

BUSINESS PLAN

PART I

1.10 Executive Summary

KINGTEX Entertainment production industry is a firm and music line start up. kingtex is specialized in making customized movie shooting, CD,DVD supply and music and movie production of varying type that is mostly clamoured amongst youths of this era.

It is also a mobile delivery company as its products and services are brought to the customers once he or she orders for it

Not only are the founders interested in meeting the demands of the customer, we also plan to create utmost satisfaction for these customers and also want to use this business as a means of creating employment within the community it is based in and to contribute to the economy of the country. We plan on provide products with quality and maintain this supply efficiently. We also plan on doing this at very affordable prices.

1.11 Name of Business

The name of the Business is Kingtex entertainment Productions industry

1.12 Legal Form of Business

Kingtex Entertainment company registered with Corporate Affairs Commission (CAC) with CAC registration, The National firm and video censor boards, Copyright society of Nigeria (COSON),Trade Mark and Patented Tribunal, Standard Organisation of Nigeria, The National Copyright Commission, The National Office for Technology Acquisition and Promotion(NOTAP).

1.13 Contact Address

No. 57 Nitel Road Nsukka, Enugu State

1.14 **Mobile phone:** 08165390195, 08020546091 E-Mail: kingtex1991@gmail.com

1.15 Type of Business

Entertainment Production Industry is a service provider and specialized in the designs, labelling, music/movie video shooting, recording, marketing and distribution of all kinds of music genre manually and digitally across the world.

1.16 Concise description of the business idea

A. Products or Services

KINGTEX Entertainment production industry is a firm and music line start up. kingtex is specialized in making customized movie shooting, CD, DVD supply and music and movie production of varying type that is mostly clamoured amongst youths of this era. It is also a mobile delivery company as its products and services are brought to the door step of customers once he/she orders.

B. Customers

- public markets, youths of the society

C. Owner(s)

Kingtex Entertainment production is a sole proprietorship business owned by

: Eloka Kingsley Sunday. (OPELLOR)

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 50 people with at least five (5) branches around the country at the growth of the business.

1.18 Start – up capital

The following are the components of the required startup capital

	Investment (Equipment, machinery and others)	N1,948,000.00
	Working Capital and pre-operating expenses	N3,948,000.00
	Total	N5,896,000.00

1.19 Source of Capital

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

1.	Owner's capital	N2,000,000
2.	Donations/ Grants	N4,000,000
	Total	N4,467,320

1.110 Profitability:

The net profits over the years are:

1. Year 1 = N12,147,803.00

2. Year 2 = N28,342,392.00

3. Year 3 = N53,879,345.00

1.111 Level of liquidity:

The liquidity levels over the years are:

1. Year 1 N6, 783,646.00

2. Year 2 N10, 746,518.00

3. Year 3 N33, 620,627.00

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

PART II

2.10 General Introduction

2.11 Background

The company was born out of the need to answer the question of ‘what to put smile on faces of people and make them extremely happy in our contemporary society?.

The company’s designs are all patented.

The mobile delivery service invented with this was born out of the need to give customize the utmost satisfaction and increase the ease of purchase

2.11 Vision Statement

To redefine entertainment amongst our youths

Mission Statement:

It the goal of Kingtex entertainment and the Recording Studio is to offer high end professional recording studio services for amateur and professional musicians within the targeted market

2.13 The Company

Kingtex Entertainment is a sole proprietorship business owned by one person and is liable for any business debts or claims.

2.14 Products or Services offered

The services rendered are with respect to movie and music production whilst bringing technology to aid ease of production and sales.

2.15 Legal form and Ownership of the Enterprise

Kingtex Entertainment Company. The project promoter is;

Eloka Kingsley Sunday

2.16 Location of the Business

The business will be located at No. 57 Nitel Road Nsukka, Enugu state.

2.18 Industry Trend and Analysis

The sector within which this business will operate is the entertainment industry. This industry is a rapidly growing one and will soon become the fastest growing sector of the Nigerian economy given the recent concern and attention given to 'public image' of individuals of which musics and films plays a vital role.

Many firms have ventured into this sector but few have actually taken into consideration the "propensity to reach the target market" of the populace and have hence produced reasonably good musics and movies at unreasonably low qualities.

