

TRAVEL PARTNER LIMITED

BUSINESS PLAN

FOR

ESTABLISHMENT

OF

TOUR OPERATIONS BUSINESS

1.0. EXECUTIVE SUMMARY.

TRAVEL PERTNER LIMITED a company registered in the country under the Companies Act, 2002

The project promoters are well established business carrying out various businesses but majoring in social and eco-tourism. Having been in the business for over 10 years the directors are now well prepared for expanding tour operations business in Dar es Salaam, and other regions this tour operation will be of its kind in Tanzania, and they see a very bright future in the tourism sector.

The document has been prepared to serve as a business plan for **TRAVEL PERTNER LIMITED** for the tour operator project specializing in social and eco-tourism. The implementation of this project will comprise of the following activities: -

- The purchase of 50 Land cruisers,
- The purchase of 20 tourist trucks
- The purchase of 20 tourist van
- Purchase of 5 single cabin
- Purchase of 10 min bus
- Purchase of 4 lights trucks
- The construction of a modern workshop, office and
- Purchasing CCTV and communication equipment
- Equipping the company with relevant facilities

The proposed project is estimated to cost about US\$ 5,211,000. The project sponsors will provide US\$2,711,000 in terms of equity

contribution while the rest US\$2,000,000 will be sought from financial resources institutions and re investment of cash generated from operations.

1.1 THE PROJECT PROMOTERS

The shareholders of this project are all entrepreneurs with a diverse professional and business backgrounds. The company is owned by 5 shareholders, namely: -

| Name | Shares % | Nationality |
|--------------------------|----------|-------------|
| Erick Raphael Mashauri | 50 | Tanzania |
| Happiness Erick Mashauri | 20 | Tanzania |
| Evanice Erick Mashauri | 10 | Tanzania |
| Kelvin Erick Mashauri | 10 | Tanzania |
| Green Erick Mashauri | 10 | Tanzania |

1.2 LOCATION.

The project will be located at Plot No. 38 –Chole Road, Near Thai Village, Masaki, Kinondoni, Dar es Salaam, Tanzania

1.3 TOURISM OVER VIEW

Tanzania is among the few countries in the world endowed with such a vast range of tourist attractions, Tanzania has 13 national parks, 29 game reserves, 40 controlled conservation areas and marine parks that are located in the Northern and Southern parts of the country. More than 25% of the Tanzania's land area of about one million square kilometers covered with magnificent game

reserves and national parks. Tanzania is also a home to Mt. Kilimanjaro, The miles long silver sand beaches and the rich historical site of the spicy islands of Zanzibar are yet another attraction that Tanzania is blessed with.

The market survey carried out reveals that the current demand for hotel rooms is higher than current supply. There is wide gap between supply and demand and therefore, business opportunities exist for setting up additional serviced furnished apartment facilities to satisfy the market requirement which is growing rapidly

1.4 THE NORTHERN CIRCUIT

The Ngorongoro National Parks is the world's largest crater. Ngorongoro crater is also a renowned world heritage site and a natural wonder that earned the title of the Eighth Wonder of the World. Ngorongoro crater is 2,286 meters above sea level surrounded by steep walls rising 610 meters from the crater floor sprawls over 250 square kilometers. The crater is home to thousands of animals. The Ngorongoro crater has some of the world famous attractions that include Olduvai and Laetoli Gorges. These are archeological and pale ontological sites famous for the discovery made by Dr Louis Leakey of the remains of Homohabilis or "handyman" and trails of footprints left by the three hominids 3.8 million years ago. Other discoveries include those of prehistoric elephants, giant sheep and enormous ostriches.

