

# ALL-TIME PIG FARM

## Part 1

### 1.0 EXECUTIVE SUMMARY

1.1 The following report and recommendations relate to the proposal by Any-time pig farm.

1.2 The project would require a startup capital of N4, 450,000 made up of N2, 740,000 for fixed assets and N1, 710,000 working for capital.

1.3 The enterprise is to be one of the leading pig farming brand, not just in Nsukka but also in the whole country of Nigeria.

1.4 The project will be located at Nsukka because of its easy access to target market from that location.

1.5 A huge market is available for business to serve.

1.6 The financial projections show that the project would be financially stable and liquid by the time it matures. The sales figure stands at N536, 000, N2, 602,000 and N4, 365,000 for year1, year 2, and year 3 respectively. Also the profits after tax are: N900, 000, N2, 601,000 and N4, 365,000 for year 1, year 2, and year 3 respectively. The cash flow position is equally good and encouraging by the second year through the third year.

1.7 The competitive edge of the enterprise lies in effective and reliable livestock farming processes that can help the company sell its products processed meat at competitive prices, good network and excellent relationship management.

1.8 **The profitability measures are shown below:**

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Turnover	(536,000)	2,602,000	4,548,000
Profit Before Int & Tax	(900,000)	2,890,000	4,850,000
Profit After Tax	(900,000)	2,601,000	4,365,000
Return on Sales	N/A	111.06%	106.64%
Return on Equity	N/A	75.4%	131.8%
Return on Investment	N/A	58.47%	102.2%

From the point of view of the analysis, the proposed project is found to be technically feasible, financially viable and economically desirable. Thus the project offers good investment benefits, and is therefore highly recommended for implementation.

## **Part II**

### **2.0 Introduction**

Given the increase in abstinence from red meat worldwide due to health reasons and the increase in beer parlor joints, hotels, restaurants and supermarkets in Nsukka recently due to its rapid urbanization rate, there has consequently been an increase demand for pork. This expanding trend is expected to be sustained due to rapid urbanization rate in Nsukka.

## **2.1 Vision**

To be one of the leading pig farm brand, not just in Nsukka but in the whole of Nigeria.

## **2.2 Mission**

To promote pig farming and become the top most supplier of pork to different beer parlor joints, hotels, restaurants and supermarkets in Nsukka and the whole of the country.

## **2.3 Key Success Factors**

The key success factors are:

- a. It will be well equipped with best hands to handle the equipments.
- b. Best processes when it comes to meat processing and packaging as required by the regulating bodies in Nigeria.
- c. Good competitive prices and good distribution network.
- d. Existence of reliable market outlet.

## **2.4 Inherent Risks**

- a. Consistent power supply is not guaranteed.
- b. There could be auto risks such as breakdown of machineries.
- c. There could be outbreak of diseases.\

## **2.5 Business Ownership**

The business is a sole proprietorship wholly owned and managed by Echezona Onyebuchi.

## **2.6 Location Factors**

The pig farm is located in Nsukka, Enugu State. What influenced the choice of location are:

- a. Availability of market due to the rapid urbanization of the area.
- b. The proximity to target market.
- c. They are few serious competitors.
- d. Availability of cheap and reliable labor.

## **2.7 Available Market**

Critical observation shows there is increasing population in Nsukka due to the University of Nigeria, Nsukka which serves as an attraction to many youths seeking admission into the higher institution. Because of this, there is consequently an increase in beer parlors, joints, hotels, restaurants etc. All these businesses mentioned thrive on meat as it is custom in Nigeria for people to always eat with meat, especially pork due to abstinence from red meat for health reasons and there are few suppliers of pork in the region. This implies that a huge market is available for entrants into the business.

## **Part III**

### **3.0 Products**

- a. Dressed pork meat
- b. Market hogs

### **3.1 Product Description**

### ✓ Dressed pork meat

The main product of pig farming business is pork meat which is a very nutritious meat rich in vitamins like thiamin, niacin, and riboflavin.

