

**BUSINESS PLAN**

**BY**

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**2013/187703**

**DEPARTMENT OF HUMAN NUTRITION AND DIETETICS**

**UNIVERSITY OF NIGERIA, NSUKKA**

## **PART I**

### **Executive Summary**

The business whose summary appears below is derived from the fact that the demand for cultural entertainment, relaxation, and recreational centers are parts of the essential needs for human life and comfort and a call for economy diversification in Nigeria. There is also the need for people to have different comfortable environment that have a good tourist attraction within Nsukka metropolis.

This business is a reaction to the above need and it is planned to provide different forms of tourist activities which will meet the needs and also provide utility and uniqueness to the customers.

#### **1.11 Name of Business**

The name of the Business is **HEAVEN EVENTS AND TOURIST CENTER.**

#### **1.12 Legal Form of Business**

Heaven Events and Tourist Center a private limited liability company registered with Corporate Affairs Commission (CAC) with CAC registration number EST/025/01 (see appendix 1)

#### **1.13 Contact Address**

No 5 Obollo road, Obukpa-Nukka, Enugu State.

**Mobile phone:** 08035633759

E-Mail: [gift.asogwa.187703@unn.edu.ng](mailto:gift.asogwa.187703@unn.edu.ng)

Website: [heaveneventsandtouristcenter.com.ng](http://heaveneventsandtouristcenter.com.ng)

#### **1.14 Type of Business**

Heaven Events and Tourist Center is a tourist and entertainment industry.

#### **1.15 Concise description of the business idea**

Heaven Events and Tourist Center is an entertainment and tourist center providing a conducive environment for events of all types and highly equipped with gadgets for tourist activities that depict African tradition and beauty.

#### **1.16 Products or Services**

The products and services of this center include cultural entertainment, relaxations equipments, and recreational equipment.

### **Customers**

Public members that desire unique expressiveness environment for relaxation and tourist activities.

### **Owner(s)**

Heaven Events and Tourist Center as already hinted is a private limited company with Asogwa Gift Lawrence as the shareholder.

### **1.17 Number of jobs to be created**

At the starting poin, Heaven Events and Tourist Center will be expected to create direct jobs for 10 people.

### **1.18 Start - up capital**

The following are the components of the required startup capital

a. Investment (Equipment, machinery 5and others)	N1, 453, 000.00
b. Working Capital and pre-operating expenses	N3, 541, 400.00
	<b>Total = N4, 994, 400.00</b>

### **1.19 Source of Capital and shareholding structure**

Capital requirement for the project will be sourced as shown in the table below

a.	Owner's capital	N1, 000, 000.00
b.	Bank loan	N3, 000, 000. 00
c.	Grant winnings	N1, 000, 000.00
	<b>Total</b>	<b>N5, 000, 000.00</b>

#### **1.110 Profitability:**

The net profits over the years are:

1. Year 1 = N10, 079,205.00

2. Year 2 = N14, 736,050.00

3. Year 3 = N17, 605,050.00

#### **1.111 Level of liquidity:**

The liquidity levels over the years are:

1. Year 1 N5, 880,795

2. Year 2 N14, 268,375

3. Year 3 N26, 018, 355

1.12 Based on the fact that the planned business is technically feasible and commercially viable, it is therefore recommended for implementation and funding.

## **PART II**

### **1.10 General Introduction**

#### **1.11 Background**

Heaven Events and Tourist Center arose from the needs of individuals and government conscious about the economy diversification and showcasing the cultural endowment of the nation, while also trying to send a message by a sense of identity while doing so. The message is usually that they feel good, unique and comfortable.

#### **2.11 Vision Statement**

To help the public, mostly the youth, send a message, their message, by what they wear and looking good, attractive and unique while doing so.

#### **2.12 Mission Statement**

To give the public a unique platform by which they can entertain themselves and others.

#### **2.13 The Company**

The company is a legal person registered with the name Heaven Events and Tourist Center. The company started with a grant from The Lawson Foundation for Young Creative Entrepreneurs (LFYCE) after main promoter submitted their award-winning designs for the Heaven Events and Tourist Center concept in the annual competition held by the foundation in 2014. Currently, the company's name and brand logos have been registered with CAC no.RC46903. Having gone through the product formulation and development stage, the company now desires to produce her products for commercial purposes based on approved design formats.

#### **2.14 Products or Services offered**

Heaven Events and Tourist Center products and services are provided with the use of already made materials and equipments in their semi-finished form unto which designs- created or chosen by the manufacturers and customers respectively- are transferred either manually or mechanically incorporating colour in a unique manner.

### **2.15 Legal form and Ownership of the Enterprise**

Heaven Events and Tourist Center is a Private Limited Liability Company. The project promoter is Asogwa Gift Lawrence.

### **2.16 Location of the Business**

The business will be located at No 5 Obollo road, Obukpa-Nukka, Enugu State.

### **2.18 Industry Trend and Analysis**

The sector within which this business is established will operate as entertainment and tourist sector. This sector has recently been witnessing fast growing demand that it is easily noticed that the market has a lot of customers. Currently, the nearest substitutes to this product are Hotels. It is good to note that these discerning customers want comfortable quality center for their activities. Therefore, customers are willing to pay a bit more for high-end quality products and services to distinguish themselves by being a family name that attracts all other people.

