

## **BUSINESS PLAN**

### **PART I**

#### **1.10 Executive Summary**

Presh Oil Production Company is an oil production and distribution lines start up. Presh is specialized in producing and processing all kinds of customized fresh local palm oil for distribution across the country and all over the globe. It ranges in different quantities and gallon sizes for effective marketing and popular accessibility by people of all classes in the society.

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

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

#### **1.11 Name of Business**

The name of the Business is Presh oil Productions

#### **1.12 Legal Form of Business**

Presh Oil production Company is a sole proprietorship business company registered with Corporate Affairs Commission (CAC), Standard Organisation Nigeria (SON).

#### **1.13 Contact Address**

No. 65 Upper Iweka Road, Onisha

#### **1.14 Mobile phone: 07062684951 E-Mail:preshoilco@gmail.com**

### 1.15 **Type of Business**

Presh oil company is a service provider and wholesaler specialized in the design and productions of youth wears.

### 1.16 Concise description of the business idea

#### A. Products or Services

Presh Oil Production is a processing and distribution line start up. Presh Oil Company is specialized in producing customized quality and gallon sizes of oil for effective distribution all across the globe with quality standard which cannot be obtainable elsewhere. It is also a mobile delivery company as its products and services are brought to the door step of customers once he/she orders.

#### B. Customers

- public markets, students, Hotels, motels, gardens, restaurants.

#### C. Owner

Presh Oil production is a sole proprietorship company owned and managed by: Okolo Precious Adaobi

### 1.17 Number of jobs to be created

By the time the company is up and running, it is expected that it will create direct jobs for 30 people

### 1.18 Start – up capital

The following are the components of the required start-up capital

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

### 1.19 Source of Capital

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

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

#### 1.110 Profitability:

The net profits over the years are:

1. Year 1 = N12,147,803.00

2. Year 2 = N28,342,392.00

3. Year 3 = N53,879,345.00

#### **1.111 Level of liquidity:**

The liquidity levels over the years are:

1. Year 1 N6, 783,646.00

2. Year 2 N10, 746,518.00

3. Year 3 N33, 620,627.00

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

## **PART II**

### **2.10 General Introduction**

#### **2.11 Background**

The company was born out of the need to answer the question of ‘what to use for better delicacy and effective health living?’ amongst the people.

The company’s oil designs and labels are all patented.

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

#### **2.11 Vision Statement**

To redefine our local oil for better living

#### **2.12 Mission Statement**

To satisfy customers’ needs at a relatively low cost and added value

#### **2.13 The Company**

Presh Oil Production is owned by one person. Who is also liable for any business debts or claims.

#### **2.14 Products or Services offered**

The services rendered are with respect to processing and distribution whilst bringing in technology to aid ease of production and sales.

## **2.15 Legal form and Ownership of the Enterprise**

Presh Oil Production Company is a one- man business Company. The project promoter is; Okolo Precious Adaobi

## **2.16 Location of the Business**

The business will be located at No.65 Upper Iweka Road Onisha.

## **2.18 Industry Trend and Analysis**

The sector within which this business will operate is oil industry. This industry is a rapidly growing one and will soon become the fastest growing sector of the Nigerian economy given the recent concern and attention given to ‘agriculture’ considering the rapid population growth both within and outside the country and the unmatched role palm oil plays in human health.

Many firms have ventured into this sector but few have actually taken into consideration the “propensity to consume” of the populace and have hence produced reasonably good products at unreasonably high prices.

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

## **2.19 Business Strategy**

I will base marketing on social media platforms and online sponsored advertisements to reach the general public around the country. Efforts would be made to ensure that products are price competitive and timelines would be stuck to strictly within and outside the organization to build on the company’s image and credibility to create a huge brand overtime.

