

AHMES (TZ) INVESTMENT CO. LIMITED

Business Plan

For

Operating School Project

**Project Location: District Kinondoni, Ward Mweni, Postal
Code 14126, Street Mweni Malindi, Road Mweni, Plot
No. 168/2, Block number I, House number 2**

1.0. EXECUTIVE SUMMARY

1.1 Project Concept

Management of AHMES (TZ) INVESTMENT CO. LIMITED decided to incorporate a company on 23rd November 2022.

The company is incorporated in Tanzania with Certificate of Incorporation No.159030075, The board of directors is now managing a school project with the maximum number of students a school can admit and effectively educate. A _ Level (form V) 120 students and Level (Form I) 90 students. The total enrolment capacity is 500 students.

The number of classrooms available to conduct classes and educational activities is 18 Facility available: Library, Computer Laboratory, Two science Laboratory, Multipurpose Hall, Administration block, Boys Dormitory, Girls Dormitory, Swimming Pool, Staff canteen, Basketball Court and Football ground. The management plans to execute the following:

- ✓ Building classes, laboratories, offices, accommodations, dining hall, etc.
- ✓ Purchasing 20 buses and 10 minibuses
- ✓ Purchasing 2 double cabin pick-up
- ✓ Purchasing 2 single cabin pick-up
- ✓ Purchasing 4 light truck
- ✓ Purchasing 2 sanitary trucks
- ✓ Purchasing 4 printing machines
- ✓ Equipping the school with other necessary types of equipment etc.

The envisaged project will involve utilizing the existing plot in **Kinondoni District, Ward Mbweni, Postal Code 14126, Street Mbweni Malindi, Road Mbweni, Plot No. 168/2, Block number I, House number 2.** It will involve the construction of classes, a dormitory, a dining hall, a laboratory, etc. as it is explained above. This will reduce the shortage of good and affordable secondary schools in Tanzania in Dar es Salaam particular, and the proposed school will provide all basic services required for secondary school education. The project's detailed designs have been carried out by a reputable local consultant and it is being finalized and will be to be submitted as an attachment when applying for exemptions.

The project will employ adequately trained and experienced teachers and administrators.

The project document presents a proposal by **AHMES (TZ) INVESTMENT CO. LIMITED** the company that is managing a school project limited company owned by Tanzanian investors,

The project promoters are confident of mobilizing financial resources through owners' equity and cash flows from the business.

This study is a guiding tool and will be presented to TIC for obtaining a certificate of incentives to facilitate the smooth implementation of the project

Shareholders' Names	% of Shares	Nationality
SEM SOLOMON MJEMA Email: unclesemm@gmail.com Mob: +255784916727	71	Tanzanian
CHRISTOPHER TUMAINI MDUMA Email: cmduma@yahoo.com Mob: +255784406275	14.5	Tanzanian
HASSANI SHABANI MASSEGENSE Email: Masegense36@gmail.com Mob: +255719843205	14.5	Tanzanian

1.2 Location

The project will be located in **Kinondoni District, Ward Mbweni, Postal Code 14126, Street Mbweni Malindi, Road Mbweni, Plot No. 168/2, Block number I, House number 2.**

1.3 The Project Objectives

The project's main objective is to manage a modern school facility in Tanzania and to apply for a TIC Certificate of Incentives.

1.4 The Legal Status

AHMES (TZ) INVESTMENT CO. LIMITED was incorporated in Tanzania with Certificate of Incorporation No. 159030075 issued on 23rd November 2022

1.5 Objective of Study

The purpose of this study is to work out the project viability technically and financially for providing the following services:

- **Education Services:**

- a. Classroom instruction
- b. Online courses
- c. Tutoring services
- d. Workshops and seminars

- ✓ **Production and procurement of Teaching and Learning Materials:**

- a. Textbooks
- b. Workbooks
- c. Educational software
- d. Teaching aids and resources

- ✓ **Extracurricular Programs:**

- a. Sports programs and equipment
- b. Arts and music programs
- c. Drama and theatre productions
- d. Science and technology clubs

- ✓ **Food Services:**

- a. School lunches and snacks
- b. Catering services for events

- ✓ **Merchandise:**

- a. School uniforms
- b. Branded clothing and accessories
- c. Stationery and school supplies