### **2.19 Business Strategy**

Heaven Events and Tourist Center will do everything possible to make sure her product and services are known to be among the best known events and tourist center in Nigeria. Also, efforts will be made to ensure that the products and services are price available, competitive and affordable in most major markets.

### **2.20 Key Success Factors**

Some of the key success factors derived from the fact that Heaven Events and Tourist Center will:

1. Seek out feedback from our customers to develop a successful entertainment and tourist center line that meets their needs and tastes

2. Develop a niche market for our unique apparel
3. Maximize profits by selling through the Internet
4. Maintain low overhead costs by monitoring and scheduling production
5. Implement a successful marketing campaign to inform the existing clientele and the public of our new image
6. Build brand image and brand equity through marketing

## PART III

### 3.10 The Market

Heaven Events and Tourist Center is targeted in Nsukka metropolis, Nigeria and international populace. The reason for the choice above is due to the fact that the customers are found in every place especially Nsukka where students, young school leavers, researchers within Nigeria and the International world who are conscious of their environment resides.

### 3.11 Sales and market share analysis:

Other companies mainly hotels have dominated both our local and international markets. Heaven Events and Tourist Center with good affordable products and services will compete favourably with these existing companies that have dominated the local markets.

### 3.12 Key competitors and competitive advantage:

Heaven Events and Tourist Center will possibly face two types of competition as discussed in the sections below.

#### a. Competition

Products	Competition Type	Strengths	Weaknesses
Margdoff	Direct competition	<ol style="list-style-type: none"> <li>1. Already established in the market</li> <li>2. Branded</li> <li>3. Nationwide channels of distribution</li> </ol>	No core market
Osita	Direct competition	<ol style="list-style-type: none"> <li>1. Already established in the market</li> <li>2. Branded</li> <li>3. Nationwide channels of distribution</li> </ol>	No core market
Law fancy	Direct competition	<ol style="list-style-type: none"> <li>1. Partially established in the market</li> <li>2. Large Fan base</li> <li>3. Student Targeted</li> </ol>	Obscure means of delievery

### 3.13 SWOT Analysis

Heaven Events and Tourist Center has some weaknesses, strengths, opportunities and threats. These are discussed below:

#### **A. Strength**

1. Product has its uniqueness, customized and made based on customer's directive.
2. High demand from customers due to trend.

#### **B. Weaknesses**

1. Capital availability (low)

#### **C. Opportunities**

1. Demand to mass production for schools, campaign, funeral, sports etc.
2. The uniqueness to attracts more customers after another.

#### **D. Threats**

1. Activities of competitors.
2. The products demand might decline due to seasons (this seasons come and go).

### **3.14 Demand and Supply Analysis and Estimating the Initial Installed Capacity**

	<b>Details</b>	<b>Size (Shirts)</b>
<b>1.</b>	Potential demand targeted (In Nigeria)	140000
<b>2.</b>	Less 30% existing competitors estimated by industry watcher to consume	420000
<b>3.</b>	<b>Available market (in the absence of expansion and very high entry wall)</b>	<b>980000</b>
<b>4.</b>	Less 10% due to possible expansion of existing competitors/entrant of new ones	980000
<b>5.</b>	<b>Available market</b>	<b>882000</b>
<b>6.</b>	Less 5% due to error in estimation	441000
<b>7.</b>	Available demand/qualified market/demand supply gap	837900
<b>8.</b>	<b>Initial installed capacity cat most 60% of available demand (served market)</b>	<b>502740</b>
<b>9.</b>	<b>Amount produced</b>	<b>120000</b>



## 4.10 Marketing Plan

### 4.11 Market segmentation:

1. The youths who are concerned with what they wear and they wear it.
3. People who desire to create their own designs (be it sentences or images) on – skirts, tops, jackets and jewelries etc.
4. University students and people in political rally will also have need for HEAVEN EVENTS AND TOURIST CENTER products.
5. HEAVEN EVENTS AND TOURIST CENTER can take up a contract for secondary, primary school sports outfit, badges.
6. The company is open to work with customers directly.

### 4.12 Target Market

The target markets are:

1. Individuals who desire to enjoy their own personalized type of design with quality and uniqueness.
2. Schools, political campaign, sports activities.
3. Funeral.

### 4.13 Description of the edge of product or product range of service

Heaven Events and Tourist Center has the specifications shown in the table below:

<b>Product/ Service</b>	<b>Specification (Product / Service # 1)</b>
Denomination/ product line	Cultural entertainment
Specification (i.e. size, color, and quality)	Different sizes (large, small and extra-large) , comes in different colors as customers desire, standard quality
Packaging	Packaged in a customized nylon bag from Heaven Events and Tourist Center
After sale service	Can be delivered to customer with delivery fee attached.

