

**GOLD STARD TRADING COMPANY LIMITED**

**P.O.BOX 19080**

**DAR ES SALAAM – TANZANIA**

**BUSINESS PLAN FOR MEAT PROCESSING FACTORY**

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## **BRIEF SUMMARY PROJECT**

COMPANY: GOLD STARD TRADING COMPANY LIMITED

LOCATION: MBOGA STREET IN MBOGA WARD, MSOGA WARD,  
BAGOMOYO, PWANI REGION

CONTACTS: P. O. Box 19080 DAR ES SALAAM,

OBJECTIVE: TO ESTABLISH PROJECT FOR MEAT PROCESSING  
PRODUCTION

PROJECT VALUE: USD 505,000

BENEFITS: JOBS CREATION, GOVERNMENT INCOME, IMPORT  
SUBSTITUTION,

IMPLEMENTATION PERIOD: 5YEARS

## 1.0 PREAMBLE

**GOLD STARD TRADING COMPANY LIMITED** is locally incorporated company planning to establish a meat processing production factory. Company's products will contain the experience and know-how of nearly 10 years. The company will have the capacity to slaughter and process 1,000 herds of cattle and 4,500 goats and sheep per day using high tech equipment. The project is set to create over 400 jobs both directly and indirectly once it starts operating and will strategically help the livestock sector graduate and unlock the challenges of commercialising it. In addition, it will create a new middle-class Cluster of business dealing with fattening of cattle, goats and sheep for supplying to the factory.

It will thus boost the livestock sector's contribution to gross domestic product from the currently 7.4 percent to double digits as well as the sector's annual growth which is significantly low at only 2.6 per cent. The soon to be established meat processing plant will create and assure reliable markets for smallholder livestock keepers in the country. The Company targets 100 per cent export markets of European Union and Arab United Emirates.

The by-products during the slaughter process namely livers, brains, hearts, sweetbreads (thymus and pancreas), fries (testicles), kidneys, oxtails, tripe (stomach of cattle), and tongue will be sold in the local market and others exported to the huge Chinese market.

Tanzania has one of the largest livestock populations in Africa with 13.5 million heads of cattle, 5.5 million goats, 3.6 million sheep, 0.4 million pigs and 23.2 million chickens, according to statistics by the Ministry of Agriculture, Livestock and Fisheries.

## **1.1 RATIONALITY**

Local meat processors failed to grade their meet hence limiting their markets, other challenges as high taxes on equipment and machines such as saws and chopping boards, meat grinding machines, packaging and labelling of products have proven to result into stagnant growth of Meat processing Industries.

Other challenges are availability of expertise in meat processing, lack of cold chain facilities and a disjointed meat value chain from the industry to airports and ports.

Research shows it is very hard to get trained butchery professionals because of absence of such curriculum and this is an important factor for the growth of the industry. The industry also needs the establishment of quality slaughterhouses.

“The government has done well to ban meat import but it should go further by easing conditions for improving the industry’s performance in Tanzania.

A study named ‘Characterising the Tanzanian quality beef supply chain’, which contains a case of Arusha and Dar esSalaam, states that a

significant portion of quality beef (23 per cent) traded through supermarkets and modern butchers; and tourist hotels and restaurants were imported mainly from Kenya.

“Despite having the largest cattle population in Africa after Sudan and Ethiopia with the expansion of quality beef market share, Tanzania has remained a net importer of quality beef (QB) products for the past three decades” the study states citing statistics from the United Nations Food and Agricultural Organization (FAO).

More than 700 tonnes (80 per cent) of QB consumed in the country are imported annually and the importation contributes to depletion of the nation’s meager foreign exchange, the report states.

The importation of substantial portion of quality beef in the country calls for the attention of beef industry stakeholders in Tanzania, the study said.

According to the study, niche markets that require livestock quality products and pay premium prices are increasingly dominating the market share of East African countries. In Tanzania, the tourist industry that forms the main part (88 per cent) of quality beef consumers has increased plausibly.