### ✓ Market hogs

A hog that's ready to be processed into pork or sent "to market". Usually market hogs weigh between 230 and 270 pounds live.

## 3.2 Costing

The costing of the products of pig farming is built around two major cost items. They are-

- a. Feeding Cost
- b. Fabricating cost

### ✓ Feeding Cost

The feed includes original feed and finished feed. And the finished feed is sorted into 8 classes according to the supply targets. Milk replacer (original feed, no processing), nursery feed (the feed for first ingestion), lactation feed, board feed, piglet feed, medium pig feed, big pig feed and pregnancy feed. The feed processing plant should process the feed observing the disciplines of feed formula and bagging specification or the plants should be evaluated to avoid long term error accumulation causing data distortion. Table I shows the composition of the feeds used in the piggeries during various stages and their cost per Tonne.

**Table I: Premier for the pig, it various stages and cost per Tonne**

Stage	Type of feed supplement	Composition supplement	Cost of supplement	Total
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Weaners' stage	PKC	<b>960kg</b>	<b>14000</b>	<b>2425</b>
	Fish meal	<b>20kg</b>	<b>4250</b>	<b>0</b>
	Soya beans cake	<b>15kg</b>	<b>3250</b>	
	Bone meal	<b>5kg</b>	<b>2750</b>	
Growing/fattening Stage	PKC	<b>970kg</b>	<b>10250</b>	<b>1800</b>
	Fish meal	<b>15kg</b>	<b>3000</b>	<b>0</b>
	Soya beans cake	<b>10kg</b>	<b>2000</b>	
	Bone meal	<b>5kg</b>	<b>2750</b>	
Market hogs (poker stage)	PKC	<b>980kg</b>	<b>14500</b>	<b>1500</b>
	Fish meal	<b>20kg</b>	<b>500</b>	<b>0</b>
	Soya beans cake	<b>Nil</b>	<b>Nil</b>	
	Bone meal	<b>Nil</b>	<b>Nil</b>	

Note that during lactation stage, the piglets feed only on their mother's milk. At the weaners' stage, a pig is expected to feed on about 140g (0.14kg) of feeds in a day. While during the growing/fattening stage and marketing 710g stage, the pigs are expected to feed on 1.5kg of the appropriate feed daily. For the purpose of the costing in this plan see table 2 below.

**Table 2: Cost of 1kg of all types of pig feeds/quantity needed per pig per month at all stage.**

<b>s/n</b>	<b>Types of feed</b>	<b>Cost of 1000kg</b>	<b>Cost of 1kg(N)</b>	<b>Quantity of feed per month per pig</b>	<b>Cost of feeding a pig</b>
<b>1</b>	Parent stock	24250	24.25	45kg	1091.25
<b>2</b>	Weaners feed	24250	24.25	4.3kg	104.28
<b>3</b>	Fattening feed	18000	18.00	45kg	810.00
<b>4</b>	Porker feed	15000	15.00	45kg	675.00

Source: Business Creation and Growth, CEDR 2011.

### ✓ Fabricating Cost

The fabricating cost has water and electricity fee, quarantine fee, fuel and power fee, labor charge, low consumption products etc. The fabricating cost is apportioned according to the amount of direct materials assumption of each group of pigs (feed, veterinary drugs).

### 3.3 Market Demand

All Time pig farm is located at Nsukka town which is surrounded by big 5 star hotels and joints like Podez Hilltop Hotel, Jucony Hotel and Resort, Jerry Marriot etc where meat is on high demand, pork meat preferably. There is high demand of pork yearly from these 5 star hotels annually and this demand is expected to increase as the urban population is on the increase too and also with the recent abstinence from red meats for health reasons.

### 3.5 Projected Demand Supply Gap of Porkers

<b>Adjustment</b>	<b>Demand-Supply Gap</b>
Estimated average annual demand less 35% of supplies of existing piggeries in the area.	40600 14210
Less 20% due to expansion of existing piggeries and establishment of new ones.	26390 5280
Less 5% estimate error	21110 1100

Estimated Demand-Supply Gap	20010
Anticipated annual production of porkers.	500

## **Part IV**

### **Market, Customer and Competitors**

#### **4.0 Market Analysis**

Any time pig farm has a promising business opportunity since there is a huge market for pork in Nigeria and its environs given the increase in population and consequently increase in population and consequently increase in restaurants, hotels etc which needs meat (especially pork due to the abstinence from red meat for health reasons recently) for their business.

