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**UNIVERSITY OF NIGERIA, NSUKKA**

**FACULTY OF ARTS**

**DEPARTMENT OF MASS COMMUNICATION**

TOPIC:

BUSINESS PLAN ON LAUNDRY SERVICES

AN ASSIGNMENT

SUBMITTED IN PARTIAL FULFILMENT IN  
REQUIREMENT OF THE COURSE (BUSINESS  
DEVELOPMENT AND MANAGEMENT) CED 342

BY

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LECTURER:

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# **BUSINESS PLAN**

## **PART I**

### **Executive Summary**

The business whose summary appears below is derived from the fact that there are a lot of people in the society today that have very busy schedules due to office works, busy business schedules and other engagements and therefore, they have little or no time for their laundry

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

The name of the Business is FABRICARE dry cleaning firm limited.

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

EZY dry cleaning firm limited is a private limited liability company registered with Corporate Affairs Commission (CAC) with CAC registration number RC212701.

#### **1.13 Contact Address**

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No. 9 University market road, Nsukka.

**Mobile phone:** 08160836074

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

EZY dry cleaning firm is a service based business firm that renders laundry services and also offers home delivery services after taking care of the laundry.

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

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

EZY dry cleaning firm is a service oriented business firm. We take care of laundry i.e. by washing, drying, starching, ironing and sealing.

##### **Customers**

Public members, especially the busy workers who don't usually have time to do their laundry.

##### **Owner(s)**

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FABRICARE, as already hinted is a private business firm with the following shareholding structure:

1. Ms. Martha Ifeanyichi- 33.33%
2. Mr. Nnamdi Alfred Mbubah - 33.33%
3. Mr. Obumneme Obiajulu Mgba-okolo - 33.33%

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

By the time the company is up and running, it is expected that it will create direct jobs for 8 persons

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

The following are the components of the required startup capital

a. Investment (Equipment, machinery and others)	N1,481,000
b. Working Capital and pre-operating expenses	N1,519,000
	<b>Total = N3, 000,</b>

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	<b>000.00</b>
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## **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	N3, 000, 000.00
	<b>Total</b>	<b>N3, 000, 000.00</b>

### **1.110 Profitability:**

The net profits over the years are:

1. Year 1 = N1, 302,400

2. Year 2 = N2, 978,000

3. Year 3 = N3, 542,100

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

The liquidity levels over the years are:

1. Year 1: 297.77

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2. Year 2: 13.039

3. Year 3: 11.359

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

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## **PART II**

### **2.10 General Introduction**

### **2.11 Background**

Understanding the fact that many Nigerians (especially those with white collar jobs and business oriented), do not have enough time to take care of their laundry; the need for am came into being. EZY dry cleaning firm is a laundry and dry cleaning firm that aims to render the best of services to their customers by taking good care of their clothes and also delivering them at speculated dates and time

### **2.11 Vision Statement**

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To be known as the best and most reliable laundry and dry cleaning firm in town and in Nigeria at large.

## **2.12 Mission Statement**

To keep making it easy for those very busy ones to wear clean and well ironed clothes at all times.

## **2.13 The Company**

The firm is a legal personnel registered with the name FABRICARE Ltd. The firm started with three major promoters who came together with the motive of rendering quality dry cleaning services using their personal funds to start up the business. They are therefore the core owners of the firm

## **2.14 Products or Services offered**

FABRICARE runs laundry services and also offers home delivery services

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



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EZYFABRICARE is a Private Limited Liability Company. The project promoters are:

1. Miss. Martha Ifeanyichi- 33.33%
2. Mr. Nnamdi Alfred Mbubah - 33.33%
3. Mr. Obumneme Obiajulu Mgba-okolo - 33.33%

## **2.16 Location of the Business**

1. The business will be located at No. 9 Aku road, Nsukka.

## **2.18 Industry Trend and Analysis**

We operate as a business that renders quality services to people. The demand for the services has been on an increase as a result of the busy schedule of some individuals

## **2.19 Business Strategy**

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FABRCARE will make sure that her business is known for her quality services. Her major target market is the business oriented and office workers and any other individual who desires quality laundry

## **2.20 Key Success Factors**

Our main key success factor is the high quality services we give our customers by giving their laundry a perfect dry cleaning procedure. Moreover, the cost of our services is affordable and also profitable to our advantage. The cost of our services also makes FABRICARE aggressive in the competitive market.

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## **PART III**

### **3.10 The Market and marketing plan**

The major target market is Nsukka metropolis especially UNN campus, reasons being that it has a large number of working class and business people.

