

MOYO AFRICA EXPLORATIONS LIMITED

Revised Business Plan

For

Establishment of

Tour Operators & Camping Safaris Project

1.0. **EXECUTIVE SUMMARY.**

MOYO AFRICA EXPLORATIONS LIMITED is a company registered in the country under the Companies Act, 2002, and bears Certificate of Incorporation No. 65754 issued on 27th May 2008.

The project promoters are carrying out various businesses but majoring in Tour operations and campsite safaris. Having been in the business for over 5 years the directors are now well prepared for the establishment of tour operations and camping site business at **Mbutu, Mkwajuni, Somangila Ward, Temeke District, Dar es Salaam region** they see a very bright future in the tourism sector. The board of directors sees the bright future of the tourism business in Tanzania

The document has been prepared to serve as a revised business plan for **MOYO AFRICA EXPLORATIONS LIMITED** for the tour operations and campsite project. The implementation of this project will comprise the following activities:-

- The purchase of 30 Land cruisers,
- Purchase of 5 single cabin
- The construction of a modern workshop, office and
- Purchasing CCTV and communication equipment
- Purchasing tented camps
- Equipping the company with relevant facilities

The proposed project is estimated to cost about US\$ 3,453,428. The project sponsors will provide US\$ 453,428 while the rest of US\$3,000,000 will be sought from financial institutions.

1.1 THE PROJECT PROMOTERS

The shareholders of this project are all entrepreneurs with diverse professional and business backgrounds. The company is owned by 3 shareholders, namely:-

Name	% of shares	Nationality
Eugene Mwidadi	33	Tanzanian
Alexey Plyaskin	33	Russia
Deusdedith Mayomba Duncan	34	Tanzanian

1.2 LOCATION.

The project head office will be located at **Mbutu, Mkwajuni, Somangila Ward, Temeke District, Dar es Salaam region**

2.0. TOURISM INDUSTRY RECOVERY FROM COVID-19 AND POST ROYAL TOUR.

Like many other countries during the peak of Covid 19 pandemic, Tanzania's tourism sector was also affected. An intervention by the government and industry players to rescue the sector appeared to be on the right track. Industry players believed that recovery for the multi-million-dollar sector would be a herculean task, needing the full participation of all stakeholders. Tanzania opted for an earlier opening of the skies and easing of other

restrictions the totem provide some relief to the Tourism sector and rescue the economy.

Besides, generating 25% of the foreign exchange earnings, the sector also supports nearly 1.6 million direct and indirect jobs across the country. The industry was hit hard by Covid-19, earnings from the sector in 2020 dropped from the projected sum of \$2.6 million (TZS 6 trillion) projected to \$598 million (TZS 1.4 trillion).

The ongoing tourism recovery efforts have been boosted by the opening of skies in the international region. The resumption of flights is a major boost to the tourism sector which was devastated by Covid-19.

Additionally, President Samia Suluhu Hassan guided the filming and recording of the Royal Tour film in August last year. The documentary is set to promote Tanzania's tourism position among other African destinations to the global audience and then raise travel and tourism awareness for recovery from the impacts of the COVID-19 pandemic

In the year 2021, Tanzania earned USD 1.3 Billion from Tourism Industry. The number of tourists visiting the country increased by 48.6%. Statistics show that in the year 2021, Tanzania received 922,692 tourists from various countries compared to the year 2020 when Tanzania received only 620,867 earning revenue of USD 714.59 it is Tanzanians' vision that upon reaching

2025, the tourists visiting the country to reach 5,000,000 tourists, and earned revenue to be at USD 6 Billion.

Why should you invest in Tanzania?

With the recent improvements in the National budget apportioned for the Tourism sector, the review of the laws affecting the Tourism sector, and the recent initiatives to promote tourism around the Globe, investors stand a chance to benefit from investments that complement the industry as explained below

Tanzania's untapped tourism potential. There are vast investment opportunities, and natural and cultural attractions. The country is known for its abundant wildlife resources, cultural heritage resources, forest resources, unexploited beaches, and marine resources. Tanzania has an exceptionally beautiful and interesting destination, with 16 National Parks, 31 Game Reserves, 44 Game Controlled Areas, 4 Ramsar Sites, 33 Wildlife Management Areas, 16 Nature Reserves, 2 Marine Parks, and 16 famous historical and cultural sites.

Strategic Location. That unique geographical location makes the country an unchallenged gateway to regional and international viable markets for landlocked countries.

Peace and Stability. Tanzania is free of ideological confrontations, ethnic problems, and many other issues that can put the country's peace at stake.

