



REASON ICED BLOCK VENTURES



A BUSSINESS PLAN ON
CED 342 (BUSSINESS CREATION AND GROWTH)
DEPARTMENT OF HUMAN, NUTRITION AND DIETETICS
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2008/157906

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Executive Summary

The terrible electricity supply situation in Africa means that in many countries, less than 20 percent of the population has a connection to the main grid; this situation is not any better in the rural areas, as less than 5

percent of the population in these areas are connected to the main power grid. This terrible electricity situation is one of the main reasons for the establishment of Reason Iced Block Ventures which is a booming and lucrative business

1.1.1 Name of Business

The name of the Business is Reason Iced Block Nigeria Limited.

1.1.3 Type of Business

Reason Iced Block is a large scale fish farming firm in the agro processing sector.

1.1.4 Concise description of the business idea

Products or Services

The products are only iced block in large quantities

1.1.5 Customers

Public members that desire ice for chilling and preserving items for long term

1.1.6 Number of jobs to be created

By the time the company is up and running, it is expected to create direct jobs for 24 people.

1.1.7 Start - up capital

The following are the components of the required startup capital

a. Investment (Equipment, machinery and others)	N7, 300, 000.00
b. Working Capital and pre-operating expenses	N4, 000, 200.00
	Total = N11, 300, 200.00

1.2 Source of Capital and share holding structure

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

a.	Owner's capital	N5, 099, 750.00
b.	Bank loan	N6, 200, 450. 00
	Total	N11, 300, 200.00

1.2.1 Profitability:

The net profits over the years are:

1. Year 1 = N5, 821,793.00
2. Year 2 = N12, 401,085.00
3. Year 3 = N24, 058,195.00

1.2.2 Level of liquidity:

The liquidity levels over the years are:

1. Year 1= N6, 487,781
2. Year 2 = N24, 289,445
3. Year 3 = N58, 678, 577

2.0 BACKGROUND

2.1 Introduction

REASON ice block is an ice block making factory involved in the making of high quality iced blocks in commercial quantity. As it is no news that electric power supply is far from being adequate to meet the needs of average Nigerians, who will need to take a cold drink in a hot weather, who owns a food drink store, or vend in an event, sell drinks, cold juice, who work in hospitals or industries that handle drugs or chemicals that need constant cooling, the need for an Ice block making factory therefore becomes a necessity.

Reason Ice Block factory supply large ice-block to event planners, bars, restaurants, etc . With epileptic power supply in Nigeria and high constant temperature, demand for ice-blocks is almost limitless. Our reach includes a population of over 100 corporate clients and with our facilities we will always meet target.

It is to be located at Egbeda, Lagos, Nigeria

Vision statement

To become the foremost Ice-Block making factory in Nigeria

Mission statement

Our Mission for Ice Block Production the Business Plan in Nigeria

To set up chains of our Ice blocks factory delivering Ice blocks without disappointing our customers in Speed of delivery, consistency, quality and pricing.

Ownership/legal status

The reason ice block industry will be privately owned as a sole proprietorship business

Name of owner/promoter: Mr Oleh Nduka

Date of birth: 20th Dec, 1993

Place of birth: Anambra state, Nigeria

Educational qualification: OND Human Nutrition and Dietetics

Institution: Auchu polytechnic

Year Of Graduation: 2012

LEGAL STATUS

Reason Iced Block Manufacturing company is a privately owned business duly registered with the Cooperate Affairs Commission(CAC) It is registered with the name Reason Iced block Manufacturing Company, Egbeda, Lagos, Nigeria This makes it possible for the business to sue and to be sued.

LOCATION AND FACILITIES

The business is to be located at Egbeda, Lagos, Nigeria. This location is unique because of the high population of the area and the increasing demand for iced block in the area. High concentrations of retail shops which services demands chilled products are largely seen there.

PRODUCT AND SERVICES

We will be retailing ice blocks and also selling wholesale and also perform other services so as to have multiple sources of income and have a solid bottom line that will boost and sustain our business. Therefore the products and services that we will make available to our customers are;

- ✓ Wholesale and retail of ice blocks of all sizes
- ✓ Cooling services
- ✓ Sale of ice block machines
- ✓ Repair of ice block machines
- ✓ Advisory services

BUSINESS STRATEGY

We at Reasons Ice Block Ventures are set to become a leading ice block making business here in Egbeda as well as all around its environs and to achieve this, it is vital that we build a solid business structure that will allow us start and run our business with as few hitches as possible and also allow us achieve our goals and objectives.

