

UNIVERSITY OF NIGERIA, NSUKKA
FACULTY OF AGRICULTURE
DEPARTMENT OF HOME SCIENCE, NUTRITION
AND DIETETICS

A BUSINESS PLAN

SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS OF THE COURSE HND CEDR 342
(BUSINESS CREATION AND GROWTH)

BUSINESS PLAN: CAKE PRODUCTION OUTLET

BY

NNAMANI UCHENNA EMELDA

2013/188809

LECTURER: DR. T.C. NWAOGA

JULY, 2017

PART ONE

1.10 Executive summary

1.1 Name of Business

Uchemelda cake production outlet (U.C.P.O)

1.12 Contact Address

Slaughter road, Nsukka Town, Enugu.

1.13 Tel: +2348133026133

1.14 Type of Business

Retailer

1.15 Description of Business idea

A. Products or Services

Production, packaging and delivery of assorted types of cakes including vanilla, coconut, carrot, plain and chocolate cakes.

B. Customers

The entire public that value quality cakes.

C. Owners

Nnamani Uchenna Emelda who is the manager and is currently still a student.

1.16 Number of jobs to be created

By the time the business is up and running, it is expected that it will create direct jobs for at least 4 – 6 persons.

1.17 Start-up capital

a. Investment (Equipment, machinery and others): 5, 725, 000

b. Working capital: 5, 909, 800

1.18 Source of capital

a. Owner's capital: 6, 864, 800

b. Donations/Grants 2, 500, 00

c Bank loan: 5, 000, 000

1.19 Profitability

1. Year 1: N2, 297, 390

2. Year 2: N11, 463, 697.7

3. Year 3: N 13, 164, 466. 23

PART TWO

2.0 Background

2.1 Introduction

Nowadays, it is quite impossible to see a birthday celebration without a cake or a white wedding celebration without a cake (never heard of one). Cake production business is a lucrative business that has been recognized both in the local areas and developed areas. There are many outlets into

the business of cake production in Nsukka town but none strive for quality, variety and consistency. After survey visits to some of the available cake production outlets in Nsukka town I discovered that there is need for improvement and people should see something different. Uchemelda cake production outlet is an outlet that strives for quality, variety and consistency. The outlet aims to create and deliver cakes to people of class in Nsukka since most of them travel all the way to Enugu just to purchase cakes.

2.2. Vision and mission statements

To create a market for people of caliber. To catch the interest of a regular customer base with broad varieties, to build a strong market position in the area regardless of competitors that may emerge and constantly ensuring customer satisfaction.

2.3. Ownership

The business will be owned by a sole proprietor, Nnamani Uchenna Emelda. The project promoters however, will be family and friends.

2.4. Location and facilities

The outlet will be located along Slaughter road in the central market of Nsukka town, Enugu state, Nigeria.

2.5. Production/services

Product name: Shimmer cakes

Description of product: the products will include a variety of cup cakes that will be packaged for distribution, wedding cakes and other celebration cakes. For a start, the cup cakes will be of the following varieties:

Plain cake

Coconut cake with or without toppings

Chocolate cakes with and without toppings

Carrot cakes with and without toppings

The available toppings and icing will include: chocolate toppings, banana flavoured toppings and vanilla and strawberry flavoured toppings, Fondant icing, glaze icing and butter icing.

Services: Uchemelda cakes outlet is not just a production centre, it will serve as a learning centre for young people interested in cake production. Service will include doorstep delivery of products.

2.6. Production plan

Uchemelda products: shimmer cakes have been in existence but due to circumstances surrounding the business, it came to a halt. Now the outlet wants to stand and has a bigger plan. The plan is to create a labour saving and efficient cake production outlet. This will involve the use of some medium size machines like mixer, fridge, oven, electric egg beater, etc.

2.7. Business strategy

The business will not be managed by an ordinary businessman, the business will be managed by a nutritionist and dietician who knows the dos and donts in food production. The safety and quality of the products is rest assured. A phone call is enough to do all transactions and what you need will be at your doorstep. The business will employ smart young people that will render cake services to the masses. The packaging will be customized according to client's choice and people will get to choose among varieties.

2.8. Key success factors

Location: The location of the outlet is at the centre of Nsukka which is easy to locate. The outlet is aimed at achieving a recommendable customer care service.

Packaging: It will be in a way that people will prefer to purchase this brand and inscriptions will be customized according to customer's choice.