#### **4.1 Customers/Market Segmentation**



The market for pork is very huge and is ever increasing, putting the global demand for pork at 11million tones. Pork can be supplied to abattoirs, local butcher shops, retailers, restaurants, hotels, supermarkets, wholesales and individual customers.

All Time pig farm has plans to articulate appropriate marketing strategy for each category of customers.

## **Part V**

### **5.0 Marketing Plan**

They are quite many pig farms in the area but most of them consider it a backyard activity and most of them are on small scale. Given the fact that most of them are on small scale, there is inconsistence in their service and product provision. So I highly believe that with increased competence and reliable service, I can highly compete with them and in short time, All Time pig farm will be a market leader in no time.

#### **5.1 Production Strategy**

The promotion strategy as a way of approach to informing the customers about the product, advertising messages will be used, business cards and networking which will include creating a better relationship with my customers. In a long-run sales promotion and media will be used for advertisement.

## **5.2 Marketing Strategy**

As part of my marketing strategy, All Time pig farm will sell its pig products via electronic auction. Electronic auction has gained increased popularity I recent years with the opening of an electron auction using social media and classified websites e.g. Olx.com.ng. Information along with the identification of the seller is made available to prospective buyers via the internet.

This marketing method offers potential benefit to both buyers and sellers if properly designed and operated. Other strategies include, giving trade discounts to drive market faster.

## **5.3 Market Positioning**

All Time pig farm will position itself in such a way it becomes one of the leading pig farming business in Nigeria, which is why it has sourced for best hands and equipments to run the business. Again it will position itself in such a way that it will dictate the marketing standard of all pig farms in the region. In other words, it will set the pace and others will follow.

## **5.4 Projected Sales**

	<b>Sales from porkers (N)</b>	<b>Sales from dressed porkers</b>	<b>Total sales (N)</b>
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		(N)	
<b>Year 1</b>	875,000	2,625,000	3,500,000
<b>Year 2</b>	1,337,000	3,863,000	5,200,000
<b>Year 3</b>	2,075,000	6,225,000	8,300,000

## **Part VI**

### **6.0 Technical Analysis**

The pig is a high prolific animal that is capable of reproducing every 3 months. In fact, it is normal for pig to reproduce up to 4 piglets from a given pregnancy.

Therefore it is normal problem and challenge among piggeries to contain expansion. However All-Time has planned its schedule of operations in such a way as to contain these challenges.

### **6.1 Schedule of Operation**

A parent stock of 22 (twenty two) pigs has been planned for the piggery. This will consist of 20 Sows and 2 Boars. It is expected that each of these sows will always reproduce 7 piglets every quarter.

This implies that the farm expects 35 piglets monthly. The plan is that the first set of 5 sows will deliver in a hypothetical month I, while the second set of 5 sows will deliver in the second month. The third set of 5 sows will deliver in the third month. By this third month the first set of 5 sets is ready again for production.

After birth, the piglet stays 1 month in the lactation stage during which it solely depends on the mother's milk for survival. After the lactation stage, the piglet moves over to weaner's stage and will stay in this stage for 3 months. The next stage is the fattening stage where the pig will stay for 2 months. The last stage is the porker stage and the pig stay in this stage for 3 months and by the time the pig completes the porker stage, they must have been reared for 9 months and are ready for market. Table 6 shows the schedule of the operations of the pig farm.

