

**UNIVERSITY OF NIGERIA NSUKKA**

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

**A BUSINESS PLAN SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENT FOR THE COURSE CEDR 342 (BUSINESS CREATION AND  
GROWTH)**

**TOPIC: PURE WATER PRODUCTION**

**BY**

**ONUIGBO VIVIAN NNEOMA  
2014/195219**

**LECTURER:**

**DR. (MRS) CHINYERE NWAOGA**

**JULY, 2017.**

➤ PART I

**1.0 EXECUTIVE SUMMARY**

**1.1 NAME OF THE BUSINESS**

The company name is “**NNEOMA PURE WATER PRODUCTION**”, a company that deal on the production of quality pure water in a large scale.

**1.2 LEGAL FORM OF THE BUSINESS**

“**NNEOMA PURE WATER PRODUCTION**” is a sole proprietorship business owned by **Onuigbo Vivian Nneoma** whose desires for entrepreneurial and financial management are unimaginable. The enterprise will register with Coporate Affair Commission (CAC).

**1.3 CONTACT ADDRESS**

NO. 14 University Market road, Ogige central market, Nsukka, Enugu state, Nigeria.

**1.4 TELEPHONE: 08130771266**

**1.5 TYPE OF BUSINESS:**

It is a production type of business

**1.6 CONSICE DESCRIPTION OF BUSINESS IDEA**

**(A) PRODUCT**

The enterprise will deal on the production of pure in satchet and bottled package at a quality output and most affordable for the target market.

**(B) CUSTOMERS**

Average income earners of all demographic within Nsukka and its environs.

**1.7 NUMBER OF JOBS TO BE CREATED**

200 direct and indirect jobs to be created annually.

**1.8 START UP CAPITAL**

(A) INVESTMENT (equipment, machinery and others): ~~₦3,942,350~~

(B) Working capital : 2,210,937

Total: ~~₦6,153,287~~

**1.9 SOURCE OF CAPITAL**

(A) OWNERS CAPITAL: 5,153,287

(B) DONATIONS/GRANT: -

(C ) BANK LOAN: ₦1,000,000

TOTAL: ~~₦6,153,287~~

**1.10 PROFITABILITY**

YEAR 1: ~~₦~~-1,466,425

YEAR 2: ~~₦~~2,133,575

YEAR 3: ~~₦~~5,533,575

**1.11 LEVEL OF LIQUIDITY**

YEAR 1: 1.79

YEAR 2: 1.79

YEAR 3: 1.79

## **PART II**

### **INTRODUCTION**

#### **2.1 BACKGROUND**

This proposed business which I hereby regard as an overlooked gold mine, due to its profitability despite some people underrating the business, was compiled based on the feasibility study I conducted recently on the current trend in the demand for quality water for the teeming population. However, the planned project is the result of strong industry and needs assessment studies undertaken in the Eastern zone of Nigeria. Particularly, Nsukka in Enugu state where there is scarce companies that produce quality pure water at that large scale.

#### **2.2 VISION**

My vision is to emerge as the foremost producer of quality pure water at most affordable price for the targeted customers within Enugu state and its environs.

#### **2.3 MISSION**

My mission is to ensure customer satisfaction as regards quality and sanitation in the production process and these are geared towards meeting the customer taste at all times.

#### **2.4 THE COMPANY**

The company name is “**NNEOMA PURE WATER PRODUCTION**”, it is not yet registered hence it is a new business not yet established.

#### **2.5 LOCATION OF THE BUSINESS**

The venture is to be sited permanently at NO. 14 University Market road, Nsukka, Enugu state, Nigeria. That notwithstanding, the venture’s branch would be established in other states of the federation after the first 3 years of operation, so as to ensure the diversification of the operational location towards having myriads of target customers. Prime factor that prompted the

location of the business includes; the economic viability of the area, high demand of quality water for drinking, few competitors within the area, availability of landed property at a low price, e.t.c.

