

**THEO LIMITED**



**BUSINESS PLAN FOR  
WATER SPORT CENTRE PROJECT**

**2022 – 2027**

**Contact Information:**

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**JULY, 2022**

## **CORPORATE INFORMATION**

**Registration Number** : 153-601-399

**Business Activity** : Water sports, entertainment, food and beverages.

### **Shareholders:**

<b>NAME</b>	<b>ADDRESS</b>	<b>SHARES</b>
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## **1.0 EXECUTIVE SUMMARY**

**Theo Limited** is private company limited by shares registered in Tanzania with the main purpose to engage in water sports, bars and restaurant business. Currently, the company has embarked on establishing a project aimed at providing skiing, diving, squad riding, swimming, bar and restaurant services. The business premise is expected to be located at Kunduchi area, Kinondoni District in Dar es Salaam region. This business plan has been prepared to establish the viability of the targeted services 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 service delivery, marketing/brand activities creating cohesive strategic alignment between the company mission, vision and goals.

Tourism and related services is currently among the pillars of the country's economy with a growing improvement of attraction, investment opportunities and increasing demand of incoming tourists to Tanzania. This project wants to leverage on existing opportunities by establishing modern water sports centre with the capacity of serving 6,000 customers per annum. The planned activities will cater for the rising demand of water sports services in the country and substantially contribute to the economy and employment creation.

The company requires a total of **USD 644,600** that will be used office premise renting, structural construction, purchase of business equipment and raw materials required for the project start up. The financing of the project is expected to be 100% equity financing. The project expects to employ at least 50 persons, majority being Tanzanians who shall be directly employed by the project. It is expected that at least 100 indirect jobs will be created through sales and commissioning agreements with local suppliers.

## **1.1 Vision, Mission and Core Values**

### **Vision**

To be a one stop center of reference in the provision of water sports services in Dar es Salaam.

### **Mission**

To provide best water sports, entertainment platforms and sea transport services to most attractive touristic sites along Indian ocean using modern equipment and facilities. Our service shall observe recommended quality standards to ensure safety and satisfaction of our customers.

### **Core Values**

**Customer driven** – Our services are always tailored to meet the needs and preferences of our customers

**Quality** – We strive to perform at an excellent level in everything we do. We are reliable. We are committed to consistently delivering our services at highest standard.

**Teamwork** - We work together collectively to achieve our common vision and mission

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

**Respect & Dignity** - We demonstrate respect for and appropriate loyalty towards our customers, colleagues and suppliers.

**Innovation & Improvement** -We drive change and challenge the status quo to exceed our customers' expectation.

**Safety** – We are committed to the safety, wellbeing and security of our customers, staff and facilities.

## 1.2 Project Location

The project is going to be located alongside Jangwani Sea Breeze resort in Kinondoni District in Dar es Salaam. The centre is expected to be established on a 3000 sqm space. The area is accessible by road and has direct access to electricity and sea shore. This location is strategically chosen due to proximity to and easy access by our target customers.

## 1.3 Implementation Period

The project is expected to start on **15<sup>st</sup> August, 2022**. It shall be implemented in two phases. Phase one shall include preliminary activities including securing a space, layout design and special construction where applicable. The phase will also encompass procurement of basic equipment, furniture and respective installation. Phase two shall include staffing and official launching of the business. Phase two is expected to kick off effective from **30<sup>th</sup> November 2022**.

**Table 1: Implementation Schedule**

DESCRIPTION		PHASE ONE Aug – Nov 2022				PHASE TWO Dec 2022 & beyond
No.	Activities	Aug	Sept	Oct	Nov	Dec
1	Securing office space					
2	Layout design, Landscaping and special construction.					
3	Procurement of office equipment and fittings					
4	Procurement of water sport tools and equipment					
5	Recruitment					
6	Official launching of the business					

#### **1.4 Project Objectives**

The business is mainly meant to provide water sport and related services along Indian ocean. The services are targeted for both foreign and local customers. Our services packages are designed to cater for the increasing demand of water sport services triggered by the rising inflow of foreign tourists in the country as well as changing life style of the local population. Besides, we would like to engage in business aiming at operating sustainably by giving our customers value for money and making profits. We are dedicated to making our esteemed customers part of our success by creating environment and platforms that instil happiness and enjoyment to them. Notably the business will focus on the following specific objectives;

- To ensure availability and reliability of high-quality water sports services;
- To employ at least 50 people and contribute to the improvement of livelihood of the community,
- To generate sufficient income through sales to meet the needs of the shareholders and contribute to government revenues,
- To expand into branches alongside the coastal zones of the Indian ocean in Tanzania.

