

8/2/2023



**MACJARO
LIMITED**

BUSINESS PLAN FOR TIC REGISTRATION



**An Agricultural Project for mixed farming for Production of
Macadamia, Cavendish Banana, Coffee and Tomatoes and other
Crops within Hai, Same and Siha Districts in Kilimanjaro Region**

A – EXECUTIVE SUMMARY

MACJARO LIMITED is a company registered under the Laws of the United Republic of Tanzania. It is a **local** company that is wholly and exclusively owned by **foreign investors**. The company's authorized share capital is TShs. 7,000,000,000 divided into 700,000 shares of TShs. 10,000 each.

The company has resolved to establish a project that will farm 4 main products. These products are Cavendish banana, coffee, macadamia and tomatoes. Planned investment capital for this project is **USD 2,335,672**. The investment capital is from foreign equity (**100%**). At full capacity this project will employ a total of 432 people, 428 of whom are local. Beside those directly employed, the project is estimated to employ a minimum of 360 via the out-grower schemes. These are indirect employment opportunities.

Through analyses conducted the promoters of the project have realized feasibility of this project. The market analysis conducted has revealed that the products will penetrate the markets and the company can establish its niches in the local and global markets. The financial analysis has shown that the investment will pay-off as it has been predicted to make profits.

The objective of this business plan is to present the business idea so that the TIC can provide incentives and immunities to the project presented. The incentives will help this project to develop and since this is a financially, socio-economically and fiscally rational project the management believes that it deserves the incentives. Socio-economically this agriculture project will contribute to localization of the production of imported products thus, besides creating employment; it will develop locals' skills and reduce national spending of foreign currency on importations of the products.

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C – THE PROJECT AT A GLANCE

S/No	CATEGORY	RENARKS		
1.	Company Details	Name	Macjaro Limited	
		Incorporation No.	139482	
		Incorporation Date	21-11-2017	
		TIN No.	137-061-007	
		Authorized Shares	TShs. 700,000	
		Price per Share	TShs. 10,000	
		Authorizes Share Capital	TShs. 7,000,000,000	
		Shareholders	1. PAMOJA FARMS LIMITED, 536149 shares taken 2. PAMOJA IMPACT LIMITED 1 share taken 3. JAMES RICHARD DOUGLAS POWELL 100 shares taken	
2.	Project Details	Activity: Mixed crop farming of Cavendish bananas, coffee, macadamia and tomatoes Main product: Macadamia		
		Project Capacity:		
		Product	Farm (Location)	Tonnage at Y5
		Macadamia	Nkwansira Estate	427
			Mkufi Estate	79
			Pyrita Farm	61
			Same Out-grower	305
			TOTAL TONNAGE	872
			MONETARY VALUE	2,977,940
		Bananas		
			Mkufi Estate	2,475
			Pyrita Farm	2,250
			TOTAL TONNAGE	4,725
		MONETARY VALUE	2,763,514	
		Coffee		
			Nkwansira Estate	680
TOTAL TONNAGE	680			
MONETARY VALUE	2,197,900			
Tomatoes	Pyrita Farm	1,280		
	TOTAL TONNAGE	1,280		
	MONETARY VALUE	1,542,342		
TOTAL TONS		7,557		
TOTAL VALUE		9,481,696		

1.0 PREAMBLE

1.1 Company Details

MACJARO LIMITED is a company incorporated under the Companies Act 2002 on 21st November 2017 and granted Certificate of Incorporation No. 139482. The company is also registered for tax purposes and its TIN is 137-061-007. The company has a wide range of activities that it can embark upon but for this specific plan its focus is on creating and operating a mixed crop farming project in the estates it has leased. The products involved are macadamia, coffee, tomatoes and bananas. The project is located in different locations as detailed under the item on project synopsis.

MACJARO LIMITED is a local company owned by foreigners by 100%. The shareholders of the company are all foreigners as detailed under **Table 1** where key details are given. The company's authorized share capital is TShs. 7,000,000,000 divided into 700,000 shares of TShs. 10,000 each. The value of the share capital is equivalent to about **USD 2,991,452**.

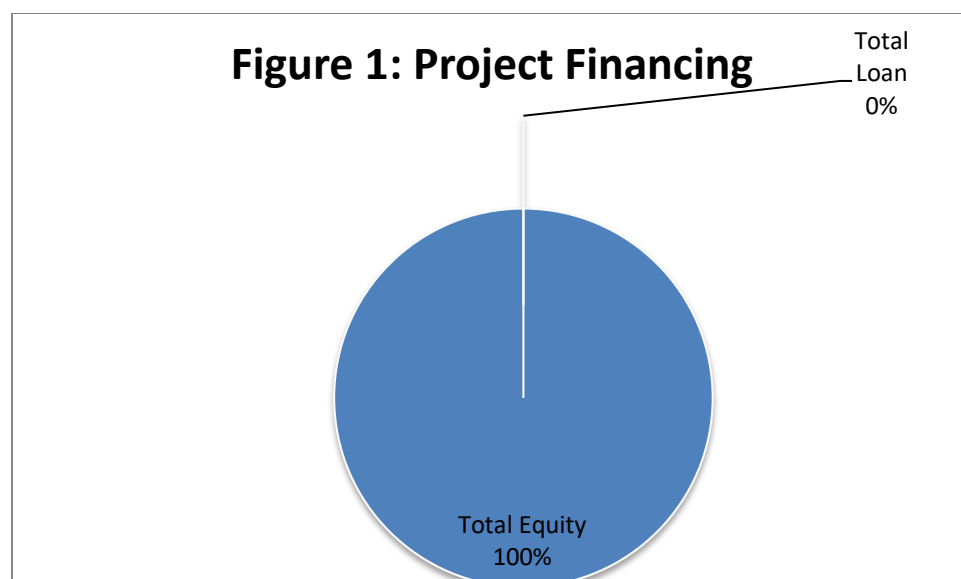
Table 1: Company Shareholding Details

S/No.	Names	Nationality	Taken	Percent
1	Pamoja Farms Limited	Tanzanian	536,149	99.9
2	James Richard Douglas Powell	British	100	0.018
3	Pamoja Impact Limited	Tanzanian	1	0.0001
				100%

The company is located on plot number 371 block 'A' in Mbosho Areaa, Hai District, Kilimanjaro region.

