

CHOICE MOTORS LIMITED

**BUSINESS PLAN
FOR**

**EXPANSION
OF**

**Tour Operation project Business
in Tanzania**

CHOICE MOTORS LIMITED
SETTING UP TOUR OPERATION PROJECT BUSINESS THROUGH FACILITIES

1. INVESTMENT PLAN

1 EXECUTIVE SUMMARY

Choice Motos Limited is a domestic company limited by shares registered in Tanzania under the Companies Ordinance (CAP 212) now Companies Act, 2002 with Certificate of Incorporation number 47897 given in 2004. The company has complied with all legal requirements and obtained all necessary certificates including, but not limited to Certificate of incorporation number 47897, TIN certificate number 102318366.

2. COMPANY BACKGROUND

Choice Motors Limited is a private company based in Dar es salaam, The company has been incorporated with a major objective of establishing an Tour operation Project business in Tanzania .

The main purpose of the company is Tour Operation Project business and is introduced the Tanzanian Tour Operation project to the international markets.

This is a big opportunity for Africa to shine and rise to increase its GDP by exporting the Tourism products(CARS)

Hence the expansion programmer of three years, in setting up facilities for the project is estimated to be USD 450,000 .

3. TARGETED MARKET

There is very big demand for Tour Operation Project in international markets especially East Africa, south Africa and Africa in generally.

BUSINESS WITH FAR REGION IN TANZANIA MAINLAND

The Tourism business is a main business line in Tanzania which goes head in head with tour operation project and is introduced to the international market through the value in Tanzania regions example like Northern regions.

ECONOMIC GROWTH:

The economic growth influenced such movement of foreigners especially those from Europe, America that demand to adventure the beautiful nature of Tanzania, food, culture and diversity as the demand is growing day by day due to increase of the population for countries.

The business module will be used as a way of transporting visitors or foreigners from place to place.

4. THE COMPANY main stratégie OBJECTIVES

Choice Motors Limited business in concentration in tour operations or tourism business in Tanzania Mainland and promote this business to the country wide market.

The main strategy points are :

- To carry on the business of tourism tours in Tanzania to implements a new technology in the tourist sector.
- To carry on the business as tourist agents, consultant and contractors and to facilitate traveling and to provide for tourists and travels, the provision of convenience of all kinds in the way of through tickets.
- To carry on the business or profession as tour operators, trip advisors, travel agents, consultant either online or offline or through business associates.
- To own, create, operate and manage online market places websites, portals, mobile applications and to provide a convenient, quick and affordable online platform for the common man and businesses to get world class tour and travel services, trip guide, tour packages and other allied services at one place.
- To act as holiday makers, organizers of picnics, tours and travels by road, rail and air and owners of vehicles of all description required for holidays entertainment, variety shows fashion and talent parade and organize such activities.
- To undertake the business of holiday makers and arrange, organize or manage picnics, tours and travel and to facilitate traveling and to provide tourists and travelers all types of facilities for comfortable holiday by making arrangements of tickets, circular tickets, sloping cars, berths, vehicles, hire rooms, hotel bookings.
- To act as consultant and advisor in the field to tourism, travel, visa service and such other allied field.

5. PLAN OR PROSPECTS

(a) Smooth running of the Tour Operations Project business.

(b) For efficient and effectiveness in operation and increase of the Tourism business to neighboring countries and hence resulting foreign earnings in addition to the prevailing market.

(c) To increase more facilities for the Tourism work with introduction of new technology through the tour operations projects.

(d) To increase the volume of the Tourism in the country.

The investment proposal was prepared to expand the current project show clearly an analysis of the financial, human, technical and other resources required for the company activities and also assess it economic viability and commercial viability.

The document has been prepared to serve as a business plan for Choice Motors Limited. The implementation of the Tour operations project will comprise of the following activities:

- Acquire an tourism vehicles that will be used in transporting the visitors to the tourist sites.
- Use our own vehicles in different Areas in Tanzania like north regions, Dar es salaam etc
- Have modern office.
- Equipping the company with relevant facilities.
- The purchasing more of company vehicles.

