

PART I

1.10 Executive Summary

Caritas Citrus Farm is a farm focused on the cultivation of various citrus varieties such as lemon, lime, tangerine and grapefruit. It is based in Lessel township in Benue State. The founders have noticed a dire need of the various varieties of citrus species in the agricultural industry and for local farmers who sell them to consumers. Oranges happen to be a good source of vitamin to the human body.

Not only are the founders interested in meeting the demands of the the agricultural industry, we also plan to create utmost satisfaction for these customers and also want to use this business as a means of creating employment within the community it is based in and to contribute to the economy of the country. We plan on providing products with quality and maintain this supply efficiently. This is a partnership business that plans on cultivation of citrus(oranges) and distribution of the product to the agricultural industry and to local consumers . We also plan on doing this at very affordable prices. We will also distribute fertilizers to local farmers in the area.

1.11 Name of Business

The name of the Caritas Citrus Farm Nig. Ltd.

1.12 Legal Form of Business

Cartas Citrus Farm is a private limited liability company registered with Corporate Affairs Commission (CAC) with CAC registration number RC563015 (see appendix 1)

1.13 Contact Address

No. 2 Abor Gbagam street, Lessel township,Benue State.

1.14 Mobile phone: 09071106150; 08157128024 E-Mail: caritascitrusfarms@yahoo.com

1.15 Type of Business

Caritas Citrus Farm is established to cultivate citrus such as lemon, lime, tangerine and grape as well as the distribution of fertilizer to local farmers.

1.16 Concise description of the business idea

A. Products or Services

We cultivate such citrus varieties like lemon, lime, tangerine and grape fruit as well as the supply of fertilizer to local farmers. In brief our products are:

Main products

- a) lemon
- b) Lime
- c) Tangerine
- d) Grape
- e) Fertilizer

B. Customer

Agricultural industries like fruit drink industries, public market and local farmers

C. Owner(s)

Caritas Citrus Farm is a private limited company with the following share holding structure:

- 1. Mr. AHON VINCENT CHIVIRTER 50%
- 2. Mr. THOMAS GBAGAM 50%

1.17 Number of jobs to be created

By the time the company is up and running, it is expected that it will create direct jobs for 30 people

1.18 Start – up capital

The following are the components of the required start-up capital

	Investment (Equipment, machinery and others)	N3000,000.00
	Working Capital and pre-operating expenses	N900,000.00
	Total	N3,900,000.00

1.19 Source of Capital and share holding structure

Capital requirement for the project will be sourced as shown in the table below

1.	Owner's capital	N3,120,000.00
2.	Bank loan	N1,347,320.00
	Total	N4,467,320

1.110 Profitability:

The net profits over the years are:

1. Year 1 = N5, 100,025.00
2. Year 2 = N6, 210,080.00
3. Year 3 = N13, 101,200.00

1.111 Level of liquidity:

The liquidity levels over the years are:

1. Year 1 N5, 200,185.00
2. Year 2 N7, 415,000.00
3. Year 3 N22, 520,105.00

1.12 Based on the fact that the planned business is technically feasible and commercially viable, it is therefore recommended for implementation and funding.

PART II

2.10 General Introduction

2.11 Background

As the need for fruit drinks such as derived from citrus(orange) varieties is at an increase the establishment of this business venture seek to provide this product to industries and the public market as well as fertilizers to farmers in the agricultural sector of the economy. We plan on providing products and services delivery with high level of quality and maintain efficient, effective and constant supplies through our service and product delivery channels as may be requested to our targeted market which are the agricultural fruit industries, the general public and local farmers.

2.11 Vision Statement

To produce high quality citrus species, generate employment, and create wealth for investor

2.12 Mission Statement

To maximize productivity that is efficient and rewarding

2.13 The Company

Caritas Citrus Farm is owned by two persons. It is a partnership and each person has an equal share in the business and is also equally liable for any business debts or claims.

2.14 Products or Services offered

Eminent poultry offers main products: lemon, lime, tangerine and grape fruit as well as fertilizer

2.15 Legal form and Ownership of the Enterprise

Caritas Citrus Farm is a Private Limited Liability Company. The project promoters are:

1. Mr. AHON VINCENT CHIVIRTER – 50%
2. Mr. THOMAS GBAGAM – 50%

2.16 Location of the Business

NO. 2 Abor Gbagam street, lessel township Benue State. This is because of its fertile soil, mass population and fast economic growth.

2.18 Industry Trend and Analysis

While some countries are reputed to be important exporters of citrus products, Nigeria has a problem of meeting its local demand of orange products. This problem started from the religation of the agricultural sector to te background with the discovery of oil in nigeria . This had quite an effect on declining agricultural production.

But the orange market has seen more favourable times since the independence in 1960, peaking in 1982 with large cultivated with the product commercially. But it has been declining since, to an estimated 6 million in 1997. But then, it boomed again to 20 million in 2003 and has been progressing ever so slowly since it has more people entering the business of orange cultivation especially in the rural areas.

