

UNIVERSITY OF NIGERIA NSUKKA  
FACULTY OF THE SOCIAL SCIENCE  
DEPARTMENT OF POLITICAL SCIENCE

TOPIC:

BUSINESS PLAN

AN ASSIGNMENT WRITTEN IN PARTIAL  
FULFILLMENT FOR THE REQUIRMMENT OF  
THE COURSE CEDR 342(BUSINESS  
CREATION AND GROWTH)

BY

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REG NO: 2014/195202

LECTURER: DR(MRS) NWAOGA

DATE: JULY, 2017

1.0 Executive Summary

De-joyce cosmetics is a company that has created a brand concept consisting of both skin care and athletic apparel utilizing multiple channels of distribution. We are seeking recurring

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investment to fund the growth of the brand, and position the company for an IPO. The plan that follows explains our market, our value proposition and our market segmentation strategy. The detailed financial plans provide a clear view of our sales and profit forecasts. These plans show how De-joyce will reach profitability in our third year of operation and generate shareholder return on equity within five years.

### **Mission**

To establish De-joyce as an important brand that represents quality in skin care, fitness apparel and accessories. We will accomplish this using high quality manufacturing and research, a creative marketing program, and a comprehensive distribution network using both brick and mortar retail outlets, internet presence, and a consumer catalogue.

By utilizing this multi-channel approach we will be able to reach the niche market for quality personal care products rapidly and efficiently. It will allow us to develop De-joyce as the brand for quality skin and body care products within our target market.

### **The Company**

The company is 100% owned by Uzomba Kenneth, the Founder. The board will consist of seven members: Mr. Gideon Effiong, one additional member of management, three outside directors appointed by Uzomba Kenneth, and two representatives appointed by the major investor(s).

Mr. Gideon Effiong has 15 years worth of experience in the retail industry. He has held senior management positions with major companies in this area.

The company's main office is located in Calabar Cross River State. The leased office space should be sufficient for planned staff size growth within the first few years.

From Year 1 through Year 5 we will grow in head count from ten to sixty-five. The majority of this growth will come in store personnel, the rest will be support staff. We believe the plan shows a controlled and conservative ramp up of personnel.

### **Products**

Skin and body care products will be developed and produced at our contract facilities in Calabar. Production of apparel products will be managed through our contract manufacturer of sport-related apparel. Production of accessories will be managed through a contract with a manufacturer of quality sports-related accessories including: bags, hats, totes and socks for the wholesale market.

De-joyce will have two product lines, skin care and fitness apparel. Within the skin care line we will offer a wide array of products including eye makeup removers, cleansing creams, facial scrubs and masks, and body lotions. Within the fitness apparel line we will first offer Lycra products such as tights and shorts, plus polyester and cotton tops.

Our pricing strategy is to position our products with a shelf price that is in the mid to lower quadrant of high-quality products and brands. We have accomplished this by making careful market comparisons and adjusting our packaging size.

We believe our ability to create future product opportunities and growth will only be limited by our imagination and our ability to attract talented people who understand the concept of branding.

### **The Market**

De-joyce will occupy a unique market position. No other brand offers a specialty line that includes skin care, cosmetics, fitness apparel and accessories. However, within each category

significant brands do exist. Quality and price vary widely within each group. De-joyce will be positioned as a quality brand. The Nigerian cosmetics market has seen large annual growth rates over the past decade. Last year alone, the market grew by over N5 million. Clear divisions between traditional categories are becoming blurred and new lines, such as aromatherapy are also emerging, creating new openings for profit.

In fitness apparel and accessories there is a tremendous opportunity since the female customer has been grossly overlooked. Most major companies do not produce products focused specifically on the female customer. Smart is the only brand that has developed a line of fitness apparel for women. Early sales for them have been exceptional, further highlighting the potential within this category.

### **The Customer**

Because De-joyce is a combined retail (direct to end user) and wholesale (to the end user through a reseller) strategy our target customer must be broken into two distinct groups, the end user and the reseller.

Our targeted end user is between the ages of 24 and 65. They are female urban professionals with at least some college. This consumer has an active lifestyle. They are concerned about social and environmental issues. Mind and body wellness are important to them. They belong to a health club; take yoga, pilate's or tai chi lessons. The effects of aging and the maintenance of a youthful appearance are a part of their life.

Our target customers (vs. end user) for wholesale distribution will be resellers who recognize the needs of this consumer and who she identifies with. We have used the term resellers because they will not be limited to retailers. We will reach the consumer through four distinct reseller channels. Spas and Health Clubs, Lifestyle Retailers, Cosmetic Specialty Retailers, and Boutique Department Stores.

There are a number of new demand trends that have impacted the market and created greater opportunities. These trends include a returning to age old, time proven, natural remedies; more consumers that are looking for more holistic and healing benefits from her skin care products, and today's consumer being more informed and more inquisitive about the benefits of her personal care products.

### **Financial**

In order to launch its unique product line De-joyce requires an initial outlay. Sales at De-joyce retail stores are planned to grow rapidly from Year 1 through Year 5. During this time frame our wholesale revenues are planned to grow enormously. De-joyce will become profitable in our third year of operation. Initial growth will be financed by a combination of equity investment and debt financing. Our ratios are well within prudent limits and our growth plans are challenging, but realistic.

#### *1.1 Objectives*

1. Launch De-joyce retail by the second quarter of Year 1.
2. Launch De-joyce wholesale by the third quarter of Year 1.
3. Achieve an above median maintained margin rate by the end of Year 4.
4. Generate a return on equity by end of year end 2017.
5. Position De-joyce for a successful IPO in 2018u .

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## 1.2 Mission

To establish De-joyce as an important brand that represents quality in skin care, fitness apparel and accessories. We will accomplish this in the following ways:

1. High quality manufacturing and research.
2. A creative marketing and PR program.
3. Creation of a brick and mortar retail presence in 2017.
4. Development of a wholesale distribution network by the third quarter of 2017.
5. The successful launch of a De-joyce Web presence by the first quarter of 2017.
6. The successful launch of a consumer catalogue in the third quarter of 2017.

## 1.3 Keys to Success

1. Quality product.
2. Manpower.
3. Product logistics and quality control.
4. Product placement in key retail accounts.
5. A vertical retail presence in brick and mortar, catalogue and e-commerce.
6. The creation of a "buzz" about this "hot...new" brand among opinion leaders through a combination of PR and product placement.

## 2.0 Company Summary

De-joyce is a multi-channel concept, combining a wholesale distribution network with a retail strategy, e-commerce, and a consumer catalogue. The face of retailing is changing. These changes are creating the potential for a new business model. This model will eliminate the need for a traditional brick and mortar retailer to open thousands of doors in order to reach the market, yet not eliminate the need for brick and mortar. At the same time it will eliminate the heavy ad spending that has been associated with e-commerce by utilizing a brick and mortar retail presence to develop brand awareness. Portions of this model exist in successful retail companies like Williams Sonoma and Crate and Barrel. Other pieces exist in successful wholesalers like Bliss and Clinique. A few players have even touched on all the pieces (i.e. Aveda, MAC and Ralph Lauren). By utilizing this multi-channel approach we will be able to reach the niche market for quality personal care products rapidly and efficiently. It will allow us to develop De-joyce as the brand for quality skin and body care products within our target market. Our target consumer is interested in total mind and body fitness. She most likely participates in yoga, tai chi, pilate's or some form of mind and body program. She is a professional over the age of 25 with a hectic lifestyle and high disposable income. Her busy lifestyle creates the need for self centering and pampering. She appreciates quality--especially in concert with service and selection. De-joyce will provide this customer with a total fitness brand. We are working with some of the best manufacturers globally to develop, and bring to market, high-quality products for skin and body care. In addition we have developed a De-joyce line of yoga and fitness apparel, a natural extension of the brand. These products have been developed utilizing the finest fabrics and proven fit specifications. De-joyce garments will provide the active female consumer with a brand of apparel designed for her and sold in an environment she can relate to.

