

C. R KAJUNA & COMPANY LIMITED

**BUSINESS PLAN FOR TRANSPORT AND
LOGISTIC SERVICES
2024-2026**

**PREPARED BY: ELLIVAN CONSULTING COMPANY LTD
MOSHI, TANZANIA**



2023

INTRODUCTION AND CERTIFICATION

INTRODUCTION

This business plan has been prepared by ELLIVAN CONSULTING COMPANY LTD on behalf of C.R.KAJUNA COMPANY LTD for three from 2024 to 2025. The Plan is aiming at identifying the financial need of the Company to invest in Transport and Logistic Business.

CERTIFICATION

.....
OMBENI ANDREA MASAIDI
MANAGING PARTNER/SENIOR CONSULTANT

.....
HONEST PETER TEMBA
PARTNER/SENIOR CONSULTANT

ELLIVAN CONSULTING COMPANY LTD

.....
CUTHBERT KAJUNA
MANAGING DIRECTOR
C.R KAJUNA COMPANY LTD

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CHAPTER ONE

1. EXECUTIVE SUMMARY

C. R. KAJUNA & COMPANY LIMITED is a private owned company registered in 25th March 2021 with a certificate of incorporation number 151325572 under Tanzania Company Act of 2002. The company acquired and takes over the business now carried on under the name of C.R. KAJUNA & CO LIMITED together with all its assets and liabilities.

The Registered Office of the company is situated in Moshi, Kilimanjaro within the United Republic of Tanzania. The general purpose for which the Company is established is to carry on all lawful business thus for this business plan the company is engaged in the business of Transportation of Cargo and passengers within and outside the country.

Our mission is to provide reliable, timely, cost-effective and safe integrated transport and logistics services. We aim to support this mission through our six core values:

a. Excellence

We are committed to the highest standards of performance in all that we do, sustaining our successes and learning from mistakes.

b. Honest

The company focuses on honesty as the importance of having trust and respect, which creates a positive atmosphere for all. This key value drives relationships with employees, customers, and stakeholders.

c. Respect,

The Company treats employees, clients/customers, and stakeholders well.

d. Delivery

We enable our customers to prosper by delivering their products on time in a professional manner.

e. Learning and Improvement

Every day we keep in learning and improve our service in order to meet our customer's satisfaction

Our vision is to be a model logistic company of Excellence providing quality, accessible and affordable transport services to the entire community within and outside the country.

In supporting this vision we intend to do the following:

- a. Improve quality of transport services and meet customer expectation.
- b. Ensuring customers are served timely
- c. Recruitment of qualified and experienced Staff.
- d. Staff motivation and retention.
- e. Establishment of full function Management Board.

1.1 Strategic Objective

C .R. KAJUNA COMPANY LIMITED has developed this Business Plan in the context of the comprehensive Strategic plan of 10 years and these visions are well covered under the said plan, during the period of this business plan the following are targeted to be done:

- i. To procure 100 trucks and trailers with a capacity to carry 30 tons each in five years a range of 20 trucks a year.
- ii. To procure two busses carrying 40 passengers each.

All these needs fund of which normal operations of the company cannot generate. It is the aim of this business plan then to source funds to enable this vision to be achieved.

CHAPTER TWO

2. MARKET ANALYSIS

The Tanzanian transport sector comprises surface transport (including roads, railways), inland waterways (lakes and rivers), air transport, and sea transport. Tanzania's transport sector contributed 9% to the country's real GDP.

According to Tanzania's 2025 Development Vision, investments in infrastructure particularly in the development of the road network are the Government's top priority. The World Bank (WB) and the African Development Bank (AfDB) support Tanzania in achieving its infrastructure development goals by providing grants and credits for projects. Tanzania Road Transport is the most widely used form of transport in Tanzania, carrying over 90% of the passengers and 75% of the freight traffic in the country. The road network in Tanzania currently comprises 86,472 kilometres of roads, of which 12,786 kilometres are trunk roads, 21,105 kilometres are regional roads and the remaining 52,581 kilometres are district, urban and feeder roads.

