

SOFISHAKA HOTELS & CLUB

BUSINESS PLAN

FOR

ESTABLISHMENT OF

HOTEL AND TOURISM

SOFISHAKA HOTELS & CLUB
SETTING UP FACILITIES FOR OPERATING A HOTEL,
HOSPITALITY INVESTMENT STRATEGIES AND TOUR SITES

1. INVESTMENT PLAN

The Business Plan was prepared by SOFISHAKA HOTELS & CLUB for setting up a hotel and rest investment for tourists project to recover the Tourism sector.

The investment proposal was prepared to show clearly an analysis of the financial, human resource, technical and other resources required for the project and also assess its economic viability and commercial viability in order to allocate funds for the Tourism Section in Tanzania for the flotation, electrostatic separation, gravity separation, workshop equipment etc.

The TIC certificate will enable the project to qualify for duty exemption Deemed capital Goods and VAT Deferment on Capital Goods. the Deemed Capital Goods such as importation of heavy machines handling equipment, generators, transformer etc and enjoy services under one stop shop at Tanzania Investment Centre services under one stop shop such as approvals, license and permits such as residence and work permits, Business License, protection of investment, arbitration and transfer of foreign currency etc.

2. COMPANY BACKGROUND

SOFISHAKA HOTELS & CLUB is a private company based in LINDI, was incorporated on Tanzania by Registrar of Companies under company ordinance on 6TH day of August 2022 with certificate of incorporation No; 475203. The company has been incorporated with a major objective of establishing and operating a project for Tour Operation Project and is introduced the Tanzania Tour Operation project to the international markets. This is a big

opportunit for our Country Tanzania to grow international, shine and rise to increase the GDP by importing more of the tourists in to the country

Hence the establishment programme of three years in setting up facilities for the project is estimated to be 1,000,000,000,000/=. The estimated capital investment cost of 5,000,000,000/= will be on Buildings, salon cars, pickups, hardtop, fork lift, forklifts, reachstacker, communication equipment, workshop equipment, generators etc.

3. TARGETED MARKET

There is very high Demand for the Tourist sector as the whole world in specific Tanzania wide GDP comes from Tourism thus us opting to switch to invest in the tourist sector. Following the call of the president of Tanzania having preivous making a toursit Tour Film that has encourgaed most the tourists to come from all parts of the world.

ECONOMIC GROWTH

The economic growth influenced such circulation of tourist activities especially the culture activites in Tanzania, traditional foods. Hence, attracting more of the people around the world.

4. THE COMPANYS OBJECTIVES

SOFISHAKA HOTELS & CLUB is a project for Tourism, Hotel and Hospitality Strategic Sector processing business in Tanzania Mainland.

The mission of proposed project is basically aimed at Tourism Sector and processing business and marketing or promotion of the project in order to increase customers from Tanzania to achieve the following objectives;

- a) To transact or carry on all kinds of agency business and in particular in relation to the investment and transaction.
- b) To carry on the business of tourism tours in Tanzania to implements a new technology in the tourist sector.
- c) To carry on the business as tourist agents, consultant and contratctors and to facilitate traveling and to provide for tourists and travels, the provision of convenience of all kinds in the way of through tickets.
- d) To act as consultant and advisor in the field to tourism, travel, visa service and such other allied field.
- e) To undertake the business of holiday makers and arrange, organise or manage pinices, tours and travel and to faciliate traveling and to provide tourists and travellers all types of faciliaties.
- f) To own, create operate and manage online market places website, portals, mobile appliactions and to provide a convenient, quick and afforable online paltform for the common man and businesses to get world class tour and travel services, trips guide tour packages and other allied sevrices at one place.

5. PLAN OR PROSPECTS

- (a) Running smooth Tour Operations Project business.
- (b) For efficient and effectiveness in operation and increase of the project business in competition with other neighboring countries and hence resulting foreign earnings in addition to the prevailing local market.
- (c) To increase more facilities for the project.
- (d) To increase the volume of the project or capacity of the project to be processed in the Tourism sector in Tanzania.

The investment proposal was prepared to show clearly an analysis of the financial, human, technical and other resources required for the project and also assess its economic viability and commercial viability in order to allocate funds for the Hotel and Tourism Sector project especially in attracting tourists in Tanzania.

The document has been prepared to serve as a business plan for SOFISHAKA HOTELS & CLUB for the operator project specializing in Tourist operations. The implementation of the project will comprise of the following activities:

- Completing the Construction of an existing building with enough space.
- The construction of a modern office and cottages for specific visitors.
- Purchasing CCTV and communication equipment.
- Equipping the company with relevant facilities.
- The purchasing of company vehicles.

The proposed project is estimated to cost about TZS 1,000,000,000. The project sponsors will provide full funding amounting TZS 500,000,000 in terms of equity contribution while the rest TZS 500, 000, 000 will be re investment of cash generated from operations.