### **3.11 Sales and market share analysis:**

Despite the fact that there are already existing dry cleaning firms within the area, FABRICARE dry cleaning firm stands a chance of gaining more customers than them because of their high quality services at very affordable prices.

### **3.12 Key competitors and competitive advantage:**

FABRICARE will possibly face two types of competition as discussed in the sections below.

#### **a. Direct Competition**

<b>Produ</b>	<b>Competit</b>	<b>Strengths</b>	<b>Weaknesses</b>
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<b>cts</b>	<b>ion Type</b>		
Snow white	Direct competition	1.Branded 2.Already established	1.Fixed cover market 2.Unaffordability
Grace Manor	Direct competition	1.Branded 2.Already established	1.Fixed cover market 2.Unaffordability

### **b. Indirect Competition**

<b>Products</b>	<b>Competition Type</b>	<b>Strengths</b>	<b>Weaknesses</b>
Home laundry	Indirect competition	Saves money	Imperfection

## **2.11 SWOT Analysis**

FABRICARE has some weaknesses, strengths, opportunities and threats. These are discussed below:

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**A. Strength**

- 1. High quality service
- 2. Friendly staffs
- 3. Affordability
- 4. Home/delivery services

**B. Weaknesses**

- 1. Low capital

**C. Opportunities**

- 1. Growing demand as a result of increase in a man's daily activity

**D. Threats**

- 1. Fluctuation in the prices of inputs like detergents.

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

<b>Details</b>	<b>Size (kg)</b>
Potential demand targeted (Adult pop. Demand potential in South East Nigeria)	2500 people

Less 30% existing competitors estimated by industry watcher to consume	750people
<b>Available market (in the absence of expansion and very high entry wall)</b>	<b>1750 people</b>
Less 10% due to possible expansion of existing competitors/entrant of new ones	175people
<b>Available market</b>	<b>1575people</b>
Less 5% due to error in estimation	78people
Available demand/qualified market/demand supply gap	1497people
<b>Initial installed capacity cat most 60% of available demand (served market)</b>	<b>886people</b>

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## **4.10 Marketing Plan**

### **4.11 Market segmentation:**

This is very important so as to accurately target marketing efforts in such a way as to yield best results. Segmentation here considers financial muscle- whereby cognizance is given to different financial capacities of customers; location - which considers level of consumption that varies with location as a good segmenting tool, i.e. the choice of distribution channels, also the preferences of customers may vary in relation to their location i.e. rural and urban dwellers usually differ in their taste and demographic attributes - which considers age, health etc. specifically segmentation as adopted here looks at the following:

1. General adult population that desire to maintain their smart appearance.

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2. The aged adults who can no longer take care of their laundry by themselves and have nobody to do it for them.
  3. Bank and corporate office workers.
  4. Professors and lecturers in the university
  5. Hospitals.

#### **4.12 Target Market**

The target markets are:

1. Schools.
2. Hospitals.
3. Offices.
4. Individuals.

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

FABRICARE has the specifications shown in the table below:

<b>Product/ Service</b>	<b>Specification (Product / Service # 1)</b>
Denomination/ product line	FABRICARE



Specification (i.e. size, colour, and quality)	High standard services
Packaging	Packaging: clothes will be packaged in transparent nylons bearing our brand name

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

Product/ Service	1		
How much are customers willing to pay?	High est	Average	Low est.
	300	250	200
Competitors price	High est	Average	Low est.
	350	300	200
My price	200/ per clothes		
Reason for setting my price	To be price competitive, but remain profitable		
Margin for discount?	No		

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#### 4.15 **Market positioning Strategy:**

Being a new entrant into the market

FABRICARE plans to use aggressive marketing to win a comfortable market share in the cereal flour sector.

#### 4.16 **Marketing Mix Implementation Tools:**

The marketing mix implementation targets to use the following tools:

1. Competitive pricing
2. Good customer relationship
3. Advertisement and
4. Attractive packaging

#### 4.17 **Channel of distribution**

FABRICARE will render their services direct to their individuals

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

These are the planned actions to inform customers about the opening of the new business (i.e. posters, fliers, advertisement, radio, opening ceremony, church announcements, etc.) However, FABRICARE

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would utilize the following promotional activities:

1. Advertisement which would utilize the following media:

- a. Posters
- b. Advertisement
- c. Flyers (print media)
- d. Church announcements

#### 4.19 **Alliances:**

Registrations are made to be safe from public and authority. There will be no alliance with any other firms and associations.