Distribution: It will be readily available at the point where it is most needed.

Branding: It will be designed in a very unique and attractive way, that will be irresistible to people.

Loyalty and dedication: to be loyal and dedicated to our customers, because we recognize that corporate commitment to success should lead to the survival and prosperity of the business.

PART THREE

3.0. The Market

3.1. Nature, location, size, and attribute analysis

Uchemelda cake production outlet is an outlet where every cake lover will count on to obtain quality, beautifully decorated, well packaged and well delivered cakes with a variety of choices available. The idea behind this is to ensure that people who can afford something unique and who know the worth of quality cakes when they see one can be satisfied and save them the stress of travelling far places just to get one that will suit their class and taste.

Slaughter road will be a perfect location to start up this business as it is close to the dwellers of Nsukka town and University of Nigeria Nsukka which is the education centre of Nsukka town.

3.12 Key Competitors and competitive advantage

Direct and Indirect Competition

| Competitor | Strengths | Weaknesses | Other attributes |
|-------------------------------|-----------|---|--|
| 1. Bread producers | Indirect | Has become monotonous and has an entirely different product attributes from cakes. Breads are not used for celebrations. | They form a daily part of many people's meal. |
| 2. Catering service providers | Indirect | Do not usually produce quality cakes because cake production is not their area of specialization. | They are usually more exposed, meet people and are more likely to get people. |
| 3. Available Cake producers | Direct | Most of them do not have the nutrition knowledge to back up the business. They use unskilled labour and most of their products are inconsistent (based on Interactions with customers who patronize cake producers) | People already know them. Products are usually cheap because they do not produce quality cakes. |

c. Competitive positions and specific advantage

| Rank | Competitor | Strengths | Weaknesses | Your edge over competitor |
|------|------------------|---------------------------|----------------|---------------------------|
| 1. | Bread producers. | Products are widely used. | They cannot be | Produce cakes in |

| | | | | |
|----|----------------------------|---|--|---|
| | | Most people prefer to take them as snacks. Breads are cheaper. | used for special occasions like weddings. | quantities that can serve as a part of daily meals. |
| 1. | Catering service providers | Have a better contact with people | They are not so knowledgeable about cake production. There is usually no variety and considerations of customer's choice. | Will be managed by a nutritionist and dietician who knows more about food production. Customers will be amazed at the number of alternatives to choose from. |
| 2. | Available cake producers | They are known in Nsukka | | A different exciting taste, a different look, doorstep delivery, customized packaging. |

3.13 SWOT Analysis

A. Strengths

1. Closeness to the people who need them
2. Readily available and affordable
3. Hygienically packaged
4. Varieties of cakes under one roof
5. Young people can come to the centre for tutorials

B. Weakness

1. A lot of cake producers available

C. Opportunities

1. Internet marketing and sales though still at the conception stage
2. Individuals and families of this era appreciate luxury easily life and attractive packaging and presentation
3. Increasing population and urbanization of the area will contribute positively to business enterprise.

D. Threats

1. Poor power supply in the area
2. Existence of other local cake producers which may be cheaper.
3. Cost of transportation as a result of far distance of depots

MARKET PLAN

4.11 Market Segmentation

1. Restaurants and eateries like chitis, Marlima etc
2. Cakes for schools and dormitories
3. Door step delivery.
4. Bankers in the area who always demand for ready-to-use services and products, because they barely have time to go to the market.
5. U.C.P.O. will be focusing on the corporate and working class, as well as individuals who appreciate the goodness of perfect cakes.

4.12 Target Market

1. Schools with dormitories
2. Restaurants and eateries
3. Households and individuals
4. Office workers e.g. Bankers
5. Event planners
6. Students of the University of Nigeria, Nsukka

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

| Product/Service | Celebration cakes | Cup cakes |
|---------------------------|--|-----------------------------------|
| Denomination/product line | Vanilla flavoured, coconut cakes, carrot cakes, chocolate cakes, | Vanilla and strawberry flavoured. |

| | | |
|---|---|-----------------------------|
| | Type of decoration: fondant, butter icing and glaze icing. | |
| Specification (i.e. size, colour and quality) | Size 5(largest size), size 4, size 3, size 2 and size 1(smallest size). Shape: rectangle, circle, square, star, teddy bear, calabash, etc. | Small size and big size |
| Packaging | Packaged with outlet's logo and customized with any description of customer's choice. | Packaged with outlet's logo |