Kingtex Entertainment has a certain advantage in that we produce with reduced labour and advanced technological processes hence low capital is involved. This gives us room to make sales at relatively cheaper and affordable prices to the populace whilst maintaining quality

2.19 Business Strategy

I will base marketing on social media platforms and online sponsored advertisements to reach youths around the country. Efforts would be made to ensure that products are price competitive and timelines would be stuck to strictly within and outside the

organization to build on the company's image and credibility to create a huge brand overtime.

2.20 Key Success Factors

Success will depend on the following factors

- Ability to create workable sales plans
- Determination in completing weekly tasks in the company with an overview of our overall good
- Gainful returns on marketing
- Building a mutual trust between the company and its customers
- Developing a strong network for brand advocacy

PART III

3.10 The Market

The main target market for Kingtex Entertainment production are young and old people within the confines of Enugu and across the country for now. Enugu is an large city and would have young people in particular interested in entertainment industry.

Enugu makes for an excellent location considering it is among the most populated state in Nigeria. It also has an elite population that appreciates things of this magnitude and scale. The indigenes also believe strongly in entertainment and fun making which makes it the perfect market to penetrate for a start

3.11 Sales and market share analysis:

The percentage of sales to projected output is about 80%. The market share of the product compared with that of competitors in the industry is about 65%

3.12 Key competitors and competitive advantage:

Kingtex Entertainment production will possibly face two types of competition as discussed in the sections below:

3.13 SWOT Analysis

SWOT stands for strength, weakness, opportunities and threats and we have made an analysis in each case.

Strength

- Cheap method of delivery
- Effective method of service delivery
- Mobile delivery system on order

Weakness

- Low capital
- Restricted labour available

Opportunities

- Growing demands of Hip hop music amongst youths
- Growing recognition of the movie industry in the economy
- Different types of music and movie vary in demand per season

Threats

- More competition
- Unstable cost price of raw materials needed

3.14 Demand and Supply Analysis and Estimating the Initial Installed Capacity

Details	Size(Number)
Potential demand targeted	20000
Less 30% existing competitors estimated by industry watcher to consume	5000
Available market (in the absence of expansion and very high entry wall)	
Less 10% due to possible expansion of existing competitors/entrant of new ones	3000
Available market	
Less 5% due to error in estimation	2000
Available demand/qualified market/demand supply gap	
Initial installed capacity cat most 60% of available demand (served market)	10000

4.10 Marketing Plan

4.11 Market segmentation:

Market segmentation

Potential market can be segmented into:

- Undergraduates of various universities in the country (departmental and faculty shows)
- Secondary school students (send-off party)
- Different cooperate firms (Hotels, Motels Gardens,)
- Youth organizations in church (all kinds of church programmes)

4.12 Target Market

UNDERGRADUATES OF VARIOUS UNIVERSITIES

- Various groups on campus that wish to have a end of the year party, shows.
- Various final year classes.
- Potential customers are religious/ church societies
- 80% of customer experience processes from attraction to brand advocacy would be done digitally hence making buying process easier
- Low potential customers are the proposed secondary school students.

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

Kingtex Entertainment Production has the specifications shown in the table below:

Product/ Service	Specification (Product / Service # 1)
Denomination/ product line	Kingtex
Specification (i.e. genres, designs, and quality)	Any colour depending on design. Quality depends on price attachments
Packaging	Packaged into a transparent company branded customized packs
After sale service	None

4.14 Marketing Plan (Using Price as a tool)

Product/ Service	1 prices(N)		
How much are customers willing to pay?	Highest	Average	Lowest.
	5000	3000	2000
Competitors price	Highest	Average	Lowest.
	9000	4500	3000
My price	2500 for ordinary shirts with print 3500 for long sleeve shirts with prints 4500 for varsity jackets		
Reason for setting my price	To be price competitive, but remain profitable		
Margin for discount?	No		

4.15 Market positioning Strategy:

Being a new entrant into the market Kingtex Entertainment plans to use aggressive marketing to win a comfortable market share in the entertainment industry

4.16 Marketing Mix Implementation Tools:

The marketing mix implementation targets to use the following tools:

1. Attractive packaging
2. Competitive pricing
3. Personal selling and
4. Advertisement

4.17 Channel of distribution

Kingtex entertainment Production would utilize the following channels of distribution:

- a. Direct to individual i.e. final consumer
- b. Through the retailers and
- c. Through wholesalers.