The proposed project is estimated to cost about TZS 1,214,262,450 OR (450,000 USD) The company main shareholder will provide full funding amount including Bank Loan.

6. THE COMPANY PROMOTERS

The shareholders of this COMPANY are all entrepreneur with a diverse professional and business backgrounds. The company is owned by 2 shareholders, namely;

Name, POSTAL ADDRESS AND DESCRIPTION OF SUBSCRIBERS	NUMBER OF SHARES TAKEN	NATIONALITY	Remarks
FARUK NIZAR MEGHJI APT. NO. 102, PLOT/BLK 920/60 UPANGA MASHARIKI, DAR ES SALAM (TANZANIA)	40	TANZANIAN	
FARIDA NIZAR MEGHJI APT. NO. 102, PLOT/BLK 920/60 NEAR AGA KHAN HOSP. UPANG MASHARIKI DAR ES SALAAM (TANZANIA)	60	TANZANIAN	

7. LOCATION:

The project head quarter will be In DAR ES SALAM, Ikuu street Mwanayalmala The operation will be in the entire Tanzania.

8. COMPANYS IMPLEMENTATION SCHEDULE

8.1 August - 2024

(a) Preparing feasibility study for the Tourism activities.

(b) Registration the expansion of the project with Tanzania Investment Centre i.e expansion for the Certificate of Incentives.

(c) Getting the Certificate of Incentives.

8.2 August -2024

(a) Application for import Duty exemption on more of the vehicles units to the company, supporting vehicles, after being awarded certificate of incentives in the establishment programmer.

8.3 September -2024

(a) Recruiting new employees, drivers and other administration staff.

(b) Fully commencement of the project and the process.

9. CAPITAL INVESTMENT COST

2 COSTS AND ESTIMATE VALUE

2.1 Investment costs and estimate value

SN	Item	Description	Amount (In USD)
1	Investment Costs incl Bank Loan	Investment Cost	350,000.00
		Working Capital	100,000.00
		Total	450,000.00
2	Cost & Estimate Revenue	Estimate of total annual revenue	500,000.00
		Total Operational Expenses of Project (Annual)	200,000.00
		Interest of bank Facilities	9%
		Commissioning cost 10% material Total annual depreciation expenses	

		Annual Income Tax 30%	
		Total Profit & Loss: (Annual)	
3.	Project Fixed Capital	The costs before commissioning	100,000.00
		Land & Landscaping	0.00
		Civil & Building Implement	0.00
		Machinery, Office, Workshop	10,000.00
		Total	20,00.00
4.	The costs before commissioning	Costs before commissioning including feasibility study, periodical visits, acquiring investment permits, technology, TIC License of Incentive, Environment License, EWURA, Port Authority (TPA), Municipality, Road Administrative etc	100,000.00

		Training Before Commissioning	15,000.00
		Total	115,000.00
6.	Transport, Work place & L Supplies	Truck	50,000.00
		Electricity	5,000.00
		Total	55,000.00
7.	Salary and Wages Monthly	Staff	10,000
		Operators	1,000
		Other Staffs	1,000
		Total	65,000.00

2.2 Fixed capital depreciation.

S/N	Description	Production (Estimated)	Unit Price (USD)	Amount (USD)
1.	Production Average	400 T per year	1000	400,000
Total Cash Income				150,000
Deduction (Current Costs)				100,000
Deduction (Depreciation Costs)				10,000
Deduction (Banking Fees 12%)				10,000
Net Profit (USD):				130,000

2.3 Period of Investment & Capital Return

1.	Period of Investment & Capital Return	Purchase of Vehicles, transport set-up and putting into operation	1 year
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- PICK UP SINGLE CABIN 5 UNITS.
- PICK UP DOUBLE CABIN 5 UNITS.

12. SUBMISSION

Choice Motors Limited submits the investment proposal and application to the Tanzania Investment Centre (TIC) for expansion and award of another certificate of Incentives for the commencement of the company activities.