### **Wholesale:**

We plan to launch De-joyce wholesale in calabar in the third quarter of 2017. We have secured a partnership with a well-respected distributor. Through this partnership we will be able to gain key success. In addition we will have a permanent position in calabar. The wholesale strategy will target select spas, department stores and specialty stores that are recognized trend leaders (i.e. Fred Segal, Bergdorf Goodman, Barney's and Fellissimo). This product positioning will further establish the brand image of De-joyce.

**E-commerce:**

Unlike current e-commerce models, we do not intend to use the Internet to establish the brand or bring it to market. The e-commerce consumer is brand and convenience conscience. The early ventures have shown that it costs dearly to try and establish a brand via this medium. We will develop our initial Internet capabilities as a combination business-to-business tool and e-catalogue. Our site will be simple and direct with minimal cost. Many of our products are consumable. We will be able to establish a use profile and contact the customer via email when she should be running low, to remind her, at the same time offering her an option to click and replenish. We will establish an EDI capability--directly with the end user. This contact will enable us to suggest add-on items based upon preferences of other users of the same item(s). In addition the e-commerce platform will provide us with a valuable wholesale tool. We will provide client companies with an access code that will allow them to place orders and utilize our product knowledge database as a training tool for their employees. Our e-commerce capability will come online in early 2002.

2.1 Company Ownership

De-joyce is a company. The company is 100% owned by uzomba kenneth, the FOUNDER. Mr.kenneth is the president and owns 80% of the stock while Mr.Patrick is the vice president for product development and owns 20% of the shares. The planned future distribution of ownership will allocate a percent of shares for early investors proportionate with their commitment. In addition, 10% of shares will be set aside for employee stock options and awards. Certain suppliers will be awarded warrants for their early contributions to the growth of the company. The specific amount of the warrants is to be determined, but will be proportionate to their level of contribution. Additional share options will be provided to members of the board of directors. The board will consist of seven members: Mr.gideon effiong , one additional member of management, three outside directors appointed by Mr. kenneth, and two representatives appointed by the major investor(s).

2.2 Start-up Summary

Start-up costs are shown in three areas. The first is in the start-up table, the second is within the cash flow assumptions and the third is in the P&L.

1. Start-up expenses: legal (incorporation and trademark registration), stationery (business cards and office supplies), etc., brochures, consultants (graphic design for logo and packaging), research and development (architecture fees for store and trade fixture design).
2. Start-up costs expressed in year one cash flow: FF&E for first De-joyce retail store.
3. Start-up costs included within year one P&L: brand marketing, management staff, travel costs to coordinate product development.

2.3 Company Locations and Facilities

The company's main office is located in calabar. The office is approximately 400 square feet. An additional 800 square feet of office space can be made available within the building. This should be sufficient for planned staff size within the first few years. The company has a five-year lease on the current space with an additional five-year option. An option exists on the expansion space as well.

Distribution in the first year will be managed from a facility in calabar. In years two through five we plan to manage distribution through a contract resource capable of handling both wholesale distribution and retail fulfillment.

Skin and body care products will be developed and produced at our contract facilities in Nigeria.

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Production of apparel products will be managed through our contract manufacturer of sport-related apparel. They have a 50,000 square foot production facility in Portland, Oregon for high-quality technical apparel and a 200,000 square foot facility in Mexico for the production of t-shirts and other knitwear.

Production of accessories will be managed through a contract with a manufacturer of quality sports-related accessories including: bags, hats, totes and socks for the wholesale market. Their office and distribution facilities are located in southern California.

## 3.0 Products

De-joyce distributes quality personal care products, fitness apparel and related accessories. This is accomplished through a combination of company-owned retail outlets and wholesale distribution.

### 3.1 Product Description

#### **Skin Care**

The initial launch for skin care products will be our "Water" range. The products in this range have been developed in our labs in calabar. The Breat archipelago is unique in the entire world for its wide range of sea algae and seaweed. For four billion years the warm waters of the Gulf Stream have been flowing north along the French coast creating a unique ecosystem. The details of our product development and the relationship between the sea and the human body will be explained in greater detail in the marketing section. In this section we intend only to define the initial product range, each products benefits and our pricing strategy. Our methodology in choosing the water range for our initial launch is based on two primary issues:

1. The benefits of thalasso treatment are just coming to light in calabar.
2. Our name and logo make this launch of products from the sea a natural. We will be able to develop a meaningful and moving product story through this relationship.

### 3.2 Competitive Comparison

De-joyce will occupy a unique market position. No other brand offers a specialty line that includes skin care, cosmetics, fitness apparel and accessories. However, within each category significant brands do exist. Quality and price vary widely within each group. De-joyce will be positioned as a quality brand. We have eliminated the drugstore and discount brands from this comparison.

## 4.0 Market Analysis Summary

The NIGERIA. cosmetics market grew by over N1 billion in 1999. (A rate of 6.6%.) A major factor in the growth of this segment was the impact of niche lines with spa positioning. Clear divisions between categories are becoming blurred. The Spa theme now touches on virtually all product categories. Aromatherapy has gained mainstream acceptance and is present in all product categories. All categories (except Men's) experienced growth. 1999 sales (xN1,000) and growth by category broke down as follows:

|                 | Sales  | Growth | Market Share |
|-----------------|--------|--------|--------------|
| Skin Care       | N5,551 | 3.40%  | 28.00%       |
| Color Cosmetics | N6,173 | 8.90%  | 31.00%       |
| Fragrance       | N3,345 | 1.40%  | 17.00%       |

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|               |         |        |         |
|---------------|---------|--------|---------|
| Body and Bath | N3,498  | 7.50%  | 17.00%  |
| Men's Line    | N1,478  | -2.50% | 7.00%   |
| Total         | N20,045 | 6.60%  | 100.00% |

Within the market there are several distinct channels of distribution/price point classifications. They are:

- Prestige--department and specialty stores (Macy's, Neiman-Marcus, Fred Segal and Sephora)
- Broad--mass merchandisers, cosmetic discounters, drug stores, food stores and wholesale clubs (Costco, Sam's Club, etc.)
- Alternate--direct sales (Avon, Mary Kay)
- Specialty--(Body Shop, Bath and Body Works), Spas and Salons

Of these categories Alternative accounted for the largest volume (N7,288,000,000), the largest growth rate (+8.4%) and the largest market share (36%). Broad was ranked second at N6,645,000,000 in sales, a 6.4% growth rate and a 33% share of market. Prestige was third at N6,112,000,000 in sales, a 4.5% growth rate and a 31% market share.

### 4.1 Market Segmentation

For the purpose of this analysis we are focusing solely on the female market. Therefore our potential customers base (for the purpose of developing projections) does not include any statistics or provisions for male consumers. We have used the demographic report for spa goers conducted by spa weekly as a basis for our assumptions. Based upon this survey the spa goer is predominantly female (85%), well educated (46% attended college), and crosses income levels (26% earn less than N35,000; 32% earn between N35,000 and N74,999 and 42% earn over N75,000).

Using this demographic as the basis for our methodology we developed our potential customer base with the following parameters: Women with some college between the ages of 25 and 65. We completely discounted women with no college, women between 18 and 25, women over 65 and the entire male population. It is estimated that the female population will grow at a rate of 5.18% annually from 2000 to 2025 (source: the NIGERIA. census bureau). This data is for the entire United States. Of the 33,642,000 women represented between the ages of 25 and 65 who attended college, 29,293,000 (87%) reside in major CMSA's.

