

# **BUSINESS PLAN FOR STARCIA CAFÉ**

THE TECHNICAL UNIVERSITY OF KENYA  
FAUCALTY OF SOCIAL SCIENCE AND TECHNOLOGY  
SCHOOL OF BUSINESS AND MANAGEMENT STUDIES  
DEPARTMENT OF BUSINESS ADMINISTRATION AND ENTERPRENEUSHIP  
DIPLOMA IN BUSINESS STUDIES



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PRESENTED TO THE TECHNICAL UNIVERSITY OF KENYA IN PARTIAL FULFILMENT FOR THE  
AWARD OF A DIPLOMA IN BUSINESS STUDIES.

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## Contents

DECLARATION .....	i
DEDICATION .....	ii
ACKNOWLEDGEMENT .....	iii
EXECUTIVE SUMMARY .....	iv
BUSINESS DESCRIPTION .....	iv
MARKETING PLAN .....	iv
ORGANIZATIONAL PLAN .....	iv
OPERATIONAL PLAN.....	iv
FINANCIAL PLAN.....	iv
CHAPTER ONE: BUSINESS DESCRIPTION .....	1
1.0 INTRODUCTION.....	1
1.1 BUSINESS SPONSORS .....	1
1.2 BUSINESS NAME.....	1
1.3 BUSINESS LOCATION AND ADDRESS.....	1
1.4 FORM OF BUSINESS OWNERSHIP .....	2
Disadvantages of sole proprietorship .....	2
1.5 TYPE OF BUSINESS YOU WANT TO DO .....	2
1.6 PRODUCTS AND SERVICES .....	3
Products .....	3
Products and their Prizes .....	3
Services .....	5
1.7JUSTIFICATION OF THE BUSINESS .....	6
1.8 INDUSTRY .....	6
1.9 BUSINESS GOALS AND OBJECTIVES.....	6
1.10 ENTRY AND GROWTH STRATEGY .....	7
Entry Strategy: .....	7
Growth Strategy:.....	7
CHAPER TWO: MARKETING PLAN .....	8
2.0 INTRODUCTION.....	8
2.1 CUSTOMERS .....	8
Students .....	8
Working Professionals .....	8
Tourists.....	8
Locals in the area .....	8
2.2 MARKET SHARE .....	9

The expected share at starts up.....	9
The expected share after three years.....	9
2.3 COMPETITORS.....	10
Analysis Table.....	10
Threats .....	10
Opportunities .....	10
2.4 ADVERTISING AND SALES PROMOTION.....	11
Sales Promotion .....	11
2.5 PRICING STRATEGY.....	11
2.6 SALE TACTICS.....	12
2.7 DISTRIBUTION STRATEGY.....	12
CHAPTER THREE ORGANIZATION OR MANAGEMENT PLAN.....	13
3.0 INTRODUCTION.....	13
3.1 ORGANIZATIONAL CHART/STRUCTURE .....	13
3.2 BUSINESS MANAGER.....	14
Qualifications .....	14
Duties and Responsibilities .....	14
3.3 KEY MANAGEMENT PERSONNEL .....	14
3.4 Recruitment Training and Promotion .....	16
Recruitment .....	16
Training .....	16
Promotion .....	16
3.5 REMUNARATION AND INCENTIVES.....	17
Incentives .....	17
3.6 LEGAL REQUIREMENTS .....	18
3.7 SUPPORT SERVICES .....	18
Insurance Services.....	18
Electricity.....	18
Water .....	18
Banking.....	18
Marketing and Advertising.....	18
CHAPTER FOUR OPERATIONAL/ PRODUCTION PLAN .....	19
4.0 INTRODUCTION.....	19
4.1 PRODUCTION FACILITIES AND CAPACITY.....	19
4.11 OTHER EQUIPMENTS AND MATERIALS.....	21
4.12 PLANT LAYOUT .....	22

Key.....	22
4.2 PRODUCTION STRATEGY.....	23
4.21 MAINTAINACE SCHEDULE.....	24
4.22 MONTHLY COST OF RAW MATERIALS.....	25
4.23 MONTHLY COST OF LABOUR.....	26
4.24 PRODUCTION OVERHEAD .....	26
4.25 TOTAL COST OF PRODUCTION PER MONTH .....	27
4.3 PRODUCTION PROCESS.....	27
4.4 RULES AND REGULATIONS AFFECTING THE BUSINESS .....	29
CHAPTER FIVE FINANCIAL PLAN.....	30
5.1 PREOPERATIONL COSTS.....	30
5.2 WORKING CAPITAL REQUIREMENT .....	32
5.3 STARCIA CAFÉ PROJECTED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 <sup>ST</sup> DECEMBER 2024 .....	33
5.4 PROFORMA INCOME STATEMENT AS AT 31 <sup>ST</sup> DECEMBER 2023 .....	34
5.5 PRO – FORMA BALANCE SHEET AS AT 31 DECEMBER 2023 .....	35
5.6 CALCULATION IN BREAK EVEN POINT.....	36
5.7 PROFITABILITY RATIO.....	37
5.8 DESIRED FINANCING .....	37
5.9 PROPOSED CAPITALIZATION .....	37
APPENDIX I: LOCATION MAP.....	39

**DECLARATION**

This business plan is my original work and has not been submitted anywhere other than the Technical University of Kenya

**NAME**           Annastacia Rebecca Okisegere

**SIGN**           \_\_\_\_\_

**DATE**           \_\_\_\_\_

This business plan has been submitted for examination with the approval of my supervisor

**NAME**           \_\_\_\_\_

**SIGN**           \_\_\_\_\_

**DATE**           \_\_\_\_\_

## **DEDICATION**

This business plan is dedicated to my loving and caring parents Mr. and Mrs. Okisegere, my lovely brothers and sister for their financial support and the support they gave me throughout my Diploma course.

## **ACKNOWLEDGEMENT**

I owe immense appreciation to the Almighty God for the wisdom, strength, and favor that saw the completion of this work.

I sincerely express my gratitude to the entrepreneurship lecturer Mr. Ochieng for giving us this assignment to prepare and I greatly appreciate his insight and guidance he gave us while writing the business plan.

A Special thanks also goes to my entire family for their financial support and moral back up they gave me.

## **EXECUTIVE SUMMARY**

### **BUSINESS DESCRIPTION**

The proposed business Starcia café is a new and exciting café concept that offers a unique experience for coffee and food enthusiasts. Our café aims to provide high quality coffee, fresh and healthy food options and a comfortable and welcoming atmosphere to our customers.

This café will be in a prime commercial area in the city, at Westlands. Our business will operate as a sole proprietorship company, with Annastacia Okisegere as the owner who has experience in the food and beverage industry.

### **MARKETING PLAN**

Our marketing strategy will focus on creating a strong brand identity for Starcia café, emphasizing the quality of our products, the unique experience we offer, and our commitment to ethical and sustainable practices. We will use social media platforms to promote our business, offer special promotions and discounts, and engage with our customers.

### **ORGANIZATIONAL PLAN**

The management team of Starcia café will consist of the manager who is also the owner, and the assistant manager who have an experience in the food and beverage industry. We will hire a team of trained food service staff who are passionate about providing excellent customer service.

### **OPERATIONAL PLAN**

Starcia café will be opened six days a week from 7am to 5pm. We plan to hire fifteen full-time employees to assist with operations, including accounting, customer service, food preparation, cleaning, and security. We will work with local suppliers to ensure that we have a steady supply of fresh ingredients.

### **FINANCIAL PLAN**

The project startup costs are Kshs 2,000,000 including rented property, equipment's and inventory, and operating expenses. I will finance the startup cost with combination of personal savings and a business loan.

Our monthly operating expenses are estimated at Kshs 838,295 and we expect to generate a revenue of Kshs 1,000,000 per month.





## **CHAPTER ONE: BUSINESS DESCRIPTION**

### **1.0 INTRODUCTION**

Starcia café is a startup business which is located in Westland's, Nairobi. The aim of the business is to provide high quality coffee, fresh and healthy food options, and comfortable, welcoming atmosphere to our customers.

