

UNIVERSITY OF NIGERIA, NSUKKA
FACULTY OF THE SOCIAL SCIENCES
DEPARTMENT OF PUBLIC ADMINISTRATION AND LOCAL
GOVERNMENT

TOPIC:
BUSINESS PLAN FOR THE ESTABLISHMENT OF
STEVE O SOAP INDUSTRY

A BUSINESS PLAN
SUBMITTED IN PARTIAL FULFILMENT FOR THE
REQUIRMENT OF THE COURSE: CEDR 342
(BUSINESS MANAGEMENT AND DEVELOPMENT)

BY

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REG. NO: 2014/194004

LECTURER: DR (MRS) NWAOGA

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PART I

1.10 Executive Summary

1.11 Name of Business

STEVE O SOAP INDUSTRY.

1.12 Legal form of Business

Production industry: Rainbow soaps industry is a private limited liability company registered with (CAC), registration number RC 498675

1.13 Contact Address

9th Mile Enugu, Tel 08187503467 E-mail
steveosoapindustry@gmail.com

1.14 1.15 Type of Business

A. Products or Services

Rainbow products consists of soap (both liquid and solid) used for household cleaning (washing of clothes and other cotton wears) and disinfectant to serve as cleansing agents products will be used both at homes office, schools, testament and health care centres.

B. Customers

Steve O soap products will be available to all its customers and the general public with ease distribution to major market across the zone will be swift and efficient.

The industry will try to meet the customer needs and create a long lasting customer relationship for the growth of the business.

C. Owner

ONYIA STEPHEN CHISOM

1.17 Numbers of jobs to be created

20 Jobs

1.18 Start-up capital

a) Investment (Equipment, machinery and others),

N2,200 000.00

b) Working Capital N13,000,000.00

Total N 3,500,000.00

1.19 Source of capital

a) Owners' capital 2,500,000.00

b) Donations/Grants 1,000,000.00

c) Bank loan

PART II

2.10 General Introduction

2.11 Background

The planned project of rainbow soap productions is as a result of the high demand of such products amongst the consumers today.

The mindset that peoples used soap for washing to lets and not for washing clothes and bathing has ordinarily disappeared over the years. This knowledge has made the demand for soap product to rise and this increasing demand is expected to last for long production and sales of radios bill needs and internet services if need be. The distribution will be targeted majority at big markets (whole sellers). Rainbow products will satisfy the need of washing and cleaning of our homes and environments.

2.11 Vision statement

To be the most outstanding producer and distribution of soap in South East Nigeria, particularly Enugu.

2.12 Mission statement

To produce and distribute Steve O soap products using the best and compete chemical involved and adopting the best method of preparation.

2.13 The Company

Steve O Soap Company. The current plan is for expansion and diversification in the nearest future.

2.14 Products or service offered

The products are liquid soap, detergents and disinfectant. It is not a totally new product, in fact they are various products of its kind in the market but due to the increase in demand, rainbow products are out and become the number one producer of distributor of its kind.

2.15 Legal Form and Ownership of the enterprise

Steve O soap disinfectant and detergent industry: the project promoters are

- i. ONYIA STEPHEN CHISOM. 100%

2.16 Location of the business

The location of the business is going to be situated at 9th mile Enugu

The advantages choosing these locationg are

- i. Nearness to the water sources i.e Eziagu water falls which also serve as a source to the Nigerian breweries situated there.
- ii. Availability of land that can accommodate expansion of business in the near future
- iii. Nearness to three different cities (i) Enugu (2) Awka/Onitsha (3) Nsukka, Obollo-Afor and the small communities that are established in 9th mile.
- iv. Existence of good road networks.
- v. Availability of cheap and affordable labour.
- vi. Plans and solutions to checkmate risks involved.

2.18 Industry Trend and Analysis

It has been seen from analysis that most detergent does not work effectively during use even, causing some problem like scratchiness in the hand and body and also on the clothes.

