

UNIVERSITY OF NIGERIA, NSUKKA

**FACULTY OF SOCIAL SCIENCE
DEPARTMENT OF POLITICAL SCIENCE**

TOPIC:

NGENE GENERAL RECREATIONAL CENTRE NIG. (LTD)

A BUSINESS PLAN

**PRESENTED IN PARTIAL FULFILLMENT FOR THE
REQUIREMENT OF THE COURSE: BUSINESS DEVELOPMENT
AND MANAGEMENT CEDR 342.
(CENTRE FOR ENTREPRENEURSHIP AND DEVELOPMENT
RESEARCH)**

BY

**NGENE, SAMUEL FRIDAY
2013/188016**

LECTURER: DR. NWAOGA

JULY, 2017.

NGENE GENERAL RECREATIONAL CENTRE NIG (LTD)

PART I

1.0 EXECUTIVE SUMMARY

- The following report and recommendation refer to the proposal by “NGENE GENERAL RECREATIONAL CENTRE NIG. (LTD)” at Christ Church Chapel Auditoriums, University of Nigeria, Nsukka, Enugu State.
- The project would require a startup capital of ₦5, 000,000 made up of ₦1, 500, 000 for fixed asset and ₦3, 500,000 of working capital.
- The vision of the morning star recreation centre is to provide a place that will be safe and trusted for families especially working class and nursing mothers to keep their babies for special care when they are away for work.
- The proposed project is to be located at the Christ Church Chapel Auditorium, University of Nigeria Nsukka because of its strategic location in the University and easy access to target clients (staff and students, civil servants and other corporate workers like bankers within the area).
- A ready market exists for the planned business based on our market survey.
- The financial projection reveals a good level of liquidity and stability. The project turnovers for year 1, 2 and 3 are ₦2, 224,000 ₦ 2,262,600 and ₦ 2,383,200 respectively.
- NGENE GENERAL RECREATIONAL CENTRE NIG. (LTD) not only provides a secured place for keeping babies but also supports it with advertising and promotion campaigns.

The key message associated with the NGENE GENERAL RECREATIONAL CENTRE NIG. (LTD) is to make the centre comfortable so as to bring out the best in any child, it is a place for the children to be brought up both morally, socially. In the future, the company will obtain the use of a new structure. The start-up cost will cover a number of details to convert the structure to suit the owner concept, also included in the start-up cost are all the necessary soft play equipment , inventory and other essentials.

The start-up requirement equipment are listed below:

	Year 1	Year 2	Year3
Turnover	2224000	2262600	2383200
Profit before Int & Tax	2574000	2664000	2848000
Profit after tax	2224000	2262600	2383200
Return on Equity	N/A	150.84	158.88
Return on Investment	N/A	45.25	47.66

PART II

COMPANY DESCRIPTION

2.1 GENERAL BUSINESS OVERVIEW

This business enterprise proposed by “NGENE GENERAL RECREATIONAL CENTRE NIG. (LTD)” for the establishment of a centre where working class mothers can safely keep their children when they are away for work. This centre has focused its efforts on the development of recreation centres for families.

2.2 PROMOTERS

This business is a partnership business owned by NGENE GENERAL recreation centre.

2.3 ADVISERS

The companies choose Dr. Eze Philip as the financial adviser, while Barr. Ugwu Anthony as its legal adviser.

2.4 LEGAL ISSUES.

❖ The Company will be registered at the Corporate Commission (CAC) as NGENE GENERAL RECREATIONAL CENTRE NIG. (LTD).

❖ **Value and Norms of the Company**

NGENE GENERAL centre plans to adopt the following norms and values:

- a. To offer the best for the benefits of her customers
- b. To see her employees as her most valuable assets.
- c. To uphold her integrity always.
- d. To remain faithful to our visions and missions
- e. To always be available to her customers.
- f. To pay taxes as at when due.