4.14 Marketing Plan Price

| Product/Service | Wedding cakes | Birthday cakes | Special Orders | Cup cakes |
|--|---|--|----------------|--|
| How much are customers willing to pay? | Highest: 15000 Average: 8000 Lowest: 6000 | Highest: 8000 Average: 5000 Lowest: 3500 | | Small size:- N50 per cup cake Big size: N50 per cake Distributor's: N40 per cake |
| Competitor's price | Highest: 16000 Average: 10000 | Highest: 10000 | | Small size: N50 |

| | | | | |
|------------------------------|--|--|--|---|
| | Lowest: 8000 | Average: 7000 Lowest: 5000 | | Big size: N100 Distributors: N40 per cake |
| My Price | Highest: 20000 Average: 12000 Lowest: 8000 | Highest: 10000 Average: 7000 Lowest: 5000 | | Small size: N50 Big size: 100 Distributors: N40 and N90 respectively |
| Reasons for setting my price | To be price competitive, but remain profitable | | | |

4.15 Market Positioning Strategy

Uchemelda cake production outlet would be known for its unique innovation and excellence in customer satisfaction. However, our strategy is based on serving our markets well, proceeding as a market tester that could become a model of the expanding number of outlets in the future. Concentration will be on maintaining quality and establishing a strong identity in the local market. In the case of the products we would endeavour to always attract customers to try our products, through the provision of a see through service.

The environment will of course be at a point of easy access and conducive too.

4.16 Marketing Mix Implementation Tools

Advertising message: As a start-up business, aggressive market strategy will be adopted in order to win a strong customer base and recognition in the market area.

Pricing: Our price will be unbeatably attractive for the quality of products available.

Packaging: Attractive and hygienic packaging will be our major advantage.

4.17 Channel of Distribution

Individuals

Since the business is a sole proprietorship, it simply means that products and services will be better marketed directly to individuals or final consumers

4.18 Start-up Promotion

Free gifts: for the first three months of start-up, free gifts like pens, wristband, plastic cups with an inscription of the company name will be given to customers.

Discounting: for the first two months of operation, we will give 5% discount to the first set of customers.

Flyers: This is a very active medium of creating awareness. Therefore, flyers will be printed to facilitate publicity.

4.19 Alliances

The business requires a long standing relationship with suppliers as well as partner vendors as earlier stated, the essence being business bonding.

4.20 Marketing Calendar and Budget

| Date | Marketing Plan Activity | Evaluation Index | Personnel Involved | Estimated Costs |
|------|----------------------------------|--|-----------------------|-----------------|
| | Advert on radio | Two times on radio | Outsourced | 250, 000 |
| | Road shows in the town | Presence of flyers and posters in the town | Outsourced | 300, 000 |
| | Sales promotion through gifts | Free gifts on purchase for 3 months | Outsourced | 150, 000 |
| | | | Total | 700, 000 |

PART FOUR: TECHNICAL ANALYSIS

5.10 Production plan:

5.11 The Project

Just like it has been mentioned earlier, the products and services to be rendered are: cakes of different varieties. Most of the celebration cakes are based on orders but emergency celebration cakes will be available like five every day.

5.12. Production Process

The outlet will receive supply of flour and margarine from Onitsha on a bi-weekly basis or two to three times as the case may be.

5.13. Machinery, equipment, and other requirements

| S/N | Investment (Equipment and others) | Qty | Life Span | Other comments |
|-----|-----------------------------------|-----|-----------|-------------------|
| | | | | |

| | | | | |
|---|-------------------------|---------------|-----------------------|-----------------------|
| 1 | Land | ½ plot | Yet to be procured | |
| 2 | Building | 1 bungalow | 50 years | Yet to be procured |
| 3 | Equipment and Machine | | | |
| | i. Deep freezer | 3 | 5 years | Yet to be procured |
| | ii. Kitchen scale | 3 | 5 years | Yet to be procured |
| | iii. Generator (30 KVA) | 1 | 5 years | Yet to be procured |
| | iv. Fans (ceiling fans) | 3 | 5 years | Yet to be procured |
| | v. Mixer | 2 | 3 years | Yet to be procured |
| | vi. Egg beater | 2 | 3 years | Yet to be procured |
| | vii. Oven | 2 | 5 years | procured |
| | viii. Cake pans | Two sets | 1 year | |
| | ix. Cake ladles | 2 | 2 years | |
| | x. Icing set | 2 | 3 years | |
| | xi. Graduated cylinder | 1 | 3 years | |

5.14. Technology

Production of cake is not quite simple if one wants to achieve consistency in products. For ease of production, certain production processes which some local producers use crude tools to carry out will be done with better technologically improved equipment.

