

# **ANCILLA &FAMILY GROUP OF COMPANIES LIMITED**

## **BUSINESS PLAN FOR ESTABLISHMENT OF HOSPITAL AND COLLEGE OF HEALTH PROPOSED TO BE LOCATED IN HIMO, MOSHI TANZANIA**

**19<sup>th</sup> December, 2024**

## **1.0 EXECUTIVE SUMMARY**

ANCILLA &FAMILY GROUP OF COMPANIES LIMITED, a company incorporated in Tanzania is on the mission to carry out hospital activities, to carry out training services for health and allied sciences subjects. The company is planning to establish a project named “establishment of hospital and college of health proposed to be located in Himo, Moshi Tanzania and expecting to employ local citizens amounting to 120 employees and operate the project with the use of high tech, quality and timely services. The expected market of the project services is the local market without limitation to the neighboring countries and East Africa. The project is expecting to incur the total investment is 2,630,000,000 TZS whereby through financial analysis it was found that the cash accumulation in 7<sup>th</sup> year is 3,204,108,399 TZS which is more than the initial investment by 574,198,399 TZS therefore the project payback Period is exactly at the 7<sup>th</sup> year. Therefore, the project is viable and has a relatively short time Payback period. Details of company and the main project will be depicted in the main paper

## 1.1 COMPANY DESCRIPTION

**ANCILLA &FAMILY GROUP OF COMPANIES LIMITED** is a company incorporated in Tanzania with certificate No. 154555358 dated 29<sup>th</sup> December, 2021 under the companies Act of 2002 and that the company is limited by shares. **ANCILLA &FAMILY GROUP OF COMPANIES LIMITED** is registered to carry out hospital activities, to carry out training services for health and allied sciences subject, to carry out business of selling and supplying medical equipment, laboratories, pharmaceuticals, surgical consumables and other scientific instruments but also engage in business as general commercial company. The company is also registered with TRA as a Tax Payer with a TIN number 154-555-358 of 29<sup>th</sup> December 2021.

### 1.1.1 Company Products or services

Generally, the company is mainly engaged in hospital services provision and training on health and allied sciences together with general business as a commercial company

## 1.2 VISION

**ANCILLA &FAMILY GROUP OF COMPANIES LIMITED** vision is to be the best in Eastern, Southern and Central African Countries by providing affordable, quality, efficient and reliable health services to its customers.

## 1.3 MISSION

**ANCILLA &FAMILY GROUP OF COMPANIES LIMITED** Mission is to offer high-quality health services at a competitive price in comparison to others in the market

#### 1.4 COMPANY OWNERSHIP AND BOARD OF DIRECTORS

**ANCILLA &FAMILY GROUP OF COMPANIES LIMITED** is owned by two shareholders with experience in health business and general businesses, the share capital of the company is Tanzania shillings 2,000,000,000/= which are 1,000 Ordinary shares divided as follows:

Share Holders	% of Share	Nationality
SAMWEL LEWI MINJA	20	Tanzanian
DR. DAVID SAMWEL MINJA Tanzanian.	20	Tanzanian
DR. PETER SAMWEL MINJA	20	Tanzanian
DANIEL SAMWEL MINJA	20	Tanzanian
SARAH SAMWEL MINJA	20	Tanzanian

##### 1.4.1 ORGANIZATION'S AND MANAGEMENT

The company is being run by the Management and the Board of Directors where the management team report directly to the Board of Directors for enhancing performance and productivity of the organization.

#### 1.5 THE PROJECT

**ANCILLA &FAMILY GROUP OF COMPANIES LIMITED** is planning to establish a project named “establishment of hospital and college of health proposed to be located in Himo, Moshi Tanzania”. This project is expecting to generate income of 180,000,000 TZS with the running cost

of 150,000,000 TZS

#### **1.4.1 Project location**

The project will be located in Kilimanjaro region specifically at Himo in Moshi rural district in Tanzania which is approximately 25 minutes' drive from Moshi town.

