

# PREFEASIBILITY STUDY ON SETTING UP DECORTICATED CASHEWNUT PLANT IN NIGERIA

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## **ACKNOWLEDGMENT**

Startup Business Foundation is thankful to all organizations and individuals who have helped in several ways in preparation of this prefeasibility study.

We also wish to extend our gratitude to all those who reviewed the content and provided valuable inputs for improving the quality, coherence, and content presentation of this prefeasibility study.

## ABOUT THIS REPORT

This prefeasibility study is designed to provide potential and startups entrepreneurs' valuable information on setting up Decorticated Cashew processing business in the food processing industry of Nigeria's market; aimed at encouraging and facilitating industrial activities across the country. It is our realization that industrialization is at the heart of economic development and that every effort has to be made to bring about industrial growth and encourage our people to be part of it.

The decorticated cashew business shows over 80% local content in terms of availability of raw material, equipment and machinery, manpower and other requirements.

The key areas covered in this report include:

- i) Technical and economic analysis of the production, marketing and profitability of the project.
- ii) Recommendations in respect of procurement of equipments and associated problems.
- iii) Recommendation on suitable agronomic management practices to ensure efficient running of the projects.
- iv) Detailed financial analysis including project cash flows for the projects.

This prefeasibility report provides a comprehensive and detailed coverage of the above terms of reference and is designed to facilitate investment decisions.

The implementation of this project will also impact positively on the economy of the immediate community where the project is located. This is in terms of employment-direct and indirect, skilled and unskilled. Government also stands to benefit from internal revenue from taxation.

In view of the result of the analysis using some economic indicators as stated in the proposed project, it is hereby recommended that the project is viable.

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## PART I

### 1.0 EXECUTIVE SUMMARY

The prefeasibility study embodied in this investment profile is for production and marketing of edible cashew nuts.

In Nigeria, cashew grows successfully in virtually all agro-ecological zones including the semi-arid areas, but with high concentration in the middle belt areas in smallholder farms and plantations. Cashew production comes from over 28 states.

The plant can be established in rural or semi rural where there is adequate supply of the raw material, basic infrastructures and proximity to market. Well processed cashew has both high domestic and export potential; however, the success of this project is premised on the ability of the enterprise to secure good and quality raw cashew nuts that adequately meets the production capacity of the plant.

The plant setup should be in accordance to the NAFDAC and other regulatory standard in food processing industry.

The installed production capacity of the plant is 300 kgs of cashew nuts per day, which translates into 93,600 per year, at 60% capacity utilization.

The total investment estimate is N8,985,760, capital cost of N5,641,600 with working capital of N1,344,160.

#### 1.1 SUMMARY OF TOTAL PROJECT COST

S/N	DESCRIPTION	QTY	UNIT COST	TOTAL
1	Land & building	1	240,000	240,000
2	Machinery & equipments	1	3,461,600	3,461,600
3	Utility equipment	2	190,000	190,000
4	Office equipments	2	350,000	350,000
5	Vehicle	1	2,400,000	2,400,000
	<b>Total capital cost</b>		<b>6,641,600</b>	<b>6,641,600</b>
6	Working capital		1,800,000	1,800,000
7	Contingencies & preliminary		544,160	544,160
	<b>Total Project cost</b>		<b>8,985,760</b>	<b>8,985,760</b>

#### 1.2 FINANCIAL ACCOUNTING RATIOS ANALYSIS

##### PERFORMANCE RATIOS AVERAGES

- (a) Return on Sales = 34%
- (b) Return on Equity = 273%
- (c) Return on Investment = 905%
- (d) Positive NPV = N65,662,794
- (e) IRR = 55.9%
- (f) ARR = 207.6%
- (g) Payback Period = 1 year and 10 months.

## **PART II MARKET ANALYSIS**

### **2.1 INTRODUCTION**

Cashew nuts are highly demanded on the world market. A small local market also exists although cashew nuts are very common in Nigeria. This could turn out to be the turning factor in the marketing of cashew nuts as they have an open market, with limited competition.

### **2.2 MARKET AREA ANALYSIS**

According to the National Bureau of Statistics (NBS), the estimated area under cashew plantations in Nigeria varies between 200,000 and 300,000 hectares and 2019, the cashew market was valued at \$9.9 million last year, and is projected to reach \$12.7 million by 2024. According to published Food and Agricultural Organization (FAO, 2018), Nigeria is the third world's best cashew producing country with 594,000 metric tons thereby generating over 600,000 jobs. The major producing Nigerian states are Benue, Kogi, Kwara, Oyo, Enugu, Abia, Anambra, Ekiti and Imo.