#### **1.5. Project components and costs**

The project is still at the initial stages; require some investments in terms of fixed assets, labour and materials. The business has already rented office premise at Kunduchi area, Kinondoni Municipality in Dar es Salaam. Basic legal documents to allow business start-up are ready in place. The details of initial investment requirements are outlined in Table 2 below.

**Table 2: Project Requirements (US\$)**

Type of Investment	Qty	Cost/unit (\$)	Total Value (\$)
Jet skii	5	10,000	50,000
Surfing kit	10	1,500	15,000
Diving gear	5	1,000	5,000
Speed boats	4	25,000	100,000
Quad bikes	10	1,500	15,000
Kid play ground	1	20,000	20,000
Furniture and fixtures	1	14,000	14,000
Motor vehicles	3	15,000	45,000
Centre layout and design	1	5,000	5,000
Structural construction	1	32,000	32,000
<b>Total Investment cost</b>			<b>301,000</b>
Office rent	24	650	<b>15,600</b>
Raw Materials	2	27,500	<b>55,000</b>
Labour for 12 Months	1	273000	<b>273,000</b>
<b>Total Cost</b>			<b>644,600</b>

## 2.0 BUSINESS DESCRIPTION

The company has already rented office space at Kunduchi where the business will operate from. The project shall make special layout and construction suitable for delivering best service to customers. Modern facilities shall be installed and equipment availed for best customer experience.

The project expects to serve an average of 6000 customers per month through a variety of service packages among which Jet skiing, surfing, speed boat, swimming pools for kids and adults, children play grounds, Quad bikes, diving services, Bar and Restaurant and transport to attractive touristic sites such as Mbudya and Bongoyo and other Islands. The project is planning to expand its service portfolio and establish new outlets over time as new opportunities emerge and be identified.

### **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 tourism is one among top government investment priorities. The burning issue currently is the rate of inflation and fall in domestic currency this would lead to increased cost of service delivery as the price of fuels are rising. Issues like Common Market for the East Community are opening up business performance and new investment opportunities.

*Politically;* the political environment is conducive for the business operations. The current government regime is in support of investments. There have been adequate policies to support hospitality and tourism sectors. The Tanzanian Government is engaged in developing and promoting sustainable growth in the travel and tourism sector in Tanzania by creating conducive investment environment as one of economic growth catalyst.

*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 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. *Theo 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**

In 2021, the number of tourist arrivals reached 922,692, equivalent to an increase of +48.6% from a 620,867 in 2020 when the world was first hit by Covid-19 and many countries-imposed travel restrictions. It is estimated that 368,000 tourists visited Tanzania from January to April 2022. The tourism sector has shown signs of recovery after being strongly hit by the coronavirus (COVID-19) pandemic. Previous to the outbreak, the number of tourists arriving in the country followed an upward tendency and reached 1.5 million in 2019.

Tanzania Invest indicates that, in 2022, the number of tourists arrivals is expected to increase more than the number of tourists recorded before the Covid-19 pandemic due to the Government's efforts to promote tourist attractions such as national parks, beaches, and Mount Kilimanjaro and game reserves. Following same efforts, in April 2022 Tanzania's President Samia Suluhu Hassan unveiled the "The Royal Tour" documentary while promoting FDIs during her official visit to the US.

The increasing inflow of foreign tourists and the growing Tanzania population currently estimated to more than 58 million with increasing middle-class and high-income population reflect an undoubtedly promising market for this Water sport project. This project will utilise the prevailing opportunities and utilise modern facilities and equipment that meet the needs and preferences of this market segment.