#### **1.4.2 Products or service to be provided**

The project of hospital and college of health will mainly provide health services to clients and training on health and allied sciences to students intending to pursue health career programs.

#### **1.4.3 Technology used**

This project will utilize a high-tech technology machine in diagnostic and training but also the use of Information technology and digital service in terms of service provision to meet the international standards for health service provision ensuring quality and timely service.

#### **1.4.4 Overview of health sector in Tanzania**

Tanzania has a hierarchical health system which is in tandem with the political-administrative hierarchy. At the bottom, there are the dispensaries found in every village where the village leaders have a direct influence on its running. The health centers are found at ward level and the health center in charge is answerable to the ward leaders. At the district, there is a district hospital and at the regional level a regional referral hospital. The tertiary level is usually the zone hospitals and at a national level, there is the national hospital. There are also some specialized hospitals and private hospitals that do not fit directly into this hierarchy and therefore are directly linked to the ministry of health.

The leading causes of mortality in Tanzania include: HIV 17%, lower respiratory infections 11%, malaria 7%, diarrheal diseases 6%, tuberculosis 5%, cancer 5%, ischemic heart disease 3%, stroke 3%, sexually transmitted diseases 3%, and sepsis 2% and this shows the double burden of disease the country has to bear.

#### **1.4.5 Expected Market**

The project expects to provide hospital service and health training services therefore the expected market for this project will be the citizens in Himo, Moshi town Rombo and the neighboring districts around and the general Kilimanjaro region at large.

#### **1.4.6 Marketing and sales strategy**

The company will use Diversification strategy to ensure that it penetrates the market and acquire a fair share of the market share for the hospital services and health training services. In this case the company will utilize mixed methods to reach the market thus will use the 7Ps of the marketing strategy which are product, price, place, promotion, people, process and physical evidence. Therefore, the company will ensure that it develops a unique and quality product, set a good price for attracting buyers, will locate a place for business, will promote the product through various means, will be people centered reflecting people's needs and peoples feedback, will use a step-by-step process to meet the market but also will have a physical office for customers and also the hospital itself. It should be noted that Promotion of the company services will be the priority tool for

expanding the market base and ensure more customers for the services provided therefore different medias will be used for promotion including TVs, newspapers and social medias therefore the company will set aside a good budget for promotional activities and media coverage for enhancing visibility and consumers awareness of the services offered by the company.

#### **1.4.7 Project risks**

Project risks may include changing of government health policies, fluctuation of USD prices to TZS, changes of tax rates, labor turnover.

#### **1.4.8 Strategy to overcome risks**

Compliance and flexibility with the changing government health policies, strengthening internal revenue and pricing mechanism in accordance to the market conditions, hiring good internal Auditor and Taxi consultants and enhancing labor retention policies or the company.

#### **1.4.9 Environmental aspects considerations**

Before commencing the project, the company will make sure that it follows all procedures and guidelines for environmental protection from NEMC before establishing the project and if Environmental Impact Assessment (EIA) is needed the project will undergo that assessment for certification before commencing the project.

## 1.5 PROJECT ESTIMATED REVENUE

The company has estimated that the projected revenue to be 180,000,000 TZS per month.

## 1.6 PROJECT OPERATING COST

The company has estimated that the project operating cost to be 83% of the total monthly revenue income expected to be generated per month. Therefore, the operating cost estimated is 150,000,000TZS per month.

