

BUSINESS PLAN

Prepared for:

**URSA COMPANY LIMITED
POST CODE 61108
MWEMBA SABA-KARIBU NA KITUO CHA PANONE
MWEMBA SABA WARD
COST REGION**



<u>CONTENTS</u>	<u>PAGE</u>
Project Background	3
The Promoter	3
Organization & Management	5
The Market	5
Commercial Analysis	6
Technical Analysis	6
Financial Analysis	7
Economic Analysis	7
Conclusion	7
Key assumptions	8
ANNEXES	
Pricing Analysis	I
Cash Flow Analysis	II
Audited Accounts	III
Projected Income Statement	IV
Projected Balance Sheet	V
Capital Investment Plan	VI

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 Sign: *AS* Date: *14/8/2024*
ANNA SAMATA
 Advocate, Notary
 Public & Commissioner for Oaths

1.0. PROJECT BACKGROUND:

URSA COMPANY LIMITED is an on-going business with offices located along Dar -Morogoro Highway, Mwemba Saba, Near Panone Fuel Station-Kibaha District, Coast Region -Tanzania. It is registered under the Companies Act, Act # 12, 2002 as company limited by shares.

The core business of the company is that of cargo transportation and cargo brokerage and consolidation services.

The transport section started with fewer number of trucks which were used to transport customer goods, and sometimes hire other trucks from other transporters for the transportation of his in-house customer goods. The company started with five trucks and trailers which were bought using internally generally funds, and as the time goes on, the company managed to add another three trucks and trailers which were also bought using internally generated funds and as of to-date the company is having fifteen trucks and trailers on the road. The company must increase its customer base where majority of the customer prefer the clearing and forwarding agent who clears the goods also handle the transportation of goods to the required destination as one stop centre for customer solutions. While payment from customers is guaranteed upon arrival of bill of lading, the promoter is sometimes unable to transport whole lots/container required by the customers where is compelled to hire from other transporters who sometimes are not reliable and occasionally there is no guarantee that goods will arrive safely. For this reason, the promoter is looking to add more trucks & trailers totalling to ten (10) units to be funded internally.

1.2. HISTORICAL BACKGROUND:

URSA COMPANY LIMITED is a private company limited by shares registered under companies' act (Act # 12, 2002) of the laws of Tanzania with certificate of incorporation no.126693 issued on 27th May 2016.

Apart from being registered under the companies at (Act # 12, 2002), the company has got registration status with the following authorities:

- Registered for TIN (Tax Identification Number) by Tanzania Revenue Authority with number 131-246-455
- Business License issued by Ministry of Trade, industries and marketing.
- Value Added Tax -VAT no.40-036247-I issued by the Tanzania Revenue Authority on 14th April 2020.

1.3 ORGANIZATION AND MANAGEMENT

The company is managed by two members who are Directors and shareholders of the company. These directors are Mr. Felix Sangawe as the chairman and Managing Director of the company and Bertha Pantaleo Temba as Operation Manager and Company Secretary. Under them, the directors are closely assisted by group of competent personnel ranging from semiskilled manpower to technicians. The Company has a Board of Directors which commands and directs a workforce of 30 people.

The company is lead by the Managing Director responsible for all day-to-day decisions, overall running of business, setting up business plans, monitoring implementation and achievements against set goals, financial planning and administration.

Since the company was established almost 8 years, the company has attended a big number of customers for both importation and export.

1.4 THE MARKET

1.4.1 Market Analysis Summary

In Tanzania, there is still a gap between demand for fast transport and logistics services and level of services so far offered.

1.4.2 Market Segmentation and Analysis

Basically, there are two major markets:

The Government and Government Agency Market
The Private Company Market

The Government markets

URSA COMPANY LIMITED has a comparative advantage on the government markets due to its well-developed linkage with excellent distribution network with partners, which provide accessibility to its customers. The following are the major customers for URSA COMPANY Limited in this market:

TANESCO –
Ministry of Defence Forces-
Ministry of Agriculture and Livestock Development
National Food Grain Reserves
Others-

The Private Company markets

Limited is dedicated in providing reliable and effective services to both corporate and retail customers. In this regard, retail customers are:

- Coca Cola Kwanza Limited
- World Food Programme
- SDV Transami.
- Z H Poppe
- African Cargo Services (T) Limited
- INARA Investment (T) Limited
- Unifreight (T) Limited
- I W L
- Polytra

