

**UNIVERSITY OF NIGERIA, NSUKKA**  
**FACULTY OF THE SOCIAL SCIENCE**  
**DEPARTMENT OF PUBLIC ADMINISTRATION AND LOCAL**  
**GOVERNMENT**

**A BUSINESS PLAN WRITTEN IN PARTIAL FULFILMENT FOR THE**  
**COURSE REQUIREMENT BUSINESS CREATION AND GROWTH**  
**(CEDR342)**

**TOPIC:**

**SCHOOL ESTABLISHMENT**

**LECTURER: DR. MRS. C. NWOGA**

**WRITTEN BY:**

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**REG NO: 2014/191954**

**JULY, 2017**

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## **BUSINESS PLAN TEMPLATE**

### **Part 1**

### 1.10 Executive summary

#### 1.11 Name of business:

The name of business is FLOR PEAK COMPREHESIVE COLLEGE

#### 1.12 Legal form of business

The school is registered under cooperate affairs commission

#### 1.13 Contact address

No 3, Joseph Johnson street, Ashipa town, Lagos state

1.14 Tel 07032793217 E-mail ezeiberryh45@gmail.com

#### 1.15 Type of business

Service provider

#### 1.16 Concise description of the business idea

##### A. Products or services

- (i) To provide child care at affordable price.
- (ii) To mould life of children morally, socially and mentally.
- (iii) To provide standard and quality education in the area.

##### B. Customers

Teenagers and all those willing to acquire educational qualification

##### C. Owners

- (1) Ezeibe Henry N. 50%
- (2) Okoye John C. 25%
- (3) Nwaeze Chukwuemeka F. 25%

#### 1.17 Number of jobs to be created

15 —► 30 for the first year.

#### 1.18 Start-up capital

(a) Investment (Equipment, machinery and others)#2,871,000

(b) Working Capital#1,100,000

Total five million naira (5,000,000)

#### 1.19 Source of capital

(a) Owner's Capital #2,000,000.00

(b) Donations/grants #1,500,000.00

(c) Bank loan #1,500,000.00

Total#5,000,000.00

#### 1.110 Profitability

Year 1 #8,301,180

Year 2 #28,604,297

Year 3 #49,808,817

#### 1.111 Level of liquidity

Year 1 #11,314,019

Year 2 #48,670,000

Year 3 #80,686,084

## **PART II**

### 2.10 General Introduction

#### 2.11 Background

##### **General description of the business idea**

FLOR-PEAK comprehensive college is going to offer varieties of educational services. It has the intention of soundly educating students in various subjects and extra-curricular activities. It also aims to make profit from the business and carry out its activities within the stipulations of the law of Nigeria.

#### 2.11 Vision statement

To build a high and standardized college that will become number one choice for both parents and the students.

#### 2.12 Mission statement

To provide conducive and professional learning environment for students at different level.

#### 2.13 The Company

The name of the business is FLOR-PEAK comprehensive college. The school is registered with corporate affairs commission with the registration number FCC/R/300. It is a new business.

#### 2.14 Services offered

FLOR-PEAK comprehensive college is established to provide child care at affordable price and to mould the life of teenagers both morally, academically and socially.

#### 2.15 Legal Form and Ownership of the enterprise

FLOR-PEAK comprehensive college is a private limited liability company.

The project promoters are:

- |                           |     |
|---------------------------|-----|
| (1) Ezeibe Henry N.       | 50% |
| (2) Okoye John C.         | 25% |
| (3) Nwaeze Chukwuemeka F. | 25% |

#### 2.16 Location of the business

The business will be located at no 3, Joseph Johnson street, Ashipa Town, Ayobo Lagos state.

Reason for choosing the location:

- (i) Because of the rapid increase in the number of teenagers in the area.
- (ii) Because of the need to locate a college that will be more closer to the people.

#### 2.18 Industry Trend and Analysis

The business tend to solve the problem of poor quality and standard of education in the area by providing such service . It aims to achieve this by employing the Montessori strategy of teaching.

### 2.19 Business Strategy

FLOR-PEAK college will put in every effort to ensure that the school is widely known as one of the best in the country. The business also plans to teach all those that are physically challenged. It also aims to become the leading tutorial brand in the educational sector in the whole state and other wise.

### 2.20 Key Success factors

The success of every business depends on the organizational structure and capabilities of the employees, therefore the business plans to succeed by employing the most qualified workers that will provide quality service. Also the location of the business is an extra bonus.

## PART III

### The Market

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

The school is located at Ashipa town, Lagos state. It is at providing educational services to all who desire it and also provide special services to physically challenged children. This would be a means of boosting the image of the school.