## 1.7 PROJECT FINANCING

The company has estimated that the project will be financed by the shareholders equity amounting to 2,000,000,000TZS and loan of 630,000,000TZS

## 1.8 PROJECT INVESTMENT COST BREAKDOWN

The project has budgeted to cost the followings:

<b>INVESTMENT COSTS AND ASSETS COSTS</b>			
	<b>ITEM</b>	<b>TZS</b>	<b>USD</b>
1	Land/Building	900,000,000	382,979
2	Plant/Machines	650,000,000	276,596
3	Vehicles	150,000,000	63,830
4	Furniture & Fittings	400,000,000	170,213
	<b>Sub Total</b>	<b>2,100,000,000</b>	<b>893,617</b>
5	Pre-expenses	170,000,000	72,340
6	Working Capital	300,000,000	127,660
7	Other costs	60,000,000	25,532
	<b>Sub Total</b>	<b>530,000,000</b>	<b>225,532</b>
	<b>TOTAL INVESTMENT COST</b>	<b>2,630,000,000</b>	<b>1,119,149</b>

<b>SOURCE OF CAPITAL FOR INVESTMENT/BUSINESS</b>			
		<b>TZS</b>	<b>USD</b>
1	EQUITY	2,000,000,000	851,064
2	LOAN	630,000,000	268,085
	<b>TOTAL INVESTMENT</b>	2,630,000,000	1,119,149
	<b>TOTAL ASSETS</b>	<b>2,330,000,000</b>	<b>991,489</b>

Estimates was done at exchange rate of 2,350 TZS per 1USD

## 2.0 PROJECT MANAGEMENT SCHEDULE

- The project will be headed by five shareholders who are currently the main shareholders of **ANCILLA & FAMILY GROUP OF COMPANIES LIMITED**. The expected project employment schedule are as follows:-

### Employees Distribution Summary

Employment	Foreign	Local	Total
Women	0	82	82
Men	0	38	38
<b>TOTAL</b>	<b>0</b>	<b>120</b>	<b>120</b>

## 3.0 OVERVIEW OF TANZANIA BUSINESS ENVIRONMENT

In the African continent, TANZANIA is among the top ten investment destinations in Africa, thanks to reforms and a conducive investment environment set by the government.

The Rand Merchant Bank (RMB) ranked the country tenth in business and investment attractiveness, in the Where to Invest in Africa report released recently.

## 4.0 SWOT ANALYSIS

### STRENGTHS

Strengths of the business are –

- The shareholders have own equity and access to loan for starting and financing the project.
- The company has sound, experienced and talented management for Business management.
- Rapid growth in sector due to effective management
- Influence & Networking of Directors in the Business Sector.
- Business location is at prominent place.
- Good roads and highway in Tanzania.
- Confirmed business due to market availability.

### WEAKNESSES

Weakness of the business are –

- Local competition from local market
- Struggle for market share growth

## OPPORTUNITIES

Opportunities of the business are –

- Availability of potential market with Tanzania, EAC and Africa in general.

## THREATS

Threats of the business are –

- Complex Tax Structure.
- Sectorial competition.
- Changing business, investment laws and health policies.
- Electricity power cut and power rationing.
- Fluctuation of USD vs TZS-currency devaluation.

## 5.0 FINANCIAL PROJECTIONS ASPECT OF THE PROJECT

### (i) Projected Profit and Loss Statement

The attached table shows the projected income for the 10 years period. The position depicted is that the project earns profit throughout its life cycle. Accumulated after-tax profits grows from **101,325,000** TZS in the 1<sup>st</sup> year to **3,753,111,996** TZS in the 10<sup>th</sup> year.

### (ii) Projected Cash Flows

The project's cash flows are shown in the attached table. They depict a good liquid position right from the first year. Cash accumulation builds up from **311,325,000** TZS in the first year to **5,648,361,996** TZS at the end of the 10<sup>th</sup> year of the project's operations

**(iii) Projected Balance Sheet**

The project's assets' cash flows are shown in attached table. Owners' equity grows from **2,000,000,000** TZS in the first year to **5,753,111,996** TZS at the end of the 10<sup>th</sup> year of the project's operations

**(iv) Payback Period**

Total investment is **2,630,000,000** TZS, cash accumulation in 7<sup>th</sup> year is **3,204,108,399** TZS which is more than the initial investment by **574,198,399** TZS. The project payback Period is exactly at the 7<sup>th</sup> year. Therefore, the project has a relatively short time Payback period.