### **1.1 BUSINESS SPONSORS**

The owner of the business is a Kenyan Citizen born in 2002 and hails in Western Province. The owner of the business attended St Scholastica Catholic School for a period of eight years where she was awarded her Kenya Certificate of primary education in the year 2015.

In the year 2016 she was enrolled in St Ann's Gichocho High School for her secondary education. Later in 2018 she enrolled in Mt Laverna High School where she was awarded her Kenya Certificate of Secondary Education in the year 2019.

After four exams, the owner joined Kenya Utalii College where she pursued food and beverage management for One and a half years.

Currently the owner is taking a Diploma course in Business Administration at The Technical University of Kenya and also working part time at her mum's hotel as an assistant food and beverage manager. The business owner is aspiring to further her education up to Master level in both Business Administration and food and beverage management. Currently most the units she is taking will help her acquire more knowledge on how to run the business smoothly and be able to expand it in future.

### **1.2 BUSINESS NAME**

The business name will be Starcia café, where Starcia has originated from the owner's name. The name is unique and very easy for the customers to recall. There is no other café that bears the same name as this one.

### **1.3 BUSINESS LOCATION AND ADDRESS**

The business will be located in Westlands, West Park Towers ground floor, Muthithi road. The business address will be:

**STARCIA CAFÉ**

**P.O BOX 7706104**

**NAIROBI**

**PHONE: 0724219619**

**EMAIL: [annastaciaoki7@gmail.com](mailto:annastaciaoki7@gmail.com)**

#### **1.4 FORM OF BUSINESS OWNERSHIP**

The ownership of the business will be a sole proprietorship owned by Miss Annastacia Okisegere. The total capital required will be 2,000,000 and will be acquired as follows.

SOURCE	AMOUNT
Owner contribution	Kshs 1,000,000
Bank Loan	Kshs 1,000,000

#### **Advantages of sole proprietorship**

- Flexibility: As the sole owner of the business, you have the flexibility to make quick decisions and implement changes.
- Profit retention: all profits generated by the business belong to the sole proprietor.
- Tax benefits: sole proprietors are not subjected to double taxation as the business income is taxed on the owner's personal tax return.
- Ease formation: setting up a sole proprietorship is a relatively simple and straight forward process. There are no formalities or legal requirements to incorporate or register the business with the government.
- Privacy: sole proprietorship is not required to disclose financial information making them a more private entity

#### **Disadvantages of sole proprietorship**

- Your capacity to raise capital is limited
- All the responsibility for making day-to-day business decisions is yours
- You have unlimited liability for debts as there's no legal distinction between private and business assets
- You're taxed as a single person the life of the business is limited.

#### **1.5 TYPE OF BUSINESS YOU WANT TO DO**

The business is purely food and beverage oriented. It will focus on offering a variety of coffee-based drinks, tea, juices, smoothies, pastries and baked goods. The business will also offer catering services, private event space and educational workshops. The status of the business is a startup and operations will commence on 1<sup>st</sup> January 2024.

## 1.6 PRODUCTS AND SERVICES

### Products

Our cafe will specialize in high-quality coffee and tea beverages. We will offer a variety of espresso-based drinks, including lattes, cappuccinos, and Americanos. To ensure the highest quality, we will source our coffee and tea from renowned companies who prioritize sustainability and ethical sourcing practices.

In addition to our coffee and tea offerings, we will also offer a selection of baked goods made with locally sourced ingredients. Our baked goods will include a variety of sweet and savory options, such as croissants, cakes, cookies, muffins, and donuts.

We will also offer a selection of light fare options, such as salads, sandwiches, pancakes, breakfast pizza and soups. We will also offer different varieties of fruits, juices and smoothies.

### Products and their Prizes

Products	Type	Prices
Espresso based drinks	Lattes. Cappuccinos. Americanos.	300 350 200
Tea	Black Tea. Green Tea. Herbal Tea. White Tea.	100 250 300 500
Hot Chocolate	Milk Chocolate. Dark Chocolate. White Chocolate.	300 200 250
Freshly squeezed juice	Apple juice Pineapple Juice Orange Juice Cranberry juice	160 160 160 200
Smoothies	Strawberry smoothie. Banana smoothie. Blueberry smoothie. Mango smoothie.	200 200 200 200

Product	Type/ flavor	Price
Croissants	Plain croissant.	100
	Chocolate croissant.	250
	Ham and cheese croissant.	200
	Spinach and feta croissant.	220
	Cinnamon sugar croissant.	300
Muffins	Blueberry muffin.	100
	Chocolate chip muffin.	140
	Pumpkin spice muffin.	200
	Banana muffin.	140
	Lemon muffin.	160
Cakes	Red velvet Cake.	150
	Black Forest Cake.	200
	White Forest Cake.	180
	Mixed Fruit Cake.	300
Cookies	Chocolate chip cookies	100
	Peanut Butter cookie.	70
	Macadamia nut cookie.	120
	Oatmeal raisin cookie.	80
Donuts	Chocolate donut.	80
	Vanilla donut.	70
	Strawberry donut.	70
	Cinnamon donut.	90
Sandwiches	Ham and cheese sandwich.	200
	Avocado sandwich.	100
	Bacon, lettuce, and tomato sandwich.	320
	Egg salad sandwich	270
Salad	Garden salad.	250
	Fruit salad.	200
	Caser salad.	300
Breakfast pizza	Classic breakfast pizza.	500
	Veggie breakfast pizza.	500
	Sausage and egg breakfast pizza.	500
	Breakfast burrito pizza.	500

Pancakes	Omelet pancake.	200
	Apple pie pancake.	350
	Banana pancake.	200
	Blueberry pancake.	500
	Pumpkin pancake.	400
	Butter milk pancake.	200
Soups	Tomato soup.	150
	French onion soup.	250
	Lentil soup.	250
	Vegetable soup.	200
	Mushroom soup.	250
	Chicken soup.	300

### Services

1. Food and beverage service: This includes the core service of the café, serving food and beverages to customers.
2. Catering services: The café will offer catering services for events such as business meetings, parties, and weddings.
3. Takeout and delivery: to accommodate busy customers, the café will offer takeout and delivery.
4. Private event space: The cafe will offer a private event space for customers to host their own events, such as birthday parties, baby showers, or book clubs. This will include catering services and staff to set up and clean up.
5. Loyalty program: There will also be loyalty programs to reward customers for their frequent visits and purchases.
6. Educational workshops: The cafe will host educational workshops, such as cooking classes, and coffee tastings This can provide a unique experience for customers and showcase the expertise of the cafe's staff.
7. Community outreach: To build relationships with the local community, the cafe will participate in community events and sponsor local charities.
8. Wi – Fi and internet access
9. Entertainment: The café will engage in entertainment programs such as open mic and poetry readings. This can attract a diverse customer base and keep customers coming back.

### **1.7 JUSTIFICATION OF THE BUSINESS**

The owner picked this business due to its high demand; cafes are known to be popular places for people to meet, relax, work, and grab a quick bite or drink. With the increase in the number of people who work remotely or from home, there is a high demand for cafes as an alternative workspace.

In addition, a cafe business has the potential to generate revenue from several sources. Not only from selling coffee, tea, and a range of food items but also, they can also generate income from catering services, private event space, and educational workshops.

The owner also chooses the café business since it can operate with a small team, which can reduce labor costs.

Finally, the owner also picked the business due to its opportunity for expansion, the café can expand its offerings by expanding to multiple locations and expand its offerings by introducing new menu offerings

### **1.8 INDUSTRY**

The business will be a food and beverage industry. The industry is a highly competitive with several established players and new entrants vying for customers. To succeed in this competitive industry, Starcia café will offer unique and high-quality products and services that will cater to the local market.

### **1.9 BUSINESS GOALS AND OBJECTIVES**

Our café aims to achieve the following objectives:

- i. To provide a quality customer experience by offering high-quality products, exceptional customer service, and a welcoming environment.
- ii. To offer a diverse menu that caters to all tastes and dietary requirements.
- iii. To establish our brand as a preferred choice for coffee and food in the area, building a loyal customer base.
- iv. To maintain a profitable business model by keeping our operating costs low while delivering consistent quality to our customers.
- v. To expand our business by opening additional café locations in the future.

