

THE TECHNICAL UNIVERSITY OF KENYA.

**THE FACULTY OF SOCIAL SCIENCE AND
TECHNOLOGY.**

SCHOOL OF CREATIVE ARTS AND MEDIA.

**DEPARTMENT: PRINTING AND MEDIA
TECHNOLOGY.**

REG NO: ACPE/ 03612P/2020

**WABOMBA PRECIOUS
BUSINESS PLAN FOR A PRINTING FIRM.**

DECLARATION STATEMENT

I hereby verify this plan is my own work and has not been presented before for award in diploma in printing technology.

Student name: Precious wabomba

Sign

Date

CERTIFICATION STATEMENT

This business plan has been forwarded for examination by the approval of my supervisor

Name: Bancy Ngwiri

Sign

Date

DEDICATION

I dedicate this project to my entire family and friends who have been a great support during my research period. I would also like to thank everyone who contributed to this project either directly or indirectly.

ACKNOWLEDGEMENT

First and foremost, I thank the Almighty God for enabling me write this project. I would like to express my special appreciation to my parents and the university; they have been responsive in providing necessary information for my business plan. I express my profound thanks to my supervisor Dr Bancy Ngwiri for guiding me through the process of writing my business plan, and to all those who have indirectly helped me in the preparation of this project.

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CHAPTER ONE

Business Description

1.1 Business Name

The business will take a unique name, **Marpat Printing Services**, and is therefore correct and accepted to be abbreviated as MPS.

1.2 Business Location/Address

Marpat Printing Services will be located at Nairobi CBD area, Bazaar Plaza, on the junction of Moi Avenue and Biashara Street.

Email address: preciouswabomba@gmail.com

This location is appropriate because of the following reasons:

- Fully established infrastructure that does not interfere with company activities that rely on infrastructure, such as transportation.
- A ready market of clients in the shape of institutions, organizations, corporations, urgencies, government offices, unions, and people.

1.3 Form of Business Ownership

Precious Wabomba (i)will be the only owner of Marpat Printing Services (MPS), and hence the firm will be a single proprietorship.

As far as MPS is concerned, a single proprietorship is by far the finest kind of company for the following primary reasons:

- It requires a limited/small capital to start operating
- It will be under full control of one person, and thereby easy to identify and solve the problems that may affects the operation of the business.

1.4 Type of ~~Business~~

The company will be entirely computer-based. As a result, design will be the primary goal of the company.

Graphic design, website development and design, graphics creation, and sound and video

editing are all examples of goods and services.

The company is in the early stages of development and will begin operations in January 2023.

The main reason I want to start the firm in January 2023 is to guarantee that all other preparations, such as raw materials, money, and the location of the business, are ready between now and 2023.

1.5 Products And Services

The table below gives the details of all the products and services that MPS will operate in. it shows, product forms, product types, products lines and targeted markets.

Table 1 Products and services Table

Product form	Product type	Product lines	Targeted market
Graphics designing	Identity logos	Branding, designing and creating of logos	New upcoming institutions, organizations e.g. schools, hospitals, businesses.
	Publications	Magazine, newspapers and books	Existing institutions, organizations, urgencies and individuals who want to express their products and services to the public.
	Adverts	Artworks, posters, flyers, news letters	Individuals, organizations, institutions, businesses who want to post an event or advert.
	Cards	Event cards, staff cards, business cards, invitation cards	Individuals, event planners, institutions, organizations

1.6 Industry

This business is classified as belonging to the printing industry.

Kenya offers investment opportunities in the printing sector. Kenya has the following conditions which favor businesses in this industry.

- Availability of a well-trained labor force
- Diversified experience
- Access to the region market
- Investor friendly arrangements
- Investment insurance

1.7 Goals of the Business

Marpat Printing Services has the following goals that are required to be achieved as from the start of the business.

Short term goals:

- To promote the company to all local businesses, institutions, and organizations.
- To serve a daily average of fifty customers
- To serve a daily average of fifty customers
- To advertise the company in other locations.
- To have a website that refers consumers to the company and provides a list of the items and services supplied by the firm.

Long term goals:

- To extend the company and establish two branches in certain places
- To engage at least seven personnel to facilitate the operation and management of the company.
- To be the most well-known design firm in the nation based on clientele.
- To transition physical goods and service sales to internet sales.

1.8 Justification of Opportunity

Several social and economic changes in the region necessitate this business.

The following local developments prompted the necessity for this business:

- Future companies in town will require MPS's specialized materials to offer their products and services.
- As new enterprises arise and the public needs to find them fast, MPS designs and develops websites for easy location and directory.

- Weddings, meetings, trainings, seminars, exhibits, concerts, orientations, school intakes, and product launch events will all need a message to alert the public or social users on the date and place of these events, which MPS acknowledges will inform the public.

Marpat Printing Services offers promotional options for emerging enterprises, including posters, flyers, business cards, and websites.

1.9 Entry And Growth Strategy

Entry strategy

Marpat Printing Services will increase market awareness.

A thorough marketing plan is needed to ensure the company selects its planned path at the right time.