Serengeti National Park is the best known wildlife sanctuary in the world. It is also famously known for its great migration of animals,

thus making it the only place on the earth where there is a spectacle of 1.5 to 2 million animals on the March. Toward the end of May or early June, huge herds of wildebeest, gazelle and zebra begin their spectacular migration. Following the migration closely are the predators, the lions, cheetahs, wild dogs, hyenas and vultures circling overhead. Serengeti is also home to 35 species of plains animals including the 'big five' – elephant, rhino, lion leopard and buffalo. Tarangire National Park also located in the Northern circuit is another park famous for its dense wildlife population, which is most spectacular between June and September. During this period thousands of animals including wildebeest, zebra, eland, elephants, buffalo and Oryx, migrate from the Masai steppe to the Tarangire River in search of water. Lake Manyara Park is home to millions of flamingos, tree climbing lions and pythons. This is yet another unique attraction, which Tanzania is blessed with.

1.5 THE SOUTHERN CIRCUIT

The Southern circuit boasts of National Parks and Africa's greatest protected game reserve the "Selous" Selous Game Reserve covering an area of 55,000 square kilometers, the Selous has Tanzania's largest population of elephants, buffalos, hippos and wild dogs. Other commonly seen species are lions, bush boars, impalas, giraffes, great kudus, zebra, and baboons. Selous contains some of the finest virgin bush life in Africa.

Ruha National Park is Tanzania's third largest park and largest elephant sanctuary. The park derives its name from the great Ruha River, which flows along its entire eastern border creating spectacular gorges and scenery. Flowing in to the Rufiji River, the Great Ruha is home to hippos, crocodiles, waterbucks, reedbucks and buffaloes. Bird life is prolific, over 370 species have been recorded, some of which are not found in Northern Tanzania. Eurasian migrants flock to Ruha twice a year, March to November, joining the resident kingfishers, hornbills, egrets and plovers.

Gombe Stream National Park is among the few areas in Africa, which harbor some of the rarest species of animals- chimpanzees, such as yellow baboon, sykes, monkeys, red tailed, and savannah colobus monkeys. Gombe Park is famous for its chimpanzees. The famous British researcher Ms. Jane Goodall and her foundation continue to spend a great deal of time to study Gombe chimpanzees' communities.

Spice Islands of Zanzibar a visit to Tanzania cannot be complete without a visit to the Spice Island of Zanzibar- a paradise where Arabia meets Africa. The islands of Unguja and Pemba that constitute the Spice islands of Zanzibar have a long history that dates back to the time when Zanzibar was the Eastern gateway to the Middle East and Far East. It was therefore not by accident that the explorers Livingstone and Burton established their homes there. Zanzibar was the center of the infamous slave trade. It was also famous for ivory trade. In the 19th Century, cloves were

introduced to Zanzibar. To date Zanzibar is still the world's largest clove producer. Its fame and beauty mesmerized and attracted the Sultan of Oman who designated Zanzibar his capital. "Beit-el Ajab"(House of Wonders), which was the Sultan's Palace is worth seeing

2.0 MARKET ANALYSIS

2.1. In 2023, tourist arrivals to Tanzania increased by 24.3% to a record-breaking 1,808,205, from 1,454,920 tourists in 2022, 922,692 in 2021, and 616,491 in 2020. Tanzania's tourism receipts reached a record-high USD 3,368.7 million in 2023, compared to USD 2,527.8 million in 2022 (USD 1,310.3 million in 2021). This increase is consistent with the rise in the number of tourist arrivals. In 2020, revenues were down to USD 1 billion as it was severely affected by the Covid-19 pandemic and its impact on international travel, from a peak of USD 2.6 billion in revenues and 1.5 million arrivals in 2019.

The sector's contribution to GDP fell from 10.6% in 2019 to 5.3% in 2020 and climbed to 5.7% in 2021. However, given the ongoing fast recovery of the sector, the Tanzania National Business Council (TNBC) forecast that the share of tourism in the country's GDP will reach 19.5% in 2025/26. Europe traditionally accounts for the largest share of arrivals, followed by Asia and the Pacific, the Americas, Africa, and the Middle East. Tanzania's hotel occupancy rate was estimated at 53.8% in December 2019 compared to 44.9% in December 2018.

