362.80</b>	<b>291,127.42</b>	<b>321,773.22</b>
Accumulated Profit	<b>293,930.00</b>	529,270.00	791,632.80	1,082,760.22	1,404,533.44

**APPENDIX (IV)**

**VIRTUSYNC LIMITED PROJECTED CASH FLOW US\$**

	0	1	2	3	4	5
<b>SOURCES:</b>						
Profit before interest and depreciation	0	<b>443,360.00</b>	<b>491,388.00</b>	<b>559,238.00</b>	<b>626,839.00</b>	<b>701,785.00</b>
Equity	481,000.00					
Loan	500,000.00					
<b>Total Sources</b>	<b>981,000.00</b>	<b>443,360.00</b>	<b>491,388.00</b>	<b>559,238.00</b>	<b>626,839.00</b>	<b>701,785.00</b>
<b>Applications:</b>						
Capital expenditure	672,000.00	-	-	-	-	-
working Capital &Others	309,000.00	-	-	-	-	-
Cash	0	317,390.00	481,388.00	446,797.00	502,071.00	563,883.00
Tax	-	125,970.00	100,860.00	112,441.20	124,768.90	137,902.81
<b>Sub total</b>	<b>981,000.00</b>	<b>443,360.00</b>	<b>582,248.00</b>	<b>559,238.20</b>	<b>626,839.90</b>	<b>701,785.81</b>
<b>Total applications</b>	<b>981,000.00</b>	<b>443,360.00</b>	<b>582,248.00</b>	<b>559,238.20</b>	<b>626,839.90</b>	<b>701,785.81</b>
Accumulated cash		317,390.00	798,778.00	1,245,575.00	1,747,646.00	2,311,529.00

## VIRTUSYNC LIMITED PROJECTED BALANCE SHEET US \$

<b>Fixed Assets</b>		1	2	3	4	5
Opening balance	<u>0</u>	<b>672,000</b>	<b>641,900</b>	<b>611,800</b>	<b>581,700</b>	<b>551,600</b>
<b>Total Long-term Assets</b>	-	<b>672,000.00</b>	<b>641,900.00</b>	<b>611,800.00</b>	<b>581,700.00</b>	<b>551,600.</b>
<b>Less depreciation</b>	-	30,100.00	30,100.00	30,100.00	30,100.00	30,100.00
<b>Closing balance</b>	-	<b>641,900.00</b>	<b>611,800.00</b>	<b>581,700.00</b>	<b>551,600.00</b>	<b>521,500.</b>
Working capital	309,00	309,000.00	309,000.00	309,000.00	309,000.00	309,000.
Accumulated cash	-	317,390.00	798,778.00	1,245,575	1,747,646	2,311,529
<b>Total assets</b>	<b>309,000</b>	<b>1,268,290.</b>	<b>1,719,578.</b>	<b>2,136,275.</b>	<b>2,608,246.</b>	<b>3,142,029</b>
Financed by						
Equity	481,000.0 0	481,000.00	481,000.00	481,000.00	481,000.00	481,000.0 0
Net profit	-	<b>293,930.00</b>	<b>235,340.00</b>	<b>262,362.80</b>	<b>291,127.42</b>	<b>321,773.2 2</b>
Total equity	481,000.	774,930.00	716,340.00	743,362.80	772,127.42	802,773.2 2
Long term loan	<b>500,000</b>	375,000	250,000	125,000	0	0
<b>Total debts</b>	<b>500,000</b>	<b>375,000.00</b>	<b>250,000.00</b>	<b>125,000.00</b>	-	-
<b>Total equity and debts</b>	<b>981,000.</b>	<b>1,149,930</b>	<b>966,340.00</b>	<b>868,362.80</b>	<b>772,127.42</b>	<b>802,773.2 2</b>

**APPENDIX (VIII)**

**VIRTUSYNC LIMITED PROJECTED PAYBACK PERIOD**

<b>Year</b>	<b>Profit After Tax</b>	<b>Depreciation</b>	<b>Total Cash Flow</b>	<b>Accumulated Cash Flow</b>
1	<b>293,930.00</b>	30,100.00	324,030.00	324,030.00
2	<b>235,340.00</b>	30,100.00	265,440.00	589,470.00
3	<b>262,362.80</b>	30,100.00	292,462.80	881,932.80
4	<b>291,127.42</b>	30,100.00	321,227.42	1,203,160.22
5	<b>321,773.22</b>	30,100.00	351,873.22	1,555,033.44