It also states that importation of beef is accompanied with underutilization of beef processing factories that is operating at 50 per cent capacity; with only two per cent of beef produced being processed

country wide while the remaining beef is sold warm and undifferentiated.

“Sustainable supply of quality beef in the niche markets requires a well-coordinated and integrated chain that ensures understanding of competitive challenges, relationship among chain actors and notices of efficient product flows among chain actors to access the markets,” the study states.

## **1.2 REPORT’S OBJECTIVE**

This report is documented to show the commercial viability, the operational feasibility and the social economic impact of establishing such project in Pwani Region. It shows the plan for establishing such a project and then; the financial efficiency, positive environmental impact and benefits borne by the project. It is intended to be submitted to Tanzania Investment centre for acquiring the Certificate of Incentives, to be submitted to the Board of Directors for the resource’s authorization, to guide the project implementers, and be submitted to other stakeholders for the project development.

## **1.3 PROJECT’S OBJECTIVE**

The main objective by which this study his presented is to inform all stakeholders on the purposeful and solid intention of the **GOLD STARD TRADING COMPANY LIMITED** Tanzania Company Limited to establish and operate a plant that will cater the needs of local and foreign clients’

#### 1.4 REGISTRATION AND OWNERSHIP

The company was established in Tanzania after being registered with the registrar of companies of 08<sup>th</sup> day of January, 2016 as a limited company by liabilities. Its registration No. is 122838 and has the authorized total number of shares 10000. **GOLD STARD TRADING COMPANY LIMITED** Tanzania Company Limited is the owned and promoted by Two shareholders namely:

Shareholders' Names	% Share	Nationality
GUO LIANGCHEN	500	Chinese
MI GUOEN	500	Chinese

#### 1.5 LOCATION

The site for the project establishment is at **MBOGA, NEAR MTANI MILLS, IN BAGAMOYO, PWANI .**

The above stated location is ideal for the factory because it is already located industrial area in the master plan, it is an area which has a lot of access.

#### 2.0 NEED FOR THE PROJECT

This project is needed now and has been purposely planned to mean a lot to the country of investment and the owners, the newly elected of **sixth Government emphasizing industrialisation** Tanzania like any other

country still need various people to investing in Agriculture and Livestock sector, by having such project the company intend to complement government efforts as far as Livestock sector is concerned.

## 2.1 PROJECT SUPPORT

On merit, the project is highly supported by the national investment promotion policy of 2007, industrial

Policy, industrialization strategy and 6<sup>th</sup> Government popular with famous slogan of **Kazi inaendelea** and government initiative of industrialization of Tanzania economy, these policies require and highly recommend investment in various sectors for the welfare and growth of the economy.

## 2.2 CONSTRUCTION

The project planned for the establishment of Meat processing Production Factory.

The plan will involve construction of structures for:

**2.2.1 Offices:** this will be a one-storey building with with two main partition, the first section containing the main reception, purchases and sales offices. The second Section will be for financial controls and for Directors' offices. This structure will require building materials, furniture and electronics.

**2.2.2 Production:** this will contain five parts. One for livestock selection, slaughtering, Meat Treatment, Packaging and lastly shipping and delivery , the other for quality control. This will be the main section

of the factory. It will involve construction of shade structures, installation of machines.

**2.2.3 Inventory section:** the plant will have double inventory structures to handle both the raw materials stock and the finished products stock.

**2.2.4 Water reservoirs:** there will be two tanks for clean water storage each with a capacity of 1,000,000 liters. The water is for the factory production use and human use.

**2.2.5 Sewage:** The sewage system will be constructed to handle both liquid sewage and solid sewage. There will be a water treatment section where dirty water will be purified and then recycled for reuse in the factory system.