## **1.10 ENTRY AND GROWTH STRATEGY**

### **Entry Strategy:**

To enter the café industry, we will rent an area that is easily accessible and visible to our target market and with enough space to accommodate our customers. We will hire an experienced interior designer to create a comfortable and inviting atmosphere that will attract and retain customers. We will also invest in high quality equipment and furniture.

Lastly the café will adopt to various marketing strategies such as use of social media platforms, newspapers and participating in local events in order to attract and retain customers.

### **Growth Strategy:**

1. Expanding our Menu: As the cafe grows, we will expand our menu to offer new and exciting options to your customers. This will include new dishes, and drinks.
2. Open Additional Locations: Once Starcia Cafe has a loyal customer base and is profitable, we will consider opening additional locations. This will help increase our brand recognition and revenue.
3. Partnering with Other Businesses: We will also consider partnering with other businesses to offer joint promotions and discounts. This can attract new customers and increase brand exposure.



## CHAPER TWO: MARKETING PLAN

### 2.0 INTRODUCTION

To ensure the success of our business, Starcia café has developed a comprehensive marketing plan that will help us reach our target customers and build a loyalty.

Our marketing plan will focus on a combination of traditional and digital marketing strategies to reach our target customers, which include students, working professionals, tourists, and locals in the area. We will establish a strong brand identity, create a social media presence, offer loyalty programs, collaborate with other local businesses, use targeted advertising, participate in community events, and offer catering services. By implementing these strategies, we believe we can effectively promote our cafe and attract a steady stream of customers who will become loyal patrons.

### 2.1 CUSTOMERS

#### **Students**

Many students enjoy hanging out in cafes to study, socialize, or grab a quick snack between classes. Our café therefore aims to target local schools and universities as our potential customers.

#### **Working Professionals**

Businesspeople often need a place to work or meet clients outside the office. By offering them free Wi-Fi and a comfortable seating our business plans to draw this crowd.

#### **Tourists**

Tourists visiting a new city often seek out local cafes to get a taste of the local culture. Through offering unique, locally sourced menu items our business plans to attract this demographic.

#### **Locals in the area**

Our business also plans to attract regulars by providing welcoming atmosphere, greet coffee and food and an excellent service.

## 2.2 MARKET SHARE

The cafe industry is highly competitive, and there are many established players in the market. However, we believe that our unique value proposition and marketing strategy will enable us to capture a significant market share in our target market.

Our target market consists of students, working professionals, tourists and locals in the area who are looking for a comfortable and relaxing environment to enjoy a cup of coffee or a light meal.

We estimate that our cafe's market share will be approximately 25% within our target market within the first year of operation. We plan to achieve this by leveraging our unique value proposition, which includes offering high-quality food and drinks, providing exceptional customer service, and creating a welcoming environment for our customers.

We also plan to increase our market share through various marketing and sales strategies through advertising, implementing loyalty programs, and expanding our menu offerings. By the end of the third year of operation, we expect our market share to increase to 70% after a good study of the customers behavior in the market.

The proprietor will beat the competitors in the market by first knowing their strengths and weaknesses and capitalizing on them.

### The expected share at starts up

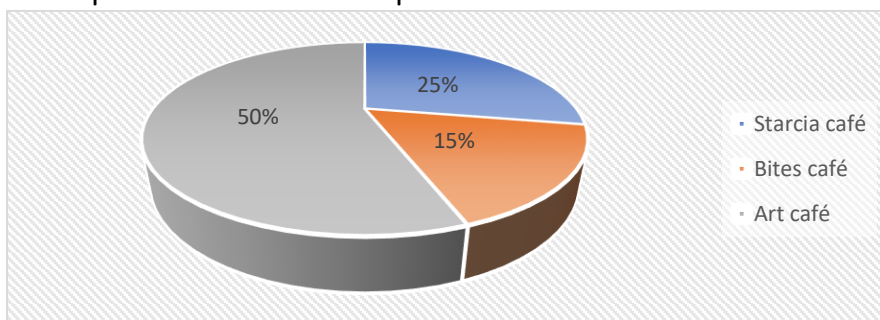


Figure 1: Expected share at the start up

### The expected share after three years

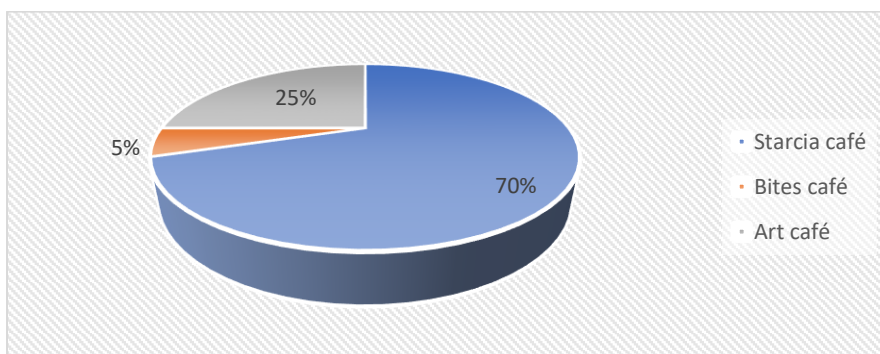


Figure 2: Expected share after 3 years

## **2.3 COMPETITORS**

After carrying out our market survey, we found that there are two potential competitors that may threaten the business.

The competitors have their own strengths and weaknesses hence, our business will strongly capitalize on their weakness so that we beat them in the long run. The competitors include Art café and Bites café

### **Analysis Table**

Company	Strengths	Weaknesses
Starcia Café	Fair prices on the products and services. Products of high quality are offered. The size of the firm is big enough to accommodate many people as possible.	New in the industry and not well publicized.
Art Café	Brand recognition. Relaxed atmosphere and unique décor. Consistency in their products.	High pricing of their products and services.
Bites café	Fair pricing of the products. Good customer service.	Brand not well established. Limited marketing budgets.

### **Threats**

The Art café will be a threat to the business since it's an already well established brand. The café may also face threats due to the consumers changing tastes and preferences.

### **Opportunities**

Through our differentiation by offering unique products Starcia cafe will have an advantage in the market.

By engaging in private events, educational workshops and catering services our café will have an added advantage in the market.

Starcia café will also benefit due to the offering of mobile ordering and delivery services.

## **2.4 ADVERTISING AND SALES PROMOTION**

### **Advertising**

Social media platforms; The business will focus widely on use of social media to market our products. That is by utilizing platforms like Instagram, Facebook, and twitter to promote the café, share daily specials and engage with the customers.

Newspapers; The business will also place advertisement on local newspapers to reach wider audience in the local area.

Local events; The business will also participate in local events like food fairs to raise awareness of the café and attract new customers.

### **Sales Promotion**

#### **Loyalty programs**

We will offer loyalty programs with rewards to repeat visits.

#### **Special deals**

The business will also offer weekly specials on certain items such as discounted coffee and meals.

#### **Sampling**

We will offer free samples on new menu items to entice our customers to try them and potentially purchase them.

#### **Happy hour**

We will offer discounts on certain items during slower periods such as midafternoons.

## **2.5 PRICING STRATEGY**

The following are the major factors that will affect pricing at Starcia café:

#### **Competitor's price**

We will price our products competitively relative to other cafes in our local market. The proprietor will compare the competitor's price in relation to the products and services offered upon which will adjust our prices to suit the customers and be able to attract more.

#### **Customers' income level**

The proprietor will consider the local schools and universities students by giving them discounts on their products and services at the expense of the high-income earners by charging them higher to cater for the low-income earners.

Bundle pricing; the business will also offer discounts to customers who purchase multiple items together. These help increase the average purchase value and help customers try new products.

## **2.6 SALE TACTICS**

### **Social media marketing**

The business will use social media to promote its products and services. This tactic will help increase our brand awareness, reach new customers, and interact with the old ones.

### **Loyalty Programs**

The business will encourage repeat customers by offering loyalty programs such as discounts and exclusive deals. This tactic will not only increase our customer loyalty but also sales.

### **Limited time offers**

We will also limit time offers.

## **2.7 DISTRIBUTION STRATEGY**

Starcia café will focus on optimizing the customer experience within the café and expanding sales beyond the café. Our distribution strategy aims to maximize our reach and accessibility while maintaining the quality and consistency of our products. By leveraging multiple distribution channels, we can better serve our customers and build a strong brand reputation in the local community.