#### 3.11 Sales and market share analysis

The area is presently dominated by Premier college and Model college but notwithstanding the presence of these schools, FLOR-PEAK college aims to over shadow them by taking the business to the grass root level and strategically locating the business in accessible positions.

#### 3.12 Key competitors and competitive advantage

##### a. Indirect Competition

Business Type		Competition Type		Strengths	Weakness
(i)	Premier comprehensive college	(i)	Direct	(i) Provision of special care to the physically	Insufficient technological and scientific

		challenged	equipments.
(ii) Model comprehensive college	(ii) Direct	(iii) Use of Montessori method of teaching	

### **b. Direct Competition**

#### **NO DIRECT COMPETITION**

### **3.13 SWOT Analysis**

#### **A. Strengths**

Adoption of Montessori method of teaching and rendering of special services to the students especially the physically challenged.

#### **B. Weaknesses**

Inadequate resources for the start up of the business and lack of qualified and available workers that will be able to handle the children.

#### **C. Opportunities**

Increase in demand of service due to top quality service that the school will provide.

Increase in population and number of teenagers which will impact positively on the business.

#### **D. Threats**

Fluctuations in number of people and the activities of existing companies and yet-to-be established companies.

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

<b>Details</b>	<b>Size (Number)</b>
Potential demand to be served	400



Less 30% existing competitors	100
<b>Available market ( in the absence of expansion and very high entry wall)</b>	260
Less 10% due to possible expansion of existing competitors and entrant of new ones	200
<b>Available market</b>	40
Less 5% due to error in estimation	40
<b>Available demand / Qualified market/ Demand supply gap</b>	50
<b>Initial installed capacity most 60% of available demand (served market)</b>	90

#### 4.10 Marketing Plan

##### 4.11 Market segmentation

- (i) General public that has good test in quality education
- (ii) physically challenged youths and children
- (iii) Youths and teenagers especially those that has desire to acquire academic knowledge.

##### 4.12 Target Market

- (i) teenagers and youth; both male and female
- (ii) physically challenged children

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

Product/service	1	2
-----------------	---	---

Denomination/product line	FLOR-PEAK comprehensive college	
Specification ( i.e. size, colour and quality)	The services will be daily except on weekends and will be rendered for not less than 9 hours	
Packaging	Since the customers(target market) are the main determinants of the business process, the school will do everything to treat the customers well and have a good relationship with them and the general public.	
After sale service	Emergency transportation facility, extra care service,etc will be made available.	

#### 4.14 Marketing Plan Price

Product/Service	1			2		
	Highest	Average	Lowest	Highest	Average	Lowest
How much are customers willing to pay	#8000 per term	#7000 per term	#6500 per term			
Competitors	Highest	Average	Lowest	Highest	Average	Lowest

price	#7500 per term	#7000 per term	#6500 per term			
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My price	#8000	
Reasons for setting my price	(i) Because of the quality of the service that would be rendered (ii) To make the business profitable	
Margin for discount?	Yes(%)No	Yes(%)No

#### 4.15 Marketing Positioning Strategy:

For the fact that FLOR-PEAK comprehensive college is new , it plans to make use of aggressive marketing strategy to ensure its survival in the competitive market.

#### Marketing M ix Implementation Tool:

- (i) Good public relation to treat the customers well.
- (ii) Advertisement in different forms to inform the customers on the latest update.
- (iii) Easy accessibility to the area where the company is located.

#### Channel of distribution

How do you reach the customers? Do you sell to

Individuals

Retailers

Wholesalers

Others

Reasons for choosing this way of distribution:

Since this business is a service based business (education), the customers are reached through advertisement either through TVs, radios or the use of sign posts. The customers can also be reached through collaborating with one of the telecommunication industries in Nigeria to create the awareness to them by sending it to their mobile phones.

#### 4.18 Start-up promotion

FLOR-PEAK will use the following methods to inform the general public about the company:

- (i) Road show in major areas of towns and market.
- (ii) Advertisement which would include:
  - ❖ TV
  - ❖ Radio
  - ❖ Flyers and posters
- (iii) Use of electronic media i.e by sending mails and messages to individuals in their mobile phone.

#### **Alliance: How I will form and maintain relationships with other business**

Forging good alliance with NGOs and charitable organizations will help to promote and create a platform that would increase higher percentage to the company.