Table: Market Analysis

| <i>Market Analysis</i>         |        |            |            |            |            |            |       |
|--------------------------------|--------|------------|------------|------------|------------|------------|-------|
|                                |        | Year 1     | Year 2     | Year 3     | Year 4     | Year 5     |       |
| Potential Customers            | Growth |            |            |            |            |            | CAGR  |
| Females 25-64 <N35,000         | 5%     | 21,475,000 | 22,548,750 | 23,676,188 | 24,859,997 | 26,102,997 | 5.00% |
| females 25-64 >N35,000 <74,999 | 5%     | 10,276,000 | 10,789,800 | 11,329,290 | 11,895,755 | 12,490,543 | 5.00% |
| Females 25-64 >N75,000         | 5%     | 1,891,000  | 1,985,550  | 2,084,828  | 2,189,069  | 2,298,522  | 5.00% |
| <b>Total</b>                   | 5.00%  | 33,642,000 | 35,324,100 | 37,090,306 | 38,944,821 | 40,892,062 | 5.00% |

#### 4.2.1 Main Competitors

Because we will develop our brand image and market positioning primarily through our skin care line, we will focus our competitive review on that segment of the market. The skin care market is very broad. It includes products labeled as body crème that range in price from N10 for a five-ounce container to over N300 an ounce. Our market positioning will be in the lower price quadrant of high quality natural products.

Our primary competitors for this customer are:

**Kiehl's:** Founded in 1851, this brand has an image that is well established with the consumer. Their main strength has been that the products work. Kiehl's has been a family business for four generations. The products are being made in small batches in a New York City facility

#### 5.0 Strategy and Implementation Summary

Our strategy is to develop De-joyce as a brand that represents quality and value. The tactics underneath this strategy and the programs we will put in place cover a broad range of disciplines. They are presented here in order of importance.

#### 5.3 Marketing Strategy

De-joyce will utilize a brand building (pull) strategy as the basis for our marketing plan. We will position our print media spend in magazines that influence our target consumer and validate the brand. The publications we will utilize are: W, Vogue, Wallpaper, Cosmopolitan, Travel & Leisure, Vanity Fair, Departures, In Style, Food & Wine, Shape, Town and Country and the New York Times Sunday edition. These are the same publications retail buyers and trend analysts scour to find emerging brands or trends. In addition to paid ads in regional issues of the publications mentioned, we will retain a PR firm to develop a grass roots program for obtaining product placement and celebrity/trainer endorsements. Our media and PR strategy will bring the brand to the forefront for the consumer and set the stage for our image development. We will have a separate plan to market to spas and retailers at trade shows. In addition we will develop a unique in-store graphic and communication package that explains our products benefits and advantages at point of sale.

##### 5.3.1 Marketing Programs

1. **Development of product packaging:** Develop a packaging and labeling system that communicates the De-joyce message.
2. **Development of product brochures:** Create a series of brochures that will function at point of sale and at trade shows.
3. **Creation of a De-joyce video:** Develop a video that explains the connection between the sea and the human body.
4. **Selection of a PR firm:** Begin the selection process for a retained public relations firm in April of 2016.
5. **Creation of our graphic language:** Mr. Dane Johnson will complete this project by March 1, 2016.



6. **Selection of an advertising firm:** Begin the selection process for an advertising agency in March of 2016.
7. **Development of our print campaign:** Development of this campaign will begin immediately after selecting an agency.
8. **Creation of consumer seminars:** Develop and implement these programs by July 2016.
9. **Development of bonus week programs and products:** Ms. Kelly Anderson will work with Ms. Brunner to develop and source these products by October 2016. Our first bonus week event will be December 2016.

### 5.3.2 Pricing Strategy

Our pricing strategy at retail will be to create a price-to-benefits ratio that positions De-joyce as a superior value. At wholesale we will price our products to provide the retailer with a 50% maintained margin and offer a product exchange program for current accounts. Our wholesale prices will be derived after the appropriate retail is determined to insure that the shelf price represents a value to the consumer and the retailer has a 50% margin.

### 5.3.3 Promotion Strategy

Our promotional strategy will cover a broad range of programs.

**Pricing:**

We will not have price promotions in our own facilities and we will discourage our wholesale customers from reducing prices. Instead we will have a quarterly bonus week. During the bonus week consumers will receive a free gift with any De-joyce purchase over a pre set amount. The gift sets will consist of sample size De-joyce products from our most current launch in a specially designed tote or gym bag.

**Consumer Mailers:**

We will have a monthly mailer for De-joyce customers. It will be designed to educate the consumer about the benefits of a particular product or ingredient. The mailer will be redeemable for a sample of the product.

**Seminars:**

Our point of sale system will track consumer sales and usage by customer. We will invite our best customers to quarterly seminars on skin care and wellness.

**Affiliations:**

We will outfit select female yoga and fitness instructors in key cities.

**Public Relations:**

We will contract a top public relations firm to develop and execute a gorilla campaign. The objective will be to secure product placement in key publications and endorsements by opinion leaders.

**Print Campaign:**

We will have a paid placement program that includes monthly placement in regional issues of W, Vogue, Wallpaper, Cosmopolitan, Travel & Leisure, Vanity Fair, Departures, In Style, Food & Wine, Shape, Town and Country and the New York Times Sunday edition.

#### 5.4 Sales Strategy

Our retail sales strategy consists of just two parts. First we will hire and train people who fit the De-joyce image and lifestyle. Our training programs will insure that they have the product knowledge necessary to serve the customers needs and close the sale. Second, our commission and retention programs will insure we recognize and reward performance. Our sales people will be on a commission program that compensates for follow up sales at progressively higher rates. This will provide an incentive for consumer follow up and the creation of repeat business. Our commission program will also insure that individual performance is monitored and recognized. Top performers will be singled out for recognition and poor performers will be given additional training or encouraged to seek a profession more suitable to their skills.

Our wholesale sales program will evolve through two phases as we grow. In the first phase leading showrooms will represent us. Alweil Studios will act as our national sales manager. They will be paid a 15% commission on all sales and will manage the contracts with other showrooms. This rate is three points above the average for small firms and five points above the average for larger accounts. These higher rates will motivate the reps to promote De-joyce products and aggressively pursue reorders. They will also handle order follow up and customer service. Their commission will be paid 50% at time of shipment and 50% at time of payment, insuring a vested interest in customer satisfaction and payment. After we reach N6,000,000 in wholesale business to outside accounts we will begin to develop an internal sales force and customer satisfaction team. Our internal sales team will be paid 6% of sales. The customer satisfaction team will handle all post sale activities. Insuring delivery, claim processing and collection. (This team will cost approximately 8% of sales in salary and support costs.)

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### 5.4.1 Sales Forecast

Sales at De-joyce retail stores are planned to grow astoundingly from 2016 to 2017. This represents a phenomenal growth rate per year for the first five years. This growth is comprised of two factors. First, average comparable store sales growth over five years. This average rate is a composite of the planned rates year one through year five. Second, a new store-opening schedule resulting in eight locations being open at the end of year five. The average store size is planned at 1,500 square feet. Mature store volume is planned at N450 dollars per square foot. New stores are planned at N325 per square foot. It is assumed that of the initial eight locations three will include day spas and five will be retail stores without day spas. The three stores with day spas will be located in Portland, Oregon; San Francisco, California and Southern California. Of the five stores without day spas, two will be in southern California and three will be in the bay area of northern California. A mix of two free standing and three mall locations will be planned. The catalogue is planned for launch in the third quarter of 2003. Catalogue sales are planned to begin in 2003 and projected to grow to triple in 2004. This is the result of three additional mailings in 2017. The addition of e-commerce and the catalogue escalates total sales direct to consumers by the end of 2017.

Wholesale sales are budgeted to grow enormously by the end of 2017. While we believe this growth is achievable for the following reasons:

1. A great deal of our growth will come from adding doors. We will begin 2016 with no accounts. As we add accounts we will experience both per door growth and geometric growth in the size of our wholesale client base.
2. Our product launch schedule will result in our range being approximately 10 times as large in product offering by the beginning of 2017.
3. Our advertising plan (media and PR) is to grow our annual media spend extensively by 2017. This will increase brand awareness by both the consumer and the retailer.

