

**UNIVERSITY OF NIGERIA, NSUKKA**

**FACULTY OF SOCIAL SCIENCES**

**DEPARTMENT OF POLITICAL SCIENCE**

**TOPIC:**

**GARDEN EGG CULTIVATION AND SELLING**

**A BUSINESS PLAN**

**SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENT  
FOR THE COURSE: CED 342  
(BUSINESS DEVELOPMENT AND MANAGEMENT)**

**BY**

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**LECTURER: DR. (MRS.) C.C. NWAOGA**

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## **PART I**

### **EXECUTIVE SUMMARY**

1.1 Below is a report and recommendation for the proposed PAULIKING Garden Egg Production owned and managed by Nwabueze Paul which is expected to locate at Nsukka Road Adani Opp. Wilson Plantation.

1.2 The proposed project is to be fully implemented with a start – up capital of ₦14,268,283.00, with ₦6,435,000.00 to be incorporated into fixed assets and ₦7,413,283.00 in the working capital, while the pre – operating expenses is to be allocated ₦420,000.00 of the total start –up capital.

1.3 The company’s vision is “to make most efficient use of resources available and produce a reliable and high-quality Garden Egg, and in the nearest future, have the best-selling of garden egg, Nsukka in Enugu State.”

1.4 The proposed project will be located at Adani town, Uzo Uwani Enugu State, because of the vast of land found there at cheap rate.

1.5 The financial projections reveal a good level of liquidity and stability. The projected turnover for year 1, year 2, year 3 respectively are ₦1,040,750, ₦1,940,749.99 and ₦11,047,750. The profit after tax for year 1, 2 and 3 respectively are also ₦13,226,500.00, ₦22,651,076.13 and ₦31,056,336.13 respectively. The above cash inflow is encouraging for the three years.

1.6 The company’s competitive edge lies in its ability to produce the best quality using cost – effective and efficient techniques.

1.7 The profitability indicators at extracted from the projections embodies in the plan are as follows;

**Table 1: projected profitability indicators**

| <b>Indicators</b>                       | <b>Year 1</b> | <b>Year 2</b> | <b>Year 3</b> |
|---|---------------|---------------|---------------|
| <b>Turnover</b> ₦                       | 3,055,200     | 3,360,720     | 3,696,792     |
| <b>Profit before Int. and Tax</b> ₦     | 19,695,000    | 32,938,900    | 44,682,678    |
| <b>Profit after tax</b> ₦               | 1,040,750     | 1,940,749.99  | 11,047,750    |
| <b>Return on owner's contribution</b> % | 1,040,750     | 1,940,749.99  | 11,047,750    |
| <b>Return on total investment</b> %     | 1,040,750     | 1,940,749.99  | 11,047,750    |

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### **1.1 CONCLUSION AND RECOMMENDATION**

From the point of view of the analysis of our findings, the proposed project is found to be technically feasible financially viable and economically desirable. The project offers good investment benefits. We recommend it for funding and implementation.

## **PART II**

### **2.0 Introduction:**

Garden Egg farm business is an attractive business even in a “developing” economy, ranking as one of the low risk farm business to get up and running, owing to the fact that it is not a seasonal fruit due to irrigation. You can start a successful garden egg business with relatively medium budget and few clientele and still turn profit. Due to increase in educational level in southern part of the country, people tend to have much interest in the intake of fruits, not only this due to scarcity of commercial garden egg it is now very hard to see pure garden egg. Because of the above reasons, PAULIKING Investment has decided to provide unbeatable pineapple orchard in the southern Nigeria to help reduce the risk of drinking saccharine in the name of pineapple juice, which at last have an adverse effect on our health. Keeping the health issue constant, PAULIKING investment will also reduce the rate the by which garden egg juice producing firm import garden eggs in our country.

### **2.1 VISION**

To be the most outstanding producer of garden egg in south east and environs.

### **2.2 MISSION**

To produce garden egg that will stand to meet the demand of our existing garden egg. using required machinery and the best specie of garden egg.

### **2.3 OWNERSHIP OF THE ENTERPRISE**

This garden egg farm is a sole proprietorship belonging to PAULIKING Investment This farm is be located at Adani, Uzo Uwani, Enugu State.

