

HONEST BUSINESS TRADING COMPANY LIMITED

Business Plan



JUNE 2023/Confidential Information

HONEST BUSINESS TRADING COMPANY LIMITED

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HONEST BUSINESS TRADING COMPANY LIMITED

Executive Summary

Honest Business Trading Company Limited is a private company registered and incorporated under the laws of Tanzania in East Africa in April 2023 under the Companies ACT 2002. The Company is a large-scale transportation company specializing in Logistics services in Eastern and Southern Africa Countries. Honest business trading company Limited Specialize in transporting services of all kinds of goods, household, Electronics, food stuffs, Industrial goods, Containers, Mobile Units, equipment and Machinery for construction, Mining, and hardware materials. Majority of the business is to large contractors whom they have fixed contract with us. The Scope of our operations cover locally and cross border (Kenya, Uganda, Zambia, D.R.C., Rwanda, Burundi, Zimbabwe, Malawi, throughout Tanzania and many other neighboring countries and regions in SADC Countries).

The company headquarter is located at Kinondoni district, in Dar es salaam, Tanzania. The company founded by Mr. Christopher Watson Malango and Mr. Yanping Han who actively managing the company.

Capital Requirements and Use of Funds

The company is about to investing one million US dollars (1,000,000/= usd) for heavy trucks. All vehicles will be equipped with advanced GPS vehicle operation management systems, which can provide real-time monitoring 24 hours a day, and thus can report accurate vehicle tracking information to customers. The fund will be used as categorized in the following:

Purchase of 10 trucks (trucks and trailers): \$ 800,000.

Working Capital; \$ 200,000 to pay for salaries and lease costs until Honest business trading company limited receives its first payments from customers.

Vision

Our vision is to become one of the preferred choices of individual and organization when **it comes to demand for trucking services in the whole of Tanzania and beyond its borders.**

Mission

Our mission is to ensure that we build a trucking company that will operate in the whole of Tanzania and beyond; a company that will boast of having some of the best reliable truck drivers in the whole of Tanzania.

Services

Honest business trading company limited is a company that looks forward to deliver excellent services in terms of helping our customers move goods from one destination to another destination. We want to be known in the market as the trucking company that care for our customers.

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Management Summary

Honest business trading company limited will be managed by Mr. Christopher Watson Malango and Mr. Yanping Han.

Mr. Christopher Watson Malango- General Manager

Mr. Christopher Watson Malango worked at a managerial level as a Senior Cost Controller at sunshine transportation company limited for 4 years where he was able to learn ins and outs of the transportation industry. This experience will be the company's most valuable asset.

Mr. Yanping Han – Head of Operations

Mr. Yanping Han was responsible for delivering projects against agreed scope, budget, schedule and customer expectations. In addition, he managed risks and issues that arose and provided support for all offsite activities. Further, Mr. Yanping Han processes a consistent track record of improving performance, increasing efficiency to budget and tight time scales.

Getruder tillo - Head of Sales and Marketing

Getruder tillo is an experienced Relationship Manager with routinely assessing and meeting the financial needs of various business customers. Having working in the transportation industry for over 5 years, getruder tillo has an extensive network on both personal and professional front that illustrates her ability to maintain and develop long term relationship with clients. Her roles as a Relationship Manager include: managing assigned credit portfolio & monitoring the quality of existing credit relationships on a continuous basis, initiating and carrying out recovery action on non-performing credit facilities on assigned accounts, analyzing and screening applications for loans. Frequently contact customers via phone calls, and physical visits to obtain feedback on service quality and customer satisfaction levels getruder tillo holds an bachelor of science and taxes in Accountancy from Institute of Finance Management (IFM), Tanzania.

Hiring Plan

In order to launch, the company needs to hire the following personnel:

- Sales and Customer service: 1 full time employee to manage the day to day operations and customer service
- Drivers: skilled, responsible 10 drivers who are willing to travel locally or internationally.
- For now, we will contract the maintenance of our trucks to service provider, we don't intend to maintain a very large overhead from the onset. But as soon as the business grow and stabilize, we will assemble our own in-house maintenance team.

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Market Analysis

Market Trends

The market trend as it involves the logistics services is dynamic and at the same time challenging. But one thing is certain, once a logistics services company can gain credibility, it will be much easier for the company to secure permanent deals/contracts with big corporations, big time merchants, warehouse operators etc. who are involved in moving goods and materials from one location to another on a regular basis.