## **2.20 Key Success Factors**

Success will depend on the following factors

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

## **PART III**

### **3.10 The Market**

The main target market for Presh oil Company are hotels, motels, young school leavers, restaurants and marketplace within the confines of Anambra state, Nigeria . Anambra State is an urban area and would have large number of people interested in a better and quality oil for healthy delicacy.

Anambra State makes for an excellent location considering it is highly rated amongst the most populated state in Nigeria. It also has an elite population that appreciates things of this magnitude and scale. The indigenes also believe strongly in quality standard and values which makes it the perfect market to penetrate for a start

### **3.11 Sales and market share analysis:**

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

### **3.12 Key competitors and competitive advantage:**

Presh Oil Production Company will possibly face two types of competition as discussed in the sections below:

### **3.13 SWOT Analysis**

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

#### **Strength**

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

### Weakness

- Low capital
- Restricted labour available

### Opportunities

- Growing demands of better and healthy living by the people (free cholesterol and low density lipoproteins)
- Growing recognition of the role of oil industry in the economy
- Different sizes of gallon of oil vary in demand

### Threats

- More competition
- Unstable cost price of raw materials needed

## 3.14 Demand and Supply Analysis and Estimating the Initial Installed Capacity

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

### 4.10 Marketing Plan

### 4.11 Market segmentation:

#### Market segmentation

Potential market can be segmented into:

- Undergraduates of various universities in the country
- Hotels, Motels Restaurants around the country
- Different cooperate firms and industry for their various uses
- Markets at the urban city

#### 4.12 Target Market

##### UNDERGRADUATES OF VARIOUS UNIVERSITIES

- Various groups on campus that wish to have a get-together parties
- Various final year class celebrations
- Potential customers are religious/ church societies
- 80% of customer experience processes from attraction to brand advocacy would be done digitally hence making buying process easier
- Low potential customers are the proposed secondary school directors for cooking meals for secondary school students who live in the boarding school dormitory

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

Presh Oil Production has the specifications shown in the table below:

Product/ Service	Specification (Product / Service # 1)
Denomination/ product line	
Specification (i.e. size, colour, and quality)	Any type depending on sizes. Quality depends on price attachments
Packaging	Packaged into a transparent company branded gallon
After sale service	None

#### 4.14 Marketing Plan (Using Price as a tool)

Product/ Service	1 prices(N)		
How much are customers willing to pay?	Highest	Average	Lowest.
	5000	3000	2000



Competitors price	Highest	Average	Lowest.
	9000	4500	3000
My price	2500 for ordinary medium gallons with org designs 3500 for medium gallon weighing 15 litres 4500		
Reason for setting my price	To be price competitive, but remain profitable		
Margin for discount?	No		

#### 4.15 Market positioning Strategy:

Being a new entrant into the market Presh Oil Production plans to use aggressive marketing to win a comfortable market share in the fashion industry

#### 4.16 Marketing Mix Implementation Tools:

The marketing mix implementation targets to use the following tools:

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

#### 4.17 Channel of distribution

Presh Oil Production would utilize the following channels of distribution:

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

#### 4.18 Start- up promotion:

These are the planned actions to inform customers about the opening of the new business (i.e. posters, fliers, advertisement, radio, opening ceremony, church announcements, etc.) However, Presh would utilize the following promotional activities:

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

#### 4.19 Alliances:

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

#### 4.20 Marketing Calendar and Budget:

The specific marketing activities and the individuals responsible for taking actions required and the overall marketing budget are as shown below.

### Marketing Budget

<b>Date</b>	<b>Marketing plan Activity</b>	<b>Evaluation Index</b>	<b>Personnel Involved</b>	<b>Estimated Costs(₦)</b>
Start July. 2017 End July. 2017	Road shows in major targeted markets	Presence of flyers in major markets converted	Outsource d	20,000.00
Start August 2017 End Septemb er. 2018	Advertisements on social media	Random pop ups of the product online	Web developer	60,000.00
Start Aug. 2017 End Sept. 2017	Sales promotion through give away	Every day for 2 months give away	Company wor ker	60,000.00
<b>Total</b>				<b>140,000.00</b>

## PART V

### TECHNICAL ANALYSIS

#### 5.10 Production plan:

#### 5.11 The Project:

The product offered by Presh Oil Company is projected to be a medium scale business and is capital intensive.