### 4.14 Marketing Plan (Using Price as a tool)

Product/ Service	1		
How much are customers willing to pay?	Highest	Average	Lowest.
	8000	2000	400
Competitors price	Highest	Average	Lowest.
	8000	5000	2000
My price	2000 (normal), 5000 (customized)		
Reason for setting my price	To be price affordable and competitive,		

	but remain profitable
Margin for discount?	Yes

### 3.15 **Market positioning Strategy:**

Heaven Events and Tourist Center is a new brand in the entertainment and tourist with customer delivery service, uniqueness to serve customers taste at an affordable and competitive price.

### 3.16 **Marketing Mix Implementation Tools:**

The marketing mix implementation targets to use the following tools:

1. Personalized design with desired customer choice.
2. Affordable/competitive price.
3. Direct contact with customers.
4. Advertisement (both the operation and customers are highly involved).

### 4.17 **Channel of distribution**

Heaven Events and Tourist Center would utilize the following channels of marketing:

- a. Individuals.
- b. Groups
- c. School and
- d. Companies etc.

### 4.18 **Start- up promotion**

1. Road show in all major markets, universities and secondary schools.
2. Reaching the public through
  - a. TV
  - b. Radio stations
  - c. Flyers (print media)
  - d. Bill boards
3. Supporting social gathering and participation in community activities.
4. Employees patronizing Heaven Events and Tourist Center products and services.

### 4.19 **Alliances:**

Associate with small hotels that form a base in strategy and opportunity to employ labour. Heaven Events and Tourist Center is concerned with relationship with individual in different classes (political, working and youths).

### 4.20 **Marketing Calendar and Budget:**

The specific marketing activities and the individuals responsible for taking actions required and the overall marketing budget are as shown below.

### Marketing Budget

<b>Date</b>	<b>Marketing plan Activity</b>	<b>Evaluation Index</b>	<b>Personnel Involved</b>	<b>Estimated Costs(N)</b>
Start August 2014 End Oct 2014	Advertisements in Radio and TV	a.m. and p.m. radio and television announcements	Outsourced	20,000.00
Start Nov 2014 End July 5. 2013	Sales promotion through discount	Every day for 5 months entries for draw	Outsourced	10,000.00
<b>Total</b>				<b>30,000.00</b>

## PART V

### TECHNICAL ANALYSIS

#### 5.10 Production plan:

##### 5.11 The Project:

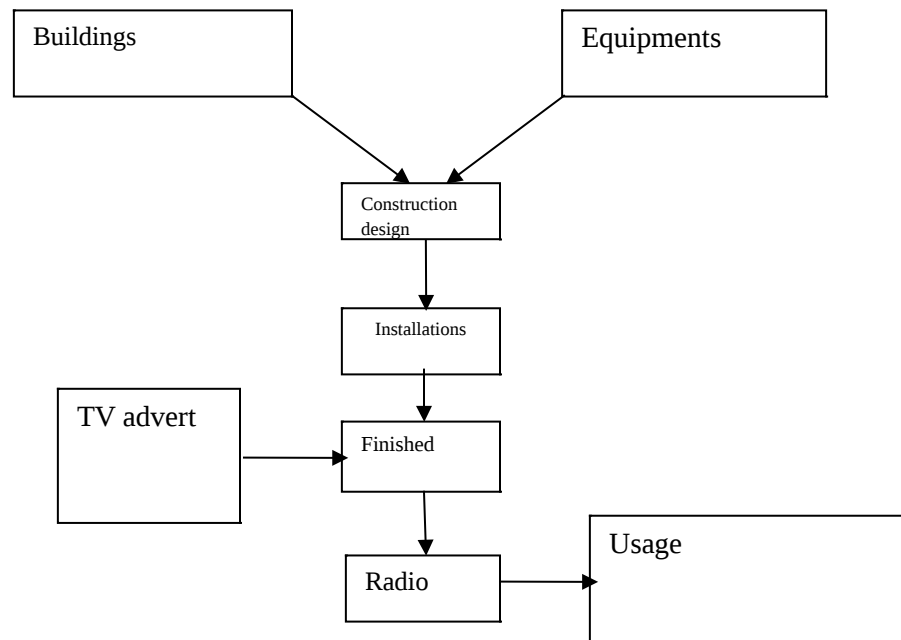
As already stated, Heaven Events and Tourist Center is based in providing entertainment and tourist services.

##### 5.11 Production Process:

Heaven Events and Tourist Center will get approval to develop the center, carry out construction, install equipments, advertise and open up for business

#### 5.12 The production flow chart

The diagram below shows the sequence of producing products and services



### 5.13 The Production Schedule:

The commercial production schedule of Heaven Events and Tourist Center has been articulated in the table below