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, Kingtex would utilize the following promotional activities:

- 1. Sign board at specific places and hand bill
- 2. Open awareness advertisement with key market targets (restaurants, hotels, schools etc)
- 3. Advertisement which would utilize the following media:
 - a. Online advertisements
 - b. Flyers (print media)

4.19 Alliances:

It is believed that the main promoter of the business is the key customers. So, it is in the plan of Kingtex to maintain proper and satisfactory services.

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

Date	Marketing plan Activity	Evaluation Index	Personnel Involved	Estimated Costs(₦)
Start July. 2017 End July. 2017	Road shows in major targeted markets	Presence of flyers in major markets converted	Outsource d	20,000.00
Start August 2017 End September. 2018	Advertisements on social media	Random pop ups of the product online	Web developer	60,000.00
Start Aug. 2017 End Sept. 2017	Sales promotion through give away	Every day for 2 months give away	Company worker	60,000.00

Total			140,000.00
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PART V

TECHNICAL ANALYSIS

5.10 Production plan:

5.11 The Project:

The product offered by Kingtex production is projected to be a medium scale business and is capital intensive.

Due to its usage of advanced technology to boost digital marketing and online presence, less manual and more automated means are used reducing labor required

5.12 Production Process:

The raw materials are first supplied, then the designers produce designs suitable for the purchased discs. These designs are then passed on to the discs sellers who would in turn multiply and dub these movies/music to specification and designs. The movie/music is moved for packaging before the product is then put up on the company's website for sale. Once a customer places an order, his request is delivered by our delivery men then the production process is complete.

5.13 The production flow chart

5.14 The Production Schedule:

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

	Month	Input (POL) (number)	Input (POL) (number)	Input (POL) (number)	Targeted output (FGC) (number)
1	Jan	550	550	500	500
2	Feb	550	550	500	500
3	Mar	550	550	500	500
4	Apr	550	550	500	500
5	May	550	550	500	500
6	Jun	550	550	500	500
7	Jul	550	550	500	500
8	Aug	550	550	500	500
9	Sep	550	550	500	500
10	Oct	550	550	500	500
11	Nov	550	550	500	500

12	Dec	550	550	500	500
1	Jan	600	600	650	650
2	Feb	600	600	650	650
3	Mar	600	600	650	650
4	Apr	600	600	650	650
5	May	600	600	650	650
6	Jun	600	600	650	650
7	Jul	600	600	650	650
8	Aug	600	600	650	650
9	Sep	600	600	650	650
10	Oct	600	600	650	650
11	Nov	600	600	650	650
12	Dec	600	600	650	650
1	Jan	700	700	750	750
2	Feb	700	700	750	750
3	Mar	700	700	750	750
4	Apr	700	700	750	750
5	May	700	700	750	750
6	Jun	700	700	750	750
7	Jul	700	700	750	750
8	Aug	700	700	750	750
9	Sep	700	700	750	750
10	Oct	700	700	750	750
11	Nov	700	700	750	750
12	Dec	700	700	750	750

5.15 Machinery, equipment, and other requirements

S/n	Investment (Equipments and other)	Qty	Life Span	Other comments
	Electric prod. machine		10yrs	Nil

Manual prod. machine	4	10yr	nil
Printing machine		5yr	nil
Dextop computer		5yrs	nil
Packaging machine		5yrs	nil
Generator		5yrs	nil
Internet facilities		5yrs	nil
Air conditioner		5yrs	nil
Delivery motorcycles		5yrs	nil

5.16 Technology:

Kingtex production requires ingenuity on the part of the employees and key persons outside the business confines, in order to move with the current technological trends, we have made digital marketing our main source of marketing

5.17 Quality assurance and standardization

Qualified supervisors will carry out regular check- up.

Quality videos will be maintained.

Staffs will be properly trained.

Research on modern and current methods will be carried out from time to time.