### **2.4 LEGAL STATUS**

There is no view of registering the farm with corporate affairs commission.

## 2.5 LOCATION AND FACILITIES

The business shall be located at Adani, Uzo Uwani, Enugu State

- Factors that formed my choice of the location are
- Availability of land
- Good geographical location
- Easy access to labour
- Few competitors
- Easy access to land
- High demand for garden egg
- The Facilities of the farm shall be rented land, local labourers and other farm implements.
- Cheap labour

## 2.6 SERVICES

PAULIKING Agro Investment produces garden egg in commercial quantity to serve the need of household consumption.

## 2.7 BUSINESS STRATEGY

Typically, garden egg farming is very easy to undertake, just that people run away from it due to the relative effect of whether. PAULIKING Agro investment seeks to fulfil the benefits that are important to her customers through:

- **Selection:** A wide selection of variety of good garden egg species.
- **Accessibility:** time to time supply of garden egg to customers.
- **Customer Service:** Customers will be impressed with the level of attention that they receive and immediate supply of garden egg thereby exceeding their expectations.

- **Competitive Pricing:** all of the offerings will be competitive relative to the true competitors found in the town.
- **Quality and Quantity strategy**
- **Adopting all time service provides**
- **Creating a customer friendly environment**

## 2.8 KEY SUCCESS FACTORS

The key success is to meet and exceed the customer's needs in terms of quality and enough quantity of pineapple. GL Agro investment key success factors are to:

- Generate repeat farming
- Increase Transaction amount per person and firm
- To reduce the rate of importation of garden egg abroad
- To mass produce garden egg.
- Continue to build brand awareness which will drive customers to increase their demand of GL Agro investment garden egg as well as be vocal to their friends about the positive experience they had.

## PART III

### THE MARKET

#### 3.10: Nature, location, size and attribute analysis:

The proposed garden egg orchard would be located at Adani, Uzo Uwani, Enugu State. I would like to expand the business in no due time and get to other states across the country.

#### 3.11: Sales and Market Share Analysis:

As for the market share, information about this can only be available when the sales must have kicked off. The projected sales for the three – year period is estimated to be 105,000.

#### 3.12: key competitors and competitive advantage:

##### a. Direct competition

| Competitor              | Strengths   | Weaknesses    |
|-------------------------|-------------|---------------|
| <b>Immaculate heart</b> | Good specie | Limited land  |
| <b>Loges</b>            | Good specie | Limited land. |
| <b>O'white</b>          | Enough land | Bad specie    |

#### 3.13 SWOT Analysis

**S- Strength of our business:** the strength of our business is the large land mass, and the use of good specie of garden egg, as well as workers who has good public relations.

**W-Weakness:** presently, the weakness lies in our inexperience, but this would be overcome in the nearest future.

**O-opportunity:** the absence of commercial producer of garden egg in that area.

**T-Threats:** our threat is that the weather might fluctuate and we wouldn't have a bountiful harvest.

#### 3.14 Products

Garden egg

#### 3.15 Product Description

It will be a Garden Egg of high quality

#### 3.16 Costing

The proposed business has its costs divided into:

- i. fixed assets investments
- ii. working capital
- iii. pre –operating expenses

### 3.17 Market demand:

It was located in Enugu state does not mean that here is the best place for it but it is because land, but by the help of farm van we will distribute it to where ever we want in south east.

### 3.18 Projected Annual demand for the three years

The projected annual demand for year 1, year 2 and year 3 respectively are estimated to be 80,000, 95,000 and 100,000 respectively.

### 3.19 Estimated Demand – supply Gap of Garden egg farming in Enugu State and its environs.

**Table 2: projected demand – supply gap of garden egg products**

| <b>Adjustment</b>  | <b>Demand – Supply gap</b> |
|--|----------------------------|
| Estimated average annual demand garden egg   | 32,750,000                 |
| Less 25% of existing supplies of garden egg in the area                                  | 8,187,500                  |
| Less 18% due to expansion of existing garden egg factories and establishment of new ones | 24,562,500<br>4,421,250    |
| Less 3% estimate error   | 20,141,250<br>604,237.5    |
| Estimated demand – supply gap  | 19,537,012.5               |
| Anticipated annual production of garden egg  | 275,000                    |

However, the plan is to produce about 10,000 bags of garden eggs yearly.