Tanzania National Roads Agency (TANROADS) is managing the national road network of about 33,891 kilometres, comprising 12,786 kilometres of trunk and 21,105 kilometres of regional roads. The remaining network of about 53,460 kilometers of urban, district and feeder roads is under the responsibility of TARURA.

According to Land Transport Regulatory Authority(LATRA) there are more than 200 logistic companies in Tanzania doing haulage within and outside the country. This brings a competition in the industry. However the demand of hauling services in the country is still high.

2.2 KEY TO SUCCESS

The company has created its market penetration strategies through its competitive edges as follows:

Human Resources - The Company shall employ licensed and well trained drivers because we believe drivers are the life (blood and Oxygen) of logistics and transportation business. Drivers can make or kill your transportation business. So recruitment shall be the top company priority.

Maintenance-The Company shall also do regular maintenance of our trucks because research has shown most of the haulage and logistic companies do not carry out regular services of their vehicles, the only do it when their truck breakdown. We shall promote the life span of our truck by ensuring and putting in place systematic maintenance routine. As our business grows and more trucks are bought, we shall hire an in house mechanic to handle maintenance and repairs.

Competitive and affordable Rates - The Company will provide competitive and affordable rates to our customers because we have low cost inputs.

These are the areas to put more stress to ensure we serve our customers on time and meet their expectations so as we conquer the market.

2.3 PRICING STRATEGY

At the time of this writing, C R KAJUNA& COMPANY LIMITED has liaised with various logistic companies to check market price of transportation of cargo. The company's pricing is based on kilometres per tons of cargo transported and type of cargo. The normal rate basing on all factors per kilometre is between usd 7 to usd 10. We will be able to charge competitive rates, as we have minimal overhead compared to our competitors.

CHAPTER THREE

3. ORGANIZATION AND MANAGEMENT

Cuthbert Kajuna is passionate about Transport and the Logistic business. For the first three years of operation, Cuthbert will handle many responsibilities as Managing Director/ Truck supervisors / Accountant and Head of Marketing. After three years of operation, the company will be in the expansion stage and will recruit people to handle these responsibilities. The expected recruitment will be but not limited to:

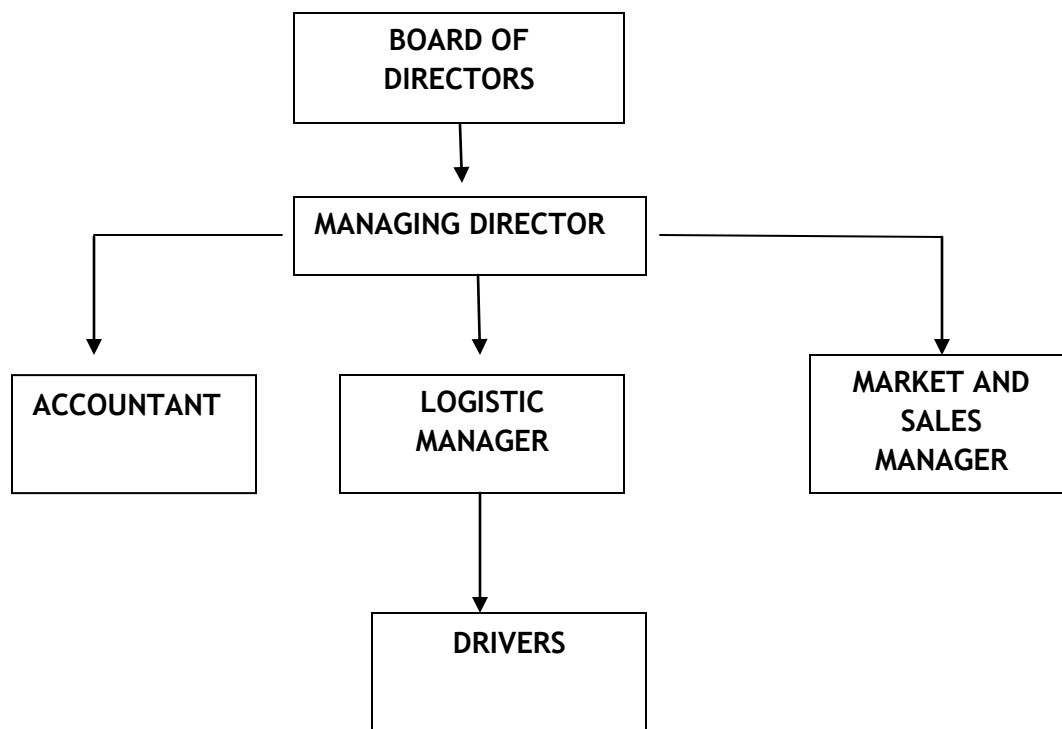
Marketing and Sale Manager: Once the company acquires ten trucks, a sales manager will be hired to solicit new business. This will also allow Mr.Kajuna more time to dedicate to company management.