Our wholesale sales plans do not include sales to our own outlets or from the catalogue. Our margin plans reflect these sales coming from first cost. It is our belief that this approach assures a true measure of profitability for our retail stores and a true measure of growth for our wholesale efforts.

Table: Sales Forecast

| <i>Sales Forecast</i>                |                 |                   |                    |                    |                    |
|--------------------------------------|-----------------|-------------------|--------------------|--------------------|--------------------|
|                                      | Year 1          | Year 2            | Year 3             | Year 4             | Year 5             |
| Sales                                |                 |                   |                    |                    |                    |
| Retail                               | N245,801        | N487,500          | N1,033,500         | N2,219,100         | N4,803,942         |
| Wholesale                            | N224,500        | N3,000,000        | N8,000,000         | N15,000,000        | N30,000,000        |
| Catalogue and Internet Sales         | N0              | N250,000          | N1,000,000         | N2,000,000         | N4,000,000         |
| <b>Total Sales</b>                   | <b>N470,301</b> | <b>N3,737,500</b> | <b>N10,033,500</b> | <b>N19,219,100</b> | <b>N38,803,942</b> |
| Direct Cost of Sales                 |                 |                   |                    |                    |                    |
| Retail                               | N61,450         | N121,875          | N258,375           | N554,775           | N1,200,986         |
| Wholesale                            | N85,310         | N1,140,000        | N3,040,000         | N5,700,000         | N11,400,000        |
| Catalogue and Internet Sales         | N0              | N62,500           | N250,000           | N500,000           | N1,000,000         |
| <b>Subtotal Direct Cost of Sales</b> | <b>N146,760</b> | <b>N1,324,375</b> | <b>N3,548,375</b>  | <b>N6,754,775</b>  | <b>N13,600,986</b> |

#### 5.4.2 Sales Programs

1. Development of the De-joyce sales training program: To be completed in the second quarter of 2016.
2. Creation of the De-joyce commission program: To be completed in the first second quarter of 2016. Mr. Brunner and Ms. Anderson will develop the program.
3. Identification of and contracts with key wholesale showrooms: Mr. Brunner and Ms. Alweil will complete this task in the second quarter of 2016.
4. Selection of a customs broker to insure efficient flow of inventory and accurate classification of product: To be completed in March 2016.

#### 5.5 Strategic Alliances

We have secured strategic alliances on the supply side. The arrangements with our labs in France give us access to gradable production flow, plus state of the art research and development resources. They will allow us the critical assets previously enjoyed only by the largest firms. We will develop additional alliances with yoga and fitness instructors in key cities.

#### 6.0 Management Summary

The initial management team is very compact. Our CEO and FOUNDER is the only current (full-time) employee. However we have utilized significant external resources and have secured a committed and talented team to join De-joyce as our funding gets in place. Ms. Kelly Anderson will be our director of retail and spa operations. Mr. Dane Johnson will join us as creative director. (Mr. Johnson is currently a creative director for Nike.) Ms. Brunner will be the director of product development. Ms. Fran Wonnacott will join the team as administrative assistant to Mr. Brunner. In addition to our internal resources we have access to a significant pool of senior management and design talent. This resource has been detailed in the management team section.

#### 6.2 Personnel Plan

From 2016 through 2017 we will grow in head count from ten to sixty-five. The majority of this growth will come in store personnel, going from four in 2016 to 32 in 2017. This will be a direct result of adding retail locations. Our support staff will grow from six to thirty-three in the same period. During this time frame our wholesale revenues are planned to grow almost exponentially. We believe the plan shows a controlled and conservative ramp up of personnel. In the first year (2016) we will fill the following critical positions: vice president of product development, director of retail and spa operations, director of finance, creative director and administrative manager. In the first years of development these people will all fill multiple rolls and be instrumental in the future success of De-joyce.

#### 7.0 Financial Plan

De-joyce will become profitable in our third year of operation. Initial growth will be financed by a combination of equity investment and debt financing. Our ratios are well within prudent limits and our growth plans are challenging, but realistic. The tables in this section explain the detail behind our financing plan and our growth plans.

#### **7.4 Projected Profit and Loss**

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De-joyce is expected to reach profitability in year three. Certain expenses in the early years may appear outside the accepted ranges (i.e. marketing) as a % of sales. This is a result of our strategy to bring the brand to prominence in five years and should be considered as a start-up cost. Likewise, our initial salary numbers and staffing reflect our growth plan rather than a stable or mature business. Our margin numbers may appear high. This is the result of a combined retail and wholesale strategy. Our retail stores and catalogue will calculate margin from first cost rather than wholesale. Our wholesale effort will not receive sales credit for internal sales (this reflects a more accurate picture of retail profitability and of wholesale growth). Our margins are projected lower in years two and three to account for promotions to wholesalers intended to assist in reaching our wholesale sales targets. In years four and five, margins move up again as the number of retail stores increases and the catalogue comes online. As the retail business overtakes the wholesale business we believe maintained margins can exceed median. Wholesale commissions are calculated at a straight percent of sales. We have assumed a continuation of outside sales management in these tables.

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Table: Profit and Loss

| <i>Pro Forma Profit and Loss</i>             | Year 1     | Year 2     | Year 3      | Year 4      | Year 5      |
|--|------------|------------|-------------|-------------|-------------|
| Sales  | N470,301   | N3,737,500 | N10,033,500 | N19,219,100 | N38,803,942 |
| Direct Cost of Sales                         | N146,760   | N1,324,375 | N3,548,375  | N6,754,775  | N13,600,986 |
| Production Payroll                           | N28,830    | N82,000    | N109,000    | N137,000    | N146,000    |
| Ecommerce & Catalog Production & Fulfillment | N0         | N125,000   | N500,000    | N900,000    | N1,600,000  |
| Total Cost of Sales                          | N175,590   | N1,531,375 | N4,157,375  | N7,791,775  | N15,346,986 |
| Gross Margin                                 | N294,711   | N2,206,125 | N5,876,125  | N11,427,325 | N23,456,957 |
| Gross Margin %                               | 62.66%     | 59.03%     | 58.57%      | 59.46%      | 60.45%      |
| Operating Expenses                           |            |            |             |             |             |
| Sales and Marketing Expenses                 |            |            |             |             |             |
| Sales and Marketing Payroll                  | N56,134    | N150,604   | N347,208    | N656,416    | N967,624    |
| Advertising/Promotion Retail                 | N9,832     | N19,500    | N41,340     | N88,764     | N192,158    |
| Advertising/Promotion Brand                  | N80,000    | N250,000   | N500,000    | N1,000,000  | N2,000,000  |
| Travel & Entertainment                       | N16,192    | N74,750    | N200,670    | N384,382    | N776,079    |
| Selling Supplies                             | N4,703     | N37,375    | N100,335    | N192,191    | N388,039    |
| Wholesale Commissions                        | N26,940    | N360,000   | N960,000    | N1,800,000  | N3,600,000  |
| Total Sales and Marketing Expenses           | N193,801   | N892,229   | N2,149,553  | N4,121,753  | N7,923,900  |
| Sales and Marketing %                        | 41.21%     | 23.87%     | 21.42%      | 21.45%      | 20.42%      |
| General and Administrative Expenses          |            |            |             |             |             |
| General and Administrative Payroll           | N172,747   | N640,000   | N905,000    | N1,020,500  | N1,122,550  |
| Marketing/Promotion                          | N0         | N0         | N0          | N0          | N0          |
| Depreciation                                 | N14,166    | N37,170    | N73,740     | N146,880    | N220,015    |
| Leased Equipment                             | N16,200    | N21,600    | N36,000     | N50,400     | N79,200     |
| Utilities                                    | N1,820     | N13,081    | N35,117     | N67,267     | N135,814    |
| Insurance                                    | N2,351     | N7,475     | N20,067     | N38,438     | N77,608     |
| Bad Debt                                     | N1,327     | N37,375    | N100,335    | N192,191    | N388,039    |
| Legal Fees                                   | N1,412     | N7,475     | N20,067     | N28,829     | N58,206     |
| Licenses & Permits                           | N471       | N3,738     | N10,034     | N9,610      | N19,402     |
| Office Supplies                              | N2,351     | N18,688    | N50,168     | N96,096     | N194,020    |
| Telephone                                    | N1,819     | N13,081    | N35,117     | N67,267     | N135,814    |
| Taxes/non-income tax                         | N7,054     | N56,063    | N150,503    | N288,287    | N582,059    |
| Payroll Taxes                                | N38,657    | N142,141   | N224,281    | N294,197    | N359,747    |
| Other General and Administrative Expenses    | N12,290    | N24,375    | N51,675     | N110,955    | N2,400,197  |
| Total General and Administrative Expenses    | N272,665   | N1,022,262 | N1,712,104  | N2,410,917  | N5,772,671  |
| General and Administrative %                 | 57.98%     | 27.35%     | 17.06%      | 12.54%      | 14.88%      |
| Creative Expenses:                           |            |            |             |             |             |
| Creative Payroll                             | N0         | N75,000    | N134,000    | N147,400    | N162,140    |
| Consultants                                  | N0         | N0         | N0          | N0          | N0          |
| Contract/Consultants                         | N0         | N74,750    | N200,670    | N384,382    | N388,039    |
| Total Creative Expenses                      | N0         | N149,750   | N334,670    | N531,782    | N550,179    |
| Creative %                                   | 0.00%      | 4.01%      | 3.34%       | 2.77%       | 1.42%       |
| Total Operating Expenses                     | N466,466   | N2,064,241 | N4,196,327  | N7,064,452  | N14,246,750 |
| Profit Before Interest and Taxes             | (N171,755) | N141,884   | N1,679,798  | N4,362,873  | N9,210,206  |
| EBITDA                                       | (N157,589) | N179,054   | N1,753,538  | N4,509,753  | N9,430,221  |
| Interest Expense                             | N10,490    | N2,375     | N0          | N0          | N0          |
| Taxes Incurred                               | N0         | N0         | N0          | N0          | N0          |