The company's market entry approach will be:

- Churches, meetings, and conferences employ PA systems. This tells the public the company' name, kind, location, and products and services.
- A marketing strategy will be needed, using several media. Adoption of posters in town's parks, schools, and streets, usage and distribution of fliers, and free T-shirts and capes with corporate details.
- The company will use music to attract young people.

Growth strategy

The following are the major areas that Marpat Printing Services will strategize to ensure that there is growth in the business:

- Market development plan - The first location would be on Moi Avenue in Nairobi to attract more customers.
- Market development plan - the firm will lend products and services to customers so they keep in touch and expand.
- Diversification approach - The firm will supply blank DVDs and CDs, printing supplies, office stationery, printing, photocopying, typing, laminating, scanning, and envelopes.

CHAPTER TWO

Marketing Plan

2.1 Potential Customers

Marpat Printing Services will serve three main sorts of clients, providing it the flexibility to adjust if other categories change.

Individual customers

Individual consumers acquire items and services for personal consumption. Event, company, personnel, and invitation cards.

Commercial customers

Commercial clients should seek to benefit from Marpat Printing Services' goods and services. This includes purchasing periodicals, magazines, books, photographs, and artworks.

Institutional customers

This particular category of customers will only be acquiring products and services from Marpat Printing Services for use by institutions. They include:

Schools, hospitals, colleges, training institutions and universities that may need staff cards, business cards, newsletters, books, posters, fliers and identity logos.

2.2 Market Share

Table Business market share

Segment	Total Population	Total Target Population	Computation	Market Share	Market Share in Degrees
Individual customers	1,000,000	15,000	$(15,000/1,000,000)*100$	1.5%	5.4°
Commercial customers	25,000	1,000	$(1,000/25,000)*100$	4%	14.4°

Institutional customers	9,000	500	$(500/9,000)*100$	5.5%	19.8°
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2.3 Competition

Within the location, there are many established competitors under the field of computer designs. The following are the major competitors in the location:

- Xpressive Design & Advertising

Xpressive Design & Advertising is a single proprietorship based at Avenue House, 4th floor, Kenyatta Avenue, Nairobi, Kenya. They primarily focus on graphic design, and advertising.

- Sokoletu Creative Limited

This company is located in 4th Avenue Market, 4th Avenue / Magadi Road, OngataRongai, Kenya; it mainly specializes with graphics designs.

- Onpoint IT Solutions International

It is located in Ragati Rd, NHIF Building 1st Floor, and Nairobi, Kenya and specializes in graphics.

Table 3 below gives the analysis of the major competitors in the location where MPS will be located.

Table 2 Competitor analysis

Competitor	Location	Strength	Weakness
Xpressive Design & Advertising	Avenue House, 4th floor, Kenyatta Avenue, Nairobi, Kenya	Strategic location Well advertised	Small number of staff Lacks modern technology
Sokoletu Creative Limited	4th Avenue Market, 4th Avenue / Magadi Road, OngataRongai, Kenya	Good location and well marketed/promoted	Personnel are not competent
Onpoint IT Solutions International	Ragati Rd, NHIF Building Flr, 1st Nairobi, Kenya	Well marketed Diversified activities	Location not well planned

Strategies to overcome competitions

Marpat Printing Services will employ the following techniques to cope and overcome the competition by other related businesses.

- Opening branches in other locations to capture more customers
- Using of modern technology
- Extending closing hours
- Employing highly skilled staff
- Strategic location where all customers can access the business services
- Offering mobile services to customers

2.4 Advertising and promotion strategy

The business being new in the market, there is a need of applying much of advertising strategies, as well as promoting the name of the business to be famous in the market.

Methods of Promotion

Marpat Printing Services will use numerous strategies to ensure the firm is well-known. Advertising will be the company's main means of marketing since it reaches the most individuals. Why should Marpat Printing prioritize promotion?

- To increase and maintain demand for products and services offered in MPS
- To increase and maintain the market share of MPS products and services
- To create or enhance a brand image

Methods of advertisement

This is the most typical way to promote a company's goods and services. Marpat Printing Services and its operations will be advertised using the following approaches and methods:

Marpat Printing Services will distribute printed material with the business's name, location, goods and services, and contact information.

- Print media- posters, brochures, flyers, magazines, newspapers, newsletters, yellow pages, and bulletins will be used.
- Electronic Media - MPS will also place ads and communicate through electronic media. The company will sell its goods and services using phone

calls, short messaging services, telemarketing, e-mail, social media (Facebook, Twitter), and online chat groups.

2.5 Pricing Strategy

The following are the major factors that will highly affects pricing in Marpat

Printing Services:

- Government policies - If government policies such as taxes and registration costs are excessive, then prices must be higher than usual to bring back fair profits to the firm.
- Requires - When the public demands more than the company can offer, the firm may modify to make more money by taking advantage of the increasing demand.

a) The supply of materials - If a firm has a lot of excess items, it may be pushed to lower prices to attract more consumers.

b) Manufacturing costs - When Marpat Printing Services' production costs are high, pricing should be raised to earn a profit.

c) Consumer characteristics – The behavioral aspect in many consumers may be brought by many aspects such as geographical placement in the area and lifestyle of different groups of consumers, so the business will try to set its prices according to the characteristics of the different classes of users in the area.

MPS also acknowledges that customer characteristics vary by category, e.g. institutional consumer behavior is distinct from commercial and individual consumer behavior, causing pricing to change.