		<b>Projected production schedule</b>			
		<b>Targeted output (Skirt)</b>	<b>Cultural Entertainment (Unbranded 1)- N</b>	<b>Relaxation Unit input 2- N</b>	<b>Recreational Unit input 3- N</b>
<b>1</b>	<b>Jan</b>	<b>1,000</b>	<b>600</b>	<b>150</b>	<b>400</b>
2	Feb	<b>1,000</b>	<b>600</b>	<b>150</b>	<b>400</b>
3	Mar	<b>1,000</b>	<b>600</b>	<b>150</b>	<b>400</b>
4	Apr	<b>1,000</b>	<b>600</b>	<b>150</b>	<b>400</b>
5	May	<b>1,000</b>	<b>600</b>	<b>150</b>	<b>400</b>
6	Jun	<b>1,000</b>	<b>600</b>	<b>150</b>	<b>400</b>
7	Jul	<b>1,000</b>	<b>600</b>	<b>150</b>	<b>400</b>
8	Aug	<b>1,000</b>	<b>600</b>	<b>150</b>	<b>400</b>
9	Sep	<b>1,000</b>	<b>600</b>	<b>150</b>	<b>400</b>
10	Oct	<b>1,000</b>	<b>600</b>	<b>150</b>	<b>400</b>
11	Nov	<b>1,000</b>	<b>600</b>	<b>150</b>	<b>400</b>
12	Dec	<b>1,000</b>	<b>600</b>	<b>150</b>	<b>400</b>
<b>1</b>	<b>Jan</b>	<b>1,500</b>	<b>600</b>	<b>150</b>	<b>400</b>
2	Feb	<b>1,500</b>	<b>600</b>	<b>150</b>	<b>400</b>
3	Mar	<b>1,500</b>	<b>600</b>	<b>150</b>	<b>400</b>
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8	Aug	<b>1,500</b>	<b>600</b>	<b>150</b>	<b>400</b>
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11	Nov	<b>1,500</b>	<b>600</b>	<b>150</b>	<b>400</b>
12	Dec	<b>1,500</b>	<b>600</b>	<b>150</b>	<b>400</b>
<b>1</b>	<b>Jan</b>	<b>2,000</b>	<b>700</b>	<b>150</b>	<b>400</b>
2	Feb	<b>2,000</b>	<b>700</b>	<b>150</b>	<b>400</b>
3	Mar	<b>2,000</b>	<b>700</b>	<b>150</b>	<b>400</b>
4	Apr	<b>2,000</b>	<b>700</b>	<b>150</b>	<b>400</b>
5	May	<b>2,000</b>	<b>700</b>	<b>150</b>	<b>400</b>
6	Jun	<b>2,000</b>	<b>700</b>	<b>150</b>	<b>400</b>
7	Jul	<b>2,000</b>	<b>700</b>	<b>150</b>	<b>400</b>
8	Aug	<b>2,000</b>	<b>700</b>	<b>150</b>	<b>400</b>
9	Sep	<b>2,000</b>	<b>700</b>	<b>150</b>	<b>400</b>
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11	Nov	<b>2,000</b>	<b>700</b>	<b>150</b>	<b>400</b>
12	Dec	<b>2,000</b>	<b>700</b>	<b>150</b>	<b>400</b>

### 5.15 Machinery, equipment, and other requirements

<b>S/n</b>	<b>Investment (Equipments and others)</b>	<b>Qty</b>	<b>Life Span</b>	<b>Other comments</b>
1	Building		50 years	Existing
2	Equipment and machine			
	i Computers and software	4	5yrs	1 piece of this is existing
	ii Scanner/Printer	2	5yrs	1 piece of this is existing
	iii Stencil Cutter	2	20yrs	Yet to be procured
	i. Tables	3	5yrs	1 piece of this is existing

	ii. Pressing Iron	3	5yrs	1 piece of this is existing
	iii. Heat Transfer Machine	3	5yrs	Yet to be procured
	iv. Clothes Rack	3	5yrs	1 piece of this is existing
	v. Shelves	2	10yrs	1 piece of this is existing
	vi. Generator	2	10yrs	1 piece of this is existing
	vii. Air Conditioner	2	20yrs	Yet to be procured
	viii. Furniture and fittings		20yrs	Yet to be procured
	ix. Mannequins	2	10yrs	Yet to be procured

### 5.16 Technology:

The product goes through a digital technological process with the aid of a computer system and a digital colour transfer printer which makes use of electricity and prints in split seconds.

The technology is modern, easy to operate, time saving and has a life span of 5years but 5years extra with proper maintenance and repair.

### 5.17 Quality assurance and standardization

The products of HEAVEN EVENTS AND TOURIST CENTER are quality guaranteed.

Look out for the HEAVEN EVENTS AND TOURIST CENTER logo at the side left of the shirt.

HEAVEN EVENTS AND TOURIST CENTER also has a direct contact with customers, there by cutting any means of imitation.

### 6.11 Management and Organizational structure:

The core promoter of this business.