In spite of the fact that cashew nut processing has numerous potentials to create employment, especially for women, produce kernels which have value as confectionery nuts, CNSL which is a good raw material for manufacturing resin, generate income and thus improving the standard of living of the teeming rural populace, its level of production is still low as the output only met about 20 per cent of the demand for export processing of the businesses.

### **2.3 DEMAND AND SUPPLY ANALYSIS**

The huge global demand for cashew nuts could make millionaires of Nigerian farmers who export the crop, as in the next 50 year, cashews could generate N100 billion annually for the Nigerian economy. Cashew, which is an important industrial and export crop in Nigeria and is believed to have provided livelihoods for over 300,000 families and generated about \$253 million for Nigeria's economy in 2015 according to FAO.

The countries demanding cashew nuts from Nigeria include the USA, India, China, Vietnam, Brazil and several European countries. The demand for cashew nuts is huge in these countries because of its several uses.

According to the National Cashew Association of Nigeria (NCAN), the annual global demand for the commodity far exceeds the supply, which means there is enough room for new players in the cashew nut exportation business. The demand for cashew globally is about 3 million metric tonnes and total supply is about 2 million metric tonnes.

### **3.3 TARGET MARKET ANALYSIS**

The market for the product is enormous as it is largely eaten by many people in the country both young and old and for commercial purposes. As result of the wide use of

the product, the entrepreneur should target ice cream, bakery & confectionaries, sweet producers as well as supermarkets, shopping malls, open market places etc.

### **PART III**

## **TECHNICAL ANALYSIS**

### **3.1 PRODUCTION DESCRIPTION**

Cashew nut is made up of a fruit in which the kernel is embedded. The real fruit of the cashew is commonly a nut. It is a kidney- or heart-shaped achene, in any normal variety. Its color varies from bottle green to grayish brown (dried fruit). It is attached to the end of a fleshy footstalk or peduncle, which is in fact the receptacle of the flower, that is, broadened and swollen, and forms the false fruit.

### **3.2 SUITABLE LOCATION**

In Nigeria, cashew grows successfully in virtually all agro-ecological zones including the semi-arid areas, but with high concentration in the middle belt areas in smallholder farms and plantations. Cashew production comes from over 28 states.

### **3.3 PRODUCTION PROCESS**

In the mechanized system, the raw cashew nuts are decorticated using a hand operated machine, mounted on a work table. The decorticator splits the nut when placed between two horizontally mounted blades, especially spread to suit the contour of the raw nut. The outer shell is conveniently split by the sliding and splitting action of blades. An operator can process 25-30 kg nuts per day. However, this proposed process

### **3.4 PRODUCTION CAPACITY**

The installed production capacity of the plant is 300 kgs of cashew nuts per day, which translates into 62,400 per year, working 312 days yearly at 60% capacity utilization.

### **3.5 SOURCES OF FUNDS**

The project can be funded through a number of sources which include but not limited to the following; Agric-Business, Small & Medium Scale Investment Scheme (AGSMEIS), Bank of Industry, Bank of Agriculture (BOA), Nigeria Export-Import (NEXIM) Bank, International Finance Corporation (IFC), grants etc., though the conditions and criteria for accessing the loans and grants varies.



## **PART IV**

### **FINANCIAL ANALYSIS**

Basically, the financial section of this prefeasibility study consists of three financial statements: Income statement, Balance sheet, Cash flow projection. This section determines whether or not the project is viable using some economic indicators such as Net Present Value (NPV), Internal Rate of Return (IRR), and payback period as are detailed in the appendices below.

#### **ASSUMPTIONS**

1. Assuming that the project will last for the period of five years and the salvage value at the end of the project life ignored.
2. The Machineries, Equipments and Utility Equipment have uniform depreciation of 10%.
3. Production costs assumed 312 days per year with a daily capacity of 300 kgs of cashew nuts which translates to 93,600 kg per annum, at 60% capacity utilization.
4. The proposed capacity utilization are 60% in the first year of commercial production, 70%, 80% in the 2<sup>nd</sup> and 3<sup>rd</sup> year respectively and 90% in the 4<sup>th</sup> and 5<sup>th</sup> years.
5. Raw materials will be sourced locally and Market for the product is readily available.
6. Staff and labour cost will increase by 10% yearly.
7. Prices and unit costs are assumed unchanged in the five years of projection.
8. The valuation currency used is Naira.