Operators in this industry know that some of the major factors that count positively in this line of business are competence, trust, honesty, good relationship management and timely and safe pick-ups and deliveries. Hence, they will ensure that they portray their company in this light.

Strategy and Implementation Summary

Competition

In addition to competing with other trucking companies, including regional carriers such as Raphael Logistics, Alistair Logistics, Rockwell Logistics: Honest Business trading Company Limited will compete with rail transportation. However, for the distance it intends to travel and due to only one rail line on the central line, trucking is at an advantage.

Marketing Strategy

Honest Business trading Company Limited will ensure that we leverage our strength and opportunities available to us in the market to generate enough income that will help us drive the business to stability.

Marketing strategy adopted by Honest Business trading Company Limited is going to be driven basically by professionalism, excellent customer service, honesty and quality service delivery. We will ensure that we build a loyal customer base.

We want to drive sales via the output of our jobs and via referral from our satisfied customers. We are quite aware of how satisfied customers drive business growth especially business-like logistics services.

Our sales and marketing team will be recruited based on their vast experience in the industry and they will be trained on a regular basis so as to be well equipped to meet their targets and the overall goal of Honest Business trading Company Limited.

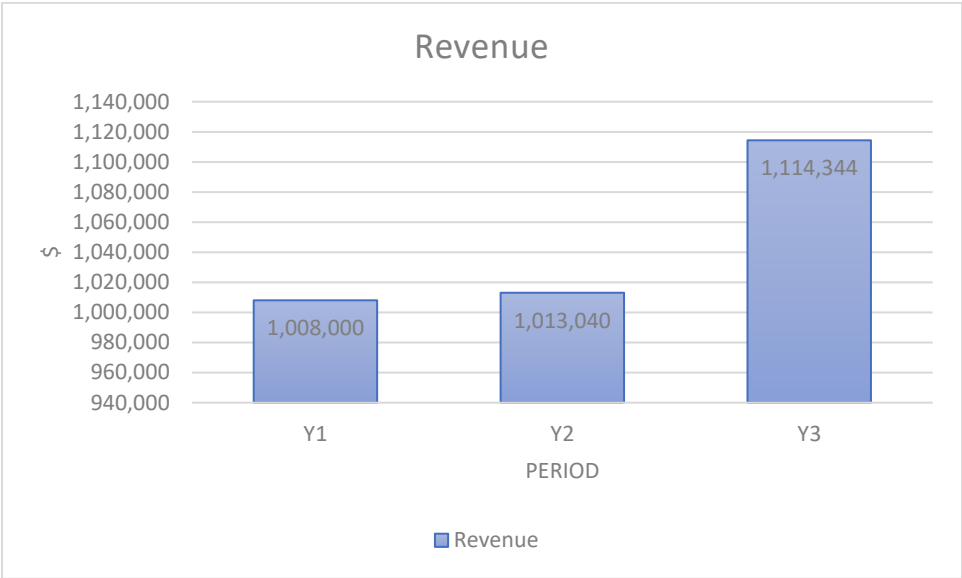
Sales Forecast

The sales projections are based on the secured contracts and the location of our business

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Below are the sales projections for Honest Business trading Company Limited for the first three years of operation

- First Fiscal Year-: \$ 1,008,000.
- Second Fiscal Year-: \$ 1,013,040.
- Third Fiscal Year-: \$ 1,114,344.



Important to note: The projection is done based on what is obtainable in the industry and with the major assumption that there won't be any major economic meltdown and natural disaster within the period stated above.

Financial Plan

Important Assumptions

Startup Funding Requirements and uses (use the below format)

The company is seeking loan/Investors for the purpose of starting a business in logistics industry. The funds will be used to purchase 10 trucks (trucks and trailers), renting a yard, advertising, etc. The table below provides a breakdown of the use of funds

Breakeven Analysis (Assuming 1 Truck)

The Table and chart below contain the Break-even analysis for Honest Business trading Company Limited.

