

# PARACHICHI FRESH PRODUCTS LIMITED

## BUSINESS PLAN FOR COLLECTING, PROCESSING AND DEPLOYMENT OF AVOCADO & OTHER FRUITS

### Contact Information;

JONATHAN GEORGE MBUGA

PARACHICHI FRESH PRODUCTS LIMITED

P. O. Box 3750,

DAR ES SALAAM

Mobile: 0713037086

Email: [sgithiga@thefreshproducts.co.ke](mailto:sgithiga@thefreshproducts.co.ke)

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## **1.0 EXECUTIVE SUMMARY**

### **1.1 Preamble**

Tanzania has been encouraging and promoting both Manufacturing and Agriculture so that it can achieve Agro- processing effect in the economy. Avocado has become Tanzania's latest green gold and it's increasingly gaining popularity with new farms opening up in many parts of the country. Currently, Regions such as Njombe, Iringa, Geita and even Kagera have recorded increase in planted areas with high yielding; export market – oriented variety – Hass and Fuertes. Hence the establishment of Agro-Processing Facility will be a motivation to the agricultural sector which is the support of Tanzania's economy, providing a livelihood for about 85 percent of the economically active rural population. With the country maintaining its political stability, foreign investors are guaranteed of continuity of economic policies adopted by the government and this is to be viewed as an added advantage for the growth of the economy.

This project wants to utilize the prevailing opportunity of readily available fruits in the country and add value through processing, sorting, cleaning grading, packaging and distribution to various markets within and outside the country. The planned activities will cater for the rising demand in the country and substantially contribute to the economy and employment creation in the country.

### **1.2 THE PROJECT**

Parachichi Fresh Products Limited is a private company limited by shares registered in Tanzania with the main purpose to engage in processing, sorting, cleaning grading, packaging and distribution of agricultural products, particularly Avocados. This business plan has been prepared to establish the viability of the targeted products and guide the procurement, operational and marketing activities of the project. The plan establishes a strategic framework that provides a focus, direction and most importantly a common language that acts as a guide for all production, marketing/brand activities creating cohesive strategic alignment between the company mission, vision and goals.

The proposed project is estimated to invest approximately **USD 1,600,000** that will be used for set up costs, land preparations and buildings, machineries and equipment at the beginning of the project. The annual capacity of the project is expected to be 2,000 tons of fresh fruits, equivalent to 100 containers. The financial analysis indicates the feasibility of the project as the company will be able to recover all the invested capital within first two years of operations and start making substantial profits from the third year onwards.

### **1.3 FUNDAMENTAL STATEMENTS**

#### **Vision**

To have a positive impact for our partners.

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#### **Mission**

We inspire to improve the livelihoods of our farmers, staff and meet the expectations of our customers.

#### **Core Values**

- Team Work- Build a strong partnership with all stakeholders.
- Efficiency- Ensure efficiency in all our activities.
- Integrity- Uphold the virtue of integrity in all our activities and build trust with all stakeholders.
- Social Responsibility- Be a good citizen giving back to the community and complying with regulations.