## **2.6 KEY SUCCESS FACTOR**

To maintain a superlative edge over all other firms in the industry, I intend to be very meticulous in ensuring that whichever supply or contract for pure water products will be ready for collection within the agreed time. The following also contribute to the success factor of the enterprise:

- (a) The availability of a well drainage system in the area.
- (b) Availability of adequate water supply.
- (c) The main promoters have undergone training in the Entrepreneurship studies in University of Nigeria, Nsukka.
- (d) Existence of reliable market outlets and target costumers.

## **2.7 INTEREST RISKS**

- (a) There are currently scarce resources to enhance pre-expansion that is normal with many start-ups.
- (b) Will the implementation of this project attract more entrants to the business to compete with?
- (c) Provision of basic utilities like electricity is not guaranteed.

## **2.8 LOCATIONAL FACTORS**

The project is located at Nsukka, Nsukka Local Government, Enugu State, south eastern part of Nigeria.

Factors that informed the choices of this location are:

1. Availability and less expensive landed property to contain expansion of the cobber's shop.
2. Availability of market and customers within and outside Enugu.
3. Availability of adequate water supply.
4. Existence of good road networks to and fro the target markets and customers.
5. Availability of reliable labour from the owners.

## **2.9 AVAILABLE MARKET.**

Information from market survey shows that there is more than 100, 000 daily demand for pure products.

Since the demand for quality drinking water are increasing in the area, it is paramount to the relatively success of pure water production and distribution within and outside Enugu State markets.

## **PART III**

### **3.0 PRODUCTS DESCRIPTION.**

The enterprise will focus on the production of pure quality water at affordable price to the general public. The production involve getting all the resources necessary for pure water production such as polythene material in which the company's name and NAFDAC number of the company is printed on it. Then filtering of water by machines procured purposely for that function and packaging of the pure water in satchet material or bottle type.

### **3.1 COSTING**

The costing of the enterprise is mainly built around three major cost items, they are:

- i. Water
- ii. Labour
- iii. Infrastructure

#### 3.1.1 Water.

The water cost depends on the availability and nearness to the company, but the enterprise plan to construct a borehole and water reservoir to ensure adequate water supply.

#### 3.1.2 LABOUR

Since the owner is not enough to carry out the required production of pure water in the company, planned are made for labourers either on daily, weekly or monthly bases depending.

#### 3.1.3 INFRASTRUCTURE

This is another cost incurred by the enterprise because I plan to acquire house for stores, offices and other administrative block.

### 3.2 MARKET DEMAND

“**NNEOMA PURE WATER PRODUCTION**”, is located at Nsukka which is easy reach of customers like Hotels, Restaurants, students, provision outlets etc, and also outside the state. Information got from market survey again shows that there is a need for increase in production of pure and quality water for health stability of individuals which are all available at affordable price, this has contributed adversely to the growth of this form of enterprise.

### 3.3 PROJECTED ANNUAL DEMAND FOR PURE WATER PRODUCTS.

As earlier stated, about 100,000 daily demand of pure water product of different packages at Nsukka and its environment for the past 2 years.

### **3.4 PROJECTED DEMAND-SUPPLY GAP OF PURE WATER PRODUCTS IN ENUGU AND ITS ENVIRON.**

As earlier stated, of the total demand figure of quality water, only 35% of the demands are met by the existing pure water producing companies in Enugu. Thus, the demand supply gap of water by consumers in Enugu and its environs is shown below.

#### **Projected Demand – Supply gap of pure water to consumers.**

<b>Adjustment</b>	<b>Demand – supply Gap (N)</b>
Estimated average annual demand	<b>11,000</b>
Less than 35% of supplies of existing pure water production in the area.	<b>3,850</b>
	<b>7,150</b>
Less 20% due to expansion of existing pure water company and establishment of new ones	<b>1,430</b>
	<b>5,720</b>
Less 5% estimate error	<b>286</b>
	<b>5,434</b>

## ➤ PART IV

### MARKET, CUSTOMERS AND COMPETITORS

#### 4.0 MARKET ANALYSIS.

“**NNEOMA PURE WATER PRODUCTION**”, has an existing business opportunity since there is a huge customers for the supply of the products of the enterprise in the area. The increase in population and the rise in the demand of quality water have enacted the increase of its consumption.