Breakeven analysis has being built using ne truck to establish the cost per trip in relation the direct costs

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Breakeven Analysis

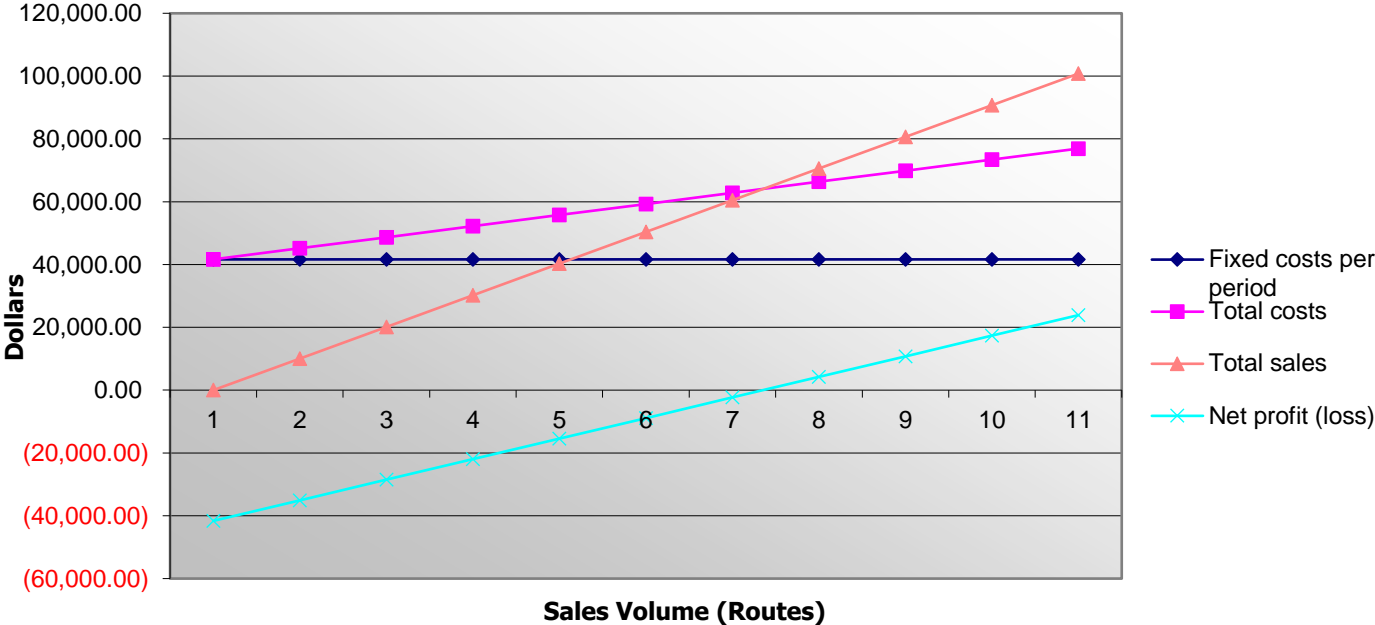
Honest Business trading
Company Limited

Amounts shown in U.S. dollars

Sales		
Sales price per unit (Route 1)	8,400.00	
Sales volume per period (units)	12	
Total Sales		100,800.00
Variable Costs		
Fuel per trip	2,488.53	
PerDiem per trip	451.45	
Variable costs per unit	2,939.98	
Total Variable Costs		35,279.76
Unit contribution margin	5,460.02	
Gross Margin		65,520.24
Fixed Costs Per Period		
Administrative costs	20,620.00	
Insurance	500.00	
Repair and Maintenance (Tear & Wear)	6,089.60	
Road tolls	7,304.35	
Rent	5,040.00	
Other fixed costs	2,079.13	
Total Fixed Costs per period		41,633.08
Profit (Loss) before Tax		23,887.16

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Breakeven Analysis Chart



Projected Profit and Loss (use the below format and design)

The projected profit and loss can be seen in the below table and charts. The company is projected to generate.....and.....in revenue and profit, respectively by the end of third year. although the company will incur high startup costs due to the initial purchase of trucks, we estimate that our business model will allow us to be profitable at the end of year (3) three This achievement is not often accomplished by startups, but conceivable for Honest Business trading Company Limited as its management team is made up of individuals who are well-versed in business management.