The increase in tourist arrivals in 2023 was attributed to the rebound of travel activity post-COVID. Additionally, it was driven by the continued efforts of the Tanzanian government to promote tourism attractions within and outside the country. “The Royal Tour” Documentary In April 2022 Tanzania’s President Samia Suluhu Hassan unveiled the “The Royal Tour” documentary while promoting FDIs during her official visit to the US. Filmed throughout Tanzania in 2021, it features Emmy Award-winning journalist Peter Greenberg traveling to Tanzania with President Hassan. She’s the ultimate guide for a week, exhibiting Tanzania’s history, culture, environment, food, and music, as well as telling the stories of Tanzania’s hidden jewels. Source Markets In 2022, the United States of America recorded the highest number of arrivals from the rest of the world at 100,600 followed by France (100,371), Germany (67,718), the United Kingdom (60,116) and Poland (46,431). Meanwhile, arrivals from Africa were from Kenya (166,324) Burundi (100,851), Zambia (46,787), Malawi (44,438) and Rwanda (44,288). Tourist arrivals from the top 10 countries out of 214 account for 53.2% of all arrivals.

Tanzania Tourism Offer Tanzania’s incredibly rich natural tourism offer earned it the title of “Africa’s Leading Destination” in 2021. The natural attractions fall into two main categories: wildlife and beach. Tanzania Wildlife & Beaches Tanzania’s wildlife resources are considered among the finest in the world. Tanzania is the only country, which has allocated more than 25% of its total area to wildlife national parks and protected areas. There are 16 National Parks in Tanzania, 28 Game Reserves, 44 Game controlled areas, 1

conservation area, and 2 Marine Parks. Tanzania boasts many of Africa's most renewed destinations; in the north the Serengeti plains, the Ngorongoro Crater, Lake Manyara, and Mount Kilimanjaro, and in the south Mikumi and Ruaha National Parks and the Selous Game Reserve.

According to a survey conducted by SafariBookings.com, Tanzania's Serengeti National Park was voted Africa's best safari destination for 2020, followed by Mana Pools (Zimbabwe), Mala Mala (South Africa), Okavango Delta (Botswana), and Lower Zambezi (Zambia). Mount Kilimanjaro was declared Africa's leading tourist attraction in 2016 during the World Travel Awards Africa and the Indian Ocean Gala Ceremony in Zanzibar. Other additional natural attractions include the white sandy beaches of the Zanzibar archipelago, those north and south of Dar es Salaam, and excellent deep-sea fishing at the Mafia and Pemba Islands. Tanzania Hunting Tanzania is prized for its superb trophy hunting (sport hunting or safari hunting). Hunting in Tanzania is presently permitted and regulated by the Wildlife Conservation Act of 2009, and its subsidiary regulations.

The hunting industry has grown considerably in the last two decades and Tanzania is among the leading hunting destinations in the world. Hunting and Forestry jointly contribute 2 to 3 % of the GDP of Tanzania. Given there is such commitment to the conservation and protection of wildlife, it may be surprising to note that, unlike neighboring Kenya, hunting still occurs in Tanzania.

However, there is no contradiction, as hunting in Tanzania is part of the wildlife conservation process, as it is done in a much-planned manner. Counts of wildlife are taken regularly and hunting licenses are issued accordingly. Investments in the Tanzanian Tourism Sector The Tanzanian Government is engaged in developing and promoting sustainable growth in the travel and tourism sector in Tanzania, to preserve its natural and cultural resources. The Government, therefore, is focused on attracting high-income tourists who are less likely to spoil the culture and the natural environment. Last Update: 23rd February 2024 Sources: Bank of Tanzania (BoT), Statista, Tanzania Immigration Department, Tanzania National Bureau of Statistics (NBS), World Bank (WB)

2.2 TRAVEL ARRANGEMENT

Survey results depict that 56.2 percent of the all the visitors travelled under non-package tour and 43.8 percent came by the package tour arrangement. These results differ from the outcome of the previous surveys, where package tour has been the most preferred travel arrangement. The change in the pattern of tour arrangement during this survey is partly explained by seasonality as the survey was conducted during the mini-peak tourist season. It is worth mentioning that, most of the package tour visitors do not prefer to travel during the festive season (Christmas and New Year). The global financial crisis which started in the mid-2008 might have also influenced the shift in the travel arrangement/pattern as it has been established that during the time of crises, segments such as

repeat visitors, special interest as well as independent travelers and visiting friends and relatives, are assumed to be more resilient. This fact is evidenced by the increase in the proportion of tourists visiting friends and relatives from 5.4 percent in 2007 to 15.3 percent in 2008 Survey.

