

## **PART I**

### **1.10 Executive Summary**

Eminent poultry is a farm focused on both egg and meat production that provides for a large market range. It also produces manure as a by-product. It is based in Enugu city, Agbani Road. The founders have noticed the health implication of red meat and are creating a business to meet the increased demand for white meat and eggs. Chickens happen to be a great source of white meat and are also largely known for egg production

Not only are the founders interested in meeting the demands of the customer, 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 provide products with quality and maintain this supply efficiently. This is a partnership business that plans on distributing eggs and chicken to restaurants, home delivery food centres, hotels, schools, clubs, bakery, catering businesses and supermarkets. We also plan on doing this at very affordable prices. We will also distribute manure to farmers that are into vegetable farming and also as an ingredient for feed in fish farming.

### **1.11 Name of Business**

The name of the Business is Eminent Poultry Nig. Ltd.

### **1.12 Legal Form of Business**

Eminent Poultry 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.1 Highlife Avenue, Awkunanaw Enugu, Enugu State.

1.14 **Mobile phone:** 08130923890; 08146167012    **E-Mail:** eminentfarms@yahoo.com

### **1.15 Type of Business**

Eminent Poultry is a service provider and wholesaler operating in the agro processing sector.

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### 1.16 Concise description of the business idea

#### A. Products or Services

We offer chicken eggs and chicken meat that will be gotten from layers and broilers to our target market. We also offer fertilizer in form of chicken manure. In brief our products are:

- Main products
  - a) Eggs
  - b) Live chickens
- By-products
  - a) Chicken droppings

#### B. Customers

- super markets, public markets, bakeries, restaurants, health institutions

#### C. Owner(s)

Eminent Poultry is a private limited company with the following share holding structure:

1. Mrs. Njideka A.C      50%
2. Mr. Augustine O.A      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 15 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
	<b>Total</b>	<b>N3,900,000.00</b>

### 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
	<b>Total</b>	<b>N4,467,320</b>

#### 1.110 Profitability:

The net profits over the years are:

1. Year 1 = N5, 100,025.00

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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 white meat and eggs rises, poultry farming becomes the next finger point. This involves the process of raising poultry layer birds from Point OF Lay (POL) for the purpose of producing table eggs and white meat and other by-products which are essential for some other agricultural purposes. 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 include restaurants, home delivery food centers, hotels, schools, clubs, bakery and catering businesses, supermarkets and health institutions

#### **2.11 Vision Statement**

To produce nutritious eggs, generate employment, and create wealth for investor

#### **2.12 Mission Statement**

To build a mechanised poultry that is efficient and rewarding

#### **2.13 The Company**

Eminent poultry 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**

## **2.15 Legal form and Ownership of the Enterprise**

Eminent poultry is a Private Limited Liability Company. The project promoters are:

1. Mrs. Njideka A.C – 50%
2. Mr. Augustine O.A – 50%

## **2.16 Location of the Business**

The business will be located at Highlife Avenue, Awkunanaw Enugu, Enugu State. This is because of its mass population and fast economic growth.

## **2.18 Industry Trend and Analysis**

While some countries are reputed to be important exporters of poultry products, Nigeria has a problem of meeting its local demand of poultry products. This problem started from the poultry market in 1984 when the federal government banned the importation of maize. This had quite an effect on declining poultry production.

But the poultry market has seen more favourable times since the independence in 1960, peaking in 1982 with 40 million commercially reared birds. 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 poultry business.

In the poultry business now, most of the products supply comes from the informal farmers with holdings of 50-700 birds. But there are the “big guns” especially in the southern part of the country, good examples being Obasanjo Farms (Nig.) Ltd and UAC foods.

## **2.19 Business Strategy**

Eminent poultry 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 of a major hotel, restaurant, schools with campuses and home deliver food centres we will be supplying to. We would also make contracts with hawkers in markets to sell our live chickens and eggs. We would also make contracts with retail shops for constant supply of eggs at intervals.

## **2.20 Key Success Factors**

Eminent poultry will follow these principles in order to achieve success in its market:

- 
- State of art cage framework accommodating optimum number of chickens with lessened possible hazards.
  - Efficient Market chain management, optimum inventory, 'customer is king' policy.  
Regular visits by veterinary medical workers and hygienic poultry house environment

## **PART III**

### **3.10 The Market**

The main target markets are Enugu state and its environs. Particularly, the following markets are targeted: Main market, Nsukka, Agbani, Awkunanaw, independence layout and New Haven.