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

#### 5.12 Production Process:

The raw materials are first supplied, then the processors produce and distribute suitable oil for purchased by the public. These palm fruits are then passed on to the processor who would in turn process these oil produce to specification and different gallon sizes. The oil is moved for packaging before the product is then put up on the company's website for sale. Once a customer places an order, his request is delivered by our delivery men then the production process is complete.

#### 5.13 The production flow chart

#### 5.14 The Production Schedule:

The commercial production schedule of Presh Oil Production has been articulated in the table below

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

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

### 5.15 Machinery, equipment, and other requirements

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

	Boiler machine	4	10yr	nil
	Palm fruit stripper		5yr	nil
	Nut fibre separator		5yrs	nil
	Packaging machine		5yrs	nil
	Generator		5yrs	nil
	Mechanical screw press		5yrs	nil
	Barrel or surface tank for storage purposes		5yrs	nil
	Delivery motorcycles		5yrs	nil

### 5.16 Technology:

Presh Oil Company requires ingenuity on the part of the employees and raw material suppliers in order to move with the current technological trends, we have made digital marketing our main source of marketing

### 5.17 Quality assurance and standardization

Qualified supervisors will carry out regular check- up.

Better health will be maintained.

Staffs will be properly trained.

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

### 6.10 Management and Organizational Structure

#### 6.11 Director:

The key promoter of the project is Don Ralph Media Group (DMG) and is owned managed by: Okolo Precious Adaobi

#### 6.12 Management team

Production manager – Linus Orajaka (Prof. Rtd)

Admin / Act Manager – B.Sc TCE with 5 years experience

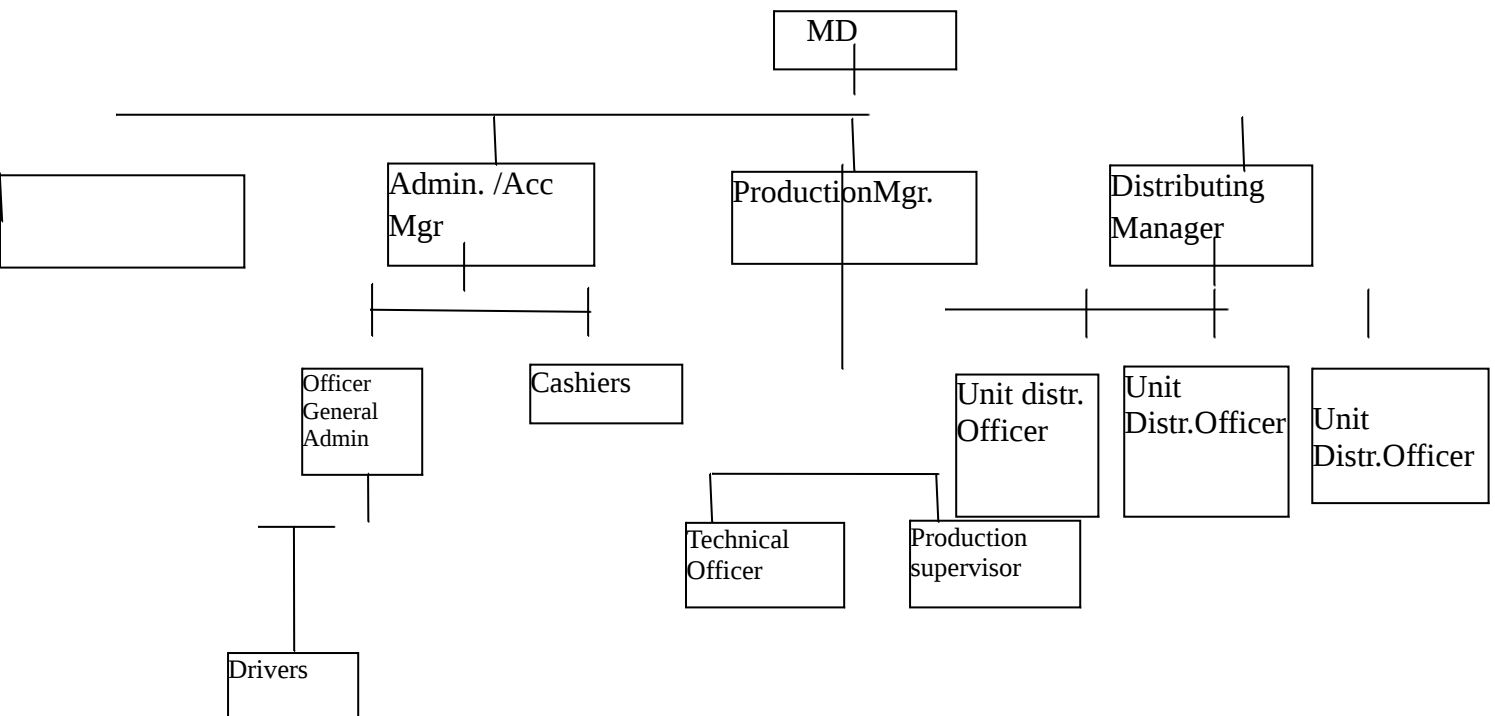
Marketing Manager – B.Sc Mkg with 6 years experience

