

# Tourism Sector



## FOREST LODGE

### Introduction

This business idea is for establishing a forest lodge. This business idea aims at accommodating 8 people per day. The revenue potential is estimated at US\$ 31,171 per month translating into US\$ 374,052 per year. The total investment capital is US\$ 876,730 and a profit of US \$ 1,049,688 per year. This idea is also expected to yield a net profit margin of 74% and to have a payback period of 6months.

### Project Description

The idea assumes a facility with 20 rooms, accommodating an average of 8 people per night and serving 15 plates of food and 20 drinks per day. Other incomes may be got from entry to the facility just to relax.

### Capital Investment Requirements in US\$

| Item                  | Qty | Cost  | Amount  |
|-----------------------|-----|-------|---------|
| Land Purchase (acres) | 5   | 28000 | 140,000 |
| site preparation      | 5   | 2800  | 14,000  |
| Generator             | 1   | 3200  | 3,200   |
| Solar Panels          | 20  | 15000 | 300,000 |
| Gas (Big cylinder)    | 1   | 5000  | 5,000   |
| Cottage Construction  | 20  | 12000 | 240,000 |
| Water Pump            | 1   | 40000 | 40,000  |
| Telecom equipment     | 1   | 2000  | 2,000   |

|                       |    |       |         |
|-----------------------|----|-------|---------|
| Walkways, campsite,   | 1  | 3000  | 3000    |
| Tv - 15"              | 25 | 240   | 6,000   |
| Radio system          | 1  | 402   | 402     |
| Beddings and curtains | 1  | 2000  | 2,000   |
| Kitchen Requirements  | 1  | 64000 | 64,000  |
| Office Requirements   | 1  | 24800 | 24,800  |
| Center/coffee table   | 15 | 180   | 2,700   |
| Single bed boxes      | 13 | 150   | 1,950   |
| Twin bed boxes        | 22 | 200   | 4,400   |
| Easy sofas            | 50 | 140   | 7,000   |
| Side stool            | 40 | 24    | 960     |
| Mattresses            | 50 | 70    | 3,500   |
| Money Safe            | 1  | 400   | 400     |
| Vehicles              | 2  | 4000  | 8,000   |
| Restaurant equipment  | 1  | 2400  | 2,400   |
| Front office designs  | 1  | 1000  | 1,000   |
| Key holders           | 30 | 0.6   | 18      |
| Total                 |    |       | 876,730 |

### Production and Operating Costs

#### Direct Materials, Supply and Costs in US\$

| Cost Item           | Units   | Pdn cost/ day | Pdn cost/ month | Pdn cost/ year |
|---------------------|---------|---------------|-----------------|----------------|
| <b>Direct Costs</b> |         |               |                 |                |
| Food stuffs         | various | 400           | 12,000          | 144,000        |
| Sub-total           |         |               | 12,000          | 144,00         |

#### General Costs(Overheads)

|                                  |        |         |
|----------------------------------|--------|---------|
| Utilities(Firewood & Water)      | 4,600  | 55,200  |
| Labour                           | 53,340 | 640,080 |
| Miscellaneous costs              | 200    | 2,400   |
| Depreciation(Asset write off)Exp | 3,653  | 43,836  |
| Sub-Total                        | 61,793 | 741,516 |
| Total Operating Costs            | 73,793 | 885,516 |

1. Production costs assumed are for 366 days per year.
2. Depreciation (fixed asset write off) assumes a 1 years' life of assets written off at 4% per year for all assets.
3. A production month is assumed to have 30 days.

### Project Product Costs and Price Structures in US\$

| Item          | Qty/day | Qty/Yr | UPx | T/rev     |
|---------------|---------|--------|-----|-----------|
| Single room   | 3       | 1,098  | 300 | 329400    |
| Double room   | 5       | 1,830  | 360 | 658,800   |
| Food stuffs   | 15      | 5,490  | 50  | 274,500   |
| Drinks        | 20      | 7,320  | 12  | 87,840    |
| Other Incomes | 20      | 7,320  | 10  | 73,200    |
| Total         |         |        |     | 1,423,740 |

### Profitability Analysis in US\$

| Profitability Item    | Per day | Per Month | Per Yr    |
|-----------------------|---------|-----------|-----------|
| Revenue               | 3,901   | 118,645   | 1,423,740 |
| Less: Operating Costs | 1,039   | 31,171    | 374,052   |
| Profit                | 2,862   | 87,474    | 1,049,688 |

### Market Analysis:

With the growing tourist potential in the country, the market is wide. the projected areas include Mt.Elgon National park, Kibale conservation area, Kidepo valley national park, lake Mburo national park among others.

### Sources of supply of raw materials

All the raw materials required in the operation of the lodge are locally available in Uganda. These include food, drink and bed facilities. Food stuffs can be obtained from any local community adjacent to the protected area. Drinks (soft and beers) and bed facilities can be obtained from either nearby trading centers or Kampala city.

### Government facilities & incentives available

The Government supports the formation of Associations in different sectors. In addition the Uganda Investment Authority is also set up to promote and facilitate the potential investors.