Thus, the Steve O will be of reduced chemical content and will be very efficient and normal content and will be very efficient and normal to both the body and clothes.

It will also have an attractive packaging to attract customers.

2.19 Business Strategy

Steve O soaps industry will do everything possible to make sure her product is known to be among the most affordable in form of piece and the best in terms of quality. Also reports will be made to ensure that the products are price competitive and available in most major markets being targeted especially Enugu, Onitsha, Awka, Obollo-Afor and Nsukka).

2.20 Key success factors

- i. The use of good chemicals in right quantity as to get a good quality disinfectant.
- ii. Clean and recommended amount of water to be used must be a source of clean water supply
- iii. The main promoter has undergoes adequate training in entrepreneurship
- iv. The source of chemicals must be readily available and neatness of market outlets.

PART III

3.10 The Market

The main target market of Steve O soaps are in the South-East of Nigeria particularly the following market's and targeted Enugu, Awka, Onitsha, Obollo-Afor and Nsukka. Other market will also be considered as times goes on. The reason for targeting these markets are due to the fact that they are all urban and have a large population of adults who are educated and are of at east middle income who to buy these products for both households afford health care centres and schools.

The market of the product Rainbow soap are dominated by kiln, the plant Omo, sunshine etc but rainbow products will favourable complete ill with these on the account of how chemical content. Well packaged and affordable to all.

a. Indirect Competition

Business Type	Competition Type	Strengths	weakness
Bar Soap	Indirect	Affordable price	Not ill packaged

b. Direct Competition

Business Type	Competition Type	Strengths	weakness
Kiln	Effective on whites	Skin reaction	-
Omo	Affordable price	Less effective	-
Elephant	Affordable price	Less effective	-

c. Competitive positions and specific advantage

Rank	Competitor	Strengths	weakness	Your edge over competitor
1	Klin	Effective on white	Skin reaction	Soft on skin
2	Omo	Affordable prices	Less effective	Very effective
3	Elephant	Affordable prices	Less effective	Very effective
4	Bar soap	Affordable prices	Not ill packages	Ill packaged

3.13 SWOT Analysis

A. Strengths

1. Product has variety of uses that is can be used for both washing and cleaning
2. Well articulated and marketing plan
3. Location of business.

B. weaknesses

- i. Low capital
- ii. Limited experience and expertise of properties in balancing account and finance in business here by employing a cashier typist.

C. Opportunities

- 1. Growing demand as a result of more people working for effective efficient soaps, and disinfectants.
- 2. Increasing population will impact positively on the products.

D. Threats

- i. Activities of competitors such as omo, Ariel sun shine
- ii. Low initial demand.

3.14 Demand and Supply Analysis and Estimating the Initial Capacity.

Details	Size (Number)
Potential demand to be served (Nsukka, Enugu, Awka, Onitsha)	150000kg and 15000 liters
Less 30% existing competitors	45000kg and 45000 litres
Available market (in the absence of expansion and very high entry wall)	100,000kg and 100000 litres
Less 10% due to possible expansion of existing competitors and entrant of new ones	1000kg and 10,000 litres
Available market	90,000kg and 9000 litres
Less 5% due to error in estimation	45000kg and 45000 litres
Available demand/qualified market/demand supply gap	45000kg and 45000 litres
Initial installed capacity cat most 60% of available demand (served market)	80, 000kg and 8000 litres

PART IV

4.10 Marketing Plan

The following are the market segmentation

- i. House holds
- ii. Restaurant

- iii. Church
- iv. Car wash industries
- v. Market association. Executives

4.12 Target Market

There are no major soap and disinfectant industries in Enugu and in the Eastern region states, hence sure in absence of commendable competition.

Therefore our target market is the big cities Enugu, Awka, Nsukka, Obollo-Afor and Onitsha where both old and new customers can be satisfied.