It is the expectation of project promoters that the business would have rapid growth. If this happens the Administration function would be separated from the accounting function and new but capable hands would be hired to man the vacancies created.

### 6.13 Organizational structure:

This shows the hierarchy in the management using an organizational chart

#### ORGANIZATION STRUCTURE



### 6.14 The personnel plan (staffing and salary structure)

S/n	Position	No. of staff	Salary per staff per month	Total annual salary
	Proprietor / M.P	1	50,000.00	600,000
	Production Supervisor	1	25,000.00	300,000
	Cashier	1	15,000.00	180,000
	Sales men	3	10,000.00	120,000
	Drivers		10,000.00	120,000
	Sub Total			1,320,000
	Add 5% fringe benefits			66,000
	<b>GRAND TOTAL</b>			<b>1,386,000</b>

### 6.15 External support (Out sourcing):

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

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

### 6.16 Organization’s values and norms:

Presh Oil production’s core values are as listed below:

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

## PART V

### 7.10 Legal, regulatory, social, and environmental issues

### 7.12 Regulatory and Environmental Issues.

#### A. Regulatory Issues:

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

#### B. Environmental Issues

There are no environmental issues.

The bye-products are recycled and used other purposes

## PART VI

### 8.10 Financials

### 8.11 Equipment machinery and others costs:

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

S/n	Investment (Equipments and others)	Qty	Amount	Total
	Pounding machine		25000	50000
	Boiler	4	10000	400000
	Nut Fibre Separator		200000	200000
	Palm fruit stripper		100000	200000

	Mechanical screw press		40000	40000
	Generator		40000	40000
	Barrel or Tanks for Storage purposes		10000	10000
	Gallons		20000s	60000
	Delivery motorcycles		10000	300000

### 8.12 SALES PLAN

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

### 8.13 COST PLAN

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

### 8.14

The sources of material input for Presh Oil Company is as shown in the table below

#### (a) Sources of material input for Presh Oil Production Company are:

Item	Source
a. Water for processing	Nigeria
b. Palm fruits	Nigeria
c. Petrol for operation of machines	Nigeria

### 8.15 General cost of Administration



The cost structure shown below is as currently applied and it is hoped it will remain so even after increases has been achieved in output

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

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

The following expenses were incurred as a result of running around to organize men and materials needed to launch Presh production Company into commercial operation.