2.3 AGE GROUP

About 54 percent of the visitors who came to Tanzania were in the age group of 25-44, 28% in the age group 45-64 years. About 12% were 18-24 and only a few (2%) were below 18 years. It was a surprise to find that people above the 64 age group, did not travel much to Tanzania. One would think that these people have the time and resources to travel but if they did, not to Tanzania.

2.4 VISITORS BY GENDER

The survey has recorded 6,388 visitors, out of which 3,328 were males accounting for 52 percent of all the visitors. The remaining 48 percent were female visitors. There was a fair gender balance between men and women and the trend has been consistent over the previous surveys.

2.5 TARGETED MARKETS.

Poor tour operations services are said to be the major causes of low levels of tourists who are visiting our tourist's attractions in Tanzania. It is in view of this that, **TRAVEL PARTNER LIMITED** has resolved to expand tour operation business so as to provide a

solution that would lead to stimulating the tourism sector in Tanzania economy. The project is expected to offer a challenge to the business community to improve services provided to tourists in Tanzania

2.6 MARKETING STRATEGY

In order to penetrate and expand to the targeted markets the company has come up with the following marketing strategy;

- Participation in Tourism exhibitions
- Billboard Advertising
- Advertising through internet
- Merchandise advertising
- Translating the company website
- Opening up an overseas agent in America & Europe
- Joining membership to various travel and trade associations.

Thus a successful implementation of the outlined plan will yield the desired level or threshold of client from worldwide focus.

2.7 PRICING STRATEGY

TRAVEL PARTNER LIMITED determine the pricing structure for all its products and services basing on the criteria such as fuel costs, pack entry fee, marketing costs, salaries equipment and other operating costs.

The company intend to offer best quality and customized services that comply to the price charged as indicated earlier, there is a market segment that has spending power and can afford this pricing. Therefore, this pricing will reflect the targeted market segment in focus. After the 2025- 2030 seasons the company will analyze its pricing structure once again to reflect the cost of the various components of its products and will adjust accordingly.

3.0 SALES AND MARKETING COMMUNICATION

Under the implementation plan the following sales and marketing communication approaches will be carried out: -

Billboard Advertising

This strategy is drawn mainly to attract the domestic market, numerous billboards will be displayed in strategic locations in order to optimize cleanness for any public/audience some of the strategic locations under this implementation plan include: airports and on the main city roads of Arusha, Moshi and DSM

3.1 TOURISM EXHIBITIONS

The company is planning to be participating in every year in USA, the World Travel Market (WTM) exhibitions in the UK, Indaba Travel Exhibitions in South Africa as well as the domestic Karibu Travel & Trade fair in Arusha.

3.2 MARKETING THROUGH THE INTERNET

Technology has indeed transformed our lives. There are countless tourism related websites on the internet world wide that advertise and promote products and services either directly through their web pages or through email marketing. Another option under this plan will be to get the company website listed on major search engines waiting for customers. Search engines have proven to be valuable and informative tool in the Marketing world.

4.0 COMPETITION

The company is expecting to face competition from various tour operators globally, however due to specialized service provided by the company to targeted market, the company is expecting to maintain significant market share.

5.0 MANPOWER AND ORGANIZATION STRUCTURE

The project will be managed by a Board of Directors of **SERENYARA TOURS & SAFIRIS LIMITED**. The Board, like all other boards is responsible for the formulation and supervision of company policies and guidelines. The project's day to day operations will be under the supervision of Managing Director assisted by Director of Finance and Administration and Director of Logistic and Marketing.