The shareholding structure is 100% from the promoter

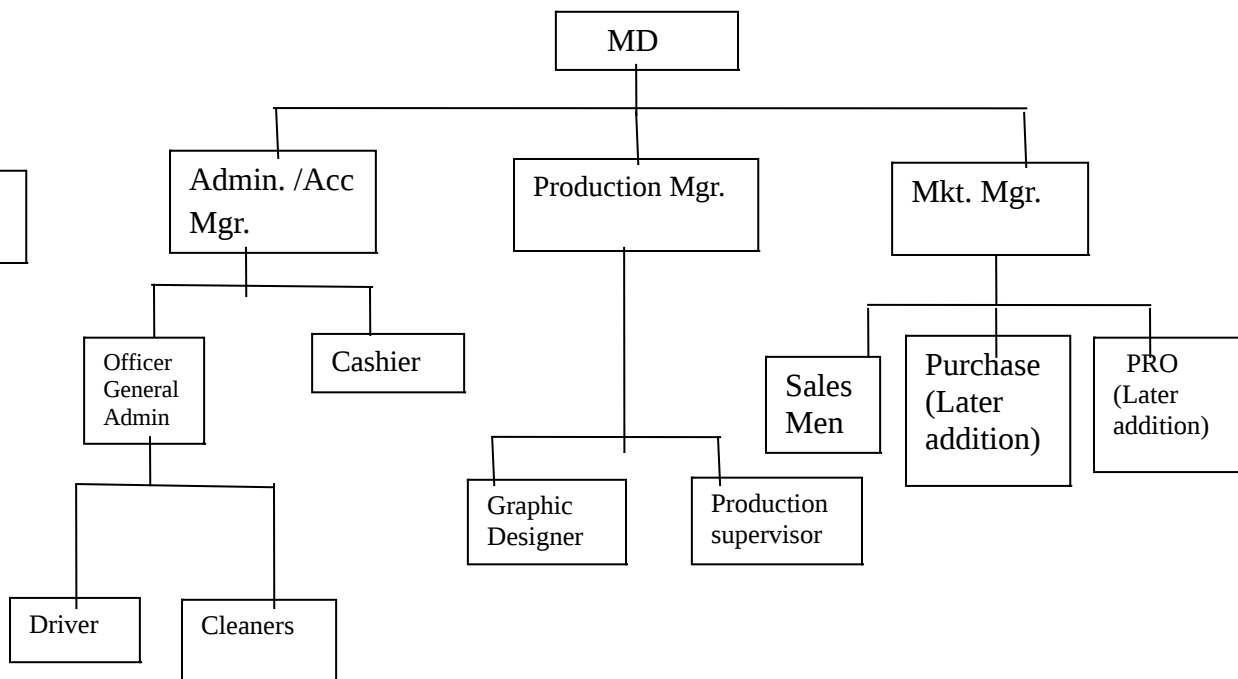
### 6.12 Management team

- I. Chief Executive manager- Asogwa Gift Lawrence (B.Sc)  
Admin/Act manager- Obere Aju B.S.C TCE with 6yrs experience.  
Marketing manager – Ugwu Uka, B.S.C marketing with 5yrs experience.

II. Predict future management needs

1. Buildings
2. Equipment/furniture
3. Employ more labour.

## ORGANIZATION STRUCTURE



### 6.14 The personnel plan (staffing and salary structure)

S/n	Position	No. of staff	Salary per staff per month	Total annual salary
1.	Proprietor / M.D	1	20,000.00	240,000
2.	Production Manager	1	20,000.00	240,000
3.	Admin/Accounts Mgr.	1	20,000.00	240,000
4.	Marketing Manager	1	20,000.00	240,000
5.	Officer General Admin	1	20,000.00	240,000
6.	Production Supervisor	1	20,000.00	240,000



7.	Technical Officer	1	20,000.00	240,000
8.	Cashier	1	20,000.00	240,000
9.	Sales men	3	20,000.00	240,000
1 0		1	20,000.00	240,000
1 1	Drivers		20,000.00	240,000
	Sub Total (i.e. For 6 persons)*			1,440,000
	<b>GRAND TOTAL</b>			<b>N1,440,000.00</b>

\*Personnel in the business carry out dual or triple functions, salary does not multiply due to function.

### 6.15 External support (Out sourcing):

The materials/tools needed in production are gotten directly from the main dealers in order to cut cost and maintain a competitive price.

### 6.16 Organization's values and norms:

- a. To ensure customer satisfaction.
- b. Quality product is the key word.
- c. To maintain a good and competitive business standard.
- d. Integrity and efficiency.

## PART V

### 7.10 Legal, regulatory, social, and environmental issues

#### 7.11 legal Issues:

There are no legalities with which Heaven Events and Tourist Center is associated.

#### 7.12 Regulatory and Environmental Issues.

##### A. Regulatory Issues:

- x. Heaven Events and Tourist Center is not a regulated product and with no regulatory agency.

##### B. Environmental Issues:

- i. The by-products are pieces of nylon and fabric.
- ii. The by-products are not bio-degradable.
- iii. The by-products comes in little quantity, and are collected for disposal or recycling by Environmental agencies.

## 8.10 Financials

### 8.11 Equipment machinery and others costs:

Heaven Events and Tourist Center would need the following equipment, machinery and others to operate. The cost implications of these are shown in the table below.