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

#### Notes:

- Fixed asset investment is also called fixed capital
- Fixed asset investment + working capital + Pre – operating expenses = Initial total investment outlay.
- “Pre – operating expenses” refers to all expenses incurred as a result of activities associated with setting up the business. Examples are: cost of writing the business plan; travelling expenses incurred before the business kick starts.
- WIP means Work In Progress; the intermediate state between raw materials and finished goods.
- FG means finished goods inventories; the final state of transformation of raw materials i.e. finished goods, before it is sold

- The number of raw materials used to produce a given good/product could range from one to n in number.
- For raw materials the length of the period of time n usually corresponds to the gestation period.
- Debtors could be more in value than creditors or vice versa. If debtors are more, than it means the business is assisting in supporting the operations of customers. This could be done as a type of marketing strategy. On the other hand, if the creditors are more in value, then supplies are assisting in financing the business (this is usually done by way of trade credit).

### 8.17 Working Capital Projection (to cover the gestation period)

Working capital items	Year 0 (₦)	Year1 ₦	Year 2 ₦	Year3 ₦
Stock of raw material (layers and broilers for 14 days value)	800,000	800000	800000	880000
Stock of raw material(feeds)	852,600	852600	852600	860000
Provision for utilities and others: 1 month need of annual utilities	72,400	72400	72400	81000
Salaries/wages ( 3 months provision)	1,386,000	1386000	1386000	1400000
Debtors: 10 days value of annual sales	NIL	120000	140000	170000
	3,111, 000	3231000	2991000	3391000
Less creditor: 20 days need of raw materials	NIL	180000	130000	190000
<b>Working capital</b>	<b>3,111,000</b>	<b>3,051,000</b>	<b>3121000</b>	<b>3201000</b>
Increase/Decrease in working capital	—	60,000	70,000	80,000

The working capital needed to get the business running as planned is N3, 111,000 (Three million, one hundred and eleven thousand naira only)

### 8.18 Start- up Capital Needed

The funds needed for fixed asset investments, working capital and pre-operating expenses add up to give us the initial total investment outlay for Presh Oil Production.

As shown in the table below

S/n	Item of Expenditure	Amount
	Fixed asset investment (Equipt. Machinery and other requirements)	1,874,400
	Working Capital	3,111,000
	Pre-operating Expenses	117,000
	<b>Initial Total Investment Outlay</b>	<b>N4,467,320</b>

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

### 8.19 Financing Plan

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

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

### 8.20 Loan Repayment and Interest payment schedule.

Year	Loan/Loan Bal. B/d	Interest	Annual Instalment	Loan Repayme nt	Loan Bal c/f
	A	B	C	D	E
	A	B= r(A)	C (A value in eqn. 1)	D = C – B	E = A - D
	1,347,320.00	N/A	N/A	N/A	1,347,320.00
	1,347,320.00	67,366	450,516.46	383,150.46	964169.54
	964,169.54	48,208.4	322400.03	274,191.55	689,977.99
		8			
	689,977.99	34,498.9	230,715.57	196,216.67	NIL
		0			

**Note:**

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

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

### 8.21 Schedule of Depreciation

S/n	Item of Depreciation	Initial value	Scrap value	Life span (yrs)	Depreciation
1	Pounding machine	24,500	15,000	5	1,900
2	Nut fibre Separator	26,400	13,000	5	2,680
3	Palm fruit stripper	50,000	30,000	5	4000
4	Boiler	5000	1000	4	1000
5	Mechanical screw press	16,500	10,000	5	1300
6	generator	12,000	7000	5	1000
7	building	400,000	380,000	5	4000
8	Land	700,000	600,000	10	10,000
9	Desktop computers for recording	40,000	20,000	5	4000
10	Delivery van	550,000	320,000	10	23,000
11	miscellaneous	50,000	20,000	5	4000
	<b>Total Depreciation</b>				<b>₦56,880.00</b>