## 1.4 ORGANISATION STRUCTURE

Below is the organization structure,

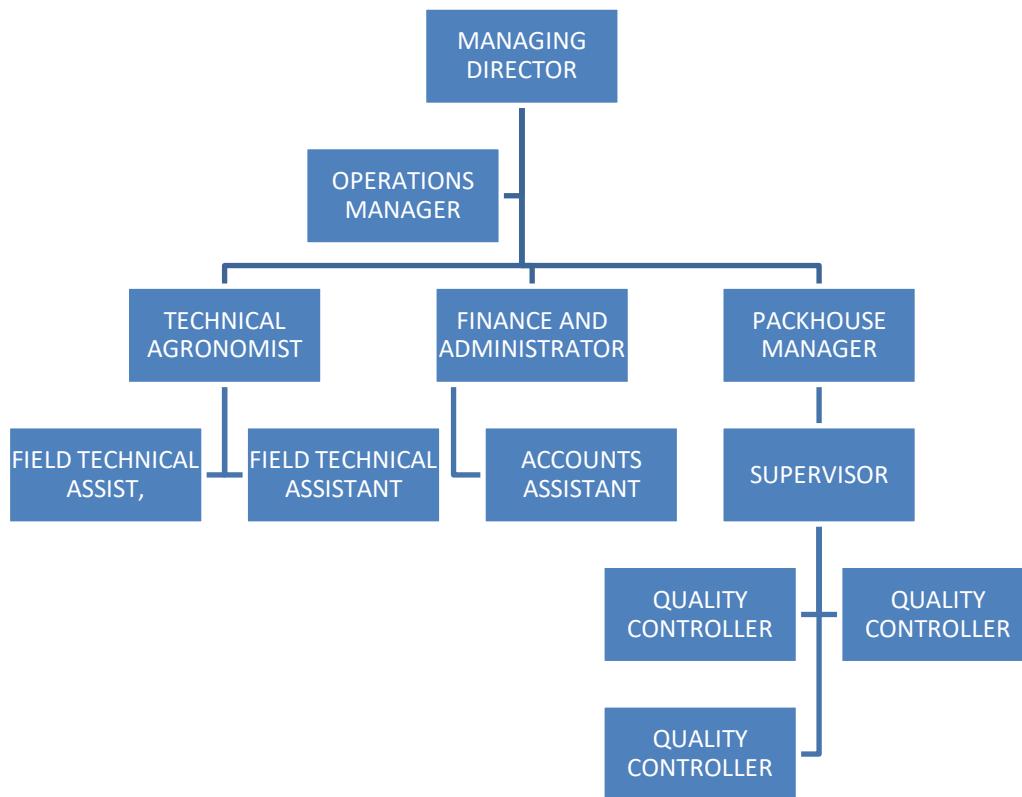


Figure 1:1 Parachichi Fresh Products Limited Current organizational Structure

## 1.5 THE PROJECT PROMOTERS

The shareholders of this project are all entrepreneurs with a diverse professional and business backgrounds. The company is owned by 2 shareholders, namely: -

Name	Address	shares
Stephen Maina Githiga	P.O Box 10087, Nairobi, Kenya	100
The Fresh Products Limited	P.O Box 10087, Nairobi, Kenya	500

## 1.6 PROJECT LOCATION

The project will be located at Farm number 1336, Bugoba village, Rungwe District in Mbeya, Region.

## 1.7 CAPITAL INVESTMENT PLAN AND SOURCING OF FUNDS

Parachichi Fresh Products Limited proposes to invest **USD 1,600,000** for this project.

The breakdown of the relevant costs is as shown below:

Item	Amount	Total
Land/Building	120,000	120,000
Plant	800,000	800,000
Vehicles	150,000	150,000
Furniture & Fittings	2,000	2,000
Pre-expenses	4,000	4,000
Others	5,000	5,000
Working Capital	519,000	519,000
<b>TOTAL</b>	<b>1,600,000</b>	<b>1,600,000</b>

## 1.8 PROJECT FINANCING

The total investment cost of the project is planned to be financed by the shareholders retained earnings and shareholders contribution equity. The shareholders will seek for the loan if the need arises.

**USD**

	Amount	Total
Owners'Equity/ Internal accruals	600,000	600,000
Foreign loan/Supplier's credit	1,000,000	1,000,000
<b>Grand Total</b>	<b>1,600,000</b>	<b>1,600,000</b>

## 1.9 MANAGEMENT AND WORK FORCE

The company plan to recruit eight (125) employees

Gender	Foreign skill	Local Skilled	Local Unskilled	Total
Women	2	10	30	42
Men	3	20	60	83
Total	5	30	90	125

## 1.10 OBJECTIVE OF STUDY

The main objective of this study is to work out the technical and commercial feasibility of the project.