## PART IV

### MARKET, CUSTOMERS AND COMPETITORS

#### 4.0 Market Analysis

PAULIKING Agro Investment Garden Egg farm has an exciting business opportunity since it has few competitors to compete with the business at inception. Secondly there many markets for it in south east like okirika in Port Harcourt, Ariari in Aba, ogbe-ete in Enugu, Ogige Market Nsukka and main market Onitsha the rest of them.

#### 4.1 Customers, Market Segmentation, and attributes

This business has no segmentation in customers that patronize us. It is open to all class of human beings.

#### 4.2 Description of the product or product range of service.

Table 3: product range of service

|                           |  |
|---------------------------|--|
| <b>Denomination</b>       | <b>1</b>   |
| <b>/product line</b>      |  |
| <b>After sale service</b> | The after sales service may range from giving listening ear to any complaint to contacting of the customers to know when next they would be interested in the service. |

#### 4.3: Marketing plan price

Table 4: schedule for marketing plan price

| <b>Product/Service</b>                       | <b>1</b>   |                              |  |   |                              |                             |
|--|--|------------------------------|--|---|------------------------------|-----------------------------|
| <b>How much customers are willing to pay</b> | <u>Highest</u><br><u>N/A</u>                                 | <u>Average</u><br><u>N/A</u> | <u>Lowes</u><br><u>t</u><br><u>N/A</u> | <u>Highes</u><br><u>t</u><br><u>N/A</u> | <u>Average</u><br><u>N/A</u> | <u>Lowest</u><br><u>N/A</u> |
| <b>The competitors' price</b>                |  |                              |  |   |                              |                             |
| <b>My price</b>                              | ₦500   | ₦500                         | ₦500                                   | ₦500                                    | ₦500                         | ₦500                        |
| <b>Reason for selling my price</b>           | This is the price at which I would be able to cover my cost. |                              |  |   |                              |                             |
| <b>Margin of discount</b>                    |  |                              |  |   |                              |                             |

#### **4.4 Market Positioning Strategy:**

Though the firm has not really gotten all it takes to fight all its competitors, but hopes to do so soon. Therefore, I intend using my best strategies to change the market to a standard that would allow for more competition since competition enhances productivity, profitability and economic growth.

#### **4.5 Channel of distribution**

The channels of distribution at the start will include

1. Individuals.
2. Retailers
3. Wholesalers

But as time goes on, selling in units to individuals would be discarded.

#### **4.6 start – up promotion:**

The key start – up promotion would be incentive to buy to the people by placing a cheaper price at first in order to penetrate the market very well, after which the price would be fixed at the desired one by the company.

Others include the use of public media such as (1) radio houses, (2) T.V stations, (3) posters and (4) fliers. (5) Personal contacts.

**PART IV:**  
**TECHNICAL ANALYSIS**

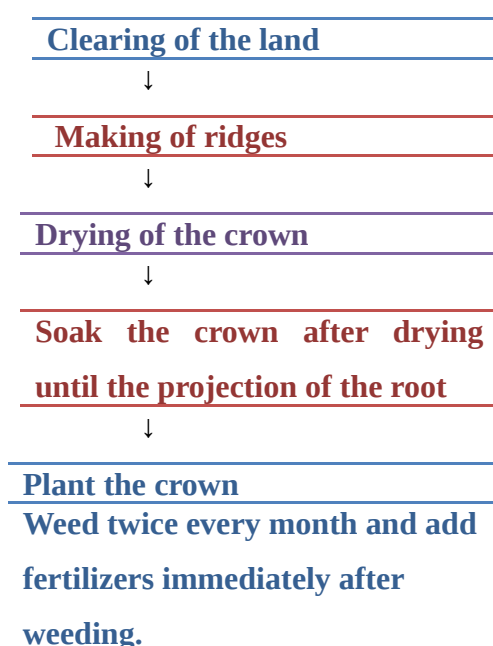
**4.0 Production plan:**

**5.11 The project:**

- Commercial garden egg

The production shall be a commercial production, and it would be capital – intensive.