**2.2.6 Store:** The yard will be a shaded area with a capacity of keeping number of finished products.

### 3.0 IMPLEMENTATION PLAN

Time	Activity
May 2023 –August 2023	Construction & Renovation
Sept – November 2023	Machinery, generator & Installations
Dec – February 2024	Run test of factory
March – May 2024	Adjustments & servicing
June 2024	Official opening

The investors are so far committed to fulfil their duties basing on this implementation plan. They are all optimistic on the operationalization of their idea of this venture. The only limitation that can change the plan is

the failure to secure various authoritative licenses on time. This is not the promoters' intention but the experience learnt during the feasibility study took more than two years and revealed both positive and negative issues around investments. The assumption is that when most of the main requirements are covered and the permits are in place, the implementation will remain done as planned.

#### 4.0 PROJECT INVESTMENT

**Project Investment Cost** the estimated capital investment cost of the project is **US\$ 505,000**

#### 4.1 GOLD STARD TRADING COMPANY LIMITED COST STRUCTURE

<b>PARTICULAR</b>	<b>US\$</b>
Land and Buildings	25,000.00
Machinery & Equipment	220,000.00
Motor Vehicles	75,000.00
Furniture & Fixtures	5,000.00
Pre exp	0.00
Others	5,000.00
Working Capital	175,000.00
<b>TOTAL</b>	<b>505,000.00</b>

#### 5.0 QUALITY ASSURANCE

Quality is one of the key issues which will have a strong investment fulfilment, because it determines the qualification of the project to keep on producing and gives the plant an assurance of customers' availability with pride of products.

Each individual stage of work at the factory will be subjected to strict quality controls.

The producer/factory will use various known means of public information on the quality standard and the type of a product. Labels and symbol code familiar with a single digit will be applied to allow consumers to differentiate types of products. The factory will operate under the guidance and regulations of the Tanzania Bureau of Standards (TBS).

## **6.0 PRODUCTS' MARKETING AND DISTRIBUTION**

The project will market the products to various Stakeholders using the chamber of commerce, building big hardware whole selling shops, trade fairs like the Dar es Salaam International Trade Fair. Also mass media instruments like radios, newspapers and Television stations will be used to advertise on the project products to the communities.

## **7.0 PROJECT MANAGEMENT AND MANPOWER**

**7.1 Management:** The project will be managed by 05 key staffs; the Management Officer will be the Chairperson. Under him/her will be the General manager, Chief of Inventory, the Production manager, the Finance Manager and the Marketing manager.

**7.2 Manpower:** The project will have a high tech installment of machinery and new technology application

### 7.3 Employees Distribution Summary

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	5	15	35	55
Men	5	150	250	405
<b>TOTAL</b>	<b>10</b>	<b>200</b>	<b>285</b>	<b>460</b>

### 7.4 Workers' Welfare

**Training:** All workers inclusive will benefit from the internal training for proper operations, quality and security observance. There will be out-dooring trainings for recommended staffs depending on their working requirements. Generally, the plant will apply sophisticated machinery of high technology, it is through the trainings that the Management team plans to transfer technology and skills to local workers and make sure, those foreign workers are employed where inevitable. **Health and Insurance:** The project will provide medical treatments to its workers as per Country policy requirements and will enroll workers to social security institutions as per the country policy too.

## 8.0 FINANCIAL ANALYSIS

### 8.1 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.

Revenues have been conservatively estimated based on experience of the promoters and trends in the packaging materials products industry.

## 8.2 Project Investment

The estimated capital investment cost of the project is US\$ **505,000** out of which US\$**375,000** will be fixed investment costs.

## 8.3 GOLD STARD TRADING COMPANY LIMITED COST STRUCTURE

<b>PARTICULAR</b>	<b>US\$</b>
Land and Buildings	25,000.00
Machinery & Equipment	220,000.00
Motor Vehicles	75,000.00
Furniture & Fixtures	5,000.00
Pre exp	0.00
Others	5,000.00
Working Capital	175,000.00
<b>TOTAL</b>	<b>505,000.00</b>

For the project to be a reality a total investment amounting to US \$505,000 is needed

