

AK TRANSPORT CO. LTD

BUSINESS PLAN

2024

CHAPTER ONE

1.0 EXECUTIVE SUMMARY

1.1 General

A.K Transport Company Ltd is a company limited by shares and formed under the company act 202. It is incorporated under Brela and issued with a certificate of incorporation number 63664 on 4th January, 2008. Company's Tax Identification number and VAT registered number are 106-928-665 & 40-008486-P respectively. Office is located on plot no. 57 Mandela Road, Dar es Salaam.

The company key activity is transportation of liquid and dry cargos by means of road within and across borders to neighboring countries such as Zambia, DRC Congo, Malawi,

Rwanda, Burundi, Kenya, Uganda etc. It is one among the reputable company in transportation industry in the country since its formation in 2008.

Currently, the company business volume is termed to be at a large scale business with a working capital of **Tshs 25,000,000.00** invested on trucks and trailers business. Through its company long term plan on expansion, the company is expecting to expand its business by adding a total of Five Hundred (500) trucks and trailers through importation into different phases beginning this year 2024 onwards. This volume of trucks and trailers will cost not less than **Tanzanian Shillings Sixty Billion (Tzs 60b)** on its completion. We have currently imported a total of Twenty Five (25) Howo tractor heads out of 250 and they are already at the Dar es Salaam port waiting for clearance processes.

Apart from importation of trucks and trailers, the company is also planning to import trucks tyres, spare parts and batteries to support company trucks and trailers. In view of such big volume of trucks and trailers importation, the company has applied for a relief granted by Tanzania Investment Centre (TIC) on importation.

Therefore this business plan is intended to be submitted to TIC as part of the requirement for application of Seventy Five (75%) on all import duties for the trucks and trailers'

1.2 Purpose of the Incentives applied.

As pointed out above, the main reason is to seek financial relief from the TIC in terms of seventy five (75%) percent relief on import duties taxes. This will assist company meet other obligations smoothly and economically, hence getting capital to use into other expenses areas.

1.3 The Business.

A.K Transport Company Ltd is a well-established transportation company in Tanzania and its office is located on plot no 57 Mandela Road, Dar es Salaam Region. Currently

the company is intending to import truck tyres and truck batteries to support its fleet rather than buying locally.

1.5 Ownership

The company is solely owned by:

1. Amer Mohamed Mbarak - 50% of the shares
2. Khalid Mohamed Mbarak – 50% of the shares.

1.6 Physical location

The business is located in Plot no 57, Block C, Mandela Road, Ubungo, Dar es Salaam region.

1.7 Postal address

A.K Transport Co. Ltd

P.O Box 13656

Dar es Salaam, Tanzania

Tel. 0752 327 581

1.8 Vision and mission

The vision and mission of the company is stated below.

- **Vision**

By harnessing innovative global and local funding structures strong partnership with government and proven systems and communication technology, real delivery in transportation development can be realized.

- **Mission**

To create sustainable value by focusing on a core group of market leading transportation related business.

CHAPTER TWO

2.0 SWOT ANALYSIS

2.1 Overview

This chapter provides analyzed details on strength, weaknesses, opportunities, threat and challenges a company is currently facing and the way forward to overcome these challenges in the future operation of the business. The chapter also provides details on objectives in short and long term.

2.2. Strength

2.2.1 Human resources.

The company is proud of having qualified; experienced, committed and competent management team and operational staff who devote their time to make sure those objectives of the company are achieved.

2.2.2 Financial performance in five Years.

Five years of operations, the company generated sales revenue of about **155.13 billion** Tanzanian Shillings. This achievement explains how the management team has financial discipline and management skills.

2.2.3 Past financial performance of the Company.

According to the audited financial statements for the consecutive period of five years, the company managed to generate after tax profit of 2.8 billion Tanzanian Shillings. This is one of the indicator which shows future positive performance results.

2.3 Weakness

2.3.1 Lack of Management Information System (MIS)

There is minor weakness on the issue of Management Information System that is a computer based system which provides managers with tools to organize, evaluate and manage data and departments. MIS is very crucial particularly in finance and logistic department for record keeping, data analysis, communication and decision making, but currently the company is in a move to implement MIS program henceforth.

2.4 Opportunities

2.4.1 Growth in economy

Tanzania economy currently is growing at 7% per annum. This economic growth is mainly contributed by the infrastructure development. The Government of Tanzania provides large amount of financial resources in construction of roads connecting rural and urban areas, Good roads promotes transportation sector which is a potential attraction to customers to use trucks for transportation of fuel, dry cargos, agricultural products and many more including spare parts and tyres within and across borders.

2.4.2 Regional economic cooperation

Regional economic cooperation such as Southern Africa Development Community (SADC) and East Africa Customs and Excise under the East African Community (EAC) are important Regional blocks in creating new trade agreements. Regional cooperation allows free access of goods and services between member's countries. Our company is one of the awardee of Authorized Economic Operator (AEO) certificate. This means that the company will do its transportation activities on a very good and friendly customs laws by minimization of cost and time in all TRA check points. Companies will also use these

opportunities to capture customers within member countries who needs our transport services.

