

# **Business Plan**

**ORGANIC GROWTH  
LIMITED**

**Hassan Hatibu**

**Hassan Bakari**

**September 20, 2021**

## Executive Summary

Hassan Juma Hatibu and Hassan Bakari Namkananda have been involved with the crop industry for several years. They opened their first industry in Masasi, in 2019, and their second in Hugo in 1988. Although praised for the quality of many of the items on their menu, they have attained a special notoriety for their desserts. After years of requests for their flavored whipped cream toppings, they have decided to pursue marketing these products separately from the industry.

Hassan Juma Hatibu and Hassan Bakari Namkananda have developed several recipes for flavored whipped cream topping. They include chocolate, raspberry, cinnamon almond, and strawberry. These flavored dessert toppings have been used in the setting of their two industry over the past 18 years, and have been produced in large quantities. The estimated shelf life of the product is 21 days at refrigeration temperatures and up to six months when frozen.

Hatibu intend to market this product in its frozen state in 8 and 12-ounce plastic tubs. They also intend to have the products available in six ounce pressurized cans. Special attention has been given to developing an attractive label that will stress the gourmet/specialty nature of the products.

Distribution of ORGANIC GROWTH LIMITED Whipped Dream product will begin in the local southeastern Mtwara area. The Beans have an established name and reputation in this area, and product introduction should encounter little resistance.

Financial analyses show that the company will have both a positive cash flow and profit in the first year. The expected return on equity in the first year is 10.88%

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## Background and History

Hassan Juma Hatibu and Hassan Bakari Namkananda have been involved with the food industry for several years. They opened their first industry in masasi in 2019, and their second in Nanyumbu in 2020. Although praised for the quality of many of the items on their menu, they have attained a special notoriety for their desserts. After years of requests for their flavored whipped cream toppings, they have decided to pursue marketing these products separately from the industry.

## Description of Products

Hassan Juma Hatibu and Hassan Bakari Namkananda have developed several recipes for flavored whipped cream topping. They include chocolate, raspberry, cinnamon almond, and cashewnuts. These flavored dessert toppings have been used in the setting of their two industry over the past 18 years, and have been produced in large quantities. The estimated shelf life of the product is 21 days at refrigeration temperatures and up to six months when frozen.

Hatibu intend to market this product in its frozen state in 8 and 12-ounce plastic tubs. They also intend to have the products available in six ounce pressurized cans.

## **MARKETING**

The demand for food grains Tandahimba and transportation services in Tanzania and outside, keeps growing from time to time providing market assurance to the applicant. But the applicant has developed the following market strategies in order to capture the new market and maintain the existing one;

- Product approach

He has the wide chance of selecting the quality products for his customers. Thus, making sure that the goods he sells in his business are modern, have high quality and last longer. This attracts customers to his business and therefore he the targeted market.

- Pricing approach

large quality purchase enables him to obtain economies of scale such as transportation cost per unit. The discount plus the economies of large scale he obtains enables him to set lower prices than his competitors. By doing so he attracts more customers to his business.

## COMPETITION

There are several other entities around Tandahimba that deal with the business of manufacturing cashewnuts products. Some of these competitors include; NIKO, Vitronex company limited just to mention a few. These competitors act as a challenge to Organic Growth Limited making him to operate his business in a more efficient and convenient manner that will attract more customers to him than his competitors.

## MARKET SWOT ANALYSIS

- Strength

Organic Growth Limited has competent Managerial skills from his experience, seminars and trainings that he had obtained. He is able to manage stock, debtors and suppliers at low cost and maximum profit.

- Weakness

The applicant lacks enough Capital to be able to expand the business and meet the demand of customers. He can overcome this weakness if he receives the loan facility from CRDB Masasi Branch.

- Opportunities

There is an opportunity for Organic Growth Limited to expand the business. This will be made possible if he receives a loan from CRDB bank to make bulky purchases.

- Threats

- a) Other industries may like to involve in same business done by Organic Growth Limited
- b) Increase in the prices of food grains offered by suppliers resulted from high production cost and inflation rate.

## Manufacturing Plans

Because ORGANIC GROWTH LIMITED owns and operates two industry, they have facilities available to them for a certain amount of the production, indicates that The Hatibu can use these facilities to manufacture food available for retail sale provided that the production occurs while the industry is not open to the public.

ORGANIC GROWTH LIMITED has a 50-gallon high speed mixer, a pressurized tank in which the product can be gassed with nitrous oxide, and a 10-foot by 10-foot walk-in freezer, enabling them to both produce and store frozen tubs of Whipped Dream. This process is already established on a commercial scale. They are in fact already making Whipped Dream for use in their restaurant, and storing it in the freezer.