Accountant. We plan to hire an accountant to handle financial reports and ensure company compliance with tax regulation across the country.

Logistic Manager: who will handle freights and movement of trucks by ensuring their safety and fuel Management.

Drivers: we shall employ well trained drivers with experience to drive in and outside the country including Burundi, Rwanda, Congo and other eastern, Central and Southern Africa Countries.

After recruitment the organization structure of the company shall be as follows:



3.1 STRATEGY AND IMPLEMENTATION

Our strategy is based on delivering an efficient service in a niche market. We are building our marketing infrastructure so that we can eventually reach more customers with a wide range of services to middle class residents and non-residents. We intend to use various forms of marketing communication as an efficient way to reach our target market and raise their awareness about our Services.

3.2 SWOT ANALYSIS

The SWOT analysis provides us with an excellent opportunity to examine and evaluate the internal strengths and weaknesses of C R KAJUNA AND COMPANY LIMITED, It also allow us to focus on the external opportunities presented by the business environment as well as potential threats.

3.2.1 Strengths

C R KAJUNA AND COMPANY LIMITED has a valuable inventory of strengths that helped it to survive and be successful. These strengths include:

- a) Conducive environment given by Government.
- b) Several roads and Highways surrounded with tarmac road for easy accessibility to market.
- c) Excellent, competitive cost and quality of Services.
- c) Management's proven experience.
- d) Strong Internal capacity (Proficiency and Experienced personnel supported by advanced trucking equipment)
- e) Strong Financial Control System which ensure proper collection and allocation of Funds.

3.2.1 Weaknesses

Strengths are valuable, but it is useful to realize the weaknesses. We have identified some of our weaknesses:

- a) Lack of funds to procure new trucks and busses

3.2.2 Opportunities

The company strengths and the awareness of its weaknesses will help it capitalize on emerging opportunities. These opportunities include, but are not limited to:

- a) Fast growing population.
- b) Availability of ports which ensure more cargos to transport.
- c) Establishment of Industries which gives opportunities to transport raw materials and finished goods
- d) Existence of land locked countries which use Dar es Salaam Port.
- e) Goodwill, because of the trustful worth of the Owner

3.2.3 Threat

Threat which the company needs to be aware of includes

- a) Competitions
- b) Technological advancement which attract well advanced trucks

CHAPTER FOUR

4. FUNDING

The purpose of this Business plan is to secure additional funding from an investor or bank or other capital financing companies amounting to United State Dollars 410,000 to cover purchase of motor trucks, Trailers and buses. An initial 30% of requested fund has to be cuffed by the company to financier which is equal to United State Dollar 123,000

The comprehensive company's strategic plan allows having 100 trucks and 10 buses within a period of five years; however for the purpose of this business plan we shall start with five motor trucks and two buses as shown below:

SN	DESCRIPTION	QUANTITY	PRICE IN USD\$ @	TOTAL PRICE IN USD\$
1	SHACKMAN H3000 TRACTOR TRUCK MODEL: SX42255HU324R FLAT ROOF WITH ONE BED,SUSPENSION FOR DRIVER'S SEAT AND CABIN ENGINE: 400HP	5	56,000	280,000
2	400HP TRAILER	5	26,000	130,000
3	TATA LP 909 BUS 40 SEATERS MARCOPOLO	2	50,000	100,000
	TOTAL		132,000	410,000

CHAPTER FIVE

5. FINANCIAL ANALYSIS

The C R KAJUNA AND COMPANY LIMITED continues to operate in a highly challenging financial environment, both internally and within the local transport system. It continues to focus on reducing unnecessary loss making activities, improving efficiency and reducing cost, to drive improvements in financial performance.