#### 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>Dat</b>	<b>Marketing</b>	<b>Evaluati</b>	<b>Personn</b>	<b>Estima</b>
------------	------------------	-----------------	----------------	---------------

<b>e</b>	<b>plan</b>	<b>on Index</b>	<b>el</b>	<b>ted</b>
	<b>Activity</b>		<b>Involve</b>	<b>Costs(</b>
			<b>d</b>	<b>N)</b>
Start April 201 3 End April 201 3	Road shows in major targeted markets	Presence of flyers in major markets converte d	Outsourc ed	20,000. 00
Start April 201 3 End June 201 3	Church announceme nts in various denominatio ns	2 times a week	Outsourc ed	30,000. 00
<b>Tota</b> <b>I</b>				<b>50,000</b> <b>.00</b>



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## **PART V**

### **TECHNICAL ANALYSIS**

#### **5.10 Production plan:**

#### **5.11 The Project:**

FABRICARE is a firm that renders laundry services to the public. The focus of the firm is to take care of the laundry of customers using advanced technology thereby giving the laundry more quality. Moreover, FABRICARE package these laundries and render home delivery to customers who do not have the time to fetch their laundry directly from the office

#### **5.11 Production Process:**

The following basic steps are to be followed:

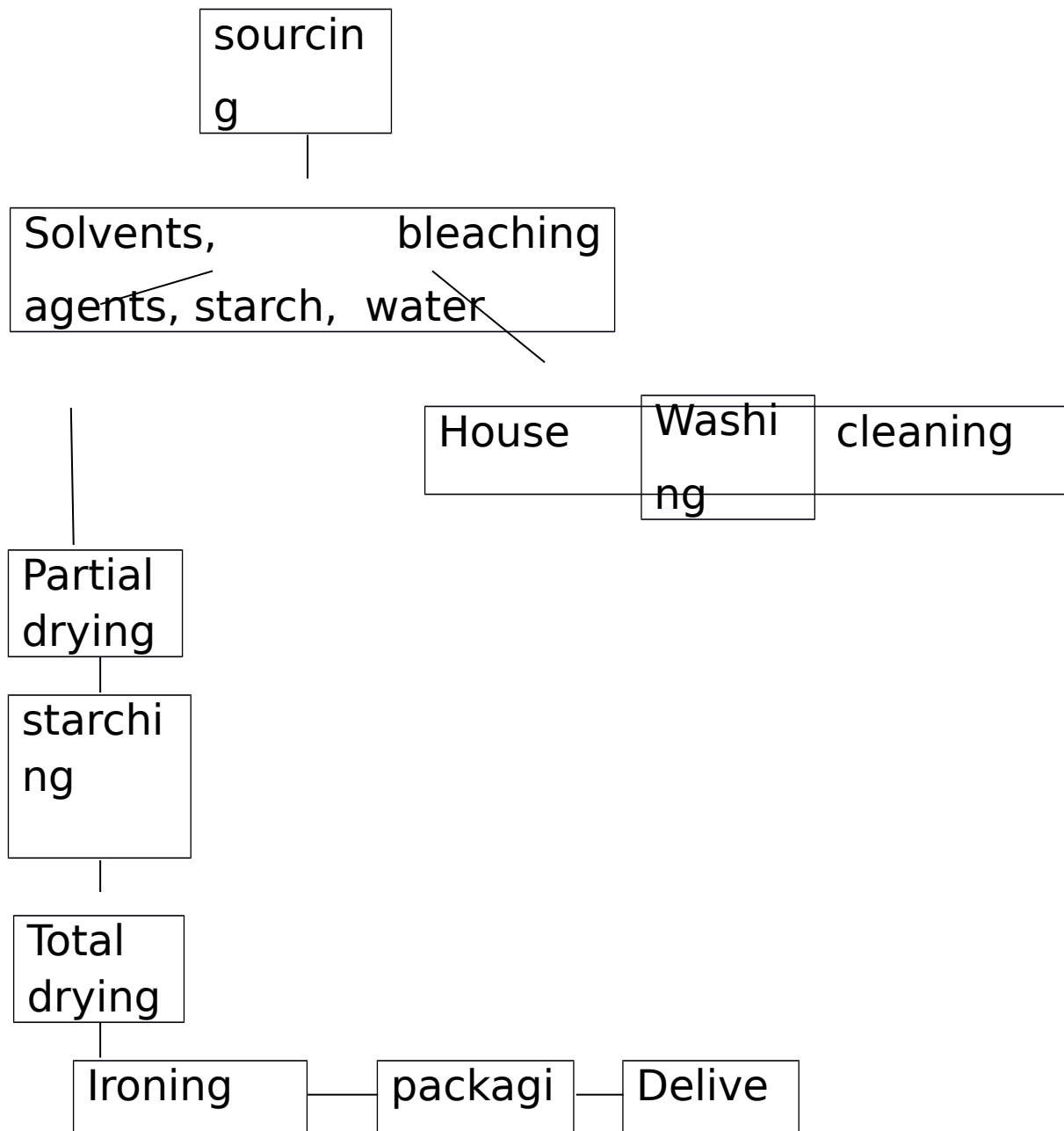
The clothes are first collected by the receptionist. They are then taken to the factory at the end of the day. The clothes are then washed in a washing machine, dried with a drying machine, starched, aired, ironed and

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packaged in a cellophane bag having our insignia on it.