6. THE PROJECT PROMOTERS

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

Name	Shares%	Nationality
METHOD METHOD MROPE	400	TANZANIAN
LINUS METHOD MROPE	150	TANZANIAN
ADO METHOD MROPE	150	TANZANIAN

7. LOCATION:

The project head quarter will be In Lindi Mnazimmoja-Tanzania for the purpose of receiving the visitors from overseas. The operation project of Hotel and Tourism plant is located in Rahaleo Street Mingoyo Ward near Old Road Mosque Mnazimmoja, In Lindi Region and Mnazimmoja District. Postal Address P.O.BOX 527 Lindi

8. COMPANYS IMPLEMENTATION SCHEDULE

8.1 November- 2024

- (a) Preparing feasibility study for the land space and the project area at Mnazimmoja village
- (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 DECEMBER-2024

- (a) Application for import Duty exemption on Trucks, tractors, lorries, supporting vehicles, workshop equipment, communication equipment, cargo lifting equipment after being awarded certificate of incentives in the establishment programme.
- (b) Importing of cargo lifting equipment, generators, transformers ball mill, flotation machine, Ballon equipments etc.

8.3 JANUARY-2025

- (a) Recruiting new employees, inputing of mechanics and other administration staff.
- (b) Constraction of the factory, werehouse, and other neccessary buildings.
- (c) Fully commencement of the Hotel project and the Tourist process.

9. CAPITAL INVESTMENT COST

Land and Building	USD \$ 20,000
Plant and Machinery	USD \$ 5,000
Vehicles	USD \$ 100, 000
Furniture and Fittings	USD \$ -10,000
Pre- expenses	USD \$ 10,000
Other expenses	USD \$ 10,000
<u>Working Capital</u>	<u>USD \$ 219,770</u>
TOTAL CAPITAL	USD \$ 374,770

The intended project is to be implemented within 2 years. The company promoters (shareholders) have resolved to register the project with Tanzania Investment Center (TIC) and securing the certificate of incentives in order to enjoy the incentives from the reputable institution.

10. FINANCIAL PLAN (SOURCE OF FUNDS)

SOFISHAKA HOTELS & CLUB has firmed up finances for the implementation programme by its fund and Loan.

Own fund (equity)	USD \$ 187,384
Local loan	<u>USD \$</u>
<u>187,386</u>	
TOTAL	USD \$
374,770	

11. HOTEL & TOURISM PROJECT SECTOR PROCESS

- (i) Salon cars
- (ii) Trucks
- (iii) Vans
- (iv) Weigh bridge, Generators, Transformers
- (v) Pickups
- (vi) Forklift.
- (vii) Mobile workshop, Tool boxes
- (viii) GPS AND car Tracking system
- (ix) Ballon carriers

12. SUBMISSION

SOFISHAKA HOTELS & CLUB 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 processing project.

The project will soon commence after the company is registered by Tanzania Investment Centre and being issued the Certificate of Incentives. Thereafter the company will import the project facilities such as Ballon carriers, Truckers, Heavy duty machines for building, 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 had been registered in Tanzania, as the result of investment, business, Tour operations has attracted more investments as well as processing and business in the Tanzania such as the intended Tourism processing project. The economic growth influenced such movement of goods especially industries and business as the demand is growing day by day for the increased production.

14. COMPETITION OR MARKET

Despite there being numbers of Hotel and Tourist agents in Tanzania, still the commodity is not enough compared to the level of demand.

However, the intended project will provide trustworthy, efficient and quality services to dominate the local and foreign market because the project 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 televisions 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 operators,
- (iv) On job training,
- (v) Business Discipline.

17. ENVIRONMENTAL ISSUE

The Tourist Sector process project business and the whole project implementation is environmental friendly. The workshop 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. Mr. METHOD METHOD MROPE, LINUS METHOD MROPE and ADO METHOD MROPE are the shareholders of the company They are well versed in distribution of the business.

19. MANPOWER AND TRANSFER OF TECHNOLOGY

SOFISHAKA HOTELS & CLUB being a Hotel and Tourist Operation in its commencement will usher in the opportunities by using modern workshop activities. The

advantages to the country are quite significant, and will get the advantage of value addition due to such incoming details for local people.

The proposed project will cause more people to be employed in as operators, labouratory technicians, different types of personnels, security guards accountant, logistic manager and about 100 local people and 2 foreigners will increase their income, improve their social welfare and pay taxes; it is poverty alleviation programme to them.

Local employees will get on job training in a long run will improve the technical competence in the project.

20. CONCLUSION AND RECOMMENDATION

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

The management being experienced businessmen 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 Projected Profit and Loss Account

The company envisages generating a profit of USD \$ 110,000 this operating year. The profit amount is expected to steadily rise to USD \$ 100, 000 in year two, USD \$270,000 in year three and USD \$300,000 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 SOFISHAKA HOTELS & CLUB.

22.1 Effect of cost increase on profitability (on the basis of year II SOFISHAKA HOTELS & CLUB . 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 SOFISHAKA HOTELS & CLUB. 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

CLUB

STATEMENT

SOFISHAKA HOTELS &

PROJECTED INCOME

(Fig. USD \$ ‘000’)

INCOME	1 st year	2 nd year	3 rd year	4 th year	5 th year
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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 II

**SOFISHAKA HOTELS & CLUB
PROJECTED CASHFLOW**

STATEMENT

(Fig. USD \$ '000')

YEAR	1	11	111	1V	V	TOTAL
Cash inflow						
Income from	250.0	260.0	270.0	280.0	290.0	1350.0

operation						
	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**SOFISHAKA HOTELS &****CLUB****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

CLUB

SHEET

SOFISHAKA HOTELS &

PROJECTED BALANCE

(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