The reason for targeting these markets are due to the fact that they are all urban and have large population where plenty eateries, restaurants, hotels, schools and the likes 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:**

Eminent Poultry 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;

- Poultry products are not branded products; hence what usually matters is effective positioning and timing.
- Poultry market is not crowded, it's a seller's market.
- Most poultry 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 eggs enriched with protein
- Relatively good infrastructure systems
- Good marketing system
- Eggs and chicken are not seasonal products and can be eaten any time of the year
- In this area, the poultry business hasn't been over-exploited
- Poultry are environmentally friendly

### **Weakness**

- Capital intensive. Starting a poultry business requires a large capital funding.
- Outbreak of disease can ruin entire business in a go
- The smell can be quite disturbing

### **Opportunities**

- Expansion into large scale production of byproducts (fertilizer and detergent)
- Export to neighboring towns
- A large and successful poultry will ensure food security

### **Threats**

- More competition
- Avian diseases
- High feed ingredients prices
- Threat of import of frozen chicken

## **3.14 Demand and Supply Analysis and Estimating the Initial Installed Capacity**

<b>Details</b>	<b>Size(Number)</b>
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 cat most 60% of available demand (served market)	8000

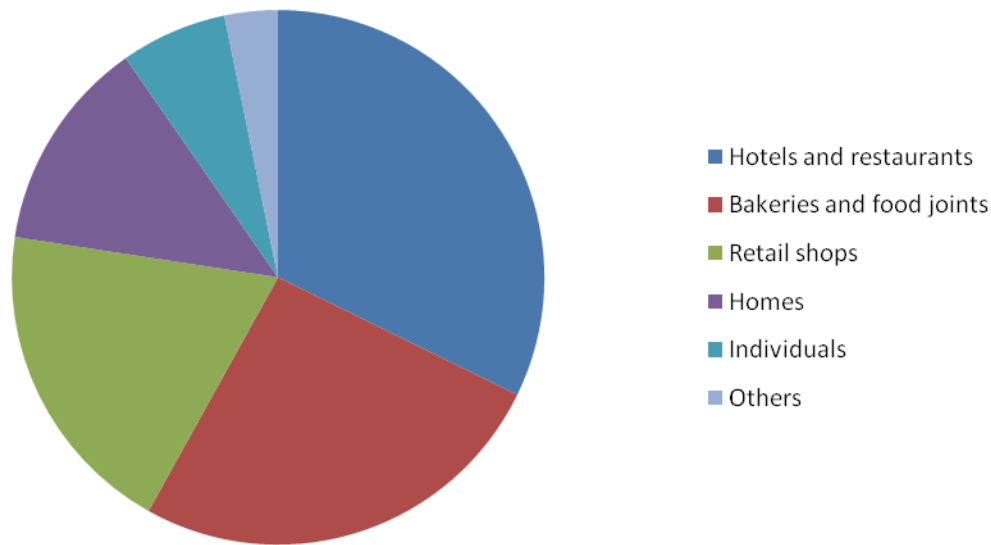
### **4.10 Marketing Plan**

#### **4.11 Market segmentation:**

##### **Market segmentation**

Although in the Nigerian populace, there are a few taboos, religious or cultural practices that will prevent the consumption of poultry produce, during the market segmentation, we found out that nearly everybody eats eggs and meat, so we are targeting the whole market, individuals, homes and firms that use eggs and chicken in large quantities. Specifically, there is a high demand for live chickens for home consumption or as gifts during festivals like Christmas, Eid-al-fitr, New Year, Easter etc.

## Market Segmentation



### 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 eggs.

The part of the market that we hope to supply large amount of eggs to are the industries that need eggs. We have strategically placed our site close to these industries. They are bakeries, restaurants, boarding schools, home delivery food centres, 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 eggs they need to order for. Homes generally utilize eggs in the preparation of edibles like chicken burger, chicken pie, salads, Scotch egg, omelettes, egg soup etc.