### 5.12 The production flow chart

The diagram below shows the sequence of services FABRICARE provides



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ng

ry

### 5.13 The Production Schedule:

The commercial production schedule of FABRICARE has been articulated in the table below

		<b>Projected production schedule</b>				
		<b>Target ed output (kg)</b>	<b>Solven t raw input 1(litres )</b>	<b>Bleac h Raw input 2(litr es)</b>	<b>Star ch raw input 3 (litr es)</b>	<b>Wate r raw input 4(litr es)</b>
<b>1</b>	<b>Jan</b>	<b>265</b>	<b>5</b>	<b>10</b>	<b>30</b>	<b>200</b>
2	Feb	265	5	10	30	200
3	Mar	265	5	10	30	200
4	Apr	265	5	10	30	200
5	May	265	5	10	30	200
6	Jun	265	5	10	30	200
7	Jul	265	5	10	30	200
8	Aug	265	5	10	30	200



9	Se p	265	5	10	30	200
10	Oct	265	5	10	30	200
11	No v	265	5	10	30	200
12	De c	265	5	10	30	200
<b>1</b>	<b>Jan</b>	<b>348</b>	<b>10</b>	<b>18</b>	<b>45</b>	<b>250</b>
2	Fe b	348	10	18	45	250
3	Ma r	348	10	18	45	250
4	Apr	348	10	18	45	250
5	Ma y	348	10	18	45	250
6	Jun	348	10	18	45	250
7	Jul	348	10	18	45	250
8	Au g	348	10	18	45	250
9	Se p	348	10	18	45	250
10	Oct	348	10	18	45	250
11	No v	348	10	18	45	250
12	De c	348	10	18	45	250
<b>1</b>	<b>Jan</b>	<b>397</b>	<b>12</b>	<b>20</b>	<b>50</b>	<b>280</b>

2	Feb	397	12	20	50	280
3	Mar	397	12	20	50	280
4	Apr	397	12	20	50	280
5	May	397	12	20	50	280
6	Jun	397	12	20	50	280
7	Jul	397	12	20	50	280
8	Aug	397	12	20	50	280
9	Sept	397	12	20	50	280
10	Oct	397	12	20	50	280
11	Nov	397	12	20	50	280
12	Dec	397	12	20	50	280

### 5.15 Machinery, equipment, and other requirements

S/n	Investment (Equipments and others)	Qty	Life Span	Other comments
1	Land			
2	Building / bore hole		50 year	Existing

			s	
3	Equipments and machine			
	i Washing machine	5	5yrs	1 piece of this is existing
	ii Drying machine	5	6yrs	1 piece of this is existing
	iii Generator (30 KVA)	2	15yr s	1 piece of this is existing
	Iv Mini delivery bike	1	10yr s	1 piece of this is existing
	v iron	5	2yrs	Yet to be procured
	vi Ironing table	5	5yrs	2 pieces of these are existing
	vii. conveyor	3	5yrs	Yet to be procured
	viii. loose tools		20yr s	Existing
	. Nylon			
	. Hangers			
	. Furniture/fixtures /fittings			

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## **5.16 Technology:**

FABRICARE laundry services limited makes use of the process technology in rendering their and there is no form of production technology in the firm. The drying machine is imported from Germany and the ironing table and iron are fabricated locally. The washing machine is also imported.

## **6.10 Management and Organizational Structure**

### **6.11 Shareholders/ Directors:**

The key promoters of the project are Mrs. Ifeanyichi Martha, Mr. Mgba-okoloObumneme and Mr. MbubahNnamdi. The shareholding structure is as shown below:

Ms. Ifeanyichi Martha - 33.33%

Mr. Mgba-okoloObumneme - 33.33%

Mr. MbubahNnamdi - 33.33%

### **6.12 Management team**

Managing Director - Mgba-okoloObumneme (B. Eng with 3 years' experience

General Manager - MbubahNnamdi. B.Eng Mechanical Engineering with 3years' experience