Our cafe will primarily sell its products through a combination of in-house sales and external channels. In-house sales will be our main distribution channel, where customers can visit our cafe and enjoy our products in a cozy and welcoming atmosphere. We will also offer online ordering through our website, allowing customers to place orders for pickup or delivery. We will also partner with food delivery platforms such as Uber Eats to expand our reach beyond our physical location.

## CHAPTER THREE ORGANIZATION OR MANAGEMENT PLAN

### 3.0 INTRODUCTION

Starcia cafe recognizes the importance of developing a comprehensive organizational plan that outlines the qualification, roles, and responsibilities of our staff. In this organizational plan, we will outline the hierarchy of roles within our café, detail on the recruitment, training and promotion plan. Additionally it will outline the remunerations and incentives, legal requirements the business has to comply with and the support services.

### 3.1 ORGANIZATIONAL CHART/STRUCTURE

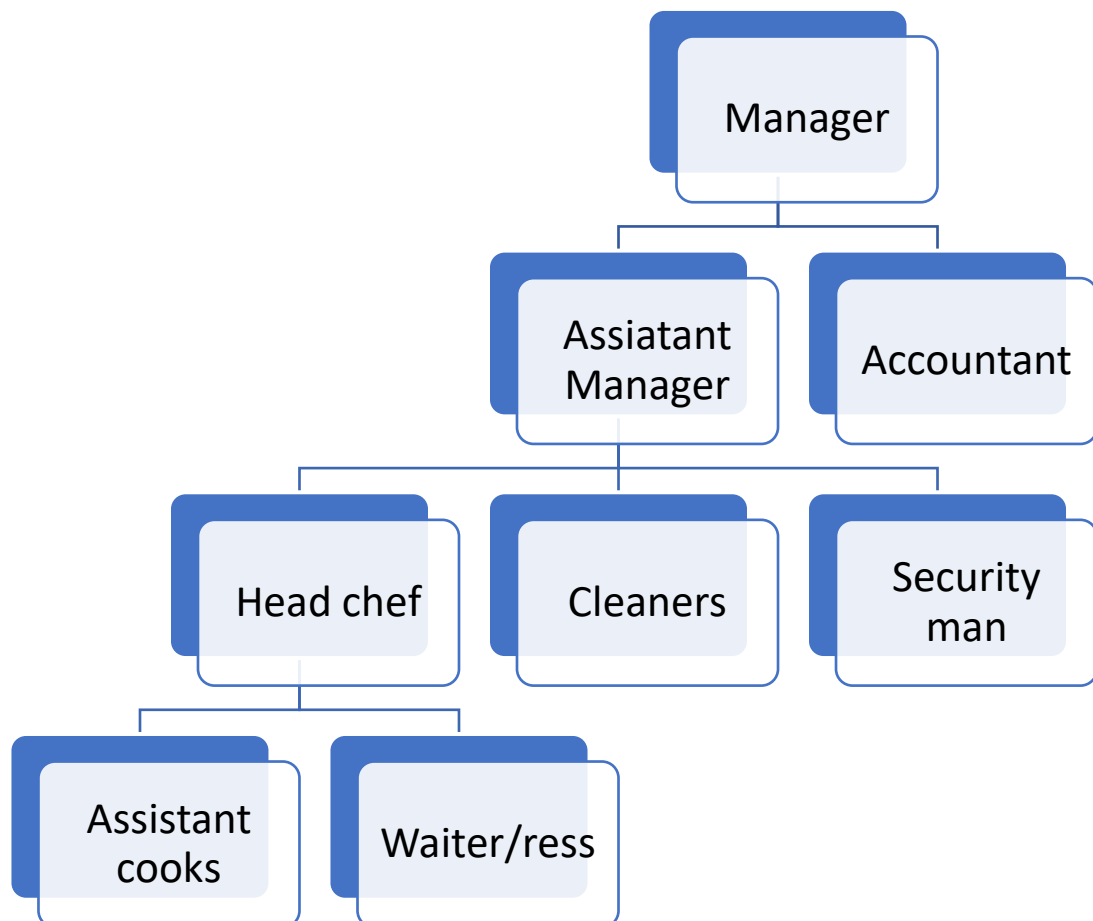


Figure 3: Organization structure

### **3.2 BUSINESS MANAGER**

The manager who also the business owner will be responsible for overseeing all aspects of the café operations

#### **Qualifications**

- O'level education at Mt Laverna High School.
- Diploma holder in Food and Beverage Management from Utalii College.
- Diploma Holder in Business Administration from Technical University of Kenya.
- Two years experience in assistant food and beverage manager .
- Excellent leadership skills.
- Good communication skills.

#### **Duties and Responsibilities**

- Developing the companies policies and procedures and ensuring that they are being followed to the latter.
- Hiring, training, supervising, scheduling and evaluating employees.
- Determining pricing for products and services.
- Developing marketing strategies for products and services.
- Analyzing financial Statements and trends.

### **3.3 KEY MANAGEMENT PERSONNEL**

<b>Title.</b>	<b>Qualification.</b>	<b>Duties and Responsibilities.</b>
Assistant Manager	<ul style="list-style-type: none"><li>▪ Degree Holder in Business Management.</li><li>▪ Three years working experience as a manager.</li><li>▪ Experience in recruiting and hiring.</li><li>▪ Ability to plan and organize.</li></ul>	<ul style="list-style-type: none"><li>▪ Supervise other staff members.</li><li>▪ Conduct employee performance reviews.</li><li>▪ Assist in the hiring and training of new employees.</li><li>▪ Keep track of the inventories.</li><li>▪ Schedule meetings</li></ul>
Accountant	<ul style="list-style-type: none"><li>▪ Degree Holder in Accountancy.</li><li>▪ Has a three years working experience as an accountant.</li><li>▪ Good communication skills, trustworthy and God fearing.</li></ul>	<ul style="list-style-type: none"><li>▪ Publish the financial statement on time.</li><li>▪ Compute taxes and prepare tax returns.</li><li>▪ Managing the payroll.</li><li>▪ Prepare budget forecasts.</li><li>▪ Preparing and analysing financial statements.</li></ul>
<b>Title</b>	<b>Qualifications</b>	<b>Duties and Responsibilities.</b>

Head Chef	<ul style="list-style-type: none"> <li>▪ Degree Holder in Culinary Arts.</li> <li>▪ Has a four years working experience as a head chef.</li> <li>▪ Has strong passion for art and food design.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Creating and managing the cafes menu.</li> <li>▪ Overseeing Kitchen staff.</li> <li>▪ Ensuring food quality and safety.</li> </ul>
Cooks	<ul style="list-style-type: none"> <li>▪ Degree holder in Culinary Arts.</li> <li>▪ Three years working experience in a restaurant.</li> <li>▪ Strong cooking skills.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Preparing and cooking food.</li> <li>▪ Maintaining kitchen equipments.</li> <li>▪ Maintaining a clean and organized kitchen.</li> <li>▪ Ensuring food safety.</li> <li>▪ Collaborating with wait staff.</li> </ul>
Waiter/ress.	<ul style="list-style-type: none"> <li>▪ Holder of a Kenya Certificate Secondary Education.</li> <li>▪ Familiarity with POS system.</li> <li>▪ Three years working experience.</li> <li>▪ Fluent in English and Kiswahili.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Taking and processing orders.</li> <li>▪ Handling cash and credit transactions.</li> <li>▪ Serving Food and Beverages.</li> <li>▪ Ensuring excellent customer service.</li> <li>▪ Collaborating with cooks.</li> </ul>
Cleaners	<ul style="list-style-type: none"> <li>▪ Holder of a Kenya Certificate of Secondary Education</li> <li>▪ Fluent in English and Kiswahili.</li> <li>▪ Two years working Experience.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Cleaning table and chairs and floors.</li> <li>▪ Cleaning restrooms.</li> <li>▪ Cleaning offices.</li> <li>▪ Emptying trash.</li> </ul>
Security Man.	<ul style="list-style-type: none"> <li>▪ Holder of a Kenya Certificate of Secondary Education.</li> <li>▪ Speaks fluent English and Kiswahili.</li> <li>▪ Has a six years working experience.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Inspect and patrol the premises regularly.</li> <li>▪ Monitor Property entrance.</li> </ul>



### **3.4 Recruitment Training and Promotion**

#### **Recruitment**

Starcia Café will recruit its staff through the following method;

- i. The job will be advertised on online job boards, social media platforms and even on newspapers.
- ii. We will also encourage current employees to refer potential candidates for job vacancies.
- iii. After application duration is over the shortlisted candidates will be called for interviews
- iv. Applicants will be assessed on their experience, skills and personality fit for the café.
- v. Succeeding candidates on the interview will then be appointed in the business.

