

PTC INVESTMENT COMPANY LIMITED

DAR ES SALAAM – TANZANIA

BUSINESS PLAN

FOR

ASSEMBLING ELECTONICS

BRIEF SUMMARY PROJECT

COMPANY: PTC INVESTMENT CO. LIMITED

LOCATION: PLOT No, 325 KIGOGO , DAR ES SALAAM REGION

CONTACTS: P. O. Box 79241

OBJECTIVE: TO ESTABLISH ELECTRONICS ASSEMBLING LINE

FINANCING: INVESTORS' EQUITY USD 500,000

**BENEFITS: AVAILABILITY TV, COMPUTERS, TECHNOLOGY
TRANSFER, JOBS CREATION, GOVERNMENT
INCOME/**

IMPLEMENTATION PERIOD: 3YEARS

CAPACITY: 1900 UNITS PER YEAR

1.0. **EXECUTIVE SUMMARY.**

PTC INVESTMENT COMPANY LIMITED is registered in Tanzania under Companies Act 2002 with Certificate of Incorporation **No.139296** issued on **13th November, 2017**. The directors are now well prepared to venture into assembling of Electronics goods.

The business plan has been prepared for **PTC INVESTMENT COMPANY LIMITED** for air computer assembling plant. The implementation of this project will include the following activities:

- Registration of project to TIC
- Obtaining various permit and 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 US\$ 500,000. The project is sponsored by shareholders equity US\$ 500,000

1.1 **THE PROJECT PROMOTERS**

The shareholders of this project are five entrepreneurs with a diverse professional and business backgrounds. The company share capital is Tsh 1,100,000,000 dived into 1000 shares of value of Tsh1,100,000 each: -

Name of Shareholders	%Share subscribed	Nationality
Yang Chang Chen	600	China
Zhen Feng Wu	400	China
Total	100	

1.2 **Manpower Requirement and Emoluments**

The estimated manpower requirement for the project is 13 people 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

1.3 **LOCATION.**

The project head office will be located at Plot No. 325 Ilala, Dar es salaam Region.

1.4 **OBJECTIVE OF STUDY**

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

2.0 **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 advanced even though there are some

companies who have invested in repairing and many of them they have invested in importation of complete computers. China is the biggest exporter brand-new computers while USA and Europe are biggest exporters of used computers to Tanzania. The internal markets for computers is growing due to booming of economic activities, increase of school enrollment and people modernization taking place in the country, With population of 55million, the demand is huge due to increase of the use of ICT in Tanzania

2.1 PRODUCTS

The main product of the proposed project is:

- Desk top TV & computer
- Total of 1900 units per year
- Price per unit US\$400

2.2 MARKETS

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

3.3 SUPPLY POSITION

Apparently, there is few TV & Computer assembling line in Tanzania, computers are imported as 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

3.4 COMPETITION

Due to the limited and insufficient supply as aforementioned, no stiff competition is foreseen. However, the company is expecting to face competition from imported finished products.

3.5 PROMOTION

Appropriate promotion means will be employed after consultations with promotion experts to enable the company properly promote its products

4.0 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

4.1 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

4.2 ENVIRONMENT PROTECTION

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

5.0 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

PARTICULAR	US\$
Land and Buildings	79,200.00
Machinery & Equipment	250,000.00
Motor Vehicles	80,000.00
Furniture & Fixtures	10,000.00
Pre exp	50,000.00
Others	10,800.00
Working Capital	20,000.00
TOTAL	500,000.00

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

6.0 Financing pattern

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

7.0 Project operating costs

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

(i) 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.

(ii) Utilities US \$15,000

Considered here are water and electricity annually.

(iii) Motor vehicle running Expense US\$6,000

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

(iv) Insurance: US\$6,000

Insurance estimated to cost US\$ 6,000 annually

(v) Marketing cost US\$9320

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

(vi) Depreciation cost 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.

(vii) Pension contribution US\$2,200

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

(vii) Communication cost US\$ 5,400

(viii) Administrative cost US\$1,400

(ix) Maintenance cost US\$7,000

(x) Donation US\$5,000

8.0 PROJECT SUSTAINABILITY

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

9.0 FINANCIAL ANALYSIS

9.1 Considerations and Assumptions:

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 material 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.

Exchange rate assumed to be US\$ 1.

9.3 Financial Statements:

9.3 Projected lodge Revenue

For projection purposes, it is assumed that the economic life of the project is five years, and that revenue from the project commence 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

9.4 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 project 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)**

9.5 Projected Cash Flows

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

9.6 Projected Balance Sheet

The projected Balance Sheet of the project is shown in the financial statements under same heading. Net worth of the project increases from US\$**647,368** in the first year of operation to US\$ **664,966** in the 5th year; **for the detail refer appendix (VI).**

9.7 Projected payback period

Total investment is **US\$500,000** cash accumulation in 3 years is **US\$577,517** which is more than the initial investment by **US\$ 77,517**, the project payback Period is within **3 years**.

The project has a relatively short payback period; **for the detail refer appendix (VII)**

10.0 ECONOMIC ASPECTS

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

- The project is an ideal option for utilization of the domestic market
- 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

11.0 Implementation

Project implementation is expected to be relatively very short once project has been approved it is estimated that construction of hotel will be completed within one year: -

Implementation

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	March 2023
2	Placing order of machines	May– November 2023
3	Installing machines	November -December 2023
4	Recruitment	December 2023
5	In house training	January- February 2024
4	Testing production	March - May 2024
6	Commercial operations	June 2024

12.0 CONCLUSION & RECOMMENDATIONS

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 1997.