#### 4.1 CUSTOMERS/MARKET SEGMENTATION

The following are the classes of target customers of the enterprise.

- (a) **Wholesale:** these are sets of target customers that will buy in large quantity from us to sell to retailers. They are price sensitive.
- (b) **Retailer:** this set of target customer purchase from the wholesalers in various amounts for sale in various destinations like Hotels, Restaurants, Eateries etc.
- (c) **Individual user/customer:** This set buy for self consumption either from us or from the aforementioned customers.

## ➤ PART V

#### 5.1 MARKETING PLAN.

Obviously, there are existing pure water production companies in Nsukka but they are basically small scale producers. We believe that if “**NNEOMA PURE WATER**

**PRODUCTION**", commences operation with its large scale intent, it will swallow all their customers and it will be the market leader within Enugu and its environ.

## 5.2 PROMOTION STRATEGY

The firm will employ publicity to admonish the awareness on the quality and quantity products it provides, to achieve this, “**NNEOMA PURE WATER PRODUCTION**”, plans to use Television and Radio workshop and advertisements, fliers, posters, the use of discount etc.

## 5.3 MARKETING STRATEGY

To maintain a sizeable portion of the product market in Enugu and its environs, “**NNEOMA PURE WATER PRODUCTION**”, will employ a competitive pricing in market. The products will attract people to buy, because of the quality and technicality I will employ in order to ensure adequate sanitation for the health of consumers.

I will also give 5% discount to any N10,000 cash purchase by customer. I believe this will go a long way to increase the company’s popularity amongst the middlemen and consumer of the products.

## 5.4 MARKETING POSITIONING

With all the plans made by “**NNEOMA PURE WATER PRODUCTION**”, to be the leader in quality water production in Enugu and its environs, as it positions itself as the prime mover and market leader in the market.

Below are attributes which the firm wants their target customer, market and general public to recognize them with:

- As a producer of quality water at most affordable price possible.

- As a company that has the customer's interest in the form of quality, pricing and delivering at a heart.
- As a trust worthy enterprise.

#### 5.4 PROJECTED SALES OF PURE WATER PRODUCT.

Year	Satchet Water	Bottle water	Dispenser containers	Total
1	135,000	678,000	5,000	3,162,500
2	180,000	990,000	5,500	3,759,700
3	228,00	1,500,000	6,000	5,317,900

Note: 5% discount is given to every N10,000 purchase to customer.

#### ➤ PART VI

### TECHNICAL ANALYSIS, MANAGEMENT AND ORGANIZATION

#### 6.0 TECHNICAL ANALYSIS

Pure water Production Company is an enterprise that require space due to the fact that it involves the use of many machines performing different operation which are needed to be spaced. Therefore, for this reason, enough space is required to overcome this challenge.

## 6.1 SCHEDULE OF OUR FIRM OPERATION.

As stated earlier, the production will commence with 700,000 products per month and after the first 3 years of operation these will be 25% increase in the production, the firm will not produce enough products for my numerous customer but effort will be put in place.

## 6.2 MANAGEMENT AND ORGANIZATION

### 6.2.1 OWNER AND MANAGER

“**NNEOMA PURE WATER PRODUCTION**”, is a sole proprietorship business, therefore, it is wholly owned by **Onuigbo Vivian Nneoma**.

I am currently a third year student undergoing my B.Sc degree program in the University of Nigeria, Nsukka; also underwent entrepreneurship training with Entrepreneurship studies, CEDR, UNN. I have also done a market survey and feasibility studies on the establishment of pure water production Company and am thus well equipped with the knowledge and experience required in this business.