In order to ensure timely services delivery, Management will provide on the job training in the field of tour operations and management

and will provide bonus and other incentives as a means of instilling and boosting employee work morale. Once the project is completed it is estimating to create direct employment of 40 people

6.0 PROJECT DETAILS

6.1 INTRODUCTION

Tanzania is endowed with natural tourist attractions and is geographically strategically located in relation to her neighbors. Because of the above-mentioned factors, the country's tourism sector has a great potential in contributing to the economic growth of Tanzania.

The tourism sector plays a critical role in the social and economic development of a country. Tour operators' services provide links between Tourists attraction and tourists, tour operators provides markets, in other economic sectors; it facilitates movement of tourists by assuring that there is a quality and an affordable transport, and equally provides access to employment.

Therefore, one is rightly justified to conclude that “without tour operator — the development of a tourism sector is impossible”.

It is quite gratifying to note that the Government of Tanzania realizes the role of the tourism sector for its economic and social development, and as a result has developed a Tourism policy of 1999, which is very instrumental in improving the business and investment environmental in the tourism sector.

There are many tour operators in Africa and Tanzania in particular they cater for tourists, taking them to the parks and then they leave.

TRAVEL PERTNER LIMITED wants to change that. In addition to visiting the National Parks, there will be a program to educate the visitors about Tanzania and Kenya about the people; for example the culture (traditional way of living), environmental tourism (making sure the environment is there for the coming generation, and to emphasize that if the tourists come and stay in a 5 star hotel (which is done by most tours) and then leave, they'll not have a good picture of what is Tanzania/Kenya. They need to see these countries in totality.

TRAVEL PERTNER LIMITED tour guides they speak some of the local native languages. This takes away the anxiety of the language barrier and comes handy – heavens forbid that one should fall sick; there should be clear communication between the patient and the doctor and swift decision made on cause for action.

It is alleged that lack of innovation and creativity of many tour operators in Africa limited is the major causes of low number of tourists visiting Africa and Tanzania in particular. It is in view of this that, **TRAVEL PERTNER LIMITED** has resolved to assist to provide a solution to stimulate the said productivity by simplifying movement for tourists from one place to another.

We can say that **TRAVEL PERTNER LIMITED** has major objectives as following: -

- To promote tourism in Tanzania and East African Community at large
- To bring new technology and technical know-how in the country in the course of its business transactions.
- To provide extra employment to more people in the sector.
- To bring foreign currency in the country
- To foster relationships between peoples of different countries and Tanzania
- Promoting a good name for Tanzania abroad

7.0 THE PROJECT

TRAVEL PERTNER LIMITED is planning to expand tour operations which provides specialized service to tourist as explained in detail above,

This study is based on their destinations being Tanzania's tourist attractions scattered all over the country and East Africa

8.0 PROJECT SPONSORS

TRAVEL PERTNER LIMITED is owned by 2 shareholders with vast experience as far as tourism industry is concerned. **TRAVEL PERTNER LIMITED** 'shareholders have an adequate experience in running the business of tour operations and as such are well versed in this line of business

TRAVEL PARTNER LIMITED COST STRUCTURE

| PARTICULAR | US\$ |
|-----------------------|------------------|
| Land and Buildings | 400,000 |
| Machinery & Equipment | 500,000 |
| Motor Vehicles | 3,500,000 |
| Furniture & Fixtures | 2,000 |
| Pre exp | 5,000 |
| Others | 4,000 |
| Working Capital | 800,000 |
| TOTAL | 5,211,000 |

For the project to be a reality a total investment amounting to US\$ 5,211,000 is needed

(i) Land and Building: US \$400,000

The project is going to lease an office in Dar Es Salaam

(ii) Machinery and Equipment: US\$500,000

Some US 500,000 is anticipated to be spent on the purchase of various items

(iii) Motor Vehicles: US\$ 3,500,000

The project will need US\$ 3,500,000 for purchasing vehicles . According to the plans it will involve the purchase of several vehicles as it has been mentioned above in detail. These vehicles will be used in transportation of tourists who will be visiting our tourist attractions in Tanzania and East Africa in general

Internally the project anticipates making trips to several tourist attractions spread throughout the country and East Africa.