## 8.4 Financing pattern

The project will be financed by equity **US\$375,000** and loan **US\$ 130,000**

## 8.5 Project operating costs

In order to realize its intended objective, the project will have to meet operating cost not exceeding 15% of annual total revenue and 75% of total revenue is cost of sales

## 8.6 Projected 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.

## 8.7 GOLD STARD TRADING COMPANY LIMITED SUMMARY OF REVENUE “US\$”

	1	2	3	4	5
Revenue	2,610,000	2,818,800	3,044,304	3,287,848	3,550,876

## 8.8 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 **154,875** to US\$ in the year 5<sup>th</sup> **858,503**

## 8.9 GOLD STARD TRADING COMPANY LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT (US\$)

	1	2	3	4	5
Revenue	2,610,000.00	2,818,800.00	3,044,304.00	3,287,848.32	3,550,876.19
<b>Cost of Sales</b>	1,957,500.00	2,114,100.00	2,283,228.00	2,465,886.24	2,663,157.14
<b>Operating Expenses</b>	391,500.00	422,820.00	456,645.60	493,177.25	532,631.43
<b>Profit before Depreciation &amp; Interest</b>	<b>261,000.00</b>	<b>281,880.00</b>	<b>304,430.40</b>	<b>328,784.83</b>	<b>355,087.62</b>
<b>Interest</b>	24,000.00	180,000.00	16,000.00	6,000.00	-
<b>Depreciation</b>	15,750.00	15,750.00	15,750.00	15,750.00	15,750.00
<b>Gross Profit</b>	<b>221,250.00</b>	<b>86,130.00</b>	<b>272,680.40</b>	<b>307,034.83</b>	<b>339,337.62</b>
Tax (30%)	66,375.00	25,839.00	81,804.12	92,110.45	101,801.29
<b>Profit After Tax</b>	<b>154,875.00</b>	<b>60,291.00</b>	<b>190,876.28</b>	<b>214,924.38</b>	<b>237,536.33</b>

Accumulated Profit	154,875.00	215,166.00	406,042.28	620,966.66	858,503.00
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## 8.10 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from year 1 US\$**194,625**. of operation to the 5th year US\$ **1,183,252**

## 8.11 GOLD STARD TRADING COMPANY LIMITED PROJECTED CASH FLOWS STATEMENT (US\$)

	0	1	2	3	4	5
<b>SOURCES:</b>						
Profit before interest and depreciation	0	261,000.00	281,880.00	304,430.40	328,784.83	355,087.62
Equity	205,000.00					
Loan	300,000.00					
<b>Total Sources</b>	<b>505,000.00</b>	<b>261,000.00</b>	<b>281,880.00</b>	<b>304,430.40</b>	<b>328,784.83</b>	<b>355,087.62</b>
<b>Applications:</b>						
Capital expenditure	325,000.00		-	-	-	-
working Capital &Others	180,000.00	-	-	-	-	-
Cash	0	194,625.00	256,041.00	222,626.00	256,674.00	253,286.00
Tax	-	66,375.00	25,839.00	81,804.12	92,110.45	101,801.29
<b>Sub total</b>	<b>505,000.00</b>	<b>261,000.00</b>	<b>281,880.00</b>	<b>304,430.12</b>	<b>348,784.45</b>	<b>355,087.29</b>
<b>Total applications</b>	<b>505,000.00</b>	<b>261,000.00</b>	<b>281,880.00</b>	<b>304,430.12</b>	<b>348,784.45</b>	<b>355,087.29</b>
Accumulated cash		194,625.00	450,666.00	673,292.00	929,966.00	1,183,252.00

## 8.12 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Shareholder's equity increases from US\$205,000 in the first year of operation to US\$ 547,536 in the 5<sup>th</sup> year.