Methods of pricing

Given the above factors that will directly affects pricing in MPS, the business has come up with several methods of pricing. They include the following:

Demand oriented pricingstrategy

Demand determines product prices. When a product's demand is strong, a firm will alter its price to capitalize on it, but when demand is low, it will cut prices to entice customers to purchase more.

Cost oriented pricing strategy

The firm records all the costs and expenditures a product incurs from raw material to final product, then adds the profit. These costs include transportation, bills, and paper. This includes pricing discrimination, in which the price of a product varies by client

category, e.g., the price of a newsletter varies for individual, commercial, and institutional consumers.

Consumer oriented pricing strategy

Given the preceding circumstances, table 4 presents an overview of all the goods and services Marpat Printing Services offers.

Table 3: Products and Services prizes

Product/Service	Product/Service Type	Market	Price
graphics	Staff card	Employees in organizations and institutions	25
	Business Card	Professionals e.g. directors, managers, accountants etc.	15
	Flyers	Institutions, event holders, organizations and businesses	20
	Posters	Institutions, event holders, organizations and businesses	120
	Brochures	Institutions, event holders, organizations and businesses	350
	Newsletters, magazines, books	Institutions, event holders, organizations and businesses	900 - 8000

	Identity logos	Institutions, organizations and businesses	2,500
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2.6 Sales Tactics

Customers who purchase enough from the firm will get discounts. When a client needs business cards, Marpat Printing Services will provide them 30 additional copies to encourage them to return if the need arises again or if they have another requirement.

Customers are given complimentary gifts with purchases so they would recommend additional customers and return for more goods and services.

T-shirts, pencils, hats, calendars, booklets, and photos will all bear MPS's information.

MPS will give mobile services to consumers who can't visit the location to incorporate them in sales strategies.

2.7 Distribution Strategy

Services like attaching passport-sized pictures to personnel cards will be done on-site.

MPS will use zero-level distribution since all significant goods and services originate from the company.

MPS is a designing company, therefore each consumer travels directly to the place, chooses a product or service, and then receives it as agreed.

Mode of transport

Marpat Printing Services will carry items so clients may conveniently get them. "Bodaboda" and Taxis are trustworthy near the business site. This will serve all categories of customers, i.e.

- Individual customers
- Commercial customers and
- Institutional customers.

Distribution Challenges

The following challenges are expected as a result of distribution of products to the

market (customers):

- Deterioration of the paper-based materials in case of harsh weather conditions like rains.
- Misplacement of small-sized designed materials
- Failure of customers to respond on time to the distributed products, they may end up being obsolete

Strategies to overcome distributions challenges

MPS will take the following steps to guarantee that distribution difficulties are appropriately handled and won't impair company operations:

- Sealing ready-to-market items to prevent environmental variables from affecting their look and format.
- Keeping little cards and other items in their caskets to minimize loss.
- To cope with outmoded MPS, only distribute items when needed and in demand.

CHAPTER THREE

Organization and Management Plan

3.1 Business Manager and Qualifications

The business will be headed by the manager entitled, Operations Manager who is the sole proprietor of this business currently holding a diploma in technology (printing), by the name Precious wabomba.

Responsibilities of the operations manager:

The manager will be in charge of the following:

- Offering supervisory responsibility to all other staff
- Acting as a link between the business and other related businesses of the same type in the area.
- Approving decisions proposed by other members
- Ensuring quality service is rendered to all customers as well as the staff.

3.2 Other Personnel, Their Duties and Qualifications

Accountant

Duties of an accountant

Generating and carrying out monthly financial reports of the business

Organizing financial plans in the business

Keeping and managing of accounts for every product, asset, liability or service in the business.

Qualifications of an accountant

- Any CPA certification
- Proficiency in computer operations
- KCSE certificate with an average of C+
- Certificate of good conduct

Cashier

Duties and responsibilities of a cashier

- Organizing for payments of all other staffs and personnel in the business

- Issuing receipts and receiving cash and cheques upon any transaction made in the business.
- Organizing and paying bills and the rent of the business
- Keeping records of each transaction made in the business in a database.
- Reporting financial procedures to the accountant for bookings.
- Sales records and sales managing

Computer designers

Duties

- Receiving and recording while also executing customers requests
- Website designing upon a request by customers
- Graphics designs in regard to customers preferences
- Delivering finished materials, products and services to the respective customers

Support staff

Duties

- Clean the office
- Prepare tea for the

3.3 Recruitment, Training and Promotion

Recruitment

Marpat Printing Services will recruit the staff and the personnel of the business through the following methods:

- The job title will be advertised through posters and online
- The selection of the candidates who will proceed for interviews will then take place after the application duration is over.
- The shortlisted candidates will be call for interviews
- Succeeding candidates in the interviews will be appointed in the business.

Training

- Workshops — employees will get a three-day session on business reporting. This training will increase communication, performance, and relationships.
- Coaching - The firm will train its employees to ensure they do the right thing and give the greatest product to consumers. This will boost their departmental efficiency.

Promotion

Promotions are recognized to boost employee performance and corporate productivity. Marpat Printing Services will promote other divisions. When the company takes up, the following promotional approaches and methods will be used to inspire the personnel.