4.13 Product/services

Product/services	1	2
Denomination/product line	Steve O soaps, detergent and disinfectant	
Specification (i.e. size, colour and quality)	1kg and 1litre white colour and fine grains and size	
Packaging	Packaging is in a beautifully designed and attractive 1kg bags and 1litres	

	bottles.	
--	----------	--

4.14 Market Plan Price

Product/services	1	2
How much are customers willing to pay?	Highest Average lost N500 N400 N300	Highest Average Lost 350
Competitors price	Highest Average Lost N500 N400 N300	Highest Average Lost N400
My price	N 350	
Reasons for setting my price	As a starter in the market the price will attract many customers to your product to try and know how good it is.	
Margin for discount?	Yes 5%	Yes (%) No

Loaders in the disinfectant market in Enugu and other Eastern states. The company will not establish a unique leading edge profile for itself and there are ways or steps of how the firm will want to be viewed by its customers and competitors and the general public trust worthy good packages and best customers relation producer.

4.16 Marketing Mix Implementation Tools:

- i. Attractive packaging
- ii. Competitive pricing
- iii. Personal selling
- iv. Advertisement

4.17 Channel of distribution

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Individuals	Retailers	wholesalers	others

Distribution is a key role in any business ventured into specially production while sellers are individuals who buy in bulk and sell to other channels. Being an industry production is in large capacity and the only way to make progress is to sell in the same capacity that is why wholesalers are the best channels of distribution in the business.

4. 18. Start-up promotion

Steve O soaps, detergent and disinfectants will deliver a good quality services to neighbourhoods. Schools, hotels churches, markets etc. so as to enlighten the public about its products. This service will be delivered via house to house service flies sensitization programs radio and television programmes.

4.19 Alliance

Believe there is an association/body of manufacturers of detergents soaps and disinfectants that governs the production of these entire products. Steve O, detergent and disinfectant hopes to join these associations.

4.20 Marketing Calendar and Budge:

Date	Marketing plan activity	Evaluation Index	Personnel involved	Estimated costs
Start. August 2014 End. August 2014	Road shows In major markets	Presence of fishers in major market	Out sourced	N 70,000
Start. August 2014 End. August 2014	3 times radio and TV announcement	Out sourced	N120,000	

PART V

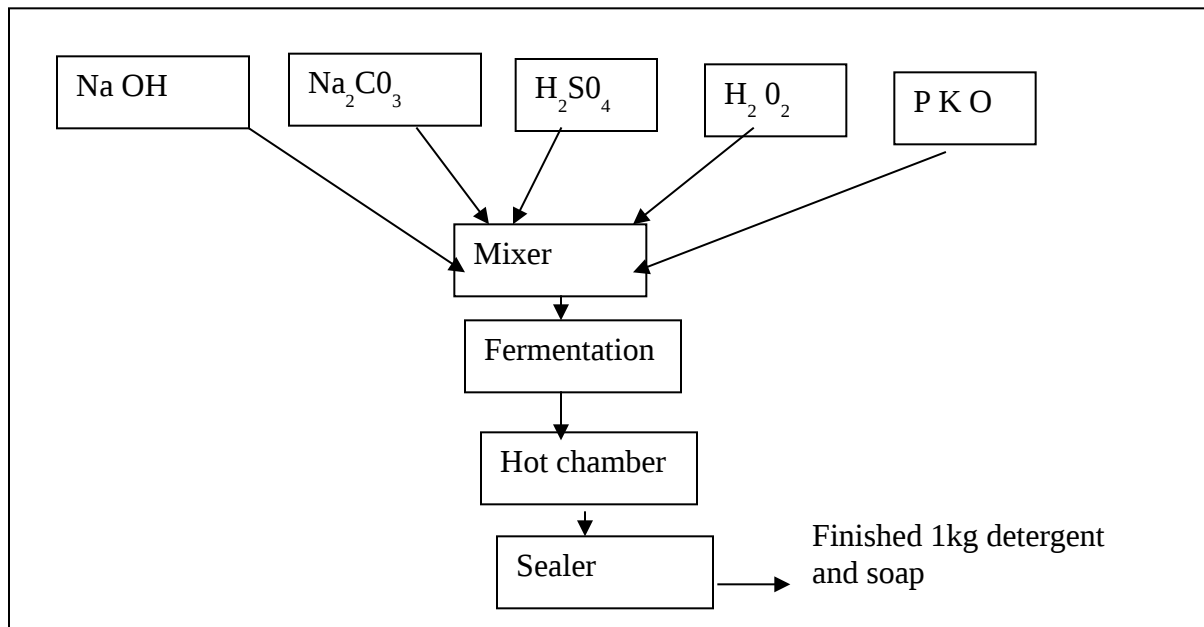
5.11 The Project:

Steve O products are targeted at soaps is for house hold use and other aspects. It is a large medium scale business that has plans of diversifications and expansions. It is capital of intensive that is move of automated machines will be used with little human labour.

5.12 Production Process:

1. All chemicals and row materials are brought in their different proportions.
2. They are mixed in their adequate and right proportions in a mixes
3. It is allowed to ferment and this is in hot chamber.
4. The fine grains are then packaged into their bags

5.13 The production flow Chart



5.14 The Production Schedule:

Projected production schedule								
		Targete d Output	Raw Input 1	Raw Input 2	Raw Input 3	Raw Input 4	Raw Input 5	Raw Input n
1	Jan	12,500	4,500	3,500	2,000	1,500	1,000	
2	Feb	12,500	4,500	3,500	2,000	1,500	1,000	
3	Mar	12,500	4,500	3,500	2,000	1,500	1,000	
4	Apr	12,500	4,500	3,500	2,000	1,500	1,000	
5	May	12,500	4,500	3,500	2,000	1,500	1,000	
6	Jun	12,500	4,500	3,500	2,000	1,500	1,000	
7	July	12,500	4,500	3,500	2,000	1,500	1,000	
8	Aug	12,500	4,500	3,500	2,000	1,500	1,000	
9	Sep	12,500	4,500	3,500	2,000	1,500	1,000	
10	Oct	12,500	4,500	3,500	2,000	1,500	1,000	
11	Nov	12,500	4,500	3,500	2,000	1,500	1,000	
12	Dec	12,500	4,500	3,500	2,000	1,500	1,000	
Yr 1								
1	Jan	20833	7000	4,500	4000	3333	1500	
2	Feb	20833	7000	4,500	4000	3333	1500	

5.15 Machinery, equipment and other requirement

s/n	Investment (Equipment and others)	Qty	Life Span	Others comments
1	Land			-
2	Building		50 years	-
3	Equipment and machine			-
	i. Electric sieving machine	1	10 years	-
	ii. Dryers	2	10 years	-
	iii. Ceiling machine (Automatic)	2	10 years	-
	iv. Industrial fan	4	10 years	-
	v. Automatic mixer	2	10 years	-
	vi. ligh balance	5	10 years	-
	Vii. light machine	1	10 years	-
	viii. Generator. (30 KVA)	2	15 Years	-
	ix. Delivery Vans	2	10 years	-
	x. Fork lift	1	15 years	-
	xi. Truck	1	15 years	-
	Loose tools	1	Long lasting	-

5.16 Technology:

One to the demand decrease and in other for us to meet up with customers demand, I am going to make use of machines that will do 70% of the work in production so as to increase the production rate.

Save cost and labor probably create profit. The machine more not complex and could be operated by anybody after undergoing a 2-day training to perfect in the control of them to perfect in the control of them. The

training is going to be available to the employed individuals in that section.