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|                         |                |              |               |               |               |
|-------------------------|----------------|--------------|---------------|---------------|---------------|
| Net Profit              | (N182,244)     | N139,509     | N1,679,798    | N4,362,873    | N9,210,206    |
| <b>Net Profit/Sales</b> | <b>-38.75%</b> | <b>3.73%</b> | <b>16.74%</b> | <b>22.70%</b> | <b>23.74%</b> |

### 7.5 Projected Cash Flow

Our cash flow projections are shown on the following table. Cash flow after capital expenditures and investment varies between positive and negative, depending upon our rate of expansion and increasing accounts receivable.

Table: Cash Flow

| <i>Pro Forma Cash Flow</i>                |                   |                   |                   |                 |                   |
|---|-------------------|-------------------|-------------------|-----------------|-------------------|
|   | Year 1            | Year 2            | Year 3            | Year 4          | Year 5            |
| <b>Cash Received</b>                      |                   |                   |                   |                 |                   |
| Cash from Operations                      |                   |                   |                   |                 |                   |
| Cash Sales                                | N247,196          | N747,500          | N2,006,700        | N4,228,202      | N8,924,907        |
| Cash from Receivables                     | N75,398           | N1,158,168        | N4,692,171        | N10,380,295     | N20,022,298       |
| Subtotal Cash from Operations             | N322,594          | N1,905,668        | N6,698,871        | N14,608,497     | N28,947,205       |
| Additional Cash Received                  |                   |                   |                   |                 |                   |
| Sales Tax, VAT, HST/GST Received          | NO                | NO                | NO                | NO              | NO                |
| New Current Borrowing                     | N100,000          | NO                | NO                | NO              | NO                |
| New Other Liabilities (interest-free)     | NO                | NO                | NO                | NO              | NO                |
| New Long-term Liabilities                 | NO                | NO                | NO                | NO              | NO                |
| Sales of Other Current Assets             | NO                | NO                | NO                | NO              | NO                |
| Sales of Long-term Assets                 | NO                | NO                | NO                | NO              | NO                |
| New Investment Received                   | N1,500,000        | N1,200,000        | N1,500,000        | N1,500,000      | NO                |
| Subtotal Cash Received                    | N1,922,594        | N3,105,668        | N8,198,871        | N16,108,497     | N28,947,205       |
| <b>Expenditures</b>                       |                   |                   |                   |                 |                   |
| Expenditures from Operations              |                   |                   |                   |                 |                   |
| Cash Spending                             | N257,711          | N947,604          | N1,495,208        | N1,961,316      | N2,398,314        |
| Bill Payments                             | N283,496          | N2,571,646        | N6,645,289        | N12,562,469     | N26,443,600       |
| Subtotal Spent on Operations              | N541,207          | N3,519,250        | N8,140,497        | N14,523,785     | N28,841,914       |
| Additional Cash Spent                     |                   |                   |                   |                 |                   |
| Sales Tax, VAT, HST/GST Paid Out          | NO                | NO                | NO                | NO              | NO                |
| Principal Repayment of Current Borrowing  | N150,000          | N50,000           | NO                | NO              | NO                |
| Other Liabilities Principal Repayment     | NO                | NO                | NO                | NO              | NO                |
| Long-term Liabilities Principal Repayment | NO                | NO                | NO                | NO              | NO                |
| Purchase Other Current Assets             | N50,000           | NO                | NO                | NO              | NO                |
| Purchase Long-term Assets                 | N192,873          | N242,846          | N465,692          | N806,384        | N851,384          |
| Dividends                                 | NO                | NO                | NO                | NO              | NO                |
| Subtotal Cash Spent                       | N934,080          | N3,812,096        | N8,606,189        | N15,330,169     | N29,693,298       |
| <b>Net Cash Flow</b>                      | <b>N988,514</b>   | <b>(N706,428)</b> | <b>(N407,318)</b> | <b>N778,328</b> | <b>(N746,093)</b> |
| <b>Cash Balance</b>                       | <b>N1,128,514</b> | <b>N422,086</b>   | <b>N14,768</b>    | <b>N793,097</b> | <b>N47,003</b>    |



7.6 Projected Balance Sheet

The following table is our balance sheet projection through 2017.