## 1.11 IMPLEMENTATION PERIOD

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: -

No.	Activities	Period
1	Paper works from different Authorities	October – January 2022
2	Site preparation, procurement of machinery and equipment and raw material	January – March 2022
3	Installation of machines	March – June 2022
4	Testing operation	June – July 2022
5	Commercial operation	July 2022

## 1.12 Strategic Objective:

The strategic objectives outlined are measurable, overarching goals that the Company is committed to achieving within the next 5 years. These strategic objectives will stretch the factory and ensure enhanced performance over the next 5 years. The company intends to encourage and implement modern practices that add value to the agricultural products supply chain.

The products are expected to be sold within the domestic and foreign markets. The products are expected to meet the rising demand in Dar es Salaam, other regions and export markets such as Kenya, Europe and Middle East. We are also in business to make profits and at the same time to give our customers value for their money; we want to give people and businesses who patronize us the opportunity to be part of the success story of our business. Notably the business will focus on the following specific objectives;

- To ensure availability and reliability of high-quality agricultural products.
- To employ at least eight (125) people and improve livelihood to the community through improved products and services.
- To generate sufficient income through sales to meet the needs of the owners and tax revenues to the government.
- To expand to a large food processing industry with diversified products from vegetables and fruits.
- Design a marketing plan to increase service purchase by current customers and attract new customers within the existing target markets

## **2.0 BUSINESS DESCRIPTION**

The project aims at processing, packaging, distribution and exportation of high-quality fruits, and vegetables. Fruits and vegetable products shall be produced, packaged and well labeled. The main target market shall be exports to Europe and Middle East; while some quantities shall be sold locally to supermarkets. The products were selected due to high yield as they are mostly demanded in the country and foreign markets as well.

### **2.1 Key success factors**

**Parachichi Fresh Products Limited** is owned and managed by multiple skilled persons. The owners have wide experience working in the agribusiness sector; they all have profound business knowledge obtained from high learning institutions. In addition, the Managing Director has acquired exposure through travelling in various

parts of the world. The management team is composed of experts in various fields mainly agribusiness and marketing. Marketing skills shall be employed in assessing customer's need and production of high-quality products to satisfy these needs. Another key success factor is that; the project will be utilizing organic products that are locally grown without the application of genetically modified seeds.

### **2.1.1 Set up**

We are self-sufficient in handling every trading activity as we have our own in-house consignment handling systems, ranging from packaging, transportation, warehousing, and documentation to forwarding and shipping etc. **Parachichi Fresh Products Limited** is proud to have a wide network of suppliers, distributors and marketing professionals across the global. The strength of the capable workforce has been a huge asset for the company. The Plant and warehouse of the company will be well regulated with separate provisions for the storage of different grades of fruits and vegetable.

### **2.3.2 Quality control**

In addition to its own farms, **Parachichi Fresh Products Limited** will work with a net of affiliated independent farmers. We will offer advice and technical assistance to affiliated small farmers who form part of the company's supply network. To maintain the quality of our produce, we fund the purchase of fertilizers to our affiliated independent farmers. The company has offered stable employment to farmers in a sector where their income and employment are otherwise tenuous. When the farmers sell their harvest at **Parachichi Fresh Products Limited** central offices, the fruits are classified according to their size, texture, and ripeness, which must then pass quality controls before being carefully packaged and distributed. The manual selection and classification of the produce is done by the company's own experts and guarantees the highest levels of quality. The company plans to deploy modern machines for processing and packaging of avocados.

Seed Selection: All the fruits that **Parachichi Fresh Products Limited** offer have been classified according to their potential freshness and flavor even before they are planted. We acquire only the guaranteed, best seeds of the highest quality.

### **2.3.3 Company business philosophy and vision**

It is our strict policy and pride that, we are developing projects that bring about positive environmental, social and economic impact in addition to sustainability. In achieving this, we always collaborate with like-minded technology partners and investors.