5.17 Quality assurance and standardization

i. I will ensure that I get the new materials and chemicals from the most reliable source.

ii. All my product will be tested and sampled by the regulatory body before they are marketed.

iii. I will comply with government policy concerning the production and manufacturing of our products.

PART VI

6.10 Management and Organizational Structure

The key promoters of project is:

ONYIA STEPHEN CHISOM

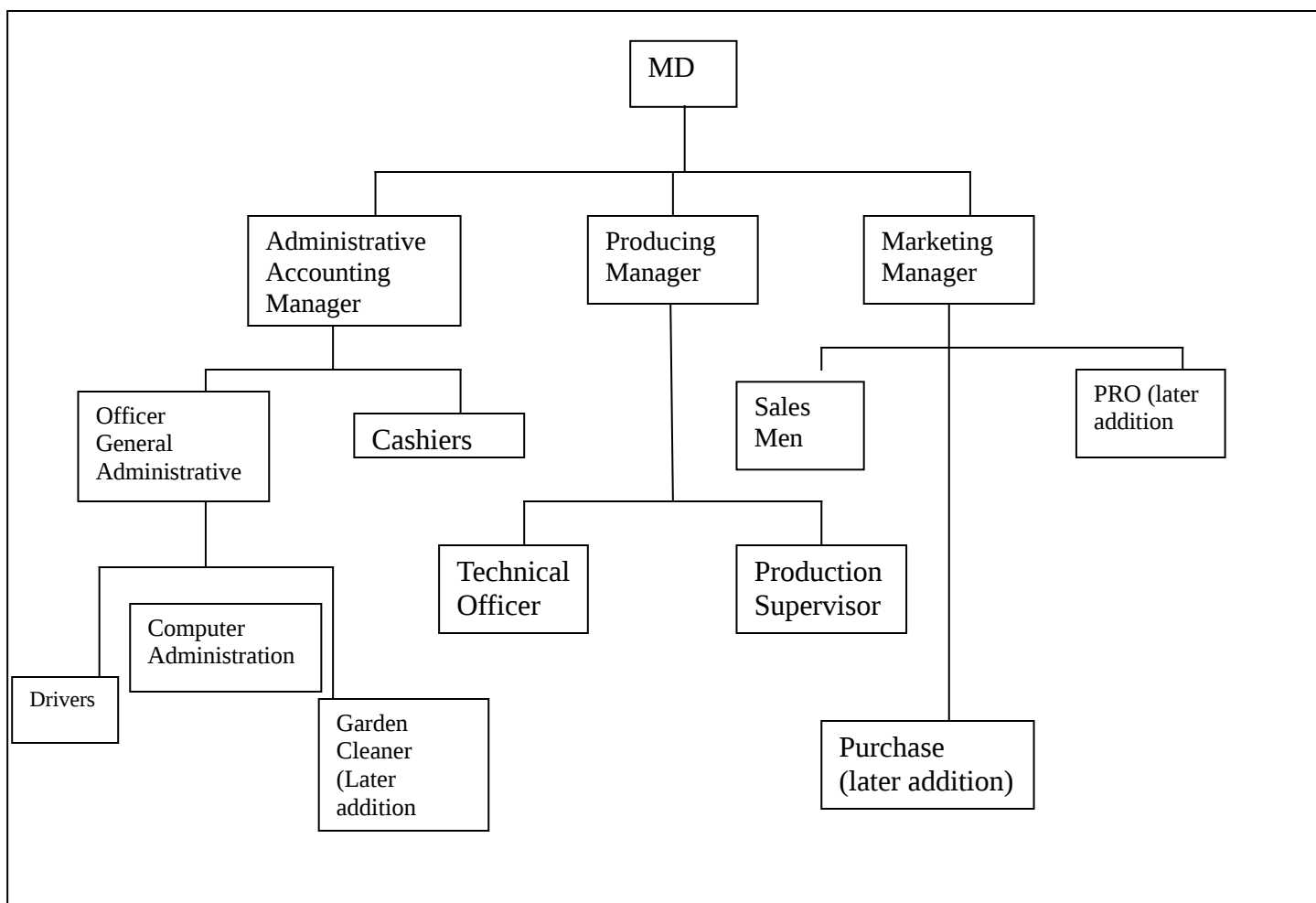
6.12 Management Team

Production manager- ONYIA STEPHEN

ii. Predict future management needs

It is the expectations of project promoters that the business would have rapid growth.