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Table: Balance Sheet

| <i>Pro Forma Balance Sheet</i>       | Year 1            | Year 2            | Year 3            | Year 4             | Year 5             |
|--------------------------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| <b>Assets</b>                        |                   |                   |                   |                    |                    |
| <b>Current Assets</b>                |                   |                   |                   |                    |                    |
| Cash                                 | N1,128,514        | N422,086          | N14,768           | N793,097           | N47,003            |
| Accounts Receivable                  | N147,707          | N1,979,539        | N5,314,168        | N9,924,770         | N19,781,508        |
| Inventory                            | N43,140           | N127,473          | N341,537          | N654,212           | N1,320,874         |
| Other Current Assets                 | N50,000           | N50,000           | N50,000           | N50,000            | N50,000            |
| <b>Total Current Assets</b>          | <b>N1,369,361</b> | <b>N2,579,098</b> | <b>N5,720,473</b> | <b>N11,422,079</b> | <b>N21,199,385</b> |
| <b>Long-term Assets</b>              |                   |                   |                   |                    |                    |
| Long-term Assets                     | N257,873          | N500,719          | N966,411          | N1,772,795         | N2,624,179         |
| Accumulated Depreciation             | N14,166           | N51,336           | N125,076          | N271,956           | N491,971           |
| <b>Total Long-term Assets</b>        | <b>N243,707</b>   | <b>N449,383</b>   | <b>N841,335</b>   | <b>N1,500,839</b>  | <b>N2,132,208</b>  |
| <b>Total Assets</b>                  | <b>N1,613,068</b> | <b>N3,028,481</b> | <b>N6,561,808</b> | <b>N12,922,918</b> | <b>N23,331,593</b> |
| <b>Liabilities and Capital</b>       | <b>Year 1</b>     | <b>Year 2</b>     | <b>Year 3</b>     | <b>Year 4</b>      | <b>Year 5</b>      |
| <b>Current Liabilities</b>           |                   |                   |                   |                    |                    |
| Accounts Payable                     | N95,813           | N221,716          | N575,245          | N1,073,483         | N2,271,951         |
| Current Borrowing                    | N50,000           | N0                | N0                | N0                 | N0                 |
| Other Current Liabilities            | N0                | N0                | N0                | N0                 | N0                 |
| <b>Subtotal Current Liabilities</b>  | <b>N145,813</b>   | <b>N221,716</b>   | <b>N575,245</b>   | <b>N1,073,483</b>  | <b>N2,271,951</b>  |
| <b>Long-term Liabilities</b>         | <b>N0</b>         | <b>N0</b>         | <b>N0</b>         | <b>N0</b>          | <b>N0</b>          |
| <b>Total Liabilities</b>             | <b>N145,813</b>   | <b>N221,716</b>   | <b>N575,245</b>   | <b>N1,073,483</b>  | <b>N2,271,951</b>  |
| <b>Paid-in Capital</b>               | <b>N1,820,000</b> | <b>N3,020,000</b> | <b>N4,520,000</b> | <b>N6,020,000</b>  | <b>N6,020,000</b>  |
| <b>Retained Earnings</b>             | <b>(N170,500)</b> | <b>(N352,744)</b> | <b>(N213,235)</b> | <b>N1,466,563</b>  | <b>N5,829,435</b>  |
| <b>Earnings</b>                      | <b>(N182,244)</b> | <b>N139,509</b>   | <b>N1,679,798</b> | <b>N4,362,873</b>  | <b>N9,210,206</b>  |
| <b>Total Capital</b>                 | <b>N1,467,256</b> | <b>N2,806,765</b> | <b>N5,986,563</b> | <b>N11,849,435</b> | <b>N21,059,642</b> |
| <b>Total Liabilities and Capital</b> | <b>N1,613,068</b> | <b>N3,028,481</b> | <b>N6,561,808</b> | <b>N12,922,918</b> | <b>N23,331,593</b> |
| <b>Net Worth</b>                     | <b>N1,467,256</b> | <b>N2,806,765</b> | <b>N5,986,563</b> | <b>N11,849,435</b> | <b>N21,059,642</b> |

7.8 Long-term Plan

De-joyce will show the company growing to a multi-billion dollar a year distributor of high quality natural skin-care products and related fitness apparel for women. We will begin life as a wholesale company with a retail component and evolve to a retail company with a wholesale component within our first ten years. Our public offering in year five will provide the funding to launch a retail roll out that will take us to 500 stores in the following five years, expand our e-commerce program and grow our catalogue distribution. It will allow us to begin development of new product lines that complement De-joyce and further define our image. We will move to worldwide distribution. Once the brand has been established it will have significant cache with the Asian market and our European manufacturing ties will provide us a logical place in that market. De-joyce will become one of the most recognized brands in quality skin care and related products for the active female consumer.

## Appendix

Table: Sales Forecast

| <i>Sales Forecast</i>                | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|----------|----------|
| <b>Sales</b>                         |         |         |         |         |         |         |         |         |         |          |          |          |
| Retail                               | N0      | N0      | N0      | N0      | N0      | N25,185 | N24,725 | N39,871 | N25,895 | N34,125  | N39,871  | N56,129  |
| Wholesale                            | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N73,100  | N74,800  | N76,600  |
| Catalogue and Internet Sales         | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0       | N0       | N0       |
| <b>Total Sales</b>                   | N0      | N0      | N0      | N0      | N0      | N25,185 | N24,725 | N39,871 | N25,895 | N107,225 | N114,671 | N132,729 |
| <b>Direct Cost of Sales</b>          |         |         |         |         |         |         |         |         |         |          |          |          |
| Retail                               | N0      | N0      | N0      | N0      | N0      | N6,296  | N6,181  | N9,968  | N6,474  | N8,531   | N9,968   | N14,032  |
| Wholesale                            | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N27,778  | N28,424  | N29,108  |
| Catalogue and Internet Sales         | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0       | N0       | N0       |
| <b>Subtotal Direct Cost of Sales</b> | N0      | N0      | N0      | N0      | N0      | N6,296  | N6,181  | N9,968  | N6,474  | N36,309  | N38,392  | N43,140  |

Table: Personnel

| <i>Personnel Plan</i>       | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
|-----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|----------|----------|
| <b>Production Personnel</b> |         |         |         |         |         |         |         |         |         |          |          |          |
| Shipping Manager            | N0      | N0      | N0      | N0      | N0      | N3,333  | N3,333  | N3,333  | N3,333  | N3,333   | N3,333   | N3,333   |
| Shipping Clerk              | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N1,833   | N1,833   | N1,833   |
| Shipping Clerk              | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0       | N0       | N0       |
| Shipping                    | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0       | N0       | N0       |

Appendix

|  |        |        |        |        |        |        |        |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| g Clerk  |        |        |        |        |        |        |        |        |        |        |        |        |
| Shippin  | N0     | N0     | N0     | N0     | N0     | N0     | N0     | N0     | N0     | N0     | N0     | N0     |
| g Clerk  |        |        |        |        |        |        |        |        |        |        |        |        |
| Subtotal   | N0     | N0     | N0     | N0     | N0     | N3,333 | N3,333 | N3,333 | N3,333 | N5,166 | N5,166 | N5,166 |
| Sales<br>and<br>Marketi<br>ng<br>Personn<br>el         |        |        |        |        |        |        |        |        |        |        |        |        |
| Store<br>Manage<br>r(s)                                | N0     | N0     | N0     | N0     | N1,800 | N2,667 | N2,667 | N2,667 | N2,667 | N2,667 | N2,667 | N2,664 |
| Asst.<br>Manage<br>r(s)                                | N0     | N0     | N0     | N0     | N1,500 | N2,333 | N2,333 | N2,333 | N2,333 | N2,333 | N2,333 | N2,336 |
| Sales<br>District<br>Manage<br>r                       | N0     | N0     | N0     | N0     | N1,500 | N2,333 | N2,333 | N2,333 | N2,333 | N2,333 | N2,333 | N2,336 |
| Subtotal   | N0     | N0     | N0     | N0     | N0     | N0     | N0     | N0     | N0     | N0     | N0     | N0     |
| Subtotal   | N0     | N0     | N0     | N0     | N4,800 | N7,333 | N7,333 | N7,333 | N7,333 | N7,333 | N7,333 | N7,336 |
| General<br>and<br>Adminis<br>trative<br>Personn<br>el  |        |        |        |        |        |        |        |        |        |        |        |        |
| Presiden<br>t  | N3,000 | N3,000 | N3,000 | N3,000 | N3,000 | N3,000 | N3,000 | N3,000 | N4,000 | N4,000 | N4,000 | N4,000 |
| Vice<br>Presiden<br>t of<br>Product<br>Develop<br>ment | N0     | N3,750 | N3,750 | N3,750 | N3,750 | N3,750 | N3,750 | N3,750 | N3,750 | N3,750 | N3,750 | N3,750 |
| Director<br>of<br>Retail<br>and Spa<br>Operati<br>ons  | N0     | N0     | N3,750 | N3,750 | N3,750 | N3,750 | N3,750 | N3,750 | N3,750 | N3,750 | N3,750 | N3,750 |
| Director<br>of<br>Finance                              | N0     | N0     | N0     | N0     | N0     | N0     | N0     | N0     | N0     | N0     | N0     | N0     |
| Director<br>of<br>Human<br>Resourc<br>es               | N0     | N0     | N0     | N0     | N0     | N0     | N0     | N0     | N0     | N0     | N0     | N0     |
| Director<br>,<br>Inventor<br>y<br>Plannin              | N0     | N0     | N0     | N0     | N0     | N0     | N0     | N0     | N0     | N0     | N0     | N0     |