2.0 PROJECT SYNOPSIS

This is a project aimed at farming of a variety of crops namely macadamia, coffee, bananas and tomatoes. This project, as shown in **figure 1** will be financed by foreign equity by 100%.



2.1 Investment Plan

This sub-section elucidates on the schedule of acquisition of assets of the project. The total investment for this agricultural project is **USD 2,335,672** as detailed under **table 2** below. Of this amount, as shown by columns under “Financing of Items” and “Capital Addition Plan” **78.85%** is expected to be invested during the first year of operationalization of the project i.e. the year 2023 or Y1, and **21.15%** will be invested during the second year of operation. As per the columns under capital additions plan all of the investment will be done during the first two years of operation and the figures will gradually go down as completion of the investment process keeps apace.

Table 2: Investment Schedule

FINANCING OF ITEMS	CAPITAL ADDITIONS PLAN					TOTAL INV.
	Y1	Y2	Y3	Y4	Y5	
Land & Buildings	58,086	20,000				78,086
Plant & Machineries	60,000					60,000
Vehicles	40,000					40,000
Furniture & Fittings	600,000	271,086				871,086
Pre Expenses	94,000	40,000				134,000
Others	955,000	63,000				1,018,000
Working Capital	34,500	100,000				134,500
TOTAL	1,841,586	494,086	-	-	-	2,335,672
CAPITAL ADDITIONS	1,841,586	494,086	-	-	-	2,335,672

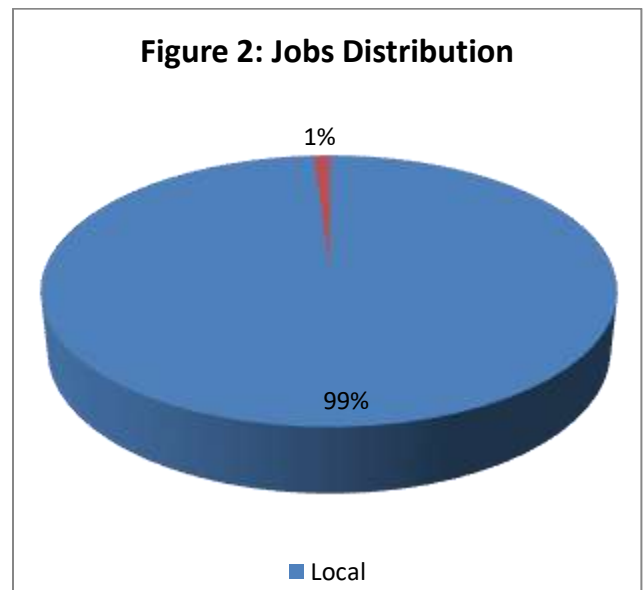
2.2 Manning Plan

This agricultural project is labor-intensive as it will not engage much mechanization and automation save for some activities like irrigation. At full capacity the project will directly employ a minimum of **391 people** **387** of whom are **locals** and **4 foreigners**. The foreigners are experts in the management of agricultural projects and they are expected to mentor locals so that they too can develop their competence in agricultural projects management. **Table 3** provides summarized details on the number of direct employees to be engaged in this project. **Annex 4**, on the other hand, gives a detailed distribution of the direct jobs. Besides the direct employment the project is expecting to produce at least 160 indirect jobs when at full capacity

Table 3: Employment Plan

CATEGORY	MALE	FEMALE	TOTAL
Local	129	258	387
Foreign	3	1	4
TOTAL	132	259	391

Of all the direct employees of the project at full capacity, the project will hire 4 foreigners amounting to 1% while locals will amount to 99% as shown on **figure 2**. The number of the locals is expected to be 387 out of whom 129 are male and 258 are female. This project will employ more women than men among the locals. For the foreigners relatively more men will be employed compared to women.



2.3 Supplies Plan

The company will import the machineries that cannot be sourced within Tanzania. The imported machineries include the irrigation system implements, tractors and other implements as shown in **table 4**. Most of the fixed assets will be sourced from outside the country as very few of them can be obtained from the country. As for the macadamia seedlings, these are sourced from within the country, from the neighboring Kenya, and from abroad. Banana seedlings are sourced both locally and from abroad. These are Cavendish banana seedlings.