Most of the citrus products that are found are derived from the rural areas which have a large portion of land that is not occupied by either houses or any other building. A good area of this spot are the local governments in Benue state which are the highest producers of not only oranges but any other agricultural product.

2.19 Business Strategy

Caritas Citrus Farm will strive for the production of products with the highest quality and we plan to employ the following strategies. Our location puts us in proximity with various industries which have this product as its raw material and local retailers will be supplying to. We would also make contracts with hawkers in markets to sell our products. We would also make contracts with retail shops for constant supply of eggs at intervals.

2.20 Key Success Factors

Caritas Citrus Farm will follow these principles in order to achieve success in its market:

- State of art fence framework accommodating optimum number of orange with lessened possible encroachment.
- Efficient Market chain management, optimum inventory, 'customer is king' policy.

PART III

3.10 The Market

The main target markets are Benue state and others states like Kaduna and Abuja. Particularly, the following markets are targeted: Makurdi Main market, Ushongo, Zuba, Garki, Lessel market and Kafanchan.

The reason for targeting these markets are due to the fact that they are all urban and have large population where lot of industries are located. Also in these markets are less number of competitors that can meet up to our standard.

3.11 Sales and market share analysis:

The percentage of sales to projected output is about 80%. The market shares of the product compared with that of competitors in the industry is about 65%

3.12 Key competitors and competitive advantage:

Caritas Citrus Farm will possibly face two types of competition as discussed in the sections below.

Competition

Competition is not so keen in the markets; however, it still exists. The reasons are;

- orange products are not branded products; hence what usually matters is effective positioning and timing.
- Orange market is not crowded, it's a seller's market.
- Most orange produce are sold through informal channels. Competition is usually found within local products and imported ones.

3.13 SWOT Analysis

SWOT stands for strength, weakness, opportunities and threats and we have made an analysis in each case.

Strength

- Produce high quality orange enriched with vitamin
- Relatively good infrastructure systems
- Good marketing system
- In this area, the citrus business hasn't been over-exploited
- The choice area is environmentally friendly and fertile

Weakness

- Capital intensive. Starting an orange business requires a large capital funding.
- Outbreak of pest and insects which suck the products can ruin entire business in a go
- Land consuming

Opportunities

- Export to neighboring towns
- A large and successful will provide good soft drinks like juice

Threats

- More competition
- Avian diseases and pest
- Cost of pesticides, fertilizers and insecticides
- Threat of import of frozen oranges

3.14 Demand and Supply Analysis and Estimating the Initial Installed Capacity

Details	Size(Number)
Potential demand targeted	30000
Less 30% existing competitors estimated by industry watcher to consume	9000
Available market (in the absence of expansion and very high entry wall)	21000
Less 10% due to possible expansion of existing competitors/entrant of new ones	1200
Available market	189,000
Less 5% due to error in estimation	400
Available demand/qualified market/demand supply gap	14900
Initial installed capacity at most 60% of available demand (served market)	8000