(iv) Office Furniture and Equipment: US \$2,000

This investment cost item has been estimated to cost US \$4,000. It will consist of office tables, chairs, telephone, fax, machines, etc.

(v) Pre-Operational Expenses: US\$ 5,000

They cover things like company registration; expenses spent by **TRAVEL PERTNER LIMITED** in exploring the viability of the project, especially the market/client identification exercise; also included under this item are issues like consultancy fees.

(vi) Initial Working Capital: US800,000

A calculated assumption for working capital requirements is US \$ 800,000.

9.0 FINANCING PATTERN

The financing pattern being considered is that involving the purchasing of not less than 100 different types of vehicles. The project will be financed both by equity and loan. Equity contribution will constitute US\$2,711,000, while the remaining US\$2,000,000 will be in the form of a loan.

The loan will be negotiated and acquired from one of domestic financial institutions. The project sponsors expect to procure this loan on the following terms and conditions: -

Loan Amount : US\$ 2,500,000
Interest Rate: 8% annually

10.0 TECHNICAL ASPECTS

10.1 Sources of Technology

All the project's vehicles will be procured from the U.K., Sweden, China, South Africa and Turkey. The envisaged vehicles used for transportation of domestic and international.

10.2 IMPLEMENTATION

Project implementation is expected to be relatively very short once TIC approval is received. Currently, the supplier of the trucks has already been identified and supply is awaiting instructions from the project promoters. In this respect, delivery can be done in less than 18 months once we finalize financing sources.

11.0 MANPOWER AND ORGANIZATION STRUCTURE

The project will be managed by a Board of Directors of **TRAVEL PERTNER LIMITED**. The Board, like all other boards is responsible for the formulation and supervision of company policies and guidelines. The project's day to day operations will be under the supervision of Managing Director.

The project's employee requirement is estimated to be **120** people in number, as shown below: -

As can be seen above the Company handsomely remunerates its workers. In order to ensure timely delivery of consignments, provision of goods service to customers, Management will provide on the job training in the field of motor vehicle maintenance and

will provide bonus and other incentives as a means of instilling and boosting employee work morale.

11.1 ORGANIZATION STRUCTURE

The project's operations will be managed through the Board of Directors, while the day-to-day activities of the project will be supervised by the Managing Director. Assisted by Finance & Administration Director and Director of Technical & Operations

12.0 PROJECT OPERATING COSTS

In order to realize its intended objective, the project will have to meet the operating costs estimated to be 75% of total revenue.

13.0 REVENUE ASSUMPTIONS

Each trip will cost **US \$ 4000**, therefore for 150 trips/month. Each truck is expected to make 3 trips internally per month.

The number of trips assumed here, is just a conservative estimate. With the expected improvement of the roads and in general operations coupled with the driver's gaining experience in long distance travels, the number of trips per truck will be raised. This will have a tremendous impact on the Company's expenditure and earnings. However, this scenario is not the subject of the current study.

14.0 FINANCIAL ASPECTS FOR THE PROJECT

i. Projected Profit and Loss Statement

The schedule below shows the projected income for the 8 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. **US\$892,210 to US\$7,809,094** in the 8th year