**5.12 Production Process:** the production process should follow the procedure to be itemised below:



**5.13 The production schedule:** below is the production schedule to be adopted by the firm

**Table 5: the projected production schedule**

| <b>Projected production schedule</b> |       |                 |                 |              |                   |
|--------------------------------------|-------|-----------------|-----------------|--------------|-------------------|
|                                      |       | Targeted output | Raw input 1     | Raw input 2  | Other raw inputs. |
| <b>1</b>                             | Year1 | 3,500,000       | fertilizers     | Crown        | _____             |
| <b>2</b>                             | Year2 | 4,000,000       | 50 bags (50 kg) | 2 full lorry | Desired qty.      |
| <b>3</b>                             | Year3 | 5,000,000       | 70 bag (50 kg)  | 2 ½ lorry    | Desired qty.      |

**5.15: Machinery, Equipment, and other requirements.**

Table 6: schedule on required machinery and equipment

| s/n | Investment (Equipment and others) | Qty.    | Life span |
|-----|-----------------------------------|---------|-----------|
| 1   | Land                              | 20plots | 40 years  |
| 2   | Building                          | 1       | 40 years  |
| 4   | Equipment and machine             |         |           |
| I   | Multi-purpose Tractor             | 1       | 10        |
| II  | Sprayer                           | 1       | 10        |
| III | Delivery van                      | 3       | 10        |
| IV  | Cultivator                        | 1       | 10        |

### 5.16 Quality assurance and standardization:

There is going to be efficient and effective monitoring of the farming process so as to ensure production of quality – garden egg that people could rely heavily upon. By so doing, quality and standardization of the products is assured.

**PART V:**  
**MANAGEMENT AND ORGANISATIONAL STRUCTURE**

6.10 Management Team



6.11 The personnel plan (staffing and salary structure)

**Table 7: Personnel staffing plan schedule**

| S/n | Position           | No. of staff | Salary per staff per month | Total annual salary |
|-----|--------------------|--------------|----------------------------|---------------------|
| 1   | Proprietor         | 1            | 150,000                    | 1,800,000           |
| 2   | farm manager       | 1            | 70,000                     | 840,000             |
| 3   | Marketing manager  | 1            | 50,000                     | 600,000             |
| 4   | farm supervisor    | 1            | 30,000                     | 360,000             |
| 5   | Drivers            | 3            | 10,000                     | 360,000             |
| 6   | Sales men          | 12           | 5,000                      | 720,000             |
| 7   | Cashier            | 1            | 25,000                     | 300,000             |
| 8   | Security men       | 2            | 3,000                      | 72,000              |
|     | Sub – total        |              |                            | 5,052,000           |
|     | 5% fringe benefits |              |                            | 291,000             |
|     | <b>GRAND TOTAL</b> |              |                            | <b>5,343,600</b>    |

6.12 Organisation's values and norms

The farm is going to hold in high esteem and uphold ethics and morality. The organisation is going to operate in accordance with the ethics of the business environment, so

as to gain acceptance and support from the people. In terms of morality, hospitality and cheerfulness of both the male and female workers would be under constant check.

These all would help to uphold the integrity of the company, and by so doing, make the company acceptable by law and by the operating legal system.

## **PART VII:**

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

**7.11 Legal issues:** the only legal issue that binds the business is that of the Nigerian land use act of 1999 that binds all farming activities in the country.

### **7.12 Regulatory and Environmental Issues**

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

In Nigeria there is no regulatory body in charge of farming activities in the country.

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

i. The only noticeable environmental issue is deforestation done in that region during clearing of the land.

## PART VIII

### 8.0 FINANCIALS

8.11 The Equipment, Machinery, and other things needed to produce the product

Table 8: equipment, machinery and others cost

| S/n                     | Investment (equipment and others) | Qty. | Unit cost (₦) | Total cost(₦)    |
|-------------------------|-----------------------------------|------|---------------|------------------|
| 1                       | Land                              |      | 200000        | 4,000,000        |
| 2                       | Building                          |      |               | 500,000          |
| 4                       | Equipment and machine             |      |               |                  |
| I                       | Multi-purpose tractor             | 1    | 900,000       | 900,000          |
| II                      | Sprayer                           | 1    | 370,000       | 370,000          |
| III                     | Delivery van                      | 3    | 105,000       | 315,000          |
| IV                      | Cultivator                        | 1    | 350,000       | 350,000          |
| <b>TOTAL INVESTMENT</b> |                                   |      |               | <b>6,435,000</b> |