With our continuous effort and hard work, we aim at eventually becoming champion in production, processing and distribution of agricultural products mainly fruits and vegetables for the local and foreign markets in Tanzania and beyond.

Our core company values include:

- Customer first: We strive to delight our customers
- Integrity: among our values we defend honesty, credibility and equity.
- Quality: We provide unparalleled quality services
- Efficiency: We keep our promise to deliver on time
- Team work: We respect the contribution of each team member
- Accountability: We take responsibility for what we do
- Environment: We contribute to the improvement of the environment and mitigate climate change impact

### **2.3.4 Export philosophy**

Our export philosophy is based on two pillars – speed and vigilance, allowing the company to guarantee the maximum freshness and quality of its products in the export market. We monitor each step of the production, procurement, and distribution process, a rarity in a sector where these steps are normally relegated to different companies. The speedy transport and distribution, always via refrigerated compartments, provides an additional guarantee of the quality and freshness of its fruits.

The main objective of the company is to serve our customers at a level that meets, or exceeds their expectations. We operate our business in a manner that our customers would like, based on their needs and desires with respect to providing safe products of premium quality in commercially adequate quantities that we procure them from. We lay high emphasis on the quality. We carry out stringent pre-shipment inspection of products to assure quality, quantity and packing. Besides, we are equipped with spacious storerooms with cold room facility that enables us to hold huge stocks and thus meet all kinds of market demands.

### **3.0 BUSINESS ENVIRONMENT**

The business may be affected by factors beyond owner's control, and these need to be taken into account before making any investment decision. The company has considered many opportunities and challenges that may arise out of the expected changes. Thus, analysis of business environment key factors is paramount to this plan in order to determine external factors and how they are likely to affect the project.

*Economically;* Tanzania is now experiencing economic growth whereby the purchasing power of people is increasing and people's interactions is increasing as trade grows in the East Africa and SADC regions. The country is highly improving business environment to encourage investors in various sectors where agriculture is one of the leading sectors which attracts the intention of the government in reducing post-harvest loss and improve livelihood of local farmers. The burning issue currently is the rate of inflation and continuous fall in domestic currency this would lead to increased cost of production as the price of fuels are rising. Issues like Common Market for the East Community are opening up business performance and later opportunities for exportation which necessitates expansion of production.

*Politically;* the political environment is conducive for the business operations. The current government regime is in support of industries. There have been adequate policies to support agricultural and industrial sectors as echoed in the National Development Vision 2025 (VISION 2025) which recognizes the leading role of the industrial sector in the process of transforming Tanzania's economy to a self-sustainable semi-industrial one by 2025. The Sustainable Industrial Development Policy 1996-2020 (SIDP) declared the 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:* The social aspect focuses on the forces within the society. Family, friends, colleagues, neighbours and the media are social factors. These factors can affect our attitudes, opinions and interests. So, it can impact sales of products and revenues earned. There is no doubt that the society is continually changing. The tastes and preferences are a great example of this change for the Tanzanian culture. Most of Tanzanians currently are willing to pay a premium price for a product that satisfies their expectations. Demographically, the country is increasing in population where currently the country is estimated to have over 59 million people. The increase in population necessitates increase in products and services.

*Technological factors:* Technological factors are variables that are being used for evaluating available alternatives with respect to technological capabilities. Our company consider it as an important tool for improving operations and functions. Technological factors are one of the various external environment factors that affect businesses greatly and are also an integral component of the PESTLE analysis. In the present scenario, utmost dependence on equipment, technological factors can have more effect on business operation and success globally than ever before. Furthermore, development of technology has also introduced digital marketing strategies through which companies are able to sell their products and services.

Even the research and development R&D divisions in companies have changed its way of functioning and more advanced techniques in the development of products and services have been introduced only through technological advancements. **Parachichi Fresh Products Limited** is constantly looking for development and updates within the technological environment. In this way, we do not only improve our operations but, we will also be well aware of business transformational phase. We will derive ground- breaking strategies to grow exponentially.

