# DECLARATION

I declare that this project is my own original work and that it has never being presented to any institution or any other body it has being produced through my own efforts and the research based on the guideline given by my lecturer.

Name of student: Mwauara jonathan maingi

Signature: ………………….

Date: ……………………….

Supervisor`s name: Serah Kamau

Signature: …………………

Date: ……………………..

# DEDICATION

I wish to dedicate this business plan to my beloved father Mr. James Mugogo for the financial support he has given me and my supervisor Miss Sarah Kamau for the guidelines in writing of this business plan.

# ACKNOWLEDGEMENT

I am grateful for the advice, help and opinions that I received directly or indirectly from my classmates’ and want to thank my lecturer Sarah Kamau for the guidance in this business plan.

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# DEFINATION OF TERMS

MARKET: This is where there is the exchange of goods and services with currency.

COMPUTER: This is a device that transforms data into human readable information.

ACCESSORIES: These are peripheral devices that are connected to the computer system that include the input and output devices.

PRODUCT: This is a processed raw material that is sold to bring some profit to the seller.

COMPUTER INDUSTRY: This is a place where computer hardware parts and software are made and assembled.

CASH-FLOW: This is how money flows throughout the year it includes profits and the drawbacks that occurred during the sales in a certain year.

**EXECUTIVE SUMMARY**

##### BUSINESS DESCRIPTION

The proposed name of the business will be **MASHON’S COMPUTER PARTS AND**

**ACCESSORIES COMPANY**. It will be a start-up business which will be situated in KIAMBU .The business will be a form of sole proprietorship. It will be providing production services and good quality products. The main objective of the business is to provide affordable, quality and quantity to its customers for the satisfaction of their needs.

##### MARKETING PLAN

The business will be targeting the people living in KIAMBU and other customers who live outside KIAMBU. Promotions will be done to capture the market.

##### ORGANISATION PLAN

The business will be managed by skilled personnel. Proper remuneration and continuous training for employees will be done so that the employees produce good and quality work for customers. The sales man and the manager are the decision makers in the business

##### PRODUCTION PLAN

The facilities required in the operation of the business will be bought before the business starts. Production strategy will involve, monthly stock required and monthly overhead cost. Other items like gloves for handling sharp objects like screws will be bought for safety precautions.

##### FINANCIAL PLAN

The start-up capital that will be used in the business is ksh550,000which will be obtained through savings for side hustle, parents and friends. The amount will help the business to purchase the necessary resources and operate at a profit. Prudent financial management will be observed to enable the venture to grow in the business.

##### CHAPTER ONE: BUSINESS DESCRIPTION

# 1.1BUSINESS NAME

The name of the business is MASHON’S COMPUTER PARTS AND ACCESSORIES

**COMPANY**. The word MASHON’S came from our family linage and its well known. This shows that the business will have high quality products and good services that will attract the customers.

##### 1.2 BUSINESS LOCATION AND ADDRESS

MASHON’S COMPUTER PARTS AND ACCESSORIES COMPANY will be located in

**KIAMBU** county, **IKINU** ward. It is geographically located in **GITHUNGURI** town opposite Absa bank near the market. The place is near the road, is secure and there is availability of power and water supply plus many more support resources. For more information and transaction services contact the manager Miss Esther Wairimu0759234259 or rather the supervisor Mr. john mwaura 0728912626

Address

MASHON’S computer parts and Accessories Company,

P.O. BOX 601,

KIAMBU

**EMAIL: MASHON’Scomputerpartsandaccessories@gmail.com**

##### MAP

This shows the location of the business and the route one should use to get access to it.

Absa Bank

Equity Bank

Mashons computer parts and accessories

Shell petrol station

From limuru

From kiambu

##### 1.3 FORM OF OWNERSHIP

The type of the business will be a sole trader. The owner who will be completing his course will be equipped with various skills and knowledge towards growing the business. He also has passion towards the business. operations, quick making of decisions without disagreements with anyone, unsharable profits and full control of the business by the owner

.

##### 1.4 FORM OF BUSINESS

**MASHON’S COMPUTER PARTS AND ACCESSORIES COMPANY** will be a startup

kind of business. The business will commence its operations on January 14 2024. The business will provide the required computer parts and accessories.