Appendix (I)**COST STRUCTURE**

PARTICULAR	US\$
Land and Buildings	79,200.00
Machinery & Equipment	250,000.00
Motor Vehicles	80,000.00
Furniture & Fixtures	10,000.00
Pre exp	50,000.00
Others	10,800.00
Working Capital	20,000.00
TOTAL	500,000.00

Appendix (II)**SUMMARY OF REVENUE "US\$"**

	1	2	3	4	5
Sales	740,000.	750,000.	760,000.	770,000.	780,000.
Revenue	00	00	00	00	00

Appendix (III)

FIXED ASSETS SCHEDULE

NAME OF ASSETS	1 USD	2 USD	3 USD	4 USD	5 USD
Land And Buildings	79,200	71,280	63,360	55,440	47,520
Machinery, Tools & Equipment	250,000	225,000	200,000	175,000	150,000
Motor Vehicles	80,000	72,000	64,000	56,000	48,000
Furniture & Fixtures	10,000	9,000	8,000	7,000	6,000
Total	419,200	377,280	335,360	293,440	251,520
DEPRECIATION	2011 USD	2012 USD	2013 USD	2014 USD	2015 USD
Land and buildings	7,920	7,920	7,920	7,920	7,920
Machinery tools & Equipment	25,000	25,000	25,000	25,000	25,000
Motor Vehicles	8,000	8,000	8,000	8,000	8,000
Furniture & Fixtures	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	209,600

**Appendix
(IV)**

PROJECTED INCOME & EXPENDITURE STATEMENT

	1	2	3	4	5
Sales Revenue	740,000.00	750,000.00	760,000.00	770,000.00	780,000.00
Cost of Sales	210,233.00	213,593.00	216,600.00	218,606.00	220,620.00
Gross Profit	529,767.00	536,407.00	543,400.00	551,394.00	559,380.00
Operating Expenses:					
Administrative Expenses	1,400.00	4,205.00	5,000.00	5,200.00	5,800.00
Motor vehicle running expenses	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00
Salaries and Wages	220,000.00	220,000.00	220,000.00	220,000.00	220,000.00
Donation	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
Depreciation	41,920.00	41,920.00	41,920.00	41,920.00	41,920.00
Marketing Costs	9,320.00	9,345.00	9,358.00	9,365.00	9,375.00
Maintenance & Repair	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00
Interest	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00
Utility costs	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00

Insurance	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00
Communication	5,400.00	5,406.00	5,410.00	5,415.00	5,418.00
Pension Contribution	2,200.00	2,200.00	2,200.00	2,200.00	2,200.00
Total Expenses	326,740.00	329,576.00	330,388.00	330,600.00	331,213.00
Profit before tax	203,027.00	206,831.00	213,012.00	220,794.00	228,167.00
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

Appendix (V)

	1	2	3	4	5
CASH FLOW FROM OPERATIONS:					
Cash Sales	605,500.00	613,000.00	621,000.00	628,900.00	636,700.00
VAT Receipt	133,200.00	135,000.00	136,800.00	138,600.00	140,400.00
Subtotal cash Received	738,700.00	748,000.00	757,800.00	767,500.00	777,100.00
Expenditures from Operations:					
Cash spent	170,000.00	172,647.00	174,812.00	176,257.00	177,609.00
VAT Payments	37,841.00	38,446.00	38,988.00	39,349.00	39,711.00

Subtotal Cash Payment	207,841.00	211,093.00	213,800.00	215,606.00	217,320.00
CASH FLOW FROM OPERATIONS:	530,859.00	536,907.00	544,000.00	551,894.00	559,780.00
CASH FLOW FROM INVESTMENTS:					
Purchase of Assets	(419,200.00)				
Working Capital ,pre-expenses and Others	(80,800.00)				
CASH FLOW FROM INVESTMENTS:	(500,000.00)				
CASH FLOW FROM FINANCING:					
Loan	125,000.00				
Owners Equity Contribution	375,000.00				
CASH FLOW FROM FINANCING:	500,000.00				
NET CASH FLOW FOR PERIOD	530,859.00	536,907.00	544,000.00	551,894.00	559,780.00
CASH FLOW START OF YEAR	-	530,859.00	1,067,766.00	1,611,766.00	2,163,660.00
CASH FLOW AT THE END OF YEAR	530,859.00	1,067,766.00	1,611,766.00	2,163,660.00	2,723,440.00

PROJECTED CASH FLOW US\$

**Appendix
(VI)**

PROJECTED LONG TERM LOAN REPAYMENT

Repayments US\$				
Year	principle	Loan Interest (6%)	Total Amount Paid	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	31,250
4	31,250	7,500	38,750	0

Appendix (VII)**PAYBACK PERIOD**

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulative Cash Flow
1	142,118.00	24,000.00	166,118.00	166,118.00
2	144,781.00	24,000.00	168,781.00	334,899.00
3	149,108.00	24,000.00	173,108.00	508,007.00
4	154,555.00	24,000.00	178,555.00	686,562.00
5	159,716.00	24,000.00	183,716.00	870,278.00