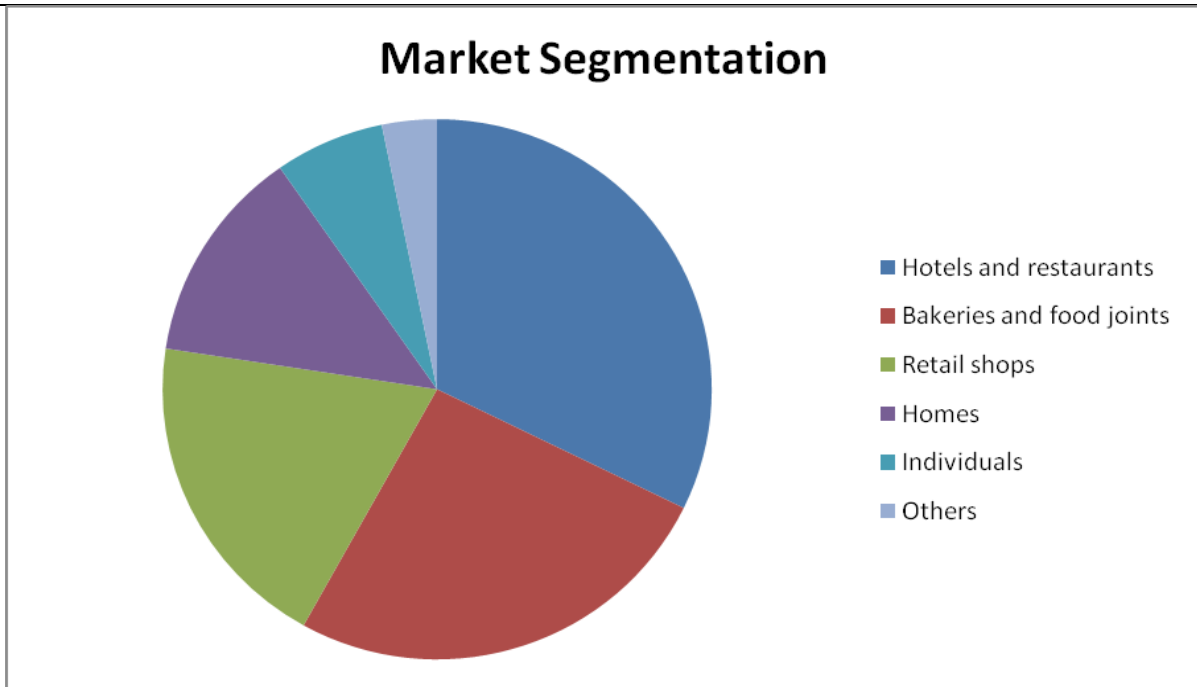
4.10 Marketing Plan

4.11 Market segmentation:

Market segmentation

Although in the Nigerian populace, there are a few taboos, health conditions that will prevent the consumption of orange produce, during the market segmentation, we found out that nearly everybody drinks orange, so we are targeting the whole market, individuals, homes and firms that drink orange and juice in large quantities. Specifically, there is a high demand for orange juice for home consumption or as gifts during festivals like Christmas, Eid-al-fitr, New Year, Easter etc.

4.12



Target Market

Individuals are a small sector in the market segmentation. They are a pretty large group but they buy a relatively small amount of orange.

The part of the market that we hope to supply large amount of oranges to are the industries that need orange. We have strategically placed our site close to these industries. They are; agricultural industries retail shops and supermarkets.

Another part of our target market that will order our products in medium quantities are the homes that will require our home delivery as we have a set amount of orange they need to order for. Homes generally utilize oranges as deserts after meals.

The parts of our target market interested in large orange are large agricultural industries scale and festive individuals. We have considered the needs of each section of the target markets and we plan on meeting these needs effectively.

4.13 Description of the edge of product or product range of service

Caritas Citrus Farm has the specifications shown in the table below:

Product/ Service	Specification (Product / Service # 1)
Denomination/ product line	oranges
Specification (i.e. size, colour, and quality)	Small, medium and large
Packaging	1000 per bag
After sale service	None

4.14 Marketing Plan (Using Price as a tool)

Product/ Service	1	prices(N)
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How much are customers willing to pay?	Highest	Average	Lowest.
	1200	1000	950
Competitors price	Highest	Average	Lowest.
	1200	1050	950
My price	1100		
Reason for setting my price	To be price competitive, but remain profitable		
Margin discount?	No		

4.15 Market positioning Strategy:

Being a new entrant into the market Caritas Citrus Farm plans to use aggressive marketing to win a comfortable market share in the cereal flour sector.

4.16 Marketing Mix Implementation Tools:

The marketing mix implementation targets to use the following tools:

1. Attractive packaging
2. Competitive pricing
3. Personal selling and
4. Advertisement

4.17 Channel of distribution

Caritas Citrus Farm would utilize the following channels of distribution:

- a. Direct to individual i.e. final consumer
- b. Through the retailers and
- c. Through wholesalers.

4.18 Start-up promotion:

These are the planned actions to inform customers about the opening of the new business (i.e. posters, fliers, advertisement, radio, opening ceremony, church announcements, etc.) However, Eminent poultry would utilize the following promotional activities:

1. Sign board at specific places and hand bill (N100,000.00)
2. Open awareness advertisement with key market targets (restaurants, hotels, schools etc.)
3. Advertisement which would utilize the following media:
 - a. TV (50,000.00)
 - b. Radio (20, 000.00)
 - c. Flyers (print media) (N10,000.00)

4.19 Alliances:

It is believed that the main promoter of the business is the key customers. So, it is in the plan of Caritas Citrus Farm to maintain proper and satisfactory services.

4.20 Marketing Calendar and Budget:

The specific marketing activities and the individuals responsible for taking actions required and the overall marketing budget are as shown below.

Marketing Budget

Date	Marketing plan Activity	Evaluation Index	Personnel Involved	Estimated Costs(N)
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Start Sept. 2015 End Oct. 2015	Awareness to targeted utilities	Presence of flyers in major markets converted	Outsourced	7,000.00
Start Nov. 2015 End Dec. 2015	Advertisements in Radio and TV	2 times Radio and TV announcements	Outsourced	70,000.00
Start Jan. 2016 End Feb.. 2016	Sales promotion	Every day for 2 months entries for draw	Outsourced	50,000.00
Total				127,000.00

PART V

TECHNICAL ANALYSIS

Production plan: in our farm we will be using 10hec of land therefore in correspondence to this large amount of land we such plant about 10000 orange trees with a definite spacing to enable them grow and get proper air spacing. the farm is expected to produce its fruits at each half of the year that is its produce will be due for harvest in January and July each year with about a total of 5000 bags at each harvest.