The parts of our target market interested in live chickens are small scale poultry farmers 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

Eminent Poultry has the specifications shown in the table below:

Product/ Service	Specification (Product / Service # 1)
Denomination/ product line	Product A(live chickens), Product B(eggs)
Specification (i.e. size, colour, and quality)	Small, medium and large
Packaging(for eggs)	Portable sized egg crate(30 pieces of eggs per crate)
After sale service	None

### 4.14 Marketing Plan (Using Price as a tool)

Product/ Service	1 prices(N)		
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 for discount?	No		

#### 4.15 Market positioning Strategy:

Being a new entrant into the market Eminent poultry 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

Eminent poultry 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 Eminent poultry 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	Evaluation Index	Personnel	Estimated
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	<b>Activity</b>		<b>Involved</b>	<b>Costs(₦)</b>
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
<b>Total</b>				<b>127,000.00</b>

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## PART V

### TECHNICAL ANALYSIS

#### 5.10 Production plan:

##### 5.11 The Project:

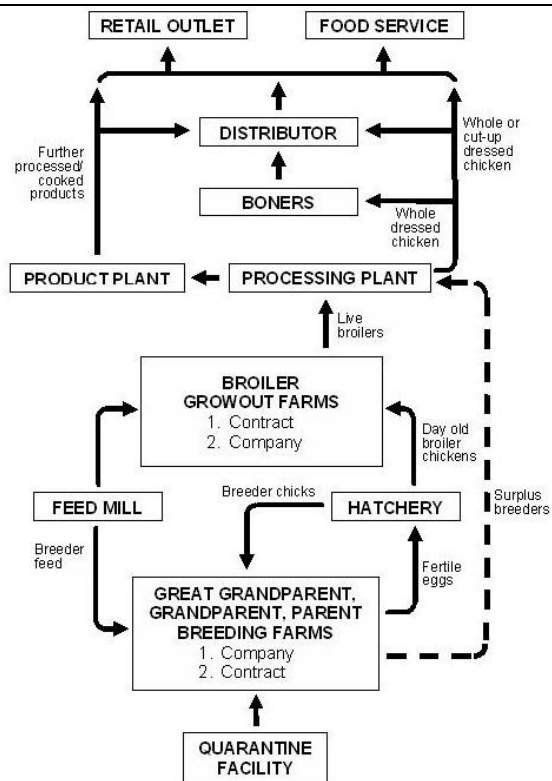
In our poultry, we are planning to keep 500 chickens for meat, and 500 chickens for eggs. For 500 chickens for eggs, each chicken is expected to lay at least 1 egg per day. For the whole day, 500 eggs will be produced. For every 3 months, 500 adult chickens will be sold. Our production target is to reduce cost of production by at least 20% in the next 3 years

##### 5.12 Production Process:

The following basic steps are to be followed in the production chain. We are starting with POL (point-of-lay), these are birds in their fourteen to twenty weeks of Age, (birds often start dropping their first egg from 22weeks to 24weeks of age). Advantage of acquiring Point of Lay birds is the reduced risk. Prices of POL at press time ranges from N750 to N950/bird. In budgeting for feeding, a bag cost about N1,400 today and could feed 200 birds for 3 days. A bird at good lay point generate between N6 to N10/day as gross profit. This means that a flock of 200 laying birds could generate N1600 profit per day, and about N48,000/month hence by implication 500 birds could generate N120,000/month. At the end of the 54 to 72weeks of lay, the spent layers would be sold for nearly the equivalent amount with which the POL is purchased.

With the broilers, we buy day old chicks that will mature into live chickens in 8 weeks after which another batch of day old chicks will be bought

#### 5.13 The production flow chart



### 5.14 The Production Schedule:

The commercial production schedule of Eminent Poultry has been articulated in the table below

	Month	Input (POL) (number)	Input (POL) (number)	Input (POL) (number)	Targeted output (FGC) (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
<b>1</b>	<b>Jan</b>	<b>700</b>	<b>700</b>	<b>750</b>	<b>750</b>
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 Eminent Poultry to commence commercial production by producing average of 500 Full Grown Chicken(FGC) and equal average number of eggs per month and increases in the subsequent years by number of 50. The 50 number margin is accounts for enforcing contingencies in terms of health issues and environmental conditions for the birds, the number of input per month is usually 500 point-of-lay(POL) and also increases subsequently by 50 every year.