S/ N	Investment (Equipment and others)	Qt y.	Unit cost (N)	Total cost (N)
1.	Land			
2.	Building (Existing) Rent			100,000
3.	Equipment and Machine:			
	i Computers and software	1	90,000	360,000
	ii Scanner/Printer	2	15,000	30,000
	iii Stencil Cutter	2	10,000	20,000
	xi. Tables	2	5,000	15,000
	xii. Pressing Iron	3	13,000	39,000
	xiii. Heat Transfer Machine	3	55,000	165,000
	xiv. Clothes Rack	2	6,000	18,000
	xv. Shelves	2	8,000	16,000
	xvi. Generator	2	40,000	80,000
	xvii. Air Conditioner	2	100,000	200,000
	xviii. Furniture and fittings	1		80,000
	xix. Mannequins	2	30,000	60,000
	<b>TOTAL INVESTMENT</b>			<b>N1,453,000</b>

### 8.12 SALES PLAN

	Year 1	Year 2	Year 3
Product/Service	T-COPS	T-COPS	T-COPS
Product/Service Quantity (Volume)	12,000	18,000	240,000
Price per unit	2000/5000	2000/5000	2000/5000
Sales	27,600,000	41,400,000	55,200,000

### 8.13 COST PLAN

	Year 1	Year 2	Year 3
Product/Service	T-COPS	T-COPS	T-COPS
Product/Service Raw Material Volume kg	12,000	18,000	24,000
Cost per unit	1400	1400	1500
Cost of raw inputs	16,800,000	25,200,000	36,000,000

### Imported Raw Materials & Other Inputs (at Full Capacity)

Items	Unit cost ₦	Quantity Required/Annum		Customs Duty (%)
		Current (Existing)	Proposed (After Expansion)	
a. Heat Transfer Machine	55,000	3(165,000)	7(385,000)	5% (27,500)
b. Stencil Cutter	10,000	2(20,000)	4(40,000)	2% (1200)
<b>Total</b>	<b>65,000</b>	<b>(185,000)</b>	<b>(425,000)</b>	<b>7% (28,700)</b>

#### (a) Local raw material and other inputs

Items	Unit Cost ₦	Quantity Required/Annum	
		Current (Existing)	Proposed (After Expansion)
a. Top	600	12,000	18,000
b. Printing Ink	800	80,000	120,000
c. Packaging	100	12,000	18,000
d. Brand labels	50	600,000	900,000
<b>Total</b>	<b>1550</b>	<b>704,000</b>	<b>1,056,000</b>

The sources of material input for Triple Clothing Operations is as shown in the table below

#### (b) Sources of material input for Heaven Events and Tourist Center

Item	Source
a. Skirts	Lagos
b. Printing Ink	Onitsha
c. Packaging	Lagos
d. Brand Labels	Lagos

### 8.15 General cost of Administration

The cost structure shown below is as currently applied and it is hoped it will remain so even after increases has been achieved in output

<b>Item</b>	<b>Current (for existing projects only (N)</b>	<b>Proposed (for new/expansion projects) (N)</b>
a. Rates (Rent Rate)	100,000	100,000
b. Traveling Expenses/Telephone	30,000	30000
c. Stationery & Sundry Exp.	20,000	20000
d. Vehicle Running Expenses	50,000	50,000
e. Insurance	10,000	10,000
f. Electricity/others	36,000	36,000
<b>TOTAL</b>	<b>246,000</b>	<b>N346,000</b>

### 8.16 Preliminary & Pre-Operating Expenses (For New Projects Only)

The following expenses were incurred as a result of running around to organize men and materials needed to launch Heaven Events and Tourist Center into commercial production.

<b>Item</b>	<b>Amount</b>
a. Company Incorporation	40,000
b. Increase in Authorized Share Capital	NIL
c. Traveling Expenses	30,000
d. Preparation of Business Plan/F.S.	10,000
e. Consultancy	5,000
<b>TOTAL</b>	<b>85,000</b>

### 8.17 Working Capital Projection (to cover the gestation period)

<b>Working capital items</b>	<b>Year 0 (N)</b>	<b>Year1 N</b>	<b>Year 2 N</b>	<b>Year3 N</b>
Stock of raw material (skirts for 30 days value)	600000	600000	900000	120000
Stock of raw material (Printing Ink for 30 days value)	6400	6400	9600	12000
Stock of raw material	1200000	1200000	1800000	240000

(Packaging for 30 days value)				0
Stock of raw material (Brand Labels for 30 days)	50000	50000	50000	50000
Stock of Finished Goods for 30 days value	1400000	1400000	2100000	300000
Provision for utilities and others: 1 month need of annual utilities	80000	80000	80500	82000
Salaries/wages ( 2 months provision)	120000	120000	180000	240000
Debtors: 10 days value of annual sales	NIL	756160	134250	151233
	3456400			0
Less creditor: 20 days need of raw materials	NIL	920550	1380820	197260
<b>Working capital</b>	3456400	3292010	4711530	652373
				0
Increase/Decrease in working capital	—	164390	1165130	306733
				0

The working capital needed to get the business running as planned is N3, 456, 400 (three million four hundred and fifty six thousand, four hundred naira only)

### 8.18 Startup Capital Needed

The funds needed for fixed asset investments, working capital and pre-operating expenses add up to give us the initial total investment outlay for Heaven Events and Tourist Center. As shown in the table below

S/n	Item of Expenditure	Amount
1	Fixed asset investment (Equip. Machinery and other requirements)	1,453,000
2	Working Capital	3,456,200
3	Pre-operating Expenses	85,000
	<b>Initial Total Investment Outlay</b>	<b>N4,994,400</b>

Thus the start-up capital need to launch Good Life Ltd into commercial production is N4, 994, 400.00 (Four million, nine hundred and ninety four thousand four hundred naira only).