Some employees will be given senior titles to encourage and boost their performance.

Due to limited manpower, MPS will expand and attract additional workers as the company grows, promoting current staff to supervisors and senior supervisors.

3.4 Licenses, Permits and By-laws

This company must be registered and get licenses and permissions to operate. The table below describes Marpat Printing Services' licenses, permissions, and bylaws.

Table. 4 Licenses, Permits and By-laws

License	source	cost	status
Business Name Search	Registrar of companies, Sheria house	900	Not renewable
Business permit	City council	7,000	Renewable, annualy
KRA registration	Kenya Revenue Authority	3,200	Not renewable

3.5 Support Services

Marpat Printing Services will use outside services to improve its own. Here are Marpat Printing Services' service providers and what they'll do.

Bank

MPS will use banks to bank cash, checks, forward funds to other accounts, pay employees and commodities, and save cash for future projects.

Insurance

In case of accidents and crises, insurance providers will cover the firm.

National Hospital Insurance Funds will cover personnel in case of sickness.

When all members are enrolled with NHIF, their medical expenditures are covered.

Telecommunications

Telecommunications firms will visit businesses to improve departmental communication.

MPS will use communication service providers.

CHAPTER FOUR

Operational/Production Plan

Marpat Printing Services has to buy numerous goods for operation and manufacturing.

In the table below, all of the business's critical facilities, their costs, and their suppliers are listed.

4.1 Production Facilities and Capacity

Table 5

FACILITY	CAPACITY (Level of output)	QUANTITY	COST/UNIT	TOTAL COST	SOURCE/SUPPLIER
Machines					
Computers (complete)	4.1 channel	4	16,000	64,000	Conrad Kenya Services
Printers	550-sheet	2	12,000	24,000	Copier Force (K) Ltd
Laminating machine	80g:20sheets	1	9,500	9,500	Copier Force (K) Ltd
Binding Machine	700 sheets	1	11,800	11,800	Conrad Kenya Services
Scanner	2 Sheet-feed	1	7,000	28,000	Conrad Kenya Services
SUB-TOTAL				137,300	
Tools/Equipments					
Paper cutter	A4/A3	1	4,000	4,000	Conrad Kenya Services
Software	Win	10	3,000	30,000	Conrad Kenya

	vista/xp/win7				Services
UPS	500VA	4	6,000	24,000	Conrad Kenya Services
Trash	20l	1	700	700	Afro Plastics (Kenya)
Digital camera	12 mega pixel	1	17,000	17,000	Conrad Kenya Services
blank DVDs	480 mb each	40packets	300	300	Conrad Kenya Services
backup drive	1 tera-byte	1	12,000	12,000	Conrad Kenya Services
Calculator	Scientific	1	1,000	1,000	Office Max
clear ruler	30cm	1	100	100	Office Max
phone line	Telcom enabled	5	3,000	15,000	Conrad Kenya Services
SUB-TOTAL				104,100	
Furniture and fittings					
Computer desk	3m*4m	5	6,000	30,000	CopyriteFurnitures Ltd
File Cabinets and Carts	5m	3	5,000	15,000	CopyriteFurnitures Ltd
Office chairs	1 seater	6	3,000	18,000	Victoria Furniture Ltd
Office sofa set	6m, leather	1	9,000	9,000	Victoria Furniture Ltd
Carpet	7m*8m	2	1,500	3,000	PVC Carpet Stall
SUB-TOTAL				75,000	

	GRAND TOTAL			316,400	
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The table above summarizes the machines, tools, equipment, furniture as well as fittings that would be required by the business to facilitate operation and production.

4.2 Production Strategy

Stated below are the operational cost in the business, i.e. monthly cost of raw materials, monthly cost of labor and monthly overheads costs.

a. Monthly cost of raw materials

The table (table 6) below summarizes the monthly cost of raw materials in the business.

Table showing Monthly cost of raw materials

Item	Amount (Kshs)
Pens	2,000
printing papers (all sizes)	12,000
Pencils	1,200
DVDs/CDs and envelopes	16,000
File folders	11,000
Envelopes	7,000
Fountain pens	3,000
Laminating porches	8,000
Paper glue	1,000
TOTAL COST OF MATERIALS	61,200

The above table gives the total cost of raw materials in one month which has been reflected as Kshs. 61,200.

b) Monthly cost of labor

Labor is also an expense in the business. The labor cost in one month in the business has been summarized in the below table (table 7).

Table 7. Monthly cost of labor

Job Title	Total Monthly Salary (Kshs)
-----------	-----------------------------

Manager	10,000
Accountant	9,000
Cashier	8,000
Graphic designer 1	7,000
Graphic designer 2	7,000
Support staff	6,000
TOTAL COST OF LABOR	47,000

The above table gives a summary of the total labor cost of the staff in the business as quoted earlier in chapter four of this plan, (3.4 Remuneration and incentives), which is 47,000.

b) Monthly overheads costs

It is noted that, there are indirect expenses which are required to operate and run the business and at the same time facilitate production and operation.

The table (table 8) below gives a summary of all these overheads expenses.