- ✓ **Events and Activities:**

- a. Fundraising events
- b. School fairs and carnivals
- c. Graduation ceremonies

- ✓ **Facility Services:**
 - a. Rental of school facilities for events
 - b. After-school care services

- ✓ **Health and Wellness Services:**
 - a. Health check-ups
 - b. Counselling services
 - c. First aid supplies

- ✓ **Transportation Services:**
 - a. School bus transportation
 - b. Transport services for students
 - c. Transport services for staff
 - d. Transport for school materials like food etc
 - e. Transportation for field trips

- ✓ **Technology Services:**
 - a. Computer labs
 - b. IT support services

- ✓ **Staff Housing:**
Staff Housing Services

- ✓ **Students boarding:**
Student boarding Services

1.6 The over view of private schools in Tanzania

Due to financial constraints, the government has been obliged to change from being the key player to a facilitator in the provision of education. This new role of the government has led to a more conducive and attractive environment to the private sector to join and invest in the Educational Sector.

Private investment in the Education Sector will go a long way in increasing the establishment of learning institutions, thus imparting both knowledge and technology to the youth for more active participation in the agricultural sector and the whole economy at large.

Dar es Salaam is the most populous city in Tanzania with over five million inhabitants, which is nine percent of all people in Tanzania's Mainland, Dar es Salaam accounts for the highest number of private schools, with 22 percent of all private schools in the country.

According to an analysis of data from COBET, the National Examination Council of Tanzania (NECTA), and the Population and Housing Census 2022, Dar is the only city whose number of private primary schools exceeds that of public schools by seven percent.

While almost a quarter of all privately owned primary schools are located in Dar, the second quarter belongs to the regions of Mwanza, Arusha, Kilimanjaro, and Pwani, which is the closest to Dar.

In other words, 50 percent of all privately owned primary schools in Tanzania are located in just five out of 26 regions of Tanzania Mainland.

On the contrary, only three percent of private schools are located in the bottom five regions, including Katavi (nine schools), Mtwara (13 schools), Simiyu (14 schools), Rukwa (15 schools) and Lindi (15 schools).

The distribution of private schools across the country caters to the more affluent and urban segments of society. Based on the data, we see a relationship between Tanzania's population and the location of private schools.

One possible explanation is that the city attracts more affluent and educated families who can afford to pay for private schooling, which ranges from a few hundred thousand to four million per year, depending on the status of the school.

Private schools that offer international curricula are exceptionally expensive, and only a few can afford to enroll their children.

Another possible explanation is that there is a higher demand for private schools in the city due to the perceived or actual low quality of public education, which suffers from overcrowding and teacher shortages.

A third possible explanation is that private schools offer more diverse and international curricula, such as CBSE, ICSE, CIE CAIE Cambridge, IB, and state boards, which may appeal to

parents who want their children to have a competitive edge in the global market or to pursue higher education abroad.

The trends influence all these possible scenarios in the population size and structure.

Tanzania's population is growing alarmingly while many people, especially youths, move from rural to urban areas such as Dar, Mwanza, and Arusha.

Data suggests a high demand for private education in urban settings, especially among the residents who can afford it.

On the other hand, regions with low population densities, such as Katavi and Lindi, tend to have the least number of private schools.

Interestingly, regions with higher percentages of rural private schools also tend to have higher percentages of mixed private schools.

Kagera and Kilimanjaro are good examples. This indicates that some private schools are located in areas that are not strictly urban or rural but somewhere between.

Generally speaking, regions with higher population densities, higher urbanization levels, and higher income levels tend to have more private schools than regions with lower population densities, lower urbanization levels, and lower income levels.

2.0 Project Management and Manpower Requirements

For efficient planning, manning, and running of and school's activities, the school will decentralize authority and accountability to the operating schools. The relative strength and adequacy of each department will depend on this input. Staff deployment is based on one's academic qualifications and teaching experience. The number to be engaged is dependent on the total number of subjects being offered against several classes.

The preferred guidelines for teachers/student relationships between 18 to 25, while teachers should not have more than 20 periods a week, have been taken into account.