#### **4.2 ACCOUNTING /FINANCIAL ANALYSIS**

##### **4.2.1 NET PROFIT**

The projected Annual Trading Profit and Loss Account is proposed to make the following Net Profit after tax during the corresponding projected periods – all things being equal.

##### **4.2.2 NET PRESENT VALUE (NPV)**

NPV is one of the four methods of discounted cash flows techniques which state that money that is immediately available for use, has a greater value than same amount receivables in future date.

Using this method however, all net cash inflows will be discounted to present value using the estimated interest rate of 60% discount factor. At 12% discount factor the project produced a positive **NPV NGN 65,662,794**

##### **4.2.3 INTERNAL RATE OF RETURN (IRR)**

This is the discount rate which gives zero NPV or the rate which equates the present value of cash inflows with present value of cash outflows of the project.

The cash flow of this project was discounted systematically until the NPV of the project finally become zero. The project produces the **IRR** of **55.9%**. Thus, the project accepted as being viable. This is because **IRR** is more than the cost of capital.

#### **4.2.4 ACCOUNTING RATE OF RETURN (ARR)**

ARR uses accounting information as revealed by financial statements (Income Statement) to measure profitability of the project under consideration. The forecast **ARR** of the project is **207.6%**.

#### **4.2.5 PROFITABILITY INDEX (PI)**

This is the present value of future cash flows over the present value of cash outlays. The project PI further confirm the viability of the project , because as the rules of the accepting and rejecting hold, a project should be accepted if the PI is equal or greater than one (1). Consequently, the PI of this project is **1.72** and thus recommended as being viable to be accepted for financing.

**APPENDIX I  
TOTAL PROJECT COST**

S/N	DESCRIPTION	QTY	UNIT COST	TOTAL
	<b>LAND &amp; BUILDING</b>			
1	Factory rentage	1	240,000	240,000
	<b>Sub total</b>	<b>1</b>	<b>240,000</b>	<b>240,000</b>
	<b>MACHINERY &amp; EQUIPMENTS</b>			
2	Cashew processing (Decorticator) machine with Complete accessories	1	3,461,600	3,461,600
	<b>Sub total</b>	<b>1</b>	<b>3, 461,600</b>	<b>3, 461,600</b>
	<b>UTILITY EQUIPMENT</b>			
3	Generator	1	150,000	150,000
4	Other utility accessories	1	40,000	40,000
	<b>Sub total</b>	<b>2</b>	<b>190,000</b>	<b>190,000</b>
	<b>OFFICE EQUIPMENTS</b>			
5	Computer & printer	1	200,000	200,000
6	Furniture & fittings	1	150,000	150,000
	<b>Sub total</b>	<b>2</b>	<b>350,000</b>	<b>350,000</b>
	<b>VEHICLE</b>			
7	Delivery van	1	2,400,000	2,400,000
	<b>Sub total</b>	<b>1</b>	<b>2,400,000</b>	<b>2,400,000</b>
	<b>Total capital cost</b>		<b>6,641,600</b>	<b>6,641,600</b>
8	Working capital		1,800,000	1,800,000
9	Contingencies & preliminary		544,160	544,160
	<b>Total Project cost</b>		<b>8,985,760</b>	<b>8,985,760</b>

**APPENDIX II**  
**ESTIMATION OF WORKING CAPITAL REQUIREMENT**

**N'**

<b>Year of Commercial Operation</b>	<b>2 Months</b>
<b>% Capacity Utilization (Inventory)</b>	<b>60%</b>
2 Months stock of raw material	950,000
7 Days stock of finished products	650,000
Work in Progress	200,000
Bank/ Cash (preoperational expenses)	-
<b>Working capital</b>	<b>1,800,000</b>

**APPENDIX III**  
**FINANCING PLAN**

**₦**

<b>DESCRIPTION</b>	<b>EXISTING</b>	<b>PROPOSED</b>	<b>TOTAL</b>
Equity	4,985,760		4,985,760
Term loan from	-	4,000,000	4,000,000
<b>Total project cost</b>	<b>4,985,760</b>	<b>4,000,000</b>	<b>8,985,760</b>
<b>% Contribution</b>	<b>15%</b>	<b>75%</b>	<b>100%</b>