For the effectiveness and enhanced productivity, the following is the division of management in the firm:

Position	Personnels in charge	Duty
1. Administrative Manager	<b>Onuigbo Vivian N</b>	Overall control of administrative activities and production.
2. Welfare Manager	<b>Ifeanacho Ekele O</b>	Take care of the products and welfare and satisfaction of customers through customer care services of the company.
3. Technical Manager	<b>Agu Chidinma</b>	Takes care of the electricity supply

	<b>Gloria</b>	and efficient working of machines.
4. Purchasing Manager	<b>Mrs. Ikechukwu Onyinye</b>	Purchases materials and equipment used for work on demand by the labourer.
5. Audit Manager	<b>Mrs. Igwe Adaobi O</b>	Takes care of cash inflow and outflow and make sure there is no financial mismanagement by any of the workers.

### **6.3 EXTERNAL SUPPORT.**

“**NNEOMA PURE WATER PRODUCTION**”, will depend on the loan of N1,000,000 requesting from CBN through the help of entrepreneurship Development Centre in University of Nigeria, Nsukka.

### **6.4 VALUE AND NORMS OF THE VENTURES**

Below are the value and norms the firm wishes to uphold.

- i. Honesty and transparency.
- ii. Prompt delivery/services.
- iii. Punctuality of workers.
- iv. Reward for innovation.
- v. Guaranteed durability quality pure water.

## **➤ PART VII**

### **LEGAL ENVIRONMENTAL, SOCIAL AND REGULATION**

## **7.0 LEGAL ISSUES**

### **7.1 LEGAL ISSUES**

The business will be registered with corporate affairs commission (CAC). In addition, we intend to operate strictly within the ambit of the law. I have equally contracted the service of a legal adviser who at distress situation would proffer solution especially in legal matters, especially matters arising from payment of business emblem, permits and tasks.

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### **7.1 ENVIRONMENTAL**

Drainage system will be well budgeted to avoid indiscriminate disposition of wastes.

Also, due to the engine used in the production, which constitute environmental hazards due to the CO<sub>2</sub> release by the engines and generators, therefore, effort will be made to dispose these dangerous wastes in order not to affect living things.

### **7.2 SOCIAL**

One of the major aims of this firm is to enhance the socio-economic standards of Enugu and its environs by creating self employment opportunity for individuals, bring about wealth creation and poverty reduction.

The business would not only create employment opportunities, but also contribute immensely in the quality of humanity as regards health from the consumption of uncontaminated water.

### **7.3 REGULATORY**

I will comply with all environmental regulations as well as all relevant industrial safety regulatory requirements.

## ➤ PART VIII

### 8.0 RISK ANALYSIS

The firm has been subjected to risk analysis and some inherent risks identified and appropriate mitigants proffered to avoid the business of being disrupted.

The table below shows identified risks and their solutions:

S/N	RISKS	MITIGANTS
1	Fire outbreak	Insurance cover
2	Theft of materials.	Fortification of security
3	Influx of competitors	Innovation and Re-branding.
4	Delivery motorcycle breakdown	Repair and maintenance when need be.
5.	Ailment of workers	Provision of proper medication for workers
6.	Irregular water supply	Borehole will be constructed.

### 8.1 SWOT ANALYSIS

#### (A) STRENGTHS:

- i. LOYALTY: I will be loyal to my customers.
- ii. COMPETENCE: I will employ competent workers.
- iii. REGULAR: I will always be at the disposal of my customers.
- iv. MORE WORKERS: I will employ more competent workers to tackle more jobs.
- v. RELIABILITY: I will always be reliable with my customers as to delivery at the exact agreed time.

#### (B) WEAKNESS:

- i. Lack of much capital to establish the company to the standard we envisage.
- ii. Lack of fund to give my workers extra training.

#### (c) OPPORTUNITIES:

- i. Procuring of contract for supply of pure water product to different targeted customers.
- ii. In this part of the country, there is no pure water production company that produces at such targeted large quantity and this can favour the firm.

- iii. Cashing in on the reasons-rush.