#### **Marketing calendar and Budget:**

Date	Marketing Plan Activity	Evaluation Index	Personnel Involved	Estimated Costs
Start Feb. 2019 End Feb 2019		3x for fuel 2x for TV each day	outsourced	
Start Feb 2019 End Feb 2019		✓	✓	
Start Mar 2019 End Mar 2019		✓	✓	#70,000
Start Apr 2019 End Apr 2019		Once each week	outsourced	
Start Apr 2019 End Apr 2019		✓	✓	#20,000
Start May 2019 End May 2019		Once each day	outsourced	
Start Jun 2019 End Jun 2019		✓	✓	#80,000
Start Jul 2019 End Jul 2019		Erecting sign post at strategic	outsourced	

Start Aug 2019 End Aug 2019		positions of the market and town	✓	#65,000
Start Oct 2019 End Oct 2019		50% price reduction for the first 10 people each weekend		#10,000
Total				245,000

**PART IV: TECHNICAL ANALYSIS**

**5.00 Production plan:**

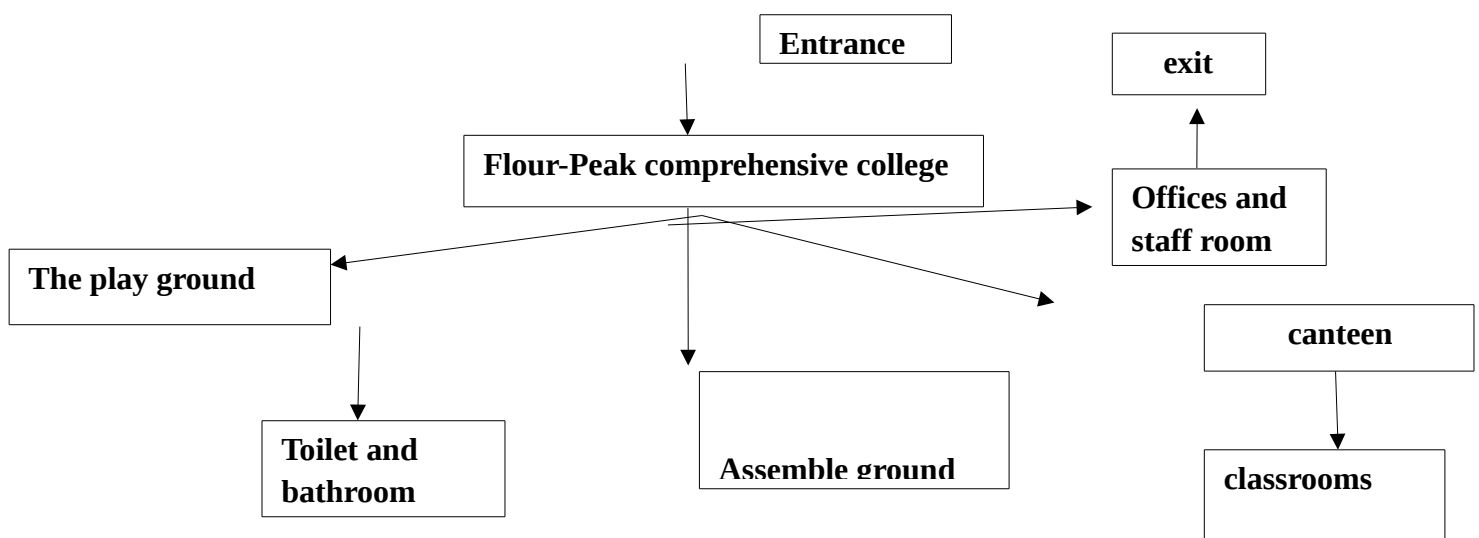
**5.11 The Project:**

FLOR-PEAL comprehensive college is a service based company. It deals specifically in provision of quality and standardized education for students. The price will be #8000 per term for the first one year. The expectation at the end of the first month is that the highest attendance be 50 persons.

**5.12 Production Process:**

Since the business is service based, the company is first set up at a strategic position that will be easily accessible to the customers. Equipments such as TVs, paintings, seats and tables are strategically positioned. Surveillance camera are also mounted to ensure students and workers safety.

