

FRATON HOTELS COMPANY LIMITED

**BUSINESS PLAN
FOR**

**ESTABLISHMENT
OF**

Hotel Business in Tanzania

FRATON HOTELS COMPANY LIMITED
SETTING UP HOTELS BUSINESS THROUGH FACILITIES AND OPERATING A
BUSINESS.

1. INVESTMENT PLAN

1 EXECUTIVE SUMMARY

Fraton Hotels company Ltd 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 171664632 given in 2024. The company has complied with all legal requirements and obtained all necessary certificates including, but not limited to Certificate of incorporation number 171664632, TIN certificate number 171664632.

2. COMPANY BACKGROUND

FRATON HOTELS COMPANY LTD is a private company based in Dodoma, The company has been incorporated with a major objective of establishing an Hotels business in Tanzania .

The main purpose of the company is hotels business and to introduce the Tanzanian Hotel accomadations business to the international markets.

There is a very big demand for Hotels business in the international markets like Europe, America (north and south) ASIA and Australia.

Plus, the demand in Africa like north African countries (Egypt, Ghana, Algeria, Tunisia, Morocco

Also outside Tanzania, and the East and central Africa to serve client needs,

Increasing the world population lead to increase the demand, plus the international climate change is increasing the areas of desert around the world.

Plus the geopolitical factor, which affects the international demand , which would lead to the great impact in the land of Africa to produce tourism factors to cover the demand increased internationally.

This is a big opportunity for Africa to shine and rise to increase its GDP by epecting a higer demand of tourists.

Hence the establishment programmer of three years, in setting up facilities for the project is estimated to be Tshs 151,167,800.

3. TARGETED MARKET

There is very big demand for tourism sector from both international and local markets especially from Europe, Asia, North and South America ,Africa but also within the country since the Tanzanian

President Her Excellency Samia Suluhu Hassan's Royal Tour Campaign.

BUSINESS WITH FAR REGION IN TANZANIA MAINLAND

The Hotels business is a main business line in Tanzania and could be introduced to the international market through the value of Tanzanian's traditions and culture but also through the diversity that we have in the country of Tanzania.

ECONOMIC GROWTH:

The economic growth is influenced with such movement of people moving from place to place and through the Tanzania Investment Center advertisements that welcome investment from foreigners who come in frequently on bases of Business visits or tourism visits or rather even establishing up projects especially industries and businessmen as a demand that is growing day by day due to increase of the population.

The business module will be used as international company working in international market to promote the Tanzania diversity under their umbrella, in various countries located in different continents.

4. THE COMPANY main stratégie OBJECTIVES

Fraton Hotel company Ltd business in concentration in Hotels business in country in Tanzania Mainland and promote this business to the international market as whole plus in Africa.

The main strategy points are :

- (a) To carry on the business of short accommodation activities.
- (b) To carry on the business of other accommodation.
- (c) To carry on the business of Restaurants and mobile food service activities
- (d) to carry on the business of Retail sale of carpets, rugs, wall and floor coverings in specialized stores.

5. PLAN OR PROSPECTS

- (a) Smooth running of the Hotels business for both local and international people.
- (b) For efficient and effectiveness in operation and increase of the Hotels business to neighboring countries and hence resulting to foreign earnings in addition to the prevailing local market.
- (c) To increase more facilities for the Hotels and accommodations work with introduction of new ideas.
- (d) To increase the volume of the Hotels and capacity to Host enough of the tourists.

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

The document has been prepared to serve as a business plan for FRATON HOTEL COMPANY LIMITED . The implementation of the hotel will comprise of the following activities:

- Acquire Hotel buildings to extract the necessary activities that will be held in the project.
- Use our own land in different Areas in Tanzania like Dodoma, Dar es salam among others.
- Have modern offices.
- Equipping the company with relevant facilities.
- The purchasing of company vehicles.

The proposed project is estimated to cost more than 2,000,000,000 as for the second and third phases. The company main shareholder will provide full funding amount.

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	NUMBER OF SHARES TAKEN	NATIONALITY	Remarks

OF SUBSCRIBERS			
ALEX ALEX KOMBA TANZANIA, DAR ES SALAM KINONDONI, MAGOMENI USALAMA PLOT 1000-1005. BLOCK W HOUSE 3A10	50	TANZANIAN	Local Professional
NOLASCO ANTON MLWILO TANZANIA, DODOMA. DODOMA CBD, KISASA SOUTH, PLOT NO. 38. BLOCK C	500	TANZANIAN	Local Professional

7. LOCATION:

The project head quarter will be In DODOMA, TANZANIA.

8. COMPANYS IMPLEMENTATION SCHEDULE

8.1 January - 2024

- (a) Preparing feasibility study for the Hotels activities.
- (b) Registration of the project with Tanzania Investment Centre i.e Application for the Certificate of Incentives.
- (c) Getting the Certificate of Incentives.

8.2 March -2024

- (a) Application for import Duty exemption on supporting vehicles, workshop equipment, communication equipment, cargo lifting-equipment after being awarded certificate of incentives in the establishment programmer.