Table 8 Monthly overheads costs

Item	Amount (Kshs)
Rent	25,000
Electricity	2,000
Water	2,000
Telephone	2,000
Mail	1,000
Transport	3,000
Advertisement	10,000
Insurance	3,000
Loan payment	20,000
Interest on loan	5,000
Taxes	6,000
TOTAL OVERHEAD COSTS	79,000

Monthly overhead costs as presented in the above table is Kshs. 29,000 in maximum, but this is usually not fixed as electricity and water normally fluctuate according to the consumption.

b.Total cost of production per month

The below table 9 gives the total operation and production expenses shown in table 6,7 and 8 above

Table 9 Total costs of production per month

Item	Amount (Kshs)
Cost of materials	61,200
Cost of labor	47,000
Overheads costs	79,000
Total cost of production/operation	187,200

4.3 Production Process

Graphics production process

- 1.The Brief
- 2.Research
- 3.Visual Research
- 4.Sketching &Conceptualizing
- 5.Reflection
- 6.Positioning
- 7.Presentations
- 8.Celebration

1. The brief

First, gather consumer information via interviews or surveys. Here should be the design brief. We must first understand our consumers.

2.Research

Learning about the client's company comes after generating the design brief. Reading about the industry, its history, and rivals is part of research. External research if budget permits.

3. Visual Research

This is about visual style, not client business. We want a look, style, approach, or attitude, generally to attain a new period or style or to refresh oneself with what's new or successful. Specifically.

Compare similar logos. You find inspiration here.

4. Sketching and Ideation

Marpat Printing Services' designers must use their own text to develop graphic design ideas. design and research summary MPS designers utilize towels, sketchbooks, or computers for paper, although computers are discouraged and won't be prevalent in translation. Printer Marpat. Designers focus on a room's graphic and visual style while brainstorming, but occasionally they strive to express a deeper message or visual riddle.

5. Reflection

Breaks are as crucial as physics and design summaries. Graphic artists resign because it's easy to become lost in a creative rut and grow bored with a project. While designers slumber, their ideas mature. They brought energy, insight, and potential to Marpat Printing Services. This is a fantastic way to gather input.

6. Positioning

This is where designers choose to work, or they present themselves as entrepreneurs and receive orders according to the customer's requirements (i.e. they don't advise the client on the design of the design) (i.e., guide the client to a more suitable solution, as lawyers do). Designers at Marpat Printing Service pick their workflow.

7. Presentation

The designer should show his work here.

If it's hard to evaluate the client's likes, they might present several logo ideas or just a few. Another contentious issue.

Marpat Printing Service presents simply 1 or 2 great ideas for time management.

4.4 Regulations Affecting Operations

Operations in Marpat Printing Services can be affected in two major ways, either economic policy or legal changes.

Economic policy

Taxes impact business expenses. A rise in corporation tax (on corporate earnings) equals an increase in expenses. Businesses may pass on part of this tax in increased pricing, but it will damage their bottom line. Other company taxes include landfill tax and VAT (value added tax). VAT is passed on to consumers, but businesses must pay to administer the system.

Legal changes

The government of the day regularly changes laws in line with its political policies.

As a result, the business continually has to respond to changes in the legal framework.

Examples of legal changes include:

- The creation of a National Minimum Wage which has recently been extended to under-18.
- The requirement for businesses to cater for disabled people, by building ramps into offices, shops etc.
- Providing increasingly tighter protection for consumers to protect them against unscrupulous business practice.

CHAPTER FIVE

Financial Plan

5.1 Pre-Operational Costs

While preparing to start the actual activities in the business, there are cost which must be incurred in the business.

The pre-operational costs that are mandatory to the operation of the business are summarized in the table below (table 10):

Table 10 Pre-operational costs

ITEM	AMOUNT (Kshs)
Labor	47,000
3-month Rent	75,000
Machines	137,300
Tools and equipment	104,000
Furniture and fittings	75,000
Licenses, Permits and By-Laws	11,100
TOTAL PRE-OPERATIONAL COSTS	449,400

The above table signifies the total cost that the business will incur in preparation to start the operations in the business.

5.2 Working Capital Estimations

Marpat Printing Services will require some amount of cash in the normal circumstances of operations. Working capital is the different between the sum total of the current assets less the sum total of the current liabilities;

$$\text{Working Capital} = \text{Current assets} - \text{Current liabilities}$$

Item	Year 2023	Year 2024	Year 2025

	Amount (Kshs)	Amount (Kshs)	Amount (Kshs)
Current assets			
Cash at bank	600,000	620,000	650,000
Cash in hand	80,000	50,000	60,000
Stock	20,000	100,000	120,000
Debtors			
Total current assets	700,000	770,000	830,000
Fixed Assets			
Machines	137,000	110,000	100,000
Tools and equipments	104,000	35,000	20,000
Funitures and fittings	316,000	50,000	15,000
Total fixed assets	557,000	195,000	135,000
Total assets	1,257,000	965,000	965,000
Liabilities			
creditors	50,000	75,000	90,000
Bank loan	400,000	100,000	100,000
Friends contribution	200,000	100,000	100,000
Owners equity	300,000	100,000	100,000
Total liabilities	950,000	375,000	390,000

Table below shows a summary of working capital estimations in the company for three years from 2023 to 2025:

Table : Working Capital for the first three years

The assumption made is that all friends were willing and able to give their contribution in raising the working capital of the business as well as all assets are not prone to challenges such as theft and destruction.