If this happens the administration function would be separated from the accounting function and near but capable hands would live to man the vacancies created.



6.14 The personnel plan (staffing and salary structure)

S/N	Position	No. of staff	Salary per staff per month	Total annual
1	Proprietor (MD	1	60000	72000
2	Production manager	1	47000	56400
3	Admin (Account manager	1	18000	216000
4	Marketing manager of Ger	2	30,000	360000
5	Supervisor/Tech officer dump	3	28000	336000
6	Cashier	3	7500	90000
7	Sale men	5	17500	210000
8	Drivers	4	12000	144000
N	Sub total			2640000
	Add 5% fringe benefits and bonus			132000
	Total			2772000

6.15 External support (Out sourcing):

The managing grew of rainbow products might not be adequate to handle all manner of tasks as regards to organization. The organization will out source contain roles or tasks that will select a group of people who source our supplies at far fetched areas who may tend it difficult reaching the urban markets.

6.16 Organization's values and norms:

- i. To carry out business on the best ethical standards.

- ii. To show the highest level of integrity and honesty
- iii. To maintain quality at all times

PART VII

7.0 Legal, regulatory, social and environmental issues

Steve O soaps industry plans to commence. Operations as a sole proprietorship. She plans to register her form with the appropriate department at the local government quarters and medical association.

Attempts will also be made to register and get all the necessary permit and licenses.

7.12 Regulatory and Environmental Issues

A. Regulatory Issues:

Yes it is. By the National Agency for Food Drug and Administration Control (NAFDAC). Registration Number R C 498675. Enugu state

B. Environmental Issues

The major byproducts of Steve O product is Glycerin which is gotten from the soap and detergent manufacture process.

Glycerin has no major affection on the environment rather it is dangerous to the health such that it should be put far from water bodies and food stock areas. Because it can lead to

contamination of these resources if in the long run is ingested by humans can lead to death. Liquid waste which is the major by-product will be disposed via septic tanks which will be dug in the premises. Every other waste will be buried properly into the earth.

PART VIII

8.0 Financials

S/N	Investment (Equipment and others)	Qty	Unit cost (N)	Total cost (N)
1	Land			N 400 000
2	Building			760 000
3	Equipment and machine			
4	i. Electric sieving machine	1	50000	50000
5	ii. Dryers	2	150000	30000
6	iii. Ceiling machine (Automatic)	2	150000	30000
7	iv. Industrial fan	4	7500	30000
8	v. Automatic mixer	2	3500	70 000
N	vi. ligh balance	5	25000	2,5000
	Vii. light machine	1	40000	200 000
	viii. Generator. (30 KVA)	2	10 000	20 000
	ix. Delivery Vans	2	7500	15000
	x. Fork lift	1	10 000	10 000
	xi. Truck	1	10 000	10 000
	Loose tools	1		10 000
	Total investment			N2200 000

8.12 Plan

	Year 1	Year 2	Year 3
Product/service	Steve O	Steve O	Steve O
Product/Service	150,000	250,000	250,000
Quality (volume)			
Price per unit	350	400	500
Sales	52,50000	100000 00	2500000

8.13 Cost plan

Product/service	Year 1	Year 2	Year 3
Product/Service Quality	300,000	500,000	500,000

(volume)			
Price per unit (50 x0- 63) + (500 x 0.00) (150 x 0.25) + (100 x 0.01)+ (160 x 0-1)	100	105	110
Cost of raw inputs	30,000,00	5250000 0	55000000