#### **4.0 MARKET ANALYSIS**

There is a growing demand for agricultural products in the country and foreign markets. Agriculture in Tanzania is the source of livelihood for the majority of the population. This project will utilize the prevailing opportunities and modern farming techniques to ensure high yield and quality of products that meets the market demands. This section determines demand level and whether the company shall be able to capture some of the market share. Also, the project shall determine methods of production, market size, pricing methods and competitors' analysis.

Key stakeholders in the food industry and avocado market are focusing on product differentiation by offering innovative, better quality and affordable products. Parachichi Fresh Products Limited is aware of all the market forces that are surrounding the agricultural products due to its experience in the business for the past 7 years in Tanzania. We will utilize all reasonable means to ensure that our products meet the required standards and be able to sustain competition.

#### **4.0 MARKETS FOR AVOCADOS AND OTHER FRUITS**

The growing health consciousness among Tanzanian consumers has resulted in consumers spending more on healthier foods such as fruits and vegetables. Health complications caused by lifestyle diseases, such as diabetes & hypertension, obesity, weakening of the immune system and deficiency of multi vitamins, have encouraged the country's people to include healthier alternatives like fruits and vegetables in their diets.

#### **4.0.1 Growing export markets**

Fruit and vegetable exports from Tanzania have been growing in the past few years, becoming a leading sub-sector that drives the agricultural sector's growth. The rising awareness targeting the export toward demanding markets helped the farmers increase the quality standards of their vegetables, making them highly profitable.

#### **4.1 Target markets and their characteristics**

Market is not a problem for us as through our sister company, The Fresh Products Limited, we have been selling avocados for many years and the demand is still high. When it comes to selling agricultural products especially fruits, there is indeed a wide range of available customers. In essence, our target market can't be restricted to just a group of people or organization, but all those who reside in our target market locations. In view of that, we have conducted our market research and we have ideas of what our target market is expecting from us. We are in business to engage in the production and distribution of agricultural products to the following groups of organizations;

- Individual consumers and institutional buyers such as super markets, hotels and schools.
- Local traders of agricultural commodities.
- Large organizations that buy in bulk for storage and distribution to their networks.
- Food processors that make use of agricultural products as part of their raw materials.

## 4.2 SWOT ANALYSIS

**Parachichi Fresh Products Limited** has conducted a thorough SWOT analysis that will help us achieve our business goals and objectives. This is the summary of the SWOT analysis that was conducted. The analysis is carried out to assess the strength that the business can leverage on, and then assess its weaknesses that need to be improved. In this part also potential opportunities are identified and how the business can utilize these opportunities. Lastly, the business has identified potential threats and challenges that are likely to face the business and the workable mitigation plans.

***Strengths:*** Part of what is going to count as positives **Parachichi Fresh Products Limited** is the vast experience and knowledge of our management team; we have people on board and the company intend to hire people who are highly experienced and who understand how to grow business from the scratch to profitability. **Parachichi Fresh Products Limited** has huge experience in working with farmers in Iringa, Njombe and Mbeya regions with huge network of stakeholders in the avocado value chain. The relationship with farmers is excellent. So also, our distribution network and of course our excellent customer service culture will definitely count as a strong strength for the business.

***Weakness:*** A major weakness that may count against us is the fact that we are still a new company at early stage of agricultural production and manufacturing plants in the country; and we could take a financially cautious approach to engage in the kind of publicity that we intend to give the business.

***Opportunities:*** Rising in population and regional trade arrangements opens up a huge opportunity to our business. We only need to position our business to take advantage of the existing market to create our own new market. We know that it is going to require hard work, but we are determined to achieve it.

***Challenges/Threats:*** We are quite aware that just like any other business, one of the major threats that we are likely going to face is economic downturn and unfavourable

government policies. It is a fact that economic downturn affects purchasing power. Another threat that may likely confront us is the likelihood of other companies to establish similar businesses where we are. However, we understand how to position ourselves in the market, at the same time making sure that our products meet the demand requirements.