##### 1.5 PRODUCT AND SERVICE

The business will provide the required materials to the local people and the outsiders such as computers, printers, scanners and many more. The products will be affordable and of high quality to attract the customers. The services offered will be great and very fast to encourage the customers to shop more and more often.

##### 1.6 JUSTIFICATION OF OPPORTUINITY

The startup of the business is due to the knowledge and managerial skills which I acquired in my study. The growth of the market and inadequate supply of products to the market will be helpful in the growth of the business. The availability of resources and raw materials has also facilitated the startup of the business.

##### 1.7 INDUSTRY

The sector deals in buying and selling of goods and services with the aim of making profit. It is divided into various sectors such as retailers and wholesalers. The industry is growing as the population increases leading to increase in consumption.

###### 1.7.1 CHARACTERISTICS OF THE INDUSTRY

The wholesaler has benefits from large volume of sales by offering discount prices and operating with low overhead improving the industry. They are large business enterprises with more than one employee. They also lead to the development of infrastructure as the government builds roads for the government officials to access those areas to collect revenue and also it has improved communication within the area of work.

##### 1.8 GOALS OF THE BUSINESS.

MASHON’S computer parts and accessories company as a sole proprietorship business and will have both long term and short term goals which will help in making the business profit Centre. Those goals will be achieved due to proper management of the business.

###### 1.8.2 Short term goals

* To capture 45% of the market by 2022.
* Train at least five employees yearly.
* Reduce cost of production by 4% after five months.
* Saving at least 33% of the profit earned per year.

##### 1.9 ENTRY AND GROWTH STRATEGY

The business will be pre-advertised for one month before opening of its operations. The mode of advertisement will be through the word of mouth, posters, church announcements, and help from the internet and bill boards. The growth strategy of the business will come up with some additional products, adding of more stock and working hours.

# CHAPTER TWO: MARKETING PLAN

The marketing plan is the phase of preparing a successful business plan. This phase is highly critical because it provides the basis for the variables in the organizational,financial plans.

##### 2.1 CUSTOMERS

The targeted potential customers are:

* Institutions.
* Government facilities
* Medical facilities
* Local residents.

###### 2.1.2 INSTITUTIONS

Due to our effective products and services, we will also attract the local high schools universities and colleges which have signed a tender with us to issue them with computer accessories. A good relation with these schools will improve the profit of the business. The most desired of payment will be either by cash or cheque or through M-pesa pay bill number 454334, account number will be 0703488686.

**2.1.0 GOVERNMENT FACILITIES**

These are the government facilities within Kiambu the DCI facilities needs computer accessories which my shop will have because they are potential buyers, who will buy in large quantities.

###### 2.1.1 MEDICAL FACILITIES

They include the health facilities eg hospitals which are near and even those which are far. Our marketing agencies ensure that they create a good relation trade wise hence acquire tenders even to companies from far. As they are potential buyers and who buy in bulk they are reliable in our business.

###### 2.1.0 LOCAL RESIDENTS

These are the local people living within KIAMBU. Their purchasing power is moderate thus requiring affordable and quality products. As people who have the right knowledge of the environment we also understand the status of the people hence we provide prices which are pocket friendly to our customers.

##### 2.2 MARKET SHARE

Due to the large population in the municipality, the business is likely to have90-150 customers a day. The volume of sales is likely to be Kshs.40,000-80,000 a day.

The business is expected to grasp a high proportion of the market share because of its growth strategies.

##### 2.3 COMPETITION

The business will be offering unique products that can hardly be seen in other retail shops. Before the start of the business the people will be aware of what the business entails, this will promote our business to minimize competition in the place of work. We will also provide free deliveries hence the customers will have no need to get their products they will be brought to their doors.

##### 2.4ADVERTISING AND PROMOTION

###### 2.4.0 ADVERTISING

Means used to advertise the business include; flashing neon signs, use of local media stations, offer of free samples and after sale services. The business will also be able to reach out to all the nearest schools in the area and give them good flashy deals in provision of the necessary goods and services. Churches and Supermarkets might also be large areas to go and carry out advertisements and promotions.