The company will soon commence after the company is expanded by Tanzania Investment Centre and being issued the Certificate of Incentives. Thereafter the company will start work to provide export tourism services to clients.

Also the certificate will help us to tax exemption in case of any imports required to the company activities such as, vehicles, Certificate of Incentives will enable the project to qualify for Duty exemptions on Capital and Deemed Capital Goods etc.

13. ECONOMIC GROWTH

The current economic growth which had been registered in Tanzania, as the result of investment, tourism has attracted more investments as well as culture and diversity in the Tanzania such as the intended tourists company. The economic growth influenced such movement of people from place to place especially tourists has the demand growing day by day for the increased population demand internationally.

14. COMPETITION OR MARKET

Despite there being numbers of other tourist and tour operator companies in Tanzania, still the companies are not enough compared to the level of demand.

However, the intended company will provide trustworthy, efficient and quality services to dominate the local and foreign market. Because the company is to ensure high quality, promptness and goodwill.

15. ADVERTISEMENT

Advertisement which forms part of the marketing-strategy will be embarked upon in the newspapers, street banners and later in the television in a manner benefiting the promotional role of any company or private institutions.

16. BUSINESS STRATEGY

In-order to meet the current demand and high productivity the management of the company will develop and implement additional strategies which will capture markets.

- (i) Technology and quality fleet of vehicles.
- (ii) Advertisement and Promotion,

- (iii) Employing qualified and experienced drivers, mechanics,
- (iv) On job training,
- (v) Business Discipline.

17. ENVIRONMENTAL ISSUE

The manufacturing project business and the whole company implementation is environmentally friendly. The activities of services will not cause any harm to people.

18. PROJECT MANAGEMENT

The overall management of the company is vested in the Board of Directors. as the main shareholders of the company. They are well versed in international market in several continent and added value for distribution of the business.

19. MANPOWER AND TRANSFER OF TECHNOLOGY

Choice Motors Limited being a main player in tourism business in Tanzania over a period for 20 years from its commencement will usher in the technology by using modern workshop activities. The advantages to the country are quite significant, and will get the advantage of value addition due to such in coming technology.

Further the country can increase its source of international income and GDP from neighboring countries, hence Tanzania business famers.

The proposed company will cause more people to be employed in as drivers, mechanic, security guards, accountant, logistic manager and about 100 local people will increase their income, improve their social welfare and pay-taxes; it is poverty alleviation programmer to them.

Local employees will get on training for programs in a long run will improve the international competence in international market.

20. CONCLUSION AND RECOMMENDATION

The financial evaluation of the project done so far indicates that this COMPANY will be profitable both economically and financially viable venture. There are many other benefits directs and indirect of this tourist activities of the company.

The management being experienced businessmen possesses sample managerial capabilities in various business disciplines.

Based on the above factors, it is recommended that the company should be granted the certificate of incentives for the implementation of the project so that the project will operate and enjoy tax exemption on capital and deemed goods and increase its production capacity.

21. FINANCIAL AND ECONOMIC ANALYSIS

21.1 company Profit and LossAccount ;

The company envisages generating a profit of USD \$ 150,000 this operating year. The profit amount is expected to steadily rise to USD \$ 180,000 in year two, USD \$200,000 in year three and USD \$220,000 in year four.

21.2 Projected cash flows ;

The projected cash flows for the next five years indicate that the company will have enough funds to service and repay the loan and interest payments. Hence the financial obligations will be met in a timely fashion.

23.3 Proposed balanced sheet;

The projected balance sheet shows healthy financial situation. Short term liabilities are all times covered by fixed assets. Also current liabilities are adequately covered by current assets.

22. SENSITIVITY ANALYSIS

To assess further the viability of the implementation of the company , sensitivity analysis has been worked out on the basis of several unfavorable conditions that might negatively affect the operations of Choice Motors Limited.