**Table 6: Schedule of Farm Operate**

	<b>Pare nt stock</b>	<b>Lactatio n stage</b>	<b>Weaner s stage</b>	<b>Fattenin g stage</b>	<b>Porkers stage</b>	<b>No of porker Sold</b>	<b>No Of porker dresse d</b>
1 Jan	22	35					
2 Feb	22	35	35				
3 Mar	22	35	<b>70</b>				
4 Apr	22	35	<b>105</b>				
5May	22	35	105	<b>35</b>			
6 Jun	22	35	105	70			
7 Jul	22	35	105	70	35		

8 Aug	22	35	105	70	70		
9 Sep	22	35	105	70	105	25	10
10Oct	22	35	105	70	105	25	10
11No	22	35	105	70	105	25	10
12Dc	22	35	105	70	105	25	10
<b>Total</b>	<b>22</b>	<b>420</b>					
13 Jan	22	35	105	70	105	25	10
14Feb	22	35	105	70	105	25	10
15Mar	22	35	105	70	105	25	10
16Apr	22	35	105	70	105	25	10
17may	22	35	105	70	105	25	10
18Jun	22	35	105	70	105	25	10
19Jul	22	35	105	70	105	25	10
20Aug	22	35	105	70	105	25	10

## 6.2 Management and Organization

### 6.2.1 Owner/Manager

All-Time Pig Farm is a sole proprietorship. It is wholly owned by Echezona Onyebuchi, who being the sole owner of the farm will manage the affairs of the farm. Echezona Onyebuchi is a trained stock broker and such has enough basic knowledge of financial knowledge which he is expected to utilize in running the farm.

To help in the day to day management of the farm, some other good hands will be hired. The plan is that the hired hands will compliment Echezona Onyebuchi in the area of technical knowhow in pig rearing. Table 7 shows the staff and management compliment of the pig farm.

**Table 7: Management and Labor Compliments**

s/n	Positions	No of staffs	Annual Salary per staff (N)	Total
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1	Proprietor	1	360, 000	360, 000
2	Farm assistants	3	120, 000	360, 000
3	Typist/ Cashier	1	132, 000	132, 000
4	Security Men	2	72, 000	144, 000
	Add 5% fringe benefits			996, 000
				50, 00
	Grand Total			1,046,000

### **6.3 External support**

All-Time pig farm is discussing with Nsukka small and medium Enterprises (SME) center to offer, over a period of years, strong management and business support service. Also the farm will access support on technical issues from the Entrepreneurship Development Center where the proprietor received training on entrepreneurship. Finally the service of a veterinary expert and consultant has been planned to be retained.

### **6.4 Value and Norms of the Company**

All-Time Pig Farm plans to adopt the following norms and values:

- a. To offer the best for the benefit of her customer
- b. To uphold her integrity always
- c. To see her employees as her most valuable assets
- d. To always be available to her customers
- e. To do her business with the federal, state and local government laws.

## **Part VII**

### **Legal, Environmental, Social and Regulatory Issues.**

#### **7.0 Legal Issues.**

All-Time Pig Farming plans to commence commercial operations as a sole proprietorship. Such it is just enough to register the business name with the appropriate department of the local government Headquarters. No special licenses are required for the operation of a pig farm; however every attempt will be made to get all necessary permit and licenses.

#### **7.1 Environmental**

Pig farming could pose an environmental challenge if certain precautions are not taken especially with respect to waste disposal. It is the plan of the farm to dig a very big septic tank/suck away for all liquid waste of the farm. Also the fasces of the farm will be dried and recycled as Organic manure. Handled this way, the pig farm will not constitute environment threat to the community.

#### **7.2 Social**

The implementation of the project will bring about social and economic benefits to the society in the following ways:

- a. It will create new jobs.
- b. It will bring about wealth creation and poverty reduction

### **7.3 Regulatory**

The pig farm will comply with all environmental regulations as well as all relevant industrial safety regulatory requirements.

## **Part VIII**

### **8.0 Risk Analysis**

The project has been subjected to risks analysis and some inherent risks identified and appropriate mitigates preferred to avoid the business being disrupted. (See table 8).

**Table 8: Identified risks and their Mitigants.**

<b>Identified Risks</b>	<b>Mitigants</b>
Possibility of outbreak of diseases	The service of a veterinary doctor
Inadequate start up demand	Promotion and advertising campaigns
Irregular water supply	A big water reservoir will be constructed to harvest all the rain during rain seasons which will be used during dry season.