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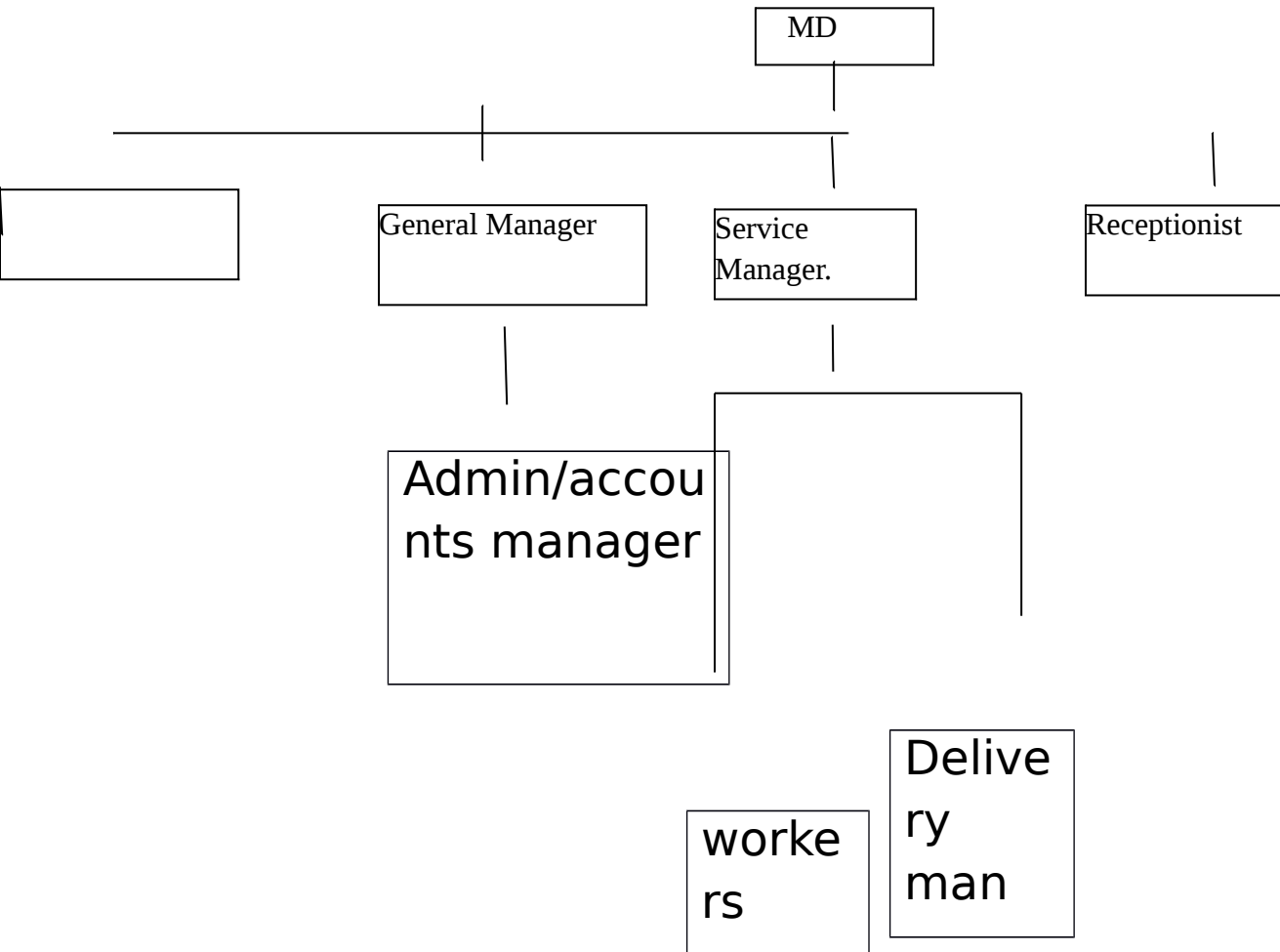
Admin/Account Manager -Ifeanyichi Martha. B.  
Eng with 6 years experience

It is the expectation of project promoters that the business would have rapid growth. If this happens the Accounts function would be separated from the administration function and new but capable hands would be hired to man the vacancies created.

### 6.13 Organizational structure:

This shows the hierarchy in the management using an organizational chart

#### ORGANIZATION STRUCTURE



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

S/n	Position	No. of	Salary per staff	per per	Total annual
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		staff	month	salary
1.	Managing director	1	120,000	1,440,000
2.	General manager	1	80,000	960,000
3.	Account manager	1	70,000	840,000
4.	Service supervisor	1	50,000	600,000
5.	Receptionist	1	20,000	240,000
6.	Workers	5	75,000	900,000
7.	Delivery man	1	10,000	120,000
	Add 5% fringe benefits			
	<b>TOTAL</b>		4	5,100,000
			25,000	0

### 6.15 External support(Out sourcing):

There will be no need for outsourcing because most of the raw materials will be gotten from

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nsukka(where the business is located). Also, the business is not versatile as its services are limited to just the laundries of our customers.