Stable Investment Environment. The pro-investment attitude of the government is demonstrated by the innovative investment legislation, the increasing number of foreign direct investments, and the budgetary changes.

Non-fiscal Incentives and fiscal incentives.

Zero percent import duty and VAT exemption on capital goods

The recognition of private property and protection against any non-commercial risks

Allowed to repatriate all your profits, gains, and dividends from an investment after tax.

Favorable investment allowances and deductions.

The tourism sector is one of the sectors listed in the Tanzania Investment Centre (TIC) and therefore entitled to the incentives provided by TIC. Investors in Tourism Sector do enjoy Tax Exemption on Import duty provided under the East African Customs Management Act during the importation of specially designed vehicles for tourist transportation.

3.0 PROJECT INVESTMENT COST

The implementation of the project will cost 3,453,428.00 the details are summarized below

MOYO AFRICA EXPLORATIONS LIMITED COST STRUCTURE

PARTICULAR	
Land and Buildings	1,000,000.00
Machinery & Equipment	564,153.00
Motor Vehicles	1,272,000.00
Furniture & Fixtures	37,275.00
Pre expenses	50,000.00
Others	30,000.00
Working Capital	500,000.00
TOTAL	3,453,428.00

4.0 **FINANCING PATTERN**

The project will be financed both by equity and loan. Equity contribution will constitute US\$ 453,428, while the remaining amount will be in the form of a loan. This loan amount is expected to be the equivalent of US \$3,000,000

The loan will be negotiated and acquired from one of the foreign banks operating in the country.

5.0 **MANPOWER AND ORGANIZATION STRUCTURE**

The project will be managed by a Board of Directors of **MOYO AFRICA EXPLORATIONS LIMITED**. The Board, like all other boards, is responsible for the formulation and supervision of company policies and guidelines. The project's day-to-day operations will be under the supervision of the Managing Director assisted by the Director of Finance and Administration and the Director of Logistics and Marketing.

In order to ensure timely service delivery, Management will provide on-the-job training in the field of tour operation and management and will provide bonuses and other incentives as a means of instilling and boosting employee work morale. The project is estimated to create direct employment for **40** people

6.0 PROJECT OPERATING COSTS

In order to realize its intended objective the project will have to meet the following Salaries and Wages, Utilities, Motor vehicle running expenses, Insurance, Marketing cost, Depreciation, Pension contribution, and Communication cost, the operating cost be estimated to be 70% of total revenue

7.0 MARKETING STRATEGY

In order to penetrate and expand to the targeted markets the company has come up with the following marketing strategy;

- Participation in Tourism exhibitions
- Billboard Advertising
- Advertising through the internet
- Merchandise advertising
- Translating the company website
- Opening up an overseas agent in America & Europe
- Joining membership to various travel and trade associations.

Thus a successful implementation of the outlined plan will yield the desired level or threshold of clients from a worldwide focus.

8.0 SERVICES OFFERED

The company is planning to engage in organizing wildlife safaris. The Company will be operating three income-generating activities as under

8.1 TOUR OPERATION.

Under this service provision activity, the company will fully be involved in all aspects of tour operations such as arranging all travel arrangements for clients and reservations, ground handling and transport for clients, lodge-based game safaris, balloon safaris, luxury tented-camp safaris, adventure safaris, mountain trekking, walking and hiking safaris, and beach and leisure holidays, cultural tours

8.2 TOUR AGENCY, ACCOMMODATION, AND MOUNTAIN CLIMBING

Under this service provision activity, the company will be involved indirectly with the client. Instead of **MOYO AFRICA, EXPLORATIONS LIMITED** deals with the go-between parties: the party being an individual organization or a fellow tour agency requesting the company to organize a tour for their client, and such services are provided on a commission basis after taking consideration the actual cost of organizing the tour.

9.0 PRICING STRATEGY

MOYO AFRICA EXPLORATIONS LIMITED determines the pricing structure for all its products and services based on the criteria such as fuel costs, pack entry fees, marketing costs, salaries equipment and etc.

The company intends to offer the best quality services that comply with the price charged as indicated earlier, there is a market segment that has spending power and can afford this pricing. Therefore, this pricing will reflect the targeted market segment in focus.

10. SALES AND MARKETING COMMUNICATION

Under the implementation plan, the following sales and marketing communication approaches will be carried out:-

10.1 Billboard Advertising

This strategy is drawn mainly to attract the domestic market, numerous billboards will be displayed in strategic locations in order to optimize cleanness for any public/audience some of the strategic locations under this implementation plan include: airports and on the main city roads of Arusha, Moshi and DSM

10.2 Tourism Exhibitions

The company is planning to be participating every year in the World Travel Market (WTM) exhibitions in the UK, Indaba Travel Exhibitions in South Africa as well as the domestic Karibu Travel & Trade fair in Arusha.