#### **Training**

After appointment letter has been issued the business will organize for training for the appointed candidates. Starcia café will provide the following training opportunities :

- i. On-the-job training: Our new employees will receive hands-on training from experienced staff members, including training on coffee and food preparation, customer service, and cash handling.
- ii. Ongoing training: We will offer ongoing training to our employees to keep them updated on the latest industry trends and best practices. This training may be provided through in-person sessions, online courses, and external workshops.
- iii. Cross-training: We will encourage our employees to cross-train in different roles, to ensure they have a well-rounded skill set and can fill in for each other when necessary.

#### **Promotion**

To motivate our staff and increase employees performance Starcia café will engage in promoting and rewarding our top performing employees. To support this we will implement the following promotion strategies:

- i. Performance-based promotions: We will track our employees' performance and promote those who consistently meet or exceed expectations.
- ii. Opportunities for advancement: We will provide opportunities for our employees to advance to higher-level positions, such as shift manager, as they gain experience and demonstrate leadership potential.
- iii. Recognition and rewards: We will recognize our top-performing employees through various reward programs, such as employee of the month and performance-based bonuses.

### **3.5 REMUNARATION AND INCENTIVES**

All employees will be paid on a monthly basis based on their job position and level of experience. For the first three years as the business waits to pick up the remuneration guideline will take the form as indicated below and this will be increased by 50% after the business picks up.

Title	No of positions	Basic Salary	House Allowance	Transport Allowance	Total salary per month per person
Manager	1	50,000	10,000	1,000	61,000
Assistant manager	1	40,000	10,000	1,000	51,000
Accountant	1	35,000	10,000	1,000	46000
Head chef	1	30,000	10,000	1,000	41,000
Assistant cooks	5	25,000	10,000	1,000	36,000
Waiter/ress	5	20,000	10,000	1,000	31,000
Cleaners	3	15,000	10,000	1,000	26,000
Security man	1	10,000	10,000	1,000	21,000

#### **Incentives**

Starcia café will provide the following incentives for the employees:

- Bonus payment will be given to the employees during festive seasons.
- The staff will be allowed to keep any tips they receive from customers.
- Recognition and reward opportunities for the performing employees.
- The staff will also be provided lunch in the café
- Training and development opportunities.
- The staff will be provided with a one month leave.
- An off off three days.

### **3.6 LEGAL REQUIREMENTS**

For this business to start operating it must be registered and acquire licenses and permits from the respective department of government. The table below will summarize Stacia's Café legal requirements required to undertake.

License	Source	Cost	Status
Business Name Registration	Sheria House at Kenyatta Avenue 	1,000	Nonrenewable
Business Permit	Nairobi City Council	8,000	Renewable
Food and Health Permit	Nairobi City Council	7,000	Renewable

The business will also have to part with a tax of 30% monthly. Additionally, the business will also compile with the Kenya labor laws and regulations.

### **3.7 SUPPORT SERVICES**

#### **Insurance Services**

Kenya Orient Insurance Company will oversee the cafe's insurance services. They are located in Westlands Pamstech building, 3<sup>rd</sup> Floor Wood vale groove. The café will pay 20,000 monthly to secure their services.

The employees will also be registered to NHIF for their medical cover and NSFF for their basic financial security after retirement. The pay will be done monthly for them to secure the benefits.

#### **Electricity**

Electricity will be supplied by the Kenya Power and Lighting Company. The bill will be paid according to the amount of the electricity used through their pay bill 888880.

#### **Water**

The Nairobi City Council shall cater for the supply of water in the premises. This shall also be paid according to the water used through their pay bill 444400.

#### **Banking**

The business shall bank its money with Kenya Commercial Bank at Sarit Centre Mall Branch in Westlands. This will help secure the business money and earn some interest.

#### **Marketing and Advertising**

The business will use the services of Tabala Digitals Solutions Marketing agency who will help our business attract more customers also build our brand awareness.

## **CHAPTER FOUR OPERATIONAL/ PRODUCTION PLAN**

### **4.0 INTRODUCTION**

Starcia café production plan outlines our processes and procedures for creating and delivering high-quality food and beverages to customers. The production plan will include our menu planning, inventory management, staffing, café layout and standard operating procedures. The goal of the production plan is to ensure that the cafe runs efficiently and effectively, providing a high-quality experience for customers while also achieving the financial goals of the business.

### **4.1 PRODUCTION FACILITIES AND CAPACITY**

Starcia café will need to acquire several items which will assist in the running, operation, and production process of the business. In the table below all the facilities that are vital in the operation of a business have been summarized together with their costs and suppliers.

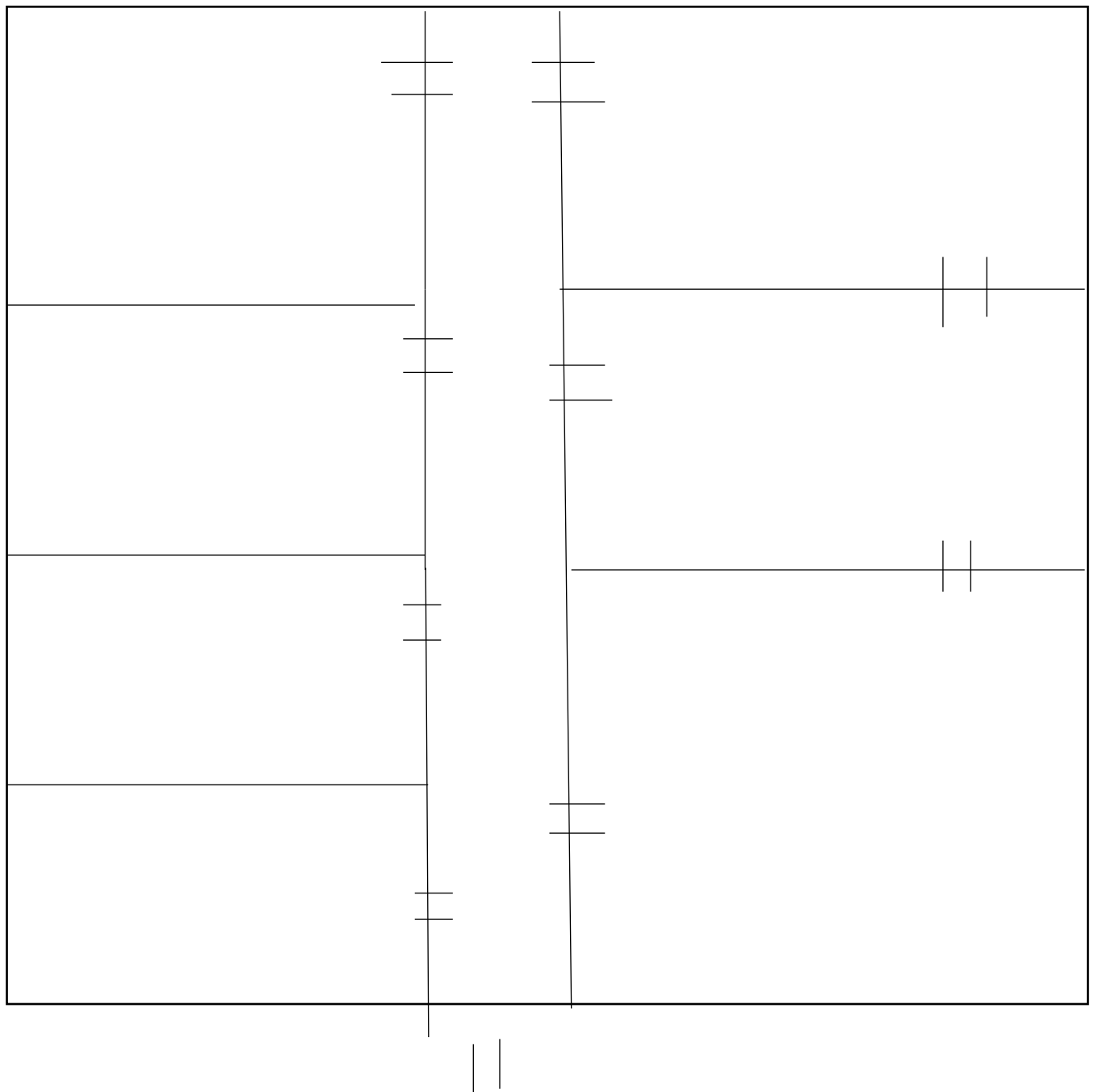
Item	Use	Quantity	Supplier	Cost per Unit (Kshs)	Total Cost (Kshs)
Espresso machine	Producing high quality espresso shots, and frothing milk for lattes and cappuccinos.	2	Innovia	45,000	90,000
Coffee grinder	Grind coffee beans for espresso shots	2	Innovia	5,000	10,000
Refrigerator	Store perishable food items	1	Ramtons	83,000	83,000
Oven and	Baking and	1	Ramtons	76,800	76,800