Our Business plan is developed in line with the company Comprehensive strategy to achieve sustainable compliance with laws and regulations. Capital planning has been undertaken in the context of the available financier's conditions and budget of the company after analyzing the financial capability.

5.1 Historical financial performance is detailed below:

Figures are in USD Dollar

	2022	2021
Turnover		
Sales	66,703	52,533
Less		
Cost of Sales	32,195	27,843
Gross Profit	34,505	24,690
Less		
Operating Expenses	18,396	15,179
Profit before Interest and Tax	16,109	9,511

5.2 PRO FORMA FINANCIAL STATEMENTS

The projected financial statements include statement of comprehensive income, statement of financial position and statement of cash flow. All these set of accounts gives a picture of RC Kajuna and company financial performance for the next three years of implementation of logistic services plan.

5.2.1 Projected Statement of Comprehensive Income

Commonly referred to as the profit and loss statement, summarizes the revenue and expenses for a specific time period. This projected income statement is a snapshot of our forecast sales, cost of sales and expenses. The final result is profit as money expected to be received. The forecasted sales show a tremendous increase due to an investment made by adding five trucks and two buses.

Figures are in USA Dollar

<i>Pro Forma Profit and Loss</i>			
	2024	2025	2026
REVENUE			
Trucks Income	125,000	250,000	375,000
Buses Income	8,000	10,000	12,000
Total Revenue	133,000	260,000	387,000
Direct Cost of Sales	20,000	50,000	80,000
Other	5,000	5,000	5,000
Total Cost of Sales	25,000	55,000	85,000
Gross Profit	108,000	205,000	302,000
Gross Margin %	81.20%	78.85%	78.04%
Operating Expenses			
Payroll	10,000	13,000	15,000
Sales and Marketing	2,000	3,000	5,000
Fuel	10,000	15,000	20,000
Maintenance	5,000	10,000	15,000
Insurance	7,000	10,000	15,000
Utilities	500	750	1,000
Payroll Taxes	900	1,170	1,350
Depreciations	30,000	50,000	80,000
Other	5,000	5,000	5,000
Total Operating Expenses	70,400	107,920	157,350
Profit Before Interest and Taxes	37,600	97,080	144,650
Interest on Truck & Buses loan	25,000	35,000	45,000
Profit Before Tax	12,600	62,080	99,650
Taxes Incurred	3,780	18,624	29,895
Net Profit	8,820	43,456	69,755
Net Profit/Sales	6.63%	16.71%	18.02%

The projected income statement shows revenue from trucks and buses with a gross margin of 70% and above with a ratio of profit to sales of above 5%, this indicates the business is projected to pay within a short period of time.

5.2.2 Projected Statement of Financial Position

Commonly known as balance sheet, is the statement that shows estimated changes to CR Kajuna and Company limited financial status, including investments, other assets, liabilities and financing for equity. In the first year of implantation the company add its assets to the tune of Tsh 943,000,000 with its corresponding entry shown as a long term liability. Will also add a piece of land to be used as a garage, offices and godown. Will also acquire new land to be used as yard