**(D) THREATS:**

- i. Theft of materials.
- ii. Unfavorable environmental policies leading to demolition of shops.
- iii. Accidental fire outbreak.

## 8.2 EXIT STRATEGY

In line with my long term vision statement, I intend to remain and continue with the business, as otherwise will imply a huge loss of resources.

### ➤ PART IX

## 9.0 COMPANY FINANCIALS

### 9.1 SUMMARY OF PROJECT COST.

The total cost of project is ~~N6,153,287~~, this is made up of ~~N3,942,350~~ fixed capital, ~~N2,145,937~~ working capital and N65,000 pre-operating expenses.

### 9.2 FIXED CAPITAL INVESTMENT.

The table below shows the firm's fixed capital investment:

S/ N	DETAIL	QTY	UNIT PRICE	TOTAL AMT (N)
1	Houses	3	300,000	900,000
2	Mechanical Filter	5	50,000	250,000
3	Three years rent for landed property	1	360,000	360,000
4	Generators	2	80,000	160,000
5	Electric Bulb	50	400	10,000
6	Packaging machine	2	85000	170,000
7	Pumps	30	7000	210,000
8	Bottle Sealer	50	2000	400,000
9	Dip Net	50	3000	150,000
10	Diffused Aeration System	70	1000	70,000
TOTAL				2,680,000

### 9.3 UTILITIES

The following table shows expenses on utility projected

UTILITIES	YEAR 1 (N)	YEAR 2 (N)	YEAR 3 (N)
Light	15,000	25,000	50,000
Water	50,000	80,000	80,000
Treatments	4,500	50,000	50,000
Total	69,500	71,300	73,000

#### 9.4 OTHER EXPENSES

There are other expenses expected to be incurred in the course of running of the firm. The table show other expense expected to be incurred.

Types of Expenses	Year 1 N	Year 2 N	Year 3 N
Vehicle maintenance	40,000	45,000	45,000
Business travels	10,000	12,000	15,000
Public relations/advert	5,000	6,000	6,500
Miscellaneous	10,000	10,500	11,000
Total	65,000	73,500	77,500

#### 9.5 WORKING CAPITAL FORECAST

To arrive at the working capital for the business, the following assumptions are made:

- (i) Cost prices of items increase annually by 10% except for items mentioned under other operating expenses which grow by 5%.
- (ii) Selling prices of stock increased annually by 10%.
- (iii) Trade credits are given and taken to and from deserving customers respectively.
- (iv) It is expected that produce are disposed off at the market as schedule.

The table below shows a working capital forecast:

Working capital items	Year 0	Year 1	Year 2	Year 3
Provision for utilities and other expenses.	-	134,500	144,800	150,500
Salaries	-	360,000	360,000	360,000
Debtor: 14 days value of annual sales	-	-	-	-
Less creditor:	-	-	-	-
Working capital	500,000	568,000	637,000	704,000
Increase in working capital	-	-	-	-

### 9.6 TOTAL REQUIRED INVESTMENT OUTLAY.

The table below shows the total startup capital required.

S/N	ITEM OF EXPENDITURE	AMOUNT (N)
1	Fixed asset investment (Equip. Machinery and other requirements)	3,942,350
2	Working Capital	2,145,937
3	Pre-operating Expenses	65,000
	<b>Initial Total Investment Outlay</b>	<b>6,153,287</b>

## 9.7 FINANCING PLAN

S/N	SOURCE OF FUND	AMOUNT
1	Owner's Capital	5,153,287
2	Loan	1,000,000
	<b>Total</b>	<b>6,153,287</b>

## 9.8 LOAN REPAYMENT SCHEDULE AND INTEREST PAID.

It is expected that the loan would attract an interest rate of 10% and that fund are available to pay monthly interest as well scheduled repayment of the principal amount.