**5.13 The Production Flow Chart:**



**5.12 Production Schedule:**

Projected production schedule
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		Targeted output	Raw input 1 (chairs)	Raw input 2 (tables)	Raw input 3 (teaching appliances)	Computer .....	..... .	Raw input n
1	Jan	Max of 60 attend	80 pieces	40 pieces	White board, chalk, etc	1		
2	Feb	✓	✓	✓	✓	✓		
3	Mar	✓	✓	✓	✓	✓		
4	Apr	✓	✓	✓	✓	✓		
5	May	✓	✓	✓	✓	✓		
6	Jun	✓	✓	✓	✓	✓		
7	Jul	✓	✓	✓	✓	✓		
8	Aug	✓	✓	✓	✓	✓		
9	Sep	✓	✓	✓	✓	✓		
10	Oct	✓	✓	✓	✓	✓		
11	Nov	✓	✓	✓	✓	✓		
12	Dec	✓	✓	✓	✓	✓		
Yr 1								
1	Jan	Max of 200	250 pieces	150 pieces	Improved quality	1 more	excursion	
2	Feb	✓	✓	✓	✓	✓		
3	Mar	✓	✓	✓	✓	✓	✓	
4	Apr	✓	✓	✓	✓	✓	✓	
5	May	✓	✓	✓	✓	✓	✓	
6	Jun	✓	✓	✓	✓	✓	✓	
7	Jul	✓	✓	✓	✓	✓	✓	
8	Aug	✓	✓	✓	✓	✓	✓	
9	Sep	✓	✓	✓	✓	✓	✓	
10	Oct	✓	✓	✓	✓	✓	✓	
11	Nov	✓	✓	✓	✓	✓	✓	

12	Dec	✓	✓	✓	✓	✓	✓	
Yr 2								
1	Jan	Max .of 250	300 pieces	200 pieces	Standardize d quality	Improve d quality	Improv ed ways of learnin g	excursio n
2	Feb	✓	✓	✓	✓	✓	✓	✓
3	Mar	✓	✓	✓	✓	✓	✓	✓
4	Apr	✓	✓	✓	✓	✓	✓	✓
5	May	✓	✓	✓	✓	✓	✓	✓
6	Jun	✓	✓	✓	✓	✓	✓	✓
7	Jul	✓	✓	✓	✓	✓	✓	✓
8	Aug	✓	✓	✓	✓	✓	✓	✓
9	Sep	✓	✓	✓	✓	✓	✓	✓
10	Oct	✓	✓	✓	✓	✓	✓	✓
11	Nov	✓	✓	✓	✓	✓	✓	✓
12	Dec	✓	✓	✓	✓	✓	✓	✓
Yr 3								

### 5.15 Machinery, equipment and other requirement

s/n	Investment (equipment and others)	Qty	Life span	Other comment
1	land	specious		Level land
2	building	modern	40 yrs	existing
3	Equipment and machine:			
	I TV	3	7 yrs	4 existing
	li generator	1	12 yrs	1 existing

	Iii chairs	400	4 yrs	150 existing
	Iv tables	500	4 yrs	80 existing
	V board	12	7 yrs	2 existing
	Vi fan	7	4 yrs	3 existing
	Vii digital projector	2	3 yrs	2 existing
	Viii buses	3	8 yrs	5 existing
	. jingle over	4	5 yrs	existing
	. laptops	20	10 yrs	existing
	. lab. equipments	20	8 yrs	existing
	. stationary	12	2 yrs	30existing
	. digital audio recorder	5	3 yrs	existing
	n wireless/cables/sockets &other appliances	---	---	existing

### 5.16 Technology:

Almost all the equipments used are technological but some are simple while some are complex. The complex ones require special care. As time passes, some of the equipments become old fashioned so there is every need to upgrade them when the need arises so as to provide the customers with the best possible service. Some equipment is imported while some can be purchased locally.

### 5.17 Quality assurance and standardization

- (i) Security services are put in place to ensure safety of customers.
- (ii) Enough people are employed to ensure efficient service delivery each day.
- (iii) Up-grade in technological equipments so as to entreat the customers (students) with new things.

### 6.10 Management and Organizational structure

#### 6.11 Shareholders/directors:

- (1) Ezeibe Henry N. 50%
- (2) Okoye John C. 25%
- (3) Nwaeze Chukwuemeka F. 25%



