

UNIVERSITY OF NIGERIA, NSUKKA

DEPARTMENT OF HUMAN NUTRITION AND DIETETICS

TOPIC:

SOY BEAN FLOUR MILK PRODUCTION

*Business Plan submitted in partial fulfillment of the
requirements of the course HND CED 342 (Business
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BUSINESS PLAN ON SOYBEAN FLOUR MILK PRODUCTION

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DEXY SOYBEAN FLOUR MILK PRODUCTION COMPANY
" WE CARE "

1.0 EXECUTIVE SUMMARY

Soybean is a legume bean plant that originated from East Asia but is now found in many parts of the world. The plant is a significant and cheap source of protein and is the raw material for many prepackaged food products. In fact, soybeans produce significantly more protein per acre than most other uses of land

Soy bean flour Milk (also known as soya milk) is a non dairy form of milk that is made from soya beans. Soy milk has traditionally be drunk by westerners who are allergic to cow's milk but is gaining in popularity in the western world and Africa due to its cheap source of protein and associated health benefits.

Our soybean bean flour milk production company is established not only with the aim of making profit but to also compete with other established nondairy milk producers in the industry. Our aim is to be renowned not only in Enugu but also in the whole of Nigeria.

We have plans, structures and strategies in place to ensure our business grows to an enviable standard. We know that this can be achieved if we invest in human resources and so we have hired the best professionals and with vast experience in the field to help in running our soybean flour production company.

Even though this is a lucrative business, it is also a very difficult business to go into. First off, the machines for processing the soybeans flour are very important and we hope to get the best. Also, the environment also has to be conducive and hygienic enough for the production. Besides the machines, we intend to source only for reliable vendors for our raw materials and also packaging materials.

One of our strongest suits in giving excellent customer service as we believe this is one of the strategies that would be needed in retaining our numerous clients. Clients are more loyal when they not only get products at affordable prices but when they have their complaints, inquiries and orders attended to as quickly as possible.

We intend to ensure that our company and what it stands for is deeply etched into the community and state where we would be operating from by participating in community events and fairs and sponsoring programs and events to show our corporate social responsibility. This of course will increase patronage for our products and services.

Knowing how soybean flour is being consumed by most Nigerians, we intend to ensure that our milk is of the best quality. This we would ensure by employing a quality assurance manager that will help in ensuring we produce soybean flour of the highest quality all the time.

Dexy Soybean flour Production Company is owned and run by two veterans, Nwodo Adaego and Ugwuaneke Edwin. Adaego is a Nutritionist and Dietitian, while Edwin is an entrepreneur with vast knowledge in the industry.

1.1 Our Vision Statement

Our vision is to produce soybean flour that have gone under the best processing method while becoming one of the leading quality soybean flour production industries in Nigeria and the whole of West Africa in five years.

1.2 Our Mission Statement

Our mission in achieving our vision is to ensure that we offer our customers quality soybean flour by using up-to-date processing method, practice and machine that will ensure that no trace of anti nutrient is left behind to interfere with its nutrient absorption and employing the best hands in ensuring that all the needs of our clients are made.

1.3 Values

Excellence in customer satisfaction every day

Highest standard of integrity

Respecting the environment and individuals

Each stakeholder is important

Resourceful, cultivated solutions

Our customers are our priority

1.4 Location

Dexy Soy Bean four milk Production Company is a renowned establishment that will be based in Emene Enugu State Nigeria. Our location is conspicuous and it offers our customers easy access to and from our facility.