###### 2.4.1 PROMOTION

The business will promote the main customers by providing extra products for those who will buy goods worth Ksh` 100,000 and a 20% discount to all customers who buy goods worth 60,000.The price list will also be displayed at the door.

###### 2.4.2 THE PRICING STRATEGY

The pricing of the commodities will depend on the competitor price. When the competitor’s

prices are high, at MASHON’SCOMPUTER PARTS AND ACCESSORIES COMPANY,

it will be at fair prices. The economy will also have to be considered. When the economy status is fair the pricing will also be fair. The business may also use promotional pricing. In these methods some products are set at a fairly cheap price. It will use this pricing technique when competition is high.

##### 2.5 SALES TACTICS

The services of the business will not only be performed inside the premises but as it grows it will employ some distributors who will assist in outside marketing. Special offers and discounts will be provided in special days like public holidays. The business will retain its customers by establishing good relationship with them and providing high quality goods. The customers will enjoy the services and pay immediately unless otherwise stated. Discount will also be offered for some commodities in the business to promote other products. Credit will be given to honest and trustworthy customers.

###### 2.5.0 DISTRIBUTION STRATEGY

The services will be offered directly to customers. Free door to door delivery will be offered to customers who purchase bulk goods at a fair price. Purchases orders from customers will be received by distributors who will deliver the goods to them.

##### CHAPTER THREE: ORGANIZATON PLAN

The business will be in form of a Sole proprietorship. The manager will have aid from one of the employees. He will work in his respective area of allocation under supervision.

## 3.1 ORGANISATION STRUCTURE

The business line organization structures are shown below.

**FIGURE 2: ORGANISATION STRUCTURE**

Manager

Distributor

## 

## 3.2 PERSONNEL DUTIES AND QUALIFICATIONS

3.2.1 Manager The manager of MASHON’SCOMPUTER PARTS AND ACCESSORIES COMPANY,

will be the overseer of the company and He will undertake all the management work of the business. **Qualifications**

• Have a at least a certificate in Information Technology

Duties and responsibilities

* Handle recruitment and train employees
* Plan activities of the business and its functions
* Organize the business and ensure a good working condition for the employees
* Measuring of the current performance of business
* To prepare estimates and ensure that budgets are adhered to.
* Registering tenders
* Paying the other members of the staff

3.2.2 Distributor Qualifications

* Should be a holder of an ‘O’ certificate of education
* Should be a holder of a certificate in sales and marketing
* Should be above 25 years of age
* Should have a three-year experience in similar position in water industry

Duties

* Selling the product to prospective customers
* Planning and co-ordinating sales
* Liaise with the manager to decide on the capacities of production.

### 3.2.3 Sales officer

The person should have the following qualifications and perform the following duties.

**QUALIFICATIONS**

1. Holder of at least a diploma in sales and marketing.
2. Aged between 20-30 years.
3. Able to speak fluent in Local language, Swahili and English.
4. Should have good customer relationship.

**DUTIES**

* Serving customers in the business.
* Sending orders of goods required in the market.
* Ensuring that the products are always available

## 3.3 RECRUITMENT, TRAINING AND PROMOTION

### 3.3.1 RECRUITMENT

MASHON’S COMPUTER PARTS AND ACCESSORIES COMPANY will use

internal source of recruitment so as to reduce expenses of advertising for those jobs, recruitment meetings for selection and interviewing which is applicable to the external source of recruitment.

##### Process for recruitment

* Identification of the position. This will involve identifying the position required to be applied for after having a need to have an employee.
* Advertisement. This will involve advertising the posts in which are to be applied for, indicating their duties and responsibilities and also the qualifications that are required.
* our organization.
* Orientation. The new employee will be oriented. This process will involve the new employee where he/she will be introduced or be made aware of every process that takes place within the premises.

###### 3.3.2 TRAINING

This is where candidates or employees are given skills which are suitable to perform a particular task.

After recruitment the manager will conduct recruitment need assessment after 5 months. If he identifies the need to train his employees, as they may not have the right skills to the job.

The training will be either after work where the manager will take the initiative of training them to get the right skills according to the job working area. Also seminars will be conducted where experts will be invited to give knowledge to the employees.