TRAVEL PARTNER LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT US\$

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Revenue | 6,000,000 | 6,300,000 | 6,615,000 | 6,945,750 | 7,293,038 | 7,657,689 | 8,040,574 | 8,442,603 |
| Operating Expenses: | 4,500,000 | 4,725,000 | 4,961,250 | 5,209,313 | 5,469,778 | 5,743,267 | 6,030,430 | 6,331,952 |
| Profit before Depreciation & Interest | 1,500,000 | 1,575,000 | 1,653,750 | 1,736,438 | 1,823,259 | 1,914,422 | 2,010,143 | 2,110,651 |
| Interest | 200,000 | 160,000 | 120,000 | 80,000 | 40,000 | - | | |
| Depreciation | 363,200 | 363,200 | 363,200 | 363,200 | 363,200 | 363,200 | 363,200 | 363,200 |
| Gross Profit | 936,800 | 1,051,800 | 1,170,550 | 1,293,238 | 1,420,059 | 1,551,222 | 1,646,943 | 1,747,451 |
| Tax (30%) | 281,040 | 315,540 | 351,165 | 387,971 | 426,018 | 465,367 | 494,083 | 524,235 |
| Profit After Tax | 655,760 | 736,260 | 819,385 | 905,266 | 994,042 | 1,085,856 | 1,152,860 | 1,223,215 |
| Accumulated Profit | 892,210 | 1,628,470 | 2,447,855 | 3,353,121 | 4,347,163 | 5,433,018 | 6,585,879 | 7,809,094 |

ii. Projected Cash Flows

The project's cash flows are shown in schedule vii. They depict a good liquid position right from the first year. Cash accumulation

builds up from **US\$ 1,218,960** in the first year to **US\$ 7,975,768** at the end of 8th years of the project's operations.

TRAVEL PARTNER LIMITED PROJECTED CASH FLOW

| SOURCES: | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Profit before interest and depreciation | - | 1,500,000 | 1,575,000 | 1,653,750 | 1,736,438 | 1,823,259 | 1,914,422 | 2,010,143 | 2,110,651 |
| Equity | 2,711,000 | | | | | | | | |
| Loan | 2,500,000 | | | | | | | | |
| Total Sources | 5,211,000 | 1,500,000 | 1,575,000 | 1,653,750 | 1,736,438 | 1,823,259 | 1,914,422 | 2,010,143 | 2,110,651 |
| Applications: | | | | | | | | | |
| Capital expenditure | 4,402,000 | - | - | - | - | - | | | |
| working Capital & Others | 809,000 | | | | | | | | |
| Cash | - | 1,218,960 | 1,259,460 | 1,302,585 | 1,348,467 | 1,397,241 | 1,449,055 | | |
| Tax | - | 281,040 | 315,540 | 351,165 | 387,971 | 426,018 | 465,367 | 494,083 | 524,235 |
| Sub total | 5,211,000 | 1,500,000 | 1,575,000 | 1,653,750 | 1,736,438 | 1,823,259 | 1,914,422 | 494,083 | 524,235 |
| Total applications | 5,211,000 | 1,500,000 | 1,575,000 | 1,653,750 | 1,736,438 | 1,823,259 | 1,914,422 | 494,083 | 524,235 |
| Accumulated cash | | 1,218,960 | 2,478,420 | 3,781,005 | 5,129,472 | 6,526,713 | 7,975,768 | 7,975,768 | 7,975,768 |

iii. Projected Balance Sheet

The project's owners' equity grows from **US\$ 2,711,000** in the first year to **US\$ 10,520,094** at the end of 8th years of the project's operations.