### 8.19 Financing Plan

To raise the start-up capital, the table below shows how the capital requirement will be funded

S/n	Source of Fund	Amount (N)
1	Owner's capital	1,000,000
2	Bank Loan	3,000,000
3	Grant winnings	1,000,000
	<b>Total</b>	<b>N5,000,000</b>

### 8.20 Loan Repayment and Interest payment schedule.

Year	Loan/Loan Bal B/d	Interest	Annual Installment	Loan Repayment	Loan Bal c/f
	A	B	C	D	E
	A	$B = r(A) - 9\%$	C (A value in eqn. 1)	$D = C - B$	$E = A - D$
0	1000000.00	N/A	N/A	N/A	3000000
1	3000000.00	270,000	810,000	540,000	2730,000
2	1600000.00	144,000	432,000	288,000	1312,000
3	560,000.00	50400	151,200	100,800	459,200

**Note:**

$$PV = \frac{A(1+r)^{-n}}{r} \dots\dots\dots (1)$$

Where: PV = Loan amount; A = Annual Installment; r = rate of interest per annum; and n = tenure of loan in years.

### 8.21 Schedule of Depreciation

S/n	Item of Depreciation	Initial value	Scrap value	Life span (yrs)	Depreciation
1	Building	100000	80000	50	400
2	Computer/software	90000	50000	5	8000
3	Scanner/Printer	15000	10000	5	1000
4	Stencil cutter	10000	6000	20	200
5	Tables	5000	3000	5	400
6	Pressing iron	13000	8000	5	1000

7	Heat Transfer Machine	55000	30000	5	5000
8	Clothes racks	6000	3000	5	600
9	Shelves	8000	4000	10	400
10	Air conditioner	40000	20000	20	1000
11	Generator	100000	40000	10	6000
12	Furniture/fittings	80000	30000	20	2500
13	Mannequins	30000	15000	10	1500
	<b>Total Depreciation</b>				<b>₦28,000</b>

$$\text{Dep.} = (\text{iv} - \text{sv})/\text{ls}$$

Where; Dep. = Total depreciation; iv = initial value; sv = scrap value; and ls = life span of asset.

## 8.22 Final Account Projection

This comprises of the profit and loss account, cash flow statement, and the Balance sheet. The entries made here are from earlier sections.

### 8.23 Estimate of Profit and Loss Account for the first 3 years for Heaven Events and Tourist Center.

Particulars	Year 1	Years 2	Years 3
Sales	27600000	41400000	55200000
Net Sales	27600000	41400000	55200000
<b>Less Expenses:</b>			
Cost of raw materials	16800000	25200000	36000000
Salaries	120000	180000	240000
Rent	100000	100000	100000
Telephone/Travels	30000	30000	30000

Electricity	36000	36000	36000
Advertising	20000	20000	20000
Entertainment	10000	10000	10000
Insurance	10000	10000	10000
Legal	45000	5000	5000
Office Supplies	20000	20000	20000
Motor Vehicle maintenance	50000	50000	50000
<b>Total Expenses</b>	<b>17241000</b>	<b>25661000</b>	<b>36521000</b>
<b>Profit before Tax/Int</b>	<b>10359000</b>	<b>15739000</b>	<b>18679000</b>
Less Interest	200000	160000	56000
<b>Profit After Interest</b>	<b>10159000</b>	<b>15579000</b>	<b>18623000</b>
<b>Taxable Profit</b>	<b>10159000</b>	<b>15579000</b>	<b>18623000</b>
Less Tax (20%)	51795	786950	933950
Profit After Tax	10107205	14792050	17689050
Less Annual depreciation	28000	56000	84000
<b>Net Profit</b>	<b>10079205</b>	<b>14792050</b>	<b>17605050</b>
<b>Appropriations</b>	<b>Year</b>	<b>Year 2</b>	<b>Year 3</b>
Retained servings	6000000	8841630	10536030
Dividend	4079205	5894420	7042020

#### 8.24 Cash flow Projection for Good Life Vita

	<b>Yr 0 (N)</b>	<b>Yr 1 Total (N)</b>	<b>Yr 2 Total (N)</b>	<b>Yr 3 Total (N)</b>