6.10 Management and Organizational Structure

6.11 Directors:

The key promoter of the project is Chocolate entertainment and Voice FM Radio Station and will be managed by: Eloka Kingsley Sunday

6.12 Management team

Production manager – Louis Desmond (M.Sc. in film and music studies)

Admin / Act Manager – BSc TCE with 5 years' experience

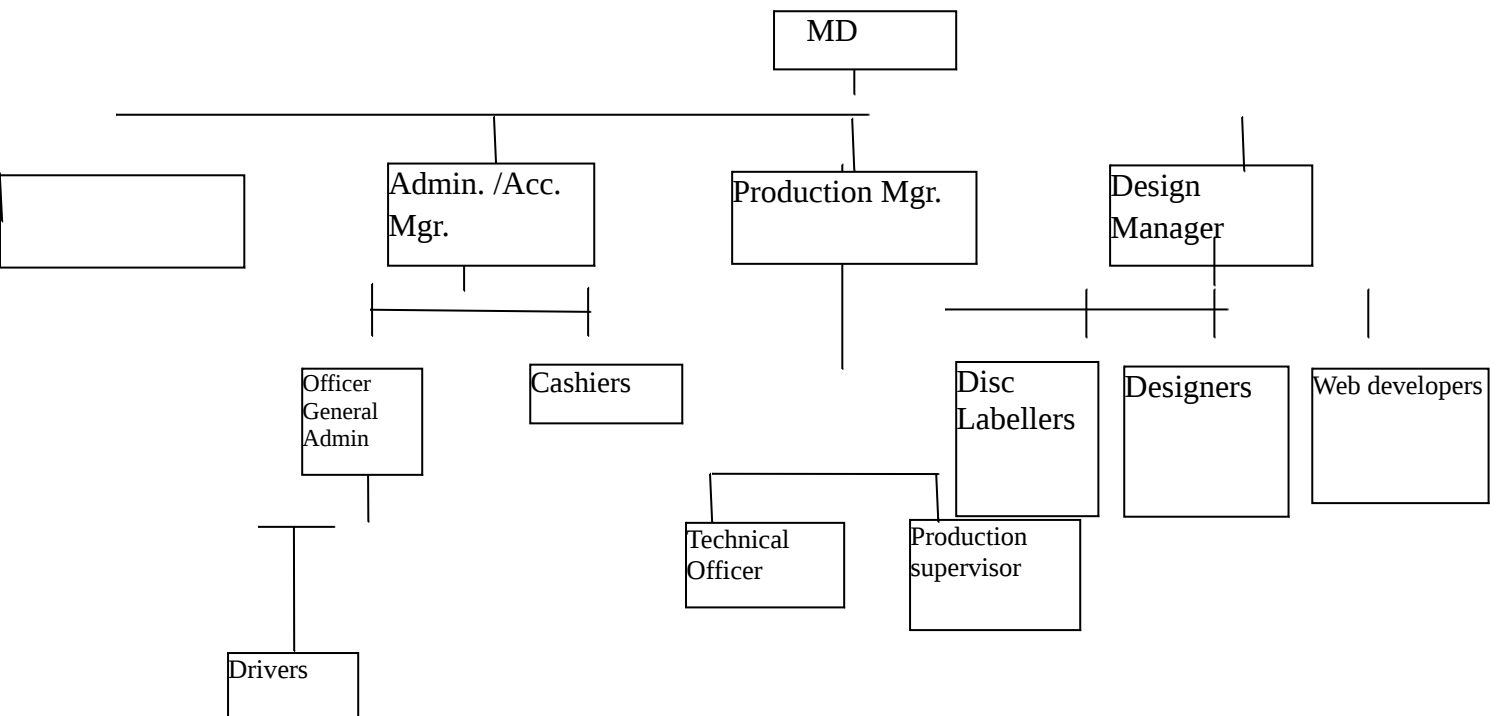
Marketing Manager – B.Sc. Mkg with 6 years' experience

It is the expectation of project promoters that the business would have rapid growth. If this happens the Administration function would be separated from the accounting 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 staff	Salary per staff per month	Total annual salary
	Proprietor / M.P	1	50,000.00	600,000
	Production Supervisor	1	25,000.00	300,000
	Cashier	1	15,000.00	180,000
	Sales men	3	10,000.00	120,000
	Drivers		10,000.00	120,000
	Sub Total			1,320,000
	Add 5% fringe benefits			66,000
	GRAND TOTAL			1,386,000

6.15 External support (Out sourcing):

The capacity of the managing crew and the organization as a body might not be adequate to handle all manner of tasks pertinent to the organization. In this instance, the organization may need to outsource certain roles or tasks.