5.12 Production Process:

The production process begins with each season when the orange trees begin to produce flowering, which later turn to the desired fruits which take a period of a few months to get ripe.

5.13

5.14 The Production Schedule:

The commercial production schedule of Caritas Citrus Farm has been articulated in the table below

	Month	Input (POL) (number)	Input (POL) (number)	Input (POL) (number)	Targeted output (number)
1	Jan	550	550	500	500
2	Feb	550	550	500	500
3	Mar	550	550	500	500
4	Apr	550	550	500	500
5	May	550	550	500	500
6	Jun	550	550	500	500
7	Jul	550	550	500	500
8	Aug	550	550	500	500
9	Sep	550	550	500	500
10	Oct	550	550	500	500
11	Nov	550	550	500	500
12	Dec	550	550	500	500
1	Jan	600	600	650	650
2	Feb	600	600	650	650

3	Mar	600	600	650	650
4	Apr	600	600	650	650
5	May	600	600	650	650
6	Jun	600	600	650	650
7	Jul	600	600	650	650
8	Aug	600	600	650	650
9	Sep	600	600	650	650
10	Oct	600	600	650	650
11	Nov	600	600	650	650
12	Dec	600	600	650	650
1	Jan	700	700	750	750
2	Feb	700	700	750	750
3	Mar	700	700	750	750
4	Apr	700	700	750	750
5	May	700	700	750	750
6	Jun	700	700	750	750
7	Jul	700	700	750	750
8	Aug	700	700	750	750
9	Sep	700	700	750	750
10	Oct	700	700	750	750
11	Nov	700	700	750	750
12	Dec	700	700	750	750

It is the plan of Caritas Citrus Farm to commence commercial production by cultivation of large hectares of orange trees which its product will be supplied to agricultural industries which will be used in the production fruit drinks like orange juice.

5.15 Machinery, equipment, and other requirements

S/n	Investment (Equipments and others)	Qty	Life Span	Other comments
	sprayers		5yrs	Nil
	bags	120	5yr	Nil
	harvester		5yr	Nil
	fertilizers		5yrs	Nil

fence		5yrs	Nil
Shovels		5yrs	Nil
Building		5yrs	Nil
Land		10yrs	Nil
Delivery van		10yrs	Nil

5.16 Technology:

The technology applied in the production of Caritas Citrus Farm is quite simple and can be divided into two: product technology; and delivery technology. The product technology implies the type of the temperature monitoring and controlling system equipped in the land which is essential to the development of the product.

On the other hand, the main delivery technology utilized is that of an effective internet and mobile communication technology by which customers can easily request for products/services delivery to specific locations within certain time limits.

5.17 Quality assurance and standardization

Qualified supervisors will carry out regular check up. .

Staffs will be properly trained.

Research on modern and current methods will be carried out from time to time.

6.10 Management and Organizational Structure

6.11 Shareholders/ Directors:

The key promoters of the project are Mr.AHON VINCENT CHIVIRTER AND MR.THOMAS GBAGAM The shareholding structure is as shown below:

Mr. Ahon Vincent Chivirter – 50%

Mr. Thomas Gbagam – 50%

6.12 Management team

Production manager – Linus Agwu (Prof. Rtd)

