

# **BOBBY TOURS & SAFARIS LIMITED**

**Business Plan**

**For**

**Tour operator and camps' project**

**12<sup>th</sup> October 2023**

## **1.0 INTRODUCTION**

BOBBY TOURS & SAFARIS LIMITED is a company incorporated in Tanzania with certificate No. 51785 dated 11<sup>st</sup> March 2005 under the companies Act of 2002 and that the company is limited. BOBBY TOURS & SAFARIS LIMITED is engaged in the business tour operator and camps activities. The company is also registered with TRA as a Tax Payer with a TIN number 100-168-162 of 01<sup>st</sup> July 1999

### **1.1 BOBBY TOURS & SAFARIS LIMITED MISSION**

BOBBY TOURS & SAFARIS LIMITED Mission is to offer the best high-quality tour operation and camps services in comparison to other tour operators in the market

### **1.2 BOBBY TOURS & SAFARIS LIMITED VISION**

BOBBY TOURS & SAFARIS LIMITED vision is to provide affordable, quality, efficient and reliable tourism services to clients from within and outside the country at a global standard

### **1.3 COMPANY OWNERSHIP AND BOARD OF DIRECTORS**

BOBBY TOURS & SAFARIS LIMITED is owned by two shareholders who are very experienced in the tourism and hospitality industry, the share capital of the company is Tanzania shillings 10,000,000/= which are Ordinary shares divided as follows: -

<b>Share Holders</b>	<b>% of Share</b>	<b>Nationality</b>
MUSTAQ YUSUF ABDALLAH	50	TANZANIAN
KASSIM MUSTAQ ABDALLAH	50	TANZANIAN

#### **1.4 PROJECT LOCATION**

The tour operator and camps project by BOBBY TOURS & SAFARIS LIMITED will be located at Goliondoi street in Olorien ward in Arusha mjini district In Arusha region Tanzania.

### 1.5 THE COMPANY AND PROJECT ASSETS

BOBBY TOURS & SAFARIS LIMITED is currently having 16 tour cars and 1 camp and planning to import 10 more tour cars and add more camps and renovate the existing camp to serve the clients purposes. Therefore, this expansion project will make the company have the total of 26 tour cars and additional camps to meet the client demands and offer quality tourism and hospitality services. In this case the expansion project will add 10 cars and additional camps with estimated costs as follows: -

NO	ITEM NAME	AVG COST PER ITEM IN USD	QTY	TOTAL COST
1	TRUCKS	20,000,000	10	200,000
2	Existing camps and additional camps			100,000
	TOTAL ASSETS			300,000

### 1.6 PROJECT ESTIMATED REVENUE

The estimated revenue of the expansion project in for 10 additional tours cars for the first year is 214,438 USD growing at the rate of 15% for the following years

### 1.7 PROJECT OPERATING COST

The company has estimated that the project operating cost and 41% of the total annual revenue growing at the rate of 10% for the following years

## 1.8 PROJECT FINANCING

The company has estimated that the project will be financed by the local equity amounting to 200,000 USD and local loan of 200,000 USD. Therefore, the total of 400,000 USD for the whole project finance.

## 1.9 PROJECT INVESTMENT COST

The project has budgeted to cost the followings:

PARTICULAR	AMOUNT USD
Land and Buildings	100,000
Machinery & Equipment	
Motor Vehicles	200,00
Office Furniture	
Pre expenses	
Others	
Working Capital	100,000
<b>TOTAL PROJECT INVESTMENT</b>	<b>400,000</b>

## 2.0 PROJECT ORGANISATION CHART

- The project will be is headed by Mr. KASSIM MUSTAQ ABDALLAH who is currently the Managing Director of BOBBY TOURS & SAFARIS LIMITED. The expected project employment schedule are as follows:

-

### Employees Distribution Summary

Employment	Foreign	Local	Total
Women	0	20	20
Men	0	80	80
<b>TOTAL</b>	<b>0</b>	<b>100</b>	<b>100</b>

### 3.0 TANZANIA'S HOSPITALITY INDUSTRY – PAST & PRESENT

The growth of Tanzania's hospitality industry may be measured by several parameters, two of which are the growth of tourist arrivals and growth of new hotels in the country.

Hotel foreign arrivals from 2015 and July -2022 are as follows:

Year	Number
2015	1,137,000
2016	1,284,000
2017	1,327,000
2018	1,506,000
2019	1,527,000
2020	621,000
2021	923,000
2022-	1,454,920
2023 Jan -August	1,600,000

The sharp increase in tourist arrivals since 2023 is largely due to the lifting of Covid -19 lockdown by most countries and the continued effort of the governments to promote tourism attractions within and outside the country. Other reasons include advances in technology, meaning travel now is easier, quicker and more affordable. The growth of internet means now it is easier than ever before to book holidays.