**6.0 ECONOMIC ASPECTS OF THE PROJECTS**

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

**(i) Employment Opportunities**

Employment and poverty reduction are among the major concern of the Central and Local Government authorities. It is gratifying to note that the company will provide additional employment to 120 people. This is a significant contribution coming from this project.

**(ii) Revenue to the Government**

The Project is expected to pay a substantial annual amount in the form of corporation tax and other taxes.

**(iii) Benefiting in terms of stabilizing health to the locals**

The project will stabilize health of the locals and the neighboring countries hence strengthening the labor force and the economy of the country.

**7.0 CONCLUSION**

After undergoing economic and financial evaluation of the project, it is of view that his project is viable, profitable and contributes to company revenue and to the government revenue by way of taxes, therefore it is recommended that the project should be given enough considerations for its establishment, take off and expansion.

**8.0 LIST OF APPENDICES**

## Appendix I

FORECASTED STATEMENT OF PROFIT & LOSS IN TZS													
CURRENCY TZS													
	cost/price per 1 Business line	Monthly Sales for 1 Business line	Monthly Income	Year 1	Year 2	Year 3	Year4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	180,000,000	1	180,000,000	2,160,000,000	2,484,000,000	2,856,600,000	3,285,090,000	3,777,853,500.00	4,344,531,525	4,996,211,254	5,745,642,942	6,607,489,383	7,598,612,790.55
Operating Cost(utility etc)	150,000,000	1	150,000,000	1,800,000,000	2,070,000,000	2,380,500,000	2,737,575,000	3,148,211,250.00	3,620,442,938	4,163,509,378	4,788,035,785	5,506,241,153	6,332,177,325
<b>Gross profit before depreciati on and interest</b>			<b>30,000,000</b>	<b>360,000,000</b>	<b>414,000,000</b>	<b>476,100,000</b>	<b>547,515,000</b>	<b>629,642,250</b>	<b>724,088,588</b>	<b>832,701,876</b>	<b>957,607,157</b>	<b>1,101,248,231</b>	<b>1,266,435,465</b>
Loan Interest 10%				5,250,000	5,250,000	5,250,000	5,250,000	5,250,000	5,250,000	5,250,000	5,250,000	5,250,000	5,250,000
Depreciati on 10%				210,000,000	210,000,000	210,000,000	210,000,000	210,000,000	210,000,000	210,000,000	210,000,000	5,250,000	210,000,000
				215,250,000	215,250,000	215,250,000	215,250,000	215,250,000	215,250,000	215,250,000	215,250,000	10,500,000	215,250,000
<b>Gross profit</b>				<b>144,750,000</b>	<b>198,750,000</b>	<b>260,850,000</b>	<b>332,265,000</b>	<b>414,392,250</b>	<b>508,838,588</b>	<b>617,451,876</b>	<b>742,357,157</b>	<b>1,090,748,231</b>	<b>1,051,185,465</b>
Tax(30%)				43,425,000	59,625,000	78,255,000	99,679,500	124,317,675	152,651,576	185,235,563	222,707,147	327,224,469	315,355,640

Profit after tax				101,325,000	139,125,000	182,595,000	232,585,500	290,074,575	356,187,011	432,216,313	519,650,010	763,523,761	735,829,826
<b>Accumulated profit</b>				<b>101,325,000</b>	<b>240,450,000</b>	<b>423,045,000</b>	<b>655,630,500</b>	<b>945,705,075</b>	<b>1,301,892,086</b>	<b>1,734,108,399</b>	<b>2,253,758,409</b>	<b>3,017,282,170</b>	<b>3,753,111,996</b>