Table 4: Source of Fixed Assets

Details of Fixed Supplies	Source	Amount	Price P.U.	Total Cost (\$)
Nkwansira Estate				-
Supply Pipelines & Fittings	Foreign	1	18,000	18,000
Irrigation	Foreign	1	810,000	810,000
Mkufi Farm				-
Borehole Pumps & Electrics	Foreign	1	45,000	45,000
Extend irrigation	Foreign	1	60,000	60,000
Pyrita Farm				-
Electrics & Transformers	Foreign	1	45,000	45,000
Borehole Pumps & Motors	Foreign	1	30,000	30,000
Banana seedlings	Local & Foreign	1	60,000	60,000
Macadamia seedlings	Local & Foreign	1	60,000	60,000
Furniture	Local	1	15,000	15,000
Tractors	Foreign	3	20,000	60,000
Office Vehicles	Foreign	2	20,000	40,000
PUMPED SECTION				-
Pump and fittings	Foreign	1	44,901	44,901
Mainline & submains	Foreign	1	56,007	56,007
Sprinklers and fittings	Foreign	1	76,122	76,122
GRAVITY SECTION				-
Mainline & Submains	Foreign	1	149,607	149,607
Submain & Valves	Foreign	1	111,087	111,087
Sprinklers & fittings	Foreign	1	236,704	236,704
Automation of Valves	Foreign	1	46,628	46,628

The company will source from outside the country only if the seedlings or items cannot be obtained from Tanzania.

For the farming of macadamia, we expect to import seeds from the neighboring Kenya which is well advanced in the farming of the product. Macadamia is the principal product of the company in this project. For bananas, so far we have planted Cavendish breed from Latin America and are looking forward to multiply them from within the United Republic of Tanzania. We use tomato seeds from within the country and so do we do with coffee. This is the Arabica coffee grown under the slopes of Mount Kilimanjaro.

2.4 Project Location

MACJARO LIMITED'S direct agricultural activities will be carried out in three (3) different places namely the Nkwansira Estate, Mkufi Estate and Pyrita Farm. The fourth location, Mwanga, is for outgrower program and farmers have been advanced with macadamia seedlings. Details of the three direct locations are given hereunder:-

i) The **Nkwansira Estate** (for coffee, macadamia and other cash crops) is named **Farm No. 309/1** located at Nkwansira Area. It measures 575 acres of organic farmland. This farmland was established in early 2020 and is planted with 92,000 coffee trees and 52,500 Macadamia trees. The farm has two reservoirs with a holding capacity of 56,000m³ of water. In the future plans are to install a fixed set irrigation system for the coffee and macadamia.



ii)

Figure 3: Nkwansira Estate (above)



Figure 4: The 56,000m³ reservoir at Nkwansira Estate

iii) The **Mkufi Estate** is a 140-acre farm, established at the beginning of the year 2019 and is planted with 99,500 Cavendish Bananas and 11,500 Macadamia trees. The farm has a borehole giving 90,000 ltrs/hr and a furrow right providing 45,000 lts/hr. There is a fixed set micro sprinkler irrigation system throughout the farm.



Figure 5: Aerial View of the Mkufi Estate



Figures 6&7: Cavendish Banana Trees and Macadamia Trees in the Estate

- iv) The **Pyrita Farm** is a 200 acre farm, with a 120 acre organic section. Established at the end of 2021 and planted with 22,000 Cavendish bananas trees, 7,600 macadamia trees and 25 acres of tomatoes. The farm has two boreholes giving a total of 60,000ltrs/hr, plus a seasonal spring, supplying water. All crops are watered by flood and by hand.



Figure 8: A Ground View of the Pyrita Farm (above)



Figures 9& 10 Tilled Land (L) and a Tomatoes-planted part of the Farm

2.5 Production Plan

The three farms within Hai and Siha districts, plus the out grower scheme in Same district are expected to produce different amounts of the products as detailed in this sub section.

At full capacity the factory, through all its five production lines, is estimated to be producing items generating an annual turnover of USD 2,657,164. Quantity-wise each production line is projected to produce different quantities per annum as portrayed in **table 5**. Production is project to grow by 40% each year as shown on the table for the first five years of operation.

Table 5: Production Projections

Details	Years				
	Y1	Y2	Y3	Y4	Y5
NKWANSIRA ESTATE					
Macadamia					
Acreage - A	100	150	350	350	350
Tonnage per Acre - B	1.22	1.22	1.22	1.22	1.22
Projected Annual Production - A*B	122	183	427	427	427
Coffee					
Acreage - A	150	175	200	200	200
Tonnage per Acre - B	3.40	3.40	3.40	3.40	3.40
Projected Annual Production - A*B	510	595	680	680	680
MKUFI ESTATE					
Macadamia					
Acreage - A	50	55	65	65	65
Tonnage per Acre - B	1.22	1.22	1.22	1.22	1.22
Projected Annual Production - A*B	61	67	79	79	79
Cavendish Bananas					
Acreage - A	35	40	55	55	55
Tonnage per Acre - B	45	45	45	45	45
Projected Annual Production - A*B	1,575	1,800	2,475	2,475	2,475
PYRITA FARM					
Cavendish Bananas					
Acreage - A	45	48	50	50	50
Tonnage per Acre - B	45	45	45	45	45
Projected Annual Production - A*B	2,025	2,160	2,250	2,250	2,250
Macadamia					
Acreage - A	40	45	50	50	50
Tonnage per Acre - B	1.22	1.22	1.22	1.22	1.22
Projected Annual Production - A*B	49	55	61	61	61
Tomatoes					
Acreage - A	18	20	20	20	20
Tonnage per Acre - B	64	64	64	64	64
Projected Annual Production - A*B	1,152	1,280	1,280	1,280	1,280
SAME OUTGROWER SCHEME					

3.0 MARKET ANALYSIS

This section reviews the market conditions that the project’s products will face. It covers the status-quo of the market, SWOC analysis, market worthiness of the products and market strategy for the products.

3.1 Status-Quo of the Markets

MACJARO LIMITED is purely a producer of agricultural products. Currently it has started farming of macadamia (HS 08026000), cavendish bananas (HS 8039010), coffee (HS 09011190) and tomatoes (HS 07020000). Although the Tanzanian market is insatiable regarding supplies of these products it seasonally happens that tomatoes and bananas flood the market.