8.14 Imported Raw Materials & Other Inputs (at Full Capacity)

Items	Unit cost N	Quantity required/annum	
		Current (Existing)	Proposed (after expansion)
a. Na OH	50 1KG	7875	13125
b. P R O	500 IKG	125	208
c. Na ₂ CO ₃	150 IKG	3125	5208
d. H ₂ SO ₄	1000 1KG	152	208
e. H ₂ O ₂	160 IKG	1250	2084

(B) Indication Sources of Raw Materials

Item	Source
a. Na OH	Local market Enugu

b. P R O	Local market Abakaliki
c. Na ₂ CO ₃	Local market Enugu
d. H ₂ SO ₄	Local market Nsukka
e. H ₂ O ₂	Local market Enugu

8.15 General cost of Administration

Item	Current (for existing projects only) (N)	Proposed (for new/expansion projects) (N)
a. Rents and Rates	350,00 14	3500014
b. Traveling Expenses	180 000	180,000
c. Stationery & Sundry Exp.	1000000	1000000
d. Vehicle Running Expenses	5000 000	5000 000
e. Insurance	1048000	1048000
f. Professional Fee	3000 000	3000 000
g. Other expenses	5020700	5020700
Total	187 48714	18748714

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

Item	Amount (N)
a. Company Incorporation	40,000
b. Traveling Expenses	50, 000
c. Preparation of Business Plan/F.S	100 00
Total	190 000

8. 17 Working Capital Projection (to cover the gestation period)

Working capital items	Year 0 (N)	Year 1(N)	Year 2 (N)	Year 3(N)

- Stock of raw materials 1 (n. 12 days/months value)	13000	13000	13000	13000
-Stock of raw material N 2 (n. 12. days/months value)	13000	13000	13000	13000
- Stock of raw material N 3 (n.12. days/months value)	39000	39000	39000	39000
- Stock of raw materials N 13 ()	260000	260000	260000	260000
-Stock of raw material N 14 ()	42000	42000	42000	42000
-Stock of raw materials #n (n... days/months value)	210000	210000	210000	210000
-Provision for utilities and others: n... months need	274000	274000	274000	274000
- Salaries/wages	660000	V	660000	660000
- Debtors: n... days value of annual sales	Nil	450000	450000	450000
-Less creditor: n... days need of raw materials	Nil	150000	150000	150000
- Working capital	1,200 000	1,50000	1,70000	2000000
- Increase/Decrease in working capital	-	300 000	200000	300 000

8.18 Start Up Capital Needed

S/N	Item of Expenditure	Amount
1	Fixed asset investment (Equity) Machinery and other requirements	N 2,200 000
2	Working Capital	N 1200,000
3	Pre-operating Expenses	N 100,000
	Initial Total Investment Outlay	N 3,500.00

8.19 Financing Plan

S/N	Source of Fund	Amount
1	Owners capital	25000 00
2	Bank Loan	-
3	Other (specify) Donation/Grants (family members	N 1000 00

Total	N 3,500.00
--------------	-------------------

Where: PV = Loan amount: A = Annual installment, r = rate of interest per annum,; and n= tenure of loan in years.

8.21 Schedule of Depreciation

S/N	Items of Depreciation	Initial value	Scrap value	Life span	Depreciation
1	Building	76000	66000	50	20
2	Electronic Sliver	500,000	35000	10	1500
3	Dryer	300,000	130000	10	17000
4	Automatic mixer	70 000	58000	10	6420
5	Profit	10,000	3300	15	490
6	Scaling machine	300,000	86000	10	21400
7	Generator	20, 000	4200	15	1190
8	Others	50, 000	5,000	5	9000
Total depreciation					58 960