5.15 Quality assurance and Standardization

To ensure quality service and production, Uchemelda cake production outlet will ensure that there is consistency in product attributes and provide services and answer orders timely.

6.0. Management and Organisational Structure

6.10. Shareholders/Directors

Uchemelda cake production outlet is a sole proprietorship. It is wholly owned by Nnamani Uchenna Emelda who will manage the affairs of the outlet.

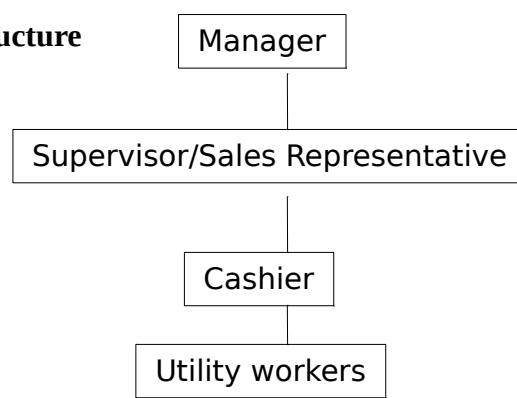
However, to help the day to day management of the outlet, some good hands that are needed will be hired.

6.12 Management Team

- i. Manager: Miss Nnamani Uchenna Emelda(owner)
- ii. Supervisor/Sales representative: Diploma in business administration with minimum of 2 years working experience.
- iii. Cashier: O'level, with minimum of 3 years working experience.

In the future, following expansion, more hands will be needed in the management of the business like an accountant, technician—for servicing and maintenance of the machinery i.e. technical know-how, and also more sales personnel, also drivers for after sales delivery and direct movement of produce from abattoirs and poultry to the outlet.

6.13 Organizational structure



6.14 The Personnel Plan (Staffing and Salary Structure)

| S/N | Position | No of Staff | Salary per staff per month | Total annual salary |
|-----|-------------------------------------|-------------------------|-------------------------------|------------------------|
| 1 | Manager | 1 | 100, 000 | 1, 200, 00 |
| 2 | Supervisor/Sales representative | 1 | 30, 000 | 360, 000 |
| 3 | Cashier | 1 | 10, 000 | 120, 000 |
| 4 | Utility workers | 2 | 7, 000 | 168,000 |
| | | Sub-total = 1, 848, 000 | | |
| | Add 5% fringe benefits and bonus | | | 92, 400 |
| | Total | | | 1, 940, 400 |

6.15 External Support (Out sourcing) The capacity of the managing crew and the already envisaged organization as a body might not be adequate to handle all manner of task pertinent to the organization. In this instance, the organization may need to outsource certain roles or tasks.

6.16 Organization's Values and norms

Uchemelda cake production outlet will endeavour to live to its name and slogan never compromising its quality.

Its aim will simply be to provide first class grade cakes to customers and also to show highest level of integrity and honesty.

PART FIVE

7.10 Legal, regulatory, social, and environmental issues

7.11 Legal issues

No special licenses are required for the operation of the business; however, attempts will be made to get all necessary permit and licenses, especially from the local government.

7.12 Regulatory and Environmental Issues

A. Regulatory Issues

- i. will comply with all relevant industry safety regulatory requirements
- ii. This business is not yet registered with anybody, but if when established the need arises, it will comply to any necessary registrations.

B. Environmental issues

This business poses virtually no environmental hazard to the environment. However, the disposal of useless equipments shall be handled carefully.