Hatibu and Bakari feel that the specialty nature of the product will lend itself well to the pressurized can, and this was confirmed by the focus group conducted at Tandahimba. To pursue that opportunity, ORGANIC GROWTH LIMITED has contracted production of the pressurized 6-ounce cans with Farm Fresh, dairy processing firm.

## Financial Projections

The following pages include multiyear projections for income, cash flow, balance statement, as well as estimated financial ratios. These projections are for the Whipped Dream division of ORGANIC GROWTH LIMITED LLC only. Historical financial information on ORGANIC GROWTH LIMITED industry is available upon request.



# FINCARE AND COMPANY

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## **INDEPENDENT AUDITOR'S REPORT TO Organic Growth Limited FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2020.**

### **Auditor's Opinion**

We have audited the attached Financial Statements on page 5 to page 12 of Organic Growth Limited of P. O. Box 595, Tandahimba, which comprise the Statement of Financial Position as at 31<sup>st</sup> December, 2020 and the related Statement of Comprehensive Income, the Statement of Change in Equity and the Statement of Cash Flows for the year ended on that date. The statements have been prepared under historical cost convention and the accounting policies set out on pages 9 and 10 of this report. We have obtained the information and explanations we considered necessary for the purpose of our audit. In our opinion, the accompanying financial statements give a true and fair view of the financial position of the business and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### **Basic for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of financial statements section of our report.

We are independent auditors of the business in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Tanzania and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance. In our audit of the financial statements of the current year there were no key audit matters

### **Responsibility for the Financial Statements**

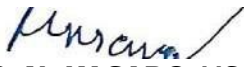
The management of Organic Growth Limited of P. O. Box 595, Tandahimba, is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs). This responsibility includes designing, implementing internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

**Auditors' Responsibilities for the Audit of the Financial Statement**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**The Engagement Partner**

The Engagement Partner on the audit resulting in this independent auditor's report is Mr. Godfrey Kasaro.



**G. N. KASARO**-MSc, CIMA, FTAA, FCPA

**FINCARE AND COMPANY,  
CERTIFIED PUBLIC ACCOUNTANTS,**

**DAR ES SALAAM**



# ORGANIC GROWTH LIMITED

## Pro Forma Income Statement January 2022 - December 2022

Net Sales	39,000,000	
Less: Cost of Goods Sold	13,600,000	
Gross Income		25,400,000
Operating Expenses		
Labor	8,000,000	
Utilities	3,000,000	
Insurance	2,400,000	
Sales Promotion	9,00,000	
Delivery and Transportation	1,600,000	
Miscellaneous	1,500,000	
Total Expenses		17,400,000
Net Income Before Taxes		8,000,000
Less: Income Taxes		2,400,000
Net Income After Taxes		5,600,000

### Assumptions:

- 1 Net sales based on price of 3,500 per unit,
 

5,700 units sold in Dar es salaam	475 units per month
2,300 units sold in Arusha	191.66 units per month
285.7 units sold in Dodoma City	142.8 units per month for 6 months

Sales estimates based on 5% market share for prepared whipped topping in each market.

- 2 Cost of goods sold includes ingredients, packaging materials, labels, and co-packing expenses for canned product.

- 3 No salary will be drawn by the owners/managers in the first year. All profits will be re-invested for new market entry and increased production.

# ORGANIC GROWTH LIMITED

## Pro Forma Income Statement January 2023 - December 2023

Net Sales	43,500,000	
Less: Cost of Goods Sold	20,400,000	
Gross Income		23,100,000
Operating Expenses		
Labor	8,000,000	
Utilities	4,500,000	
Insurance	3,600,000	
Sales Promotion	1,350,000	
Delivery and Transportation	2,400,000	
Miscellaneous	1,500,000	
Total Expenses		21,350,000
Net Income Before Taxes		1,750,000
Less: Income Taxes		525,000
Net Income After Taxes		1,225,000

### Assumptions:

- 1 Net sales based on price of 3,500 per unit,
 

8,900 units sold in Dar es salaam	741.67 units per month
2,900 units sold in Arusha	241.67 units per month
628.57 units sold in Dodoma City	52.3 units per month

Sales estimates based on 50% sales increase from previous year.

- 2 Cost of goods sold includes ingredients, packaging materials, labels, and co-packing expenses for canned product.

- 3 No salary will be drawn by the owners/managers in the second year. All profits will be re-invested for new market entry and increased production.