###### 3.3.3 PROMOTION

This is pointing an employee to position of greater responsibility. Promotion will be based on merit i.e. employees experience, qualification and hardworking. Continuous employee’s appraisal will be considered. Duration of which one has worked will also earn one a promotion.

##### 3.4 REMUNERATIOIN AND INCENTIVES

###### 3.4.1 REMUNARATION

This means compensation for work done. This depends on the position of each employee as stated by the table below:-

TABLE 2: REMUNERATION TABLE

|  |  |  |  |
| --- | --- | --- | --- |
| Number | Job Group | Position | Monthly Salary |
| 1 | M | Manager | 12000 |
| 2 | S | Salesman | 7000 |
| 3 | D | Distributors | 5500 |
| TOTALS |  | 24500 | |

### 3.4.2 INCENTIVES

These are allowances and rewards given to an employee to bust their morale. In order for the employee to develop attitude and have morale of working they will be provided with the following:-

1. Off working days.
2. vacations.
3. Uniforms.
4. Tea break.
5. lunch

## 3.5 LICENCE AND PERMITS

The business will obtain various permits in order to perform its duties.

The license will include:-

1. BUSINESS NAME REGISTRATION ACT CAP 459.

This will contain the registration of the business name at the attorney general’s office at a fee of Kshs 1000.

1. LOCAL GOVERNMENT ACT CAP 367.

The business will obtain single business license permit of Kshs 1,500 due to its continuity from Nairobi County Council.

1. TRADING LICENCE ACT 297.

The business will obtain a free trading license from ministry of trade Nairobi branch.

## 3.6 SUPPORT STAFF AND SERVICES

**Banking services**

There are various services available that can support the proposed business in various ways; they can either be government or private institution.

**MASHON’S COMPUTER PARTS AND ACCESSORIES COMPANY** will open a current account with the Co-operative Bank – Kiambu Branch. The bank will assist the business in providing supporting services like loans and advisory services on financial matters which are likely to affect the business on the present time or in future.

**Postal services Postal address and phone numbers**

The proposed business which is **MASHON’S COMPUTER PARTS AND ACCESSORIES COMPANY** will open a post Office address which will bare its name at Kiambu Post Office. It will also have a land line office phone, this will facilitate communication between the firm and its suppliers and its potential customers.

**Insurance**

The proposed business will have insurance cover against the risk of death and theft of items. This will be obtained from Pan African Insurance Company. A premium of 2,000 per month will be paid to the company.

**Audit services**

The service of the auditor will help in the keeping of records so that they can be in a position to know whether the business is making a profit or not and know whether they can expand or not or it can support itself on its own

# CHAPTER FOUR: OPERATIONAL PLAN

## 4.1 PRODUCT, SEVICE DESIGN AND DEVELOPMENT

The business will offer the best quality services to the customers also it will have machines of high quality that will offer the best services of packaging and weighing of products. This will be done for both large scale and small scale purchasers. Stocks will be done according to the varying of prices it can either be weekly or monthly

## 4.1 PRODUCTION FACILITIES AND CAPACITY

Machines, equipment’s and tools assist in making work easier. In order for the business to achieve its objectives of the business, the following items will be required.

TABLE 3: PRODUCTION FACILITIES TABLE

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| NUMBER | ITEMS | QUANTITY | UNIT COST | TOTAL COST |
| 1 | Display charts | 2 | 300 | 600 |
| 2 | Calculator | 1 | 1400 | 1400 |
| 3 | Tables | 3 | 1300 | 4400 |
| 4 | Rotating chair | 1 | 1000 | 1000 |
| 5 | Shelves | 4 | 500 | 2000 |
| 6 | Printer | 2 | 3500 | 7000 |
| 7 | Barcode reader | 1 | 3000 | 3000 |

### 4.1.1 REPAIR AND MAINTAINANCE

Repair for equipment’s used in the business will be maintained properly in case of any damage or operation problems. Repair shall be done on a need basis.