**Distribution:** Parachichi Fresh Products Limited has arranged to start operations by looking at the most convenient market segment. The main targeted market is selling the products to our current clients in the EU and Middle East. This helps to save time and cost of establishing shops at the start. After production expansion, distribution shall be done through company vehicles distributed monthly and regular follow-ups shall be made. While for other customer segments, online marketing shall be fully applied to contact potential customers and make orders online.

**Promotion:** A word of mouth has been the major promotion strategy for the business. This strategy is cheap and the product can effectively describe itself as it is clean and self-sufficient. The company shall make use of the trade fair and exhibitions in the country that will help to promote the products. The company will also be printing t-shirts and fliers as a communication strategy and promotional tools. The official website/ blog will be launched and maintained by outsourcing IT technicians. This strategy will help to promote the company in foreign market.

## **5.0 OPERATIONAL PLAN**

### **5.1 Long term operation plan**

The project is expected to be operated through two departments; the finance and administration one hand; and operation and marketing on the other. The Finance and Administration department is responsible for all administrative and personnel issues; while the operation and production department under farm manager is responsible for field operations and technical aspects of the business and marketing activities. The farm manager is a skilled salaried employee who work day to day 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 available operational environment. The operational plan is associated with production costs as well as materials required as inputs in the production process.

## **6.0 MANAGEMENT PLAN**

The management structure of **Parachichi Fresh Products Limited** will be headed by the CEO who shall be overseeing all company's operations on daily basis. The Operations Manager shall be responsible for day-to-day production and operations and manage all staff under his/her line. The Finance and Administrative Manager shall be responsible for all administrative duties and finances and supervises all personnel under his/her line; The Marketing Manager shall be responsible for daily operations, sales and engaging casual workers at different levels when needed. The engineering and maintenance manager shall be responsible for technical issues of the plant.

## 7.0 FINANCIAL PLAN

### 7.1 Financial Assumption

Several assumptions were made and considered in the preparation of this financial plan and projection. The assumptions are based on professional judgment, economic trends and current financial market environment. These are as noted below;

- (i) The focus market shall be domestic market through wholesalers, retailers, direct sales and later to other countries through exports;
- (ii) All 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% per annum;
- (iv) Depreciation will be charged on straight line method to allocate the cost of each value over its 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 also include issues on credit sales, payments of interest rates, taxes and other levies. From the beginning, we recognize that payment terms and hence collection days are critical, but not a factor we can influence easily. At least we are planning on the problem, and dealing with 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 inflation rate of 5% yearly.
- Maintenance costs 5% of Property Plant and Equipment
- Corporate tax is 30% of Net Income

## 7.2 Sources of Funds

The project financing shall come from owners' equity by USD 600,000 while USD1,000,000 is expected to come from debt financing through bank loan. The owners have already committed some funds into the project for site preparation and preliminary costs of the project.

## 7.3 Profitability Analysis

The project profitability analysis indicates that the project will be able to generate substantial amounts of profits throughout the project, table 7.1 summarizes the profit analysis for 5 years.

**Table 7.1: Profit Projections (US\$)**

Year	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEARS 5
Sales	2,485,000	2,609,250	2,739,713	2,876,698	3,020,533
Total production cost	1,734,700	1,821,435	1,912,507	2,008,132	2,108,539
<b>Profit Margin (Loss)</b>	<b>750,300</b>	<b>787,815</b>	<b>827,206</b>	<b>868,566</b>	<b>911,994</b>

## 7.3 Operating Expenses

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

**Table 7.2 Operating Expenses**

Expenses	Year 1	Year 2	Year 3	Year 4	Year 5
Marketing expenses	3,150	3,308	3,473	3,647	3,829
Bank Charges	1,530	1,607	1,687	1,771	1,860
Insurance	9,065	9,518	9,994	10,494	11,019
Office expenses	2,500	2,625	2,756	2,894	3,039
Permits and Licenses	2430	2,552	2,679	2,813	2,954
Vehicle expenses	4,476	4,700	4,935	5,182	5,441
Professional fees	2,608	2,738	2,875	3,019	3,170