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

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

## 8.22 Final Account Projection

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

### 8.23 Estimate of Profit and Loss Account for the first 3 years for Presh Oil Production.

Particulars	Year 1	Years 2	Years 3
Sales	5, 100,025.00	6, 210,080.00	13, 101,200.00
Net Sales	5, 100,025.00	6, 210,080.00	13, 101,200.00
<b>Less Expenses:</b>			
Cost of raw materials	1,652,600	1,741,000	1,828,000
Salaries	1,386,000	1,386,000	1,486,000
Rate (water)	63,000	63,000	63,000
Telephone/Travels	100,000	100,000	100,000
Advertising	40,000	40,000	40,000
Electricity/others	180,000	180,000	185,600
Insurance	150,000	150,000	150,000
Motor Vehicle maintenance	80,000	80,000	85,000
<b>Total Expenses</b>	<b>3,651,600</b>	<b>3,740,000</b>	<b>3,937,000</b>
<b>Profit before Tax/Int.</b>	<b>5, 100,025</b>	<b>6, 210,080.00</b>	<b>13,101,200</b>
Less Interest	300,000	200,100	165,000
<b>Profit After Interest</b>	<b>4,800,025</b>	<b>6,009,980</b>	<b>12,936,200</b>
<b>Taxable Profit</b>	<b>4,800,025</b>	<b>6,009,980</b>	<b>12,936,200</b>
Less Tax (30%)	144007.50	1802994	3880860
<b>Profit After Tax</b>	<b>4,656,017.50</b>	<b>4,206,986.00</b>	<b>9,055,340.00</b>

Less Annual depreciation	58,880.00	——58,880.00	58,880.00
<b>Net Profit</b>	<b>4,597,137.50</b>	<b>4,148,106.00</b>	<b>8,996,460.00</b>
<b>Appropriations</b>	<b>Year</b>	<b>Year 2</b>	<b>Year 3</b>
Retained servings	2,298,568.75	2,074,053.00	4,498,230.00
Dividend	1,915,473.96	1,481,466.43	2,998,820.00

#### 8.24 Cash flow Projection for Presh Oil Production Company

	Yr 0 (₦)	Yr 1 Total (₦)	Yr 2 Total (₦)	Yr 3 Total (₦)
<b>Cash In</b>				
Bank Loan	1,347,320	——		——
Sales Income	——	5, 100,025	6, 210,080.00	13,101,200
Equity	3,120,000	——	——	——
<b>Total Cash In</b>	4,467,320.00	5,100,025.00	6,210,080.00	13,101,200.00
<b>Cash Out</b>				
Admin. Outgoings.	——	20,000	30,000	40,600
Marketing		350,000	200,000	250,000
Cost of Goods		1,652,600	1,741,000	1,828,000
Interest Expenses		180,000	200,000	280,500
Loan Repayment	1,347,320.00	964,169.51	689,977.99	-----
Initial Investments	4,467,320.00	——	——	——
Salaries		1,386,000	1,386,000	1,486,000
Motor vehicle maintenance		80,000	80,000	80,000
Dividends		1,915,473.96	1,481,466.43	2,998,820.00

<b>Total Cash Out</b>	<b>5,814.00</b>	<b>6,548,243.47</b>	<b>5,808,444.42</b>	<b>6,963,920.00</b>
<b>Net Cash Flow</b>	<b>NIL</b>	<b>4,451,781.53</b>	<b>401,635.58</b>	<b>6,137,280.00</b>
Opening cash Bal.	NIL	NIL	4,451,781.53	6,538,915.58
<b>Closing cash Bal.</b>	<b>NIL</b>	<b>4,451,781.53</b>	<b>6,538,915.58</b>	<b>10,990,697.10</b>