## **6.16 Organization's values and norms:**

FABRICARE's core values are as listed below:

- a.To carry out services on the best ethical standards
- b.To show highest level of integrity and honesty.
- c.To maintain quality at all times.
- d.To maintain good friendly relationship with customers

## **PART V**

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

#### **7.11 Regulatory and Environmental Issues.**

##### **A. Regulatory Issues:**

Fabricare is not a regulated product or service and hence does not require a regulatory agency

##### **B. Environmental Issues**



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There are no by products produced by Fabricare LTD. Rather, waste products are produced which are properly disposed.

## 8.10 Financials

### 8.11 Equipment machinery and others costs:

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

<b>S/ N</b>	<b>Investment (Equipment and others)</b>	<b>Qt y</b>	<b>Unit cost (N)</b>	<b>Total cost (N)</b>
1.	Land			
2.	Building (Existing) with Borehole	1		800,000
3.	Equipment and Machine:			
	i. Washing machine	5	35,00	175,000

			0	
	ii. Drying machine	5	45,00	225,000
			0	
	iii. Generator	2	50,00	100,000
			0	
	iv. Delivery bike	1	80,00	80,000
			0	
	v. Loose tools			5,000
	vi. Furniture and fittings			25,000
	<b>TOTAL INVESTMENT</b>			<b>N1,481,000</b>

## 8.12 SALES PLAN

	Year 1	Year 2	Year 3
Product/Service	Fabricare dry cleaning	Fabricare dry cleaning	Fabricare dry cleaning
Product/Service Quantity (Volume)	1 cloth	1 cloth	1 cloth

Price per unit	200	250	270
Sales	6,720,000	8,400,000	9,072,000

### 8.13 COST PLAN

	Year 1	Year 2	Year 3
Product/Service	Fabricare dry cleaning	Fabricare dry cleaning	Fabricare dry cleaning
Product/Service Raw Material Volume kg			
Cost per unit	181	200	220
Cost of raw inputs	171,200	21,200	26,000

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

Items	Unit Cost ₦	Quantity Required/Annum	
		Current (Existing)	Proposed (After Expansion)

a.Solvent (perc)	1000/ 1 litre	10 litres	10 litres
b.Bleachin g agent	150/1.5 litres	144 litres	144 litres
c. Starch	500/1.5 litres	144,000 litres	144,000 litres
d. Water	5/1 litre	200 litres	200 litres
<b>Total</b>			

The sources of material input for FABRICARE is as shown in the table below

**(b) Sources of material input for FABRICARE**

Item	Source
a. Solvent (perc)	Enugu
b. Bleaching Agent	Nsukka
c. Starch	Nsukka
d. Water	Nsukka

**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 (₦) for Annum</b>	<b>Proposed (for new/expansion projects) (₦)</b>
a. Rates (Water Rate)	20,000	20,000
b. Traveling Expenses/Telephone	15,000	15,000
c. Stationery & Sundry Exp.	10,000	10,000
d. Vehicle Running Expenses	500,000	500,000
e. Insurance	150,000	150,000
f. Electricity/other S	300,000	300,000

g. Other Expenses	50,000	50,000
<b>TOTAL</b>	<b>1,045,000</b>	<b>1,045,000</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 FABRICARE into commercial production.

<b>Item</b>	<b>Amount</b>
a. Company Incorporation	50,000
b. Increase in Authorized Share Capital	NIL
c. Traveling Expenses	5,000
Preparation of Business Plan/F.S.	2,000
Others (please specify)	NIL
<b>TOTAL</b>	<b>57,000</b>

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## Notes:

- Fixed asset investment is also called fixed capital
- Fixed asset investment + working capital + Pre - operating expenses = Initial total investment outlay.
- “Pre - operating expenses” refers to all expenses incurred as a result of activities associated with setting up the business. Examples are: cost of writing the business plan; travelling expenses incurred before the business kick starts.
- WIP means work in progress; the intermediate state between raw materials and finished goods.
- FG means finished goods inventories; the final state of transformation of raw materials i.e. finished goods, before it is sold

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- The number of raw materials used to produce a given good/product could range from one to n in number.
  - For raw materials the length of the period of time n usually corresponds to the gestation period.
  - Debtors could be more in value than creditors or vice versa. If debtors are more, than it means the business is assisting in supporting the operations of customers. This could be done as a type of marketing strategy. On the other hand, if the creditors are more in value, then supplies are assisting in financing the business (this is usually done by way of trade credit).