The supply of fabrics to the company shall be outsourced to established produce wholesalers since Kingtex may not have the chance of visiting most of the nearby markets. However, efforts shall be made to select customers who source their supplies in the market. This is to ensure that the prices are competitive.

6.16 Organization’s values and norms:

Kingtex production’s core values are as listed below:

- a. To carry out business on the best ethical standards
- b. To show highest level of integrity and honesty.
- c. To maintain quality and standard at all times

PART V

7.10 Legal, regulatory, social, and environmental issues

7.12 Regulatory and Environmental Issues.

A. Regulatory Issues:

- i. Every idea generated within the company is patented and protected

B. Environmental Issues

By-product are discarded either by burning or disposing at the dustbin

PART VI

8.10 Financials

8.11 Equipment machinery and others costs:

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

S/n	Investment (Equipments and others)	Qty	Amount	Total
	Electric prod. machine		25000	50000
	Manual prod. machine	4	10000	400000
	Printing machine		200000	200000
	Dextop computer		100000	200000
	Packaging machine		40000	40000

	Generator		40000	40000
	Internet facilities		10000	10000
	Air conditioner		20000s	60000
	Delivery motorcycles		10000	300000

8.12 SALES PLAN

	Year 1	Year 2	Year 3
Product/Service	Kingtex	Kingtex	Kingtex
Product(A)/Service Quantity (Volume)	10 000	20 000	30 000
Price per unit(A)	3 000	3 000	3 000
Sales	30 000 000	60 000 000	90 000 000

8.13 COST PLAN

	Year 1	Year 2	Year 3
Product/Service	Kingtex	Kingtex	Kingtex
Product(A and B)/Raw input	10 000	20 000	30 000
Cost per unit	2 000	2 000	2 000
costs of Raw Input Total	20 000 000	40 000 000	60 000 000

8.14

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

(a) Sources of material input for Kingtex Entertainment.

Item	Source
a. COLOUR INK	Nigeria
b. CD	GERMAN
c. DVD	USA

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

Item	Current (for existing projects only (N) for Annum	Proposed (for new/expansion projects) (N)
a. Rates (printing label)	63,000	63,000
b. Traveling Expenses/Telephone	100000	100000
c. Stationery & Sundry Exp.	50,000	50,000
d. Vehicle Running Expenses	80,000	80,000
e. Insurance	150,000	150,000
f. Electricity/others	180,000	180,000
g. Other Expenses	100,000	100,000
TOTAL	723,000	723,000

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 Kingtex Entertainment industry into commercial operation.

Item	Amount
a. Company Incorporation	10,000
b. Increase in Authorized Share Capital	NIL
c. Traveling Expenses	85,000
Preparation of Business Plan/F.S.	22,000
Others (please specify)	NIL
TOTAL	117,000

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

- 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 suppliers 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)

Working capital items	Year 0 (₦)	Year1 ₦	Year 2 ₦	Year3 ₦
Stock of raw material (inks and discs)	800,000	800000	800000	880000
Stock of raw material(petrol)	852,600	852600	852600	860000
Provision for utilities and others: 1 month need of annual utilities	72,400	72400	72400	81000
Salaries/wages (3 months provision)	1,386,000	1386000	1386000	1400000
Debtors: 10 days value of annual sales	NIL	120000	140000	170000
	3,111, 000	3231000	2991000	3391000
Less creditor: 20 days need of raw materials	NIL	180000	130000	190000
Working capital	3,111,000	3,051,000	3121000	3201000
Increase/Decrease in working capital	—	60,000	70,000	80,000

The working capital needed to get the business running as planned is N3, 111,000 (Three million, one hundred and eleven 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 Kingtex. As shown in the table below

S/n	Item of Expenditure	Amount
	Fixed asset investment (Equipment Machinery and other requirements)	1,874,400
	Working Capital	3,111,000
	Pre-operating Expenses	117,000
	Initial Total Investment Outlay	₦4,467,320

Thus the start-up capital need to launch Kingtex industry into commercial production is N4, 467,320 (Four million, four hundred and sixty seven thousand, and three hundred and twenty naira only).