10.3 Marketing through the Internet

Technology has indeed transformed our lives. There are countless tourism-related websites on the internet worldwide that advertise and promote products and services either directly through their web pages or through email marketing. Another option under this plan will be to get the company

website listed on major search engines waiting for customers. Search engines have proven to be a valuable and informative tool in the Marketing world.

11.0 REVENUE ASSUMPTIONS

The company is expecting to have 30 Vehicles and accommodation costs resulting in revenue of US\$4,500,000.00 for the first year and up to US\$ 5,469,778.13 for the fifth year

SCHEDULE 11.0: SUMMARY OF REVENUE (US\$)

	1	2	3	4	5
-					
Revenue	4,500,000.00	4,725,000.00	4,961,250.00	5,209,312.50	5,469,778.13

The revenue estimate assumed here is just a conservative estimate. With the expected improvement of the roads and in general, operations coupled with the drivers gaining experience in tourism businesses, the number of trips per car will be raised. This will have a tremendous impact on the Company’s expenditure and earnings.

12.0. FINANCIAL ASPECTS O THE PROJECT

12.1 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 \$ 711,922** in the first year to **US \$ 4,056,330** in the fifth year

12.2 Projected Cash Flows

The project's cash flows depict a good liquid position right from the first year. Cash accumulation builds up from **US 1,044,891** in the first year to **US \$5,721,175** at the end of 5 years of the project's operations based on the 30 vehicles obtained in the first year

12.3 Projected Balance Sheet

Owners' equity rise from **US\$ 453,428** at the end of the first year to **US\$ 4,509,758** fifth which is a significant increase.

12.5 PROJECT IMPLEMENTATION SCHEDULE

It is expected that the Project will take 12 months to implement as shown below:-

	ACTIVITY	PERIOD
1.	Processing TIC Certificate of Incentive	May 2023
2.	Funds Mobilization	January –July 2023
3.	Ordering of Vehicles	August – October 2023
4.	Arrival of Vehicles	November – December 2023
5.	Trial Operations	February 2024
6.	Commercial Operations	August 2024

13.0 ECONOMIC ASPECTS OF THE PROJECTS

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

(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 **MOYO AFRICA EXPLORATIONS LIMITED** is going to provide employment for 40 people all of whom will be nationals. This is a significant contribution coming from local investors.

(ii) Revenue to the Government

The Project is expected to pay a substantial annual amount in the form of corporation tax amounting to **US \$ 1,299,067** during the project's 5 years covered under our project review.

(iii) Foreign Exchange Earning

Since the project's clientele is mostly tourists, the project will thus earn foreign currency for the United Republic of Tanzania.

14.0 CONCLUSION AND RECOMMENDATION

14.1 CONCLUSION

- (i) The project is profitable and contributes to government revenue by way of taxes.
- (ii) The project provides employment to 40 people all of whom are national Tanzanians.
- (iii) The project is an encouraging sign to prove that we have local investors who have confidence in their country. Tanzania so much so that they are ready to invest such large sums of investment despite the odds of the sector in question.

14.2 RECOMMENDATION

After the foregoing economic and financial evaluation of the project, we strongly recommend that this project be implemented and be given all the support required by all the concerned Government Ministries and Agencies, including the Tanzania Revenue Authority (TRA) and the Tanzania Investment Centre – (TIC). The project deserves this support because of its viability, since it is technically feasible, economically viable, and socially acceptable.

MOYO AFRICA EXPLORATIONS LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT (US\$)

-	1	2	3	4	5
Revenue	4,500,000.00	4,725,000.00	4,961,250.00	5,209,312.50	5,469,778.13
Operating Expenses:	3,150,000	3,307,500	3,472,875	3,646,519	3,828,845
Gross Profit Before Interest and Depreciation	1,350,000	1,417,500	1,488,375	1,562,794	1,640,933
Interest	240,000	240,000	240,000	240,000	240,000
Depreciation	92,969	92,969	92,969	92,969	92,969
Gross Profit	1,017,031	1,084,531	1,155,406	1,229,825	1,307,964
Tax (30%)	305,109	325,359	346,622	368,947	392,389
Profit After Tax	711,922	759,172	808,784	860,877	915,575
Accumulated Profit	711,922	1,471,094	2,279,878	3,140,755	4,056,330