#### 4.0 COMPETITION

**BOBBY TOURS & SAFARIS LIMITED** as an investor in Tanzania have an advantage in knowledge and experience regarding the local environment, industry, and markets. Besides, it provides both Accommodation and Safari in a package. The company's plan for better facilities will provide better services daily hence it will necessitate advance bookings.

**BOBBY TOURS & SAFARIS LIMITED** has established itself in the international market in various places world. This increases Company recognition leading to its being among the best tour operators. With this, the office remains stable against the challenges from other Tour Operators. **BOBBY TOURS & SAFARIS LIMITED** has some in-built advantages against any new competitor who may decide to enter this lucrative market. By leading in the market, it has established a name, experience, marketing network and strong relationship with the major international and local tour operators which in the short period would require reputable and strong competitors to make an impact. **BOBBY TOURS & SAFARIS LIMITED** will continue offering its services that are gaining popularity, offering new destinations with new product

diversification as the demand continues to surpass the potential supply products for up- market clientele.

## **8.0 FINANCIAL ASPECTS OF THE PROJECT**

### **(i) Projected Profit and Loss Statement**

The attached Appendix I shows the projected income for the 8years period. The position depicted is that the project earns profit throughout its life cycle. Accumulated after-tax profits growfrom. **US\$ 20,337** in the 1<sup>st</sup> year to **US\$ 448,397** in the 8<sup>th</sup> year.

### **(ii) Projected Cash Flows**

The project's cash flows are shown in Appendix II. They depict a good liquid position right from the first year. Cash accumulation builds up from **US\$ 50,337** in the first year to **US\$ 401,397** at the end of the 8<sup>th</sup> year of the project's operations based on the 10 trucks and other assets obtained.

**(iii) Projected Balance Sheet**

The project's assets' cash flows are shown in Appendix III. Owners' equity grows from US\$ **507,337** in the first year to **USD 648,397** at the end of the 8<sup>th</sup> year of the project's operations

**(iv) Payback Period**

Total investment is US\$ **400,000** cash accumulation in 6<sup>th</sup> year is **US\$ 479,498** which is more than the initial investment by **US\$ 79,498**. The project payback Period is exactly 6 years. Therefore, the project has a relatively short time Payback period.

**(v) Loan repayment**

The total investment loan is **US\$ 200,000** to be repaid within 8 years.

**9.0 ECONOMIC ASPECTS OF THE PROJECTS**

Besides the financial/monetary returns to the owners, there are other benefits to be derived for the whole country.

**(i) Employment Opportunities**

Employment and poverty reduction are among the major concern of the Central and Local Government authorities. It is gratifying to note that the company will provide additional employment to 100 people. This is a significant contribution coming from the local investor.

**(ii) Revenue to the Government**

The Project is expected to pay a substantial annual amount in the form of corporation tax and other taxes

**(iii) Foreign Exchange Earning**

Since the project's clientele is mostly towards neighboring countries the project will thus earn foreign currency for the United Republic of Tanzania.

**10.0 CONCLUSION**

- (i) The project is profitable and contributes to government revenue by way of taxes.
- (ii) The project provides employment to 100 people.
- (iii) The project is an encouraging sign to prove that we have good business environments and we have investors who have confidence in their country so that they are ready to invest such large sums of capital investment.

**11.0 RECOMMENDATION**

After undergoing economic and financial evaluation of the project, we strongly recommend that this project be approved for implementation and be granted the Certificate of Incentives from TIC so that the company enjoys the benefits of incentives and work more towards improving the economy of Tanzania and enhancing employment in Tourism sector.

**FORECASTED STATEMENT OF PROFIT & LOSS IN USD**

<b>CURRENCY USD</b>											
	<b>Monthly</b>	<b>Number of Trucks</b>	<b>Monthly Income</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>
Revenue	-	10	-	214,438	246,604	283,594	326,133	332,514	376,011	388,916	434,348
Operating Cost	-	10	-	139,385	153,324	168,656	185,521	204,074	224,481	246,929	271,622
<b>Gross profit before depreciation and interest</b>			-	<b>75,053</b>	<b>93,280</b>	<b>114,938</b>	<b>140,612</b>	<b>128,441</b>	<b>151,530</b>	<b>141,987</b>	<b>162,726</b>
Loan Interest @8%				16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
Depreciation 10%				30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
				46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000
<b>Gross profit</b>				<b>29,053</b>	<b>47,280</b>	<b>68,938</b>	<b>94,612</b>	<b>82,441</b>	<b>105,530</b>	<b>95,987</b>	<b>116,726</b>
Tax(30%)				8,716	14,184	20,682	28,384	24,732	31,659	28,796	35,018
Profit after tax				20,337	33,096	48,257	66,228	57,708	73,871	67,191	81,708
<b>Accumulated profit</b>				<b>20,337</b>	<b>53,433</b>	<b>101,690</b>	<b>167,918</b>	<b>225,627</b>	<b>299,498</b>	<b>366,688</b>	<b>448,397</b>