The table below shows interest and repayment schedule:

Year	Loan (N)	Repayment ( N)	Interest (N)	Loan balance (N)
1	1,000,000	333,333.3	100,000	5666,666.7
2	566,666.7	333,333.3	56,666.7	176,666.7
3	176,666.7	333,333.3	17,666.7	NIL

## 9.9 DEPRECIATION

The table shows depreciation of Assets:

S/N	DETAIL	Depreciation	UNIT PRICE	Expected Year
1	Houses	30,000	300,000	10
2	Mechanical Filter	2500	50,000	20
3	Three years rent for landed property	120,000	360,000	3
4	Generators	16000	80,000	5
5	Electric Bulb	80	400	5
6	Packaging machine	17000	85000	5
7	Pumps	1,400	7000	5
8	Bottle Sealer	500	2000	4
9	Dip Net	666.7	3000	3
10	Diffused Aeration System	1000	1000	1
	<b>TOTAL</b>	<b>189,146.7</b>		

Note: depreciation formula used:

$$\textit{Depreciation} = \frac{\textit{Cost of assets}}{\textit{Expected Year}}$$

**9.10 PROJECTED PROFIT AND LOSS ACCOUNT FOR 3 YEARS:**

Project profit and loss for the first 3 years of operation

<b>PARTICULARS</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Sales revenue	9,000,000	12,600,000	16,000,000
Net sales	9,000,000	12,600,000	16,000,000
<b>Less expenses:</b>			
Salaries	8,951,250	8,951,250	8,951,250
Rent (for the shop)	500,000	500,000	500,000
Telephone	36,500	36,500	36,500
Electricity	12,000	12,000	12,000
Advertising	20,000	20,000	20,000
Entertainment	50,000	50,000	50,000
Insurance	500,000	500,000	500,000
Legal	50,000	50,000	50,000
Office supplies	20,000	20,000	20,000
Motorcycle maintenance	50,000	50,000	50,000
Total Expenses	10,189,750	10,189,750	10,189,750
Profit before interest or tax	-1,189,750	2,410,250	5,810,250
Provision for interest or tax	200,000	200,000	200,000
Profit after tax	-1,389,750	2,210,250	5,610,250
Less depreciation	76,675	76,675	76,675
Net profit	-1,466,425	2,133,575	5,533,575
<b>APPROPRIATION</b>			
Dividend	-	1,000,000	3,000,000
Retained Earnings	-	1,133,575	2,533,575

Cash flow Projection is shown below:

	YEAR 1 TOTAL (N)	YEAR 2 TOTAL (N)	YEAR 3 TOTAL (N)
<b>CASH IN:</b>			
Bank Loan	1,000,000	-	-
Sales Income	-1,389,750	2,210,250	5,610,250
<b>Total cash in</b>	-389,750	2,210,250	5,610,250
<b>CASH OUT:</b>			
Salaries	8,951,250	8,951,250	8,951,250
Rent (for the shop)	500,000	500,000	500,000
Telephone	36,500	36,500	36,500
Electricity	12,000	12,000	12,000
Advertising	20,000	20,000	20,000
Entertainment	50,000	50,000	50,000
Insurance	500,000	500,000	500,000
Legal	50,000	50,000	50,000
Office supplies	20,000	20,000	20,000
Motorcycle maintenance	50,000	50,000	50,000
Provision for interest or tax	200,000	200,000	200,000
Loan repayment	1,000,000	-	-
Dividend	-	1,000,000	3,000,000
<b>Total Cash out</b>	11,389,750	11,389,750	13,389,750

Opening Balance	Nil	11,389,750	13,389,750
Increase/Decrease in cash	11,389,750	0	2,000,000
Closing balance	11,389,750	11,389,750	13,389,750