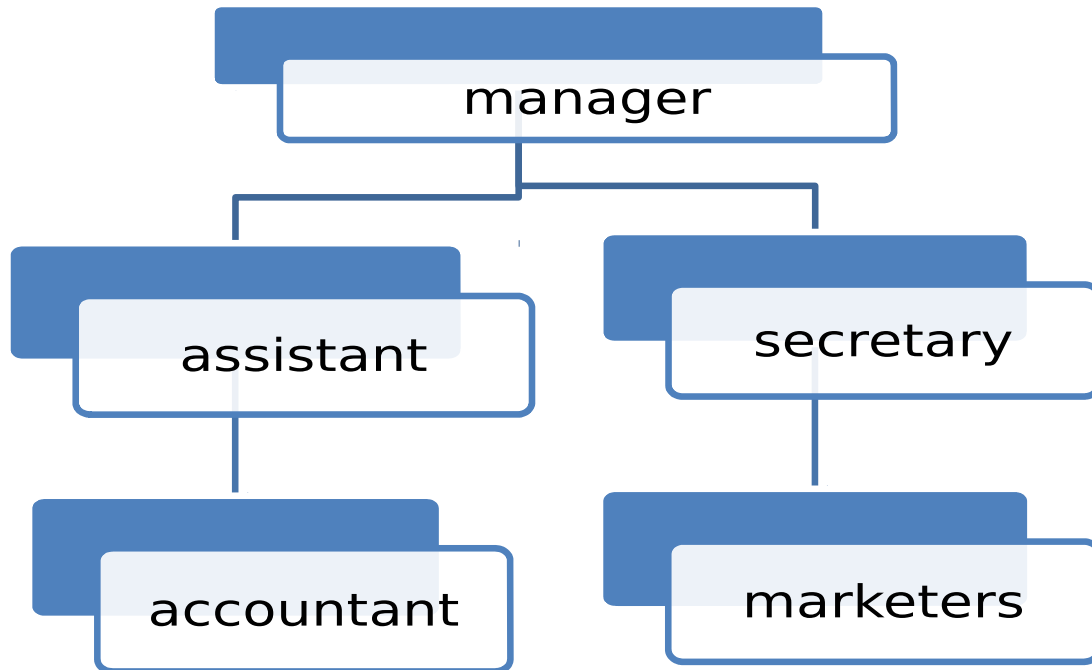
1.5 Legal Status

The name of the organization is Dexy Soy bean flour production company , it has been registered with the National Agency For Food And Drug Administration and control (NAFDAC) the **NAFDAC NO: is 0452** and Standard Organization of Nigeria (SON) to ensure that an acceptable standard practice is maintained in the course of running the industry.

CHAPTER TWO

2.0 ORGANIZATION AND MANAGEMENT

Below shows that Organizational structure of Soy bean flour Production Company.



Our Business Structure

Having the right business structure is very important in building a soybean flour company that will be of standard; this would mean ensuring that all the important factors are in place to achieve the vision of the company.

In every business, besides the financial resources, the human resources are regarded as very important and so it is vital that we employ not only the best hands to help run the business but also those who would thoroughly understand the vision of the company and ensure that they strive to achieve this vision all the time. We also intend to ensure that our employees have an enviable welfare package that would motivate them into increasing their efficiency as well as their effectiveness.

Asides, the sales of our processed soybean flour for edible and household consumption, we also intend to go into soy bean yoghurt production, soy oil processing and also offer quality franchises and consultancy as well as training services. To achieve this, various employees with varied knowledge in these fields will be needed.

Below is the business structure we intend to build for our Strum Soybean flour Production Company:

- Managing Directors
- Plant Manager
- Quality Assurance Manager
- Accountant
- Purchasing Manager
- Human resources and Admin Manager
- Marketing Executives
- Customer Service Executives
- Maintenance Team
- Truck Driver
- Security Guard

Roles and Responsibilities

Managing Directors

- Responsible for overall strategy of the company

- Hires and build an effective management team
- Develops the overall budget

Plant Manager

- In charge of hiring, training and firing manufacturing personnel
- Carries out a review of production schedules
- Oversees the day-to-day operation of the facility and ensures it is successful
- Develops and implements the manufacturing budget
- Ensures that the environment is conducive enough for manufacturing workers

Quality Assurance Manager

- Checks raw materials to be used for production and ensures its quality
- Responsible for the final product before it can be packaged and sold
- Corrects faults found in manufacturing process

Accountant

- Carries out the preparation and analysis of accounting records and ensures it conforms to accounting practices
- Reviews business operations, budgets and expenses and uses this for future projections
- Responsible for computing tax reports and ensuring it complies tax requirements

Purchasing Manager

- Develops and execute budget for purchase of inventory
- Ensures that records of goods that have been bought, received and returned
- Sources for reliable vendors and interview them
- Reviews purchase order claims in conforming with the company's policies

Human Resources and Admin Manager

- Responsible for hiring and giving orientation to employees
- Responsible for employee welfare and incentive packages
- Works with management to determine the budget for this department
- Carries out regular appraisals on employees to effect promotion

Marketing Executives

- Develops and implements marketing strategies
- Carries out research on the target market
- Helps to employer develop company brand

Customer Service Executives

- Sets up and manage the accounts of customers
- Deals with customers by handling requests, resolving complaints and responding to inquiries on behalf of the company
- Ensures that appropriate feedback is given to customers
- Maintains accurate databases of customers