2.5 LOCATION AND FACILITIES:

The business is to be located at St. Peter’s Chaplaincy Hall, University of Nigeria community, Nsukka, Enugu State. The choice for the location is basically because of the nearness to the main market, the workers of the institution of which are a target of takeoff. Thus, it has a large population of civil servants and students who are nursing mothers who are also workers in the university. The facilities required for

the establishment of the centre are movie theatre, play stations, educational toys, toy cars, projectors and screens and generator set.

2.6 PRODUCTS AND SERVICES

The company will set itself apart from other child entertainment faculties that may offer only or two kinds of services. Parents and the general public desire these services and are frustrated because they must go to several different businesses or travel long distance to find these types of activities. The focus of the company is pay care and part place.

The services provided would be exemplary such as having neat atmosphere, friendly and upscale where customers will be comfortable leaving their children.

I will offer a personal touch, fun innovative learning through play and a memorable hassle-free birthday party. It will also, offer event pictures of children's birthday parties.

2.7 LONG TERM AIM AND OBJECTIVES

- VISION AND MISSION
- VISION: To be the most outstanding recreation centre in town that provides the best relaxation and comfort with adequate security for the general public.
- MISSION: To meet the taste and demands of the general public. And also provide a kid-friendly environment.

2.8 SWOT

❖ Strengths

- The location of the company makes it have easy access to its targeted market.
- The durability of the facilities and equipment will put it ahead of other recreation centres.

❖ Opportunities

- The fact that there is no other recreation centre around Nsukka metropolis has increased our chances of starting up and thus expanding in a more recognizable manner

❖ Threats

- Low initial demand.

- Initial problems of raising adequate capital for the project demanded.

As the business begins to succeed, other competitors will come in and this will surely be a source of threat.

To checkmate these threats, the company will adopt ways of keeping their costumers no matter the degree of competition.

❖ **Exit Strategy**

No exit is planned, rather diversification will be pursued.

PART III

MARKET ANALYSIS

3.1 TARGET MARKET

NGENE GENERAL Centre has an exciting business opportunity since there is a huge market in Nsukka and its environs where clothes and foot wears is needed. Increase in income is also going to enhance the market available for this product, as more people will be able to build houses.

3.1 TOTAL MARKET VALUATION

The following are the classes of customers that are expected to patronize NGENE GENERAL centre:

Parent, artists, teenagers, youths, social clubs.

Available Market

Studies revealed that about 20,000 contractors located within the Nsukka environment are always in need of paints for furnishing their houses. Studies have also shown that the various indigenes, students located in Nsukka metropolis are always in need of recreational activities and relaxation. This information is indeed a cheering information for Morning Star centre whose primary market is within Nsukka area.

3.2 TARGET MARKET

NGENE GENERAL Centre is located very close to so many target towns. These target towns and its neighboring towns and villages. These various locations are in constant need of recreational activities and relaxation. Existing suppliers of this product are not located close to these target markets. This, in the absence of quality, is going to be one of the advantages our company is going to have over other producers.

3.3 TARGET COMPANY REVENUES

Information from experienced players in the business reveals that 50,000 clothes and foot wears are demanded annually in Nsukka and its environs for the past 3 years. But this figure is expected to rise as the population within the market area under consideration increases. Operators in the business agreed that not more than 45% of the clothing and foot wears demand figures are met by existing businesses.

s/n	Years	Annual growth rate	Projected demand
0	Base year (2013)	0.5%	50,000
1	2014	0.5%	50,250
2	2015	0.5%	50,500
3	2016	0.5%	50,750
	Total	20%	201,500
	Average	0.5%	50375

The projected average annual demand for clothing and foot wears in Nsukka and its environs is about 50,375. It is expected that this level of demand will exist for the next years.