Appendix

|   |        |        |         |         |         |         |         |         |         |         |         |         |
|---|--------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| g & Distribution                                  |        |        |         |         |         |         |         |         |         |         |         |         |
| Director of Marketing Accounts Receivable Manager | N0     | N0     | N0      | N0      | N0      | N0      | N4,000  | N4,000  | N4,000  | N4,000  | N4,000  | N4,000  |
| Accounts Payable Manager                          | N0     | N0     | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      |
| Visual Merchandising Manager                      | N0     | N0     | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      |
| Training Manager                                  | N0     | N0     | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      |
| Distributor                                       | N0     | N0     | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      |
| Distributor                                       | N0     | N0     | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      |
| AR Clerk  | N0     | N0     | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      |
| AR Clerk  | N0     | N0     | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      |
| AP Clerk  | N0     | N0     | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      |
| AP Clerk  | N0     | N0     | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      |
| Administrative Assistant                          | N0     | N0     | N0      | N3,333  | N3,333  | N3,333  | N3,333  | N3,333  | N3,333  | N3,333  | N3,333  | N3,333  |
| Subtotal  | N3,000 | N6,750 | N10,500 | N13,833 | N13,833 | N13,833 | N17,833 | N17,833 | N18,833 | N18,833 | N18,833 | N18,833 |
| Creative Personnel                                |        |        |         |         |         |         |         |         |         |         |         |         |
| Graphic Designer                                  | N0     | N0     | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      |
| Graphic Artist                                    | N0     | N0     | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      |
| Copy Writer                                       | N0     | N0     | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      |
| Subtotal  | N0     | N0     | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      | N0      |

## Appendix

|                      |        |        |         |         |         |         |         |         |         |         |         |         |         |
|----------------------|--------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Total People</b>  | 0      | 0      | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       |
| <b>Total Payroll</b> | N3,000 | N6,750 | N10,500 | N13,833 | N18,633 | N24,499 | N28,499 | N28,499 | N29,499 | N31,332 | N31,332 | N31,332 | N31,335 |

**Table: Cash Flow**

| <i>Pro Forma Cash Flow</i>                | Month 1 | Month 2  | Month 3 | Month 4 | Month 5    | Month 6 | Month 7 | Month 8 | Month 9  | Month 10 | Month 11 | Month 12 |
|---|---------|----------|---------|---------|------------|---------|---------|---------|----------|----------|----------|----------|
| <b>Cash Received</b>                      |         |          |         |         |            |         |         |         |          |          |          |          |
| <b>Cash from Operations</b>               |         |          |         |         |            |         |         |         |          |          |          |          |
| Cash Sales                                | NO      | NO       | NO      | NO      | NO         | N25,185 | N24,725 | N39,871 | N25,895  | N34,312  | N40,135  | N57,073  |
| Cash from Receivables                     | NO      | NO       | NO      | NO      | NO         | NO      | NO      | NO      | NO       | NO       | N2,430   | N72,967  |
| Subtotal Cash from Operations             | NO      | NO       | NO      | NO      | NO         | N25,185 | N24,725 | N39,871 | N25,895  | N34,312  | N42,565  | N130,041 |
| <b>Additional Cash Received</b>           |         |          |         |         |            |         |         |         |          |          |          |          |
| Sales Tax, VAT, HST/GST Received          | 0.00%   | NO       | NO      | NO      | NO         | NO      | NO      | NO      | NO       | NO       | NO       | NO       |
| New Current Borrowing                     | NO      | N100,000 | NO      | NO      | NO         | NO      | NO      | NO      | NO       | NO       | NO       | NO       |
| New Other Liabilities (interest-free)     | NO      | NO       | NO      | NO      | NO         | NO      | NO      | NO      | NO       | NO       | NO       | NO       |
| New Long-term Liabilities                 | NO      | NO       | NO      | NO      | NO         | NO      | NO      | NO      | NO       | NO       | NO       | NO       |
| Sales of Other Current Assets             | NO      | NO       | NO      | NO      | NO         | NO      | NO      | NO      | NO       | NO       | NO       | NO       |
| Sales of Long-term Assets                 | NO      | NO       | NO      | NO      | NO         | NO      | NO      | NO      | NO       | NO       | NO       | NO       |
| New Investment Received                   | NO      | NO       | NO      | NO      | N1,500,000 | NO      | NO      | NO      | NO       | NO       | NO       | NO       |
| Subtotal Cash Received                    | NO      | N100,000 | NO      | NO      | N1,500,000 | N25,185 | N24,725 | N39,871 | N25,895  | N34,312  | N42,565  | N130,041 |
| <b>Expenditures</b>                       | Month 1 | Month 2  | Month 3 | Month 4 | Month 5    | Month 6 | Month 7 | Month 8 | Month 9  | Month 10 | Month 11 | Month 12 |
| <b>Expenditures from Operations</b>       |         |          |         |         |            |         |         |         |          |          |          |          |
| Cash Spending                             | N3,000  | N6,750   | N10,500 | N13,833 | N18,633    | N24,499 | N28,499 | N28,499 | N29,499  | N31,332  | N31,332  | N31,335  |
| Bill Payments                             | N38     | N1,185   | N2,413  | N2,935  | N5,083     | N5,851  | N10,778 | N12,777 | N23,635  | N27,133  | N102,573 | N89,094  |
| Subtotal Spent on Operations              | N3,038  | N7,935   | N12,913 | N16,768 | N23,716    | N30,350 | N39,277 | N41,276 | N53,134  | N58,465  | N133,905 | N120,429 |
| <b>Additional Cash Spent</b>              |         |          |         |         |            |         |         |         |          |          |          |          |
| Sales Tax, VAT, HST/GST Paid Out          | NO      | NO       | NO      | NO      | NO         | NO      | NO      | NO      | NO       | NO       | NO       | NO       |
| Principal Repayment of Current Borrowing  | N12,500 | N12,500  | N12,500 | N12,500 | N12,500    | N12,500 | N12,500 | N12,500 | N12,500  | N12,500  | N12,500  | N12,500  |
| Other Liabilities Principal Repayment     | NO      | NO       | NO      | NO      | NO         | NO      | NO      | NO      | NO       | NO       | NO       | NO       |
| Long-term Liabilities Principal Repayment | NO      | NO       | NO      | NO      | NO         | NO      | NO      | NO      | NO       | NO       | NO       | NO       |
| Purchase Other Current Assets             | NO      | NO       | NO      | NO      | N50,000    | NO      | NO      | NO      | NO       | NO       | NO       | NO       |
| Purchase Long-term Assets                 | NO      | NO       | NO      | NO      | NO         | NO      | NO      | NO      | N192,873 | NO       | NO       | NO       |

## Appendix

|                     |  |                 |                 |                 |                 |                   |                   |                   |                   |                   |                   |                   |                   |
|---------------------|--|-----------------|-----------------|-----------------|-----------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Dividends           |  | NO              | NO              | NO              | NO              | NO                | NO                | NO                | NO                | NO                | NO                | NO                | NO                |
| Subtotal Cash Spent |  | N15,538         | N20,435         | N25,413         | N29,268         | N86,216           | N42,850           | N51,777           | N53,776           | N258,507          | N70,965           | N146,405          | N132,929          |
| Net Cash Flow       |  | (N15,538)       | N79,565         | (N25,413)       | (N29,268)       | N1,413,784        | (N17,665)         | (N27,052)         | (N13,905)         | (N232,612)        | (N36,653)         | (N103,840)        | (N2,889)          |
| <b>Cash Balance</b> |  | <b>N124,462</b> | <b>N204,027</b> | <b>N178,614</b> | <b>N149,346</b> | <b>N1,563,130</b> | <b>N1,545,465</b> | <b>N1,518,413</b> | <b>N1,504,508</b> | <b>N1,271,896</b> | <b>N1,235,243</b> | <b>N1,131,403</b> | <b>N1,128,514</b> |