## 8.13 GOLD STARD TRADING COMPANY LIMITED PROJECTED BALANCE SHEET STATEMENT (US\$)

<b>Fixed Assets</b>	-	1	2	3	4	5
Opening balance	-	325,000	290,250	255,500	220,750	186,000
<b>Total Long-term Assets</b>	-	<b>325,000.00</b>	<b>290,250.00</b>	<b>255,500.00</b>	<b>220,750</b>	<b>186,000</b>
<b>Less depreciation</b>	-	15,750.00	15,750.00	15,750.00	15,750	15,750
<b>Closing balance</b>	-	<b>309,250.00</b>	<b>274,500.00</b>	<b>239,750.00</b>	<b>205,000</b>	<b>170,250</b>
Working capital	180,000	180,000.00	180,000.00	180,000.00	180,000	180,000
Accumulated cash	-	194,625.00	450,666.00	673,292.00	929,966	1,183,252
<b>Total assets</b>	<b>180,000</b>	<b>683,875.00</b>	<b>905,166.00</b>	<b>1,093,042.00</b>	<b>1,314,966</b>	<b>1,533,502</b>
Financed by						
Equity	205,000	310,000.00	310,000.00	310,000.00	310,000	310,000
Net profit	-	<b>154,875.00</b>	<b>60,291.00</b>	<b>190,876.28</b>	<b>214,924</b>	<b>237,536</b>
Total equity	205,000	464,875.00	370,291.00	500,876.28	524,924	547,536
Long term loan	<b>300,000</b>	225,000	150,000	75,000	0	0
<b>Total debts</b>	<b>300,000</b>	<b>225,000.00</b>	<b>150,000.00</b>	<b>75,000.00</b>	-	-
<b>Total equity and debts</b>	<b>505,000</b>	<b>689,875.00</b>	<b>520,291.00</b>	<b>575,876.28</b>	<b>524,924</b>	<b>547,536</b>

#### 8.14 Projected payback period

Total investment is **US\$505,000** cash accumulation in 54<sup>th</sup> years is **US\$683,966** which is more than the initial investment by **US\$ 17,8966**, the project payback Period is within 3 years.

#### 8.15 GOLD STARD TRADING COMPANY LIMITED PROJECTED PAYBACK PERIOD STATEMENT (US\$)

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	154,875.00	15,750.00	170,625.00	170,625.00
2	60,291.00	15,750.00	76,041.00	246,666.00
3	190,876.28	15,750.00	206,626.28	453,292.28
4	214,924.38	15,750.00	230,674.38	683,966.66
5	237,536.33	15,750.00	253,286.33	937,252.99

#### 8.16 Projected loan repayment

Total loan is **US\$505,000** to be repaid within 4years with interest of 8%

#### 8.17 GOLD STARD TRADING COMPANY LIMITED PROJECTED LONG TERM LOAN REPAYMENT

Year	Principle	Loan Interest (8%)	Total Amount Paid	Loan Balance
0				
1	75,000	24000	99,000	300,000
2	75,000	18000	93,000	225,000
3	75,000	12000	87,000	150,000

4	75,000	6000	81,000	75,000
5	0	0	0	0
6	0	0		0

## 9.0 ECONOMIC BENEFIT OF THE PROJECT

The proposed project will result into the following social and economic impacts:

- Make available machines and spare parts at affordable cost with customer specifications with high quality
- Increase the provision of high-quality services in Livestock sector and other sectors.
- Increased availability of quality distribution and marketing products alongside competitive prices of these products will result in increased healthy competition among all meat/food processing industries/ factories
- The project will result in direct employment creation of 39 people many more indirectly
- The Government and other agencies will benefit from various taxes, fees and commissions that will be paid by the company

## 10.0 CONCLUSION

**GOLD STARD TRADING COMPANY LIMITED** set out a proposal to invest in the establishment of textile and garments project to be located in Dar es Salaam.

The Executive Summary highlights indicate that the proposed project is financial and economically viable, the project will generate significantly to the social and economic progress by way of increasing the provision of quality construction equipment in the country. It is recommended that the project be accorded the required institutional support to pave the way for its expeditious establishment and development.

In that regard; we strongly 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 Tanzania Investment Act, 1997 to enable smooth implementation

#### **11.0 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.