The adviser is Dr Mrs C. Nwoga

### 6.12 Management team

Administration manager – Udechukwu Ruth

Marketing managers – Mr Daniel Ike and Miss Chioma Umeh

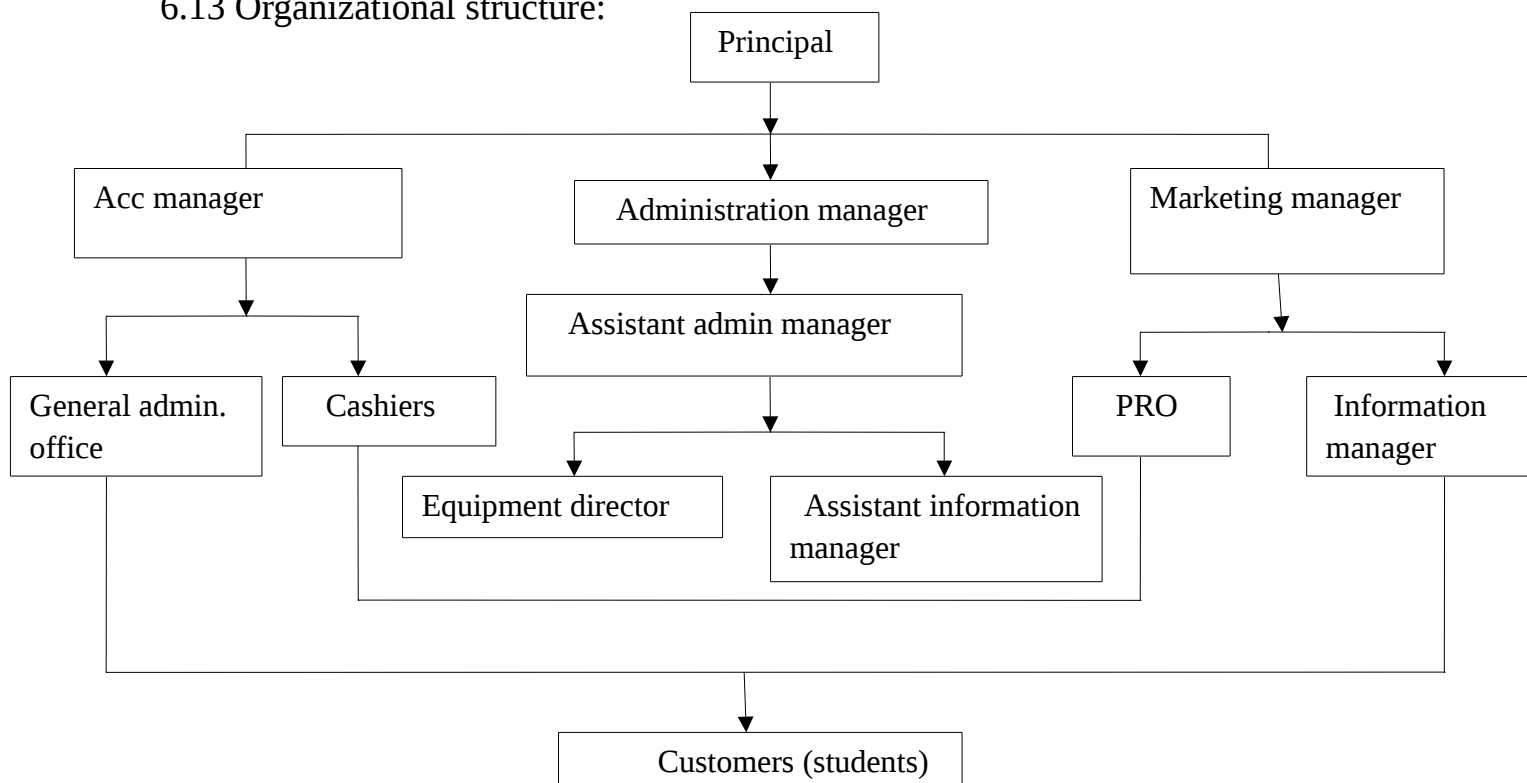
Account manager – Mr Kachi Johnson

Equipment director – Engr. Mrs Ada Dike

Future management needs

- (i) Information manager
- (ii) Administration assistant
- (iii) Assistant equipment director

### 6.13 Organizational structure:



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

S/N	Position	No. of staff	Salary per staff per month	Total annual salary
1	Production manager	1	60,000	720,000
2	Account manager	2	40,000	480,000
3	Marketing manager	2	35,000	420,000
4	Information manager	2	30,000	360,000
5	Administration manager	1	25,000	300,000
.	Assistant admin manager	1	20,000	240,000
.	Cashier		40,000	480,000
.	Equipment director	1	20,000	240,000
N.	Assistant equipment director	1	20,000	240,000
	Add 5% fringe benefits and bonus			150,000
	<b>Total</b>			<b>#3,630,000</b>

#### 6.15 External support (out sourcing):

The importation of complex equipments will be out-sourced and also the handling of the equipments before the workers gets used to it.

Also, in order to maintain high standard and top quality services some professionals are outsourced to improve the quality of service.

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

- (i) To compete in the market within the ambits of the law.
- (ii) Honesty and sincerity to the customers towards the services rendered to them.
- (iii) Top quality services all the time.

### PART V

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

7.11 Legal issues: the school is registered under corporate affairs commission and is approved by state government.

## 7.12 Regulatory and environmental issues:

Regulatory issues: Yes, the service is regulated under corporate affairs commission.