The company recognizes the market forces that are surrounding the tourism industry and Water sports business in particular. We will utilise all reasonable means to ensure that our services meet the required standards and be able to sustain the business environment.

#### 4.1 TARGET MARKETS AND THEIR CHARACTERISTICS

The resolution to invest in Water sports business resulted from a well thought market study that informed different strategies and actions. In view of that, following cultural values, lifestyle, needs and preferences our services are mainly meant for middle class and high-income earners. These are specifically foreign tourists visiting Tanzania and both local citizens and foreigners living in Tanzania.

These will include:

- Men and women adults both couples and singles
- Children, young men and women
- Public, private and international organizations

#### 4.2 Market Size

Our feasibility field survey indicates that; the market is poised to keep on growing as population growth and tourist inflow increases. Highest demand comes from foreign tourists visiting Tanzania. We expect to offer our services every day. The business is designed to serve 72,000 customers per annum with an estimated revenue of USD 864,000. It is projected that 80% and 20% of sales shall be generated from foreign visitors and local residents respectively. Table 4.1 below summarises the expected demand for the business during the first year of the project.

**Table 4.1: Expected Demand (US\$)**

<b>Descriptions</b>	<b>Units</b>	<b>Qty/month</b>	<b>Price per unit (Average)</b>	<b>Sales per year</b>
Foreign tourists (80%)	Service pack	3,600	12	518,400
Locals (20%)	Service pack	2,400	12	345,600
<b>Total</b>		<b>8,125</b>		<b>864,000</b>

### 4.3 SWOT ANALYSIS

**Theo Limited** has conducted a thorough SWOT analysis that will help us achieve our project 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 respective mitigation strategies.

**Strengths:** Part of what is going to count as positives *the company* has good technical know-how, investment in modern equipment and strong management team. The company is planning to hire people who are highly experienced with good understanding of the industry capable of taking the business from the scratch to profitability. Theo company has financial muscles to cover all start-up costs without depending on any external financing. This also reflects good owners' will to take risk.

**Weakness:** A major weakness that may count against us is the fact that we are still at infancy stage with the project. Another weakness is that we do not have our own business premise, however, we have already rented a property under long-term contractual agreement.

**Opportunities:** Rising inflow of foreign tourists in Tanzania, increasing population with positive change in lifestyle of local communities. In addition to that, the fact that tourism sector is among key government's strategic focus for economic development is very promising to the business growth and sustainability. We only need to position our business to take advantage of these existing and emerging opportunities.

**Challenges/Threats:** We are quite aware that just like any other business, one of the major threats that we may face is likelihood of other companies to establish similar businesses where we are. However, we understand on how to position ourselves in the market, at the same time making sure that our products meet the demand requirements.

#### **4.4 Marketing, Distribution and Communication Strategy**

Various methods of marketing mix will be used to curb the existing and potential weaknesses and challenges/threats while utilizing the arising opportunities and leveraging on the key strengths of the company.

**Pricing:** The objectives of price strategy depend on a number of factors such as business economic and marketing objectives. Price setting can be based on cost or market based. With demand and competition orientation concepts. The pricing shall take into consideration both customer ability to pay and operational costs with some profit margin. Our services will be competitively priced in relation to the dictates of the market. Features of penetration strategy will be considered to attract more customers at this initial stage. In this case our products will be priced a bit cheaper. However, this will dictate that our costs are prudently kept so as to ensure our financial goals come to fruition.

**Distribution: Theo Limited** has arranged to start operations by looking at the most convenient market segment. The main targeted market consists of foreign tourists visiting Tanzania as well as residents from middle and income classes. Our services shall be directly accessed from our business premises. Following the nature of segment, customers will also have online booking and purchase options. However, at this initial stage, direct access of services will be our priority for best customer experience.

**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 will also be printing t-shirts and fliers as a communication strategy and promotional tools. In addition to ensuring we are active on social media (twitter, linkedin, Instagram and facebook), a highly interactive website will also be availed.