PART SIX

8.0 Financials

8.11 Equipment, Machinery and others needed to Produce the Products/Service

| S/N | Investment (Equipment and others) | Qty | Unit cost (N) | Total Cost (N) |
|-----|-----------------------------------|-------------------|---------------|----------------|
| 1 | Land | ½ plot | 1, 500,000 | 1, 500, 00 |
| 2 | Building | 1 bungalo w | 2, 000, 000 | 2, 000, 000 |
| 3 | Equipment and Machine | | | |
| | i. Deep freezers | 3 | 50, 000 | 150, 000 |

| | | | | |
|--|---------------------------|---|----------|-------------|
| | ii. Weighing scale | 3 | 2, 000 | 6, 000 |
| | iii. Generator | 1 | 120, 000 | 120, 000 |
| | iv. Fans | 3 | 5, 000 | 15, 000 |
| | v. Mixer | 1 | 4800 | 4, 800 |
| | vi. Egg beater | 2 | 500 | 1000 |
| | vii. Oven | 2 | 15500 | 31000 |
| | viii. Cake pans | 2 | 2500 | 5000 |
| | ix. Cake ladles | 2 | 250 | 500 |
| | x. Icing set | 2 | 5000 | 10000 |
| | xi. Graduated cylinder | 1 | 2500 | 2500 |
| | vi. Furniture/fixture and | | 50, 000 | 100, 000 |
| | vii. Fittings | | | |
| | Total investment | | | 3, 895, 800 |

8.12 Sales Plan=

| | Year 1 | Year 2 | Year 3 |
|-----------------------------------|--------------|--------------|-------------|
| Product/Service | Cakes | Cakes | Cakes |
| Product/Service Quantity (Volume) | 33, 000 kg | 49, 500 | 49, 500 |
| Price per unit | 850 | 950 | 1, 000 |
| Sales | 28, 050, 000 | 47, 025, 000 | 49, 500, 00 |

8.13 Cost Plan

| | Year 1 | Year 2 | Year 3 |
|-----------------------------------|--------------|--------------|--------------|
| Product/Service | Cakes | Cakes | Cakes |
| Product/Service Quantity (Volume) | 60, 000 kg | 120, 000 kg | 120, 000 kg |
| Cost per unit | 600 | 700 | 800 |
| Cost of raw inputs | 36, 050, 000 | 47, 025, 000 | 49, 500, 000 |

8.14 General Cost of Administration

| Item | Current (for existing projects only) (N) | Proposed (for new/expansion projects) (N) |
|--|--|---|
| a. Rents and Rates (Electricity and gas) | 120, 000 | 120, 000 |
| b. Traveling expenses | 20, 000 | 20, 000 |
| c. Stationery and Sundry expenses | 10, 000 | 10, 000 |
| d. Insurance | 150, 000 | 150, 000 |
| e. Other Expenses | 50, 000 | 50, 000 |
| TOTAL | 350, 000 | 350, 000 |

8.16 Preliminary & Pre-Operating Expenses (For New Projects Only)

| Item | Amount (N) |
|--------------------------------------|-----------------|
| a. Company Incorporation | 150, 000 |
| b. Traveling Expenses | 50, 000 |
| c. Preparation of Business Plan/F.S. | 30, 000 |
| Total | 230, 000 |

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 | 3,000,000 | 3,000,000 | 3,500,000 | 3,800,000 |
| | 0 | | 0 | |
| Provision for utilities and others | 100,000 | 100,000 | 100,000 | 100,000 |
| Salaries/Wages | 2,809,000 | 2,809,000 | 100,000 | 100,000 |
| | 0 | | | |
| Debtors: 7 days value of annual sales | NIL | 567,000 | 1,000,000 | 1,270,000 |
| | | | 0 | |
| Less creditor | NIL | 815k | 1m | 1.6m |
| Working Capital | 5,909,800 | 5,094,800 | 1,150,000 | 6,379,800 |
| | 0 | | 0 | |
| Increase/Decrease in working capital | | 248,000 | 6,239,800 | 330,000 |

| | | | | |
|--|--|--|---|--|
| | | | 0 | |
|--|--|--|---|--|

8.18 Start up Capital Needed

| S/N | Item of Expenditure | Amount |
|-----|--|--------------|
| 1 | Fixed asset investment (Equipt., Machinery and other requirements) | 5, 725, 000 |
| 2 | Working Capital | 5, 909, 800 |
| 3 | Pre-operating expenses | 230, 000 |
| | Initial Total Investment Outlay | 11, 864, 800 |

8.19 Financing Plan

| S/N | Source of Fund | Amount |
|-----|-----------------|--------------|
| 1 | Owner's capital | 6, 864, 000 |
| 2 | Bank loan | 5, 000, 000 |
| | Total | 11, 864, 800 |