<b>Cash In</b>				
Bank Loan	2000000	————		————
Sales Income	————	27,600,000	41,400,000	55,200,000
Equity	2000000	————	————	————
<b>Total Cash In</b>	2000000	27,600,000	41,400,000	55,200,000
<b>Cash Out</b>				
Admin. Outgoings.	————	50000	50000	50000
Marketing		20000	20000	20000
Cost of Goods		16800000	25200000	36000000
Interest Expenses		200000	160000	560000
Loan Repayment		400000	1440000	560000
Initial Investments	1453000	————	————	————
Salaries		120000	180000	240000
Motor vehicle maintenance		50,000	50,000	50,000
Dividends		4079205	5894420	7042020
<b>Total Cash Out</b>	<b>1453000</b>	<b>21719205</b>	<b>32994420</b>	<b>43468020</b>
<b>Net Cash Flow</b>	<b>NIL</b>	<b>5880795</b>	<b>8405580</b>	<b>11731980</b>
Opening cash Bal	NIL	NIL	5880795	14286375
<b>Closing cash Bal</b>	<b>NIL</b>	<b>5880795</b>	<b>14286375</b>	<b>26018355</b>

### 8.25 Balance of Sheet of Heaven Events and Tourist Center for the 1<sup>st</sup> 3 years

Balance Sheet Assets	Yr 0	Yr 1	Yr 2	Yr 3
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<b>Fixed Assets:</b>				
Land Machinery & others	1453000	1453000	1453000	1453000
Less Cum. Dep.	NIL	28000	56000	84000
Total Fixed Assets (A)	1453000	1425000	1397000	1369000
<b>Current Assets:</b>				
Cash (use as balancing item)	285000	876700	1071180	1459060
Debtors	NIL	756160	1134250	1512330
Stock	3256400	3256400	4859600	6662000
<b>Total Current Assets (B)</b>	<b>3541400</b>	<b>4889260</b>	<b>7065030</b>	<b>9633390</b>
<b>Total Assets (C)</b>	<b>4994400</b>	<b>6314260</b>	<b>8462030</b>	<b>11002390</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Creditors	NIL	920550	1380820	1972600
Dividend	NIL			
Short Term Loan	-	400000	1440000	560000
Total Current Liabilities (D)	NIL	1320550	2820820	2532600
<b>Long Term Liabilities</b>				
Long Term Loan	2000000	1600000	560000	NIL
Other (specify)	-	-	-	-
<b>Total Long Term Liabilities (E)</b>	<b>2000000</b>	<b>1600000</b>	<b>560000</b>	<b>NIL</b>
<b>Long + Short Term Liab. (F)</b>	<b>2000000</b>	<b>1676450</b>	<b>3380820</b>	<b>2532600</b>

<b>Shareholders' Equity (C-F)</b>	299440	4637810	5081210	8469790
<b>Shareholders' Equity:</b>				
Capital (Shares)	2000000	2000000	2000000	2000000
Retained Profits	NIL	6000000	8841420	10536030
Total shareholders fund (G)	2000000	8000000	10841420	12536030
Total Liabilities (F+G)	4994400	12637810	41222240	15068630

### 8.26 Ratio Analysis

Type of ratios	Year 1	Year 2	Year 3
<b>Liquidity ratios:</b>			
a. Current ratio	3.70	2.50	3.80
b. Acid test ratio	1.23	0.78	0.11
<b>Leverage ratios:</b>			
a. Debt equity ratio	0.15	0.03	—
<b>b. Debt capitalization ratio</b>	0.26	0.03	—
<b>Loan coverage ratio</b>			
a. Interest coverage ratio	51.80	98.40	333.55

b. Assets coverage ratio	3.95	15.11	—
<b>Profitability ratio</b>			
a. Return on capital employed	99.18%	110.54%	160.50%
b. Net profit margin	37.53%	38.02%	33.84%

## 10.0 Risk Analysis, Contingency plan, and Exit Strategy:

### 10.10 Risk Contingent Analysis

Heaven Events and Tourist Center has identified the risks discussed in the table below.

Actions taken to guard against the risk are given as Mitigants

S/n	Risks	Mitigants
1.	Inadequate start - up demand	Aggressive promotion and advertising campaigns.
2.	Unexpected adverse events	Appropriate insurance policy will be taken
3.	High unexpected entrance of many competitors due to the fact that the business is profitable	Use of trade secret to keep product formulation formula secret from potential competitors. Also continuous aggressive marketing will be sustained

### 10.12 Contingency Plan & Exit Strategy

The project promoters do not foresee a situation where it will fail. However, if the scenario tends to failing, the business can easily be sold since the equipment can easily be used for other things. Alternatively, the business can easily open other lines of business and diversify.

## **PART VIII**

### **11.10 Other Consideration and Conclusions**

#### **11.11 Economic Justification**

This project can deliver incense benefits like job creation, contribution to GDP, gross capital fornation, gross domestic product (GDP). Particularly it will:

1. It will provide job for 6 persons
2. It will contribute more than ₦ 14,000,000 to Gross Capital
3. It will contribute more than ₦307 Million to the GDP in the next three years.

#### **11.12 Commercial Viability**

The project is very profitable as it will generate more than ₦38 Million in profit in the next three years. The liquidity positions are: ₦5, 880,795.00, ₦14, 268,375.00; and ₦26, 018,355.00 for year 1, 2, and 3 respectively. Equally share holders net worth will increase from ₦3, 000,000 operation to over ₦17, 605,050.00 at the inception of business by the third year of operation.

#### **11.13 Conclusion and Recommendation:**

In view of the technical feasibility and commercial viability of the project, it is highly recommended for implementation and funding.