

SEYLANI COMPANY LIMITED

DAR ES SALAAM – TANZANIA

BUSINESS PLAN FOR COMPUTER

ASSEMBLING LINE

BRIEF SUMMARY PROJECT

COMPANY: SEYLAN COMPANY LIMITED

LOCATION: KIGAMBONI GOBANYA STREET

CONTACTS: 0754305460

OBJECTIVES: TO ESTABLISH COMPUTER ASSEMBLING LINE

FINANCING: INVESTOR EQUITY USD 500,000

**BENEFITS: AVAILABILITY COMPUTERS, TECHNOLOGY
TRANSFER, JOB CREATION, GOVERNMENT INCOME**

IMPLEMENTATION PERIOD: 3 YEARS

CAPACITY: 19000 UNITS PER YEAR

EXECUTIVE SUMMARY

SEYLANI COMPANY LIMITED is registered in Tanzania under companies Act 2002 with certificate of Incorporation No. **151183417** issued on **12th March 2021** the directors are now well prepared to venture into assembling of computers goods.

- Registration of Project to TIC
- Obtaining various permit license,
- Renovation of industrial Building
- Ordering machines
- Recruiting
- The purchase of 4 single cabins Pick Up
- Purchasing 6 light trucks
- Purchasing of machines and equipments
- Equipping the Company with relevant facilities

The proposed project is estimated to cost about USD\$ 500,000. The project is sponsored by shareholders equity US\$ 500,000

THE PROJECT PROMOTERS

The shareholders of this project are five entrepreneurship with a diverse professional and business background. The company share capital is **Tsh. 15,000,000** divided into **10, 000** of value of **15,000** each

Name of Shareholders	Nationality	% share subscribe
Abdirahim M. Jnow	Somali	1000
Ahmed H. Hussein	Somali	800
Abdiqani M. Muhumed	Kenyan	200

MANPOWER REQUIREMENTS AND EMOLUMENTS

The estimated manpower requirement for the period for the project is 13 including 3 foreigners as shown below

Employment	Foreign skilled	Local Skilled	Local Unskilled	Total
Women	1	2	2	5
Men	2	4	2	8
TOTAL	3	6	4	13

LOCATION

The project head office at Plot No 1-4 Ngobanya Street , Kigamboni

OBJECTIVE OF THE STUDY

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

MARKET POTENTIAL

Tanzania is importing full assembled new and used computers from Asia, USA and Europe since there a few companies who are assembling computers locally. Tanzania's electronic goods technology is not yet in advanced even though there are some companies who have invested in repairing and many of then they have invested in repairing and many of them they have invested in importation of complete computers. China is the biggest exporter bran-new computers while USA and Europe are biggest exporters of used computers to Tanzania. The internal markets for computers is growing due the booming of economic activities, increase of school enrollment and people modernization taking place in the country, with population of 55 million, the demand is huge due to increase of the use of ICT in Tanzania.

PRODUCTS

The main product of the proposed project is

- Desktop computers
- Total 1900 units per year
- Price per unit USD\$ 400

MARKETS

Computers are for the local markets targeting secondary and graduate student. As mentioned above the promoters are well versed in the business.

SUPPLY POSITION

Apparently, there is few computer assembling line in Tanzania, computers are imported an finished products due to poor technology available domestically, the rapid growth of education sector in Tanzania, has convinced the company to set up assembling facility in Tanzania, the company will be assembling the high quality using state of the art technology to be employed will enable the company produce very high quality products.

COMPETITION

Due to the limited and insufficient supply aforementioned, no stiff competition is foreseen. However, the company produces very high quality products.

PROMOTION

Appropriate promotion means will be employed after consultation with promotion experts to enable the company properly promotes its products.

ASPECTS OF PROJECT SUSTAINABILITY

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

QUALITY CONTROL SYSTEM

The required quality control system will be employed ensuring that products produced maintain the same standard; assembling line will be using simple technology and not sophisticated.