#### 5.15 Machinery, equipment, and other requirements

S/n	Investment (Equipments and others)	Qty	Life Span	Other comments
	Feeders and drinkers		5yrs	Nil
	Crates	120	5yr	Nil
	Lighting system		5yr	Nil
	Egg tray		5yrs	Nil
	Cages		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 Eminent Poultry 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 cages 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.

Cleanliness will be maintained.

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 Mrs. Chiekwube, Njideka Awulu and Mr. Augustine Akaeze Okafor. The shareholding structure is as shown below:

Mrs. Chiekwube, Njideka Awulu – 50%

Mr Augustine Akaeze Okafor – 50%

### 6.12 Management team

Production manager – Linus Agwu (Prof. Rtd)

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

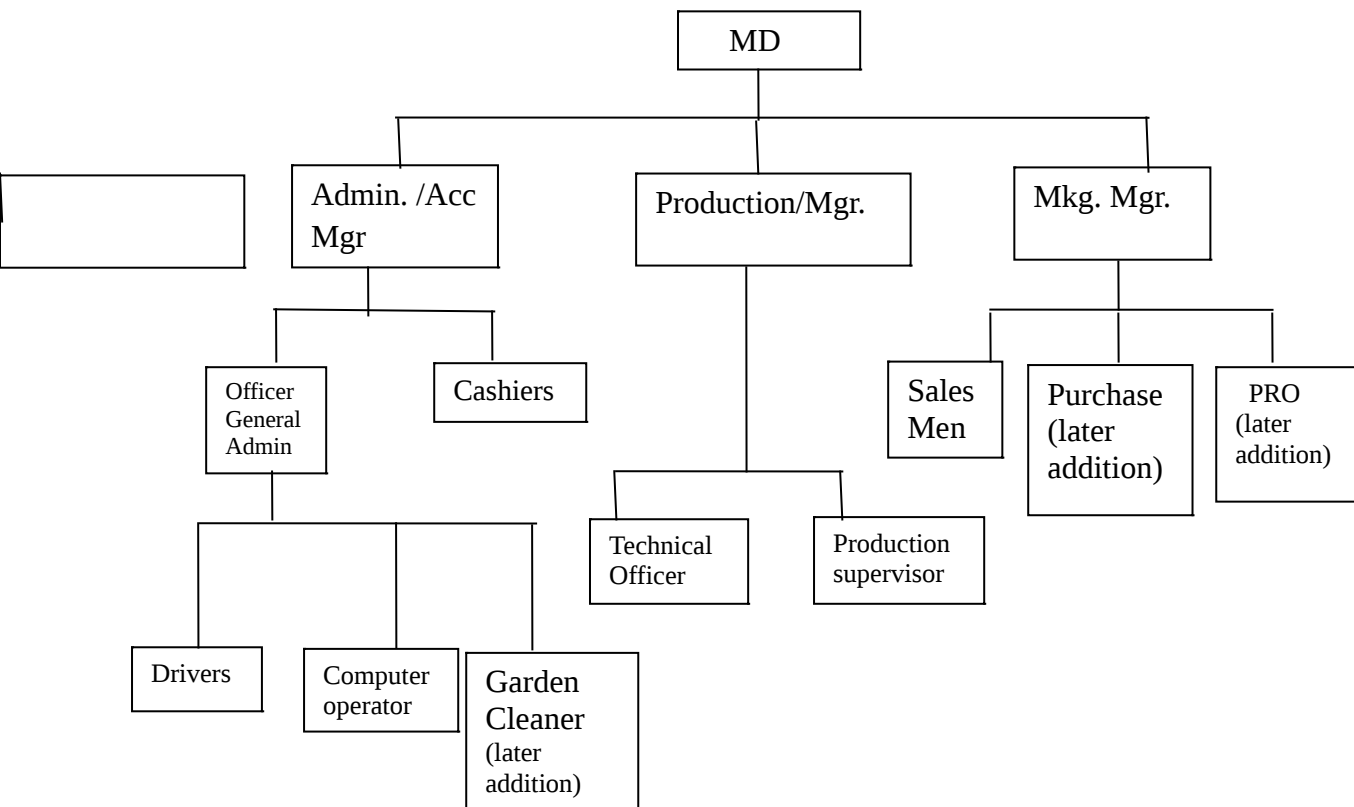
Marketing Manager – B.Sc Mkg with 6 years experience