### 9.11 BALANCE SHEET PROJECTION

	YEAR 0 (N)	YEAR 1 (N)	YEAR 2 (N)	YEAR 3 (N)
<b>FIXED ASSETS:</b>				
Equipment and others	3,942,350	3,942,350	3,942,350	3,942,350
Less comp. Dep.		76,675	76,675	76,675
Total fixed assets(A)	3,942,350	4,019,025	4,019,025	4,019,025
<b>CURRENT ASSETS:</b>				
Cash	2,000,000	2,000,000	2,000,000	2,000,000
Debtors	150,000	150,000	150,000	150,000
Stock	1,350,000	1,350,000	1,350,000	1,350,000
Total Current assets(B)	3,500,000	3,500,000	3,500,000	3,500,000
Total assets(C)	6,673,000	6,603,750	6,603,750	6,603,750
<b>CURRENT LIABILITIES:</b>				
Creditors	150,000	150,000	150,000	150,000
Accrued Expenses	800,000	800,000	800,000	800,000
Overdraft	-	-	-	-
Short term loan	1,000,000	-	-	-
Total Current Liabilities (D)	1,950,000	950,000	950,000	950,000
Capital Employed(A-D)	2,223,000	2,153,750	2,153,750	2,153,750

<b>SHARE HOLDERS' EQUITY:</b>				
Capital	<b>5,153,287</b>			
Retained profits	-	-	1,133,575	2,533,575
Total shareholders fund	<b>5,153,287</b>	-		
Total Liability	<b>6,153,287</b>	-	-	-

### 9.12 CONTINGENCY PLAN

The business, owing to unpredictability of contingency is insured against theft, fire outbreak and auto crash. Other contingency like loss of key staff have been taken care of by introducing fringe benefit, housing and health allowance which will go a long way to ensure continuing stay and retention of staff.

➤ PART X

## 10.0 FINANCIAL ANALYSIS

### 10.1 PROFITABILITY ANALYSIS.

### 10.2 RATIO ANALYSIS:

#### 10.2.1 LIQUIDITY RATIOS:

Current ratio for the first year:

$$\text{Current ratio} = \frac{\text{current assets}}{\text{Current Liabilities}} = \frac{3,500,000}{1,950,000} = \underline{1.79}$$

Quick ratio for the first year:

$$\text{Quick ratio} = \frac{\text{current assets} - \text{Stock}}{\text{Current Liabilities}} = \frac{3,500,000 - 1,350,000}{1,950,000} = \underline{1.10}$$

#### 10.2.2 PROFITABILITY RATIOS:

Return on Capital Employed:

$$\text{Return on Capital Employed} = \frac{\text{Profit before interest \& tax} \times 100}{\text{Capital employed}} =$$

$$\frac{2,410,250 \times 100}{\sum (\text{ABOVE}) 6,153,287} = \underline{39.17\%}$$

Net profit Margin:

$$\text{Net profit Margin} = \frac{\text{Profit before interest \& tax} \times 100}{\text{sales}} = \frac{2,410,250 \times 100}{9,000,000} = \underline{26.79\%}$$

#### 10.2.3 BREAK EVEN POINT:

$$\text{BREAK EVEN POINT} = \frac{\text{Fixed COST} / \text{Variable COST}}{\text{SALES}} = \frac{3,942,350 / 2,210,937}{9,000,000} = \text{N0.00}$$

**NOTE:** Having the breakeven point at N0.00 shows that there is never a time the venture will neither gain nor lose, provided all factors in place are held constant.



➤ **PART XI**

**11.0 OTHER CONSIDERATIONS AND CONCLUSION.**

**11.1 ECONOMIC JUSTIFICATION**

The firm promotional strategies have been the improvement of National, State and Local Government Economic Policy on entrepreneurship, wealth and job creation. From the market survey made, I observed that the strategies which we have listed and ready to adopt will be of great benefit to the promotion and enhancement of the business in Enugu and easy location of target customers.

**11.2 COMMERCIAL VIABILITY**

Obviously the business is viable considering the number of its potential clients, and as well its payback period is very short, 3 years. Meanwhile, its profitability is overwhelming.

**11.3 CONCLUSION**

Having, unveiled the factors that may forestall or promote the establishment of this venture, I am quite convinced that this venture will be viable, thus I recommend that it will be well funded and all plans for its establishment implemented and evaluated as stipulated in this business plan.