8.20 Loan Repayment and Interest Payment Schedule

| Year | Loan/Loan Bal B/d | Interest | Annual installment | 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 | 5, 000, 000 | N/A | N/A | N/A | 5, 000, 000 |
| 1 | 5, 000, 000 | 1, 000, 000 | 2,373,626.37 | 1,373,626.37 | 3,626,373.62 |
| | | | 5 | 5 | 5 |
| 2 | 3, 626, 373. 625 | 725,294.725 | 2,373,626.37 | 1,648,851.65 | 1,978,021.97 |
| | | | 5 | | 5 |
| 3 | 1, 978, 021. 975 | 395,605.395 | 2,373,626.37 | 1,978,021.97 | NIL |
| | | | 5 | 5 | |

An interest rate of 20% was used.

8.21 Schedule of Depreciation

| S/N | Item of Depreciation | Initial Value | Scrap Value | Life span | Depreciation |
|--------------------|--------------------------|---------------|-------------|-----------|--------------|
| 1 | Land & Building | 3,500,000 | 2,500,000 | 50yrs | 20,000 |
| 2 | Equipment & Machinery | | | | |
| 3 | Deep freezer | 50,000 | 25,000 | 10 yrs | 2,500 |
| 4 | Weighing scale | 2,000 | 1,000 | 10 yrs | 2,500 |
| 5 | Generator | 120,000 | 1,000 | 10 yrs | 100 |
| 6 | Fans | 15,000 | 7500 | 5 yrs | 700 |
| 7 | Mixer | 800 | 400 | 5 yrs | 80 |
| 8 | Egg beater | | | | |
| 9 | Oven | | | | |
| 10 | Cake pans | | | | |
| 11 | Cake ladles | | | | |
| 12 | Icing set | | | | |
| 13 | Graduated cylinder | | | | |
| 14 | Furniture/fixture and | 100,000 | 50,000 | 10 yrs | 5000 |
| Total Depreciation | | vii. Fittings | | | 34,380 |

8.22 Financial Accounts Projection

| 8.23 Estimate of Profit and Loss Accounts for the first 3 years | | | |
|---|------------|------------|------------|
| Particulars | Year 1 | Year 2 | Year 3 |
| Sales | 28,050,000 | 47,025,000 | 49,500,00 |
| Net Sales | 28,050,000 | 47,025,000 | 49,500,00 |
| | | | |
| Less Expenses: | | | |
| Cost of raw materials | 36,000,000 | 84,000,000 | 96,000,000 |
| Salaries | 1,940,400 | 1,940,400 | 1,940,400 |
| Rent (Electricity & gas rates) | 120,000 | 120,000 | 120,000 |
| Telephone (Travelling expenses) | 20,000 | 20,000 | 20,000 |

| | | | |
|-----------------------------------|------------|---------------|----------------|
| Electricity (Stationary & Sundry) | 10,000 | 10,000 | 10,000 |
| Insurance | 150,000 | 150,000 | 150,000 |
| Legal (Other expenses) | 50,000 | 50,000 | 50,000 |
| Total Expenses | 38,290,400 | 86,290,400 | 98,290,000 |
| Profit before Tax/Int | 4,360,200 | 17,180,200 | 19,280,200 |
| Less Interest | 1,000,000 | 725,274.725 | 395,605.395 |
| Profit After Interest | 3,360,200 | 16,454,925.28 | 18,884,594.61 |
| Less Tax 30% | 1,008,060 | 4,936,477.583 | 5,665,378.382 |
| Profit After Tax | 2,352,140 | 11,578,447.7 | 13,209,216.23 |
| Less Depreciation | 34,380 | 34,380 | 34,380 |
| Net Profit | 2,297,390 | 11,463,697 | 713,164,466.23 |
| Appropriation | Year 1 | Year 2 | Year 3 |
| Dividend | 1,148,695 | 5,731,848.85 | 6,582,233.115 |
| Retained Earnings | 1,148,695 | 5,731,848.85 | 6,582,233.115 |