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
	<b>GRAND TOTAL</b>			<b>1,386,000</b>

### 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 cereals (i.e. wheat and Bambara nuts) 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:

Eminent poultry’s 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 Live Stock Agency of Nigeria (LSAN) Enugu state and Eminent poultries and her products

#### 7.12 Regulatory and Environmental Issues.

##### A. Regulatory Issues:

- i. Eminent poultries is a regulated poultry and livestock services and the regulatory agency is LSAN
- ii. The product is registered with LSAN and also with NAFDAC
- iii. The NAFDAC registration number is 6201U A8-12514

##### B. Environmental Issues

The bye-products of this business are mainly chicken droppings

The bye-products are sold to farmers into crop production and fish rearing. Therefore, the bye-products have virtually no adverse effect on the environment.

### PART VI

#### 8.10 Financials

#### 8.11 Equipment machinery and others costs:

Eminent Poultry 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 (₦)
	Feeders and drinkers		350	24,500

Crates	120	220	26,400
Lighting system		50,000	50,000
Egg tray		100	5000
Cages		1100	16,500
Shovels		600	12,000
Building		400,000	400,000
Land		700,000	700,000
Furniture / fixture/fittings		40,000	40,000
Delivery van		550,000	550,000
Miscellaneous		50,000	50,000
<b>TOTAL INVESTMENT</b>			<b>1,874,400</b>

## 8.12 SALES PLAN

	Year 1	Year 2	Year 3
Product/Service	Eminent Poultry products	Eminent Poultry products	Eminent Poultry 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	<b>5,904,000</b>	<b>7,260,000</b>	<b>8,390,200</b>

## 8.13 COST PLAN

	Year 1	Year 2	Year 3
Product/Service	Eminent Poultry products	Eminent Poultry products	Eminent Poultry 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	<b>1,652,600</b>	<b>1,741,000</b>	<b>1,828,000</b>

## 8.14

### (a) Local raw material and other inputs

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

The sources of material input for Eminent Poultry is as shown in the table below

**(b) Sources of material input for Eminent Poultry**

Item	Source
a. Point-of-lay Chicken(1-3 days old): Broilers and Layers	Ogbete Main Market, Enugu State
b. Water	Awkunanaw Enugu, Enugu State
c. Feed	Agro-farm industrial feeds, Enugu State

**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

<b>Item</b>	<b>Current (for existing projects only (₦) for Annum</b>	<b>Proposed (for new/expansion projects) (₦)</b>
a. Rates (Water Rate)	63,000	63,000
b. Traveling Expenses/Telephone	100000	100000
c. Stationery & Sundry Exp.	50,000	50,000
d. Vehicle Running Expenses	80,000	80,000
e. Insurance	150,000	150,000
f. Electricity/others	180,000	180,000
g. Other Expenses	100,000	100,000
<b>TOTAL</b>	<b>723,000</b>	<b>723,000</b>

**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 Eminent Poultry Farms into commercial operation.

<b>Item</b>	<b>Amount</b>
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
<b>TOTAL</b>	<b>117,000</b>

**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 supplies 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 (N)	Year1 N	Year 2 N	Year3 N
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
<b>Working capital</b>	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 Eminent Poultry. As shown in the table below

S/n	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
	<b>Initial Total Investment Outlay</b>	<b>N4,467,320</b>

Thus the start-up capital need to launch Eminent poultries 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

S/n	Source of Fund	Amount (₦)
	Owner's capital	3,120,000
	Bank Loan	1,347,320
	<b>Total</b>	<b>4,467,320</b>

### 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	Feeders and drinkers	24,500	15,000	5	1,900
2	Crates	26,400	13,000	5	2,680
3	Lighting system	50,000	30,000	5	4000
4	Egg tray	5000	1000	4	1000
5	Cages	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	Furniture / 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
	<b>Total Depreciation</b>				<b>₦56,880.00</b>