# ORGANIC GROWTH LIMITED

## Pro Forma Income Statement January 2023 - December 2023

Net Sales	65,250,000	
Less: Cost of Goods Sold	32,000,000	
Gross Income		33,250,000
Operating Expenses		
Salary	11,600,000	
Labor	3,000,000	
Utilities	2,500,000	
Insurance	3,600,000	
Sales Promotion	2,000,000	
Delivery and Transportation	2,600,000	
Miscellaneous	1,500,000	
Total Expenses		26,800,000
Net Income Before Taxes		6,450,000
Less: Income Taxes		1,935,000
Net Income After Taxes		4,515,000

### Assumptions:

- 1 Net sales based on price of 4,500 per unit,
 

10,000 units sold in Dar es salaam	833.33 units per month
3,500 units sold in Arusha	291.6 units per month
700 units sold in Dodoma City	58.33 units per month
300 units sold in Mwanza	150 units per month for 6 months

Sales estimates based on 50% sales increase from previous year.

- 2 Cost of goods sold includes ingredients, packaging materials, labels, and co-packing expenses for canned product.

- 3 Salary will be drawn by the owners/managers in the third year.

**YEAR 1**

<b>CASH FLOW PROJECTED BURGET FOR 12 MONTHS ENDING FEBRU 2022</b>													
	<i>Figures in Millions "000"</i>												
<b>PARTICULAR</b>	<b>APR 2021</b>	<b>MAY 2021</b>	<b>JUN 2021</b>	<b>JUL 2021</b>	<b>AUG 2021</b>	<b>SEP 2021</b>	<b>OCT 2021</b>	<b>NOV 2021</b>	<b>DEC 2021</b>	<b>JAN 2022</b>	<b>FEB 2022</b>	<b>MAR 2022</b>	<b>TOTAL</b>
<b>A. INFLOW</b>													
Sales	171,280	171,281	171,282	171,283	171,284	171,285	171,286	171,287	171,288	171,289	171,290	171,291	<b>2,055,426</b>
Loan	250,000	-	-	-	-	-	-	-	-	-	-	-	<b>250,000</b>
<b>TOTAL INCOME</b>	<b>421,280</b>	<b>171,281</b>	<b>171,282</b>	<b>171,283</b>	<b>171,284</b>	<b>171,285</b>	<b>171,286</b>	<b>171,287</b>	<b>171,288</b>	<b>171,289</b>	<b>171,290</b>	<b>171,291</b>	<b>2,305,426</b>
<b>B. OUTFLOW</b>													
Purchases	169,520	159,040	159,045	159,050	159,055	159,060	159,065	159,070	159,075	159,080	159,085	159,090	<b>1,919,235</b>
Salaries and Wages	502	502	502	502	502	502	502	502	502	502	502	502	<b>6,024</b>
Communication	92	102	110	120	103	99	112	97	110	105	104	103	<b>1,257</b>
Stationaries and Printing	47	49	50	52	54	46	47	54	45	51	68	42	<b>605</b>
Transport Cost	1,566	1,567	1,568	1,569	1,570	1,571	1,572	1,573	1,574	1,575	1,576	1,577	<b>18,858</b>
Rent	240	240	240	240	240	240	240	240	240	240	240	240	<b>2,880</b>
Electricity and Water	110	115	120	125	130	135	140	145	150	155	160	165	<b>1,650</b>
Security	216	216	216	216	216	216	216	216	216	216	216	216	<b>2,592</b>
Financial charges	356	356	356	356	356	356	356	356	356	356	356	356	<b>4,272</b>
Loan repayment	15,269	15,269	15,269	15,269	15,269	15,269	15,269	15,269	15,269	15,269	15,269	15,269	<b>183,228</b>
<b>TOTAL OUTFLOW</b>	<b>187,918</b>	<b>177,456</b>	<b>177,476</b>	<b>177,499</b>	<b>177,495</b>	<b>177,494</b>	<b>177,519</b>	<b>177,522</b>	<b>177,537</b>	<b>177,549</b>	<b>177,576</b>	<b>177,560</b>	<b>2,140,601</b>
<b>NET INFLOW (OUTFLOW)</b>	<b>233,362</b>	<b>(6,175)</b>	<b>(6,194)</b>	<b>(6,216)</b>	<b>(6,211)</b>	<b>(6,209)</b>	<b>(6,233)</b>	<b>(6,235)</b>	<b>(6,249)</b>	<b>(6,260)</b>	<b>(6,286)</b>	<b>(6,269)</b>	<b>164,825</b>
<b>Opening (Loan)</b>	<b>(60,000)</b>	<b>173,362</b>	<b>167,187</b>	<b>160,993</b>	<b>154,777</b>	<b>148,566</b>	<b>142,357</b>	<b>136,124</b>	<b>129,889</b>	<b>123,640</b>	<b>117,380</b>	<b>111,094</b>	<b>(60,000)</b>
<b>Closing Balnces</b>	<b>173,362</b>	<b>167,187</b>	<b>160,993</b>	<b>154,777</b>	<b>148,566</b>	<b>142,357</b>	<b>136,124</b>	<b>129,889</b>	<b>123,640</b>	<b>117,380</b>	<b>111,094</b>	<b>104,825</b>	<b>104,825</b>