Environmental Issues:

The school does not have any negative effect on the environment. This is because there is proper disposal of refuse and the area is well ventilated.

## PART VI

### 8.0 Financials

#### 8.11 What are the equipment, machinery and others needed to produce the service

s/n	Investment (Equipment and others)	Qty	Unit cost(#)	Total cost(#)
1	Land			500,000
2	Building			1,000,000
3	Equipment and machine:			
	I Tv	2	25,000	100,000
	ii generator (25KVA)	1	150,000	150,000
	iii chairs	200	1000	200,000
	iv tables	100	1000	100,000
	v board	4	50,000	200,000
	vi fan	5	15000	75,000
	vii projector	2	35000	70,000
	viii markers	5	7000	21,000
	ix laptops	5	7000	35,000
	x chalk	1	25,000	25,000
	xi stationary	1	20,000	20,000
	xii jingle over	3	15,000	45,000
	xiii lockers	2	30,000	60,000
	xiv surveillance camera	3	12,000	60,000
	xv cables, socket	---	---	10,000
	xvi furniture/fittings	---	---	200,000
	N			
	<b>Total investment</b>			<b>2,871,000</b>

### 8.12 Sales Plan

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Product/service	School	School	School
Product/service quantity (volume)	Average of 100 persons	Average of 150 persons in 300 days	Average of 250 persons in 300 days
Price per unit	#8,000 per term	#9,000 per term	#12,000 per term
Sales	#19,350,000	48,575,000	80,625,000

### 8.13 Cost plan

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
product/service	School	School	School
Product/service quantity (volume)			
Cost per unit			
Cost of raw inputs	2,871,000	3,250,000	4,500,000

### 8.14 Imported raw materials & Other Inputs (at full capacity)

Items	Unit cost #	Quantity required/annum		Customs Duty Rate (%)
		Current (Existing)	Proposed (After Expansion)	
a.	150,000	1	2	
b.	25,000	1	4	
c.	7000	3	6	
d.	25,000	4	10	
e.				
f.				
g.				
h.				
Total	207,000	296,000	1,442,00	

#### (a) Local raw materials and Other Inputs

Items	Unit cost #	Quantity required/annum	
		Current (Existing)	Proposed (After

			<b>Expansion)</b>
a. Chairs	<b>1000</b>	<b>100</b>	<b>500</b>
b. Tables	<b>1000</b>	<b>50</b>	<b>250</b>
c. furniture	---	---	---
d. board	<b>50,000</b>	<b>4</b>	<b>6</b>
e. markers	<b>12,000</b>	<b>5</b>	<b>10</b>
f. fan	<b>15,000</b>	<b>5</b>	<b>7</b>
g. loker	<b>7,000</b>	<b>5</b>	<b>10</b>
h. digital projector	<b>35,000</b>	<b>2</b>	<b>5</b>
<b>Total</b>	<b>329,000</b>	<b>790,000</b>	<b>1,720,000</b>

They are all available in Nigeria market.

**(b) Indicate Sources of Raw Materials**

<b>Item</b>	<b>Source</b>
a. chairs	Available in the market
b. tables	✓
c. generator	✓
d. stationery	✓
e. tvs	✓
f. ac	✓
g. laptop	✓
h. lockers	✓
i. Jingle over	✓
j. marker	✓
generator	✓
k. projector	✓
m.	✓

(c) Definitely there has been a contractual arrangement for raw materials procurement

**8.15 General cost of Administration**

<b>Item</b>	<b>Current (for existing projects only) (#)</b>	<b>Proposed (for new/expansion projects) (#)</b>
a. Rents and rates	60,000	60,000
b. Traveling expenses	100,000	150,000
c. Stationary & sundry Exp.	50,000	50,000

d. Vehicle running expenses	80,000	100,000
e. insurance	100,000	100,000
f. professional fees		
g. other expenses	50,000	70,000
<b>Total</b>	<b>440,000</b>	<b>530,000</b>

### 8.16 Preliminary & pre-operating expenses (for new projects only)

Item	Amount (#)
a. company incorporation	100,000
b. increased in authorized share capital	70,000
c. travelling expenses	100,000
d. preparation of business plan/F.S.	20,000
e. others (please specify)	---
<b>Total</b>	<b>290,000</b>