### 8.12 Sales plan

Table 9: the sales plan of the proposed pineapple orchard.

|                              | Year 1    | Year 2     | Year 3     |
|------------------------------|-----------|------------|------------|
| <b>Product</b>               |           |            |            |
| <b>Product qty. (volume)</b> | 80,000    | 95,000     | 100,000    |
| <b>Price per unit</b>        | 250       | 350        | 450        |
| <b>Sales</b>                 | 20,000,00 | 33,250,000 | 45,000,000 |

### 8.13 Cost plan

Table 10: the cost plan of the proposed pineapple orchard

|                               | Year 1     | Year 2     | Year 3     |
|-------------------------------|------------|------------|------------|
| <b>Product</b>                |            |            |            |
| <b>Raw material volume</b>    | 160,000    | 190,000    | 240,000    |
| <b>Cost per unit (₦)</b>      | 100        | 105        | 110        |
| <b>Cost of raw inputs (₦)</b> | 16,000,000 | 19,950,000 | 26,400,000 |

### 8.14 General Cost of Administration

Table 11: schedule of the general Administration cost

| Items | Proposed (₦) |
|-------|--------------|
|-------|--------------|



|  |                |
|--|----------------|
| <b>Telephone</b>                               | 50,000         |
| <b>Stationery expenses</b>                     | 20,000         |
| <b>Vehicle maintenance</b>                     | 70,000         |
| <b>Advertising</b>                             | 10,000         |
| <b>Tractor and other machinery maintenance</b> | 155,000        |
| <b>TOTAL</b>                                   | <b>305,000</b> |

### 8.15 Preliminary and pre – operating expenses

Table 12: the schedule for preliminary and pre – operating expenses

|                                     |                |
|-------------------------------------|----------------|
|                                     |                |
| <b>Land agent fee</b>               | 150,000        |
| <b>Consultations</b>                | 250,000        |
| <b>Preparation of business plan</b> | 20,000         |
| <b>TOTAL</b>                        | <b>420,000</b> |

### 8.16 Working Capital Projection

Table 13: the schedule of working capital projection for the proposed Garden Egg Farm

| <b>Working capital items</b>                | <b>Year 0</b> | <b>Year 1</b> | <b>Year 2</b> | <b>Year 3</b> |
|---|---------------|---------------|---------------|---------------|
| <b>Stock of raw – materials (4 months)</b>  | 5,333,333.33  | 5,333,333.33  | 16,650,000    | 8,800,000     |
| <b>Provision for utilities (3 months)</b>   | 38,750        | 38,750        | 38,750        | 38,750        |
| <b>Salaries (4 months)</b>                  | 2,041,200     | 2,041,200     | 2,041,200     | 2,041,200     |
| <b>Debtors (3 months provision)</b>         | NIL           | 5,000,000     | 8,312,500     | 11,250,000    |
| <b>Working capital b/4 creditors</b>        | 741,328       | 12,413,283    | 27,042,450    | 22,129,950    |
| <b>Less creditors</b>                       | NIL           | 2,666,666.67  | 3,325,000     | 4,400,000     |
| <b>Working capital</b>                      | 741,328       | 9,746,616     | 273,717,450   | 17,729,950    |
| <b>Increase/decrease in working capital</b> | NIL           | 9,005,288     | 263,970,834   | (255,987,500) |

### 8.17 Start-up Capital Needed

Table 14: start – up capital schedule

| <b>S/n</b>                             | <b>Item of expenditure</b> | <b>Amount (N)</b> |
|--|----------------------------|-------------------|
| <b>1</b>                               | Fixed asset investment     | 6,435,000         |
| <b>2</b>                               | Working capital            | 7,413,283         |
| <b>3</b>                               | Pre – operating expenses   | 420,000           |
| <b>Initial total investment outlay</b> |                            | <b>14,268,283</b> |

### 8.18 Financing Plan

Table 15: financing plan schedule

| S/n          | Source of fund  | Amount (₦) |
|--------------|-----------------|------------|
| 1            | Owner's capital | 10,268,283 |
| 2            | Bank loan       | 4,000,000  |
| <b>TOTAL</b> |                 | 14,268,283 |