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Director

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DATE

**YEAR 2**

<b>CASH FLOW PROJECTED BURGET FOR 12 MONTHS ENDING FEBRUATY 2022</b>													
	<i>Figures in Millions "000"</i>												
<b>PARTICULAR</b>	<b>APR 2022</b>	<b>MAY 2022</b>	<b>JUN 2022</b>	<b>JUL 2022</b>	<b>AUG 2022</b>	<b>SEP 2022</b>	<b>OCT 2022</b>	<b>NOV 2022</b>	<b>DEC 2022</b>	<b>JAN 2023</b>	<b>FEB 2023</b>	<b>MAR 2023</b>	<b>TOTAL</b>
<b>A. INFLOW</b>													
Sales	215,280	215,281	215,282	215,283	215,284	215,285	215,286	215,287	215,288	215,289	215,290	215,291	<b>2,583,426</b>
Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL INCOME</b>	<b>215,280</b>	<b>215,281</b>	<b>215,282</b>	<b>215,283</b>	<b>215,284</b>	<b>215,285</b>	<b>215,286</b>	<b>215,287</b>	<b>215,288</b>	<b>215,289</b>	<b>215,290</b>	<b>215,291</b>	<b>2,583,426</b>
<b>B. OUTFLOW</b>													
Purchases	179,520	179,520	179,525	179,530	179,535	179,540	179,545	179,550	179,555	179,560	179,565	179,570	<b>2,154,515</b>
Salaries and Wages	511	511	511	511	511	511	511	511	511	511	511	511	<b>6,132</b>
Communication	102	111	120	123	113	119	120	127	130	125	144	163	<b>1,497</b>
Stationaries and Printing	47	49	50	52	54	46	47	54	45	51	68	42	<b>605</b>
Transport Cost	1,725	1,726	1,727	1,728	1,729	1,730	1,731	1,732	1,733	1,734	1,735	1,736	<b>20,766</b>
Rent	240	240	240	240	240	240	240	240	240	240	240	240	<b>2,880</b>
Electricity and Water	110	115	120	125	130	135	140	145	150	155	160	165	<b>1,650</b>
Security	216	216	216	216	216	216	216	216	216	216	216	216	<b>2,592</b>
Financial charges	356	356	356	356	356	356	356	356	356	356	356	356	<b>4,272</b>
Loan repayment	15,269	15,269	15,269	15,269	15,269	15,269	15,269	15,269	15,269	15,269	15,269	15,269	<b>183,228</b>
<b>TOTAL OUTFLOW</b>	<b><u>198,096</u></b>	<b><u>198,113</u></b>	<b><u>198,134</u></b>	<b><u>198,150</u></b>	<b><u>198,153</u></b>	<b><u>198,162</u></b>	<b><u>198,175</u></b>	<b><u>198,200</u></b>	<b><u>198,205</u></b>	<b><u>198,217</u></b>	<b><u>198,264</u></b>	<b><u>198,268</u></b>	<b><u>2,378,137</u></b>
<b>NET INFLOW (OUTFLOW)</b>	<b>17,184</b>	<b>17,168</b>	<b>17,148</b>	<b>17,133</b>	<b>17,131</b>	<b>17,123</b>	<b>17,111</b>	<b>17,087</b>	<b>17,083</b>	<b>17,072</b>	<b>17,026</b>	<b>17,023</b>	<b>205,289</b>
<b>Opening (Loan)</b>	<b>104,825</b>	<b>122,009</b>	<b>139,177</b>	<b>156,325</b>	<b>173,458</b>	<b>190,589</b>	<b>207,712</b>	<b>224,823</b>	<b>241,910</b>	<b>258,993</b>	<b>276,065</b>	<b>293,091</b>	<b>104,825</b>
<b>Closing Balnces</b>	<b>122,009</b>	<b>139,177</b>	<b>156,325</b>	<b>173,458</b>	<b>190,589</b>	<b>207,712</b>	<b>224,823</b>	<b>241,910</b>	<b>258,993</b>	<b>276,065</b>	<b>293,091</b>	<b>310,114</b>	<b>310,114</b>