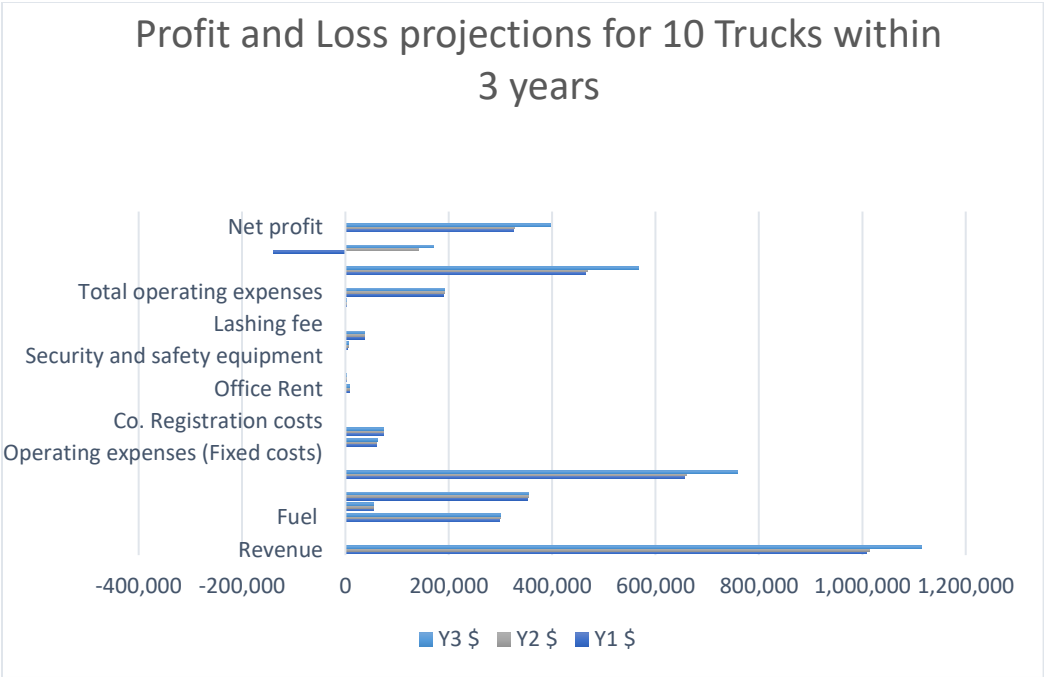
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Projected Profit and Loss (Assuming all 5 Trucks are having routes)

	Y1	Y2	Y3
	\$	\$	\$
Revenue	1,008,000	1,013,040	1,114,344
Cost of sales (Variable costs)			
Fuel	298,624	299,520	300,418
Periderm	54,174	54,336	54,500
	<u>352,798</u>	<u>353,856</u>	<u>354,918</u>
Gross profit	<u>655,202</u>	<u>659,184</u>	<u>759,426</u>
Operating expenses (Fixed costs)			
Repair & Maintenance (Tear & wear)	60,896	61,078	61,262
Road tolls	73,044	73,262	73,482
Co. Registration costs	282	282	284
COMESA Insurance	1000	1004	1006
Business License	174	174	174
Office Rent	7,200	7,222	7,244
Yard Rent	2,880	2,888	2,898
Repair and Maintenance	-	-	-
Security and safety equipment	1000	1004	1006
Professional fees	5,000	5,016	5,030
Payroll cost	36,240	36,348	36,458
Lashing fee	940	942	944
Way bridge	564	566	566
COVID-19 certificate	1200	1204	1208
Total operating expenses	190,420	190,990	191,562
Profit before tax	<u>464,782</u>	<u>468,194</u>	<u>567,864</u>
Income Tax	139,435	140,458	170,359
Net profit	<u>325,347</u>	<u>327,736</u>	<u>397,505</u>

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Chart of Projected Profit and Loss (Assuming all 10 Trucks are having routes)