<b>PROJECTED STATEMENT OF CASHFLOW IN USD</b>									
	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
<b>SOURCES:</b>									
Profit after interest and depreciation	-	<b>20,337</b>	<b>33,096</b>	<b>48,257</b>	<b>66,228</b>	<b>57,708</b>	<b>73,871</b>	<b>67,191</b>	<b>81,708</b>
Equity		200,000							
Loan		200,000	-41,000	-41,000	-41,000	-41,000	-41,000	-41,000	-41,000
<b>Total Sources</b>		<b>420,337</b>	<b>-7,904</b>	<b>7,257</b>	<b>25,228</b>	<b>16,708</b>	<b>32,871</b>	<b>26,191</b>	<b>40,708</b>
<b>Applications:</b>									
Capital expenditure		300,000							
Working Capital & Others		100,000							
Cash	-	20,337	-7,904	7,257	25,228	16,708	32,871	26,191	40,708
Depreciation	-	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
<b>Sub total</b>		<b>50,337</b>	<b>22,096</b>	<b>37,257</b>	<b>55,228</b>	<b>46,708</b>	<b>62,871</b>	<b>56,191</b>	<b>70,708</b>
<b>Total applications</b>	<b>0</b>	<b>50,337</b>	<b>72,433</b>	<b>109,690</b>	<b>164,918</b>	<b>211,627</b>	<b>274,498</b>	<b>330,688</b>	<b>401,397</b>

**FORECASTED STATEMENT OF FINANCIAL POSITION IN USD-BALANCE SHEET**

<b>ASSETS</b>	<b>Initial Outlays/Years</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
Opening Balance		-	330,000	360,000	390,000	420,000	450,000	480,000	510,000
Total Long-term assets	300,000	300,000	330,000	360,000	390,000	420,000	450,000	480,000	510,000
Less Depreciation		30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Closing Balance		330,000	360,000	390,000	420,000	450,000	480,000	510,000	540,000
Working Capital	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Accumulated Cash		50,337	72,433	109,690	164,918	211,627	274,498	330,688	401,397
<b>Total Assets</b>	<b>100,000</b>	<b>480,337</b>	<b>532,433</b>	<b>599,690</b>	<b>684,918</b>	<b>761,627</b>	<b>854,498</b>	<b>940,688</b>	<b>1,041,397</b>
<b>Financed By</b>									
Equity	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Accumulated Profits		20,337	53,433	101,690	167,918	225,627	299,498	366,688	448,397
Total Equity	200,000	220,337	253,433	301,690	367,918	425,627	499,498	566,688	648,397
Bank Loan	200,000	287,000	246,000	205,000	164,000	123,000	82,000	41,000	
Total Debt	200,000	287,000	246,000	205,000	164,000	123,000	82,000	41,000	-
<b>Total Equity and Debt</b>	<b>400,000</b>	<b>507,337</b>	<b>499,433</b>	<b>506,690</b>	<b>531,918</b>	<b>548,627</b>	<b>581,498</b>	<b>607,688</b>	<b>648,397</b>

<b>PAYBACK PERIOD CALCULATIONS</b>				
<b>Year</b>	<b>Profit After Tax</b>	<b>Depreciation</b>	<b>Total Cash Flow</b>	<b>Accumulated Cash Flow</b>
1	20,337	30,000	50,337	50,337
2	33,096	30,000	63,096	113,433
3	48,257	30,000	78,257	191,690
4	66,228	30,000	96,228	287,918
5	57,708	30,000	87,708	375,627
6	73,871	30,000	103,871	479,498
7	67,191	30,000	97,191	576,688
8	81,708	30,000	111,708	688,397
<b>TOTAL</b>	<b>448,397</b>	<b>240,000</b>	<b>688,397</b>	<b>2,763,589</b>

<b>LOAN REPAYMENT SCHEDULE</b>				
<b>Year</b>	<b>Principle</b>	<b>Loan Interest (8%)</b>	<b>Total Amount Paid</b>	<b>Loan Balance</b>
<b>0</b>	<b>328,000</b>	-	-	328,000
1	25,000	16,000	41,000	287,000
2	25,000	16,000	41,000	246,000
3	25,000	16,000	41,000	205,000
4	25,000	16,000	41,000	164,000
5	25,000	16,000	41,000	123,000
6	25,000	16,000	41,000	82,000
7	25,000	16,000	41,000	41,000
8	25,000	16,000	41,000	-
	<b>200,000</b>	<b>128,000</b>	<b>328,000</b>	

## IMPLEMENTATION SCHEDULE

	<b>ACTIVITY</b>	<b>PERIOD</b>
1.	Processing TIC Certificate of Incentive	October 2023
2.	Funds Mobilization	November 2023
3.	Ordering of Vehicles	November 2023
4.	Arrival of Vehicles	December 2023– Jan 2024
5.	Trial Operations	February 2024
6.	Commercial Operations	March 2024