22.1 Effect of cost increase on profitability (on the basis of year II Choice Motors Limited . INCOME in “” USD \$)

INCOME	COSTS	INCREASE	PROFIT BEFORE DEPRECIATION
660,000	500,000	%	160,000
660,000	525,000	5%	135,000
660,000	550,000	10%	110,000

22.2 Effect of CHOICE MOTORS LIMITED. INCOME decrease/ drop on profitability (on the basis of year II costs in “” USD \$)

INCOME	INCOME DECREASE	COST	PROFIT BEFORE DEPRECIATION
660,000	%	500,000	160,000
622,000	5%	500,000	122,000

684,000	10%	500,000	184,000
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The viability/ profitability of the company operations appears more sensitive to sale income/revenue than increase in the operating costs. This implies that the company should strive to maintain the existing market and undertake an aggressive marketing strategy to hire more clients and expand its market or clients base.

Appendix 1

CHOICE MOTORS LIMITED PROJECTED INCOME STATEMENT

(Fig. USD \$ '000')

INCOME	1 st year	2 nd year	3 rd year	4 th year	5 th year
Sales Income	620.0	660.0	700.0	750.0	800.0
Total Income	620.0	660.0	800.0	850.0	900.0
Utilities	150.0	150.0	150.0	150.0	150.0
Salaries and wages	80.0	85.0	90.0	100.0	110.0
Transportation/fuel	100.0	105.0	110.0	120.0	130.0
Administrative Expenses	100.0	110.0	120.0	130.0	140.0
Other Expenses	40.0	50.0	60.0	70.0	80.0
Total Expenditure	470.0	500.0	530.0	570.0	610.0
Net Profit (pre tax and depreciation)	150.0	160.0	170.0	180.0	190.0

Appendix II

CHOICE MOTORS LIMITED PROJECTED CASHFLOW STATEMENT

(Fig. USD \$ '000')

YEAR	1	11	111	1V	V	TOTAL
Cash inflow						
Income from operation	250.0	260.0	270.0	280.0	290.0	1350.0
	250.0	260.0	270.0	280.0	290.0	1350.0
Cash outflow						
Interest payments	50.0	45.0	40.0	35.0	30.0	200.0

Loan re- payment	50.0	50.0	50.0	50.0	50.0	250.0
Wear and tear	10.0	12.0	14.0	16.0	18.0	70.0
Taxes	10.0	10.0	10.0	10.0	10.0	50.0
	120.0	117.0	114.0	111.0	108.0	570.0
Surplus cash generated	130.0	143.0	156.0	169.0	182.0	780.0

Appendix III

**CHOICE MOTORS LIMITED
PROJECTED LONG TERM LOAN REPAYMENT**

(Fig. in USD \$'000')

YEAR	PRINCIPAL	INTEREST	TOTAL	AMOUNT
0				500.0
I	50.0	50.0	100.0	450.0
II	50.0	45.0	95.0	400.0
III	50.0	40.0	90.0	350.0
IV	50.0	35.0	85.0	300.0
V	50.0	30.0	80.0	250.0
VI	50.0	25.0	75.0	200.0
VII	50.0	20.0	70.0	150.0
VIII	50.0	15.0	65.0	100.0
IX	50.0	10.0	60.0	50.0
X	50.0	5	55.0	00.0

Appendix IV

**CHOICE MOTORS LIMITED
PROJECTED BALANCE SHEET**

(Fig. in USD \$ '000')

NO.	ITEM	YEAR 1	YEAR II	YEAR III	YEAR IV	YEAR V
	SOURCE OF FUNDS					
1.	Shareholders funds	100.0	150.0	200.0	250.0	350.0
2.	Long Term Loan	100.0	95.0	90.0	85.0	80.0
3.	Associated Cos/ Directors	100.0	100.0	100.0	100.0	100.0
4.	Current liabilities	0.0	0.0	0.0	0.0	0.0
		0.0	0.0	0.0	0.0	0.0
	Application of funds					
1.	Fixed Assets	300.0	300.0	300.0	300.0	300.0
2.	Current Assets	200.0	295.0	390.0	485.0	630.0
		500.0	595.0	690.0	785.0	930.0