

Oil & Gas Sector



CATERING IN THE OIL AND GAS SECTOR

Introduction

The Oil and gas sector is a new and growing sector In Uganda with a high demand for quality catering services. Caterers supply food to oil workers located on oil fields which tend to be isolated away from normal towns. It will require mobility and portable services. Establishing a modern Catering service can prove to be a profitable business. The establishment of this project requires a total fixed cost of US\$25,000 with a working capital of about US\$40,000 – sufficient for two months operating costs. Generating revenue of 563,160 in the first year of operation. The project has a payback period of 1year and 3months with a 36% profit margin.

Production Capacity, Technology & Process

The production process involves preparation of both Local and international Foods such as sandwich, Beef burgers, Fried chicken, chips, spaghetti, Pizza, Matooke, Rice, Yams, Cassava, Boiled Irish Potatoes, Posho with all Stews and Snacks such as Chips, Chicken, Fish among others and Beverages. The production will serve 400 clients daily for breakfast, Lunch and supper.

Investment Scale, Capital Requirements & Equipment

A typical oil well team will consist of anywhere up to 200 - 400 people. This plan is based on serving two sites with a total of 400 people to feed. Capital requirements are estimated at US\$25,000

Capital Investment Requirements in US\$

Capital investment item	Units	Qty	@	Total
Blenders	No	6	50	300
Fridges	No	3	400	1200
Cutlery	Sets	60	20	1200
Furniture	No	-	1000	1,000
Cooking Equipments	No	-	3000	3000
Music System, TV & Computer	No	3	400	1,200
Food warmers,	No	6	110	660
mixers & flasks		10	30	300
Delivery Van	No	1	7,000	7000
Bouquet set	Sets	5	350	1750
Gas and water tanks	No	2	2000	2000
Decoration materials, empty crates	No	-	550	550
Standby generator	No	1	800	800
Plates and other kitchen equip		-	4000	4,000
Total				24,960

Production and Operating Costs

Cost Item	Units	Unit	Qty/	Pdn cost/ day	Pdn cost/ Mnth	Pdn cost/ Yr
Food Items	Bchs	-	-	300	7,800	93,600
Sauce Items	Kgs	-	-	140	3,640	43,680
Beverages (water, soder etc)	Cts	-	-	200	5,200	62,400
Spices, Cooking oil, Sugar etc (seasonings)	Kgs	-	-	30	780	9,360
Other materials			-	20	520	6,240
Sub-total			-	690	17,940	215,280

General Costs (Overheads)

Labour	500	6,000
Utilities	400	4,800
Gas & Charcoal	300	3,600
Uniforms	40	480

Cleaning & Toiletries	200	2,400
Miscellaneous expenses	100	1,200
Depreciation	520	6,240
Sub-total	2,060	24,720
Total Operating Costs	20,000	240,000

1. Production costs assumed 312 days per year with daily capacity of selling 130 plates of food, 150 bottles of beverages & 80 cups of tea.
2. Depreciation (fixed asset write off) assumes 4-years life of assets written off at 25% per year for all assets.
3. Direct costs include: materials, supplies and other costs that directly go into production of the product.
4. Total monthly days assumed are 26-days.

All costing is in US Dollars

Project Product Costs and Price Structure

Item	Qty/ day	Qty/yr	@	Pdn cost/ yr	UPx	T/rev
Foods	400	124,800	1.03	128880	3.5	436,800
Beverages	330	102,960	0.44	45680	0.5	51,480
Tea	300	93,600	0.46	42608	0.8	74,880
Total	1030			98,676		563,160

Profitability Analysis Table

Profitability Item	Per Day	Per Month	Per Year
Revenue	1805	46,930	563,160
Less: Pdn & Operating Costs	769	20,000	240,000
Profit	1036	26,930	323,160

Market Analysis

The market readily exists as the Oil sector has taken an expanding trend in Uganda with outside catering services being the most suitable arrangement for the supply of food to the workers, the business is a viable venture.

Government facilities and incentives

The government actively encourages Ugandans to participate in the oil sector by providing support services such as catering.