Provisional for bad & doubtful debts	30,500	32,025	33,626	35,308	37,073
Depreciations	152,000	159,600	167,580	175,959	184,757
Miscellaneous expenses	2,100	2,205	2,315	2,431	2,553
<b>Total</b>	<b>210,359</b>	<b>220,877</b>	<b>231,921</b>	<b>243,517</b>	<b>255,693</b>

#### 7.4 The Projected Income Statements

The Projected income statements for five years indicate that the project shall be able to generate substantial amounts 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	2,485,000	2,609,250	2,739,713	2,876,698	3,020,533
Less Cost of sales:	1,734,700	1,821,435	1,912,507	2,008,132	2,108,539
<b>Gross Profit</b>	<b>750,300</b>	<b>787,815</b>	<b>827,206</b>	<b>868,566</b>	<b>911,994</b>
Less Operating Expenses	210,359	220,877	231,921	243,517	255,693
<i>Earnings before Interest and Tax (EBIT)</i>	539,941	566,938	595,285	625,049	656,301
Less Loan interest	150,000	200,000	200,000	200,000	200,000
<i>Earnings Before Tax</i>	389,941	366,938	395,285	425,049	456,301
Less TAX 30%	116,982	110,081	118,586	127,515	136,890
<b>NET PROFIT/ (Loss)</b>	<b>272,959</b>	<b>256,857</b>	<b>276,700</b>	<b>297,534</b>	<b>319,411</b>
Dividend 30%	81,888	77,057	83,010	89,260	95,823
<b>Retained Earnings</b>	<b>191,071</b>	<b>179,800</b>	<b>193,690</b>	<b>208,274</b>	<b>223,588</b>

## 7.5 Projected Balance Sheet

The Projected balance sheet for five years indicates the capacity of the project to finance its operations throughout the projected period 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	315,000	299,250	567,000	850,500	756,000
Machinery &Equipment	850,000	765,000	680,000	595,000	510,000
Motor vehicles	325,000	260,000	195,000	130,000	65,000
<b>Total Non-Current Assets</b>	<b>1,490,000</b>	<b>1,324,250</b>	<b>1,442,000</b>	<b>1,575,500</b>	<b>1,331,000</b>
Stocks	163,053	58,981	56,000	52,500	53,100
Debtors & Prepayments	12,500	40,950	41,500	45,400	110,367
Cash and Bank balance	205,000	230,000	215,000	99,000	211,475
<b>Total Current Assets</b>	<b>380,553</b>	<b>329,931</b>	<b>312,500</b>	<b>196,900</b>	<b>374,942</b>
<b>TOTAL ASSETS</b>	<b>1,870,553</b>	<b>1,654,181</b>	<b>1,754,500</b>	<b>1,772,400</b>	<b>1,705,942</b>
Share Capital	200,000	200,000	200,000	200,000	200,000
Additions					
Retained Earnings	191,071	179,800	373,489	581,763	805,351
<b>Total Equity</b>	<b>391,071</b>	<b>379,800</b>	<b>573,489</b>	<b>781,763</b>	<b>1,005,351</b>

Bank loan	850,000	650,000	450,000	250,000	50,000
<b>Total Non-Current Liability</b>	850,000	650,000	450,000	250,000	50,000
Trade Creditors and Accruals	512,500	514,300	612,425	613,122	513,700
Taxation	116,982	110,081	118,586	127,515	136,890
<b>Total Current Liabilities</b>	1,479,482	1,274,381	1,181,011	990,637	700,590
<b>Total Liability &amp; Equity</b>	<b>1,870,553</b>	<b>1,654,181</b>	<b>1,754,500</b>	<b>1,772,400</b>	<b>1,705,942</b>