In building a workforce for our business, we will focus on those that understand customer excellence and also the vision that we stand for as a company. Those we will employ must have knowledge of how to work efficiently and how ice block businesses work so that they could help build our business from the start to the level we intend.

SUCCESS FACTOR

With efficient customers service, the business promises to serve, satisfactorily, the needs of her many customers. Its strategic location and affordability of products, will make the business, a must - patronize for every consumer

REVENUE BASE

The capital is to come from, the owner of the business. This shows their commitment to the business. It is hoped that the business would generate revenue from the loan it plans to get in the future from the microfinance bank

3.0 MARKETING AND CLIENTS

3.1 NATURE AND SIZE

Even though many people own their own refrigerators and fridges that are designed to cool their own drinks, these devices cannot however be carried by people anywhere they go and as such they have to buy from places where drinks are cool.

Most of these vendors who are everywhere buy these ice blocks and cool these drinks for their various customers. This means that the more people are out of their homes, the more they are likely to buy chilled water or drinks outside their homes and the more ice blocks are likely to be sold.

Asides from vendors, other people who also use ice blocks are caterers and those hosting an event that would then need to chill the drinks so that the various invited guests will have something cool and refreshing. Ice blocks offer these people a convenient way at cooling their drinks instead of using a fridge or refrigerator that would hardly serve the purpose.

3.2 TARGET CLIENTS

Even though we are located at a very strategic location here in Egbeda - Lagos, we still had to conduct a market research on who our customers are likely to be and how best we would draft the strategies that will allow us gain a huge share of the target market. The market research allowed us to understand the characteristics of our target market and also know what they would be expecting from us.

Therefore, the following are those that we will be offering our services to and they are; pure water vendors, soft drink vendors, caterers, households, event hosts, ice block vendors and market traders (meat and fish traders). They are those we will concentrate in marketing our services to.

3.3 KEY COMPETITORS AND PLAYERS

Our aim of starting an ice block making business is to be able to fill in the gap caused by the lack of electricity supply and ensure that those who

require cool drinks are able to get one in order to stay hydrated and also able to feel refreshed especially when they are out and about under the heat of the sun.

However, in conducting our market survey, we have found that we are not the only ice block making business here in Egbeda - Lagos, which means we are likely to face stiff competition in offering our services to the target market.

The feasibility study we conducted allowed us to thoroughly assess our competitors and understand their strengths and weaknesses. Knowing their attributes also allowed us to be able to come up with certain competitive strategies that will be of huge advantage to us and allow us not only attract but retain a huge part o our customers.

The first competitive advantage we have is that we are offering more services than the average ice block making business. This means customers are more likely to patronize us because they know they will get more from us than they would from our competitors.

Also, we understand the value of our customers, which is why we are customer-centric and offer our customers the best care as compared to our competitors. We offer our customers incentives from time to time and also ensure that loyal customers get something from us especially when they refer others to us.

Finally, we employed dedicated and committed staffs that understand how best to run a business such as ours and how we can achieve our goals and objectives as a company. Our employees will be well taken care of as their welfare package will be amongst the best across similar start-ups such as ours in the industry. This will ensure that they put in their best and increase productivity for our business

3.5 SERVICE DELIVERY

Company service delivery, wholesale service delivery, transport service delivery etc. would be under taken by the company regularly .In any case when van-load of our products in bought, the company promises to offer free service delivery for it within the environs of Lagos state, Nigeria.

3.6 QUALITY ASSURANCE

All production process and packaging activities will be carried out using safety and sanitary guidelines recommended by NAFDAC and approved by SON.

3.7 DEMAND/SUPPLY ANALYSIS

Even though we are located at a very strategic location here in Egbeda - Lagos, we still had to conduct a market research on who our customers are likely to be and how best we would draft the strategies that will allow us gain a huge share of the target market. The market research allowed us to understand the characteristics of our target market and also know what they would be expecting from us.

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3.8 TECHNOLOGY

Notwithstanding the fact that this is a new company there will be little automation as drying, sieving and compressing machines; electric sealing machines will also be used. With time and more funding, almost all the production processes will be automated as the business grows.