ENVIRONMENTAL PROTECTION

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

PROJECT INVESTMENT

The estimated capital investment cost of the project is **US\$ 500,000** out of which **US\$ 419, 200** will be fixed investment costs. Pre –production expenditures have been budgeted at **US\$ 50,000** other cost will be **US\$ 10,800** while working capital is put at **US\$ 20,000**

COST STRUCTURE

PARTICULARS	US\$
Land & Buildings	79,200
Machinery & Equipment	250,000
Motor Vehicles	80,000
Furniture & Fixtures	10,000
Pre exp	50,000
Others	10,800
Working Capital	20,000
TOTAL	500,000

For the project to be a reality a total investment amounting to US\$ 500,000 is needed

FINANCING PATTERN

The project will be financed by equity **US\$ 375,000** and loan **US\$ 125,000**

PROJECT OPERATING COAST

In order to realize its intended objective, the project will have to meet the following operating costs.

SALARIES AND WAGES US\$ 220,000

The project will engage 13 employees and the total cost of annual salaries have been estimated to cost US\$ 220,000

UTILITIES \$ 15,000

Considered here are water and electricity annually

MOTOR VEHICLE RUNNING EXPENSES \$ 6,000

Petrol/diesel and lubricant requirement for the project's motor vehicle this cost element will amount to US\$ 6,000

INSUARANCE

Insurance estimated to cost US\$ 6,000 annually

MARKETING COAST US\$ 9320

A portion of US\$ 9320 is to be used in advertising the project.

DEPRECIATION COAST US\$ 41,920

For the day to day depreciation of fixed asset of the project US\$ 41.920 will be required annually for depreciation cost.

PENSION CONTRIBUTION

The company has set aside US\$ 2,200 as pension contribution

COMMUNICATION COAST US\$ 5,400

ADMINSTRATIVE COST US\$ 1,400

MAINTENANCE COST US\$ 7,000 DONATION US\$ 5,000

PROJECT SUITSNABILITY

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced the project will be able to operate undisturbed

FINANCIAL ANALYSIS

Consideration and Assumption

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value added Tax. The straight line method to depreciate the project's capital items has been applied.

It is assumed that the major building raw materials will be procured from local market and other will be imported. Revenues have been conservatively estimated based on experience of the promoters and trends in the hospitality industry.

FINANCIAL STATEMENT

PROJECTED LODGE REVENUE

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

SUMMARY OF REVENUE US\$

YEAR	1	2	3	4	5
Revenue	740,000	750,000	760,000	770,000	780,000

PROJECTED PROFIT AND LOSS STATEMENT

The income and expenditure statement shows the projected income for the 5 years period the position depicted is that the earns profit throughout its life. Accumulated after tax profits grow from US\$ in first year 147,368 to US\$ in the year 5th 164,966 for the detail refer appendix (IV)

PROJECTED CASH FLOWS

This is shown in the financial statement. The project has a positive end of year cash flow from 1 year US\$ 530,859 of operation to the 5th year 2,723,440 for the detail refer appendix (V)

PROJECTED BALANCE SHEET

The projected Balance Sheet of the projected is shown in the financial statements under same Net worth of the project increases from US 647, 368 in the first year of operation to US\$ 664,966 year; for the detail refer appendix (VI)

PROJECTED PAYBACK PERIOD

Total Investment is US\$ 500,000 cash accumulation in 3 years is US\$ 77,517 which is more than the initial investment by US\$ 77,517 the project payback period within 3 years. The project has relatively short payback period; for the detail refer appendix (VII)

ECONOMIC ASPECTS

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

- The project will create employment for 13 people on permanent contract basis
- It will create more business opportunities to local suppliers which will also have a trickledown effect in the environmental issues.
- It will generate substantial revenue to the government in the form of corporate tax value added tax and pay as you earn
- The project will have transfer of knowledge and skills to assembling sector
- The project will generate foreign earnings

CONCLUSION & RECOMMENDATION

The project is technical feasible, financially viable and economically sound, provided the sponsors will manage efficiently it is recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with the associated privileges and benefits as provided for under the Tanzania Investment Act.