### 8.25 Balance of Sheet of Presh oil Production Company for the 1<sup>st</sup> 3 years

Balance Sheet Assets	Yr 0	Yr 1	Yr 2	Yr 3
<b>Fixed Assets:</b>				
Land Machinery & others	1,874,400	1,874,400	1,874,400	1,874,400
Less Cum. Dep.	NIL	56,880.00	60,000.00	66,242.21
<b>Total Fixed Assets (A)</b>	<b>1,874,400</b>	<b>1,874,400</b>	<b>1,874,400</b>	<b>1,874,400</b>
<b>Current Assets:</b>				
Cash (use as balancing item)	5,100,025.00	6, 210,080.00	8,101,200.00	13, 101,200.00
Operating Bal.	NIL	NIL	5,100,025.00	6, 210,080.00
Debtors	NIL	40,000	65,000	81000
Stock	413,550	165420	283,970	312,200
<b>Total Current Assets (B)</b>		<b>19870993</b>	<b>50584233</b>	<b>67,626,795</b>
<b>Total Assets (C)</b>	<b>18,504,200</b>	<b>32,688,993</b>	<b>62,180,233</b>	<b>66,038,195</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Creditors	NIL	2,363,000	4,057,000	4,179,000
Dividend	NIL	5,364157	17,595814	20258718
Short Term Loan	-	2,782,052	2,921,155	3,281,000

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

**Notes:**

- a. Total Assets = Fixed Asset + Current + assets
- b. Total Liabilities = Long term Liabilities + Current Liabilities + Shareholders Fund
- c. Shareholders' Equity = Total Assets – Total liabilities
- d. Capital Employed = Total Assets – Current Liabilities
- e. Working Capital = Current Assets – Current Liabilities.

**8.26 Ratio Analysis**

Type of ratios	Year 1	Year 2	Year 3
<b>Liquidity ratios:</b>			
a. Current ratio	0.21	0.22	2.46
b. Acid test ratio	1.62	1.89	2.22



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

## PART VII

### 10.0 Risk Analysis, Contingency plan, and Exit Strategy:

#### 10.10 Risk Contingent Analysis

Presh Oil Production Company has identified the risks discussed in the table below.

Actions taken to guard against the risk are given as Mitigants

S/n	Risks	Mitigants
1.	Inadequate start – up demand	Aggressive promotion and advertising campaigns.
2.	Unexpected adverse events	Appropriate insurance policy will be

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

### 10.12 Contingency Plan & Exit Strategy

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

## PART VIII

### 11.10 Other Consideration and Conclusions

#### 11.11 Economic Justification

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

1. It will provide job for 30 persons
2. It will contribute more than ₦ 10,000,000 to Gross Capital
3. It will contribute more than ₦200 Million to the GDP in the next three years.

#### 11.12 Commercial Viability

The project is very profitable as it will generate more than ₦103 Million in profit in the next three years. The liquidity positions are: ₦5, 200,185.00, ₦7, 415,000.00; and ₦ N22, 520,105.00 for year 1,2, and 3 respectively. The net worth will from ₦2, 520,000 operation to over ₦21, 319,477.00 at the inception of business by the third year of operation.

#### 11.13 Conclusion and Recommendation:

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

**UNIVERSITY OF NIGERIA, NSUKKA**  
**FACULTY OF SOCIAL SCIENCES**  
**DEPARTMENT OF PUBLIC ADMINISTRATION**

**TOPIC:**  
**BUSINESS PLAN**

**A BUSINESS PLAN**

**WRITTEN IN PARTIAL FULFILMENT FOR THE REQUIREMENT OF  
THE COURSE CEDR 342 (BUSINESS DEVELOPMENT AND  
MANAGEMENT)**

**BY**

**OKOLO PRECIOUS ADAOBI**

**REG. NO: 2014/193451**

**LECTURER: DR. NWAOGA T.C**

**JULY, 2017**