### 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 (solvents [perc] 14 days value)	10,000	10,000	11,000	13,000
Stock of raw material (bleaching agent 14 days value)	1,800	1,800	2,000	2,500
Stock of raw material (starch 14 days value)	6,000	6,000	7,000	9,000
Stock of raw material ( water 14 days value)	1,000	1,000	1200	1,500
<b>Total</b>	18,800	18,800	21,200	26,000
Salaries/ wages	1,275,00	1,275,00	1,275,00	1,275,00
<b>Working</b>	1,293,8	1,293,8	1,296,2	1,301,0

<b>capital</b>	00	00	00	00
Increase/Decrease in working capital		0	2400	4800

The working capital needed to get the business running as planned is N1,519,000 (one million, five hundred and nineteen thousand naira only)

### 8.18 Start up 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 FABRICARE as shown in the table below

<b>S/n</b>	<b>Item of Expenditure</b>	<b>Amount</b>
1	Fixed asset investment (Equipt. Machinery and other requirements)	1,481,000
2	Working Capital	1,293,800
3	Pre-operating Expenses	57,000

	<b>Initial Total Investment Outlay</b>	<b>2,831,800</b>
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Thus the start-up capital need to launch FABRICARE into commercial production is N2,831,800.00 (two million eight hundred and thirty one thousand eight hundred naira only).

### 8.19 Financing Plan

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

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

### 8.20 Schedule of Depreciation

S/n	Item	of	Initial	Scrap	Life	Depreciati
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	Depreciation	value	value	span (yrs)	on
1	Building	800,000	500,000	50yrs	6,000
2	Washing machine	175,000	100,000	5yrs	15,000
3	Drying machine	225,000	175,000	6yrs	8,333
4	Generator	100,000	50,000	15yrs	3,333
5	Delivery bike	80,000	50,000	10yrs	3,000
6	Pressing iron	25,000	15,000	2yrs	5,000
7	Ironing table	10,000	8,000	5yrs	400
8	Conveyor	36,000	30,000	10yrs	600
9	Furniture	25,000	20,000	15yrs	333
10	Loose tools	5,000	0	20	250
<b>Total Depreciation</b>					<b>42,249</b>

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$$\text{Dep.} = (\text{iv} - \text{Sv})/\text{Is}$$

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

## 8.21 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.

### 8.22 Estimate of Profit and Loss Account for the first 3 years for Fabricare Ltd.

<b>Particulars</b>	<b>Year 1</b>	<b>Years 2</b>	<b>Years 3</b>
Sales	6,720,000	8,400,000	9,072,000
Net Sales	6,720,000	8,400,000	9,072,000
<b>Less Expenses:</b>			
Cost of raw materials	18,800	21,200	26,000
Salaries	5,100,000	5,100,000	5,100,000

Telephone/Travels	70,000	90,000	100,000
Advertising	50,000	52,000	55,000
Electricity/others	48,000	48,000	48,000
Insurance	100,000	100,000	100,000
Motor Vehicle maintenance	100,800	100,800	100,800
<b>Total Expenses</b>	<b>5,417,600</b>	<b>5,422,000</b>	<b>5,529,900</b>
<b>Profit before Tax/Int</b>	<b>1,302,400</b>	<b>2,978,000</b>	<b>3,542,100</b>
Less Interest	0	0	0
<b>Profit After Interest</b>	<b>1,302,400</b>	<b>2,978,000</b>	<b>3,542,100</b>
Less Tax (30%)	390,720	893,400	1,062,630
<b>Profit After Tax</b>	<b>911,680</b>	<b>2,084,600</b>	<b>2,479,470</b>
Less Annual depreciation	869,431	869,431	869,431
<b>Net Profit</b>	<b>42,249</b>	<b>1,215,169</b>	<b>1,610,039</b>

<b>Appropriations</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Retained servings	23,124	609,585	807,020
Dividend	19,125	605,584	803,019

### **8.23 Cash flow Projection for Fabricare .LTD**

	<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		—		—
Sales Income	—	6,720,000	8,400,000	9,072,000
<b>Total Cash In</b>	3,000,000	6,720,000	8,400,000	9,072,000
<b>Cash Out</b>				
Admin. Outgoings.		30,000	30,000	30,000
Marketing		50,000	50,000	55,000
Cost of Goods		18,800	21,200	26,000