### **8.1 SWOT Analysis**

A SWOT analysis carried out on the project revealed the following:

#### **8. 1.1 Strengths.**



- The location of the pig makes it easy to have easy access to targeted customers.
- The specie of the pig being reared in the piggery has good lean meat quality.
- The pig farm has very good plan to contain expansion which is one of the major challenges of pig farming.

### **8.1.2 Weaknesses.**

- Initial problem of raising adequate capital for the project anticipated.
- The proprietor has limited knowledge and expertise on pig farming.

All-Time Pig farm plans to address these weaknesses through hiring of skilled farm hands and retaining the service of experts in pig rearing.

### **8.1.3 Opportunities.**

- Currently, there is no quality lean pork in the market. Therefore the cross of large white and Hampshire species which the piggery uses is exceptional lean meat quality which will be a major advantage.
- Pork meat is in very heavy demand in Nsukka.

### **8.1.4 Threats**

- There is still the challenge to convince people to abandon their long held superstitious beliefs
- Increase competition due to the entry of more pigs.
- Low initial demand.

To checkmate these threats, the farm will mount aggressive campaigns and other promotions that will portray meat as another good supply of protein.

## **8.2 Exit Strategy**

No exit planned, rather diversification will be pursued.

## **Part IX**

### **Company Financial**

#### **9.1 Summary of project cost.**

The total cost of the project is N3, 160, 000, 00. This is made up of N2, 170, 000.00 in fixed capital and N950, 000 in working capital.

#### **9.2 fixed capital investment**

All-Time Pig Farm is located at Nsukka, Enugu state on a land area about 5 standard plots of “60 x 120”. The site is motorable all year round. Table 9 shows the fixed capital investment required for the project.

**Table 9: Fixed Capital investments**

<b>s/n</b>	<b>Detail</b>	<b>Qty</b>	<b>Unit price (N)</b>	<b>Total Amount (N)</b>
<b>1</b>	Pig houses with 24 pens	4	200000	800000
<b>2</b>	Reinforced underground	1	250000	250000
<b>3</b>	Overhead plastic			
<b>4</b>	Water Tanks(2000 gallons) lanterns	1	50000	50000
<b>5</b>	Lanterns		1000	20000
<b>6</b>	Delivery van	29	750,000	750,000
<b>7</b>	Shovels	10	1500	150000
<b>8</b>	Metal waste basin	10	1600	160000
<b>9</b>	Sub-total An investment in livestock’s sow	20	120000	1946000 240000
<b>10</b>	Boars	2	12000	24000

	Sub total B			244000
	<b>Grand total (A+B)</b>			<b>2170000</b>

Live stocks in the forms of sows and boars are taken as investments since they are retained for at least 3 years before disposal.

### 9.3 Utilities

The piggery is located in a place that is not connected to sources of water and electricity; as such water will be supplied to the farm by commercial water supply tankers, while hurricane lanterns will be used for lightening. Table 10 shows the estimated expenses likely to be incurred for lightening and water.

**Table 10: Expenses on utilities projected**

Utilities	Year 1	Year 2	Year 3 (N)
Light	15000	15300	15600
water	60000	61200	62400
<b>Total</b>	<b>75000</b>	<b>76500</b>	<b>78000</b>

### 9.4 Other Expenses

There are other expenses expected to be incurred in the course of running the piggery farm. Table 11 shows the other expenses expected to be incurred.

**Table 11: Other operating expenses**

Type of expense	Year 1 (N)	Year 2 (N)	Year 3 (N)
Vehicle maintenance	100000	105000	110000
Business travels	30000	31500	33000
Public relations/adverts	90000	90000	94500
Miscellaneous	50000	94500	53600
<b>Total</b>	<b>270000</b>	<b>283500</b>	<b>295600</b>

## 9.5 Working Capital Forecast

To arrive at the working capital needed for the business, the following assumptions are made:

- Cost prices of items increase annually by 25 except for items mentioned under operating expenses which grows by 5%.
- Selling prices of stocks increase annually by 10%
- Trade credits are given and taken to and from deserving customers respectively.