### 4.2.1 OPERATIONAL STRATEGY

One time requirements materials to build the stall for the place of work

TABLE 4: OPERATION STRATEGY TABLE

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| NUMBER | ITEM | QUANTITY | UNIT | UNIT COST | TOTAL |
| 1 | Timber | 400 PIECES | 10 | 90000 | 90000 |
| 2 | Cement | 200 BAGS | 5 | 4000 | 20000 |
| 3 | Nails | 90 KGS | 50 | 1000 | 50000 |
| 4 | Iron sheets | 800 PIECES | 20 | 10000 | 200000 |
| 5 | Water pipes | 250 PIPES | 2 | 20000 | 40000 |
| TOTAL |  |  |  |  | 390000 |

### 4.2.2 MONTHLY LABOUR COST

This includes the salaries of the employees and the stakeholders

TABLE 5: MONTHLY LABOUR COST TABLE

|  |  |  |  |
| --- | --- | --- | --- |
| NUMBER | JOB GROUP | POSITION | MONTHLY  SALARY |
| 1 | M | MANAGER | 12000 |
| 2 | S | SALESMAN | 7000 |
| 3 | D | DISTRIBUTORS | 5500 |
| TOTAL | |  | 24500 |

### 4.2.3 MONTHLY OVERHEADS

This includes the payment of water and electricity bills

TABLE 6: MONTHLY OVERHEADS TABLE

|  |  |  |
| --- | --- | --- |
| NUMBER | ITEM | COST |
| 1 | Rent | 5000 |
| 2 | Water | 250 |
| 3 | Electricity | 1200 |
| 4 | Transport | 2500 |

### 4.2.4 MONTHLY COST OF PRODUCTION

The total amount of production will be by addition of all monthly cost i.e. monthly material requirements, monthly labour equipment and monthly overhead cost expenses.

1. One time requirement cost for building the stall Ksh390000
2. Monthly labour equipment cost Kshs20500 (c) Monthly overhead cost Kshs8950

Total Kshs 500400

## 4.3 PRODUCTION PROCESS

### 4.3.1 PLANNING THE REQUIRED ITEMS.

This is the first process which the manager and the employees discuss and list down the items that will be needed to operate the business. This will be done at the beginning of the week by identifying the items which have decreased in the business.

# A. SOURCING FOR THE ITEMS.

In this step, the items listed down will be ordered from the general distributor. The ordering will be done every Wednesday for the delivering to be done on Thursday every week.

### 4.3.2 FACTORS AFFECTING PRODUCTION

The following are factors affecting production in the business negatively. They can be internal or external factors:-

#### 4.3.2.1 POOR MANAGEMENT.

This is an internal factor and it occurs workers do not manage time properly hence making the business to lose its customers.

#### 4.3.2.2 COMPETITION.

This is an external factor i.e. High market competition from other companies will drag the profit targets of the business down. We will also provide free deliveries hence the customers will have no need to get their products they will be brought to their doors.

#### 4.3.2.3 LEGAL FACTORS.

These are external factors where the government may introduce laws which may negatively affect the operations of the business.

### 4.3.3 HOW TO COUNTER FACTORS AFFECTING PRODUCTION

1. The manager should ensure proper and good management of the business.
2. Orders should be made at a reasonable manner so that items should be available at the store all the time.
3. The business should be ready for any legal rules and regulations arising in the business sector.

## 4.4 REGULATION AFFECTING THE BUSINESS

The following compliances are expected to affect the business operations.

* Employment act cap 226 this set up the terms of contract, services and provisions of regulations. Regulations of wages and conditions of employment.
* The N.S.S.F act cap 258. This will enable to contribute to payments of the employees benefits.
* Factories act cap 514 provisions for safety, health and welfare of persons employed

## 4.5 EQUIPMENTS

All the equipments will be bought from Sony electronics and the furniture to set up the business stall and will be from Samtec timbers limited that is known for the best furniture ever

# CHAPTER FIVE: FINANCIAL PLAN

## 5.1 PRE-OPERATIONAL COST

The table below shows the pre-operational cost of MASHON’SCOMPUTER PARTS AND ACCESSORIES COMPANY.