**APPENDIX IV**  
**TERM LOAN REPAYMENT SCHEDULE**

LOAN AMOUNT: 4,000,000 (Four Million Naira)  
 TYPE : ANY LOCAL AVAILABLE SME FUND  
 INTEREST RATE USED: 12%  
 REPAYMENT: 5 YEARS EQUAL INSTALLMENT (Annually)

<b>YEAR</b>	<b>OPENING BALANCE</b>	<b>REPAYMENT</b>	<b>INTEREST DUE</b>	<b>TOTAL YEAR INTEREST</b>
1	4,000,000	800,000	480,000	1,280,000
2	3,200,000	800,000	384,000	1,184,000
3	2,400,000	800,000	288,000	1,088,000
4	1,600,000	800,000	192,000	992,000
5	800,000	800,000	96,000	896,000

<b>Total</b>		<b>4,000,000</b>	<b>1,440,000</b>	<b>5,440,000</b>
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**APPENDIX V**  
**FORECAST STAFFING SCHEDULE (1<sup>ST</sup> OPERATIONAL YEAR)**  
**N'ooo**

<b>POSITION</b>	<b>No</b>	<b>Unit Scale</b>	<b>Scale/ Month</b>	<b>Scale / Year</b>
<b>DIRECT LABOUR</b>				
Factory Manager	1	60	60	720
Unskilled labour	4	30	120	1,440
<b>Sub total</b>	<b>5</b>	<b>90</b>	<b>120</b>	<b>2,160</b>
<b>INDIRECT LABOUR</b>				
Accounts/ Admin	1	50	50	600
Marketing Officer	2	40	80	960
Driver	1	40	40	480
<b>Sub total</b>	<b>4</b>	<b>130</b>	<b>170</b>	<b>2,040</b>
<b>Total on staff (1<sup>st</sup> year)</b>	<b>10</b>	<b>220</b>	<b>290</b>	<b>4,200</b>

**APPENDIX VI**  
**ESTIMATE OF ANNUAL DEPRECIATION ALLOWANCE**  
**N'**

<b>ITEMS</b>	<b>INITIAL VALUE</b>	<b>DEPRECIATION (20%)</b>
Machinery and Equipments	2,461,600	92,320
Utility Equipments	190,000	38,000
Office Equipments	350,000	70,000
Vehicle	2,400,000	480,000
<b>TOTAL</b>	<b>3,401,600</b>	<b>680,320</b>

**APPENDIX VII**  
**ESTIMATION OF ADMINISTRATIVE / OVERHEAD EXPENSES**  
**N'**

<b>COST ITEM</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>
Selling and Distribution	1,328,400	1,394,820	1,461,240	1,534,302	1,534,302
Cleaning and Toiletries	226,800	238,140	249,480	261,954	261,954
Utilities (Power & water)	1,904,400	1,999,620	2,094,840	2,199,582	2,199,582

Miscellaneous	900,000	945,000	990,000	1,039,500	1,039,500
<b>TOTAL</b>	<b>4,359,600</b>	<b>4,577,580</b>	<b>4,795,560</b>	<b>5,035,338</b>	<b>5,035,338</b>

**APPENDIX VIII**  
**ESTIMATION OF PRODUCTION AND OPERATION COSTS**  
 N'

Cost Item	Units	@	Qty/ day	Prod. cost/ day	Prod. Cost/ month	Prod. Cost/ year
Cashewnuts	Kgs	200	300	60,000	1,560,000	18,720,000
<b>Sub-total</b>					<b>1,560,000</b>	<b>18,720,000</b>