Maintenance Team

- Responsible for maintaining the machineries and equipment and its components
- Understands the proper operation of an equipment or machine and ensure that they are operating at optimum efficiency
- Carries out repairs on machines

Truck Driver

- Carries out inspections on truck, and is responsible for the condition of the vehicle
- Ensures that essential supplies such as soy bean, lights, oil, gas, and water are available and in place.
- Maintains log records according to regulations
- Responsible for greasing their trucks every week
- Ensures that supplies gets to the right destination

Security Guard

- Patrols the interior and exterior of the facility
- Prepares activity logs and submits to the admin Manager
- Passes security tips and information to staff
- Ensures the safety of the facility after working hours

CHAPTER THREE

3.0 Soybean flour Production Business Plan – SWOT Analysis

As a serious business, we know that while having a business concept is fantastic, there are various challenges we will likely face when it comes to running the

business proper, from retaining and attracting clients, to having the best hands to help run the business.

It is for this reason that we have hired a reputable business consultant in Nigeria to help us carry out an extensive analysis on if we have what it takes to go into the soybean flour production industry. The analysis will allow us know how we can compete favorably against our competitors in the soybean flour and other non dairy milk production industry in Nigeria.

The analysis allowed us determine our strengths, weaknesses that we would need to work on as well as what opportunities were available to us and what threats we were likely to face in Nigeria as people do not really appreciate the nutritive value of this milk against other well known dairy milk products . The results from the thoroughly conducted SWOT analysis for Strum Soybean flour Production Company are;

- **Strength**

Our strength lies in the fact that we are not only going to be the first standardized industry in Nigeria going fully into a full scale production of soy bean four milk as an alternative to the scarce and expensive dairy milk product and other scarce animal protein sources to enable the populace meet up with their protein requirement but also we will be engaged in production of other soy bean products such as soy yoghurt and soy bean oil as well as offering other services that will shore up our revenue base as well. This means that we would be catering to a wide range of customers due to our diverse products and offerings.

However, our strength also lies in the fact that we have experienced professionals who understand the business as well as our vision thoroughly working for us. Our employees have the best welfare and incentive packages that is the envy of others in the industry.

Also, our owners have the required experience in production and in business, which is necessary to not only make strategic decisions that will move the company forward but also ensure that we grow at a steady pace as well.

- **Weakness**

Our weakness lies in the fact that many people in Nigeria do not have the knowledge of health benefits of soy bean milk and therefore are used to consumption of other dairy milk products and therefore breaking into this market might be a bit difficult as we would be competing against this other milk industries that are already in the market, so it will require a great deal of sensitization program and awareness to convince them to buy the product, so it will require a great deal of sensitization program and awareness to convince them to buy the product. However, we are not daunted by this as we have strategies in place that will help us compete with our competitors whilst creating a favorable impression with our clients.

- **Opportunities**

The opportunities that abound in this industry from the sale of soybean flour to various clients and also the various services are limitless. We therefore plan to ensure that we seize the opportunities whenever they present themselves and shore up our revenue base while also enjoying more patronage from our clients.

- **Threats**

The threats we are likely to face in this business are likely to come from a change in government policies, slowing demand, or entry of new competitors into the industry and in particular, our location. However, as a business with a vision in sight, we will be able to handle any threats that might crop up during the course of starting or running the soybean flour production business

CHAPTER FOUR

4.0 Soybean flour Production Business Plan – MARKET ANALYSIS

- **Market Trends**

Soybean flour milk is one of the most consumed edible non dairy milk in Nigeria as it is used by a variety of people such as adults and children as complements of household foods, it is also used as beverages in place of other coco products

specially for health reasons and the recommendation for people with non communicable diet related diseases such as diabetes and also for children with lactose intolerance has made the demand of the product in the market increasing recently.

Most soybean flour milk companies are no longer limiting themselves to selling just soybean flour for domestic and industrial consumers but are also the product has been used as a complement of many infant formula product which have been proven beyond doubt to be beneficial to healthy growth of children and an improvement to other infant formulas in the market and beyond the nutritive value of this product it is also affordable for people of different income groups. Many have also gone into the business of retailing their products by participating in trade fairs and other events that allow for clients to directly buy from them, which not only increase patronage but also ensure that a huge share of the market is gained whilst also increasing awareness for the company.