COST STRUCTURE

PARTICULARS	US\$
Land & Buildings	79,200
Machinery & Equipment	250,000
Motor Vehicles	80,000
Furniture & Fixtures	10,000
Pre exp	50,000
Others	10,800
Working Capital	20,000
TOTAL	500,000

SUMMARY OF REVENUE

	1	2	3	4	5
Sales Revenue	740,000	750,000	760,000	770,000	780,000

FIXED ASSETS SCHEDULE USD**APPENDIX (III)**

NAME OF ASSETS	1	2	3	4	5
Land and Buildings	79,200	71,200	63,360	55,440	47,250
Machinery, Tools & Equipments	250,000	225,000	20,000	175,000	150,000
Motor Vehicle	80,000	720,000	64,000	56,000	48,000
Furniture & Fixture	10,000	9,000	8,000	7,000	6,000
Total	419,200	377,280	335,360	293,440	251,520
DEPRECIATION	2022	2023	2024	2025	2026
Land and Buildings	7,950	7,950	7,950	7,950	7,950
Machinery, Tools & Equipments	25,000	25,000	25,000	25,000	25,000
Motor Vehicle	8,000	8,000	8,000	8,000	8,000
Furniture & Fixture	1,000	1,000	1,000	1,000	1,000
Annual Depreciation	41,920	41,920	41,920	41,920	41,920
Closing Fixed Assets	377,280	335,360	293,440	251,520	209,60

PROJECTED INCOME & EXPENDITURE STATEMENT

NAME OF ASSETS	1	2	3	4	5
Sales Revenue	740,000	750,000	760,000	770,000	780,000
Cost of sales	210,233	213,593	216,600	218,606	220,620
Gross profit	529,767	536,407	543,400	551,394	559,380
Operating Expenses					
Administrative Expenses	1,400	4,205	5,000	5,200	5,800
Salary and Wages	220,000	220,000	220,000	220,000	220,000
Donation	5,000	5,000	5,000	5,000	5,000
Depreciation	41,920	41,920	41,920	41,920	41,920
Marketing cost	9,320	9,345	9,358	9,365	9,375
Maintenance & Repair	377,280	335,360	293,440	251,520	209,60
Interest	7,500	7,500	7,500	7,500	7,500
Utility cost	15,000	15,000	15,000	15,000	15,000
Insurance	6,000	6,000	6,000	6,000	6,000
Communication	5,400	5,406	5,410	5,415	5,418
Pension Contribution	2,200	2,200	2,200	2,200	2,2000
Total Expenses	326,740	329,576	330,388	330,600	331,213
Profit before Tax	203,027	206,831	213,012	220,794	228,167
Tax (30%)	60,908.10	62,049.30	63,903.60	66,238.20	68,450.10
Profit after tax	142,118.90	144,781.70	149,108.40	154,555.80	159,716.90

CASH FLOW OF OPERATION	1	2	3	4	5
Cash Sales	605,500	613,000	621,000	628,900	636,700
VAT Receipt	210,233	213,593	216,600	218,606	220,620
Subtotal cash received	738,700	748,000	757,800	767,500	777,100
Expenditure from operation					
Cash Spent	170,000	172,647	174,812	176,257	177,609
VAT Payments	37,841	38,846	38,988	39,349	39,711
Subtotal Cash payment	207,841	211,093	213,800	215,606	217,320
CASH FLOW FROM OPERATION	530,859	536,907	544,000	551,894	559,780
CASH FLOW FROM INVESTM					
Purchase of Assets	(419,200)				
Working capital pre expenses and others	(80,800)				
CASH FLOW FROM FINANCING					
Loan	125,000				
Owners Equity contribution	375,000				
CASH FLOW FROM FINANCING	500,000				
CASH FLOW FOR PERIOD	530,000				
NET CASH FLOW FOR PERIOD	530,859	536,907	544,000	551,894	559,780
CASH FLOW FOR START YEAR	-	530,859	1,067,766	1,611,766	2,163,660
CASH FLOW AT THE END OF YEAR	530,859	1,067,766	1,611,766	2,163,660	2,723,440

PROJECTED LONG TERM LOAN REPAYMENT

YEAR	PRINCIPLE	LOAN INT	TOTAL AMOUNT	LOAN BALANCE
0				125,000
1	31,250	7,500	38,750	93,750
2	31,250	7,500	38,750	62,500
3	31,250	7,500	38,750	31,259
4	31,250	7,500	38,750	0

PAYBACK PERIOD

YEAR	Profit after Tax	Depreciation	Total cash Flow	Accumulative Cash Flow
1	142,118	24,000	166,118	166,118
1	144,781	24,000	168,781	334,899
2	149,108	24,000	173,108	508,007
3	154,555	24,000	178,555	686,562
4	159,117	24,000	183,716	870,278