**APPENDIX IX**  
**ESTIMATION OF RAW MATERIAL/PRODUCTION COST AND SALES**

Year of Commercial Production	Year 1	Year 2	Year 3	Year 4	Year 5
% Capacity Utilization	60%	70%	80%	90%	90%
<b>1. Output</b>					
Cashew nuts	93,600	102,960	113,256	124,582	124,582
<b>Total output</b>	<b>93,600</b>	<b>102,960</b>	<b>113,256</b>	<b>124,582</b>	<b>124,582</b>
<b>2. Cost of Production</b>	<b>N'</b>	<b>N'</b>	<b>N'</b>	<b>N'</b>	<b>N'</b>
Cashew nuts @ N200 (kgs)	18,720,000	20,592,000	22,651,200	2,4916,400	2,491,6400
<b>Total cost of production</b>	<b>18,720,000</b>	<b>20,592,000</b>	<b>22,651,200</b>	<b>2,4916,400</b>	<b>2,491,6400</b>
<b>3. SALES</b>					
Cashew nuts @ N520 (kgs)	47,736,000	52,509,600	57,760,560	63,536,820	63,536,820
<b>TOTAL SALES/ TURNOVER</b>	<b>47,736,000</b>	<b>52,509,600</b>	<b>57,760,560</b>	<b>63,536,820</b>	<b>63,536,820</b>

**APPENDIX X**  
**FORECAST INCOME STATEMENT (PROFIT & LOSS ACCOUNT)**

Year of commercial operation	Year 1	Year 2	Year 3	Year 4	Year 5
% Capacity Utilization	60%	70%	80%	90%	90%
<b>1. SALES</b>	<b>N'</b>	<b>N'</b>	<b>N'</b>	<b>N'</b>	<b>N'</b>
Gross Sales	47,736,000	52,509,600	57,760,560	63,536,820	63,536,820
VAT @ 5%	2,386,800	2,625,480	2,888,028	3,176,841	3,176,841
Net Revenue	45,349,200	49,884,120	54,872,532	60,359,979	60,359,979
<b>2. OPERATION COST</b>					
Cost of Raw materials consumed	18,720,000	20,592,000	22,651,200	2,4916,400	2,491,6400
Staff and labour	4,200,000	4,410,000	4,620,000	4,851,000	4,851,000
Admin. & Overhead Expenses	4,359,600	4,577,580	4,795,560	5,035,338	5,035,338
Depreciation	680,320	680,320	680,320	680,320	680,320
<b>Total Operating Cost</b>	<b>27,959,920</b>	<b>30,259,900</b>	<b>32,747,080</b>	<b>35,483,058</b>	<b>35,483,058</b>
<b>3. OTHER COSTS</b>					
Interest on Term Loan (12%)	960,000	768,000	576,000	384,000	192,000
Loan Repayment	1,60,000	1,60,000	1,60,000	1,60,000	1,60,000
<b>Total (Other Costs)</b>	<b>28,919,920</b>	<b>31,027,900</b>	<b>33,323,080</b>	<b>35,867,058</b>	<b>35,675,058</b>
<b>Profit Before Tax</b>	<b>16,429,280</b>	<b>18,856,220</b>	<b>21,549,452</b>	<b>24,492,921</b>	<b>24,684,921</b>
Corporate Tax @ 30%	1,971,513	2,262,746	2,585,934	2,939,150	2,962,190
<b>Profit after tax (NET PROFIT)</b>	<b>14,457,766</b>	<b>16,593,474</b>	<b>18,963,518</b>	<b>21,553,770</b>	<b>21,722,730</b>
% Return on Sales	0.32	0.33	0.35	0.36	0.36
% Return on Equity	22.8	25.1	27.6	30.4	30.4
% Return on Investment	7.58	8.33	9.17	10.08	10.08

## APPENDIX XI

### FORECAST HIGH RATE AND LOW RATE COMPUTATION

Year	C/F N'	DF 12%	NPV N'
0	(8,985,760)	1	(8,985,760)
1	14,457,766	0.893	12,910,785.04
2	16,593,474	0.797	13,224,998.78
3	18,963,518	0.712	13,502,024.82
4	21,553,770	0.636	13,708,197.72
5	21,722,730	0.567	12,316,787.91
<b>Total Profit</b>	<b>93,291,258</b>		<b>65,662,794</b>
<b>Average Profit</b>	<b>18,658,251.6</b>		

Year	C/F N'	DF 60%	NPV N'
0	(8,985,760)	1	(8,985,760)
1	14,457,766	0.6250	9,036,103.75
2	16,593,474	0.3906	6,481,410.944
3	18,963,518	0.2441	4,628,994.744
4	21,553,770	0.1526	3,289,105.302
5	21,722,730	0.0954	2,072,348.442
<b>Total Profit</b>	<b>93,291,258</b>		<b>25,507,963</b>
<b>Average Profit</b>	<b>18,658,251.6</b>		