The internet has now been used in greatly promoting businesses and the soybean flour milk production companies are no different as massive efforts are made online to not only source for reliable vendors but to also ensure that customers are aware of the benefits of getting quality soybean flour that has been processed under the right amount of factors. Therefore, to remain relevant and become well known in the industry, we intend to explore these three trends and use them to our advantage.

- **Our Target Market**

Due to the wide use of soybean flour milk by different household levels and by various age groups as beverages and as complements to other foods due to its health benefits, there are a wide range of available customers. This means that while some products are usually restricted to certain age groups or market segments, the target market for our soybean flour milk is for everyone. This is why we intend to partner with certain strategically placed beverage food industries, wholesalers, supermarkets, and other local retailers in both urban and rural areas where it can get to the different strategic customers at any time anywhere for a wide coverage of sales in Nigeria and the whole of West Africa.

Regardless of the fact that soybean flour milk is consumed by almost everyone, we have carried out a market research so that we could not only specifically identify our target market but also know what our clients expect from us.

Our aim is to ensure that we process a quality soybean flour that will be sold in wholesale and in retail to our various clients according to their requirements;

- Food chains
- Industries
- Supermarket
- Grocery stores
- Wholesalers
- Retailers

Our Competitive Advantage

Every business that is established to make profit knows that it needs strategies that will allow it has competitive advantage over others in the same industry. At Dexy Food and Beverages Company, we intend to become a renowned soy bean flour milk company not only in Nigeria but also in the whole of West Africa as well, and we have drafted competitive advantage strategies that will ensure that we achieve our vision.

We are going to be one of the few soybean flour milk production companies that will retail its products to end user consumers as well as distributors. This we intend to do so as to encourage increased patronage and increase awareness for our company as well.

We have hired the best hands to help us run this business and they not only have the vast experience that is needed to kick start our company and carry it forward but they also have keyed into our vision and are determined to project the company's corporate culture internally and also externally to clients.

We also intend to deploy effective publicity strategies that will increase our awareness in Nigeria by participating in community programmes and sponsoring events and people to achieve their dreams. This way, we are the first company clients come to instead of our competitors.

Lastly, we intend to offer excellent customer service that will attend to the various needs of our clients, from order processing, inquiries, complaints as well as suggestions. We also intend to keep in touch with our existing and potential customers through our various social media platforms and our website that will be handled by the best customer service executives in the industry.

4.1 Soybean flour milk Production Business Plan – SALES AND MARKETING STRATEGY

- **Sources of Income**

Dexy Soy Bean flour Production Company's aim as an established business is to maximize profit in the food industry. Soybean flour is the most edible non dairy milk that is consumed in Nigeria, and so we are going to ensure that our soybean flour is produced and processed at a very high quality so as to meet the health demands of our numerous customers.

Dexy Soy Bean flour Production company intends to generate income by engaging in the sales of the below listed products and services:

- Processed Soybean flour for domestic consumption
- Soybean flour for industrial consumption
- Consultancy services
- Franchise
- Training services

Sales Forecast

Due to the increasing demand for soybean flour by domestic and industrial customers in the Nigeria, our sales forecast is that there will always be sales of the product no matter what.

Our strategic location in Emene, Enugu State Nigeria has primed us into ensuring that we meet our various targets of generating enough revenue within one year that will not only grow the business but expand it at our own pace as well.

Our hired business consultant has gathered information and data from various market and sales researches that has allowed us come up with accurate predictions that has favored our soybean flour production company. The projections were done based on similar start-ups in Nigeria as well as certain other assumptions peculiar to soybean flour production companies.

Below are the sales projections for Dexy Soybean flour Production Company which is entirely based on our strategic location and other factors;

- **First Fiscal Year-:** # 1,576,300
- **Second Fiscal Year-:**# 1,608,300
- **Third Fiscal Year-:** #1,687,500

N.B: The projections and figures aren't fictitious but are done based on facts. However, these projections might increase or decrease as the current projections were done based on the certain factors such as the economy and our location. A change in any of these factors will likely trigger an increase or decrease.

- **Marketing Strategy and Sales Strategy**

Our current location was chosen after several feasibility studies were conducted as to what location would be favorable to our marketing strategies. We know how important marketing is and also how important having the right strategies at the right place is likely to propel our business faster.

Our marketing strategies are intended to not only allow us become a big brand in Enugu State but also in the entire Nigeria as well. Our marketing strategies will

also penetrate the market to reach our various customers while also competing favorably with other leading brands as well.