Admin / Act Manager – B.Sc TCE with 5 years experience

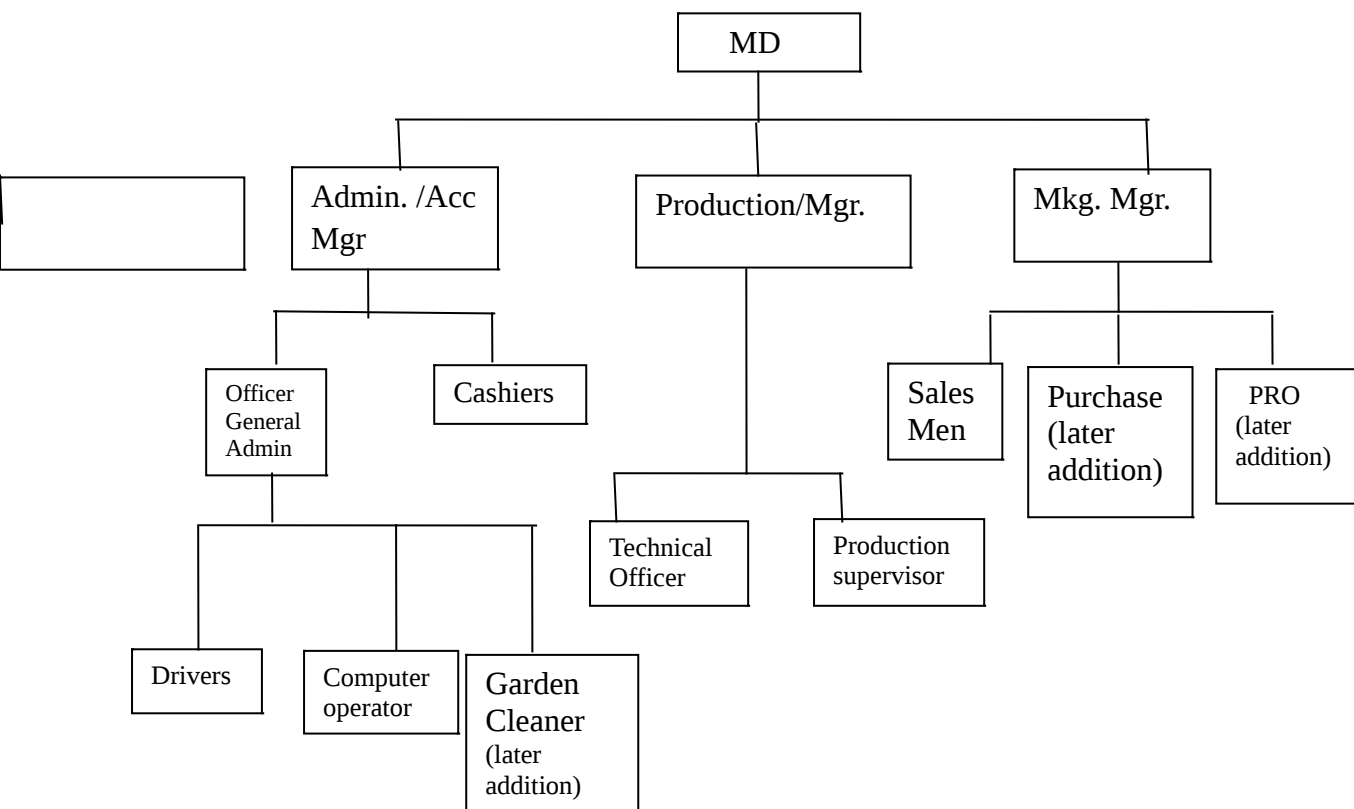
Marketing Manager – B.Sc Mkg with 6 years experience

It is the expectation of project promoters that the business would have rapid growth. If this happens the Administration function would be separated from the accounting function and new but capable hands would be hired to man, the vacancies created.

6.13 Organizational structure:

This shows the hierarchy in the management using an organizational chart

ORGANIZATION STRUCTURE



6.14 The personnel plan (staffing and salary structure)

S/n	Position	No. of staff	Salary per staff per month	Total annual salary
	Proprietor / M.P	1	50,000.00	600,000
	Production Supervisor	1	25,000.00	300,000
	Cashier	1	15,000.00	180,000
	Sales men	3	10,000.00	120,000
	Drivers		10,000.00	120,000
	Sub Total			1,320,000
	Add 5% fringe benefits			66,000
	GRAND TOTAL			1,386,000

6.15 External support (Out sourcing):

The capacity of the managing crew and the organization as a body might not be adequate to handle all manner of tasks pertinent to the organization. In this instance, the organization may need to outsource certain roles or tasks.

The supply of fertilizer to the factory shall be outsourced to established produce wholesalers since Eminent Poultry may not have the chance of visiting most of the nearby markets. However, efforts shall be made to select adults who source their supplies at farm gates. This is to ensure that the prices are competitive.

6.16 Organization's values and norms:

Caritas Citrus Farm core values are as listed below:

- a. To carry out business on the best ethical standards
- b. To show highest level of integrity and honesty.
- c. To maintain quality and cleanliness at all times

PART V

7.10 Legal, regulatory, social, and environmental issues

7.11 legal Issues:

There is a memorandum of understanding between Nigeria Agricultural Agency and Caritas Citrus Farm and her products

7.12 Regulatory and Environmental Issues.

A. Regulatory Issues:

- i. Caritas Citrus Farm is a regulated by an agricultural regulatory agency is Nigerian Agricultural Agency
- ii. The product is registered with Nigeria Agricultural Agency

B. Environmental issues; it will occupy a large portion of land

PART VI

8.10 Financials

8.11 Equipment machinery and others costs:

Caritas Citrus Farm would need the following equipment, machinery and others to operate. The cost implications of these are shown in the table below.