1.4.3 Market Strategies

Experience from operating clearing and forwarding & logistics companies have shown that there is a combination of key success factors which a player like M/S URSA COMPANY LIMITED need to recognize and understand for efficient stay into the clearing and forwarding & logistics industry and also for the company to achieve sustainable operations. There is high competition as more players (small and corporate) enter the industry. The Company has therefore designed comprehensive market entry strategies that will ensure a steady growth of its market share which stand at 4% of the market countrywide. The market shares have been arrived by taking total number of both government and private company customers and extract those who are served by URSA COMPANY LIMITED. As regard to this, URSA COMPANY LIMITED strategies are:

It is difficult for a small entrant like URSA COMAPNY LIMITED to participate competitively in bulk clearing and forwarding works & logistics alone due to lack of sufficient resources and experience that major clearing & forwarding companies have. URSA COMPANY LIMITED is therefore participating in a hospitality arrangement for larger clearing and forwarding companies that is distributed to each company according to capacity to keep handling costs at the minimum level possible. The following are the major printers & supplies for URSA COMPANY LIMITED:

Koru Freight (T) Limited, with 80% of its total Logistic services

Efficient Freighters Limited-Tanzania with 20% of its total logistics services.

Owing to high rate of currency fluctuation and sensitivity in the transport and logistics market, URSA COMPANY LIMITED customers restrict payments to be made in advance/cash before delivery.

URSA COMPANY LIMITED intends to increase its services in principal objectives that are:

To cater for the new market opportunities – Penetrating more into rest of ministries and government agencies which are untapped.

To ensure that the company satisfies the increasing demand and keep up with the new service orders to satisfy traditional customers.

Continue exploring new markets in the industry, possibly bulk oil transportation through oil tankers.

To achieve the objectives, URSA COMPANY LIMITED Management has developed various marketing strategies. Among other features that will be applied shall include:

Direct marketing

Quality service

Pricing

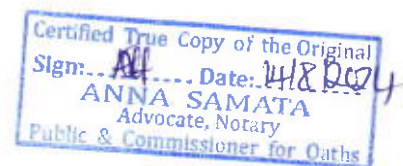
1.5 COMMERCIAL ANALYSIS:

Despite of existence of other similar companies in the market, but still the demand is so high and not yet been satisfied. Around the project area the services are still below of the prevailing demand of the transportation logistics and clearing and forwarding services.

The pricing procedure was carefully considered which involved purchase price, freight, insurance, import duty& customs and port charges together with bank charges/interest plus certain percentage of around 20–30% as mark-up. Promoter observed current existing market prices so as to meet the competitive prices in the market.

1.6. TECHNICAL ANALYSIS:

While the company's corporate office is located at the heart of city centre area, Lindi/Livingstone Street-Ilala Municipal, where there are lots of clearing and forwarding companies and close to Dar Es Salaam port and Tanzania Revenue Authority where the principal activities are carried out, the work shop and garage is located in Tabata ward, next door bar- opposite TAG church, where all car services and work shop is carried out. The infrastructures around the office are well designed and available. The promoter has considerable operational experience in this business and has



thus become knowledgeable and good business management and this creating a positive goodwill to customers and other suppliers.

1.7 FINANCIAL ANALYSIS:

The general evaluation of the business shows the net worth increase right from year one, which supports the financing.

1.8. ECONOMIC ANALYSIS:

The Government is going to benefit economically by the way of getting revenue from the project in terms of corporation tax, import duty and customs charges. This revenue will be used to finance different government activities like educational services and so on.

1.9. CONCLUSION AND RECOMMENDATIONS:

The analysis of this plan indicates that this project is both economically and financially viable proposition. The Chairperson and CEO is a well experienced and conversant with this kind of business. So, it should be supported through investment centre by obtaining certificate of incentive to support the expansion.

ASSUMPTIONS AND CONSIDERATIONS

Sales Revenue is expected to grow by 20% in 2024,

Operating costs is expected to grow by 10% per annum.

Interest rate is 20% per annum declining.