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

Working capital items	Year 0 (N)	Year 1 (N)	Year 2 (N)	Year 3 (N)
-Stock of raw materials #1 (n...days/months value)	70,000	70,000	180,000	300,000
-Stock of raw materials #2 (n...days/months value)	100,000	100,000	200,000	300,000
-Stock of raw materials #3 (n...days/months value)	50,000	50,000	100,000	150,000
-N				
-stock of raw materials #n (n.....days/months value)				
-stock of WIP (n.....days/months value)	200,000	200,000	250,000	280,000
-stock of FG (n....days/months value)	80,000	80,000	100,000	150,000
-provision for utilities and others: n.....months need	200,000	200,000	200,000	250,000
-salaries/wages (2 months provision)	400,000	400,000	600,000	650,000
-debtors: n.....days value of annual sales	Nil	100,000	150,000	200,000
-less creditors: n....days need raw materials	Nil	Nil	50,000	100,000
<b>-working capital</b>	<b>1,100,000</b>	<b>1,300,000</b>	<b>1,830,000</b>	<b>2,310,000</b>
-increase/decrease in working capital	----	1,200,000	1,630,000	2,010,000

The working capital needed to get the business running is #1.1million

### 8.18 Start up Capital Needed

S/N	Item of expenditure	Amount
1	Fixed asset investment (equipment, machinery and other requirement)	#287100
2	Working capital	#1,100,000
3	Pre-operating expenses	#975,000
	<b>Initial Total Investment Outlay</b>	<b>#4,946,000</b>

The startup capital needed is #4,946,000

### 8.19 Financing Plan

S/N	Source of fund	Amount
1	Owner capital	#2,000,000
2	Bank loan	#1,500,000
3	Others (specify)	#1,500,000
	<b>Total</b>	<b>#5,000,000</b>

### 8.20 Loan Repayment and Interest payment schedule

Year	Loan/loan bal b/d	interest	Annual instalment	Loan repayment	Loan bal c/f
	A	B	C	D	E
	A	$B = r(A)$	C (A value in eqn. 1)	$D = C - B$	$E = A - D$
0	1,500,000	N/A	N/A	N/A	1,500,000
1	1,500,000	75,000	539,490.76	464,490.76	1,035,509.24
2	1,425,000	71,250	539,490.76	468,240.76	956,759.24
3	1,353,750	6768.5	672,413.67	604,726.17	749,023.83
4	1,286,062.5	64303.125	872,428.63	808,125.51	477,936.99
5	1221759.375	61087.979	817,498.76	856,410.781	365,348.59
Total					

### 8.21 Schedule of depreciation

S/N	Item of depreciation	Initial value	Scrap value	Life span	depreciation
1	Land for building	500,00	350,000	50	3,000
2	chairs	200,000	100,000	4	2,500
3	tables	100,000	60,000	9	10,000
4	Digital projector	70,000	40,000	3	10,000
5	TV	100,000	80,000	7	2857.14
.	Generator	150,000	60,000	12	7,500
.	Fan	75,000	15,000	5	12,000
.	Laptops	200,000	10,000	7	27142.86
n	Lockers	45,000	20,000	3	8333.33
Total depreciation					#105833.33

## 8.22 Final accounts projection

This comprises of the profit and loss account, cash flow statement, and the balance sheet.

8.23 Estimate of profit and loss account for the first 3 years			
particulars	Year 1	Year 2	Year 3
Sales	12,300,000	48,575,000	80,625,000
Others			
<b>Net sales</b>	12,300,000	48,574,000	80,625,000
<b>Less expenses</b>			
Cost of raw materials	2,871,000	3,250,000	4,500,000
Salaries	3,630,000	3,630,000	4,000,000
Rent	60,000	60,000	60,000
Telephone	50,000	80,000	100,000
Electricity	50,000	75,000	75,000
Advertising	100,000	80,000	70,000
Entertainment	---	---	---
Insurance	100,000	100,000	100,000
Legal	100,000	100,000	100,000
Office supplies			



motor vehicle maintenance	80,000	80,000	100,000
<b>Total Expenses</b>	7,041,000	7,455,000	9,105,060
<b>Profit before tax/Int</b>	12,259,000	41,120,000	71,520,000
Less interest	120,410	104,600	84,785
<b>Profit after interest</b>	12,138,590	41,015,400	71,435,215
Less tax (30%)	3,641,577	12,304,620	21,430,565
<b>Profit after tax</b>	8,497,013	28,710,780	50,004,650
Less depreciation	105,833.33	105,833.33	105,833.33
<b>Net profit</b>	8,391,180	28,604,947	49,898,817
<b>Appropriation</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Dividend	1,860,000	8,576,230	11,200,000
Retained earnings	1,731,005.21	2,178,331.03	3,337,480.14