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

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
<b>Less Expenses:</b>			
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
<b>Total Expenses</b>	<b>3,651,600</b>	<b>3,740,000</b>	<b>3,937,000</b>
<b>Profit before Tax/Int</b>	<b>5, 100,025</b>	<b>6, 210,080.00</b>	<b>13,101,200</b>
Less Interest	300,000	200,100	165,000
<b>Profit After Interest</b>	<b>4,800,025</b>	<b>6,009,980</b>	<b>12,936,200</b>
<b>Taxable Profit</b>	<b>4,800,025</b>	<b>6,009,980</b>	<b>12,936,200</b>
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
<b>Net Profit</b>	<b>4,597,137.50</b>	<b>4,148,106.00</b>	<b>8,996,460.00</b>
<b>Appropriations</b>	<b>Year</b>	<b>Year 2</b>	<b>Year 3</b>
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 Eminent poultry

	<b>Yr 0 (N)</b>	<b>Yr 1 Total (N)</b>	<b>Yr 2 Total (N)</b>	<b>Yr 3 Total (N)</b>
<b>Cash In</b>				
Bank Loan	1,347,320			
Sales Income		5, 100,025	6, 210,080.00	13,101,200
Equity	3,120,000			
<b>Total Cash In</b>	<b>4,467,320.00</b>	<b>5,100,025.00</b>	<b>6,210,080.00</b>	<b>13,101,200.00</b>
<b>Cash Out</b>				
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
<b>Total Cash Out</b>	<b>5,814.00</b>	<b>6,548,243.47</b>	<b>5,808,444.42</b>	<b>6,963,920.00</b>
<b>Net Cash Flow</b>	<b>NIL</b>	<b>4,451,781.53</b>	<b>401,635.58</b>	<b>6,137,280.00</b>
Opening cash Bal	NIL	NIL	4,451,781.53	6,538,915.58
<b>Closing cash Bal</b>	<b>NIL</b>	<b>4,451,781.53</b>	<b>6,538,915.58</b>	<b>10,990,697.10</b>

#### 8.25 Balance of Sheet of Eminent Poultry for the 1<sup>st</sup> 3 years

Balance Sheet Assets	Yr 0	Yr 1	Yr 2	Yr 3
<b>Fixed Assets:</b>				
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
<b>Total Fixed Assets (A)</b>	<b>1,874,400</b>	<b>1,874,400</b>	<b>1,874,400</b>	<b>1,874,400</b>
<b>Current Assets:</b>				
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
<b>Total Current Assets (B)</b>		<b>19870993</b>	<b>50584233</b>	<b>67,626,795</b>
<b>Total Assets (C)</b>	<b>18,504,200</b>	<b>32,688,993</b>	<b>62,180,233</b>	<b>66,038,195</b>

<b>Liabilities</b>				
<b>Current liabilities</b>				
Creditors	NIL	2,363,000	4,057,000	4,179,000
Dividend	NIL	5,364,157	17,595,814	20,258,718
Short Term Loan	-	2,782,052	2,921,155	3,281,000
Total Current Liabilities (D)	NIL	10,509,209	24,574,029	27,718,718
<b>Long Term Liabilities</b>				
Long Term Loan	8,984,200	6,202,148	3,280,993	NIL
Other (specify)	-	-	-	-
<b>Total Long Term Liabilities (E)</b>	8,984,200	6,202,148	2,280,993	NIL
<b>Long + Short Term Liab. (F)</b>	420,200	1,711,357	2,855,022	2,718,718
<b>Shareholders' Equity (C-F)</b>	520,000	1,977,636	3,325,211	3,319,477
<b>Shareholders Equity:</b>				
Capital (Shares)	952,000	952,000	952,000	952,000
Retained Profits	NIL	645,7636	248,0521	279,9477
Total shareholders fund (G)	952,000	1,977,636	3,325,211	3,319,477
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
<b>Liquidity ratios:</b>			
a. Current ratio	0.21	0.22	2.46

b. Acid test ratio	1.62	1.89	2.22
<b>Leverage ratios:</b>			
a. Debt equity ratio	0.41	0.22	—
<b>b. Debt capitalization ratio</b>	0.25	0.08	—
<b>Loan coverage ratio</b>			
a. Interest coverage ratio	32.48	150.96	235.85
b. Assets coverage ratio	3.25	9.47	—
<b>Profitability ratio</b>			
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



### 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: ₦5, 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.