Seeing that marketing serves as a double edged sword – publicity and revenue generation – we have hired a marketing expert that will help our marketing executives draft and deploy effective strategies aimed at achieving our vision and goals as a company. Our marketing expert has a huge understanding of the Soybean flour milk production against other non dairy milk industries and knows what it will take to propel us to the forefront in Enugu and throughout Nigeria.

We do not intend to be limited to physical marketing as we know how effective the internet and technology is in achieving our visions and goals. Our social media platforms will always be manned by professionals who know the right words that will attract potential clients, and who will make the platforms as interactive as possible.

Other strategies are in participating in local community events as well as sponsoring local events that will increase awareness about our company. We also intend to participate in trade fairs so as to bring us closer to our customers. We know how important it is for our marketing executives to be empowered in delivering our corporate sales and marketing goals, and so we will provide them with the necessary tools that will help achieve our goals and objectives.

We at Dexy soybean flour Production Company intend to leverage on the following strategies in order to generate revenue for our company;

- Introduce all our products and services to our clients via our official website
- Throw an official launch party so as to generate the required awareness for our soybean flour company
- See out reliable soybean farmers and introduce our soybean flour production company, in hopes to get a discount when purchasing soybeans as well as ensure they spread the word about us.
- Participate in community events and in trade shows

- Use our social media platforms such as Facebook, Twitter and LinkedIn to vigorously market our business
- Ensure that we are listed in local directories and yellow pages
- Place adverts in local and national newspapers, radio stations as well as television stations
- Engage in direct one-on-one marketing
- Encourage our loyal customers to help refer other potential customers to us
- Ensure that we come up with promotional offers so as to boost our revenue.

CHAPTER FIVE

5.0 Soybean flour Production Business Plan – Publicity and Advertising Strategy

Every company requires publicity no matter how long they have been established. Publicity achieves certain things for a company which includes increased awareness and patronage which then results in increased revenue. Also, engaging in publicity will allow Dexy Soybean flour Production Company to compete favorably with other leading non dairy brands in the industry.

Publicizing our soybean flour production business in Enugu State Nigeria will ensure that our brand is firmly rooted in this state and in preparation for our expansion plans across the whole of West Africa. We hired a publicist who has developed strategies that will not only ensure that our business is thoroughly publicized and advertised but also that people understand what we stand for.

There are certain platforms we intend to use in intensifying our publicity and advertising strategies for Dexy Soybean flour Production Company and they are:

- Partnering with communities in various projects
- Create an attractive but unique logo that will be easily recognizable by clients

- Placing unique adverts in food magazines, local and national newspapers as well as on radio and television
- Massively advertising on the internet by placing ads on popular forums and blogs
- Ensuring that our website is optimized to be able to rank tops amongst searches online
- Using social media platforms such as Facebook, Instagram and Twitter to engage existing and potential customers on the benefits of soybean flour
- Ensuring that we install our billboards in strategic and conspicuous locations all around Enugu State, Nigeria.
- Ensure that our business fliers are distributed in target locations
- Introduce our businesses to industries in and different sales outlets in the state as well as around the country.
- Ensure that our trucks are emblazoned conspicuously with our logos

Our Pricing Strategy

Setting a price for soybean flour is dependent on so many factors such as what quality of soybeans were gotten, at what price, how much was used in transporting the soybeans to the factory for processing, the number of competent hands available to handle the processing, and general overhead costs. All these factors are used to determine what rate the soybean flour would be sold for.

Another factor that determines pricing is the close competitors. Pricing should be set to either be a little bit lower or at same price with the competitors. If your factors result in setting a high price than what should be obtainable, then there will be a need to cut down on certain costs.

Due to the huge demand in this industry from customers, we intend to sell our soybean flour a bit lower than our competitors for at least the first three months of

operations to enable us attract the customers and increase awareness about our business.

- **Payment Options**

At Dexy Soybean flour Production Company, we are aware of the fact that our different customers would prefer to have different payment options that they can conveniently choose from and so we have a payment policy that intends to take care of this aspect.

The payment options that will be available to our numerous clients include;

- Payment via bank transfer
- Payment via check
- Payment via Point of Sale (POS) Machines
- Payment via cash
- Payment via bank draft

Our payment options are done in conjunction with a reputable bank that provides the best platforms that are not only free of hitches but offer security as well.