| 8.24 Cashflow Projection | | | |
|--------------------------|----------------|------------------|------------------|
| | Yr 1 Total (N) | Year 2 Total (N) | Year 3 Total (N) |
| Cash In | | | |
| Bank loan | 5,000,000 | | |
| Sales Income | 27,230,000 | 48,150,000 | 60,900,000 |
| Total Cash In | 11,864,800 | 27,230,000 | 48,150,000 |
| Cash Out | | | |
| Cost of Goods | 19,500,000 | 27,550,000 | 38,200,000 |
| Interest Expenses | 1,000,000 | 725,274.725 | 395,605.395 |
| Loan Repayment | 1,373,626.375 | 1,648,851.65 | 1,978,021,975 |
| Tax | 1,008,060 | 4,936,477.583 | 5,665,378.382 |
| Dividend | 1,148,695 | 5,731,848.85 | 6,582,233.115 |
| Salaries | 2,809,800 | 2,809,800 | 2,809,800 |
| Total Cash Out | 11,864,800 | 26,890,181 | 43,402,252 |
| Net Cash Flow | 339,818.625 | 4,747,747.19 | 5,268,961.133 |
| Opening cash Bal | NIL | 339,818.625 | 5,087,565.815 |
| Closing Cash Bal | 339,818.625 | 5,087,565.815 | 10,356,526.95 |

8.25 Balance of Sheet

| Balance Sheet Assets | Start Date Year 0 | Year End i.e., Year 1 | Year 2 | Year 3 |
|----------------------------------|----------------------|--------------------------|------------|------------|
| <i>Fixed Assets:</i> | 5,725,000 | 5,725,000 | 5,725,000 | 5,725,000 |
| Less Cum.Dep | NIL | 54,750 | 109,500 | 164,250 |
| Total Fixed Assets (A) | 5,725,000 | 5,670,250 | 5,615,500 | 5,550,750 |
| <i>Current Assets</i> | 3,139,800 | 4,591,245 | 7,258,022 | 6,404,305 |
| Debtors | NIL | 567,000 | 1,000,000 | 1,270,000 |
| Stock | 3,000,000 | 3,000,000 | 3,500,000 | 3,800,000 |
| Total Current Assets (B) | 11,864,800 | 13,828,495 | 17,378,550 | 17,025,055 |
| TOTAL ASSETS (C) | 6,139,800 | 8,158,245 | 11,758,022 | 11,474,305 |
| Liabilities | 815,000 | 1,150,000 | 1,600,000 | |
| Short Term Loan | 1,373,626 | 1,648,851 | 1,978,021 | |
| Total Current Liabilities (D) | 2,188,626 | 2,798,851 | 3,578,021 | |
| <i>Capital Employed (A – D)</i> | 5,000,000 | 5,000,000 | 5,000,000 | |
| <i>Long Term liabilities</i> | 3,626,373 | 3,626,373 | 3,626,373 | |
| Long Term Loan | 1,978,021 | 1,978,021 | 1,978,021 | |
| Long + Short Term Liability. (F) | 5,000,000 | 5,815,000 | 4,776,873 | 3,578,021 |
| Shareholders' Equity (C – F) | 6,864,800 | 8,013,495 | 12,596,648 | 13,447,033 |
| | | | | |
| Shareholders' Equity: | | | | |
| Capital (Shares) | 6,864,800 | 6,864,800 | 6,864,800 | 6,864,800 |
| Retained Profits | 1,148,695 | 5,731,848 | 6,582,233 | |
| Total shareholders' fund (G) | 6,864,800 | 8,013,495 | 12,596,648 | 13,447,033 |
| TOTAL LIABILITIES (F+G) | 11,864,800 | 13,828,495 | 17,373,522 | 17,025,055 |

10.12 Contingency Plan and Exit Strategy

No exit is planned; rather diversification and expansion will be pursued.

PART SEVEN

11.10 Other considerations and Conclusion

| S/N | Risks | Mitigants |
|-----|---|--|
| 1 | Unexpected events | Adequate and appropriate insurance policy will be taken |
| 2 | Low start-up demand due to unawareness on the part of customers | Aggressive advertising and promotion strategies |
| 3 | Existence of competitors both existing and new | Continuous advertising and maintenance of a high standard at competitive price |

11.11 Economic Justification

This business has the following economic justifications—it will create employment opportunities to at least four persons at startup, and more subsequently.

11.12 Commercial Viability

The business of cake production to the consumer is viable, as individuals will never stop to order cakes for birthdays neither will weddings ever cease to happen and cakes will always be used to celebrate.

11.13 Conclusion and Recommendation

My recommendations is that this business entity, Uchemelda cake production outlet is highly recommended for implementation and funding since it proves to be commercially viable, and of course of no environmental harm.