Focusing on macadamia, according to TRIDGE (TRIDGE), in the year 2021 Tanzania exported 1,330 tons of macadamia where the value of the exports was USD 15,150. During the same year the country imported 220 tons of macadamia and the value of the imports was USD 448,000.

Figure 12: Export Trends for Macadamia



Figure 13: Import Trends for Macadamia



The scenario where importation outweighs exportation implies that there is an opportunity to invest in the farming of the product. On the other hand it may imply that it is costlier to produce within the country than to import the product. This study tries to unlock as to how venturing in the farming of macadamia can be a success and reward the investors, the local community and the economy of Tanzania.

In the global market macadamia market size was valued at \$1.1 billion in 2021, and is projected to reach \$2.9 billion by 2031, growing at a CAGR of 10.3% from 2022 to 2031. This is promising for exporting to other countries as well.



Focusing on Cavendish bananas in the year 2021 the export value of Tanzania was USD 389,370 and the export volume was 7.14 million metric tons. On the side of imports the country’s imports value of bananas was USD 543,000 and the import volume was 77 metric tons. This scenario implies that the local market is not that much promising as the country is more self-sufficient in its demand for the fruits. However, since we will be producing throughout the year we expect to enjoy the seasons of scarcity of the bananas. Also, we look forward to be exporting to the Middle East countries.

Figure 14: Trends in Exports for Cavendish Bananas

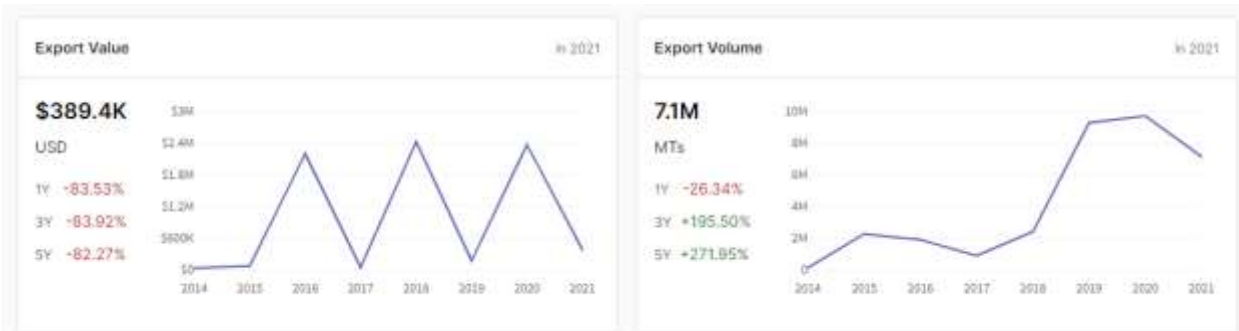
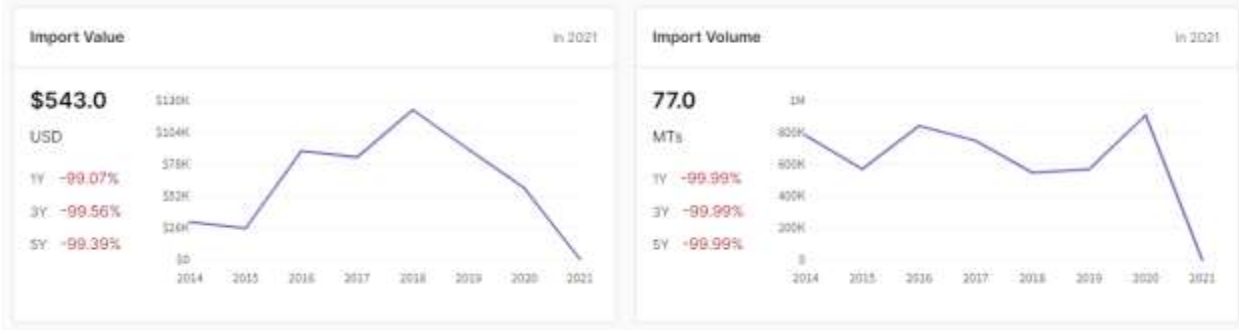


Figure 15: Trends in Imports for Cavendish Bananas



Fromexports show a relatively rising trend while imports show declining trends in terms of both value and volume. The business plan includes a SWOC analysis and develops a strategy to make the best out of these scenarios.



Focusing on coffee, in the year 2020, Tanzania exported \$135,000,000 in Coffee. The main destinations of Tanzania exports on Coffee were Japan (\$30.6M), Germany (\$28M), Italy (\$17.5M), United States (\$10.3M), and Morocco (\$5.48M). During the same year the country imported \$382,000 in Coffee, mainly from Italy (\$204k), Burundi (\$113k), United Arab Emirates (\$42.9k), Kenya (\$19.5k), and South Africa.



The balance of payment for this product has been highly positive implying relative sufficiency in the local market. Acceptance of Tanzania's coffee abroad is an indicator of the positive brand the country has in the business of coffee.

Focusing on tomatoes, in the year 2021 the export value of Tanzania was USD 33,230 and the export volume was 376,340 metric tons in that year.

In the same year the import value of Tanzania was USD 5,960, and the import volume was 21,330 metric tons.