**TABLE 7: PRE-OPERATIONAL COST TABLE**

|  |  |  |
| --- | --- | --- |
| NUMBER | ITEM(S) | AMOUNT(KSHS) |
| 1 | ELECTRICITY | 1200 |
| 2 | LICENSE | 4000 |
| 3 | RENT | 1500 |
| 4 | WATER DEPOSIT | 250 |
| 5 | ADVERTISEMENT | 1500 |
| 6 | TRANSPORT | 2500 |
| 7 | CHAIRS | 350 |
| 8 | CALCULATORS | 1600 |
| 9 | TABLES | 1500 |
| 10 | BARCODE READER | 3000 |
| 11 | SHELVES | 2000 |
| 12 | PRINTERS | 6000 |
| TOTALS |  | 25400 |

## 5.2 WORKING CAPITAL

**TABLE 8: WORKING CAPITAL TABLE**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| NUMBER | ITEM | YEAR 1 | YEAR 2 | YEAR 3 |
| 1 | STOCK OF RAW  MATERIALS | 125000 | 146200 | 143512 |
| 2 | STOCK IN PROGRESS | 215000 | 200000 | 135200 |
| 3 | STOCK OF FINISHED  GOODS | 125600 | 154000 | 132200 |
| 4 | DEBTORS | 45100 | 125000 | 156400 |

# 5.3PROJECTED CASH-FLOW STATEMENT

### 5.3.1 PROJECTED CASHFLOW (YEAR A)

**TABLE 9: PROJECTED CASH FLOW (YEAR A) TABLE**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| RECEIPT | JAN | FEB | MARCH | APRIL | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | TOTAL |
| SALES | 15000 | 18000 | 22500 | 21000 | 24000 | 23300 | 30100 | 25400 | 24800 | 26000 | 27000 | 35000 | 292700 |
| CREDIT SALES |  | 15000 | 5000 |  |  | 1000 |  | 18000 | 2000 | 200 |  | 500 | 41700 |
| CAPITAL  INTRODUCED | 100000 |  |  |  |  |  |  | 10000 |  |  |  |  | 110000 |
| OTHER INCOMES |  |  |  | 2000 |  |  | 500 |  |  |  | 3500 |  | 6000 |
| TOTAL  INCOMES(A) | 115000 | 33000 | 27500 | 23000 | 24000 | 24300 | 30600 | 53400 | 26800 | 26200 | 30500 | 35500 | 395700 |
| PAYMENTS |  |  |  |  |  |  |  |  |  |  |  |  |  |
| COST OF GOODS | 26000 | 13000 | 15000 | 10000 | 12500 | 16000 | 15000 | 16500 | 18000 | 15400 | 14600 | 20000 | 192000 |
| PURCHASES | 26000 | 20000 | 15000 | 10000 | 15200 | 16000 | 25000 | 30000 | 16500 | 18000 | 15400 | 20000 | 227100 |
| RENT | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 24000 |
| SALARY | 5000 | 5000 | 5000 | 5000 | 5000 | 5000 | 5000 | 5000 | 5000 | 5000 | 5000 | 5000 | 60000 |
| ELECTRICITY | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 18000 |
| WATER | 500 | 500 | 500 | 500 | 200 | 200 | 200 | 150 | 200 | 400 | 200 | 350 | 3900 |
| CAPITAL  EXPENSE  PAYMENT | 55000 |  |  |  |  |  |  |  |  |  |  |  | 55000 |
| ADVERTISEMENT | 15000 |  |  |  |  |  |  |  |  |  |  | 2000 | 17000 |
| LICENSE | 5000 |  |  |  |  |  |  |  |  |  |  |  | 5000 |
| TOTAL  PAYMENTS(B) | 100000 | 21000 | 23000 | 18000 | 20200 | 23700 | 22700 | 24000 | 25900 | 23100 | 22300 | 27800 | 351700 |
| NET PROFIT | 15000 | 12000 | 4500 | 5000 | 3800 | 600 | 7900 | 29400 | 900 | 3100 | 8200 | 7700 | 98100 |
| BALANCE  BROUGHT  FORWARD | 15000 | 15000 | 27000 | 31500 | 36500 | 40300 | 40900 | 48800 | 78100 | 79100 | 82200 | 90400 | 584800 |
| NET BALANCE | 15000 | 27000 | 31500 | 36500 | 40900 | 48800 | 78100 | 79100 | 82200 | 90400 | 82200 | 98100 | 520800 |