CHAPTER SIX

6.0 Soybean flour Production Business Plan – Sustainability and Expansion Strategy

Any business whose vision is to become among top leading brands have to ensure that they have sustainability strategies that would ensure that they remain in the game. One of such sustainability strategies is the availability of the required finance necessary to run the business, so that the business doesn't close shop. We have the required finance necessary to not only start the business but to also keep it in operation till the business starts paying for itself.

Secondly, having competent employees performing the right assigned tasks is very vital if any business intends to compete favorably with others in the same industry. At Dexy Soybean flour Producing Company, we have not only gotten the finest professionals to help run the company, but we have the best welfare packages to ensure that these employees' productivity rate is high at any point in time. Our employees have keyed into our vision, making our company the envy of other employees in other companies in the industry.

Our business structure was carefully thought out as we know the importance of assigning the right roles to the right position. Our management staff not only understands our vision but also effectively communicate this to the lower end staff, to ensure that we are all on the same page. These are the strategies we know will not only sustain us but also help us expand as well.

We have various investment strategies that will ensure that the business continues to make more money. Besides our external investments, we also intend to offer additional products and services that will ensure that our bottom line remains healthy.

CHAPTER SEVEN

FINANCIAL PLAN

7.0 SUMMARY OF PROJECT COST

The total cost of the project is N859, 000 this is made up of N154, 000 in fixed capital and N705, 000 in working capital.

7.1 FIXED CAPITAL INVESTMENTS

Dexy Soy bean flour production is located at Emene, Enugu East Local Government Area in a warehouse large enough to contain large number of the products, machines for the production and enough space for the work execution. The table below shows the fixed capital investment required for the project.

FIXED CAPITAL INVESTMENTS

| <i>S/N</i> | <i>Detail</i> | <i>Qty</i> | <i>Unit price (N)</i> | <i>Total amount (N)</i> |
|------------|---------------------------|------------|-----------------------|-------------------------|
| 1 | Warehouse per year | 1 | 20,000 | 20,000 |
| 2 | Delivery van | 25 | 60,000 | 60,000 |
| 3 | Machine for production | 2 | 50,000 | 50,000 |
| 4 | Cell phone | 1 | 4,000 | 4,000 |
| 5 | Generator | 1 | 20,000 | 20,000 |
| | <i>Grand total</i> | | | 154,000 |

7.2 UTILITY

The warehouse is located in a place that the power supply is not steady; as such generator will be used for lightening. And we also need an office phone for effective communication with our customers for personal services.

7.3 Expenses on utilities projected

| <i>Utilities</i> | <i>Year 1(N)</i> | <i>Year 2(N)</i> | <i>Year 3(N)</i> |
|---------------------|------------------|------------------|------------------|
| Cell phone | 15,000 | 15,200 | 15,400 |
| Generator | 15,000 | 15,300 | 15,600 |
| <i>Total</i> | 30,000 | 30,500 | 31,000 |

7.4 OTHER EXPENSES

There are other expenses expected to be incurred in the course of running the enterprise. The table below shows the other expenses expected to be incurred.

Other operating Expenses

| <i>Type of expense</i> | <i>Year 1(N)</i> | <i>Year 2(N)</i> | <i>Year 3(N)</i> |
|--------------------------|------------------|------------------|------------------|
| Business travels | 30,100 | 31,600 | 34,000 |
| Van maintenance | 80,000 | 80,500 | 90,000 |
| Public adverts/awareness | 80,000 | 84,500 | 88,000 |
| Total | 190,100 | 196,600 | 212,000 |

7.5WORKING CAPITAL FORECAST

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

- Cost price of items increase annually by 25 except for items mentioned under other operating expenses which grow by 5%.
- Selling price of products increase annually by 10%
- It is expected that goods are disposed off at the market as scheduled.

Below is the table of forecast of working capital needed for the project.

Working capital forecast

| <i>Working capital items</i> | <i>Year 0 (N)</i> | <i>Year 1 (N)</i> | <i>Year 2 (N)</i> | <i>Year 3 (N)</i> |
|---|-------------------|-------------------|-------------------|-------------------|
| Stock of Soy bean seed | 373,000 | 373,000 | 622,000 | 637,000 |
| Provision for utilities and other expenses; 4 months need | 105,000 | 105,000 | 110,000 | 114,000 |
| Salaries/wages | 346,000 | 346,000 | 353,000 | 36,900 |
| Debtors; 14 days value of | | 60,000 | 90,000 | 120,000 |

| | | | | |
|--------------------------------------|---------|---------|---------|-----------|
| annual sales | | | | |
| Working capital | 705,000 | 773,000 | 892,000 | 1,161,000 |
| Increase/decrease in working capital | | 67,000 | 118,000 | 268,000 |

7.6 TOTAL REQUIRED INVESTMENT OUTLAY (REQUIRED START-UP CAPITAL)

This table below shows the total investment outlay required to execute the project.