Gender	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	10	30	6	46
Men	5	20	4	29
TOTAL	15	50	10	75

2.1 Teaching staff qualification

The school plans to create a strong team of well-motivated experienced teaching staff with commensurate academic qualifications to meet the set standards. This is based on the assumption that a teacher with higher academic qualifications who has had a longer exposure to a wider range of relevant factual knowledge, intellectual and or practical skills all of which can be communicated to the student

3.0 Project description

Significant measures have been taken to liberalize the Tanzania economy to encourage the private sector to take a lead in Tanzania's economic growth; The Government of Tanzania embarked on an adjustment program to give the private sector the leading role.

AHMES (TZ) INVESTMENT CO. LIMITED came up with a proposal to manage and operate a secondary school.

It is expected that a secondary school project will be completed within five years and the company will apply to be exempted from paying import duty and VAT on Capital goods and deemed capital goods, the project will contribute significantly toward the education sector, printing and construction sector.

4.0 Targeted Markets.

The targeted markets of the project are students from Dar es Salaam and neighbouring regions.

4.1 Supply and Competition

The proposed secondary school will compete with all schools in Tanzania;

4.2 Market Strategy

According to experts, personal selling is the most effective method for marketing of services. To reduce sunk costs, the project will use marketing tools. Marketing in all types of media and publicity will support and enhance personal selling. The project will use the internet and other media for advertising to potential customers.

4.3 Pricing

The pricing policy for the project will be based on the service cost and competition levels considering various variables namely:

- ✓ Service positioning
- ✓ Gain market share from competitors
- ✓ Stimulating and increasing demand and
- ✓ Achieving profitability and liquidity financial performance goal

4.4 Performance assessments

The Management has full commitment to ensuring good use of the resourced and sustainable environment and the well-being of the community with which they do business. Thus, the management philosophy is through business processes, managers will strive to ensure compliance with standards and the quality of education provided by the school. Management will establish a system of getting feedback from customers every

quarter not only that but management will be making performance assessments every year to fill in the existing gap

5.0 Project Investment Cost

The estimated capital investment cost of the project is US\$ 1.8m

AHMES (TZ) INVESTMENT CO. LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	1,380,000.00
Vehicles	40,000.00
Plant and Machinery	100,000.00
Furniture & Fittings	100,000.00
Pre exp	20,000.00
Working Capital	160,000.00
TOTAL	1,800,000.00

6.0 Financing Pattern

The project will be financed by equity of US\$1,300,000, a loan of US\$ 500,000, and project cash flows realized from the business.

7.0 Aspect of Project Sustainability

The project sponsors having studied market conditions, and the infrastructure in Tanzania and being in the education sector for 3 years are convinced that the project will be able to operate undisturbed. The growing need for secondary education

assures them of a steady market. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

8.0 Monitoring and Evaluation

The monitoring and evaluation tools will be applied in running this project as well, the project sponsors are determined to cooperate fully with the government and other stakeholders for smooth business running.

9.0 Financial Analysis

9.1 Considerations and Assumptions:

The corporate tax charged is 30% of the profits. The capital investment allowance is 50%. The capital assets are exempted from customs duty and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied, it is assumed to be 5% annual depreciation.

It is assumed that the major building raw material will be procured from the local market and others will be imported. Revenues have been conservatively estimated based on the experience of the promoters and trends in the education sector.

8 years of financial projections have been worked out

9.2 Financial Statements:

9.2.1 Projected Revenue

For projection purposes, it is assumed that the economic life of the project is 8 years and that revenue from the school business commences from the first year of operation.

9.2.2 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 8 years. The position depicted is that the project earns profit throughout its life, accumulated profit grows from US\$ **156,043** in the first year to US\$ **1,342,845** in the 8th year refer appendix (I)

9.2.3 Projected Cash Flows

This is shown in the Projected Cash Flows Statement in Appendix (II). They indicate that the project will meet its entire financial obligation, the cash flow in the first year of US\$ **150,043**, and grow up to US\$ **1,594,844** in the 8th year.

9.2.4 Projected Balance Sheet

The projected Balance Sheet of the project is shown in the financial statements under **Appendix (III)**. The Net worth of the project increases from US\$ **1,500,000** in the first year to US\$ **1,594,844** in 8th year

9.2.5 Projected Payback Period

Total investment is US\$ 1.8m, cash accumulated in 8 years is US\$1,947,641, which is more than the initial investment by 147,641, and the payback period is slightly less than 8 years.