**Table: Balance Sheet**

| <i>Pro Forma Balance Sheet</i>       |                   |                 |                 |                 |                 |                   |                   |                   |                   |                   |                   |                   |                   |
|--------------------------------------|-------------------|-----------------|-----------------|-----------------|-----------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                      | Starting Balances | Month 1         | Month 2         | Month 3         | Month 4         | Month 5           | Month 6           | Month 7           | Month 8           | Month 9           | Month 10          | Month 11          | Month 12          |
| <b>Assets</b>                        |                   |                 |                 |                 |                 |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Current Assets</b>                |                   |                 |                 |                 |                 |                   |                   |                   |                   |                   |                   |                   |                   |
| Cash                                 | N140,000          | N124,462        | N204,027        | N178,614        | N149,346        | N1,563,130        | N1,545,465        | N1,518,413        | N1,504,508        | N1,271,896        | N1,235,243        | N1,131,403        | N1,128,514        |
| Accounts Receivable                  | NO                | NO              | NO              | NO              | NO              | NO                | NO                | NO                | NO                | NO                | N72,913           | N145,019          | N147,707          |
| Inventory                            | N44,500           | N44,500         | N44,500         | N44,500         | N44,500         | N44,500           | N38,204           | N32,023           | N22,055           | N15,581           | N36,309           | N38,392           | N43,140           |
| Other Current Assets                 | NO                | NO              | NO              | NO              | NO              | N50,000           | N50,000           | N50,000           | N50,000           | N50,000           | N50,000           | N50,000           | N50,000           |
| <b>Total Current Assets</b>          | <b>N184,500</b>   | <b>N168,962</b> | <b>N248,527</b> | <b>N223,114</b> | <b>N193,846</b> | <b>N1,657,630</b> | <b>N1,633,668</b> | <b>N1,600,436</b> | <b>N1,576,563</b> | <b>N1,337,477</b> | <b>N1,394,465</b> | <b>N1,364,813</b> | <b>N1,369,361</b> |
| <b>Long-term Assets</b>              |                   |                 |                 |                 |                 |                   |                   |                   |                   |                   |                   |                   |                   |
| Long-term Assets                     | N65,000           | N65,000         | N65,000         | N65,000         | N65,000         | N65,000           | N65,000           | N65,000           | N65,000           | N257,873          | N257,873          | N257,873          | N257,873          |
| Accumulated Depreciation             | NO                | NO              | NO              | NO              | N1,574          | N3,148            | N4,722            | N6,296            | N7,870            | N9,444            | N11,018           | N12,592           | N14,166           |
| <b>Total Long-term Assets</b>        | <b>N65,000</b>    | <b>N65,000</b>  | <b>N65,000</b>  | <b>N65,000</b>  | <b>N63,426</b>  | <b>N61,852</b>    | <b>N60,278</b>    | <b>N58,704</b>    | <b>N57,130</b>    | <b>N248,429</b>   | <b>N246,855</b>   | <b>N245,281</b>   | <b>N243,707</b>   |
| <b>Total Assets</b>                  | <b>N249,500</b>   | <b>N233,962</b> | <b>N313,527</b> | <b>N288,114</b> | <b>N257,272</b> | <b>N1,719,482</b> | <b>N1,693,946</b> | <b>N1,659,140</b> | <b>N1,633,693</b> | <b>N1,585,906</b> | <b>N1,641,320</b> | <b>N1,610,094</b> | <b>N1,613,068</b> |
| <b>Liabilities and Capital</b>       |                   |                 |                 |                 |                 |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Current Liabilities</b>           |                   |                 |                 |                 |                 |                   |                   |                   |                   |                   |                   |                   |                   |
| Accounts Payable                     | NO                | N1,105          | N2,318          | N2,766          | N4,894          | N5,494            | N10,364           | N11,990           | N22,818           | N23,698           | N99,615           | N85,791           | N95,813           |
| Current Borrowing                    | N100,000          | N87,500         | N175,000        | N162,500        | N150,000        | N137,500          | N125,000          | N112,500          | N100,000          | N87,500           | N75,000           | N62,500           | N50,000           |
| Other Current Liabilities            | NO                | NO              | NO              | NO              | NO              | NO                | NO                | NO                | NO                | NO                | NO                | NO                | NO                |
| <b>Subtotal Current Liabilities</b>  | <b>N100,000</b>   | <b>N88,605</b>  | <b>N177,318</b> | <b>N165,266</b> | <b>N154,894</b> | <b>N142,994</b>   | <b>N135,364</b>   | <b>N124,490</b>   | <b>N122,818</b>   | <b>N111,198</b>   | <b>N174,615</b>   | <b>N148,291</b>   | <b>N145,813</b>   |
| <b>Long-term Liabilities</b>         |                   |                 |                 |                 |                 |                   |                   |                   |                   |                   |                   |                   |                   |
| Total Liabilities                    | NO                | NO              | NO              | NO              | NO              | NO                | NO                | NO                | NO                | NO                | NO                | NO                | NO                |
| <b>Total Liabilities</b>             | <b>N100,000</b>   | <b>N88,605</b>  | <b>N177,318</b> | <b>N165,266</b> | <b>N154,894</b> | <b>N142,994</b>   | <b>N135,364</b>   | <b>N124,490</b>   | <b>N122,818</b>   | <b>N111,198</b>   | <b>N174,615</b>   | <b>N148,291</b>   | <b>N145,813</b>   |
| <b>Paid-in Capital</b>               |                   |                 |                 |                 |                 |                   |                   |                   |                   |                   |                   |                   |                   |
| Retained Earnings                    | N320,000          | N320,000        | N320,000        | N320,000        | N320,000        | N1,820,000        | N1,820,000        | N1,820,000        | N1,820,000        | N1,820,000        | N1,820,000        | N1,820,000        | N1,820,000        |
| Earnings                             | (N170,500)        | (N170,500)      | (N170,500)      | (N170,500)      | (N170,500)      | (N170,500)        | (N170,500)        | (N170,500)        | (N170,500)        | (N170,500)        | (N170,500)        | (N170,500)        | (N170,500)        |
| Total Capital                        | NO                | (N4,143)        | (N13,291)       | (N26,652)       | (N47,122)       | (N73,012)         | (N90,918)         | (N114,850)        | (N138,625)        | (N174,792)        | (N182,795)        | (N187,696)        | (N182,244)        |
| <b>Total Liabilities and Capital</b> | <b>N149,500</b>   | <b>N145,357</b> | <b>N136,209</b> | <b>N122,848</b> | <b>N102,378</b> | <b>N1,576,488</b> | <b>N1,558,582</b> | <b>N1,534,650</b> | <b>N1,510,875</b> | <b>N1,474,708</b> | <b>N1,466,705</b> | <b>N1,461,804</b> | <b>N1,467,256</b> |
| <b>Net Worth</b>                     | <b>N149,500</b>   | <b>N145,357</b> | <b>N136,209</b> | <b>N122,848</b> | <b>N102,378</b> | <b>N1,576,488</b> | <b>N1,558,582</b> | <b>N1,534,650</b> | <b>N1,510,875</b> | <b>N1,474,708</b> | <b>N1,466,705</b> | <b>N1,461,804</b> | <b>N1,467,256</b> |