Stove	cooking menu items				
<b>Item</b>	<b>Use</b>	<b>Quantity</b>	<b>Supplier</b>	<b>Cost per unit (Kshs)</b>	<b>Total cost (Kshs)</b>
Blenders	Process fresh juice and milk shake	2	Armco	5,490	10,980
Food Processor	Kneading dough	2	Armco	13,995	27,990
Coffee cups with saucers	Serving coffee and coffee-based drinks	50 (6 pieces set)	Kilimall	3,000	150,000
Plates	Serving food	30 (12 pieces set)	Kilimall	2,000	60,000
Cutlery	Preparing, eating and serving food.	30 (24 pieces set)	Jumia	2,000	60,000
Compartment sink	Washing and sanitizing cutlery.	3	Amazon	15,000	45,000
Hand washing sink	For customers to wash their hands.	3	Amazon	10,000	30,000
Chairs and Tables	Provide comfortable seating for customers.	5 (4-seater wooden dinning)	Kilimall	22,000	220,000
		10 (2-seater wooden dining)	Kilimall	11,000	110,000
Total cost					<u><b>973,770</b></u>

#### 4.11 OTHER EQUIPMENTS AND MATERIALS

<u>Item</u>	<u>Use</u>	<u>Quantity</u>	<u>Supplier</u>	<u>Cost per unit (Kshs)</u>	<u>Total Cost (Kshs)</u>
Computer	To manage inventory To handle accounting Manage working schedules	4	Lenovo	36,000	144,000
Phone line	Converse with suppliers Converse with customers	2	Telecom	3,000	6,000
Buckets and mops	Clean hard floors	5	Naivas supermarket	3250	16,250
Serviette	Protect clothes. Wipe mouth while eating. To dry hands	100	Naivas supermarket	125	12,500
<b>Total cost</b>					<b><u>326,750</u></b>

#### 4.12 PLANT LAYOUT



#### **Key**

##### A – Serving area

This is where customers will be provided with a comfortable and welcoming environment to enjoy food and drinks.

##### B- Restrooms

To provide safe and sanitary place for customers and staff to use bathroom facilities

#### C- Kitchen

Where food and beverage preparation will take place.

#### D- Storage area

Where food, beverages, supplies and equipment's will be stored.

#### E- Accountants Office

Where the accountant will conduct his bookkeeping and accounting, budgeting, and forecasting, tax preparation and compliance, financial analysis, and reporting.

#### F- Assistant managers

The office will provide a quiet place for the assistant manager to hold meetings, plan, and organize staff, schedules and events, conduct training sessions with staff and communicate with staff, suppliers and customers.

#### E- Owner's office

Owners' office provides a private a quiet place where she can plan long term strategy of the business, manage financial aspects of the business, review and ensure compliance with all legal and regulatory requirements for the business, communicate with suppliers, staff and customers and brainstorm new ideas.

### **4.2 PRODUCTION STRATEGY**

The following methods of production will be adopted in our café to ensure efficiency, consistency, and quality.

- i. Batch Production: The café will use batch cooking for our baked products that is cakes, cookies, muffins, croissants, and breakfast pizza in order to reduce preparation time and ensuring consistency in taste and quality.
- ii. Made to order: Our time sensitive dishes such as omelets, pancakes and sandwiches will be prepared only when they are ordered by customers ensuring that the customers receive them while they are fresh and hot. The cafes cappuccino, latte, Americano and tea will also be made to order.
- iii. Using Automation: The café will incorporate automation machines such as coffee machines and oven for efficiency and consistency in production.
- iv. Standardized: Starcia café will create standardized recipes for all dishes in the menu ensuring consistency in taste and quality.
- v. Inventory management: On a daily basis we will also be tracking inventory levels of ingredients and supplies to ensure there always enough materials to produce goods.



- vi. Quality control checks: The café will conduct regular quality control checks to ensure that all products meet your standards for taste, appearance, and consistency. This will be done through taste tests, visual inspections, and monitoring equipment performance.
- vii. Cross-training: Starcia café will be involved in cross-training our employees to perform multiple tasks within the production process. This will be done to increase efficiency and flexibility in employees.

#### **4.21 MAINTAINACE SCHEDUELE**

Starcia café will implement the following maintenance schedule to ensure that all equipment and facilities in our cafe are properly maintained, reducing the risk of breakdowns and safety hazards while providing a clean and comfortable environment for our customers and employees.

Equipment and Facilities	Responsibility	Schedule
Espresso machine	Head chef	Daily cleaning and maintenance. Professional service after every one month.
Refrigerator	Head chef	Weekly cleaning and maintenance. Professional service after every six months.
Oven	Kitchen staff	Daily cleaning and maintenance. Professional service after every six months.
Blender	Kitchen staff	Daily cleaning and maintenance. Professional service after every year.
Food processor	Kitchen staff	Daily cleaning and maintenance. Professional service after every year.
Floors	Cleaning staff	Daily sweeping and moping. Deep cleaning on Saturday.
Bathrooms	Cleaning staff	Daily cleaning and restocking. Deep cleaning on Saturday
Windows	Cleaning staff	Weekly cleaning Saturday

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#### 4.22 MONTHLY COST OF RAW MATERIALS

Item	Sources	Quantity	Unit cost	Total cost
Coffee Beans	Sannex coffee	20kgs	500/= per kg	10,000
Tea leaves	James Finlay	10kgs	730/= per kg	7,300
Milk	Brookside	200litres	163/= per liter	32,600
Sugar	Kabras	20kgs	160 per Kg	3,200
Butter	Brookside	30kgs	500	15,000
Cocoa powder	Naivas Parklands	10kgs	480/= per kg	4,800
Chocolate chips and chunks	Carrefour	10kgs	428/= per 200 grams	21,400
Creams	Bio Foods	10litres	Assorted	22,000
Spices and herbs	Bizari spices	10kgs	Assorted	10,000
Fresh fruits and vegetables	ATF Greens limited	50kgs	Assorted	10,000
Eggs	Naivas Parklands	30 crates	570	17,100
Flour	Ajab	100kgs	200/ per 2kgs	10,000
Yeast	Naivas Parklands	5kgs	235/= per kg	1,175
Salt	Naivas Parklands	5kgs	34/= per kg	170
Baking powder	Naivas Parklands	5kgs	36/= per 100 grams	1,800
Ham	Farmers choice	Assorted	Assorted	20,000
Cheese	Bio Foods	Assorted	Assorted	15,750
Stationery	Naivas Parklands	Assorted	Assorted	1,000
Detergents	Naivas Parklands	Assorted	Assorted	2,000

Total cost raw materials				<u>205,295</u>
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#### 4.23 MONTHLY COST OF LABOUR