8.24 Cash flow projection			
	Yr 1 Total (#)	Yr 2 Total (#)	Yr 3 Total (#)
Cash In			
Bank loan (# 1,500,000)	—	—	—
Sales income	19,300,000		80,625,000
Other income (state)			
<b>Total cash in</b>	19,300,000	48,575,000	80,625,000
<b>Cash out</b>			
Admin. outgoings	200,000	220,000	300,000
Marketing	700,000	700,000	700,000
Cost of goods	2,871,000	3,250,000	4,500,000
Interest expenses	120,410	104,600	84,285
Loan repayment	464,491	468,241	604,727
. Salaries	3,630,000	3,630,000	4,000,000
.			
.			
Other payments		2,850,000	3,000,000
<b>Total Cash Out</b>	7,985,901	11,222,841	13,189,012
<b>Net Cash Bal</b>	11,314,099	37352158	6,743,588
<b>Opening cash Bal</b>	NIL	11,314,099	13,250,996
<b>Closing cash Bal</b>	11,314,099	48,670,800	80,686,984

Initial investment = #4,946,000

## 8.25 Balance of sheet

The balance sheet combines the results from the profit & loss statement and the cash flow statement.

Balance sheet assets	Start date Year 1	Year end i.e., Year 1	Year 2	Year 3
<b>Fixed assets:</b>				
Land , machinery & others	2,871,000	2,871,000	2,871,000	2,871,000
Less cum. Dep.	Nil	105833.33	211666.66	317499.99
<b>Total Fixed assets (A)</b>	2,871,000	2965166.67	26598333.34	2553500
<b>Current Assets:</b>				
Debtors		7985901	15,216,793	57,664,125
Cash (use as balancing item)	NIL	NIL	750,000	890,256
Stock	----	----	----	----
<b>Total current Assets (B)</b>	720,279	11,314,099	3,586,250	37,626,715
<b>Total Assets (C)</b>	8,720,314	18,300,000	34,600,000	35,850,760
<b>Liabilities:</b>				
<b>Current liabilities:</b>				
Creditors	NIL	50,000	85,000	100,000
Accrued expenses	375,280	200,000	150,000	Nil
Overdraft				
Short term loan		782,052	921,155	1,281,000
<b>Total current liabilities (D)</b>	375,280	1,032,552	1,156,155	1,388,000
Capital Employed (A –D)	2,495,720	1,732,614.67	1,503,176.34	1,165,500
<b>Long Term liabilities:</b>				
Long term loan	1,500,000	1,425,000	135,750	1,286,062
Other (specify)				
<b>Total long term liabilities (E)</b>	1,500,000	1,425,000	1,353,750	1,286,062
<b>Long + short liab. (F)</b>	1,875,280	2,457,552	2,509,905	2,674,062
<b>Shareholders' Equity (C-F)</b>	6,845,034	15,842,448	32,090,095	33,196,698

<b>Shareholders' Equity:</b>				
Capital (shares)	4,736,014	4,736,014	4,736,014	4,736,014
Retained Profits	Nil	73,259,000	31,120,000	51,520,000
<b>Total shareholders fund (G)</b>	4,736,014	17,047,852	33,705,950	35,850,750
<b>TOTAL LIABILITIES (F+G)</b>	6,611,294	19,505,404	36,215,610	38,524,812

## PART VII

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

#### **10.10 Risk Contingent Analysis**

S/N	Risks	Mitigants
1	Inadequate start-up demand	Aggressive promotion
2	Activities of other competitors and new establishments	Use of aggressive promotion
3	Fluctuation in the number of customers	Services will be offered to all class of individual
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n		

#### **10.12 Contingency Plan & Exist Strategy**

In case you find the business failing and in such a way remedied, what would you do and how can you pull out of the business with minimal damage (to you and other investors). Do you opt for acquisition, sale, allow merger, close, create franchise.

The promoters do not prefer a situation where it will fail but per-adventure it tends to happen, the business can be sold or the equipments can be sold or used for other purpose.

## PART VIII

#### **11.10 Other consideration and conclusion**

### **11.11 Economic justification**

State the benefits this can deliver to the economy i.e, how many jobs created, export potentials, potential to make the country depend less on import, taxes paid, and contribution to GDP.

The project tends to create jobs ranging between 2-12 at its first year which may subsequently raise up to 50-70. This will go a long way in reducing unemployment in the area of location.

### **11.12 COMMERCIAL VIABILITY**

Is the project commercially variable?. Show: the profitability level over years, the liquidity position, and shareholders net worth.

The project is very profitable which will generate more than #45,000,000million in profit in the next three years. Equally, shareholders net worth rise from #209,779,5 - #43,447,147 from the inception of the business to the next three years.

### **11.13 Conclusion and recommendations**

With all the plans that have been put in place, and the start-up capital reasonably obtainable, the business/project is recommended for funding.