## 7.6 Projected Cash Flows

The projected cash flows for five years indicates that the project shall be able to maintain sufficient cash required to meet all operational needs 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>
<b>Cash from operations:</b>					
Profits before tax	389,941	366,938	395,285	425,049	456,301
<b>Adjustments for non-cash items:</b>					
Depreciations	152,000	159,600	167,580	175,959	184,757
<b>Change in Working Capital:</b>					
Receivables	-175,553	-178,087	-183,164	-103,981	-111,319
Trade payables & Accruals	512,500	111,687	371,895	253,747	525,450
<b>Total</b>	<b>878,888</b>	<b>460,138</b>	<b>751,596</b>	<b>750,774</b>	<b>1,055,189</b>
Interest Paid	-150,000	-200,000	-200,000	-200,000	-200,000
Tax payments	-116,982	-110,081	-118,586	-127,515	-136,890
<b>Total Cash Inflow from Operating Activities</b>	<b>611,906</b>	<b>150,057</b>	<b>433,011</b>	<b>423,259</b>	<b>718,299</b>
<b>Cash from investing activities:</b>					
Purchase of property, plant & equipment	1,490,000	48,000	365,000	450,000	510,000
<b>Net Cash Outflow From Investing Activities</b>	<b>-878,094</b>	<b>102,057</b>	<b>68,011</b>	<b>-26,741</b>	<b>208,299</b>
<b>Cash from financing activities:</b>					
Dividends	-81,888	-77,057	-83,010	-89,260	-95,823
Long Term Loan	1,000,00	0	0	0	0

	0				
<b>Change in cash &amp; cash equivalent</b>	<b>40,018</b>	<b>25,000</b>	<b>-14,999</b>	<b>-116,001</b>	<b>112,476</b>
<i>Beginning Cash Balance</i>	<b>164,982</b>	<b>205,000</b>	<b>230,000</b>	<b>215,000</b>	<b>99,000</b>
<i>Ending Cash Balance</i>	<b>205,000</b>	<b>230,000</b>	<b>215,000</b>	<b>99,000</b>	<b>211,475</b>

## **8.0 ECONOMIC ASPECTS**

### **8.1 National economic and social Benefits**

The economic and social impact of establishing the proposed project to Tanzania is expected to be positive. This positive impact is expected to be direct and indirect as explained below:

#### **(i) 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,
- (c) Employment opportunities generation; 150 direct jobs expected to be created to Tanzanians.
- (d) Technology and knowledge transfer
- (e) Income generation to farmers through contract farming

#### **(ii) Indirect economic (job creation)**

In addition to the direct employment opportunities that the proposed project is expected to generate, its operations are expected to boost operations of their distributors and suppliers of goods/services that the project will need to sustain its operations. With the increase in the activities of these suppliers, there is great likelihood that the increase will create additional employment opportunities in their businesses.

#### **(iii) Corporate Social Responsibility**

The project is also expected to operate as a responsible corporate citizen by fulfilling some of its corporate responsibilities such as assisting some of the disadvantage communities by way of donations, starting from the communities living near the factory.

## **9.0 CONCLUSION**

The financial analysis in this plan indicates a positive growth and ability of the project to recover initial investments and make substantial profits in the successive years. The objectives indicated in this plan are likely to be met; hence it is feasible undertaking this project. In addition, the community where the project will operate is likely to benefit from employment created through provision of locally grown fruits and vegetables at a reasonable price and thus create more indirect jobs to all stakeholders engaged in the purchase and sell of company's products. The project is also expected to benefit the society through social corporate responsibility activities of the company; and most importantly; the government will get taxes from the project and help to contribute to countries economic growth strategies.

## **9.1 RECOMMENDATION**

We are highly encouraged to undertake this project, due to the fact that it has proven to have great potentials of meeting the locally available demand and foreign markets as well. The financial analysis also shows a significant contribution of the to the country's economic activities through employment creation and raising tax revenues to the government. Various stakeholders both from the public and private sector are highly requested to support this project at whatever capacity that may make this project a success.