9.2.6 Projected Risks

This is an education sector investment; no major risks have been identified for this kind of project so far. Unless a change in the country's political and economic stability occurs, the project is more likely to prosper very fast for a very long period

10.0. Economic Aspects

Implementation of this project will have the following social and economic values

- ✓ The project will significantly contribute to increasing the of quality education in Tanzania
- ✓ The project will create direct employment for 75 people on a permanent contract basis let alone temporary employees.
- ✓ It will create more business opportunities for local suppliers, which will also have a trickle-down effect on the Tanzania economy as a whole.
- ✓ It will generate substantial revenue for the government in the form of corporate tax paid for 8 years, value-added tax and pay as you earn, etc.

- ✓ The project will have the transfer of knowledge and skills as far as managing schools is concerned

11.0 Implementation Schedule

Project implementation is expected to be completed within 5 years once the project has been approved.

12.0 Conclusion and 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 the 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.

AHMES (TZ) INVESTMENT CO. LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT "US \$ APPENDIX I

	1	2	3	4	5	6	7	8
Revenue	389,160.00	389,160.00	389,160.00	389,160.00	389,160.00	389,160.00	389,160.00	389,160.00
Operating Cost	27,241.20	27,241.20	27,241.20	27,241.20	27,241.20	27,241.20	27,241.20	27,241.20
Profit before Interest and Depre	361,918.80	361,918.80	361,918.80	361,918.80	361,918.80	361,918.80	361,918.80	361,918.80
Bank interest	45,000.00	45,000.00	45,000.00	45,000.00	45,000.00			
Depreciation	94,000.00	94,000.00	94,000.00	94,000.00	94,000.00	94,000.00	94,000.00	94,000.00
Profit before Tax	222,918.80	222,918.80	222,918.80	222,918.80	222,918.80	267,918.80	267,918.80	267,918.80
Tax (30%)	66,875.64	66,875.64	66,875.64	66,875.64	66,875.64	80,375.64	80,375.64	80,375.64
Profit After Tax	156,043.16	156,043.16	156,043.16	156,043.16	156,043.16	187,543.16	187,543.16	187,543.16
Accumulated Profit	156,043.00	312,086.16	468,129.32	624,172.48	780,215.64	967,758.80	1,155,301.96	1,342,845.12

AHMES (TZ) INVESTMENT CO. LIMITED PROJECTED CASH FLOW US

	0	1	2	3	4	5	6	7	8
SOURCES:									
Profit before interest and depreciation	0	361,918.00	361,918.00	361,918.00	361,918.00	361,918.00	361,918.00	361,918.00	361,918.00
Loan	500,000.00								
Equity	1,300,000.00	-	-	-	-	-	-	-	
Total Sources	1,800,000.00	361,918.00	361,918.00	361,918.00	361,918.00	361,918.00	361,918.00	361,918.00	361,918.00
Applications:									
Capital expenditure	1,640,000.00	-	-	-	-	-	-	-	0
working Capital	160,000.00								
Cash	0	150,043.00	150,043.00	150,043.00	150,043.00	150,043.00	281,543.00	281,543.00	281,543.00
Tax	-	66,875.00	66,875.00	66,875.00	66,875.00	66,875.00	80,375.00	80,375.00	80,375.00
Subtotal	1,800,000.00	216,918.00	216,918.00	216,918.00	216,918.00	216,918.00	361,918.00	361,918.00	361,918.00

