

## Juice Galore Limited



### Company Plan

**Juice Galore Ltd**  
**Underlying assumptions for projections**

### General economic indices

Expected cedi inflation	10.0%
Average interest rate	22%

### Product demand

	Annual Capacity	YR1	Demand	
			YR2	YR3 - YR5
Opine Juice	10,000.00	30%	50%	70%
Banana smoothie	7,000.00	30%	55%	75%
Watermelon juice	18,000.00	38%	60%	85%

### Inventory holding policy

Average banana inventory	5% of next year's demand
Average pineapple inventory	8% of next year's demand
Average watermelon inventory	10% of next year's requirement
Average orange inventory	8% of next year's requirement
Average honey inventory	20% of next year's requirement
Average bottles inventory	25% of next year's requirement
Average milk inventory	12% of next year's requirement
Average supplies inventory	5,000 units
Average banana smoothie inven	20% of next year's demand

## Financial Statement

## Juice Galore Limited

Average Opine inventory            20% of next year's demand

Average Watermelon juice inventory 20% of next year's demand

### Output: prices and inflation

	Per	Price (GHS)	Annual Increment
Opine juice	500ml	8	8.00%
Watermelon juice	500ml	12	10.00%
Banana smoothie	500ml	18	12.00%

### Inputs: requirements, cost, and inflation

	Requirement per unit			Cost per unit (GHS)	Expected change
	Opine juice	Watermelon juice	Banana smoothie		
<b>Materials</b>					
Orange(per 100 grams)	2	0	0	0.20	7.00%
Pineapple(per 100 grams)	2			0.80	7.00%
Watermelon(per 100 grams)	0	4		0.50	7.00%
Banana(per 100 grams)	0	0	4	0.30	7.00%
Milk(ml)	0	0	60	0.01	7.00%
Honey(ml)	5	5	5	0.04	7.00%
Packaging	9	15	12	0.3	7.00%
<b>Labour</b>					
Direct labour (hours) per unit	0.25	0.17	0.33	3.00	8%

### Production overheads

	Opine juice	Watermelon juice	Banana smoothie	Total for Year 1	Expected change
	GHS	GHS	GHS	GHS	
<b>Allocation base: normal capacity</b>					
	29%	51%	20%		
Electricity	1,714	3,086	1,200	6,000.00	10.0%
Cleaning	343	617	240	1,200.00	5.0%
Maintenance	514	926	360	1,800.00	10.0%

## Financial Statement

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Depreciation of juice making eq	1,072	1,929	750.12	3,750.60
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### Nonproduction overhead

	Opine juice GHS	Watermelon juice GHS	Banana smoothie GHS	Total for Year 1 GHS	Expected change
<b><i>Variable nonproduction overhead</i></b>					
Sales commission	0.20	0.50	0.65		7.00%
Distribution	0.65	0.75	0.5		10.00%
<b><i>Fixed nonproduction overhead</i></b>					
Supporting staff costs				20,000.00	7.00%
Governance expenses				10,000.00	7.00%
Professional fees				15,000.00	8.00%
Advertising and publicity				5,000.00	5.00%
Other administrative expenses				5,000.00	5.00%
Vehicle running expenses				344.56	14.00%
Communication expenses				2,600.00	10.00%
Amortisation of pre-operating expenses				Expensed in year 1	

### Inflation in production and nonproduction expenses

Production cost	3.00%
Distribution, selling and administrative expenses	5.00%

### Property, plant and equipment

	Depreciation rate	Depreciation method	Useful life	Replacement value at end of useful life
Vehicles	25%	Reducing balance	12	Compounded value at expected inflation rate
Office equipment	20.0%	Reducing balance	5	Compounded value at expected inflation rate
Juice making equipment	12.5%	Reducing balance	5	Compounded value at expected inflation rate
Water supply system	3.3%	Straight line	50	Compounded value at expected inflation rate
Furniture & fittings	5.0%	Straight line	8	Compounded value at expected inflation rate
Other equipment	20.0%	Reducing balance	9	Compounded value at expected inflation rate

## Financial Statement

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### Current assets

Trade receivables	4% of total revenue
Raw materials inventory	Per inventory holding policy
Finished goods inventory	Per inventory holding policy
Minimum cash balance	7,500.00
Maximum cash balance	35,000.00
Marketable securities	Depends on changes in cash account (when below minimum or above maximum balance)

### Current liabilities

Trade payables	1.5% of total revenue
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### Finance cost

Interest on borrowings	19.00%
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<b>Tax rate</b>	15%
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### Retained earnings policy

**Owner's share of profit will not be paid out to owner for the first 5years of operation**