## 5.0 OPERATIONAL PLAN

### 5.1 Long Term Operation Plan

The project is expected to be operated through two departments; the finance and one hand; and operation on the other. The Finance department is responsible for all financial, procurement and sales activities; while the operation will deal with all operational and technical aspects of the business. The Operations Manager is a skilled salaried employee who work day to day to achieve company's targets. On the other hand, the Finance Manager will lead the strategic action plans and make sure they correspond to available operational environment. The operational plan is associated with service delivery costs as well as materials required as inputs along the process.

### 5.3 Labour Requirements

Labour is one of the most important inputs in any industrial enterprise. The proposed centre will require both skilled and unskilled labour most of whom will be Tanzanians. Table 5.1 indicates labour required amounts to US\$ 22,750 per month that is US\$ 273,000 per annum.

**Table 5.1: Labour Requirement (US\$)**

Description	Qty	Unit price \$	Monthly Salary	Annual Salary
			\$	\$
Managing Director	1	2,500	2,500	30,000
Personal assistant	1	1,500	1,500	18,000
<b>Operations</b>			-	-
Operations manager	1	1,200	1,200	14,400
Section Supervisors	5	700	3,500	42,000
Section officers	10	500	5,000	60,000
Drivers	3	300	900	10,800
Security Officers	4	250	1,000	12,000
Casual workers	20	150	2,250	27,000
<b>Finance department</b>			-	-
Finance manager	1	1,200	1,200	14,400
Accountant	1	700	900	10,800
Procurement officer	1	700	700	8,400
Sales officers	3	700	2,100	25,200
<b>Total</b>	<b>50</b>		<b>22,750</b>	<b>273,000</b>

#### 5.4 Raw Materials Requirements

The project is typically a service business. Bar and Restaurant section is the only one that will require a variety of refreshment and drinks most of which will be sourced within the country and other nearby countries through imports. The project intends to procure raw materials on monthly basis. However, other fresh and perishable products can be procured weekly. Generally, the annual material requirements amounts to USD 277,272.

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

Type of raw materials	Price/Consignment	Amount per year
Drinks	4,800	57,600
Ready packed food products	8,640	103,680
Fresh food products and accessories	5,760	69,120
Fuel	3,906	46,872
<b>Total Purchases</b>	<b>23,106</b>	<b>277,272</b>

#### 5.5 Production Overheads

Production overheads covers costs such as utilities for water and electricity, postage and telephone, maintenance and other costs directly associated with the delivery of services. Table 5.3 shows service delivery overheads amounting to US\$ 2,954 per month that is US\$ 35,450 per year.

**Table 5.3: Production Overheads (US\$)**

Item	Monthly Expenses	Estimated Annual Costs
Postage & Telephone	100	1,200
Electricity	300	3,600
Water bills	150	1,800
Maintenance Costs	1,254	15,050
Rent	650	7,800
Others	500	6,000
<b>Total Costs</b>	<b>2,954</b>	<b>35,450</b>

## 5.6 Total production Cost

The estimated total production cost is US\$ 585,722 per annum as shown in Table 5.4 below. The raw materials are generally procured on monthly basis. Given the nature of Theo Limited's project, the production costs include raw materials, direct labour and production overheads.