Figure 16: Export Trends for Tomatoes

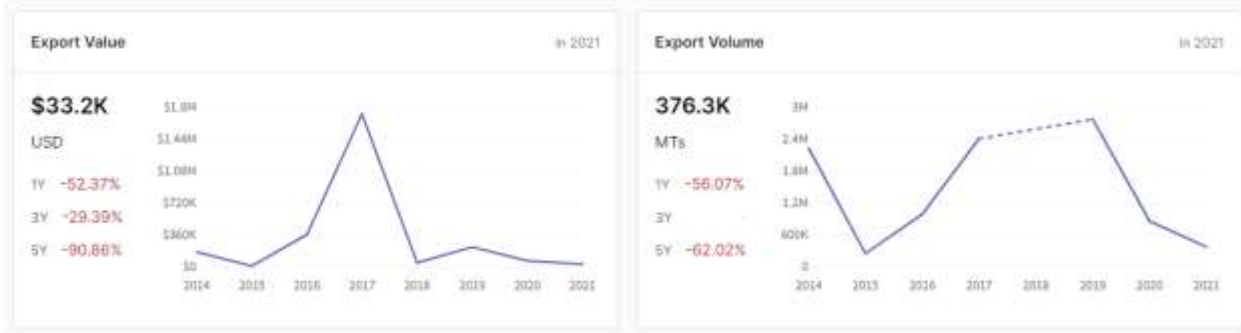
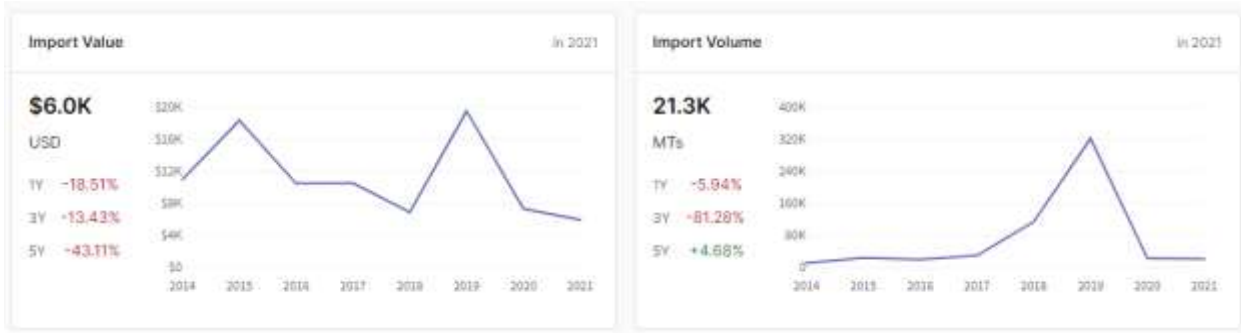


Figure 17: Import Trends for Tomatoes



Trends for both exports and imports, in values and in volumes, are declining ones. One possible cause of these scenarios may be low productivity within the country.

This is an opportunity for the project to feed the markets, both local, regional and foreign.

3.2 SWOC Analysis

All the products for this project are agricultural products. As such this analysis focuses on the general aspects of agriculture within Tanzania. It also focuses on the product specific issues that are not general for the whole sector.

3.2.1 Strengths

- i) Geographically the farms in Hai and Siha are close to Kilimanjaro International Airport. This gives assurance of timely delivery for products like tomatoes that are exported.
- ii) The shareholders of the company owning the project have enough muscle to fund the project as their equity amounts to 100% of the financing for the project. The company also can be lent funds from a local or foreign commercial bank should there be need. As such the company's liquidity in respect of the production of these products is assured.
- iii) The company also has got staffs who are experienced in the farming of macadamia, coffee, Cavendish bananas and tomatoes. This is because the farming has already begun.
- iv) The management is acquainted with the general Tanzanian market and has developed insight into the specific targeted external markets of the Middle East, China etc.

3.2.2 Weaknesses

- i) The company is not a giant in the industry. As such it might be lacking some levels of experience in the market. However, through leveraging on consulting experts in the business arena it is expected to take off and pick its niche in the market.

3.2.3 Opportunities

- i) There is assurance of availability of water for irrigation hence perennial farming.
- ii) With a population of 62 million people and the fact that the country imports some products like macadamia Tanzania provides assurance of a local market.
- iii) Tanzania being a member of the EAC has duty-free-quota-free market access to Burundi, DRC, Kenya, Rwanda, South Sudan and

- Uganda. Upon advanced stages of production the company expects to be exporting to these neighboring countries.
- iv) With access to the Middle East markets, the company has an opportunity to export and sell the products with ease.
 - v) In terms of power utilities Tanzania has got relatively lower tariffs and has less power cuts. Tanzania is expecting to be exporting electricity which will be generated from the Julius Nyerere Hydro Electric Power plant. This scenario gives assurance that the pumping of irrigation water will be possible. Also, when production will be extended to processing power assurance offers an opportunity to succeed.
 - vi) In governance Tanzania is characterized by peace and tranquility for there has been no havoc in the country. This is strength as it provides our business with assurance that we will operate smoothly resting assured that the promoters' property is secured. With good investment act Promoters of the company are guaranteed of freedom from nationalization of their stake in the company.

3.2.4 Challenges

- i) With a view to export to other countries the company will have to comply with international standards including SPSs (sanitary and phytosanitary issues).
- ii) The procedures in the country can be many and relatively complex. The company engages experienced business consultants to overcome this impediment.
- iii) There is somehow stiff competition in the industry as Tanzania has some factories manufacturing the same products. The company has taken this into account via the marketing strategy.
- iv) The open doors for Tanzania into the rest of EAC member countries imply the same for the other EAC members into Tanzania. This implies stiffer intra-regional competition where there is duty-free quota-free market access intra-regionally.

From the SWOC analysis conducted of the company and of its operating environment the shareholders are confident that the project will be a success. Following the analysis we have developed a market strategy for our products.