MOYO AFRICA EXPLORATIONS LIMITED PROJECTED CASH FLOW (US\$)

SOURCES:	0	1	2	3	4	5
Profit before interest and depreciation	-	1,350,000	1,417,500	1,488,375.00	1,562,794	1,640,933
Equity	453,428					
Loan	3,000,000					
Total Sources	3,453,428	1,350,000	1,417,500	1,488,375	1,562,794	1,640,933
Applications:						
Capital expenditure	2,873,428		-	-	-	-
working Capital & Others	580,002					
Cash	-	1,044,891	1,092,141	1,141,753	1,193,846	1,248,544
Tax	-	305,109	325,359	346,622	368,947	392,389
Subtotal	3,453,430	1,350,000	1,417,500	1,488,375	1,562,794	1,640,933
Total applications	3,453,430	1,350,000	1,417,500	1,488,375	1,562,794	1,640,933
Accumulated cash		1,044,891	2,137,032	3,278,785	4,472,631	5,721,175

MOYO AFRICA EXPLORATIONS LIMITED PROJECTED BALANCE SHEET IS \$

Fixed Assets		1	2	3	4	5
Opening balance	-	2,873,428	2,780,459	2,730,817	2,681,176	2,631,534
Total Long-term Assets	-	2,873,428	2,780,459	2,730,817	2,681,176	2,631,534
Less depreciation	-	92,969	92,969	92,969	92,969	92,969
Closing balance	-	2,780,459	2,687,490	2,637,848	2,588,207	2,538,565
Working capital	580,002	580,002	580,002	580,002	580,002	580,002
Accumulated cash	-	1,755,355	3,589,460	5,506,252	7,509,867	9,604,644
Total assets	580,002	5,115,816	6,856,952	8,724,103	10,678,076	12,723,211
Financed by						
Equity	453,428	453,428	453,428	453,428	453,428	453,428
Accumulated profit	-	711,922	1,471,094	2,279,878	3,140,755	4,056,330
Total equity	453,428	1,165,350	1,924,522	2,733,306	3,594,183	4,509,758
Bank Loan	3,000,000	2,400,000	1,800,000	1,200,000	600,000	-
Total debts	3,000,000	1,800,000	1,800,000	1,200,000	600,000	-
Total equity and debts	3,453,428	2,965,350	3,724,522	3,933,306	4,194,183	4,509,758

MOYO AFRICA EXPLORATIONS LIMITED INVESTMENT COSTUS\$

PARTICULAR	
Land and Buildings	1,000,000.00
Machinery & Equipment	564,153.00
Motor Vehicles	1,272,000.00
Furniture & Fixtures	37,275.00
Pre expenses	50,000.00
Others	30,000.00
Working Capital	500,000.00
TOTAL	3,453,428.00

MOYO AFRICA EXPLORATIONS LIMITED FIXED ASSETS SCHEDULE

NAME OF ASSETS	1	2		4.00	5.00
Land And Buildings	1,000,000	980,000	960,000	940,000	920,000
Machinery, Tools & Equipment	564,153	558,511	552,870	547,228	541,587
Motor Vehicles	1,272,000	1,208,400	1,189,400	1,170,400	1,151,400
Furniture & Fixtures	37,275	33,548	29,820	26,093	22,365
Total	2,873,428	2,780,459	2,730,817	2,681,176	2,631,534
DEPRECIATION	1	2	3		
Land and buildings	20,000	20,000	20,000	20,000.00	20,000.00
Machinery tools & Equipment	5,642	5,642	5,642	5,641.53	5,641.53
Motor Vehicles	63,600	63,600	63,600	63,600	63,600
Furniture & Fixtures	3,728	3,728	3,728	3,727.50	3,727.50
ANNUAL DEPRECIATION	92,969	92,969	92,969	92,969	92,969

MOYO AFRICA EXPLORATIONS LIMITED PROJECTED LONG-TERM LOAN REPAYMENT

Year	principle	Loan Interest (8%)	Total Amount Paid	Loan Balance
1	600,000	240,000	840,000	3,000,000
2	600,000	240,000	840,000	2,400,000
3	600,000	240,000	840,000	1,800,000
4	600,000	240,000	840,000	1,200,000
5	600,000	240,000	840,000	600,000

MOYO AFRICA EXPLORATIONS LIMITED PAYBACK PERIOD US\$

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	711,922	92,969	804,891	804,891
2	759,172	92,969	852,141	1,657,031
3	808,784	92,969	901,753	2,558,785
4	860,877	92,969	953,846	3,512,631
5	915,575	92,969	1,008,544	4,521,175