Appendix II

PROJECTED STATEMENT OF CASHFLOW IN TZS											
	0	1	2	3	4	5	6	7	8	9	10
<b>SOURCES:</b>											
Profit after interest and depreciation	-	101,325,000	139,125,000	182,595,000	232,585,500	290,074,575	356,187,011	432,216,313	519,650,010	763,523,761	735,829,826
Equity		2,000,000,000									
Loan		630,000,000	0	0	0	0	0	0	0	0	0
<b>Total Sources</b>		<b>2,731,325,000</b>	<b>139,125,000</b>	<b>182,595,000</b>	<b>232,585,500</b>	<b>290,074,575</b>	<b>356,187,011</b>	<b>432,216,313</b>	<b>519,650,010</b>	<b>763,523,761</b>	<b>735,829,826</b>
<b>Applications:</b>											
Capital expenditure		2,100,000,000									
Working Capital & Others		530,000,000									
Cash	-	101,325,000	139,125,000	182,595,000	232,585,500	290,074,575	356,187,011	432,216,313	519,650,010	763,523,761	735,829,826
Depreciation	-	210,000,000	210,000,000	210,000,000	210,000,000	210,000,000	210,000,000	210,000,000	210,000,000	5,250,000	210,000,000
<b>Sub total</b>		<b>311,325,000</b>	<b>349,125,000</b>	<b>392,595,000</b>	<b>442,585,500</b>	<b>500,074,575</b>	<b>566,187,011</b>	<b>642,216,313</b>	<b>729,650,010</b>	<b>768,773,761</b>	<b>945,829,826</b>

<b>Total application s</b>	<b>0</b>	<b>311,325,000</b>	<b>660,450,0 00</b>	<b>1,053,045,0 00</b>	<b>1,495,630,5 00</b>	<b>1,995,705,0 75</b>	<b>2,561,892,0 86</b>	<b>3,204,108,3 99</b>	<b>3,933,758,4 09</b>	<b>4,702,532,1 70</b>	<b>5,648,361,9 96</b>
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## Appendix III

FORECASTED STATEMENT OF FINANCIAL POSITION IN TZS											
ASSETS	Initial Outlays/Years	1	2	3	4	5	6	7	8	9	10
Opening Balance		-	1,890,000,000	1,680,000,000	1,470,000,000	1,260,000,000	1,050,000,000	840,000,000	630,000,000	420,000,000	210,000,000
Total Long term assets	2,100,000,000	2,100,000,000	1,890,000,000	1,680,000,000	1,470,000,000	1,260,000,000	1,050,000,000	840,000,000	630,000,000	420,000,000	210,000,000
Less Depreciation		210,000,000	210,000,000	210,000,000	210,000,000	210,000,000	210,000,000	210,000,000	210,000,000	210,000,000	210,000,000
Closing Balance		1,890,000,000	1,680,000,000	1,470,000,000	1,260,000,000	1,050,000,000	840,000,000	630,000,000	420,000,000	210,000,000	-
Working Capital	530,000,000	530,000,000	530,000,000	530,000,000	530,000,000	530,000,000	530,000,000	530,000,000	530,000,000	530,000,000	530,000,000
Accumulated Cash		311,325,000	660,450,000	1,053,045,000	1,495,630,500	1,995,705,075	2,561,892,086	3,204,108,399	3,933,758,409	4,702,532,170	5,648,361,996
<b>Total Assets</b>	<b>2,630,000,000</b>	<b>2,731,325,000</b>	<b>2,870,450,000</b>	<b>3,053,045,000</b>	<b>3,285,630,500</b>	<b>3,575,705,075</b>	<b>3,931,892,086</b>	<b>4,364,108,399</b>	<b>4,883,758,409</b>	<b>5,442,532,170</b>	<b>6,178,361,996</b>
<b>Financed By</b>											
Equity	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000