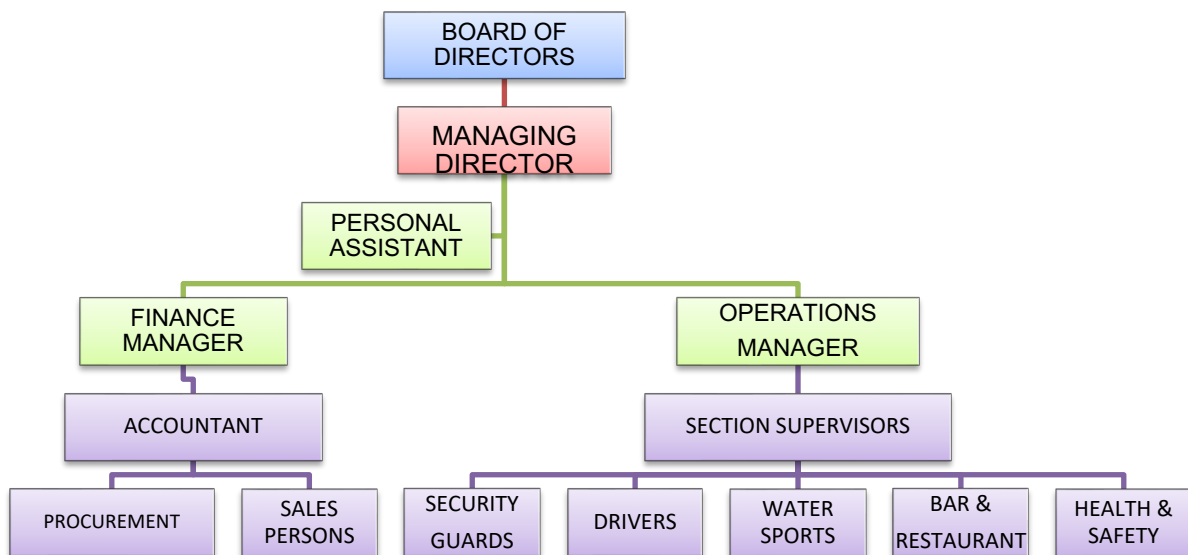
**Table 5.4: Total Production Cost (US\$)**

<b>Item</b>	<b>Expenses/Month</b>	<b>Estimated Annual Cost</b>
Raw materials	23,106	277,272
Direct labour	22,750	273,000
Production Overheads	2,954	35,450
<b>Total Costs</b>	<b>48,810</b>	<b>585,722</b>

## 6.0 MANAGEMENT PLAN

The management structure of **Theo Limited** will be headed by the Managing Director who shall be overseeing all company's operations on daily basis. The production manager shall be responsible for day-to-day operations and manage all staff under his/her line. The Finance Manager shall be responsible for all administrative duties and finances and supervises all personnel under his/her line. The section supervisors shall be responsible for daily operations and engaging casual workers at different levels when needed. The following figure illustrates the organisation structure of the company.

**Figure 6.1: Organization Chart**



## **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 involve both Tanzania residents (20%) and foreigners visiting Tanzania, tourists in particular, 80%;
- (ii) All sales will take place throughout the month and billing will generally be done on daily basis;
- (iii) The annual sales is 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	12.5%
(c) Equipment	9%
(d) Motor vehicles	15%

The financial assumptions will also include issues on credit sales, payments of interest rates, taxes and other levies. 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 (100%). The owners have already committed some funds into the project for office rent 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	864,000	907,200	952,560	1,000,188	1,050,197
Total production cost	585,722	615,008	645,759	678,046	711,949
<b>Profit Margin (Loss)</b>	<b>278,278</b>	<b>292,192</b>	<b>306,801</b>	<b>322,142</b>	<b>338,249</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	2400	2,472	2,546	2,623	2,701
Insurance	8,060	8,302	8,551	8,807	9,072
Office rent	7,800	8,034	8,275	8,523	8,779
Permits and Licenses	435	448	461	475	490
Vehicle expenses	13,200	13,596	14,004	14,424	14,857
Professional fees	2,608	2,686	2,767	2,850	2,935
Provision for bad & doubtful debts	0	-	-	-	-
Depreciations	28,800	25,816	23,165	20,807	18,708
Miscellaneous expenses	1,800	1,854	1,910	1,967	2,026
Bank Charges	814	838	863	889	916
<b>Total</b>	<b>65,103</b>	<b>63,208</b>	<b>61,679</b>	<b>60,477</b>	<b>59,568</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	864,000	907,200	952,560	1,000,188	1,050,197
Less Cost of sales:	585,722	615,008	645,759	678,046	711,949
Gross Profit	<b>278,278</b>	<b>292,192</b>	<b>306,801</b>	<b>322,142</b>	<b>338,249</b>
Less Operating Expenses	65,103	63,208	61,679	60,477	59,568
<i>Earnings before Interest and Tax (EBIT)</i>	213,175	228,984	245,123	261,665	278,681
Less Loan interest	0	0	0	0	0
<i>Earnings Before Tax</i>	213,175	228,984	245,123	261,665	278,681
Less TAX 30%	63,953	68,695	73,537	78,500	83,604
<b>NET PROFIT/ (Loss)</b>	<b>149,223</b>	<b>160,289</b>	<b>171,586</b>	<b>183,166</b>	<b>195,077</b>
Dividend 30%	44,767	48,087	51,476	54,950	58,523
<b>Retained Earnings</b>	<b>104,456</b>	<b>112,202</b>	<b>120,110</b>	<b>128,216</b>	<b>136,554</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**