### 5.3.2 PROJECTED CASHFLOW (YEAR B)

**TABLE 10: PROJECTED CASHFLOW (YEAR B) TABLE**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| RECEIPT | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | TOTAL |
| SALES | 25200 | 30300 | 32500 | 34500 | 36800 | 42016 | 43100 | 47430 | 45250 | 48600 | 51200 | 54235 | 492306 |
| CREDIT SALES |  |  |  |  |  |  | 2000 |  |  |  | 1500 |  | 3500 |
| CAPITAL  INTRODUCED | 5000 |  |  |  |  |  |  |  |  |  |  |  | 5000 |
| OTHER INCOMES |  |  | 3000 |  |  |  |  | 2500 |  |  |  |  | 5500 |
| TOTAL  RECEIPT(A) | 39400 | 31300 | 34675 | 39500 | 38300 | 46516 | 46100 | 53930 | 48200 | 53850 | 55200 | 69235 | 546256 |
| PAYMENTS |  |  |  |  |  |  |  |  |  |  |  |  |  |
| COST OF GOODS | 22420 | 18050 | 24005 | 27000 | 28000 | 29950 | 27200 | 36500 | 42256 | 34210 | 41500 | 59235 | 546156 |
| PURCHASES | 25000 | 15000 | 10000 | 30000 | 32000 | 35000 | 53250 | 30750 | 25770 | 26650 | 28920 | 59235 | 54156 |
| RENT | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 24000 |
| SALARIES | 5000 | 5000 | 5000 | 5000 | 5000 | 5000 | 5000 | 5000 | 5000 | 5000 | 5000 | 5000 | 60000 |
| ELECTRICITY | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 18000 |
| WATER | 500 | 500 | 550 | 550 | 600 | 300 | 550 | 350 | 350 | 400 | 450 | 500 | 9650 |
| CAPITAL  EXPENSE  PAYMENT | 50000 |  |  |  |  |  |  |  |  |  |  |  | 50000 |
| ADVERTISEMENT | 500 |  |  |  |  |  |  | 2000 |  |  |  | 2000 | 4500 |
| LICENSE | 5000 |  |  |  |  |  | 5000 |  |  |  |  |  | 10000 |
| TOTAL  EXPENDITURE(B) | 34320 | 25750 | 31705 | 35700 | 35800 | 35700 | 40200 | 38800 | 29000 | 50000 | 49300 | 59500 | 465775 |
| NET PROFIT(A-B) | 5080 | 5550 | 2970 | 3800 | 2500 | 10716 | 5900 | 15130 | 19250 | 3850 | 5900 | 9735 | 90381 |
| BALANCE  BROUGHT  FORWARD | 5080 | 5080 | 10630 | 13600 | 17400 | 19900 | 30616 | 36516 | 51646 | 24789 | 25174 | 25164 | 267381 |
| NET BALANCE | 5080 | 10630 | 13600 | 17400 | 19900 | 30616 | 36516 | 51646 | 24789 | 25764 | 26738 | 30616 | 297997 |