3.4 MARKET TRENDS

The company will position itself as the market leader in clothes and foot wear production and sales in Nsukka and its environs. The company will create peculiar leading edge profile for itself. Shown below is how the firm will want to be seen by its customers, competitors and the general public:

- As the producer and supplier of clothes and foot wear of highest quality
- As a company with the customer's interest at heart in the forms of quality, pricing and delivery.
- As a trustworthy provider of consistent, reliable, durable and quality clothes and foot wear.

3.5 MARKETING PLAN

There is no major clothing and foot wear producing company within Nsukka and its environs and this will put up commendable competition. Hence, if Morning

Star centre commences operation as planned, it will become market leader in the near future.

3.6 COMPETITIVE ADVANTAGES

The company will strive to maintain production of high quality clothes and foot wears, with affordable prices, fast delivery of the products with low cost and will equally give discounts to regular customers.

3.7 BENEFITS TO CUSTOMERS

The products will be sold at subsidized prices, and delivered with no additional cost. This will lead to increase in demand of the product and increase in savings on the part of our customers.

PART IV

MARKEKETING/SALE STRATEGY ANALYSIS

4.1 MARKET STRATEGIES

We intend going to various markets in the area in our first few weeks of commencement, to sell directly to wholesalers and consumers at reduced prices.

This strategy will help create awareness of our first existence in the market.

We will give discounts in order to penetrate the market faster and also, distribute calendars to our customers so as to increase awareness.

4.2 REVENUE SOURCES

PRODUCTS	NSUKKA L.G.A.	IGBO-EZE NORTH	UDENU L.G.A
Services	700,000	75,000	160,000
Commissions	50,000	40,000	60,000
Licenses	10,000	5,000	6,000

4.3 SALES STRATEGIES

The company will adopt multiple sales strategies for their activities and relaxation park.

4.3 PRICING

The facilities will be used at the cost below:

- ❖ Movie theater – ₦2000
- ❖ Computer game – ₦1200
- ❖ Education toys – ₦1000
- ❖ Relaxation area – ₦1200
- ❖ Play station – ₦3000
- ❖ Merry-go-round – ₦1000

This is to attract more customers to patronize our services as it is the cheapest in town.

4.5 MARKETING AND COMMUNICATION STRATEGY

Our promotion strategy shall include advertising through the mass media on television and radio and the distribution of printed handbills and pamphlet.

PART V

RESEARCH AND DEVELOPMENT

5.1 TECHNOLOGY ROADMAP

5.1 TECHNOLOGY ROADMAP

Services are easy to produce provided that the facilities are there. The facilities used for these services are readily available.

5.2 TECHNICAL PARTNERS

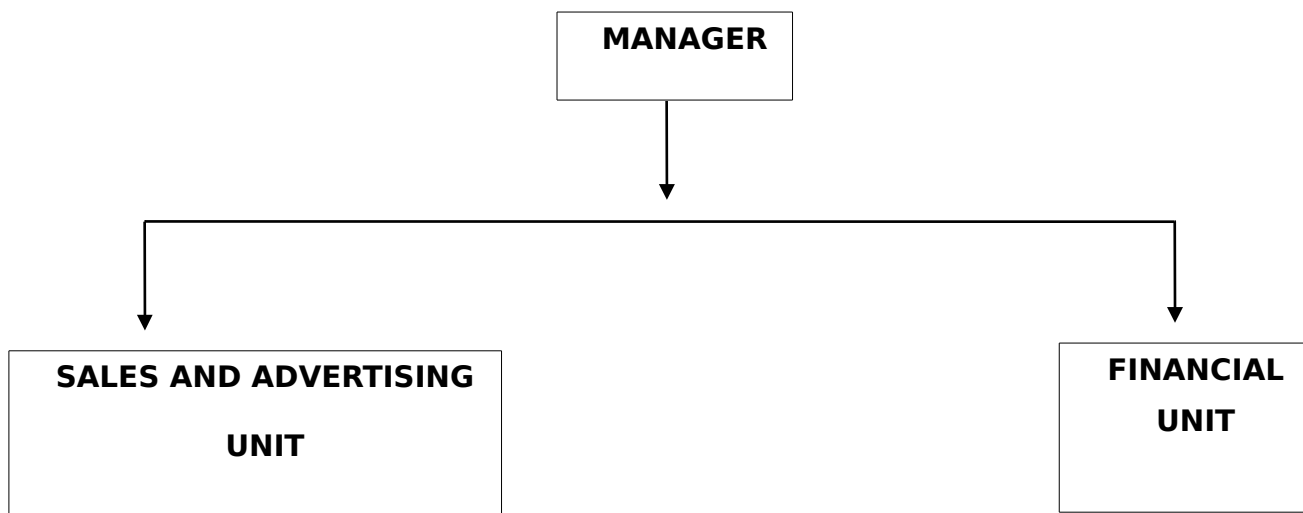
The company will access support on technical issues from the Entrepreneurship Development Centre, University of Nigeria Nsukka where the Partners received training on entrepreneurship. The services of experts as stated earlier will be employed at regular intervals.