8.3 JUNE -2024

- (a) Recruiting new employees, mechanics and other administration staff.
- (b) Fully commencement of the project and the entire project 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	Investment Cost	59,620.00

		Working Capital	30,000.00
		Total	59,620.00
2	Cost & Estimate Revenue Loss	Estimate of total annual revenue	16,000.00
		Total Operational Expenses of Project (Annual)	12,000.00
		Interest of bankFacilities	7%
		Commissioning cost 10% materialTotal annual depreciation expenses	
		Annual Income Tax 30%	
		Total Profit & Loss: (Annual)	
3.	Project Fixed Capital	The costs before commissioning	2,000.00
		Land & Landscaping	1,500.00
		Civil & Building Implement	0.00

		Machinery, Office, Workshop & Lab Supplies	1,500.00
		Total	50,000.00
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	15,000.00
		Training Before	15,000.00

		Commissioning	
		Total	16,500.00
6.	Transport, Work place & LSupplies	Truck	25,000.00
		Electricity	5,000.00
		Total	30,000.00
7.	Salary and Wages	Staff	2,000
		Operators	1500
		Other Staffs	2000
		Total	5,500.00

2.2 Fixed capital depreciation

S/N	Description	Production (Estimated)	Unit Price (USD)	Amount (USD)
1.	Production Average	1000 T per year	1000	1,000,000
Total Cash Income				59,620
Deduction (Current Costs)				40,000
Deduction (Depreciation Costs)				50,000
Deduction (Banking Fees 12%)				20,000
Net Profit (USD):				130,000

2.3 Period of Investment & Capital Return

1.	Period of Investment & Capital Return	Purchase of machinery, equipment, transport, set-up and putting into operation	1 year
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	Commissioning, trial operation, financing & administrative affairs	1 year
	Settling the principal with interest	1 year
	Capital Annual Rate	1 year

3 COMPANY FINANCING

Description	Total (USD)	Banking Loan	Customer Share
Fixed Costs of Project	40,000.00	0	1000
Cost of Circulating Capital 15% of Current Expenses	-	-	-
Total	40,000.00	0	1000

The intended project is to be implemented within 1 year. The company promoters (shareholders) have resorted to register the project with

Tanzania Investment Center (TIC) and securing the certificate of incentives.

10. FINANCIAL PLAN (SOURCE OF FUNDS)

FRATON HOTELS COMPANY LIMITED has firmed up finances for the implementation programmer by its fund and Loan.

Own fund	USD \$
59,620	

11. COMPANY PROCESS

- (i) Vehicles
- (ii) Generators for electricity.
- (iii) GPS and car Tracking system

12. SUBMISSION

FRATON HOTELS COMPANY LIMITED submits the investment proposal and application to the Tanzania Investment Centre (TIC) for registration and award of certificate of Incentives for the commencement of the COMPANY activities.

The company will soon commence after the company is registered by Tanzania Investment Centre and being issued the Certificate of Incentives. Thereafter the company will start work to provide export agriculture products to international clients.

Also the certificate will help us to tax exemption in case of any imports required for the company activities such as; vehicles, trucks, heavy duty machines, cargo handling equipment, generators, transformer, 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 has been registered in Tanzania, as the result of investment, business and manufacturing have attracted more investments as well as processing and business in Tanzania such as the intended Hotels company. The economic growth influenced such movement of goods especially Hotels business as the demand is growing day by day for the increased population demand internationally.

14. COMPETITION OR MARKET

Despite there being numbers of other Hotels 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 export 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 on 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 Hotels project business and the whole company implementation is environmental friendly. The activities and services will not cause any harm to people.

18. **PROJECT MANAGEMENT**

The overall management of the company is vested in the Board of Directors. Mr. NOLASCO ANTON MLWILO and ALEX ALEX KOMBA as a main shareholders of the company. They are well versed in both local and international market that will add value for distribution of the business.

19. MANPOWER AND TRANSFER OF TECHNOLOGY

FRATON HOTELS COMPANY LIMITED being a main player in Hotels business in Tanzania over for the coming period of time from its commencement will usher in the many activities 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 activities.

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

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 direct and indirect of this hotel activities of the company .

The management being experienced business persons possesses ample 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 Loss Account ;

The company envisages generating a profit of USD \$ 150,000 this operating year. The profit amount is expected to steadily rise to USD \$ 200, 000 in year two, USD \$230,000 in year three and USD \$250,000 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 serve 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 FRATON HOTELS COMPANY LIMITED.

22.1 Effect of cost increase on profitability (on the basis of year II FRATON HOTELS COMPANY LIMITED. INCOME in “.....” USD \$)

INCOME	COSTS	INCREASE	PROFIT BEFORE DEPRECIATION
760,000	500,000	%	260,000

760,000	525,000	5%	235,000
760,000	550,000	10%	210,000

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

INCOME	INCOME DECREASE	COST	PROFIT BEFORE DEPRECIATION
760,000	%	500,000	260,000
722,000	5%	500,000	222,000
684,000	10%	500,000	184,000

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

FRATON HOTELS COMPANY 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	720.0	760.0	800.0	850.0	900.0
Total Income	720.0	760.0	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)	250.0	260.0	270.0	280.0	290.0

Appendix FRII

FRATON HOTELS COMPANY 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

FRATON HOTELS COMPANY 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

FRATON HOTELS COMPANY LIMITED

PROJECTED BALANCE SHEET

(Fig. in USD \$ '000')

NO.	ITEM	YEAR	YEAR	YEAR	YEAR	YEAR
		1	II	III	IV	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