3.3 Marketing Strategy

As part of our marketing strategy, we will engage both entry and persistence strategies. The entry strategy will employ digital technology in conducting a social awareness teaser campaign. This will be done using social media and an excellent website. It will push the way for our products into the markets, both local and foreign.

As for the persistence strategy, considering the facts that there are both importer and exporter of the products we produce, the company has developed a special focus on the 4Ps mix in order to have a good share of the markets. This strategy will enable the company stay in the market and develop a niche of its own. Here is the company's view on the 4Ps promotional mix:-

Product: The project will produce best quality agricultural products namely macadamia, Cavendish bananas, coffee and tomatoes. The company will abide by all international standards in order to win the global and local market.

In its operations the company has out-grower schemes for small farmers. This is a strategy to broaden its ability to supply more to the market. The Same smallholder out-grower scheme and those around Nkwansira Estate, Mkufi Farm and Pyrita Farm will add to the volume of production without the company incurring unnecessary overhead costs.

Price: Through the Marketing and Production Departments the company will develop a pricing mix that will make the products price-competitive in order to gain entry into the market, acquire a larger share of the market and develop a niche to be retained starting with Tanzanian market and in the global markets.

Place: The project is strategically located within reach of Kilimanjaro International Airport (KIA). In this regard the distribution channels are designed to ensure that delivery of the products is effective and appealing to customers. Through direct international flights delivery of the products will be guaranteed with timeliness. Locally the districts of Hai, and Siha are close to the northern Cities of Arusha, Moshi and the neighboring country's Nairobi. Same district is near Moshi and the city of Tanga.

Promotion: Through the qualified marketing personnel the company will design excellent promotion campaigns that will pull consumer toward the products. We will use social awareness teaser campaigns by leveraging on information communication technology.

4.0 FINANCIAL ANALYSIS

This section covers project financing and financial projections. Project financing includes source of funding and financing of items in the project. Financial projections, on the other hand, cover sales projections, income projections, projected retained earnings and projected cash flow.

4.1 Project Financing

4.1.1 Sources of Funding

The project will be financed by equity (100%) amounting to **USD 2,335,672** as shown on **Table 6**. All the equity and the loan are local i.e. Tanzanian.

Table 6: Project Financing

Details	Amount	Percentage
Local		
Equity	0	0%
Loan	0	0%
Sub-total - Local	0	0%
Foreign		
Equity	2,335,672	100%
Loan	0	0%
Sub-total - Foreign	2,335,672	100%
GRAND TOTAL	2,335,672	
Total Equity	2,335,672	100%
Total Loan	0	0%

4.1.2 Financing of Project Items

The invested capital of USD 2,335,672 will fund various items in the project. These include plant, vehicles and other items as shown on **Table 7** below.

Table 7: Financing of Items

ITEMS	FINANCING (USD)
Land & Buildings	78,086
Plant & Machineries	60,000
Vehicles	40,000
Furniture & Fittings	871,086
Pre Expenses	134,000
Others	1,018,000
Working Capital	134,500
TOTAL	2,335,672
FIXED CAPITAL	2,201,172
WORKING CAPITAL	134,500

4.2 Financial Projections

4.2.1 Profit Projections

The company has projections of steadily growing sales over the first five years of operation of the project. From year 1 to year 5 the company expects to attain its maximal sales and gross profit during year 5 as shown on **table 8**. Sales are projected to be 95% of the stock at hand for the year for non-perishable products namely macadamia and coffee. For the perishable products – tomatoes and Cavendish bananas – sales are projected to be 99.99%. Workings on cost of sales are shown on **annex 5**.

Table 8: Gross Profit Projections

Details	Years				
	Y1	Y2	Y3	Y4	Y5
Sales	5,711,286	6,905,280	8,380,451	8,540,588	9,481,695
Cost of Sales	3,090,000	3,213,600	3,342,144	3,475,830	3,614,863
Gross Profit/ (Loss)	2,621,286	3,691,680	5,038,307	5,064,758	5,866,832

The project promises to yield gross profit throughout the first five years of operation. In Year 1 the profit is expected to be the lowest as it is the year of investment – even in promotion campaigns - which implies much spending while the products are relatively new in the market and thus sales are picking up the pace.

4.2.2 Income Projections

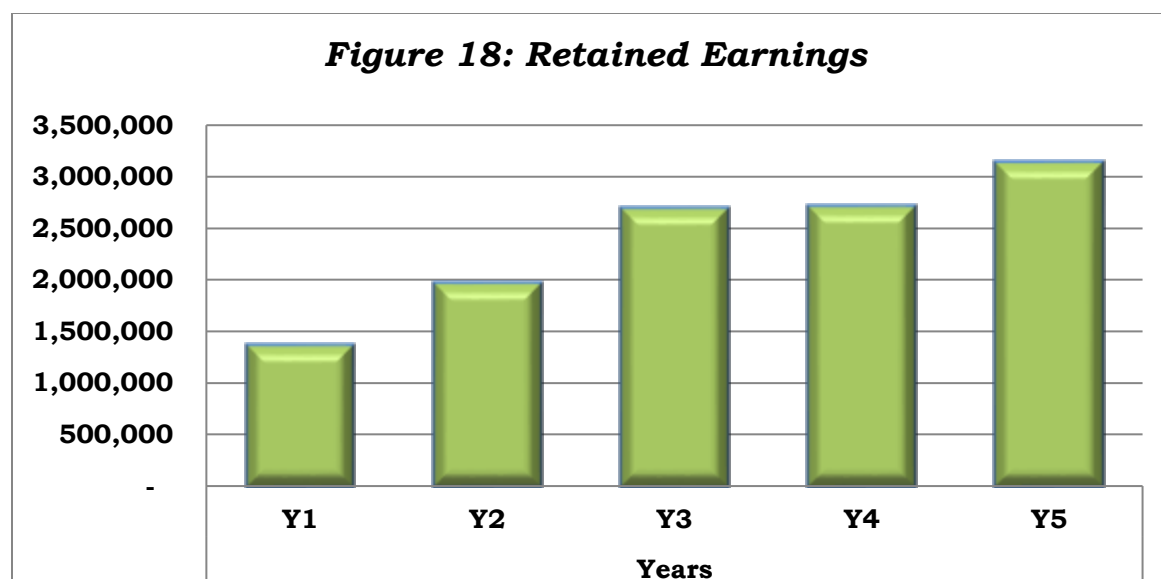
Through the first five years of operation the project is expected to be making profits. In year 1 the profits will be the lowest because of the heavy spending in investment in this year of operation. The projected profits for the first five years are shown on **Table 9**.