5.3 PATENTS, COPYRIGHTS, BRANDS ETC

The company is registered under license from: fabulous clothing and foot wear company 11 Wuse main market Abuja.

PART VI
STAFFING AND OPERATION
ORGANISATION AND STRUCTURE

6.1 MANAGEMENT ORGANOGRAM



6.2 STAFFING

We have incurred the services of manager, financial unit and sales and distribution unit. Production of the product which is clothes and foot wears will be on daily basis. This is because clothes and foot wears are stored for a long time. This production process may also vary depending on the demand at a particular time. If the demand increases, then the production will be on daily basis.

6.3 STAFFING NEEDS

We will contract experts to handle all professional activities in our venture. These include budgeting, tutelage and financial management. External supports can also come from banks and our suppliers who have agreed to supply to us on credit whenever we so desire.

6.4 TRAINING PLAN

PHYSICAL REQUIREMENT	COSTS INVOLVED
Premises	7000
Equipment	5000
Production facilities	6000
Infrastructure	6000
Communication	5500
Suppliers	10000

6.3 STAFFING NEEDS

S/N	Job description	No. Of Staff	Annual Salary Per Staff (N)	Total
1.	Manager (Semi-skilled)	2	360,000	720,000
2.	Fashion designers (skilled)	5	180,000	900,000
3.	Shoemakers (skilled)	3	180,000	540,000
4.	Cashier (semi-skilled)	2	120,000	240,000
5.	Driver (semi-skilled)	3	60,000	180,000
6.	Cleaners (non- skilled)	3	60,000	180,000
	Security man (non skilled)	3	60,000	180,000
	Add 5% fringe benefits			5,000
	Grand total			2945000

6.4 TRAINING PLANS

The company plans to train workers annually through workshops and seminars to enable them contribute efficiently and effectively to the growth and development of the company.

6.5 OPERATIONS

S/N	PHYSICAL REQUIREMENT OF THE BUSINESS	PRICE (N)	TOTAL AMOUNT
1.	Premises	200,000	542500
2.	Equipments	542500	542500
3	Production facilities	542500	542500
4	Infrastructure	271250	271250
5	Communication facilities	271250	271250
	Total		2170000

PART VII

FINANCIAL PROJECTION

7.1 KEY ASSUMPTIONS

This project will be executed with an estimated sum of five million naira only (₦5,000,000) broken into One million five hundred thousand naira (fixed capital) and three million five hundred thousand naira (working capital)

FIXED CAPITAL INVESTMENT

QUANTITY	ITEM	UNIT PRICE(₦)	AMOUNT(₦)
1	Counting machine	35,000	35,000
1	Safe	48,000	48,000
5	Carts and trolleys	1,500	7,500
6	Furniture	5,000	30,000
10	Electrical wiring	1,000	10,500
2	Dummies	1,000	2,000
8	Sets of showcase	12,000	96,000
1	Computer system	45,000	45,000
1	Security door	130,000	130,000
1	Delivery Van	700,000	700,000
(Rent) 24 months Lease		16,500	396,000
TOTAL			1,500,000