Interest Expenses				
Loan Repayment				
Initial Investments	3,000,000	nil	nil	Nil
Salaries		5,100,000	5,100,000	5,100,000
Motor vehicle maintenance		100,800	100,800	100,900
Dividends		19,125	605,584	803,019
<b>Total Cash Out</b>	<b>3,000,000</b>	<b>5,318,725</b>	<b>5,907,584</b>	<b>6,114,919</b>
<b>Net Cash Flow</b>		<b>1,401,275</b>	<b>2,492,416</b>	<b>2,957,081</b>
Opening cash Bal			1,401,275	3,893,691
<b>Closing cash Bal</b>		<b>1,041,275</b>	<b>3,893,691</b>	<b>6,850,772</b>



**8.24 Balance of Sheet of FABRICARE Nigerian Ltd for the 1<sup>st</sup> 3 years**

Balance Sheet Assets	Yr 0	Yr 1	Yr 2	Yr 3
<b>Fixed Assets:</b>				
Land Machinery & others	1,481,000	1,481,000	1,481,000	1,481,000
Less Cum. Dep.	NIL	42,249	84,498	168,996
Total Fixed Assets (A)	1,481,000	1,438,751	1,396,502	1,312,004
<b>Current Assets:</b>				
Cash (use as balancing item)	2,613,425	4,450,723	5,311,920	6,124,987
Debtors		20,000	35,000	30,000
Stock	1,224,300	1,224,300	2,549,011	3,031,357
<b>Total</b>	<b>3,837,</b>	<b>5,695,0</b>	<b>7,895,</b>	<b>9,186,3</b>

<b>Current Assets (B)</b>	<b>725</b>	<b>23</b>	<b>931</b>	<b>44</b>
<b>Total Assets (C)</b>	<b>5,318,725</b>	<b>7,133,774</b>	<b>9,292,433</b>	<b>10,498,348</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Creditors				
Dividend		19,125	605,584	803,019
Short Term Loan				
Total Current Liabilities (D)		19,125	605,584	803,019
<b>Capital employed</b>	<b>1,481,000</b>	<b>1,419,626</b>	<b>790,998</b>	<b>508,985</b>
<b>Long Term Liabilities</b>				
Long Term				

Loan				
Other (specify)				
<b>Total Long Term Liabilities (E)</b>				
<b>Long + Short Term Liab. (F)</b>				
<b>Sharehol ders' Equity (C- F)</b>	5,318,7 25	7,133,77 4	9,292,4 33	10,498,3 48
<b>Sharehol ders Equity:</b>				
Capital (Shares)	7,118,7 25	7,118,72 5	7,118,7 25	7,118,72 5
Retained Profits		3,400,20 0	5,980,0 00	699,900

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Total shareholders fund (G)	7,118,725	10,518,925	7,716,725	7,818,625
Total Liabilities (F+G)	8,018,725	10,518,925	7,716,725	7,818,625

**Notes:**

a.Total Assets = Fixed Asset + Current + assets

b.Total Liabilities = Long term Liabilities + Current Liabilities + Shareholders Fund

c.Shareholders' Equity = Total Assets - Total liabilities

d.Capital Employed = Total Assets - Current Liabilities

e.Working Capital = Current Assets - Current Liabilities.

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## 8.25 Ratio Analysis

Type of ratios	Year 1	Year 2	Year 3
<b>Liquidity ratios:</b>			
a. Current ratio	297.77	13.039	11.359
b. Acid test ratio	233.76	4.267	7.664
<b>Leverage ratios:</b>			
a. Debt equity ratio	0	0	0
<b>b. Debt capitalization ratio</b>	0	0	0
<b>Loan coverage ratio</b>			

a. Interest coverage ratio	0	0	0
b. Assets coverage ratio	0	0	0
<b>Profitability ratio</b>			
a. Return on capital employed	43.41%	99.26%	118.07%
b. Net profit margin	19.38	35.45	39.04

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

### **10.10 Risk Contingent Analysis**

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FABRICARE Nig. Ltd has identified the risks discussed in the table below.

Actions taken to guard against the risk are given as Mitigants

<b>S/ n</b>	<b>Risks</b>	<b>Mitigants</b>
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

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FABRICARE do not foresee a situation whereby the business but if such cases should occur without remedy to the situation, the business will be sold.

## **PART VIII**

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

### **11.11 Economic Justification**

This project can deliver incense benefit of creating jobs. Particularly it will:

1. It will provide job for 8 persons

### **11.12 Commercial Viability**

The project is very profitable as it will generate more than ₦ 3.5 Million in profit in the next three years. The liquidity positions are: ₦ 1,401,275.00; ₦3,893,691.00 and ₦ 6,850,772.00 for year 1,2, and 3 respectively. Equally shareholders net worth



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will from ~~N~~ 5,318,725 operation to over ~~N~~ 10,498,348 at the inception of business by the third year of operation.

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

There will be no necessity for funds and implementation because of the limited services rendered by the firm.