8.19 Financing Plan

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

S/n	Source of Fund	Amount (₦)
	Owner's capital	3,120,000
	Bank Loan	1,347,320
	Total	4,467,320

8.20 Loan Repayment and Interest payment schedule.

Year	Loan/Loan Bal. B/d	Interest	Annual Instalment	Loan Repayme nt	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
	1,347,320.00	N/A	N/A	N/A	1,347,320.00
	1,347,320.00	67,366	450,516.46	383,150.46	964169.54
	964,169.54	48,208.4	322400.03	274,191.55	689,977.99
		8			
	689,977.99	34,498.9	230,715.57	196,216.67	NIL
		0			

Note:

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

Where: PV = Loan amount; A = Annual Instalment; r = rate of interest per annum=20%; and
n = tenure of loan in years=5yrs

8.21 Schedule of Depreciation

S/n	Item of Depreciation	Initial value	Scrap value	Life span (yrs)	Depreciation
1	Electric machine and prod. Gargets	24,500	15,000	5	1,900
2	Manual prod. machine	26,400	13,000	5	2,680
3	Printing machine	50,000	30,000	5	4000
4	Internet facilities	5000	1000	4	1000
5	Packaging machine	16,500	10,000	5	1300
6	generator	12,000	7000	5	1000
7	building	400,000	380,000	5	4000
8	land	700,000	600,000	10	10,000
9	Desktop computers	40,000	20,000	5	4000
10	Delivery van	550,000	320,000	10	23,000
11	miscellaneous	50,000	20,000	5	4000
	Total Depreciation				₦56,880.00

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

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

8.22 Final Account Projection

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

8.23 Estimate of Profit and Loss Account for the first 3 years for Kingtex Entertainment Ind.

Particulars	Year 1	Years 2	Years 3
Sales	5, 100,025.00	6, 210,080.00	13, 101,200.00
Net Sales	5, 100,025.00	6, 210,080.00	13, 101,200.00
Less Expenses:			
Cost of raw materials	1,652,600	1,741,000	1,828,000
Salaries	1,386,000	1,386,000	1,486,000
Rate (water)	63,000	63,000	63,000
Telephone/Travels	100,000	100,000	100,000
Advertising	40,000	40,000	40,000
Electricity/others	180,000	180,000	185,600
Insurance	150,000	150,000	150,000
Motor Vehicle maintenance	80,000	80,000	85,000
Total Expenses	3,651,600	3,740,000	3,937,000
Profit before Tax/Int	5, 100,025	6, 210,080.00	13,101,200
Less Interest	300,000	200,100	165,000
Profit After Interest	4,800,025	6,009,980	12,936,200
Taxable Profit	4,800,025	6,009,980	12,936,200
Less Tax (30%)	144007.50	1802994	3880860

Profit After Tax	4,656,017.50	4,206,986.00	9,055,340.00
Less Annual depreciation	58,880.00	58,880.00	58,880.00
Net Profit	4,597,137.50	4,148,106.00	8,996,460.00
Appropriations	Year	Year 2	Year 3
Retained servings	2,298,568.75	2,074,053.00	4,498,230.00
Dividend	1,915,473.96	1,481,466.43	2,998,820.00

8.24 Cash flow Projection for Kingtex Entertainment Ind.

	Yr 0 (₦)	Yr 1 Total (₦)	Yr 2 Total (₦)	Yr 3 Total (₦)
Cash In				
Bank Loan	1,347,320	_____		_____
Sales Income	_____	5,100,025	6,210,080.00	13,101,200
Equity	3,120,000	_____	_____	_____
Total Cash In	4,467,320.00	5,100,025.00	6,210,080.00	13,101,200.00
Cash Out				
Admin. Outgoings.	_____	20,000	30,000	40,600
Marketing		350,000	200,000	250,000
Cost of Goods		1,652,600	1,741,000	1,828,000
Interest Expenses		180,000	200,000	280,500
Loan Repayment	1,347,320.00	964,169.51	689,977.99	-----
Initial Investments	4,467,320.00	_____	_____	_____
Salaries		1,386,000	1,386,000	1,486,000
Motor vehicle maintenance		80,000	80,000	80,000