TRAVEL PARTNER LIMITED PROJECTED BALANCE SHEET US \$

| Fixed Assets | - | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Opening balance | - | 4,402,000 | 4,038,800 | 3,675,600 | 3,312,400 | 2,949,200 | 2,586,000 | 2,222,800 | 1,859,600 |
| Total Long-term Assets | - | 4,402,000 | 4,038,800 | 3,675,600 | 3,312,400 | 2,949,200 | 2,586,000 | 2,222,800 | 1,859,600 |
| Less depreciation | - | 363,200 | 363,200 | 363,200 | 363,200 | 363,200 | 363,200 | 363,200 | 363,200 |
| Closing balance | - | 4,038,800 | 3,675,600 | 3,312,400 | 2,949,200 | 2,586,000 | 2,222,800 | 1,859,600 | 1,496,400 |
| Working capital | 809,000 | 809,000 | 809,000 | 809,000 | 809,000 | 809,000 | 809,000 | 809,000 | 809,000 |
| Accumulated cash | - | 1,218,960 | 2,478,420 | 3,781,005 | 5,129,472 | 6,526,713 | 7,975,768 | 7,975,768 | 7,975,768 |
| Total assets | 809,000 | 6,066,760 | 6,963,020 | 7,902,405 | 8,887,672 | 9,921,713 | 11,007,568 | 10,644,368 | 10,281,168 |
| Financed by | | | | | | | | | |
| Equity | 2,711,000 | 2,711,000 | 2,711,000 | 2,711,000 | 2,711,000 | 2,711,000 | 2,711,000 | 2,711,000 | 2,711,000 |
| Accumulated profit | - | 892,210 | 1,628,470 | 2,447,855 | 3,353,121 | 4,347,163 | 5,433,018 | 6,585,879 | 7,809,094 |
| Total equity | 2,711,000 | 3,603,210 | 4,339,470 | 5,158,855 | 6,064,121 | 7,058,163 | 8,144,018 | 9,296,879 | 10,520,094 |
| Long term loan | - | 2,500,000 | 2,000,000 | 1,500,000 | 1,000,000 | 500,000 | - | | |
| Total debts | - | 2,500,000 | 2,000,000 | 1,500,000 | 1,000,000 | 500,000 | - | | |
| Total equity and debts | 2,711,000 | 6,103,210 | 6,339,470 | 6,658,855 | 7,064,121 | 7,558,163 | 8,144,018 | 9,296,879 | 10,520,094 |

iv. **Payback Period**

Total investment is **US\$ 5,211,000** cash accumulation in year 3 is **US\$10,007,704** which is more than the initial investment by **US\$5,000**. The project payback Period is within three years, for and half months only.

The project has a relatively short payback period. It is remarkably impressive for a project whose investment is as big as **US\$** being 6,515,568 recovered in within than 6 years.

TRAVEL PERTNER LIMITED PAYBACK PERIOD: US\$

| Year | Profit After Tax | Depreciation | Total Cash Flow | Accumulated Cash Flow |
|------|------------------|--------------|-----------------|-----------------------|
| 1 | 655,760 | 363,200 | 1,018,960 | 158,760 |
| 2 | 736,260 | 363,200 | 1,099,460 | 1,258,220 |
| 3 | 819,385 | 363,200 | 1,182,585 | 2,440,805 |
| 4 | 905,266 | 363,200 | 1,268,466 | 3,709,271 |
| 5 | 994,042 | 363,200 | 1,357,242 | 5,066,513 |
| 6 | 1,085,856 | 363,200 | 1,449,056 | 6,515,568 |

15.0 ECONOMIC ASPECTS OF THE PROJECTS

Besides the financial/monetary returns to the owners, there are other benefits to be derived for the whole country viz.

i. Employment Opportunities

Employment and poverty reduction are among the major concern of the Central and the Local Government authorities. It is gratifying to note that **TRAVEL PERTNER LIMITED** is going to provide additional employment to **120** people. This is a significant contribution coming from local investors.

v. **Revenue to the Government**

The Project is expected to pay a substantial annual amount in the form of corporation tax during the project's eight years covered under our project review.

vi. **Foreign Exchange Earning**

Since the project's clientele is mostly foreigners the project will thus earn foreign currency for the United Republic of Tanzania. Out of all project expected transactions will be settled in foreign currencies

16.0 CONCLUSION AND RECOMMENDATION

3.1 Conclusion

- (i) The project is profitable and contributes to government revenue by way of taxes.
- (ii) The project has a sound after tax internal rate of return
- (iii) The project provides employment to **120** people all of whom are national Tanzanians.
- (iv) The project is an encouraging sign to prove that we have investors who have confidence in this country. Tanzania so much so that they are ready to invest such large sums of investment despite the odds of the sector in question.

16.1 RECOMMENDATION

After the foregoing economic and financial evaluation of the project, we strongly recommend that this project be implemented and be given all the support required by all the concerned Government Ministries and Agencies, including the Tanzania Revenue Authority, TRA and the Tanzania Investment Centre – (TIC). The project deserves this support because of its viability, since it is technically feasible, economically viable and socially acceptable.