The working capital for the first three years have been estimated as follows:

5.1.1 Year 2023: $700,000 - 650,000 = 50,000$

5.1.2 Year 2024: $770,000 - 275,000 = 495,000$

5.1.3 Year 2025: $830,000 - 290,000 = 540,000$

5.3 Projected Cash Flow Statements

Earlier in this document, we mentioned that getting a loan is one way to raise money to start this business. For this loan, payments are monthly. That is 20,000 per month for the first 15 months of operation.

Also, the monthly loan interest accrues at 1.67% of the total amount, making it 5,000 per month for 15 months.

Marpat Printing Services Projected Cash Flow Statement for the first three years of operation:

Table below Projected Cash Flow Statement for 2023

The following table shows the Projected Cash Flow Statement for 2023 . This includes loan repayments and interest. It is in progress and will last 15 months until its demolition in March 2023.

Paticulars	1	2	3	4	5	6	7	8	9	10	11	12	Total
Cash in Flow													
Opening balance or balance b/f		96,400	84,200	144,800	102,400	65,500	20,600	122,200	284,400	238,900	130,000	104,100	1,394,000
Owners equity	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	3,600,000
Bank loan	300,000	-	-	-	-	-	-	-	-	-	-	-	300,000
Cash sales	160,000	250,000	289,000	188,000	199,000	201,000	300,000	380,000	250,000	203,000	200,000	198,000	2,818,000
Debtors	3,000	35,000	51,000	50,000	60,000	45,000	88,000	85,000	50,000	70,000	65,000	80,000	682,000
Total cash in flow	763,000	681,400	724,200	682,800	661,400	611,500	708,600	887,200	884,800	811,900	695,500	682,100	8,794,400

Cash out flow													
Pre- operational cost	449,400	449,400	449,400	449,400	449,400	449,400	449,400	449,400	449,400	449,400	449,400	449,400	5,392,800
Purchases	61,200	20,000	10,000	11,000	21,000	15,000	13,000	20,000	35,000	45,000	10,000	15,000	276,200
Payment to creditors	30,000	10,000	3,000	1,000	5,000	10,000	9,000	10,000	30,000	46,000	11,000	17,000	182,000
Salaries and wages	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	564,000
Rent	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	300,000
Electricity	2,000	1,500	1,000	2,000	2,000	1,500	1,000	2,000	2,000	2,000	1,000	2,000	20,000
Water	2,000	1,000	1,000	1,000	1,500	2,000	2,000	2,000	2,000	2,000	1,000	1,000	18,500
Telephone	3,000	2,300	1,000	1,000	2,000	1,000	2,000	1,000	2,500	3,000	1,000	2,000	21,800
Transport	3,000	2,000	2,000	4,000	2,000	2,000	1,000	2,000	4,000	3,000	2,000	3,000	30,000
Advertisin g	10,000	5,000	6,000	5,000	7,000	4,000	3,000	10,000	15,000	25,000	10,000	13,000	113,000
Insurance	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
Loan payment	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000

Interest on loan	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
Taxes	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000
Total cash out	666,600	597,200	579,000	580,400	595,900	590,900	586,400	602,400	645,900	681,400	591,400	608,400	7,326,300
Net cash for the month	96,400	84,200	144,800	102,400	65,000	20,600	122,200	284,400	238,900	130,500	104,100	73,700	1,468,100

Table 15. Projected cash flow statement for the year 2024

Loan repayment and interest on loan ends on March this second year of operations.

Particulars	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Total
Cash in Flow													
Opening balance or balance b/f	1,468,100	1,423,100	1,231,900	1,254,900	1,172,900	1,136,900	1,268,900	1,618,900	2,059,900	2,454,900	2,743,900	3,060,700	20,895,000
Cash sales	80,000	76,000	90,000	30,000	100,000	200,000	400,000	450,000	400,000	500,000	512,800	410,100	3,248,800
Debtors	20,000	30,000	35,000	10,000	19,000	50,000	100,000	150,000	100,000	10,000	15,000	25,000	564,000
Total cash in flow	1,768,100	1,549,100	1,556,900	1,494,900	1,491,900	1,586,900	1,968,900	2,418,900	2,759,900	3,164,900	3,471,700	3,695,700	27,107,800
Cash out flow													
Pre-operational cost	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	1,800,000
Purchases	60,000	38,200	20,000	70,000	80,000	55,000	60,000	65,000	40,000	120,000	100,000	90,000	798,200
Payment to	20,000	17,000	15,000	10,000	35,000	25,000	50,000	55,000	25,000	60,000	70,000	80,000	462,000

creditors													
Salaries and wages	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	564,000
Rent	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	300,000
Electricity	2,000	1,000	2,000	2,000	2,000	2,000	2,000	2,000	1,000	2,000	2,000	2,000	22,000
Water	2,000	2,000	2,000	2,000	2,000	1,000	1,000	2,000	2,000	2,000	2,000	1,000	21,000
Telephone	2,000	1,000	3,000	2,000	2,000	1,000	2,000	1,000	2,000	1,000	2,000	3,000	22,000
Transport	3,000	2,000	4,000	5,000	3,000	3,000	4,000	3,000	4,000	5,000	4,000	5,000	45,000
Insurance	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
Loan payment	20,000	20,000	20,000										60,000
Interest on loan	5,000	5,000	5,000										15,000
Taxes	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000
Total cash out flow	345,000	317,200	302,000	322,000	355,000	318,000	350,000	395,000	305,000	421,000	411,000	412,000	4,217,200
Net cash for the month	1,423,100	1,231,900	1,254,900	1,172,900	1,136,900	1,268,900	1,618,900	2,059,900	2,454,900	2,743,900	3,060,700	3,283,700	22,890,600