The average turnaround time per truck and trailer is one trip per month

The average revenue per trip-Dar-Lubumbashi-Dar-\$9000

Drivers" mileage per trip is estimated to be USD 500 per trip

The average fuel consumption per round trip is 2200litres

The average price per litre is TZS 3000

The average exchange rate per USD=2680

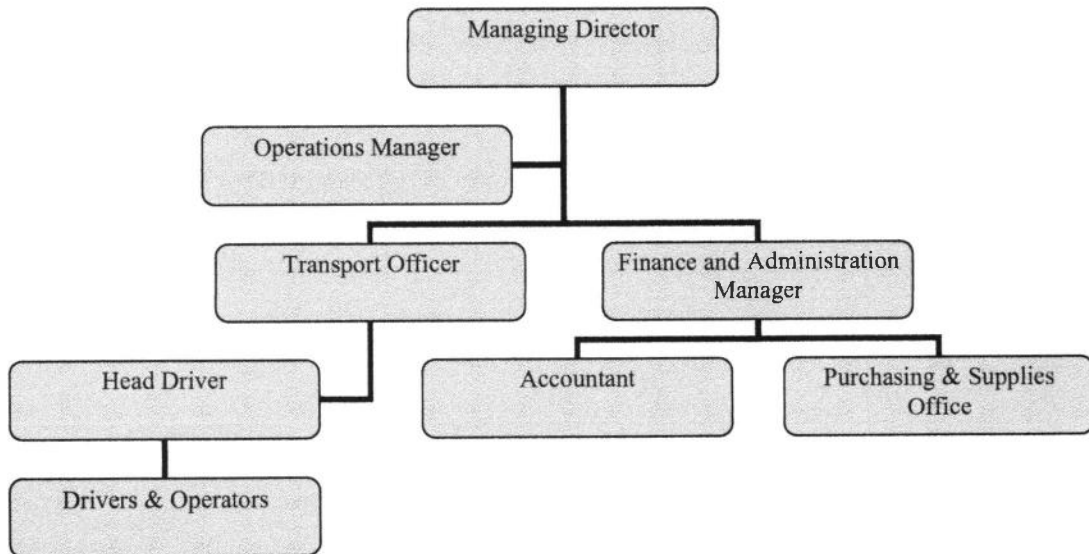
No grace period is given.

Tanzania Investment Centre will approve and issue the certificate of incentive.

Certified True Copy of the Original
Sign: *[Signature]* Date: *14/8/2024*
ANNA SAMATA
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Annex II

ORGANIZATION CHART



URSA COMPANY LIMITED							
Basic Assumptions							
Income	Number of trucks & Trailers	Route	Price Per Trip	Number of Trips per month	Total Income Per Month	Total Income Per Annum	
	60	Dar-DRC/Rwanda/Burundi	6,000	1	360,000	4,320,000	
	60	DRC/Kigali/Burundi-Dar	3,000	1	180,000	2,160,000	
Total						6,480,000	
Expenses			Quantity of Litres per trip		Price per Litre	Total Per Month	Total Cost per annum
1 Diesel	60	Dar-DRC/Rwanda/Burundi	2,500	1	0.96069869	144,105	1,729,258
	60	DRC/Kigali/Burundi-Dar	2,500	1	0.96069869	144,105	1,729,258
Total		Salary per month				Total Per Month	3,458,515
2 Drivers' Salaries	60	300				18,000	216,000
3 Drivers' Allowance	60	500				30,000	360,000
4 Car Service	60	250				15,000	180,000
5 Insurance	60					1,528	91,703
6 Road License	60					600	36,000
7 Office Expenses						250	3,000
8 Purchase of Tyres	60	6,600				396,000	792,000
Note:							
Drivers' Allowance is paid only when they are duty. It has been assumed that they only come to the office or on safari for a maximum of 20days per month							
Each unit (Truck & Trailer) carry 22 pieces of tyre and they are replaced twice yearly							
Car Service is done once in every month, and involves replacement of small items like filter, oil change etc							