S/N	Investment (Equipment and others)	Qty	Unit cost (₦)	Total cost (₦)
	fertilizer		350	24,500
	pesticides	120	220	26,400
	bags		50,000	50,000

harvesters		100	5000
fence		1100	16,500
Shovels		600	12,000
Building		400,000	400,000
Land		700,000	700,000
/ fixture/fittings		40,000	40,000
Delivery van		550,000	550,000
Miscellaneous		50,000	50,000
TOTAL INVESTMENT			1,874,400

8.12 SALES PLAN

	Year 1	Year 2	Year 3
Product/Service	Caritas Citrus Farm products	Caritas Citrus Farm products	Caritas Citrus Farm Products
Product(A)/Service Quantity (Volume)	2000	2400	2600
Price per unit(A)	1200	1200	1250
Subtotal (N)	2,400,000	2,880,000	3,250,000
Product(B)/Service Quantity (Volume)	5840	7300	7908
Price per unit(B)	600	600	650
Subtotal (N)	3,504,000	4,380,000	5,140,200
Total Sales	5,904,000	7,260,000	8,390,200

8.13 COST PLAN

	Year 1	Year 2	Year 3
Product/Service	Caritas Citrus Farm products	Caritas Citrus Farm products	Caritas Citrus Farm products
Product(A and B)/Raw input	500+500=1000	550+550=1100	600+600=1200
Cost per unit	800	800	800
Subtotal	800,000	880,000	960,000
Feeds	609	615	620
Cost per unit	1,400	1400	1400
Subtotal	852,600	861,000	868,000
costs of Raw Input Total	1,652,600	1,741,000	1,828,000

8.14

(a) Local raw material and other inputs

Items	Unit Cost ₦	Quantity Required/Annum	
		Current (Existing)	Proposed (After Expansion)
a. Water supply	1200	62,400	93,600

8.15 General cost of Administration

The cost structure shown below is as currently applied and it is hoped it will remain so even after increases has been achieved in output

Item	Current (for existing projects only (₦) for Annum	Proposed (for new/expansion projects) (₦)
a. Rates (Water Rate)	63,000	63,000
b. Traveling Expenses/Telephone	100000	100000
c. Fertilizer	50,000	50,000
d. Vehicle Running Expenses	80,000	80,000
e. Insurance	150,000	150,000
f. Security services	180,000	180,000
g. Other Expenses	100,000	100,000
TOTAL	723,000	723,000

8.16 Preliminary & Pre-Operating Expenses (For New Projects Only)

The following expenses were incurred as a result of running around to organize men and materials needed to launch Caritas Citrus Farms into commercial operation.

Item	Amount
a. Company Incorporation	10,000
b. Increase in Authorized Share Capital	NIL
c. Traveling Expenses	85,000
Preparation of Business Plan/F.S.	22,000
Others (please specify)	NIL
TOTAL	117,000

Notes:

- Fixed asset investment is also called fixed capital
- Fixed asset investment + working capital + Pre – operating expenses = Initial total investment outlay.
- “Pre – operating expenses” refers to all expenses incurred as a result of activities associated with setting up the business. Examples are: cost of writing the business plan; travelling expenses incurred before the business kick starts.
- WIP means Work in Progress; the intermediate state between raw materials and finished goods.
- FG means finished goods inventories; the final state of transformation of raw materials i.e. finished goods, before it is sold

- The number of raw materials used to produce a given good/product could range from one to n in number.
- For raw materials the length of the period of time n usually corresponds to the gestation period.
- Debtors could be more in value than creditors or vice versa. If debtors are more, than it means the business is assisting in supporting the operations of customers. This could be done as a type of marketing strategy. On the other hand, if the creditors are more in value, then suppliers are assisting in financing the business (this is usually done by way of trade credit).

8.17 Working Capital Projection (to cover the gestation period)

Working capital items	Year 0 (₦)	Year1 ₦	Year 2 ₦	Year3 ₦
Stock of raw material (layers and broilers for 14 days value)	800,000	800000	800000	880000
Stock of raw material(feeds)	852,600	852600	852600	860000
Provision for utilities and others: 1 month need of annual utilities	72,400	72400	72400	81000
Salaries/wages (3 months provision)	1,386,000	1386000	1386000	1400000
Debtors: 10 days value of annual sales	NIL	120000	140000	170000
	3,111, 000	3231000	2991000	3391000
Less creditor: 20 days need of raw materials	NIL	180000	130000	190000
Working capital	3,111,000	3,051,000	3121000	3201000
Increase/Decrease in working capital	—	60,000	70,000	80,000

The working capital needed to get the business running as planned is N3, 111,000 (Three million, one hundred and eleven thousand naira only)

8.18 Start up Capital Needed

The funds needed for fixed asset investments, working capital and pre-operating expenses add up to give us the initial total investment outlay for Caritas Citrus Farm. As shown in the table below

Item of Expenditure	Amount
Fixed asset investment (Equipt. Machinery and other requirements)	1,874,400
Working Capital	3,111,000
Pre-operating Expenses	117,000
Initial Total Investment Outlay	₦4,467,320

Thus the start-up capital need to launch Caritas Citrus into commercial production is N4, 467,320 (Four million, four hundred and sixty-seven thousand, and three hundred and twenty naira only).