### 8.10 Loan repayment and Interest payment Schedule

Table 16: loan repayment and interest payment schedule

| Year | Loan Bal. A   | Interest<br>B = r(A) | Annual<br>Instalment C | Loan<br>Repayment<br>D=C-B | Loan Bal. c/f<br>E=A-D |
|------|---------------|----------------------|------------------------|----------------------------|------------------------|
| 0    | 4,000,000     | N/A                  | N/A                    | N/A                        | 400,000                |
| 1    | 4,000,000     | 800,000              | 1,898,901.099          | 1,098,901.099              | 2,901,098.901          |
| 2    | 2,901,098.901 | 580,219.7802         | 1,898,901.099          | 1,318,681.319              | 1,582,417.582          |
| 3    | 1,582,417.582 | 316,483.5164         | 1,898,901.099          | 1,582,417.583              | NIL                    |

$$PV = \frac{A [1 - (1+r)^{-n}]}{r} \quad \text{where } r = 20\% \text{ or } 0.2\%$$

### 8.11 Schedule of Depreciation

Table 17: Depreciation Schedule

| S/n | Item of depreciation | Initial value | Scrap value | Life span | Depreciation |
|-----|----------------------|---------------|-------------|-----------|--------------|
| 1   | Land                 | 4,000,000     | 25,000      | 40 years  | 500,000      |
| 2   | Building             | 500,000       | 45,000      | 40 years  | 200,000      |
| 4   | Tractor              | 900,000       | 11,250      | 10 years  | 112,500      |
| 5   | Sprayer              | 370,000       | 17,500      | 10 years  | 175,000      |
| 6   | Delivery van         | 315,000       | 37,500      | 10 years  | 375,000      |
| 7   | Cultivator           | 350,000       | 12,125      | 10 years  | 121,250      |
|     |                      |               |             |           | 940,750      |

### 8.12 Financial Accounts Projection

Table 18: Estimate of profit and loss account for the first three years

| Particulars          | Year 1     | Year 2     | Year 3     |
|----------------------|------------|------------|------------|
| <b>Sales</b>         | 20,000,000 | 33,250,000 | 45,000,000 |
| <b>Net sales</b>     | 20,000,000 | 33,250,000 | 45,000,000 |
|                      |            |            |            |
| <b>Less expenses</b> |            |            |            |
| <b>Telephone</b>     | 50,000     | 51,000     | 52,020     |

|   |                   |                      |                      |
|---|-------------------|----------------------|----------------------|
| Stationery exp.                         | 20,000            | 20,400               | 20,808               |
| Vehicle maintenance                     | 70,000            | 71,400               | 72,828               |
| Tractor and other machinery maintenance | 155,000           | 161,000              | 167,000              |
| Advertising                             | 10,000            | 10,200               | 10,404               |
| <b>Total expenses</b>                   | <b>305,000</b>    | <b>311,000</b>       | <b>317,322</b>       |
| <b>Profit b/4 tax and int.</b>          | <b>19,695,000</b> | <b>32,938,900</b>    | <b>44,682,678</b>    |
| Less interest                           | 800,000           | 580,219.7802         | 316,483.5164         |
| <b>Profit after int.</b>                | <b>18,895,000</b> | <b>32,358,680.22</b> | <b>44,366,194.48</b> |
| <b>Taxable profit</b>                   | <b>18,895,000</b> | <b>32,358,680.22</b> | <b>44,366,194.48</b> |
| Less tax (30%)                          | 5,668,500         | 9,704,604.066        | 13,309,858.35        |
| <b>Profit after tax</b>                 | <b>13,226,500</b> | <b>22,651,076.15</b> | <b>31,056,336.13</b> |
| Less annual depreciation                | 12,185,750        | 20,710,326.15        | 2,008,586.15         |
| <b>Net profit</b>                       | <b>10,040,750</b> | <b>1,940,479.99</b>  | <b>11,047,750</b>    |

All expenses beginning from Rates were increased by 2% over the years.