3.9 OUR COMPETITIVE ADVANTAGE

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4.0 MARKETING PLAN

4.1 MARKETING PLAN:

We have therefore adopted the following strategies that will ensure that we do not only attract customers but make sure that they become loyal and that a huge percentage of them are retained. Therefore, parts of the marketing and sales strategies that we intend to adopt for Reason Ice Block Ventures are;

Ensure that we introduce our ice block making business to vendors, caterers and all the other stakeholders in the business here in Egbeda - Lagos

Throw a party to launch our ice block making business in order to gain the attention of our target market and increase awareness for our business.

Ensure that we place adverts in local newspapers and on three most popular radio and television stations listened to by our target market

Use our social media platforms such as Facebook and Twitter as well as our official website to market our business

Distribute attractive handbills and fliers in target locations and paste some at bus stops

Place flexi banners around strategic points here in Egbeda and its environ

4.2 PROMOTION AND DISTRIBUTION STRATEGY

We will create awareness of our product in road show promotions, handbills and fliers. Radio adverts will also be used in alerting the public on the arrival of the product. also would be targeted at families, hoteliers and other uses of the product .

4.3 ALLIANCES

The business will align with all necessary unions and bodies that are concerned with the growth of business.

4.4 MARKETING POSITION

We will sell our product in all major markets in Lagos state basically, but hope to extend our tentacles as time goes on and make our product available in almost all retail shops and supermarkets mainly in Lagos and nationwide. The firm will offer advisory services to our clients on product usage and maintenances.

4.5 SERVICE DELIVERY STRATEGY

Presence of a van for the delivery of large quantity of Ice Block at an arranged price.

4.6 SWOT ANALYSIS

Strengths

Our strength lies in the fact that we are located in an area that is densely populated and has less supply of electricity compared to other parts of Lagos, this will make our service a highly demandable one for traders, caterers, and domestic users. Also, we are offering various services in addition to our core service, which makes us to stand out from our competitors who are not offering half of what we are.

We also have in our employ dedicated and committed staffs that have the experience are attuned to our corporate goals and objectives and are willing to work hard to ensure that we attain our corporate goals and objectives.

Also, our excellent customer culture is already giving us a high ranking as we have a high retention of our clients compared to that of our competitors.

Weaknesses

Our weakness stem from the fact that we are relatively new in the business and as such might not have the required finance and staff capability to be able to get as much customers as we like or be able to compete favorably against our neighbors.

Opportunities

Egbeda is such a huge place in Lagos and so affords us enough opportunities especially as more people are yet to be aware of our core service as well as the additional services such as repair and maintenance of ice block making machines and cooling van services that we offer. The high population figure here in Egbeda affords us the huge opportunities we will need to grow and expand our business.

Threats

Like every other business, we face certain threats to our business as well. One major threat that we will face is the arrival of a major competitor in the same location where we are operating from and offering the same services that we will be offering our customers. Another threat is a major economic downturn that will cause low patronage from all our customers and lead to low revenue.

Also, we are likely to face threats from those who are not in our line of business but who have large refrigerators and can put on their generating sets in order to gain a few customers from our target market. Also, if the power problem improves and remains steady, we would see a drop in patronage for our services. As a business we are used to any threats that might crop up and are fully ready to combat any threat that our business is likely to face with strategies of our own.

5.0 ORGANIZATION AND MANAGEMENT

Because we will be running an ice block making business that will not be the conventional type that others are running, we will be employing more workers to our business that will be given various positions and tasks. This means that we will not only hire sales people to sell these ice blocks, we will need those with mechanical knowledge that know how to identify genuine ice block machines but can repair them as well.

Therefore, Reason Ice Block Ventures will employ the following people to handle the different responsibilities from its various tasks;

Chief Executive Officer

Human Resource and Admin Manager

Store manager

Accountant/Cashier

Ice block machine repair and maintenance manager

Front Desk Officer

Distribution and Delivery Driver

Marketing and Sales Team

Cleaner

Security Guard

Roles and Responsibilities

Chief Executive Officer

In charge of creating the organization's vision, policies and directions and ensuring its effective implementation

Responsible for creating the organizational budget

Meets and negotiates with high level clients in order to secure deals on behalf of the company

Provides counsel, coaching and also disciplining of key staffs all in a bid to achieve organizational goals

Human Resource and Admin Manager

In charge of recruiting, selecting and carrying out orientation of new employees in order to get them attuned to the organization

Conducts staff induction or new members

In charge of employee welfare and other incentives

Ensures the smooth running of the company administration-wise

Store manager

In charge of interacting with customers and ensuring that they make a purchase

Ensures that ice blocks in supply is in conjunction with the requirements of the management