See table 12 for the forecast of working capital needed for the project.

**Table 12: Working Capital Forecast**

<b>Working Capital items</b>	<b>Year 0 (N)</b>	<b>Year 1 (N)</b>	<b>Year 2 (N)</b>	<b>Year 3 (N)</b>
Stock of feeds, provision for drugs and dressing and packaging.	383000	383000	632000	647000
Provision for utilities and other expenses: 4 months need.	115000	115000	120000	1124000
Salaries/wages	347000	347000	354000	361000
Debtors: 14 days value annual sales		68000	225000	248000
Fewer creditors: 33 days need stock of feeds/drugs.	139000	139000	213000	218000
Working capital	706000	774000	893000	1162000
Increase/decrease in working capital		68000	119000	269000

## 9.6 Total required investment outlay (required start-up capital)

Table 13 shows the total investment outlays required to execute the project.

**Table 13: Total Start-Up Capital Required**

<b>s/n</b>	<b>Capital items</b>	<b>Amount (N)</b>
1	Machinery, equipment and others.	2,170,000
2	Working capital requirement	706,000
	<b>Total</b>	<b>2,876,000</b>

### **9.7 Financing plan**

To finance the required investment outlay, the proprietor plans to raise an equity capital of N950, 000 while N2, 210, 000 will be borrowed from the bank. See table 14.

**Table 14: Financing Plan**

<b>Source</b>	<b>Amount (N)</b>
Equity contribution	2170000
Bank loan	7060000
<b>Total</b>	<b>2876000</b>

### **9.8 loan repayment schedule and interest paid.**

It is expected that the loan would attract an interest of 10% and funds are available to pay monthly interests as well as scheduled payment of the principled amount. See table 15.

**Table 15: Interest and Repayment Schedule**

<b>Year</b>	<b>Loan</b>	<b>Repayments</b>	<b>Interests</b>	<b>Loan balance</b>
<b>1</b>	<b>2210000</b>	<b>Nil</b>	<b>74000</b>	<b>2210000</b>

<b>2</b>	<b>2210000</b>	<b>810000</b>	<b>161000</b>	<b>1400000</b>
<b>3</b>	<b>1400000</b>	<b>1400000</b>	<b>50000</b>	<b>Nil</b>

Note that a month moratorium period is required on the loan, since sales would start by the 9<sup>th</sup> month after commencing operations. Therefore interest would be period starting from the 9<sup>th</sup> month while loan repayment commences by year 2.

## 9.9 Depreciation

The annual depreciation is calculated using straight line method. See table 16.

**Table 16: Schedule of Annual Depreciation**

<b>s/ n</b>	<b>Capital item</b>	<b>LS</b>	<b>IV</b>	<b>SV</b>	<b>Depreciation</b>
<b>1</b>	Pig houses	20	800000	600000	10000
<b>2</b>	Underground tank	20	250000	200000	2500
<b>3</b>	Plastic tanks	10	50000	10000	4000
<b>4</b>	Lanterns	5	20000	Nil	4000
<b>5</b>	Delivery man	10	750000	200000	55000
<b>6</b>	Wheel barrow	5	45000	Nil	9000
<b>7</b>	Shovel	5	15000	Nil	3000
<b>8</b>	Metal basin	5	16000	Nil	3200
					<b>N90700</b>

The parent livestock actually does not depreciate in value and could be sold even more than the cost of purchasing as such it (parent livestock) is not included as an item in the depreciation schedule.