Annex I							
URSA COMPANY LIMITED							
Projected Profit & Loss							
In (USD)							
Profit & Loss		Year I	Year II	Year III	Year IV	Year V	
Income							
Transport Income		6,480,000	7,452,000	8,569,800	9,855,270	11,333,561	
Operating expenses							
Salaries & Wages		216,000	218,160	220,342	242,376	266,613	
Allowances		360,000	363,600	367,236	403,960	444,356	
Fuel & Lubricant		3,458,515	3,493,100	3,528,031	3,880,835	4,268,918	
Car Services		180,000	181,800	183,618	201,980	222,178	
Car Insurance		91,703	92,620	93,546	102,901	113,191	
Road License		36,000	36,360	36,724	40,396	44,436	
Office Expenses		3,000	3,030	3,060	3,366	3,703	
Purchase of tyres		792,000	799,920	807,919	888,711	977,582	
Interest Expenses		55,120	34,727	4,167	0	0	
Depreciation		500,000	500,000	500,000	500,000	500,000	
		5,692,339	5,505,157	5,524,302	6,022,148	6,574,363	
Profit before tax		787,661	1,946,843	3,045,498	3,833,122	4,759,197	
Taxation		236,298	584,053	913,649	1,149,937	1,427,759	
Profit for the year		551,363	1,362,790	2,131,849	2,683,185	3,331,438	

Annex III
URSA COMPANY LIMITED
Projected Balance Sheet
In (Usd)

	Year I	Year II	Year III	Year IV	Year V
Fixed assets (Net)	1,371,237	1,645,025	3,246,979	5,424,548	8,171,313
Current Assets					
Stocks of loose tools	26,201	26,201	26,201	26,201	26,201
Debtors	648,000	1,490,400	1,713,960	1,971,054	2,168,159
Cash and Bank	37,186	34,972	71,826	80,446	90,099
Creditors	-18,000	-18,180	-18,362	-20,198	-22,218
Loan term Loan	-760,397	-511,401	-241,739	0	
Net assets	<u>1,304,227</u>	<u>2,667,017</u>	<u>4,798,866</u>	<u>7,482,051</u>	<u>10,433,555</u>
Capital Employed					
Share Capital	131,004	131,004	131,004	131,004	131,004
Accumulated profit	1,173,223	2,536,013	4,667,861	7,351,047	10,302,550
Total capital employed	<u>1,304,227</u>	<u>2,667,017</u>	<u>4,798,866</u>	<u>7,482,051</u>	<u>10,433,555</u>

Earnings before interest and tax		1,097,073	1,268,855	1,777,720	3,017,632	3,812,159
Interest expense		55,120	34,727	12,640	-	-
Earnings after interest		1,041,953	1,234,128	1,765,080	3,017,632	3,812,159
Corporate Tax		312,586	370,238	529,524	905,290	1,143,648
Profit After Tax	Outlay					
	-1,200,000	729,367	863,890	1,235,556	2,112,343	2,668,511
Net Present Value		6,226,445				
Internal Rate of Return		82%				

Appendix VI

URSA COMPANY LIMITED CAPITAL INVESTMENT COST SUMMARY

FIGURES IN USD

Initial costs:	
Land/Site acquisition	00.00
Land/Site clearing and construction of security wall/fence	00.00
Sub Total (A)	00.00
Costs for the acquisition of 20 trucks:	
I. Purchase of 40 trucks from China	300,000.00
II. Fabrication of 40 petroleum tanks for trucks	300,000.00
III. Purchase of various assorted items and parts for truck assembly	80,000.00
IV. Labor charge for building 40 petroleum tanks for trucks locally	80,000.00
V. Purchase of 20 Bogies for joining trucks and tankers	40,000.00
Sub-Total for Trucks (B)	1,000,000,000.00
Add: Other supporting tools:	
I. Garage and workshop construction:	
Iron Sheets	40,000.00

Cement bags	60,000.00
Pipes and Fittings	20,000.00
Labor charge 15% of direct materials	20,000.00
	140,000.00
II. Asset trucking GSM communicator connected to security company-40 trucks	20,000.00
III. Two pieces Generator, for 70 kva & 30 kva for office and depot	30,000.00
IV. Building of office blocks -Cement bags -Iron sheets for roofing -Floor tiles -Cement bricks -Pipes and Fittings -Others	0.00
V. Office Furniture & Equipments: - 1 Executive Table - 5 Pieces Office Tables - 1 Executive Chair - 5 Pieces office chairs - 2 Pieces of Computers and its accessories - 4 Pieces of Air Conditions –split units	10,000.00
Sub total for supporting (C)	60,000,00
TOTAL INVESTMENT COSTS :(A + B + C)	1,200,000.00