Table 16. Projected Cash Flow for statement for the year 2025

Paticulars	Jan	Feb	Mar	April	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	total
Cash in flow													
Opening	22,890,60	22,340,60	21,723,60	21,070,60	20,422,60	19,773,60	19,136,60	18,540,60	17,963,60	17,384,60	16,813,60	16,061,60	211,231,60
balannce or	0	0	0	0	0	0	0	0	0	0	0	0	0
balance b/f													
Owners	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	600,000
equity													
Cash sales	45,000	60,000	100,000	115,000	121,000	135,000	180,000	208,000	220,000	230,000	261,000	270,000	615,000
Debtors	10,000	20,000	50,000	55,000	60,000	68,000	70,000	71,000	75,000	78,000	79,000	79,000	615,000
Total cash in	22,995,60	22,470,60	21,923,60	21,290,60	20,653,60	20,026,60	19,436,60	18,869,60	18,308,60	17,742,60	17,203,60	16,460,60	214,391,60
flow	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash out													
flow													
Pre-	300,3000	350,000	360,000	365,000	367,000	375,000	377,000	385,000	388,000	390,000	391,000	396,000	4,414,000
operational													

cost													
Purchases	100,000	120,000	180,000	183,000	186,000	186,000	187,000	187,000	189,000	189,000	295,000	395,000	2,399,000
Payment to creditors	150,000	160,000	190,000	192,000	193,000	197,000	198,000	201,000	203,000	205,000	309,000	310,000	2,508,000
Salaries and wages	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	564,000
Rent	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	300,000
Electricity	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
Water	2,000	1,000	2,000	2,000	2,000	2,000	1,000	1,000	1,000	1,000	2,000	2,000	19,000
Telephone	3,000	2,000	3,000	3,000	3,000	2,000	3,000	2,000	2,000	2,000	2,000	3,000	30,000
Transport	5,000	4,000	3,000	3,000	4,000	3,000	5,000	5,000	5,000	5,000	3,000	3,000	48,000
Advertiseme nt	10,000	25,000	39,000	35,000	40,000	40,000	40,000	40,000	51,000	52,000	55,000	57,000	475,000
Insurance	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
Taxes	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000
Total cash out	655,000	747,000	853,000	868,000	880,000	890,000	896,000	906,000	924,000	929,000	1,142,000	1,253,000	10,467,000
Net cash for the month	22,340,600	21,723,600	21,070,600	20,422,600	19,773,600	19,136,600	18,540,600	17,963,600	17,384,600	16,813,600	16,061,600	15,207,600	203,924,600

5.4 Pro-Forma Income Statement

Marpat Printing Services is not an existing business, it a proposed business, therefore the income statement is pro-forma and not a real profit and loss account.

Pro-forma income statements for Marpat Printing Services for the years ending 30th Dec 2023, 30th Dec 2023 and 30th Dec 2024:

Table. Pro-forma income statements

particulars	30th Dec 2023	30th Dec 2024	30th Dec 2025
Sales	8,794,400	27,107,800	214,391,600
Less cost of sales	5,326,300	4,217,200	10,467,000
Gross profit	3,468,100	22,890,600	203,924,600
Expenses			
Purchases	276,200	798,200	2,399,000
Payment to creditors	182,000		
Salaries and wages	564,000	564,000	564,000
Rent	300,000	300,000	300,000
Electricity	20,000	22,000	48,000
Water	18,500	21,000	19,000
Telephone	21,800	22,000	30,000
Transport	30,000	45,000	48,000
Advertising	113,000	-	475,000
Insurance	36,000	36,000	36,000
Loan repayment	240,000	60,000	-
Interest on loan	60,000	15,000	-
Taxes	72,000	72,000	72,000
Total expenses	1,932,200	1,955,200	3,991,000
Net profit	1,532,900	20,935,400	199,933,600

before tax			
Tax (30% of income)	459,870	6,280,620	59,980,080
Net profit after tax	1,073,030	14,654,780	139,935,520

The assumptions made is that the taxation rate is at 30% of the total income, the loan repayment is 20,000 each month for 15 months and the interest on loan is 1.67% of the total amount, equivalent to 5,000 every month for 15 months.

5.5 Pro-Forma Statements of Financial Positions

Marpat Printing Services is not an existing business, and therefore the balance sheet is termed as a pro-forma.