Total start-up capital required

| <i>S/N</i> | <i>Capital items</i> | <i>Amount (N)</i> |
|------------|---------------------------------|-------------------|
| 1 | Machinery, equipment and others | 154,000 |
| 2 | Working capital requirement | 705,000 |
| | Total | 859,000 |

7.7 FINANCIAL PLANS

To finance the required investment outlay, the management plans to raise a capital of N559, 000 while N300, 000 will be borrowed from the bank.

Financing plan table

| <i>Source</i> | <i>Amount</i> |
|---------------------|----------------|
| Equity contribution | 559,000 |
| Bank loan | 300,000 |
| Total | 859,000 |

7.8 LOAN REPAYMENT SCHEDULE AND INTEREST PAID

It is expected that the loan would attract an interest of 10% and that funds are available to pay monthly interest as well as scheduled repayments of the principal amount.

Interest and repayment schedule

| <i>Year</i> | <i>Loan</i> | <i>repayments</i> | <i>Interests</i> | <i>Loan balance</i> |
|--------------------|--------------------|--------------------------|-------------------------|----------------------------|
| 1 | 300,000 | Nil | 54,000 | 300,000 |
| 2 | 300,000 | 610,000 | 141,000 | 120,000 |
| 3 | 1,200,000 | 1,200,000 | 30,000 | Nil |

7.9 DEPRECIATION

The annual depreciation is calculated using the straight line method. It is shown in the table below:

Schedule of annual depreciation

| <i>S/N</i> | <i>Capital items</i> | <i>LS</i> | <i>IV</i> | <i>SV</i> | <i>Depreciation</i> |
|-------------------|-----------------------------|------------------|------------------|------------------|----------------------------|
| 1 | Warehouse | 10 | 200,000 | 10,000 | 19,000 |
| 2 | Generator | 5 | 20,000 | Nil | 4,000 |
| 3 | Delivery van | 10 | 600,000 | 400,000 | 20,000 |
| 4 | Cell phone | 5 | 4000 | 2000 | 400 |
| 5 | Machine for production | 10 | 50000 | 30000 | 2000 |
| | | | | | N45,400 |

7.10 FORECAST FOR PROFIT AND LOSS

| <i>Particulars</i> | <i>Year 1(N)</i> | <i>Year 2 (N)</i> | <i>Year 3 (N)</i> |
|------------------------------|-------------------------|--------------------------|--------------------------|
| Expected sales | 1,576,300 | 1,608,300 | 1,687,500 |
| Less 1% | 15,763 | 16,083 | 16,875 |
| <i>Net sales</i> | 1,560,537 | 1,592,217 | 1,670,625 |
| Expenses | | | |
| Utilities | 30,000 | 30,500 | 31,000 |
| Other expenses | 190,100 | 196,600 | 212,000 |
| Salaries and wages | 610,000 | 1,059,000 | 110,700 |
| <i>Total expenses</i> | 830,100 | 1,286,100 | 353,700 |
| Profit before interest& tax | 89,700 | 121,700 | 200,900 |
| Less interest | 54,000 | 141,000 | 30,000 |

| | | | |
|-------------------|----------|----------|---------|
| Profit before tax | 80,730 | (19,300) | 170,900 |
| Less 10% tax | Nil | 1,930 | 17,090 |
| Profit after tax | (80,730) | 17,370 | 153,810 |
| Less depreciation | 45,400 | 45,400 | |
| Net profit | 35,330 | 28,030 | 153,810 |
| Retained earnings | 35,330 | 28,030 | 153,810 |
| dividend | Nil | Nil | Nil |