Appropriations (50%).

|                          | <b>Year 1</b> | <b>Year 2</b> | <b>Year 3</b> |
|--------------------------|---------------|---------------|---------------|
| <b>Retained earnings</b> | 520,375       | 970,374,995   | 5,523,875     |
| <b>Dividend</b>          | 520,375       | 970,374,995   | 5,523,875     |

### 8.13 Cash flow projection

Table 19: cash flow projection for the proposed business

|                           | <b>Year 0 (₦)</b> | <b>Year 1 (₦)</b>   | <b>Year 2 (₦)</b>    | <b>Year 3 (₦)</b>   |
|---------------------------|-------------------|---------------------|----------------------|---------------------|
| <b>Cash –in</b>           |                   |                     |                      |                     |
| <b>Bank loan</b>          | 4,000,000         | NIL                 | NIL                  | NIL                 |
| <b>Sales income</b>       | NIL               | 20,000,000          | 33,250,000           | 45,250,000          |
| <b>Equity</b>             | 10,268,283        | NIL                 | NIL                  | NIL                 |
| <b>Total cash – in</b>    | <b>14,268,283</b> | <b>20,000,000</b>   | <b>33,250,000</b>    | <b>45,250,000</b>   |
| <b>Cash – out</b>         |                   |                     |                      |                     |
| <b>Admin outgoings</b>    | NIL               | 235,000             | 239,700              | 244,494             |
| <b>Cost of goods</b>      | NIL               | 16,000,000          | 19,950,000           | 26,400,000          |
| <b>Interest exp.</b>      | NIL               | 800,000             | 580,219.7802         | 316,485.5164        |
| <b>Loan repayment</b>     | NIL               | 1,098,901.099       | 1,318,618.319        | 1,582,417.583       |
| <b>Initial investment</b> | 14,268,283        | NIL                 | NIL                  | NIL                 |
| <b>Salaries</b>           | NIL               | 6,123,600           | 6,123,600            | 6,123,600           |
| <b>Dividends</b>          | NIL               | 520,375             | 970,374.995          | 5,523,875           |
| <b>Total cash –</b>       | <b>14,268,283</b> | <b>24,777,876.1</b> | <b>29,182,513.09</b> | <b>40,190,872.1</b> |

|                          |     |               |               |              |
|--------------------------|-----|---------------|---------------|--------------|
| <b>out</b>               |     |               |               |              |
| <b>Net cash flow</b>     | NIL | (4,777,876.1) | 40,067,486.1  | 5,059,127.9  |
| <b>Opening cash bal.</b> | NIL | NIL           | (4,777,876.1) | (710,389.19) |
| <b>Closing cash bal.</b> | NIL | (4,777,876.1) | (710,389.19)  | 4,348,738.71 |

### 8.14 Balance of Sheet

Table 20: the balance sheet projection

|   | <b>Year 0 (N)</b> | <b>Year 1 (N)</b>    | <b>Year 2 (N)</b>    | <b>Year 3 (N)</b>    |
|---|-------------------|----------------------|----------------------|----------------------|
| <b>Fixed Assets</b>                     |                   |                      |                      |                      |
| <b>Land, Machineries &amp; Others</b>   | 6,435,000         | 6,435,000            | 6,435,000            | 6,435,000            |
| <b>Less cum. Dep</b>                    | NIL               | 940,750              | 1,881,500            | 5,644,500            |
| <b>Total Fixed Assets (A)</b>           | <b>6,435,000</b>  | <b>5,494,250</b>     | <b>4,553,500</b>     | <b>790,500</b>       |
| <b>Current Assets</b>                   |                   |                      |                      |                      |
| <b>Cash (used as balancing item)</b>    | 2,500.490         | 7,143,116.67         | (6,182,017)          | 8,259,089.77         |
| <b>Operating Balance before debtors</b> | NIL               | NIL                  | (477,876.1)          | <b>(710,389.19)</b>  |
| <b>Debtors</b>                          | NIL               | 5,000,000            | 8,312,500            | 11,250,000           |
| <b>Stock</b>                            | 5,333,333         | 5,333,333            | 16,650,000           | 8,800,000            |
| <b>Total Current Assets</b>             | <b>7,833,823</b>  | <b>12,481,449.67</b> | <b>14,002,606.9</b>  | <b>27,598,700.58</b> |
| <b>Total Assets (C)</b>                 | <b>14,268,283</b> | <b>17,975,699.67</b> | <b>18,556,106.9</b>  | <b>28,389,200.58</b> |
| <b>Liabilities</b>                      |                   |                      |                      |                      |
| <b>Current Liabilities</b>              |                   |                      |                      |                      |
| <b>Creditors</b>                        | NIL               | 2,666,666.67         | 3,325,000            | 4,400,000            |
| <b>Dividends</b>                        | NIL               | 520,375              | 970,374.995          | 5,523,875            |
| <b>Short Term Loan</b>                  | NIL               | 1,098,901.099        | 1,318,681.319        | 1,582,417.583        |
| <b>Total Current liabilities (D)</b>    | <b>NIL</b>        | <b>4,285,942.769</b> | <b>5,614,056.314</b> | <b>11,506,292.58</b> |
| <b>Long Term Liabilities</b>            |                   |                      |                      |                      |