OTHER OPERATING EXPENSES

TYPE OF EXPENSE	Year 1 (₦)	Year 2 (₦)	Year 3 (₦)
Vehicle maintenance	100000	105000	100000
Business travels	25000	31000	33500
Adverts	85000	90000	94500
Miscellaneous	15000	4000	7000
Total	225000	230000	235000

WORKING CAPITAL

WORKING CAPITAL ITEMS	Year 0 (₦)	Year 1 (₦)	Year 2 (₦)	Year 3 (₦)
Stock of clothes and foot wears	2,784,000	2,784,000	2,928,000	3,216,000
Other expenses	225000	225000	230,000	235000
Salaries/wages	366000	366000	370000	375000
Working capital	3,375,000	3,375,000	3,528,000	3,826,000
Increase/decrease in working capital		Nil	153,000	298,000

TOTAL REQUIRED INVESTMENT OUTLAY (REQUIRED START-UP CAPITAL)

S/N	CAPITAL ITEMS	AMOUNT (₦)
1	Machinery, equipments and others	1,500000
2	Working capital	3,375,000
	TOTAL	4,875,000

FINANCIAL PLAN

The total project cost is planned to be funded as follows:

Owners contribution (equity)	₦ 1,500000
Loan sought	₦ 3,500000
Total	₦5, 000000

INTEREST AND LOAN REPAYMENT SCHEDULE

Morning Star Recreational Centre collected a loan worth 3,500,000 payable after 2 years at the interest rate of 10%.

YEAR	PRINCIPAL (₦)	LOAN REPAYMENT (₦)	INTEREST (₦)	LOAN BALANCE (₦)
1	3500000	Nil	350,000	3,500000
2	3,500000	1500000	150000	2000000
3	2000000	2000000	200000	Nil

DEPRECIATION

The depreciation is calculated using the straight line.

S/N	ITEM	COST	SCRAP VALUE	LIFESPAN	AMOUNT (N)
1	Counting machine	35000	8000	10	2700
2	Safe	48000	7000	10	4100
3	Carts and trolleys	7500	2000	2	2750
4	Furniture	30000	6000	5	4800
5	Wiring	10500	3000	5	1500
6	Dummies	2000	500	2	750
7	Sets of showcase	96000	9000	6	14500
8	Computer system	45000	10000	4	8750
9	Security door	130000	20000	10	11000
10	Delivery van	700000	60000	10	64000
	TOTAL				114850

7.2 PROFIT AND LOSS ACCOUNT

Particulars	Year 1	Year 2	Year 3
Expected sales	1392000	1464000	1608000
Less 1% discount			
Net sales	1392000	1464000	1608000
Expenses	3375000	3528000	3826000
Cost of production facilities			

Other expenses	225000	230000	255000
Salaries	366000	370000	375000
Total expenses	3966000	4128000	4456000
Profit before int. & tax	2574000	2664000	2848000
Less interest	350000	150000	200000
Profit before tax	2224000	2514000	2648000
Less 10% tax	Nil	251400	264800
Profit after tax	2224000	2262600	2383200
Less depreciation	114850	114850	114850
Net profit	2109150	2147750	2268350
Retained earning	2109150	2147750	2000000
Dividend	Nil	Nil	268350

PROJECTED CASH FLOW STATEMENT

Cash in	YR0	YR1	YR2	YR3
Equity	1500000			
Bank loan	3500000			
Net profit		2109150	2147750	2268350
Depreciation		114850	114850	114850
Total cash in	5000000	2224000	2262600	2383200
Cash out				
Equip. & others	1500000	Nil	153000	298000
Working capital	3375000			
Inc/decrease in cash		Nil	1500000	2000000
Loan repayment		Nil	Nil	268350