Title	No of positions	Basic Salary	House Allowance	Transport Allowance	Total salary per month per person	Total salary company incurs
Manager	1	50,000	10,000	1,000	61,000	61,000
Assistant manager	1	40,000	10,000	1,000	51,000	51,000
Accountant	1	35,000	10,000	1,000	46,000	46,000
Head chef	1	30,000	10,000	1,000	41,000	41,000
Assistant cooks	5	25,000	10,000	1,000	36,000	180,000
Waiter/ress	5	20,000	10,000	1,000	31,000	155,000
Cleaners	3	15,000	10,000	1,000	26,000	78,000
Security man	1	10,000	10,000	1,000	21,000	21,000
						<u>633,000</u>

#### 4.24 PRODUCTION OVERHEAD

Item	Amount
Rent	80,000
Electricity	30,000
Water	40,000

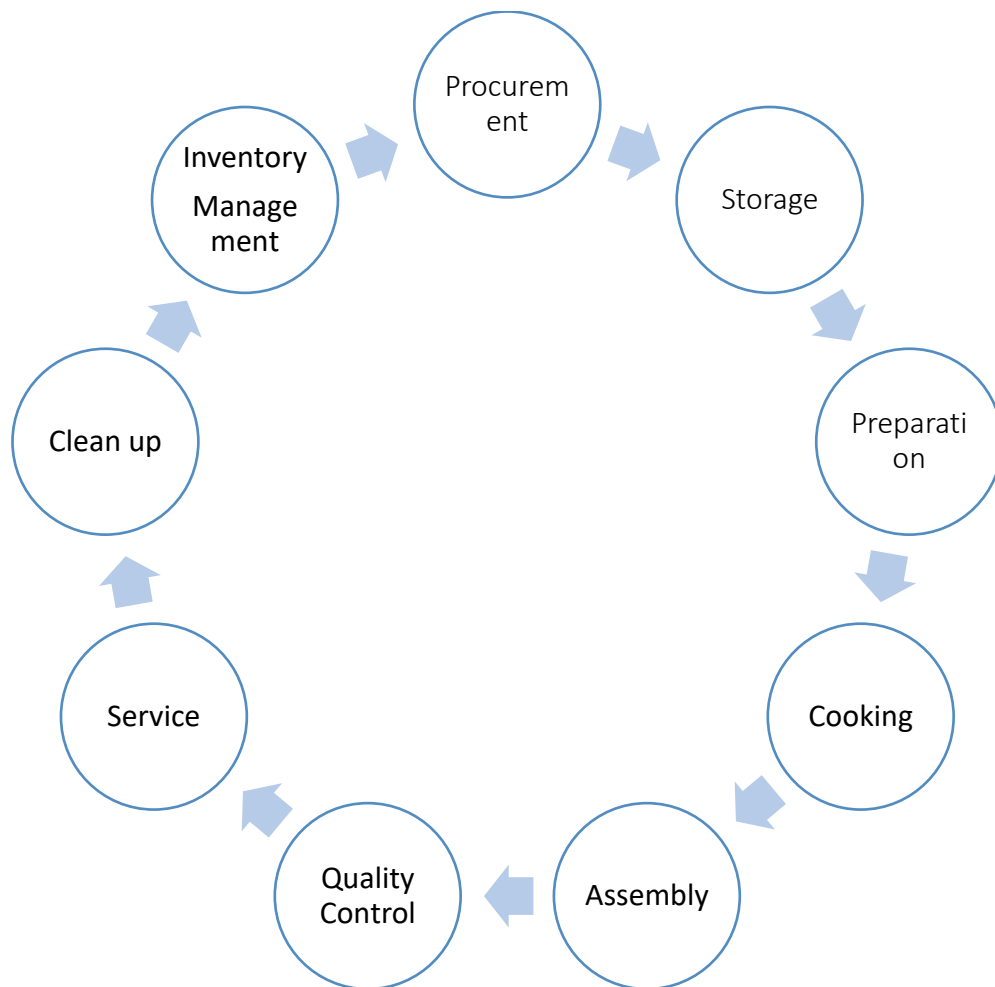
Telephone	6,000
Advertisement	10,000
Insurance	20,000
Equipment's maintenance	20,000
Total Overhead cost	<u>206,000</u>

#### 4.25 TOTAL COST OF PRODUCTION PER MONTH

<u>Item</u>	<u>Amount</u>
Cost of raw materials	205,295
Cost of labor	633,000
Overhead costs	206,000
Total cost of production	<u>1,044,295</u>

#### 4.3 PRODUCTION PROCESS

Starcia café will follow the following production process to ensure our café offers high quality menu items and excellent customer service.



**Figure 4: Production Process**

- i. Procurement: The head chef will source our coffee beans from a local supplier who specializes in sustainably sourced, high-quality beans. We will purchase our dairy products from a local farm that provides hormone-free, organic milk, and cream. We will source our bread and pastries from a local bakery that uses high-quality ingredients and bakes fresh daily.
- ii. Storage: The head chef will store our coffee beans in airtight containers in a cool, dry place. Our dairy products will be stored in a refrigerated unit at the proper temperature. Bread and pastries will be stored in a display case or refrigerated unit depending on the item.
- iii. Preparation: In the morning, the assistant cooks will grind fresh coffee beans and brew coffee to ensure the best flavor for each cup. They will also slice fresh vegetables and fruits for our salads and sandwiches. They will bake croissants, cakes, muffins, and cookies.
- iv. Cooking: As customers place their orders, the cooks will brew coffee or tea and prepare menu items such as breakfast sandwiches, salads, and sandwiches. Our kitchen staff will cook menu items to order to ensure that everything is fresh and hot.

- v. Assembly: After preparation and cooking the menu items will be assembled attractively and in a timely manner, ensuring that each item is presented beautifully and with care.
- vi. Quality Control: The head chef and cooks will conduct regular taste tests to ensure that each menu item meets our high standards for quality and flavor.
- vii. Service: The waiters and waitresses will provide friendly service to customers, making sure that each order is prepared correctly and delivered to the table with a smile. We will maintain a clean and comfortable atmosphere for our customers to enjoy their food and drinks.
- viii. Clean-up: After each use, the cleaning staff will clean and sanitize all equipment, utensils, and surfaces. They will dispose all waste properly and restock any depleted ingredients for the following day.
- ix. Inventory Management: The assistant manager will regularly review inventory levels to ensure that we have sufficient ingredients on hand to meet demand. We will adjust our procurement strategy accordingly to avoid running out of key ingredients and to ensure that everything we serve is of the highest quality.

#### **4.4 RULES AND REGULATIONS AFFECTING THE BUSINESS**

- a. Business Licensing: The cafe must obtain a business permit from the county government where it intends to operate.
- b. Health and Sanitation Regulations: The cafe must obtain a health certificate from the public health department, which is responsible for ensuring that the premises and equipment meet health and sanitation standards.
- c. Employment Laws: The cafe will comply with employment laws, such as minimum wage, overtime, and anti-discrimination laws.
- d. Food Safety Regulations: The cafe will comply with the food safety regulations, such as obtaining a food handler's certificate, ensuring proper handling, storage, and preparation of food items to prevent the risk of foodborne illness.
- e. Environmental Regulations: The cafe will comply with environmental regulations, such as waste disposal and recycling laws.

- f. Tax Regulations: The cafe will comply with all tax regulations.

## CHAPTER FIVE FINANCIAL PLAN

### 5.1 PREOPERATIONL COSTS

This statement shows the cost that will be incurred before the business starts operation.

Item	Amount (Kshs)
Registration fee	1,000
Business licenses and permits	15,000
Machines and Equipment's	712,270
Furniture and fittings	360,000
Connection of telephone bill	6,000
Water Installation	3,000

Electricity Installation	15,000
Rent deposit	80,000
Office Stationery	1,000
Total Pre-operational costs	<b><u>1,193,270</u></b>



## 5.2 WORKING CAPITAL REQUIREMENT

This is the cost to be met by the business during the day-to-day operations for the first three years of commencement.