|  |                   |                        |                      |                      |
|--|-------------------|------------------------|----------------------|----------------------|
| <b>Long Term Loan</b>                    | <b>4,000,000</b>  | 2,901,098.901          | 1,582,417.582        | N/A                  |
| <b>Total Long Term Liabilities (E)</b>   | <b>4,000,000</b>  | 2,901,098.901          | 1,582,417.582        | N/A                  |
| <b>Long + Short Term Liabilities (F)</b> | <b>4,000,000</b>  | <b>7,187,041.67</b>    | <b>7,197,073.896</b> | <b>11,506,292.58</b> |
| <b>Shareholders' Equity</b>              | <b>10,268,283</b> | <b>10,788,658</b>      | <b>11,359,033.02</b> | <b>16,688,908</b>    |
| <i>Shareholders' equity</i>              |                   |                        |                      |                      |
| <b>Capital</b>                           | <b>10,268,283</b> | <b>10,268,283</b>      | <b>10,268,283</b>    | <b>10,268,283</b>    |
| <b>Retained earnings</b>                 | NIL               |                        |                      |                      |
| <b>Total Shareholders' Fund (G)</b>      | <b>10,268,283</b> | 10,788,658             | 11,359,033           | 16,882,908           |
| <b>Total liabilities (F+G)</b>           | <b>14,268,283</b> | <b>17,795,699.6718</b> | <b>18,556,106.9</b>  | <b>28,389,200.58</b> |

## 8.15 RISK ANALYSIS, CONTINGENCY PLAN AND EXIT STRATEGY

### 8.116 RISK ANALYSIS

The risk analysis for the venture have been done to identify the imminent risks associated to it. After identifying the risks, we generated measures to reduce the negative effects of the risks of the business.

| S/N | IDENTIFIED RISK    | MEASURES   |
|-----|--------------------|--|
| 1   | Competition        | Use of competitive and persuasive advertising  |
| 2   | Initial low demand | Use of price strategy and good customer relation   |
| 3   | Labour migration   | Use of relevant motivational tools and incentives both financial and non-financial for the employees |

### 8.17 CONTINGENCY PLAN

In any case of contingency in the first few months after the business take-off, the following contingencies will be used:

- Price and quantity discounts
- Aggressive advertising
- Use of strong customer relationship and
- Effective customer care and retention

### **8.18 EXIT STRATEGY**

From the cash inflows the business will generate, we will be able to set off the bank loan and its interest thereby. This is to avoid court case or violation of the business legal requirements.

The business will still be open and pursue expansion and sustainable growth.

### **9.1 ECONOMIC JUSTIFICATION**

The proposed business is justified economically since it will create employment, wealth, poverty alleviation and people or youth empowerment. All this benefits are in consonance with the objectives of the millennium development goals, vision 20:20 and the National Economic Empowerment and Development Strategy.

### **9.2 COMMERCIAL VIABILITY**

Looking at the profitability analysis i.e. cash flows, balance sheet and other analysis, one can see that the business is highly commercially viable.

### **9.3 CONCLUSION AND RECOMMENDATION**

Going by the analysis and the findings there, from the consumption and quality is shown to be commercially viable and economically desirable. It will be a perpetual venture. In that case, we recommend it for funding and implementation.