Dividend				
Inc/decrease in cash	125000	2224000	609600	(183150)
TOTAL CASH OUT	5,000,000	2224000	2262600	2383200
Opening balance	Nil	Nil	2224000	2833600
Inc/dec in cash	Nil	2224000	609600	(183150)
Closing balance	Nil	2224000	2833600	2650450

7.3 BALANCE SHEET

	Year 0	Year 1	Year 2	Year 3
Fixed assets:				
Machinery, equip & others				
Less com. Dep.	1500000	1500000	1500000	1500000
		114850	229700	344550
Net fixed assets	1500000	1385150	1270300	1155450
Current assets:				
Stock of material				
Operating bal b/f	2,784,000	2,784,000	2,928,000	3,216,000
Debtors			2224000	2833600
Cash in hand/ bank				
Total of current	2784000	2784000	5152000	6049600
Total asset	4284000	4169150	6422300	7205050
Long term liability:	1500000	1500000	1500000	1500000
Capital (equity)				
Retained earning		2109150	2147750	2000000
Bank loan	3500000	3500000	2000000	Nil
Total long term liabilities	5000000	7109150	5647750	3500000
Current liabilities:				
Loan repayment				
Creditors		Nil	1500000	2000000
Dividend				268350
Total of current liabilities	Nil	Nil	1500000	2268350
Total liabilities	5000000	7109150	7147750	5768350

PROFITABILITY ANALYSIS

	YEAR1	YEAR 2	YEAR 3
--	--------------	---------------	---------------

Profit after tax	2224000	2262600	2383200
% return on turnover	N/A	154.54	148.21
% Returns on equity	N/A	150.84	158.88
% return on investment	N/A	45.25	47.66

CASH FLOW

Year 2	Year 3
2833600	2650450

PART VIII**SALES PIPELINE**

Names of customer	Size of deal	Date P.O expected	% probability of getting sales
Ozy	1000 dozen of clothes		70%
Sharon	3000 dozens foot wears		

Note: To push sales, 5% discount is given to regular customers

PART X
FUNDING REQUIREMENTS

S/N	DETAIL	PRICE (N)	TOTAL AMOUNT
1.	Facilities that has so many uses	542500	1627500
2.	Equipment	542500	542500
3	Personnel/staffing	542500	542500
4	Research and development costs	542500	542500
	Total		2170000

9.1 SOURCES OF FUND

SOURCES	AMOUNT N
Contributor promoters	2170,000
Bank loan	706000
Total	2876000

9.2 PURPOSE OF THE FUND

The fund will be used to purchase some equipment, landed property, payment of salaries and for research and development.

9.3 RISK ANALYSIS AND MITIGANTS

Identified risks and mitigants

Identified risks	Mitigants
Inadequate start-up demand	Aggressive promotion and advertising.
Theft	Security
Low market penetration	Discount to customers

9.4 CONTINGENCY PLAN

Part of our contingency plan is to re-enforce our promotion strategy. We also plan to engage procurement of sophisticated facilities. Also our alliance with the Corporate Affairs Commission will help us benefit from any of their financial contribution.

9.5 EXIST STRATEGY

No exist is planned, rather diversification will be pursued.

PART XI

OTHER CONSIDERATION, CONCLUSION AND RECOMMENDATION

10.1 ECONOMIC JUSTIFICATION

With the African market as an emerging one, the business will go a long way in becoming a major recreational and relaxation centre. The project offers to be of benefit to the country's economy as it creates job opportunities and wealth to the economy. This is because our GNP and GDP will be affected.

10.2 COMMERCIAL VIABILITY

With our financial projections, impressive turnover, cash flows, profit line and laudable returns on investment, we are convinced that this project is commercially viable.

10.3 CONCLUSION AND RECOMMENDATION

For seeing that the business is viable enough for profit maximization and job creation, I therefore recommend that this business should be funded. And there will be no regret of funding this business.