8.19 Financing Plan

To raise the start-up capital, the table below shows how the capital requirement will be funded

	Source of Fund	Amount (₦)
	Owner's capital	3,120,000
	Bank Loan	1,347,320
	Total	4,467,320

8.20 Loan Repayment and Interest payment schedule.

Year	Loan/Loan Bal B/d	Interest	Annual Instalment	Loan Repayment	Loan Bal c/f
	A	B	C	D	E
	A	B= r(A)	C (A value in eqn. 1)	D = C – B	E = A - D
0	1,347,320.00	N/A	N/A	N/A	1,347,320.00
1	1,347,320.00	67,366	450,516.46	383,150.46	964169.54
2	964,169.54	48,208.48	322400.03	274,191.55	689,977.99
3	689,977.99	34,498.90	230,715.57	196,216.67	NIL

Note:

$$PV = \frac{A(1 - (1 + r)^{-n})}{r} \dots\dots\dots (1)$$

Where: PV = Loan amount; A = Annual Instalment; r = rate of interest per annum=20%; and n = tenure of loan in years=5yrs

8.21 Schedule of Depreciation

S/n	Item of Depreciation	Initial value	Scrap value	Life span (yrs)	Depreciation
1	bags	24,500	15,000	5	1,900
2	harvesters	26,400	13,000	5	2,680
3	Official vehicles	50,000	30,000	5	4000
4	wheelbarrow	5000	1000	4	1000
5	fence	16,500	10,000	5	1300
6	Shovels	12,000	7000	5	1000

7	Building	400,000	380,000	5	4000
8	Land	700,000	600,000	10	10,000
9	/ fixture/fittings	40,000	20,000	5	4000
10	Delivery van	550,000	320,000	10	23,000
11	Miscellaneous	50,000	20,000	5	4000
	Total Depreciation				₦56,880.00

$$\text{Dep.} = (\text{iv} - \text{Sv})/\text{Is}$$

Where; Dep. = Total depreciation; iv = initial value; sv = scrap value; and Is = life span of asset.

8.22 Final Account Projection

This comprises of the profit and loss account, cash flow statement, and the Balance sheet. The entries made here are from earlier sections.

8.23 Estimate of Profit and Loss Account for the first 3 years for Eminent Poultry.

Particulars	Year 1	Years 2	Years 3
Sales	5, 100,025.00	6, 210,080.00	13, 101,200.00
Net Sales	5, 100,025.00	6, 210,080.00	13, 101,200.00
Less Expenses:			
Cost of raw materials	1,652,600	1,741,000	1,828,000
Salaries	1,386,000	1,386,000	1,486,000
Rate (water)	63,000	63,000	63,000
Telephone/Travels	100,000	100,000	100,000
Advertising	40,000	40,000	40,000
Electricity/others	180,000	180,000	185,600
Insurance	150,000	150,000	150,000
Motor Vehicle maintenance	80,000	80,000	85,000
Total Expenses	3,651,600	3,740,000	3,937,000

Profit before Tax/Int	5, 100,025	6, 210,080.00	13,101,200
Less Interest	300,000	200,100	165,000
Profit After Interest	4,800,025	6,009,980	12,936,200
Taxable Profit	4,800,025	6,009,980	12,936,200
Less Tax (30%)	144007.50	1802994	3880860
Profit After Tax	4,656,017.50	4,206,986.00	9,055,340.00
Less Annual depreciation	58,880.00	58,880.00	58,880.00
Net Profit	4,597,137.50	4,148,106.00	8,996,460.00
Appropriations	Year	Year 2	Year 3
Retained servings	2,298,568.75	2,074,053.00	4,498,230.00
Dividend	1,915473.96	1,481,466.43	2,998,820.00

8.24 Cash flow Projection for Caritas Citrus Farm

	Yr 0 (N)	Yr 1 Total (N)	Yr 2 Total (N)	Yr 3 Total (N)
Cash In				
Bank Loan	1,347,320	_____		_____
Sales Income	_____	5, 100,025	6, 210,080.00	13,101,200
Equity	3,120,000	_____	_____	_____
Total Cash In	4,467,320.00	5,100,025.00	6,210,080.00	13,101,200.00
Cash Out				
Admin. Outgoings.	_____	20,000	30,000	40,600
Marketing		350,000	200,000	250,000
Cost of Goods		1,652,600	1,741,000	1,828,000
Interest Expenses		180,000	200,000	280,500
Loan Repayment	1,347,320.00	964,169.51	689,977.99	-----
Initial Investments	4,467,320.00	_____	_____	_____
Salaries		1,386,000	1,386,000	1,486,000

Motor vehicle maintenance		80,000	80,000	80,000
Dividends		1,915,473.96	1,481,466.43	2,998,820.00
Total Cash Out	5,814.00	6,548,243.47	5,808,444.42	6,963,920.00
Net Cash Flow	NIL	4,451,781.53	401,635.58	6,137,280.00
Opening cash Bal	NIL	NIL	4,451,781.53	6,538,915.58
Closing cash Bal	NIL	4,451,781.53	6,538,915.58	10,990,697.10