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

7.11 CASH FLOW PROJECTION

| Cash in | Year 0 (N) | Year 1 (N) | Year 2(N) | Year 3 (N) |
|----------------------|-------------------|-------------------|------------------|-------------------|
| Equity | 559,000 | | | |
| Bank loan | 300,000 | | | |
| net profits | | 35,330 | 28,030 | 153,810 |
| Depreciation | | 45,400 | 45,400 | 45,400 |
| Total cash in | 859,000 | 80,730 | 73,430 | 199,210 |
| Cash out | | | | |
| Equipment and others | 154,000 | | | |
| Working capital | 705,000 | | | |

| | | | | |
|---------------------------|---------|--------|---------|---------|
| Increase/decrease in cash | | 67,000 | 118,000 | 268,000 |
| Loan repayment | | | 610,000 | 120,000 |
| Dividend | | | | Nil |
| Increase/decrease in cash | | | | |
| Total cash out | 859,000 | 80,730 | 73,430 | 199,210 |
| Opening balance | Nil | Nil | 13,730 | 73,430 |
| Increase/decrease in cash | Nil | 13,730 | 59,700 | 272,640 |
| Closing balance | Nil | 13,730 | 73,430 | 346,070 |

7.12 BALANCE SHEET PROJECTION

| | <i>Year 0(N)</i> | <i>Year 1(N)</i> | <i>Year 2(N)</i> | <i>Year 3 (N)</i> |
|---------------------------------------|------------------|------------------|------------------|-------------------|
| Fixed assets | | | | |
| Machinery, equity & others | 154,000 | 154,000 | 154,000 | 154,000 |
| Less com. Dep. | | 45,400 | 90,800 | 136,200 |
| Net fixed assets | 154,000 | 108,600 | 63,200 | 17,800 |
| Current assets | | | 622,000 | 637,000 |
| Stock of material | 373,000 | 373,000 | 13,730 | 73,430 |
| Operating balance B/F | | | | |
| Debtors | 30,000 | 60,000 | 90,000 | 120,000 |
| Cash in hand / bank | 302,000 | 331,130 | 528,100 | (15,420) |
| Total of current assets | 705,000 | 764,130 | 1,253,830 | 815,010 |
| Total assets | 859,000 | 872,730 | 1,317,030 | 832,810 |
| Long term liabilities: | | | | |
| Capital (equity) | 559,000 | 559,000 | 559,000 | 559,000 |
| Retained earnings | | 13,730 | 28,030 | 153,810 |
| Bank loan | 300,000 | 300,000 | 120,000 | Nil |
| Total of long term liabilities | 859,000 | 872,730 | 707,030 | 712,810 |
| Current liabilities | | | | |
| Loan repayment | | | 610,000 | 120,000 |

| | | | | |
|------------------------------|---------|---------|-----------|---------|
| Creditors | | | | |
| Dividend | | | | Nil |
| Total of current liabilities | Nil | Nil | 610,000 | 120,000 |
| Total liabilities | 859,000 | 872,730 | 1,317,030 | 832,810 |

7.13 PROFITABILITY ANALYSIS

Relevant key profitability ratios for the first three years are shown here under.

| | Year 1(4months) | Year 2 | Year 3 |
|------------------------|------------------------|---------------|---------------|
| Profit after tax | 80730 | 73430 | 199210 |
| % return on turn over | N/A | 12.013 | 27.62 |
| % return on equity | N/A | 33.816 | 66.26 |
| % return on investment | N/A | 24.293 | 61.42 |

7.14 CASH FLOW PROJECTION

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

| Year 2 | Year 3 |
|---------------|---------------|
| 73430 | 346070 |

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

7.15 PROJECTED BALANCE SHEET

| Years of operation | Year 1(N) | Year 2(N) | Year 3(N) |
|---------------------------|------------------|------------------|------------------|
| Shareholders fund | 90000 | 622810 | 712810 |

CHAPTR EIGHT

OTHER CONSIDERATIONS AND CONCLUSION

8.1 ECONOMIC JUSTIFICATION.

From the view point of our study and analysis of the findings made, the project offers good benefits to the promoters, and human health. 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 creation.

8.2 COMMERCIAL VIABILITY.

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

8.3 CONCLUSION

Considering the outcome of my analysis, the proposed project portends technical feasibility, financial viability and many economic roles to play in our society.

This project is therefore vital for execution and implementation. It will equally help in effective and efficient production of high quality Soybean flour in Emene, Enugu East and its environs.

8.4 RECOMMENDATIONS

The use of quality Soy bean flour has proven to be of great health benefit to all age brackets and a good substitute to the very expensive dairy milk products. This is the main reason why alliances should be encouraged in the production of Dexy soy bean flour to meet the desired needs of the customers in general.