Dividends		1,915,473.96	1,481,466.43	2,998,820.00
Total Cash Out	5,814.00	6,548,243.47	5,808,444.42	6,963,920.00
Net Cash Flow	NIL	4,451,781.53	401,635.58	6,137,280.00
Opening cash Bal.	NIL	NIL	4,451,781.53	6,538,915.58
Closing cash Bal.	NIL	4,451,781.53	6,538,915.58	10,990,697.10

8.25 Balance of Sheet of Kingtex Entertainment Ind. for the 1st 3 years

Balance Sheet Assets	Yr. 0	Yr. 1	Yr. 2	Yr. 3
<i>Fixed Assets:</i>				
Land Machinery & others	1,874,400	1,874,400	1,874,400	1,874,400
Less Cum. Dep.	NIL	56,880.00	60,000.00	66,242.21
Total Fixed Assets (A)	1,874,400	1,874,400	1,874,400	1,874,400
<i>Current Assets:</i>				
Cash (use as balancing item)	5,100,025.00	6,210,080.00	8,101,200.00	13,101,200.00
Operating Bal.	NIL	NIL	5,100,025.00	6,210,080.00
Debtors	NIL	40,000	65,000	81,000
Stock	413,550	165,420	283,970	312,200
Total Current Assets (B)		19870993	50584233	67,626,795
Total Assets (C)	18,504,200	32,688,993	62,180,233	66,038,195
<i>Liabilities</i>				
<i>Current liabilities</i>				
Creditors	NIL	2,363,000	4,057,000	4,179,000
Dividend	NIL	5,364,157	17,595,814	20,258,718

Short Term Loan	-	2,782,052	2,921,155	3,281,000
Total Current Liabilities (D)	NIL	10,509,209	24574029	27,718,718
Long Term Liabilities				
Long Term Loan	8,984,200	6,202,148	3,280,993	NIL
Other (specify)	-	-	-	-
Total Long Term Liabilities (E)	8,984,200	6,202,148	2,280,993	NIL
Long + Short Term Liab. (F)	420,200	1,711,357	2,855,022	2,718,718
Shareholders' Equity (C-F)	520,000	1,977,636	3,325,211	3,319,477
Shareholders Equity:				
Capital (Shares)	952000	952000	952000	952000
Retained Profits	NIL	6457636	2480521	2799477
Total shareholders fund (G)	952000	1,977,636	3325211	3319477
Total Liabilities (F+G)	504,200	1,688,993	1,180,233	1,038,195

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.

8.26 Ratio Analysis

Type of ratios	Year 1	Year 2	Year 3
Liquidity ratios:			
a. Current ratio	0.21	0.22	2.46

b. Acid test ratio	1.62	1.89	2.22
Leverage ratios:			
a. Debt equity ratio	0.41	0.22	—
b. Debt capitalization ratio	0.25	0.08	—
Loan coverage ratio			
a. Interest coverage ratio	32.48	150.96	235.85
b. Assets coverage ratio	3.25	9.47	—
Profitability ratio			
a. Return on capital employed	65.04%	121.23%	145.21%
b. Net profit margin	16.50%	42.54%	36.25%

PART VII

10.0 Risk Analysis, Contingency plan, and Exit Strategy:

10.10 Risk Contingent Analysis

Kingtex Entertainment has identified the risks discussed in the table below.

Actions taken to guard against the risk are given as Mitigants

S/n	Risks	Mitigants
1.	Inadequate start – up demand	Aggressive promotion and advertising campaigns.

2.	Unexpected adverse events	Appropriate insurance policy will be taken
3.	High unexpected entrance of many competitors due to the fact that the business is profitable	Use of trade secret to keep product formulation formula secret from potential competitors. Also continuous aggressive marketing will be sustained

10.12 Contingency Plan & Exit Strategy

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

PART VIII

11.10 Other Consideration and Conclusions

11.11 Economic Justification

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

1. It will provide job for 12 persons
2. It will contribute more than ₦ 10,000,000 to Gross Capital
3. It will contribute more than ₦200 Million to the GDP in the next three years.

11.12 Commercial Viability

The project is very profitable as it will generate more than ₦103 Million in profit in the next three years. The liquidity positions are: N5, 200,185.00, ₦7, 415,000.00; and ₦ N22, 520,105.00 for year 1,2, and 3 respectively.

11.13 Conclusion and Recommendation:

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