8.25 Balance of Sheet of Caritas Citrus Farm for the 1st 3 years

Balance Sheet Assets	Yr 0	Yr 1	Yr 2	Yr 3
<i>Fixed Assets:</i>				
Land Machinery & others	1,874,400	1,874,400	1,874,400	1,874,400
Less Cum. Dep.	NIL	56,880.00	60,000.00	66,242.21
Total Fixed Assets (A)	1,874,400	1,874,400	1,874,400	1,874,400
<i>Current Assets:</i>				
Cash (use as balancing item)	5,100,025.00	6, 210,080.00	8,101,200.00	13, 101,200.00
Operating Bal	NIL	NIL	5,100,025.00	6, 210,080.00
Debtors	NIL	40,000	65,000	81000
Stock	413,550	165420	283,970	312,200
Total Current Assets (B)		19870993	50584233	67,626,795
Total Assets (C)	18,504,200	32,688,993	62,180,233	66,038,195
<i>Liabilities</i>				
<i>Current liabilities</i>				
Creditors	NIL	2,363,000	4,057,000	4,179,000
Dividend	NIL	5,364157	17,595814	20258718
Short Term Loan	-	2,782,052	2,921,155	3,281,000
Total Current Liabilities (D)	NIL	10,509,209	24574029	27,718,718

Long Term Liabilities				
Long Term Loan	8,984,200	6,202,148	3,280,993	NIL
Other (specify)	-	-	-	-
Total Long Term Liabilities (E)	8,984,200	6,202,148	2,280,993	NIL
Long + Short Term Liab. (F)	420,200	1,711,357	2,855,022	2,718,718
Shareholders' Equity (C-F)	520,000	1,977,636	3,325,211	3,319,477
Shareholders Equity:				
Capital (Shares)	952000	952000	952000	952000
Retained Profits	NIL	6457636	2480521	2799477
Total shareholders fund (G)	952000	1,977,636	3325211	3319477
Total Liabilities (F+G)	504,200	1,688,993	1,180,233	1,038,195

Notes:

- Total Assets = Fixed Asset + Current + assets
- Total Liabilities = Long term Liabilities + Current Liabilities + Shareholders Fund
- Shareholders' Equity = Total Assets – Total liabilities
- Capital Employed = Total Assets – Current Liabilities
- Working Capital = Current Assets – Current Liabilities.

8.26 Ratio Analysis

Type of ratios	Year 1	Year 2	Year 3
Liquidity ratios:			
a. Current ratio	0.21	0.22	2.46
b. Acid test ratio	1.62	1.89	2.22
Leverage ratios:			
a. Debt equity ratio	0.41	0.22	—
b. Debt capitalization ratio	0.25	0.08	—
Loan coverage ratio			

a. Interest coverage ratio	32.48	150.96	235.85
b. Assets coverage ratio	3.25	9.47	—
Profitability ratio			
a. Return on capital employed	65.04%	121.23%	145.21%
b. Net profit margin	16.50%	42.54%	36.25%

PART VII

10.0 Risk Analysis, Contingency plan, and Exit Strategy:

10.10 Risk Contingent Analysis

Eminent Poultry has identified the risks discussed in the table below.

Actions taken to guard against the risk are given as Mitigants

S/n	Risks	Mitigants
1.	Inadequate start – up demand	Aggressive promotion and advertising campaigns.
2.	Unexpected adverse events	Appropriate insurance policy will be taken
3.	High unexpected entrance of many competitors due to the fact that the business is profitable	Use of trade secret to keep product formulation formula secret from potential competitors. Also continuous aggressive marketing will be sustained

10.12 Contingency Plan & Exit Strategy

The project promoters do not foresee a situation where it will fail. However, if the scenario tends to failing, the business can easily be sold since the equipment can easily be used for other things. Alternatively, the business can easily open other lines of business and diversify.

PART VIII

11.10 Other Consideration and Conclusions

11.11 Economic Justification

This project can deliver incense benefits like job creation, contribution to GDP, gross capital formation, gross domestic product (GDP). Particularly it will:

1. It will provide job for 12 persons
2. It will contribute more than ₦ 10,000,000 to Gross Capital
3. It will contribute more than ₦200 Million to the GDP in the next three years.

11.12 Commercial Viability

The project is very profitable as it will generate more than ₦103 Million in profit in the next three years. The liquidity positions are: N5, 200,185.00, ₦7, 415,000.00; and ₦ N22, 520,105.00 for year 1,2, and 3 respectively. Equally share holders net worth will from ₦2, 520,000 operations to over ₦21, 319,477.00 at the inception of business by the third year of operation.

11.13 Conclusion and Recommendation:

In view of the technical feasibility and commercial viability of the project, it is highly recommended for implementation and funding.