Ensures that the store is always kept clean at all times and carries out light repairs on defects when necessary on behalf of the organization

Accountant/Cashier

In charge of preparing financial reports, statements and budgets for the organization

Monitors cash inflow and outflow and ensures that they are well documented

Develops financial policies and also administers payroll on behalf of the organization

Ice block machine repair and maintenance manager

Carries out repairs and maintenance services on company's ice block making machines

Repairs ice block machines for clients on behalf of the organization

Handles any other duty as assigned by the human resources manager

Front Desk Officer

In charge of attending to enquiries and orders from clients

Receives customers' complaints and ensures that it is promptly attended to

Have an updated and accurate customer database on behalf of the organization

Distribution and Delivery Driver

Drives and maintains the company's delivery and distribution vans

Ensures that ice blocks are delivered at the right destination

Drives safely at all times and obeys all traffic regulations

Marketing and Sales Team

Conducts a market survey in order to determine new target markets for the organization

Drafts an effective marketing strategy to bring in revenue for the organization

Carries one-on-one marketing and achieve sales revenue on behalf of the organization

Cleaner

Cleans the premises and ensures that it is kept clean at all times

Ensures that the cleaning supplies are always in stock

Carries out other duties as might be determined by the Human Resources Manager

Security Guard

Ensures that the facility and outside premises is secured at all times

Gives security tips to staffs of the organization from time to time

Handles any other duties as might be assigned by the Human Resources Manager

5.3 ORGANIZATION

The managing Director will be in charge of all the activities of the enterprise. All personnel will be answerable to him. In his absence, all other personnel will be answerable to the marketing manager or a senior worker as may be directed

5.3 EXTERNAL SUPPORT

Reason Ice Block Ventures will receive external support from alliances, bodies and other financial institution

5.5 VALUES AND NORMS OF THE COMPANY

1. Quality service is to be ensured at all times.
2. Customers welfare and support remains our primary concern.
3. We uphold the values of:

Diligence, Honesty, Integrity, Resilience, Service, Innovation
In addition to the above values,

6.0 LEGAL, REGULATORY, SOCIAL AND ENVIRONMENTAL ISSUES

6.1 LEGAL ISSUES

The name of this firm is Reason Iced Block located in Egbeda, Lagos state in Nigeria. It is registered with the Corporate Affair Commission in 2014 and has

continued to update her registration status with the body. This makes it possible for the business to sue or be sued. Peculiar Oil mill has since 2014, been certified a sound firm by SON and MAN. The company operates and is owned by a single person.

6.2 REGULATORY ISSUES

This company has received approval from NAFDAC for quality service and healthy production process. The welfare of employees is properly maintained with sufficient remuneration and other additional benefits attached to them.

6.3 SOCIAL ISSUES

Considering our management team, public relations is a priority for this firm. To achieve this, the company reaches out to customers through research on regular basis to know their needs and proffer solutions to them. Also to curb unemployment, Reason Iced Block employs a handful of unemployed youths in Nigeria.

The company plans to support in the future, regular social, educational and sporting events

6.4 ENVIRONMENTALISSUES

All sorts of environmental anomaly will be avoided by this firm as it will not contribute to environmental pollution and greenhouse effect. There will be proper drainage system and its waste will be disposed properly.

7.0 FINACIAL PLAN

7.1 FINACIALS

7.3 FUNDING REQUIREMENT

PROJECT ESTIMATE:

1. Compensation given to owners land
2. Erecting of industrial buildings
3. Acquisition of machines an equipment
4. Payment of workers for the 1 months
6. Miscellaneous Market analysis

ESTIMATED CAPITAL VENTURE NEEDS

4.1.2 Sales plan

	Year 1	Year 2	Year 3
Product/Service	Reason Iced Block	Reason Iced Block	Reason Iced Block
Product/Service Quantity (Volume)	60,000	120,000	240,000
Price per unit	500	600	650
Sales	30,000,000	72,000,000	156,000,000

4.1.3 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 Anum	Proposed (for new/expansion projects) (N)
a. Rates (Water Rate)	80,000	80,000
b. Traveling Expenses/Telephone	200,000	200000
c. Stationery & Sundry Exp.	50,000	50000
d. Vehicle Running Expenses	1000,000	1000,000

e. Insurance	250,000	250,000
f. Electricity/others	360,000	360,000
g. Other Expenses	100,000	100,000
TOTAL	2,040,000	₦2,040,000

7.1.4 Preliminary & Pre-Operating Expenses

The following expenses were incurred as a result of running around to organize men and materials needed to launch Eni-Njoku Fishery into commercial production.