Figures are in USA Dollar

<i>Pro Forma Balance Sheet</i>			
	2024	2025	2026
ASSETS			
Current Assets			
Cash and Bank	20,000	45,000	70,000
Accounts Receivable	3,000	5,000	7,000
Other Current Assets	3,000	4,000	5,000
Total Current Assets	26,000	54,000	82,000
Long-term Assets			
Fixed Assets	500,000	1,000,000	1,500,000
Total Assets	526,000	1,054,000	1,582,000
LIABILITY AND CAPITAL			
Current Liabilities			
Accounts Payable	5,000	6,000	8,000
Current Borrowing- Overdraft	40,000	40,000	40,000
Other Current Liabilities	500	500	500
Total Current Liabilities	45,500	46,500	48,500
Non- Current Liabilities	287,000	697,000	1,027,000
Total Liabilities	332,500	743,500	1,075,500
Paid-in Capital	170,000	246,000	369,000
Retained Earnings	8,820	52,276	122,031
Earnings	14,680	12,224	15,469
Total Capital	193,500	310,500	506,500
Total Liabilities and Capital	526,000	1,054,000	1,582,000
Net Worth	193,500	310,500	506,500

From the balance sheet above the company ratio of current liabilities against current asset is improved from year to year and total assets of the company are able to pay total liabilities incurred this gives an increasing net worth from year to year

5.2.3 Projected statement of cash flow

The projected cash flow shows a repayment of long term loan incurred to procure trucks and buses which are reflected in the pro forma balance sheet an increasing figure.

Figures are in usa dollar

DETAILS	2024	2025	2026	2027	2028	TOTAL
INFLOW :	Tsh	Tsh	Tsh	Tsh	Tsh	Tsh
Truck incomes	125,000	250,000	375,000	450,000	500,000	1,700,000
Buses Income	8,000	10,000	12,000	18,000	20,000	68,000
Debtors Recovery	5,000	6,000	7,000	7,000	7,000	32,000
Other Income	1,000	1,000	1,000	1,000	1,000	5,000
TOTAL INFLOW	139,000	267,000	395,000	476,000	528,000	1,805,000
OUTFLOWS :						
Cost to Sale	20,000	50,000	80,000	100,000	120,000	370,000
Other Costs to Sale	5,000	5,000	5,000	5,000	5,000	25,000
Payroll	10,000	13,000	15,000	17,000	20,000	75,000
Sales and Marketing	2,000	3,000	5,000	84	84	10,168
Fuel	10,000	15,000	20,000	160	160	45,320
Maintenance	5,000	10,000	15,000	33	33	30,066
Insurance	7,000	10,000	15,000	100	100	32,200
Utilities	500	750	1,000	200	200	2,650
Payroll Taxes	900	1,170	1,350	1,530	1,800	6,750
Other	5,000	5,000	5,000	5,000	5,000	25,000
License	300	300	300	300	300	1,500
Accounting and Audit	33	33	33	33	33	165
Land rent	500	500	500	500	500	2,500
Professional services	500	500	500	500	500	2,500
Miscellaneous Expenses	200	200	200	200	200	1,000
Loan repayment	136,667	273,334	410,001	546,668	683,335	2,050,005
TOTAL OUTFLOWS	203,600	387,787	573,884	677,308	837,245	2,679,824
Cash injected 30%	170,000	355,400	504,613	625,729	744,421	1,310,000
TOTAL INFLOWS	139,000	267,000	395,000	476,000	528,000	1,805,000
TOTAL OUTFLOWS	203,600	387,787	573,884	677,308	837,245	2,679,824
CLOSING BALANCE	105,400	234,613	325,729	424,421	435,176	435,176

5.2.4 Break even analysis

The companies fixed costs including loan repayment will start to break at month three during the first year of implementation of this plan.

CHAPTER SIX

6. CONCLUSION

The Tanzanian transport sector plays a crucial role in the growth of the Tanzanian economy, it facilitates domestic and international trade, it contributes to national integration and provides access to jobs and for this plan more than 120 people are expected to be employed. More importantly the company will pay an increasing Tax to the government approximately USA Dollar 10,000 in average per year for trucks and USD Dollar 12,000 average per annum as corporate tax.

We recommend this project to be undertaken as not only will generate income to owners of the company but also shall create employment to Tanzanians and pay tax to the government in a form of withholding taxes (PAYE), truck levies and corporate tax. In consideration of the projection above and historical figures the project is viable and is recommended to be financed.

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