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**Director**

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**DATE**

# ORGANIC GROWTH LIMITED

## Pro Forma Balance Sheet

### December 31, 1999

Current Assets			
Cash		7,054.00	
Accounts Receivable		60,484.00	
Inventory		80,042.00	
Pre-Paid Expenses		<u>1,046.00</u>	
Total Current Assets			148,626.00
Fixed Assets			
Building	100,500.00		
Equipment	<u>40,950.00</u>		
Gross Fixed Assets		141,450.00	
Less Accumulated Depreciation		<u>16,900.00</u>	
Net Fixed Assets			124,550.00
<b>Total Assets</b>			<b>273,176.00</b>
LIABILITIES AND OWNERS EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable	51,343.00		
Accrued Payables	<u>3,060.00</u>		
Total Current Liabilities		54,408.00	
Long Term Liabilities			
Mortgage Payable		<u>20,708.00</u>	
<b>Total Liabilities</b>			<b>75,116.00</b>
<b>Owner's Equity</b>			<b>198,060.00</b>
<b>Total Liabilities and Owner's Equity</b>			<b>273,176.00</b>

[Note: A typical business plan would have 3-5 years of pro forma balance sheets, not just one year as shown here. The pro forma balance sheets for following years will be impacted by how profits are handled (retained in the business or paid out to the owner(s)), how assets are depreciated over time, the reinvestment of cash, the pay-down of debts, etc. The first year pro forma balance sheet shown here is used to calculate financial ratios.]

# ORGANIC GROWTH LIMITED

## Financial Ratios December 31, 2022

Return on Equity	=	$\frac{\text{Net Profit before Taxes}}{\text{Net Equity}}$	=	21,550.00	=	10.88%
				198,060.00		
Current Ratio	=	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	=	148,626.00	=	2.73
				54,408.00		
Quick Ratio	=	$\frac{\text{Curr. Assets - Inventory}}{\text{Current Liabilities}}$	=	68,584.00	=	1.26
				54,408.00		
Debt to Equity	=	$\frac{\text{Total Liabilities}}{\text{Net Equity}}$	=	75,116.00	=	0.38
				198,060.00		

## Contingency Plans

While careful planning was involved in setting the strategic goals for Whipped Dream, it may be that these goals are not met. The Hatibu and Bakari have decided to set a zone of acceptability for meeting sales and financial objectives. For both sales and financial objectives, a 10% negative deviation from expected sales and projected returns on assets will be accepted. However, if sales objectives and returns on investment are less than 90% of projections, certain actions will be taken. These actions include:

- 1. For unacceptable sales levels during the first year:** ORGANIC GROWTH LIMITED will combat this problem by doubling in-store promotions of Whipped Dream in Antlers and Hugo. The Beans will personally arrange and carry out these promotions on weekends at peak shopping times. If sales do not increase within one month of the in-store promotions, ORGANIC GROWTH LIMITED will advertise in the weekly shopping circulars of the stores for one month.
- 2. For unacceptable sales levels in Dodoma City and mwanza:** After 6 months of marketing products in these two metropolitan areas, sales will be evaluated. If not meeting acceptable sales levels, ORGANIC GROWTH LIMITED will consider contracting with local marketing specialists in Oklahoma City and Tulsa to carry out the in-store promotions and push the products to the stores. This contractual relationship will be based upon sales commissions (to be determined by the specialists and ORGANIC GROWTH LIMITED), thereby providing incentive for the specialists to generate sales of Whipped Dream.
- 3. For unacceptable business liquidity:** In the event that the business lacks liquidity, ORGANIC GROWTH LIMITED will examine their accounts receivable procedures to ensure that payment periods are just and that payments are being received in a timely manner. Also, cash flow projections will be reviewed to determine if unforeseen cash layouts/expenses are undermining the financial health of the enterprise.
- 4. For unacceptable returns on equity:** If returns on assets and owners' equity fall below acceptable levels, ORGANIC GROWTH LIMITED will first examine and compare the per-unit costs of production and marketing with sales prices. If the margins are too thin, a price increase for products sold in specialty/gourmet shops will be considered. However, because established non-flavored substitutes already exist at lower prices, the lost sales resulting from a price increase may make this option unsuitable for products sold in general food stores. ORGANIC GROWTH LIMITED will therefore assess opportunities for minimizing production costs and examine different marketing/distribution alternatives.