The working capital will be calculated as follows

**Working Capital = Current Assets – Current Liabilities**

**Table 1: Estimated capital for the first three years**

ITEM	YEAR 1	YEAR 2	YEAR 3
<b><u>Current Assets</u></b>			
Stock	1,500,000	2,000,000	3,000,000
Debtors	-	-	-
Cash in hand	450,000	500,000	1,000,000
Cash at bank	15,000	30,000	50,000
<b>Total current Assets</b>	<b>1,965,000</b>	<b>2,530,000</b>	<b>4,050,000</b>
<b><u>Current Liabilities</u></b>			
Creditors	-	-	-
Bank overdraft	1,000,000	-	-
Unpaid expenses	-		
<b>Total current liabilities</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>
<b>Working Capital (ca – cl)</b>	<b>965,000</b>	<b>2,530,000</b>	<b>4,050,000</b>

5.3 STARCIA CAFÉ PROJECTED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 <sup>ST</sup> DECEMBER 2024													
Item	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
<b>Cash Inflows</b>													
Cash bal b/d	-	772,435	1,092,435	1,461,935	1,806,935	2,175,935	2,525,435	2,871,435	3,292,435	3,770,435	4,211,435	4,662,435	
Equity share	1,000,000	-	-	-	-	-	-	-	-	-	-	-	<u>1,000,000</u>
Bank loan	1,000,000	-	-	-	-	-	-	-	-	-	-	-	<u>1,000,000</u>
Cash sales	1,000,000	1,500,000	1,550,000	1,575,000	1,600,000	1,630,000	1,650,000	1,700,000	1,730,000	1,750,000	1,780,000	1,900,000	<u>19,365,000</u>
Debtors	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total cash inflows</b>	<b>3,000,000</b>	<b>2,272,435</b>	<b>2,642,435</b>	<b>3,036,935</b>	<b>3,406,935</b>	<b>3,805,935</b>	<b>4,175,435</b>	<b>4,571,435</b>	<b>5,022,435</b>	<b>5,520,435</b>	<b>5,991,435</b>	<b>6,562,435</b>	<u><b>50,008,285</b></u>
<b>Cash outflows</b>													
Purchases	205,295	250,000	250,000	300,000	300,000	350,000	375,000	350,000	320,000	380,000	400,000	400,000	<u>3,880,295</u>
Pre-operational costs	1,193,270	-	-	-	-	-	-	-	-	-	-	-	<u>1,193,270</u>
Loan payment	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	100,000	100,000	<u>1,000,000</u>
Rent	-	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	<u>960,000</u>
Water	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	<u>480,000</u>
Electricity	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	<u>360,000</u>
Telephone	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	<u>72,000</u>
Advertising	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	<u>240,000</u>
Wages and salaries	633,000	633,000	633,000	633,000	633,000	633,000	633,000	633,000	633,000	633,000	633,000	633,000	<u>7,596,000</u>
Maintenance	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	<u>240,000</u>
Insurance	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	<u>240,000</u>
Drawings	-	1,000	1,500	1,000	2,000	1,500	-	-	3,000	-	-	-	<u>10,000</u>
<b>Total cash outflow</b>	<u><b>2,227,565</b></u>	<u><b>1,180,000</b></u>	<u><b>1,180,500</b></u>	<u><b>1,230,000</b></u>	<u><b>1,231,000</b></u>	<u><b>1,280,500</b></u>	<u><b>1,304,000</b></u>	<u><b>1,279,000</b></u>	<u><b>1,252,000</b></u>	<u><b>1,309,000</b></u>	<u><b>1,329,000</b></u>	<u><b>1,329,000</b></u>	<u><b>16,131,565</b></u>
<b>Net cash balance</b>	<u><b>772,435</b></u>	<u><b>1,092,435</b></u>	<u><b>1,461,935</b></u>	<u><b>1,806,935</b></u>	<u><b>2,175,935</b></u>	<u><b>2,525,435</b></u>	<u><b>2,871,435</b></u>	<u><b>3,292,435</b></u>	<u><b>3,770,435</b></u>	<u><b>4,211,435</b></u>	<u><b>4,662,435</b></u>	<u><b>5,233,435</b></u>	<u><b>33,876,720</b></u>

**Table 2: Starcia Cafe projected cash Flow Statement for three years Ended 31st December 2024**

#### 5.4 PROFORMA INCOME STATEMENT AS AT 31<sup>ST</sup> DECEMBER 2024

Sales		19,365,000
Less cost of sales	3,880,295	
Gross profit		15,484,705
<b><u>Less expenses</u></b>		
Rent	960,000	
Water	480,000	
Licenses	16,000	
Electricity	360,000	
Telephone	72,000	
Advertising	240,000	
Insurances	240,000	
Salaries and wages	7,596,000	
Repair and maintenance	240,000	
Drawings	10,000	
Depreciation on machines and equipment's (10%* 712770)	71,277	
Depreciation on furniture and fittings (10%* 405,000)	40,500	
<b>Total expenses</b>		<u>10,325,777</u>
<b>Net profit before tax</b>		<b>4,270,705</b>
Less tax (30%)		3,097,733
<b>Net profit after tax</b>		<b><u>1,172,972</u></b>

### 5.5 PRO – FORMA BALANCE SHEET AS AT 31 DECEMBER 2024

<u>Fixed Assets</u>	<u>Cost</u>	<u>Depreciation</u>	<u>Net Book Value</u>
Machines and Equipment's	712,770	71,277	641,493
Furniture and fittings	405,000	40,500	364,500
<b>Total Fixed Assets</b>			<b>1,005,993</b>
<u>Current Assets</u>			
Stock	691,979		
Debtors	-		
Cash at bank	450,000		
Cash in hand	15,000		
<b>Total current Assets</b>			<u>1,156,979</u> <u><b>2,162,972</b></u>
<u>Financed by</u>			
Capital	2,000,000		
Net profit	1,172,972		
Less Drawings	(10,000)		3,162,972
<b>Less liabilities</b>			
Bank loan	1,000,000		<u>(1000,000)</u> <u><b>2,162,972</b></u>

Assumption

All machines, equipment's, furniture and fittings depreciate at 10%

#### i. Depreciation machine and equipment

$$712,770 \times 10\% = 71,277$$

**Net Book Value**

$$712,770 - 71,277$$

$$= 641,493$$

#### ii. Depreciation furniture and fittings

$$405,000 \times 10\% = 40,500$$

**Net book value**

$$405,000 - 40,500$$

$$= 364,500$$

## 5.6 CALCULATION IN BREAK EVEN POINT

ITEM	COST
<b><u>Fixed Cost</u></b>	
Salary and wages	7,596,000
Rent Deposit	960,000
Insurance	240,000
Loan Payment	1,000,000
Licenses	16,000
<b>Total Fixed cost</b>	<b>9,812,000</b>
<b><u>Variable Cost</u></b>	
Water	480,000
Telephone	72,000
Electricity	360,000
Advertising	240,000
Repair and Maintenance	240,000
<b>Total Variable cost</b>	<b>1,392,000</b>

- i. **Break Even Point** =  $\frac{\text{Total Fixed Cost}}{\text{Contribution per margin}}$
- ii. **Contribution margin** = **Total sales – Variable cost**  
= 19,365,000 – 1,392,000  
= 17,973,000
- iii. **Contribution margin %** =  $\frac{\text{Contribution margin}}{\text{Total sales}}$   
=  $\frac{17,973,000}{19,365,000}$   
= 92.8%
- iv. **BEP** =  $\frac{9,812,000}{92.8}$   
= 105,732

### 5.7 PROFITABILITY RATIO

- i. Gross profit =  $\frac{\text{Gross profit}}{\text{sales}}$   
=  $\frac{15,484,705}{19,365,000}$   
= 79.9%
- ii. Return on equity =  $\frac{\text{Net profit after tax}}{\text{Owners' contribution}}$   
=  $\frac{2,206,505}{1,000,000}$   
= 220.7%
- iii. Return on investment =  $\frac{\text{Net profit after tax}}{\text{Total investment}}$   
=  $\frac{2,206,505}{2,000,000}$   
= 110,3%

### 5.8 DESIRED FINANCING

Item	Amount
Pre- operational cost	1,193,270
Working capital	965,000
Fixed Asset	1,117,770
Contingency Funds	200,000
Total Desired Financing	3,476,040

### 5.9 PROPOSED CAPITALIZATION

Item	Amount
Bank Loan	1,000,000
Savings	1,000,000

Total Capitalization	2,000,000

## APPENDIX I: LOCATION MAP