### 5.3.3 PROJECTED CASHFLOW (YEAR C)

**TABLE 11: PROJECTED CASHFLOW (YEAR C) TABLE**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| RECEIPTS | JAN | FEB | MARCH | APRIL | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | TOTAL |
| SALES | 52790 | 56212 | 61446 | 64050 | 69750 | 68850 | 66400 | 54200 | 52200 | 45000 | 65960 | 62150 | 719008 |
| CAPITAL  INTRODUCED | 15555 |  |  |  |  |  |  |  |  |  |  |  | 15555 |
| OTHER INCOMES |  | 2000 |  |  | 1500 |  |  |  | 2500 |  |  | 1000 | 7000 |
| TOTAL  RECEIPT(A) | 67925 | 60212 | 64946 | 66050 | 65700 | 74250 | 73850 | 68400 | 59200 | 56460 | 50500 | 64150 | 771643 |
| PURCHASES | 25000 | 19000 | 18520 | 30600 | 17650 | 26650 | 10560 | 15250 | 15000 | 17110 | 19250 | 26590 | 225930 |
| COST OF GOODS | 48625 | 46216 | 48200 | 50250 | 52415 | 42300 | 45200 | 36000 | 41200 | 35420 | 36214 | 43240 | 525280 |
| RENT | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 24000 |
| SALARIES | 5000 | 5000 | 5000 | 5000 | 5000 | 5000 | 5000 | 5000 | 5000 | 5000 | 5000 | 5000 | 60000 |
| WATER | 150 | 300 | 250 | 350 | 300 | 150 | 400 | 450 | 500 | 350 | 250 | 300 | 3750 |
| CAPITAL  EXPENDITURE |  |  | 10100 |  |  |  |  |  | 9900 |  |  |  | 20000 |
| ADVERTISEMENT |  |  |  | 2000 |  |  |  | 1500 |  |  |  |  | 3500 |
| LICENSE |  |  | 5000 |  |  |  |  |  | 2500 |  |  |  | 7500 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| TOTAL  EXPENDITURE(B) | 60600 | 59100 | 59000 | 60000 | 61100 | 62250 | 70100 | 60250 | 50900 | 50550 | 49000 | 50960 | 693810 |
| NET PROFIT(A-B) | 7325 | 1125 | 5946 | 6050 | 4600 | 9000 | 3750 | 8150 | 8300 | 5910 | 1500 | 13190 | 74846 |
| BALANCE  BROUGHT  FORWARD | 7325 | 7325 | 8450 | 143396 | 20446 | 25046 | 36046 | 37796 | 45946 | 54246 | 60156 | 61656 | 378834 |
| NEW BALANCE | 7325 | 8450 | 14396 | 20446 | 25046 | 36046 | 37796 | 45946 | 54246 | 60156 | 61656 | 74846 | 446355 |

## 5.4 PROFORMA INCOME STATEMENT

**TABLE 12: PROFORMA INCOME STATEMENT TABLE**

|  |  |  |  |
| --- | --- | --- | --- |
| PARTICULARS | YEAR A | YEAR B | YEAR C |
| SALES | 292700 | 492306 | 719008 |
| COST OF GOODS | 192000 | 369291 | 525280 |
| GROSS PROFIT(A) | 100700 | 123015 | 193728 |
| OPERATING  EXPENSES |  |  |  |
| SALARY | 60000 | 60000 | 60000 |
| RENT | 24000 | 24000 | 24000 |
| TRANSPORT | 6000 | 2000 | 1500 |
| ADVERTISEMENT | 17000 | 45000 | 3500 |
| CAPITAL EXPENSES | 100000 | 50000 | 20000 |
| ELECTRICITY | 18000 | 18000 | 18000 |
| LICENSE | 5000 | 10000 | 7500 |
| TOTAL  OVERHEAD(B) | 155700 | 99300 | 97900 |
| TRADING  PROFIT(C=A-B) | (55000) | 23750 | 95828 |
| PROVISION FOR  TAX 30% | (16500) | 7115 | 28748 |
| PROFIT AFTER TAX | (38500) | 16653 | 67080 |

## 5.6 BREAK EVEN ANALYSIS

1. GROSS PROFIT

SALES-TOTAL COST OF GOODS

=292700 -22,600

=270,100

1. GROSS PROFIT MARGIN

GROSS PROFIT/SALES\*100%

= 270100/292700\*100

=92.28%

1. TOTAL OVERHEAD/TOTAL EXPENSES

=324,300/226000

=1.435%

1. BREAK EVEN LEVEL

= TOTAL OVERHEAD/GROSS PROFIT MARGIN\*100%

=324300/92.28\*100%

Kshs 351430.43 per year.

## 5.8 FINANCING

**TABLE 15: FINANCING TABLE**

|  |  |  |
| --- | --- | --- |
| NUMBER | ITEM(S) | AMOUNT (Kshs) |
| 1 | Pre-operation cost | 80,000 |
| 2 | Working capital | 110,000 |
| 3 | Reserves for contingencies | 60,000 |
| **Totals** | | **250,000** |

**REFERENCE**

***N MWAURA K. (2012).Entrepreneurship a Global Perspective: CODE CAMP CONSULTANTS. Nairobi.***