8.22 Final Accounts 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			
Particulars	Year 1	Year 2	Year 3
Sales	52500000	100,000,000	125 000 00
Others	-	-	-
Net sales	52500000	100,000 000	125000 000
Costs of raw materials	30 000 00	52500000	5500 000
Salaries	2772000	2772000	2772000
Rent	3500014	350014	3500014
Telephone	100 0000	100 0000	100 0000
Electricity	2000 000	2000 000	2000 000
Advertising	180 000	180 000	180 000
Entertainment	3000 000	3000 000	3000 000

Insurance	1048000	1048000	1048000
Legal	17000000	17000000	17000000
Office Supplies	1500700	1500700	1500700
Motor Vehicle maintenance	5000 000	5000 000	5000 000
Total Expenses	49205914	71705914	74205914
Profit before Tax/Int	329 40686	28294086	50794086
Less Interest	-	-	-
Profit After Interest	3294086	28294086	50794086
Less Tax	988226	8488226	15238226
Profit After Tax	2305860	19805860	35555860
Less Depreciation	58960	58960	58960
Net Profit	224900	19746900	35496900
Appropriation	Year 1	Year 2	Year 3
Dividend	1043625	9171907	16487361
Retained Earnings	1203275	10574993	19005939

8.24 Cash Flow Projection

	Year 1	Year 2	Year 3
Cash in			
Bank Loan			
Sales Income	52,5000 00	100 000 000	125000 000
Other Income (state)			
Total Cash In	52,5000 00	100 000 000	125000 000
Cash Out			
Admin. Outgoings	50000	50000	50000
Marketing	200 000	200 000	200 000
Cost of Goods	36000000	52500000	55,000000

Interest Expenses	-	-	-
Loan Repayment	-	-	-
Salaries	2,772000	2,772000	2,772000
Motor vehicles maintenance	500000	500000	500000
Dividers	1043625	9171907	16487361
Other payments	-	-	-
Total Cash Out	3906525	69693907	75009361
Net cash flow	13434375	36306093	49996639
Opening cash Bal	Nil	13434375	43740468
Closing cash Bal	13434375	43740466	93731107

8.25 Balance of Sheet

The Balance sheet combines the results from the profit and loss statement and the Cash Flow statement.

Balance Sheet Assets	Start Date Year 0	Year End i.e Year 1 N	Year 2 N	Year 3
Fixed Assets:				
Land, Machinery & others	2,200000	2,20000	2,2000 0	2,2000 0
Less Cum. Dep.	Nil	-	-	-
Total Fixed Assets (A)	2,20000	2,20000	2,2000 0	2,2000 0
Current Assets:				
Cash (use as balancing item)				
Debtors	Nil	150000	450000	700000
Stock	484000	484000	484000	484000
Total Current Assets: (B)	130000			
Total Assets (C)	3500000	499000	934000	118400

PART IX

9.10 Risk Contingency Analysis

S/N	Risks	Mitigates
1	Possibility of chemical pairing on someone	The service of first and the medical experts
2	Inadequate start-up demand	Aggressive promotion and adverting campaigns
3	Irregular water supply	A big water reservoir will be constructed to harvest all the mains during the rainy seasons and will be used during dry season
4	Accidental fire out break explosion	Availability of fire extinguisher
5	Health hazard such as enhancing chemicals swallowing affecting the eyes	Availability of nose goggles, eyes goggles hand gloves.

9.12 Contingency Plan & Exit Strategy

No existence/contingency plans of exist strategy. The only plan is for diversification and expansion of the business.

PART X

10.11 Economic justification

From the point of view study, the project offers good benefits to the promoter producers constant and the economy in general will be created via job creation.

10.12 Commercial viability

Is the project commercially viable? Show: the profitability level over years, the liquidity positions, and the shareholders net with

That of this project is very clean. The project is finally found to be viable, commercially through projection profits and cash flow position.

10.13 Conclusion and Recommendations

Arising from what you have seen, what are your recommendations?

Thus, this project is highly recommended in both funding and implementation.