Accumulated Profits		101,325,000	240,450,000	423,045,000	655,630,500	945,705,075	1,301,892,086	1,734,108,399	2,253,758,409	3,017,282,170	3,753,111,996
Total Equity	2,000,000,000	2,101,325,000	2,240,450,000	2,423,045,000	2,655,630,500	2,945,705,075	3,301,892,086	3,734,108,399	4,253,758,409	5,017,282,170	5,753,111,996
Foreign & Local Loan	630,000,000	630,000,000	630,000,000	630,000,000	630,000,000	630,000,000	630,000,000	630,000,000	630,000,000	630,000,000	630,000,000
Total Debt	630,000,000	630,000,000	630,000,000	630,000,000	630,000,000	630,000,000	630,000,000	630,000,000	630,000,000	630,000,000	630,000,000
<b>Total Equity and Debt</b>	<b>2,630,000,000</b>	<b>2,731,325,000</b>	<b>2,870,450,000</b>	<b>3,053,045,000</b>	<b>3,285,630,500</b>	<b>3,575,705,075</b>	<b>3,931,892,086</b>	<b>4,364,108,399</b>	<b>4,883,758,409</b>	<b>5,647,282,170</b>	<b>6,383,111,996</b>

**Appendix IV**

<b>ACCUMULATED CASHFLOW</b>				
<b>Year</b>	<b>Profit After Tax</b>	<b>Depreciation</b>	<b>Total Cash Flow</b>	<b>Accumulated Cash Flow</b>
<b>1</b>	<b>101,325,000</b>	<b>210,000,000</b>	<b>311,325,000</b>	<b>311,325,000</b>
<b>2</b>	<b>139,125,000</b>	<b>210,000,000</b>	<b>349,125,000</b>	<b>660,450,000</b>
<b>3</b>	<b>182,595,000</b>	<b>210,000,000</b>	<b>392,595,000</b>	<b>1,053,045,000</b>
<b>4</b>	<b>232,585,500</b>	<b>210,000,000</b>	<b>442,585,500</b>	<b>1,495,630,500</b>
<b>5</b>	<b>290,074,575</b>	<b>210,000,000</b>	<b>500,074,575</b>	<b>1,995,705,075</b>
<b>6</b>	<b>356,187,011</b>	<b>210,000,000</b>	<b>566,187,011</b>	<b>2,561,892,086</b>
<b>7</b>	<b>432,216,313</b>	<b>210,000,000</b>	<b>642,216,313</b>	<b>3,204,108,399</b>
<b>8</b>	<b>519,650,010</b>	<b>210,000,000</b>	<b>729,650,010</b>	<b>3,933,758,409</b>
<b>9</b>	<b>763,523,761</b>	<b>210,000,000</b>	<b>973,523,761</b>	<b>4,907,282,170</b>
<b>10</b>	<b>735,829,826</b>	<b>210,000,000</b>	<b>945,829,826</b>	<b>5,853,111,996</b>
<b>TOTAL</b>	<b>3,753,111,996</b>	<b>2,100,000,000</b>	<b>5,853,111,996</b>	<b>25,976,308,636</b>

## Appendix V

LOAN REPAYMENT SCHEDULE				
Year	<i>Principle</i>	Year Loan Interest (10%)	Total Amount Paid	Loan Balance
0	<b>630,000,000</b>	<b>63,000,000.00</b>	<b>693,000,000.00</b>	<b>693,000,000</b>
1	52,500,000	5,250,000	57,750,000	635,250,000
2	52,500,000	5,250,000	57,750,000	577,500,000
3	52,500,000	5,250,000	57,750,000	519,750,000
4	52,500,000	5,250,000	57,750,000	462,000,000
5	52,500,000	5,250,000	57,750,000	404,250,000
6	52,500,000	5,250,000	57,750,000	346,500,000
7	52,500,000	5,250,000	57,750,000	288,750,000
8	52,500,000	5,250,000	57,750,000	231,000,000
9	52,500,000	5,250,000	57,750,000	173,250,000
10	52,500,000	5,250,000	57,750,000	115,500,000
11	52,500,000	5,250,000	57,750,000	57,750,000
12	52,500,000	5,250,000	57,750,000	-
	<b>630,000,000</b>	<b>63,000,000</b>	<b>693,000,000</b>	