Table 18. Statement of financial position as at the beginning of year 1 to the end of year 2:

Assets	Start	End of year 1	End of year 2
Current assets			
Cash in bank	300,000	1,468,100	22,890,600
Cash at hand	300,000	50,000	40,000
s	61,200	60,000	120,000
Debtors	3,000	10,000	20,000
Total current assets	664,200	1, 588,100	23,070,600
Fixed assets			
Machines	137,000	110,000	100,000
Machine depreciation (20%)	27,400	22,000	20,000
Tools and equipments	104,000	35,000	20,000
Tools/equipments depreciation (10%)	10,400	3,500	2,000
Furniture and fittings	316,000	50,000	15,000
Furniture/fittings depreciation (20%)	63,200	10,000	3,000
Total fixed assets	656,600	210,500	160,000

Total assets	1,320,800	1,798,600	23,230,600
Liabilities			
Current liabilities			
Creditors	50,000	75,000	90,000
Friends contribution	200,000	100,000	100,000
Total current liabilities	250,000	175,000	190,000
Long-term liabilities			
Owner's equity	300,000	350,000	400,000
Bank loan	240,000	60,000	0
Retained earnings	60,000	15,000	0
Total long-term liabilities	600,000	425,000	400,000
Total liabilities and equity	850,000	600,000	590,000

Assumptions made is that the depreciation rate of machines is 20%, for tools and equipments is 10% and that of furniture and fittings is 20%.

5.6 Break-Even Point Calculation

Break-even point is a point where total costs (expenses) and total sales (revenue) are equal.

Break-even point can be described as a point where there is no net profit or loss.

Break-even point, BED = $\frac{\text{contribution margin}}{\text{contribution margin\%}}$

Fixed costs CM% = Contribution

Margin / Sales x 100

Table 19. Variable Costs

Item	Amount
Pre-operational costs	11,636,800
Purchases	3,473,400

Payment to creditors	3,152,000
Electricity	66,000
Water	58,500
Telephone	73,800
Transport	123,000
Advertisement	588,000
Interest on loan	75,000
Loan repayment	300,000
Total variable costs	19,546,000

Table 20. Fixed costs

Item	Amount
Salaries/Wages	1,692,000
Rent	900,000
Insurance	108,000
Taxes	216,000
Total fixed costs	2,916,000

$$CM = 4,961,000 - 19,546,000$$

$$= -14,585,000$$

$$CM\% = -14,585,000 / 4,961,000 \times 100$$

$$-294\%$$

$$BEP = CM / \text{Fixed Costs}$$

$$= -294 /$$

$$2,916,000$$

$$= + - 0.01\%$$

This break-even point tells that the business will sustain with profit margin of 0.01%

of the total sales and will also survive with loss not exceeding 0.01%.

5.7 Profitability Ratio

Having the net profit, gross profit, return on investment and return on equity, their ratio has been expressed in Marpat Printing Services:

a. Gross profit ratio

$$\text{GP ratio} = \text{Gross profit/sales} \times 100$$

$$\text{Year 2023: GP} = 3,468,100 / 8,794,400 \times 100$$

$$\text{GP} = 39.4\%$$

$$\text{Year 2024: GP} = 22,890,600 / 27,107,800 \times 100$$

$$\text{GP} = 84.4\%$$

$$\text{Year 2025: GP} = 203,924,600 / 214,391,600 \times 100$$

$$\text{GP} = 95.1\%$$

b. Net Profit ratio

$$\text{NP ratio} = \text{Net Profit before Tax} / \text{sales} \times 100$$

$$\text{Year 2023: NP} = 1,532,900 / 8,794,400 \times 100$$

$$\text{NP} = 17.4\%$$

$$\text{Year 2024} = 20,935,400 / 27,107,800 \times 100$$

$$\text{NP} = 77.2\%$$

$$\text{Year 2025: } 199,933,600 / 214,391,600 \times 100$$

$$\text{NP} = 93.2\%$$

c. Return on Equity

$$\text{Return on equity} = \text{Net Profit after Tax} / \text{Owners equity} \times$$

$$100 \text{ Year 2023: Return on Equity} = 1,073,030 / 300,000 \times 100$$

$$= 357.7\%$$

$$\text{Year 2024: Return on equity} = 14,654,780 / 3,600,000 \times 100$$

$$= 407.1\%$$

$$\text{Year 2025: Return on equity} = 139,935,520 / 14,654,780 \times 100$$

$$= 954.9\%$$

d. Return on Investment

$$\text{Return on Investment} = \text{Net Profit after tax} + \text{Interest} / \text{Total investment}$$

$$\text{Year 2023: Return on Investment} = 1,073,030 + 60,000 / 1,000,000 \\ = 1.1\%$$

$$\text{Year 2024: Return on Investment} = 14,654,780 = 15,000 / 1,000,00 \\ = 14.7\%$$

$$\text{Year 2025: Return on Investment} = 139,935,520 = 0 / 1,000,000 \\ = 139.9\%$$

5.2 DESIRED FINANCING

Desired financing shows the amount that the business should possess for investing, if everything worked as planned.

Table. Desired finances

Item	Amount (Kshs)
Pre-operational costs	11,606,800
Working capital	1,085,000
Contingency funds	1,000,000
Total Desired Financing	13,691,800

5.8 Proposed Capitalization

Proposed capitalization shows the total amount invested in the business as of the start of operations.

Table. Proposed capitalization

Source	Amount (Kshs)
Owners equity	300,000
Bank loan	300,000
Friends contribution	400,000
Total Investment	1,000,000