<b>DESCRIPTIONS</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>NON-CURRENT ASSETS</b>					
Land& Buildings	35,150	33,393	31,723	30,137	28,630
Machinery & Equipment	186,550	169,761	154,482	140,579	127,927
Motor vehicles	38,250	32,513	27,636	23,490	19,967
Furniture & Fixtures	12,250	10,719	9,379	8,207	7,181
<b>Total Non-Current Assets</b>	<b>272,200</b>	<b>246,384</b>	<b>223,219</b>	<b>202,412</b>	<b>183,704</b>
Stocks	5,857	6,150	6,458	6,780	7,119
Debtors & Prepayments	29,295	123,105	194,379	138,435	56,084
Cash and Bank balance	558,424	494,335	557,277	646,492	833,541
<b>Total Current Assets</b>	<b>593,577</b>	<b>623,590</b>	<b>758,113</b>	<b>791,708</b>	<b>896,745</b>
<b>TOTAL ASSETS</b>	<b>865,777</b>	<b>869,974</b>	<b>981,333</b>	<b>994,120</b>	<b>1,080,449</b>
Share Capital	35,556	644,800	644,800	644,800	644,800
Additions	609,244	0	0	0	0
Retained Earnings	<b>104,456</b>	<b>112,202</b>	<b>120,110</b>	<b>128,216</b>	<b>136,554</b>
<b>Total Equity</b>	<b>749,255</b>	<b>757,002</b>	<b>764,910</b>	<b>773,016</b>	<b>781,354</b>
Bank loan	-	-	-	0	0
Trade Creditors and Accruals	52,569	44,277	142,886	142,605	215,491
Taxation	63,953	68,695	73,537	78,500	83,604
<b>Total Current Liabilities</b>	<b>116,522</b>	<b>112,972</b>	<b>216,423</b>	<b>221,105</b>	<b>299,095</b>
<b>Total Equity &amp; Liability</b>	<b>865,777</b>	<b>869,974</b>	<b>981,333</b>	<b>994,120</b>	<b>1,080,449</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	213,175	228,984	245,123	261,665	278,681
Adjustments for non-cash items:					
Depreciations	28,800	25,816	23,165	20,807	18,708
<b>Change in Working Capital:</b>					
Receivables	0	0	0	0	0
Trade payables & Accruals	52,569	44,277	142,886	142,605	215,491
Capital additions	609,244	0	0	0	0
<b>Total</b>	<b>903,788</b>	<b>299,077</b>	<b>411,174</b>	<b>425,077</b>	<b>512,880</b>
Tax payments	-63,953	-68,695	-73,537	-78,500	-83,604
Total Cash Inflow from Operating Activities	839,836	230,382	337,637	346,578	429,276
<b>Cash from investing activities:</b>					
Purchase of property, plant & equipment	-272,200	-	-	-	-183,704
Net Cash Outflow From Investing Activities	567,636	-16,003	114,417	144,166	245,572
<b>Cash from financing activities:</b>					
Dividends	-44,767	-48,087	-51,476	-54,950	-58,523
Change in cash & cash equivalent	522,869	-64,089	62,942	89,216	187,049
Beginning Cash Balance	35,556	558,424	494,335	557,277	646,492
Ending Cash Balance	558,424	494,335	557,277	646,492	833,541

## **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; 50 direct jobs expected to be created.
- (d) Transfer of technical know how

#### **(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 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 project.

## **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 made edible oils at a reasonable price and thus create more indirect jobs to all stakeholders engaged in the purchase

and sell of company's services. 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 market demand. 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.