Table 9: Projected Income Statement

Details	Years				
	Y1	Y2	Y3	Y4	Y5
Total Sales	5,711,286	6,905,280	8,380,451	8,540,588	9,481,695
Less: Cost of Sales	3,090,000	3,213,600	3,342,144	3,475,830	3,614,863
Gross Profit	2,621,286	3,691,680	5,038,307	5,064,758	5,866,832
Less: Operating Expenses	174,246	183,976	223,479	226,882	258,904
EBIT	2,447,041	3,507,705	4,814,828	4,837,876	5,607,928
Less: Loan Interest	-	-	-	-	-
EBT	2,447,041	3,507,705	4,814,828	4,837,876	5,607,928
Less: taxes (30%)	734,112	1,052,311	1,444,449	1,451,363	1,682,378
Net Profit/(Loss)	1,712,928	2,455,393	3,370,380	3,386,514	3,925,550
Dividend (20%)	342,586	491,079	674,076	677,303	785,110
Retained Earnings	1,370,343	1,964,315	2,696,304	2,709,211	3,140,440

4.2.3 Projected Retained Earnings

Retained earnings projections show a positive trend for the project. This will give the company an edge in the market as it can re-adjust the price mix in order to keep more competitive. **Figure 12** gives the picture.



4.2.4 Projected Cash Flows

The project is a promising venture as projections show a positive cash flow as shown on **Table 10**. This is a muscle giving the company an edge in the market as cash flow implies liquidity which helps the project operate smoothly.

Table 10: Projected Cash Flow

Details	Years				
	Y1	Y2	Y3	Y4	Y5
Cash from Operations					
Profit Before Tax	2,447,041	3,507,705	4,814,828	4,837,876	5,607,928
Adjustment for Non-cash Items:					
Change in Working Capital:					
Receivables (-ve)	- 45,000	- 45,000	- 43,000	- 38,000	- 17,000
Trade Payables and Accruals	10,000	13,000	15,000	19,000	23,000
Capital Additions	1,841,586	494,086	-	-	-
Total	1,806,586	462,086	- 28,000	- 19,000	6,000
	1,806,586	462,086	- 28,000	- 19,000	6,000
Tax Payments	734,112	1,052,311	1,444,449	1,451,363	1,682,378
Total Cash Inflow from Operating Activities	2,540,698	1,514,397	1,416,449	1,432,363	1,688,378
Cash from Investing Activities:	-	-	-	-	-
Land Rent and development of Property	45,000	45,000	45,000	45,000	45,000

Net Cash Outflow from Investing Activities	2,495,698	1,469,397	1,371,449	1,387,363	1,643,378
Cash from Financing Activities:					
Dividends	342,586	491,079	674,076	677,303	785,110
Change in Cash and Cash Equivalents	2,153,112	978,319	697,373	710,060	858,269

5.0 PROJECT JUSTIFICATION

This project is of a positive impact in the community. It is a contributing factor monetarily, fiscally and socioeconomically. Monetarily it will create income for supplier and distributor SMEs, fiscally it will pay taxes (both Income Tax and VAT on sales), and socio-economically it will contribute to social development as detailed under subsequent items.

5.1 Monetary Rationale

The project is expected to incur a total of **USD 17,803,923** on production and operating expenses through its first five years of operation. This money will go to supplier SMEs and other companies that will be supplying raw materials to the plant. It is a circle with a positive multiplier effect in the economy. **Annex 1** gives the details.

This project, being a foreign one, will inject total foreign direct investment amounting to **USD 2,335,672**. This FDI will provide a positive multiplier effect to the economy of the country.

5.2 Fiscal Rationale

Fiscally the project projects to pay a total of **USD 14,168,474** as taxes to the government in its first five years of operation. Of this amount income tax is projected to be **USD 6,364,614** while VAT is projected to total to **USD 7,803,860**. The VAT projections are for the sales at the company's level only and will multiply as the products change hands. The same applies for the income tax. **Annex 1** gives the details.

5.3 Social Rationale

Socially the project will participate in various engagements as part of its CSR program. Over the first five years it is expected to incur a total amount of **USD 23,761** on CSR as shown on **Annex 1**. In addition, the project will

directly employ a total of at least 428 locals. Other locals amounting to at least 360 will enjoy indirect employment via the project. The indirect jobs will be for those supplying raw materials, out grower small-holder farmers and to service providers.

Economically manufacturing of these products will add to local production. The production will reduce national spending of foreign exchange on importation of the products.

The out-grower schemes in Hai, Same and Siha have provided seedlings and farming skills. The skills stay with the farmers even if the company ceases its operations in the area.