APPENDIX III

AHMES (TZ) INVESTMENT CO. LIMITED PROJECTED BALANCE SHEET US \$

	0	1	2	3	4	5	6	7	8
<u>Fixed Assets</u>	-								
Opening balance	-	1,640,000.00	1,546,000.00	1,452,000.00	1,358,000.00	1,264,000.00	1,170,000.00	1,076,000.00	982,000.00
Additions	-	0	0	0	0	0	0	0	0
Total Long-term Assets	-	1,640,000.00	1,546,000.00	1,452,000.00	1,358,000.00	1,264,000.00	1,170,000.00	1,076,000.00	982,000.00
Less depreciation	-	94,000.00	94,000.00	94,000.00	94,000.00	94,000.00	94,000.00	94,000.00	94,000.00
Closing balance	-	1,546,000.00	1,452,000.00	1,358,000.00	1,264,000.00	1,170,000.00	1,076,000.00	982,000.00	888,000.00
Debtors	-	-	-	-	-	-	-	-	-
Working capital	160,000.00	160,000.00	160,000.00	160,000.00	160,000.00	160,000.00	160,000.00	160,000.00	160,000.00
Accumulated cash	-	150,043.00	300,086.00	450,129.00	600,172.00	750,215.00	1,031,758.00	1,313,301.00	1,594,344.00
Total assets	160,000.00	1,856,043.00	1,912,086.00	1,968,129.00	2,024,172.00	2,080,215.00	2,267,758.00	2,455,301.00	2,642,644.00
	1.	Financed by							

APPENDIX IV

Equity	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Profit	-	156,043	156,043	156,043	156,043	156,043	187,543	187,543	187,543.
Total equity	1,300,000	1,456,043	1,456,043	1,456,043	1,456,043	1,456,043	1,487,543	1,487,543	1,487,543
Long term loan	-	500,000	400,000	300,000	200,000	100,000			
Creditors	-	-	-	-	-	-	-	-	-
Total debts	-	500,000	400,000	300,000	200,000	100,000	-	-	-
Total equity and debts	1,300,000	1,956,043	1,856,043	1,756,043	1,656,043	1,556,043	1,487,543.0	1,487,543.0	1,487,543.0

APPENDIX IV

PAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulative Cash Flow
1	156,043.00	94,000.00	250,043.00	102,840
2	156,043.00	94,000.00	250,043.00	352,883
3	156,043.00	94,000.00	250,043.00	602,926
4	156,043.00	94,000.00	250,043.00	852,969
5	156,043.00	94,000.00	250,043.00	1,103,012
6	187,543.00	94,000.00	281,543.00	1,384,555
7	187,543.00	94,000.00	281,543.00	1,666,098
8	187,543.00	94,000.00	281,543.00	1,947,641

AHMES (TZ) INVESTMENT CO. LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	1,380,000.00
Vehicles	40,000.00
Plant and Machinery	100,000.00
Furniture & Fittings	100,000.00
Pre exp	20,000.00
Working Capital	160,000.00
TOTAL	1,800,000.00

AHMES (TZ) INVESTMENT CO. LIMITED FIXED ASSETS SCHEDULE (US\$)

NAME OF ASSETS	1	2	3	4	5	6	7	8
Land And Buildings	1,380,000	1,310,000	1,240,000	1,170,000	1,100,000	1,030,000	960,000	890,000
Vehicles	40,000	36,000	32,000	28,000	24,000	20,000	16,000	12,000
Plant and Machinery	100,000	90,000	80,000	70,000	60,000	50,000	40,000	30,000
Furniture & Fixtures	100,000	90,000	80,000	70,000	60,000	50,000	40,000	30,000
Total	1,620,000	1,526,000	1,432,000	1,338,000	1,244,000	1,150,000	1,056,000	962,000
DEPRECIATION	1 USD	2 USD	3 USD	4 USD	5USD	6 USD	7 USD	8USD
Land and buildings	69,000	69,000	69,000	69,000	69,000	69,000	69,000	69,000
Vehicles	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Plant and Machinery	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Furniture & Fixtures	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
ANNUAL DEPRECIATION	93,000	93,000	93,000	93,000	93,000	93,000	93,000	93,000
CLOSING FIXED ASSETS	1,527,000	1,433,000	1,339,000	1,245,000	1,151,000	1,057,000	963,000	869,000

AHMES (TZ) INVESTMENT CO. LIMITED PROJECTED LONG-TERM LOAN REPAYMENT

Repayments US\$				
Year	principle	Loan Interest (9%)	Total Amount Paid	Loan Balance
0				500,000
1	100,000	45,000	145,000	400,000
2	100,000	45,000	145,000	300,000
3	100,000	45,000	145,000	200,000
4	100,000	45,000	145,000	100,000
5	100,000	45,000	145,000	0
TOTAL	500,000	225,000	725,000	