## 9.10 Forecast of Profit And Loss.

<b>Particulars</b>	<b>Year 1(N)</b>	<b>Year 2 (N)</b>	<b>Year (3)</b>
Expected sales	1780000	5874000	6461000
Less 1% discount	19000	59000	65000
<b>Net sales</b>	<b>1761000</b>	<b>5815000</b>	<b>6396000</b>
Expenses			
Cost of farm	1149000	1897000	1940000

Operations	75000	77000	78000
Utilities	270000	284000	296000
Other expenses	1046000	1067000	1088000
Salaries and wages			
<b>Total expenses</b>	<b>2540000</b>	<b>3325000</b>	<b>3402000</b>
Profit before Int & tax	(779,000)	2490000	29994000
Less interest	74000	161000	50000
Profit before tax	(853000)	23290000	2944000
Less 10% tax	Nil	233, 000	294000
Profit after tax	(853,000)	2096000	2650000
Less depreciation	(91, 000)	91000	
<b>Net profit</b>	<b>(944000)</b>	<b>2005000</b>	<b>2559000</b>
Retained Earnings	(944000)	2005000	2000000
Dividend	Nil	Nil	559000

Note that the loss of the first year is occasioned by the fact that sales was just for four months.

### 9.11 Cash Flow Projection

<b>Cash in</b>	<b>Year 0(N)</b>	<b>Year 1(N)</b>	<b>Year 2(N)</b>	<b>Year 3(N)</b>
Equity	666000			
Bank loan	2210000			
Net profits		(944000)	2005000	2559000
Depreciation		91000	91000	91000
Total cash in	2876000	(853000)	2096000	2650000
<b>Cash out</b>				
Equipment and others	2170000			
Working capital	706000			
Increase/decrease in cash		68000	119000	269000
Loan repayment			810000	1400000
Dividend			1167000	559000

Increase/decrease in cash				822000
Total cash out put	2876000	(853000)	2096000	2650000
Opening balance	Nil	Nil	(921000)	246000
Increase/ decrease in cash	Nil	(921000)	1167000	422000
Closing balance	Nil	(921000)	246000	668000

### 9.12 Balance Sheet Projection

	Year 0 (N)	Year 1 (N)	Year 2 (N)	Year 3 (N)
Fixed assets:				
Machinery, equity and others.	2170000	2170000	2170000	2170000
Less com. Dep.		91000	182000	273000
Net fixed assets	2170000	2079000	1988000	1897000
Current assets			632000	647000
Stock of material	383000	383000	(921000)	246000
Operating bal B/F				
Debtors	462000	68000	225000	248000
		(4360000)	317000	1805000
Cash in the bank				
Total of current assets	845000	15000	3106000	2946000
Total assets	3015000	2094000	5094000	4843000
Long term liability				
Capital (equity)	666000	666000	666000	666000
Retained earnings		(921000)	2005000	2000000
Bank loan	2210000	2210000	1400000	Nil



Total of long term liability	2876000	1955000	4071000	2666000
Current liabilities				
Loan repayment			810000	14000000
Creditors	139000	139000	213000	218000
Dividend				559000
Total current liabilities	139000	139000	1023000	2177000
Total liabilities	3015000	20940000	5094000	4843000

### **10.13 financial Analysis**

The project comes out of the gestation period in 9 months and even by that and time the sales for the month stood at N445, 000. 00. By the end of the first year (of which there was only 4 months of selling activities) the sales was N178000000 and this is expected to grow to N587400000 and N6462000000 respectively for the second and the third years.

## **Part X**

### **10.0 Cash flow projection**

By the second year of operation when the business has fully matured the cash flow position is as shown below.

<b>Year 2</b>	<b>Year 3</b>
246000	668000

This means that the business will be able to generate enough funds to meet maturing obligation as from the second year operation.

### **11.0 Other considerations and conclusion.**

#### **11.1 Economic Justification.**

From the view point of our study and analysis of the findings made, the project offers good benefits to the promoter and the economy. Wealth will be created even as jobs are also created. These are consistent with the Federal and States Government Policy on Entrepreneurship, wealth and job creations.

#### **11.2 Commercial viability.**

The commercial viability of the project is very clear. The project has been found to be commercially viable, having shown through projections, an impressive sales, profits and cash flow positions.

### **11.3 Conclusion**

Therefore the project is highly recommended both finding and implementation.