6.0 CONCLUSION

This agriculture project aims to produce Cavendish bananas, coffee, macadamia and tomatoes. Macadamia is the main product in focus. The project is owned by foreigners by 100%. The planned capital for this project is USD 2,335,672 100% of which is equity.

From our visceral assessment of our business idea we have come up with this business plan with confidence of success. This project is highly likely to be a success and it is rational socio-economically, fiscally and monetarily. If it gets a soft landing via the TIC, the promoters of the project look forward to a successful agricultural project.

7.0 ANNEXES

Annex 1: Project Rationale

Details	Years					
	Y1	Y2	Y3	Y4	Y5	TOTALS
Total Production Cost	3,090,000	3,213,600	3,342,144	3,475,830	3,614,863	16,736,437
Total Operating Expenses	174,246	183,976	223,479	226,882	258,904	1,067,486
Income Tax	734,112	1,052,311	1,444,449	1,451,363	1,682,378	6,364,614
VAT on Sales	1,142,257	1,381,056	1,676,090	1,708,118	1,896,339	7,803,860
Provision for CSR	2,741	3,929	5,393	5,418	6,281	23,761
TOTALS	5,143,356	5,834,872	6,691,554	6,867,610	7,458,765	31,996,158
SUMMARIES						
To the Government	1,876,369	2,433,367	3,120,539	3,159,481	3,578,718	14,168,474
To the Private Sector (SMEs)	3,264,246	3,397,576	3,565,623	3,702,712	3,873,767	17,803,923
To the Society (CSR)	2,741	3,929	5,393	5,418	6,281	23,761
TOTALS	5,143,356	5,834,872	6,691,554	6,867,610	7,458,765	31,996,158

Annex 2: Projected Operating Expenses

Details	Years				
	Y1	Y2	Y3	Y4	Y5
Marketing Expenses	6,500	650	650	650	650
Bank Charges	720	720	720	720	720
Insurance	1,800	1,800	1,800	1,800	1,800
Office Expenses	2,700	2,700	2,700	2,700	2,700
Permits and Licenses	3,500	200	200	1,200	200
Vehicle Expenses	6,800	6,800	6,800	7,000	7,200
Professionals Fees	37,000	32,000	42,000	41,000	55,000
Provision for Bad Debts	114,226	138,106	167,609	170,812	189,634
Depreciations					
Miscellaneous Expenses	1,000	1,000	1,000	1,000	1,000
TOTAL OPERATING EXPENSES	174,246	183,976	223,479	226,882	258,904

Annex 3: Sales Plan

Details	Years				
	Y1	Y2	Y3	Y4	Y5
MACADAMIA					
Tonnage Sales (95% of the stock)	483	597	796	717	925
Price Per Ton (4% Inflation)	2,752	2,862	2,977	3,096	3,219
Sales (USD)	1,329,546	1,709,555	2,370,800	2,219,069	2,977,940
CAVENDISH BANANAS					
Tonnage Sales (99.99% of the stock)	3,600	3,960	4,725	4,725	4,725
Price Per Ton (4% Inflation)	500	520	541	562	585
Sales (USD)	1,799,820	2,058,994	2,555,024	2,657,225	2,763,514
COFFEE					
Tonnage Sales (95% of the stock)	485	589	651	673	652
Price Per Ton (4% Inflation)	2,880	2,995	3,115	3,240	3,369
Sales (USD)	1,395,360	1,765,596	2,028,645	2,181,273	2,197,900
TOMATOES					
Tonnage Sales (99.99% of the stock)	1,152	1,280	1,280	1,280	1,280
Price Per Ton (4% Inflation)	1,030	1,071	1,114	1,159	1,205
Sales (USD)	1,186,560	1,371,136	1,425,981	1,483,021	1,542,342
Total Sales Revenue (USD)	5,711,286	6,905,280	8,380,451	8,540,588	9,481,695

Annex 4: Detailed Job Information

CATEGORIES	LOCAL		FOREIGN		NUMBER
	Male	Female	Male	Female	
Senior Management Team:					
CEO			1		1
MD				1	1
Managers:					
FARMS Project Manager			1		1
<i>NKWANSIRA Farm Manager</i>	1				1
General Workforce	45	84			129
Farm Supervisors	4	8			12
Security Guards	2				2
Clerk		1			1
<i>PYRITA Farm Manager</i>			1		1
General Workforce	45	86			131
Farm Supervisors	6	4			10
Security Guards	2				2
Clerks	1				1
<i>MKUFI Farm Manager</i>	1				1
Farm Cleaners	45	71			116
Farm Supervisors	5	3			8
Security Guards	2				2
Clerks	1				1
<i>ADMIN: Business Dev. & Admin</i>		1			1
Accountant		1			1
Cashier		1			1
Office Cleaner		1			1
Gardener		1			1
IT Officer		1			1
HR Consultant	1				1
Internal Audit Officer	1				1
Procurement and Stores	1				1
<i>Out-grower Manager</i>	1				1
Organic OPS Admin & Internal Legal Advisor		1			1
TOTALS	164	264	3	1	432

Annex 5: Projected Cost of Sales

Details	Years				
	Y1	Y2	Y3	Y4	Y5
MACADAMIA					
Cost of Sales	720,000	748,800	778,752	809,902	842,298
CAVENDISH BANANAS					
Cost of Sales	930,000	967,200	1,005,888	1,046,124	1,087,968
COFFEE					
Cost of Sales	815,000	847,600	881,504	916,764	953,435
TOMATOES					
Cost of Sales	625,000	650,000	676,000	703,040	731,162
Total Production Costs	3,090,000	3,213,600	3,342,144	3,475,830	3,614,863