2.5 Threat

2.5.1 Stiff competition from giant transporters

In Transport business, A.K transport company Ltd compete with a number of giant transporters who having many trucks and trailer and tankers and other facilities compared to our company such as Oil com, ASAS, Prime fuel, Lake Oil and others. In this plan A.K Transport company Ltd will come with strategies to overcome transport competition.

2.6 Short and long term objectives to meet challenges and raise business revenue.

2.6.1 To Increase Customers through Business development unit

The company shareholders are willing to establish a business unit and market unit for the company. This will include proper process of recruiting business development team and marketing officers who will focus on promoting transportation awareness to the public, looking for new business contracts and promoting business as a whole especially for new business contracts.

CHAPTER THREE

3.0 MARKET ANALYSIS, BUSINESS PROMOTION AND STRATEGIES TO OVERCOME CHALLENGES

3.1 Overview

This chapter describes the details on potential market size, customers that are target market, competitors and strategies to get maximum number of customers to satisfy our business need through various strategies.

3.2 Market analysis

As mentioned out above this business plan have been prepared for the purpose of acquiring 75% of relief on import duties for imported trucks and trailers to expand the business. A total of 250 tractor heads, 150 Flatbed Trailers and 100 tankers trailers will be imported in a long term company plan to expand the business beginning 2024. A total of 25 tractor heads out of 250 already imported and having an estimates of 310M Tanzanian Shillings as an import duties.

In order to have stable market in transport business, a very good and modern trucks and trailers to move faster and efficiently.

3.4 Business promotion and strategies to overcome Transport Competition.

The owner of the company will use various strategies and promotions to expand its market share in transportation industry and improve revenue generation and curb business completion. Among of strategies are explained below.

3.4.1 Sensitization of business brand

The owner of the business is working to see the possibility of putting advert billboards in various prominent areas in cities/towns, hotels and malls, participating in trade fairs, and contractors meeting and exhibitions preparing brochures to increase awareness of transport business.

.3.4.2 To offer discount to attract more customers.

Company plans to offer discount in a certain percent for a customer who frequently use our company as means of transporting consignments. Offering discounts will attracts and increase number of business contracts or deals.

3.4.3 Promotions

In order to create awareness of new introduced trucks and trailers in the transport industry or the public on our services, a number of strategies will be adopted. Various means will be used including emails, personal visits and advertising agencies.

3.4.4 Media advertising

As part of business development strategies, the owners will advertise his transportation business of liquid and dry cargo in various media in order to publicize its services and promote awareness to the society. The media houses will include Clouds FM, TBC, ITV and AZAM TV. The owner of the business will prepare various programs and advertisements for those media stations.

3.4.5 Establishment of customer's data base.

Establishment of customer's data base will help the company owners to have direct contact with customers at any time when they are need, getting feedback for the services offered and promoting good business relationship.

CHAPTER FOUR

4.0 FINANCIAL PLANING

4,1 Overview

The preparation of business plan requires asserting the financial flow of the company as an attempt to determine its viability. In this regard, this chapter provides the details on assumption used in making projections as well as projected income statement, projected cash flow and projected statement of financial position.

4.2 Basic assumptions

Several assumptions were made and considered in the preparation of the financial plan and projections. The assumption is made on professional judgment, economic and current financial and market trend. The assumption is as follow.

- The highest interest on bank borrowing will be 20%.
- Depreciation will be on reducing balance method to write off cost of each value over the estimated useful life. The rate to be used per annum is as follow.

i. Furniture and fittings	12.5%
ii. Motor vehicle	12.5%
iii. Computers	33.33%
iv. Equipment	12.5%
v. Building	04%
- Depreciation will be charged on assets on the date they are ready for use and stop on date when the assets is de-recognized by the business.
- Exchange rate will remain constant throughout the period at Tshs 2650/Usd
- Provisional for bad and doubtful debts is assumed at 5%
- Income tax rates remain the same over the period.

- TIC relief on Import duty for tractor heads is 75% based on certificate of incentives granted.

4.3 Projected Profit or loss and other comprehensive income.

The projected income statement for the coming period 2024/2025 the business will generate after tax profit of Tshs (**refer to appendix iv**)

4.4 Projected cash flow.

According to projected cash flow (refer to appendix vi), the business will generate a positive cash flow throughout a year.

4.5 Projected purchases.

The company is expecting to spend Tshs for purchases of cost of sales expenses and operations expenses for the coming period of twelve months. (**refer to appendix ii**)

4.6 Direct cost projection

As shown in appendix ii the business will use **Tshs** for direct costs.

4.7 Projected operating expenses

To facilitate smooth running of the business, the owner is expecting to spend **Tshs** for operating expenses (**refer to appendix ii**)

CHAPTER FIVE

5.0 CONCLUSION

If granted the proposed 75% of import duty on importation of the above mentioned tractors heads and trailers/Tankers, the company will expand the transportation business of A.K Transport Co Ltd and consequently, improve revenue earning capacity of the company. The company financial management team are smart enough in cash management and will ensure that the relief granted is fully utilized for the company growth and expansion.

In a different note, the company has a plan to finance purchase other related cost for the above mentioned trucks and trailers through a bank facility (loan) in a form of Letter of Credit (LC) which is economically viable.