Item	Amount
a. Company Incorporation	150,000
b. Increase in Authorized Share Capital	NIL
c. Traveling Expenses	200,000
Preparation of Business Plan/F.S.	20,000
Others	NIL
TOTAL	370,000

7.1.5 Working Capital Projection (to cover the gestation period)

The working capital needed to get the business running as planned is N4, 074, 200 (four million and seventy four thousand, two hundred naira only)

7.1.6 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 Eni-Njoku Fish Farm. As shown in the table below

S/n	Item of Expenditure	Amount
1	Fixed asset investment (Equipt. Machinery and other requirements)	6,836,000
2	Working Capital	4,074,200
3	Pre-operating Expenses	390,000
	Initial Total Investment Outlay	N11,300,200

Thus the start-up capital need to launch the project into commercial production is N11, 300, 200.00 (Eleven million, three hundred thousand, two hundred naira, only).

7.2 Financing Plan

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

S/n	Source of Fund	Amount (N)
1	Owner's capital	5,099,750
2	Bank Loan	6,200,450
	Total	N11,300,200

7.2.1 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.

7.2.2 Estimate of Profit and Loss Account for the first 3 years.

Particulars	Year 1	Years 2	Years 3
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Sales	72,000,000	144,000,000	156,000,000
Net Sales	72,000,000	144,000,000	156,000,000
Less Expenses:			
Cost of raw materials	39,700,800	68,155,200	70,200,000
Salaries	9,450,000	9,450,000	9,922,500
Rate (water)	80,000	80,000	80,000
Telephone/Travels	200,000	200,000	200,000
Advertising	2,050,000	2,050,000	2,050,000
Electricity/others	136,000	136,000	149,600
Insurance	250,000	250,000	250,000
Office Supplies	50,000	50,000	50,000
Motor Vehicle maintenance	900,000	900,000	900,000
Total Expenses	52,816,800	80,371,200	83,007,100
Profit before Tax/Int	19,083,200	62,628,800	71,992,900
Less Interest	449,210	310,107	164,050
Profit After Interest	18,633,990	62,318,693	71,828,850
Taxable Profit	18,633,990	62,318,693	71,828,850
Less Tax (30%)	5,590,197	18,695,608	21,548,655
Profit After Tax	13,043,793	43,623,085	50,280,195
Less Annual depreciation	1,222,000	1,222,000	1,222,000
Net Profit	11,821,793	42,401,085	49,058,195
Appropriations	Year	Year 2	Year 3
Retained earnings	6,457,636	24,805,211	28,799,477

Dividend	5,364,157	17,595,874	20,258,718
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7.2.3 Cash flow Projection for Reason Iced Block Ventures

	Yr 0 (N)	Yr 1 Total (N)	Yr 2 Total (N)	Yr 3 Total (N)
Cash In				
Bank Loan	8,984,200	—	—	—
Sales Income	—	72,000,000	144,000,000	156,000,000
Equity	9520000	—	—	—
Total Cash In	11,300,200	30,000,000	72,000,000	156,000,000
Cash Out				
Admin. Outgoings.	—	716,000	716,000	734600
Marketing	—	2,050,000	2,050,000	2,050,000
Cost of Goods	—	39,700,800	68,155,200	70,200,000
Interest Expenses	—	449,210	310,107	164,050
Loan Repayment	—	2,782,052	2,921,155	3,281,000
Initial Investments	11,300,200	—	—	—
Salaries	—	5,450,000	5,450,000	5,922,500
Motor vehicle maintenance	—	900,000	900,000	900,000
Dividends	—	5364157	17595874	20258718
Total Cash Out	11,300,200	57,412,219	98,098,836	103,510,868
Net Cash Flow	NIL	10,487,78	41,801,664	48,389,132

		1		
Opening cash Bal	NIL	NIL	10,487,781	52,289,445
Closing cash Bal	NIL	10,487,781	52,289,445	100,678,577

4.3 Risk Analysis, Contingency plan, and Exit Strategy:

4.3.1 Risk Contingent Analysis

Reason Iced Block Ventures 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

4.3.2 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

4.4.1 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. Provide job for 24 or more persons.
2. Contribute more than ₦ 11,000,000 to Gross Capital

4.4.2 Conclusion and Recommendation:

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