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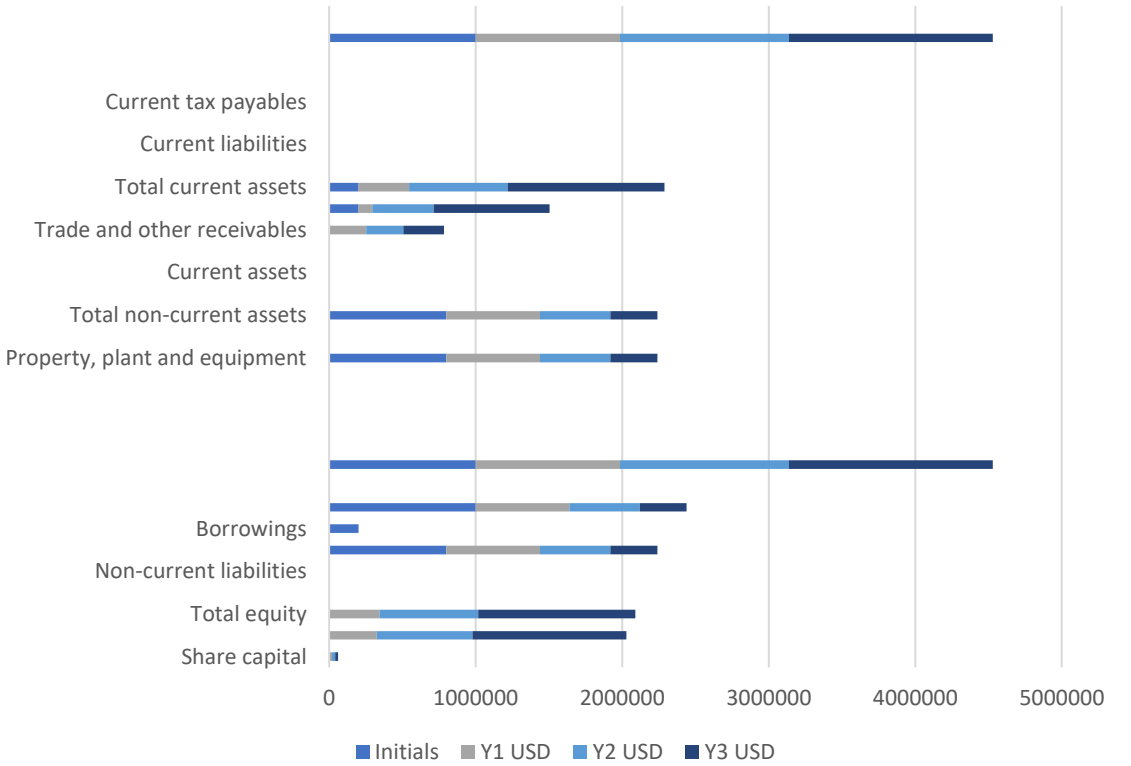
Projected Balance Sheet

Honest Business trading Company Limited projected balance sheet from Year 1 to Year 3

	Initials	Y1 USD	Y2 USD	Y3 USD
EQUITY				
Share capital		20,000	20,000	20,000
Retained earnings		325,347	653,083	1,050,588
Total equity		<u>345,347</u>	<u>673,083</u>	<u>1,070,588</u>
Non-current liabilities				
Loan from investors	800,000	640,000	480,000	320,000
Borrowings	200000	-	0	0
Total non-current liabilities	<u>1,000,000</u>	<u>640,000</u>	<u>480,000</u>	<u>320,000</u>
Total equity and non-liabilities	<u>1,000,000</u>	<u>985,347</u>	<u>1,153,083</u>	<u>1,390,588</u>
REPRESENTED BY:				
Non-current assets				
Property, plant and equipment	800,000	640,000	480,000	320,000
Loan Receivables		-		
Total non-current assets	<u>800,000</u>	<u>640,000</u>	<u>480,000</u>	<u>320,000</u>
Current assets				
Work in Progress		-		
Trade and other receivables		252,000	253,260	278,586
Cash at bank and in hand	200,000	93,347	419,823	792,002
Total current assets	<u>200,000</u>	<u>345,347</u>	<u>673,083</u>	<u>1,070,588</u>
Current liabilities				
Trade and other payables		-		
Current tax payables		-		
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net current assets	<u>1,000,000</u>	<u>985,347</u>	<u>1,153,083</u>	<u>1,390,588</u>

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Chart of Projected Balance Sheet for 3 years



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Projected Cash Flow (Assuming 10 trucks for 3 years)

The following table and chart are the projected cash flow figures for Honest Business trading Company Limited.

	Y1	Y2	Y3
	USD	USD	USD
Profit/(loss) before tax	464,782	468,194	567,864
Cash flows from operating activities			
Adjustment for:			
Depreciation	160,000	160,000	160,000
(Increase)/Decrease in Receivables	-252,000	-1,260	-25,326
Tax paid	-139,435	-140,458	-170,359
Net used in operating activities	<u>233,347</u>	<u>486,476</u>	<u>532,179</u>
Cash flows from Investing activities			
Acquisition of non-current assets	-800,000	-	0
Net cash flows from investing activities	-800,000	<u>0</u>	<u>0</u>
Cash flow from Financing activities			
Issued share capital	20,000	-	-
Borrowing	640,000	-160,000	-160,000
Net cash flow from financing activities	660,000	<u>-160,000</u>	<u>-160,000</u>
Net increase in cash and cash equivalents	93,347	<u>326,476</u>	<u>372,179</u>
Cash & cash equivalents at the beginning of the year	0	93,347	419,823
Cash and cash equivalent at the end of the year	<u>93,347</u>	<u>419,823</u>	<u>792,002</u>

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Projected Cash Flow chart (Assuming 10 trucks for 3 years)