## APPENDIX XII FORECAST IRR AND ARR COMPUTATION

$$IRR = a + \left( \frac{A}{A+B} \right) * (b-a)$$

Where

$$a = 12\%$$

$$b = 60\%$$

$$A = 65,662,794$$

$$B = 25,507,963$$

$$\begin{aligned} &12\% + \frac{65,662,794}{65,662,794 + 25,507,963} (60 - 12) \\ &12\% + 43.9 \\ &\mathbf{55.9\%} \end{aligned}$$

$$ARR = \frac{\text{Estimated Average Profit} \times 100}{\text{Estimated initial investment}}$$

$$\begin{aligned} ARR &= \frac{18,658,251.6 \times 100}{8,985,760} \\ &\mathbf{207.6\%} \end{aligned}$$



**APPENDIX XIII  
CASH FLOW PROJECTION**

Year of Comm. Production	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
% Capacity Utilization		60%	70%	80%	90%	90%
<b>A) CASH RECEIPTS</b>	<b>N'</b>	<b>N'</b>	<b>N'</b>	<b>N'</b>	<b>N'</b>	<b>N'</b>
Equity Capital	4,985,760	-	-	-	-	-
Term Loan	4,000,000	-	-	-	-	-
Gross Revenue		45,349,200	49,884,120	54,872,532	60,359,979	60,359,979
<b>Total Receipts</b>	<b>8,985,760</b>	<b>45,349,200</b>	<b>49,884,120</b>	<b>54,872,532</b>	<b>60,359,979</b>	<b>60,359,979</b>
<b>B) CASH PAYMENTS</b>						
<b>Capital Payment</b>						
Machinery & Equipments	2,461,600	-	-	-	-	-
Utility Equipment	190,000	-	-	-	-	-
Office equipments	350,000	-	-	-	-	-
Vehicle	2,400,000	-	-	-	-	-
<b>TOTAL</b>	<b>3,401,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(ii) Operating Expenses</b>						
Depreciation	-	680,320	680,320	680,320	680,320	680,320
Change in working capital	5,584,160	27,279,600	29,579,580	32,066,760	34,802,738	34,802,738
<b>Sub total</b>	<b>5,584,160</b>	<b>27,959,920</b>	<b>30,259,900</b>	<b>32,747,080</b>	<b>35,483,058</b>	<b>35,483,058</b>
<b>(iii) Financial Expenses</b>						
Repayment of Term Loan	-	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Interest on Term Loan	-	960,000	768,000	576,000	384,000	192,000
Value Added Tax	-	2,386,800	2,625,480	2,888,028	3,176,841	3,176,841
Corporate Tax	-	1,971,513	2,262,746	2,585,934	2,939,150	2,962,190
<b>Sub total</b>	<b>-</b>	<b>6,918,313</b>	<b>7,256,226</b>	<b>7,649,962</b>	<b>8,099,991</b>	<b>7,739,031</b>
<b>Total cash payment (ii)-(iii)</b>	<b>5,584,160</b>	<b>21,041,607</b>	<b>23,003,674</b>	<b>25,097,118</b>	<b>27,383,067</b>	<b>27,744,027</b>
<b>Net cash flow c/f</b>	<b>5,584,160</b>	<b>21,041,607</b>	<b>23,003,674</b>	<b>25,097,118</b>	<b>27,383,067</b>	<b>27,744,027</b>

**APPENDIX XIV  
BALANCE SHEET PROJECTION**

Year of comm. Operation	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
<b>ASSETS</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>(i) Fixed assets</b>						
Machinery and Equipments	2,461,600	-	-	-	-	-
Utility equipment	190,000	-	-	-	-	-
Office Equipment	350,000	-	-	-	-	-
Vehicle	2,400,000	-	-	-	-	-
Value at Acquisition	-	3,401,600	3,401,600	3,401,600	3,401,600	3,401,600
Less Cumulated Depreciation	-	680,320	1,360,640	2,040,960	2,721,280	3,401,600
<b>Net fixed assets</b>	<b>3,401,600</b>	<b>2,721,280</b>	<b>2,040,960</b>	<b>1,360,640</b>	<b>680,320</b>	<b>0</b>
<b>(ii)Current Assets/ liability</b>						
Stock of Raw Materials	1,800,000	18,164,735	35,239,755	40,636,507	46,055,204	49,975,709
Debtors /prepayment		4,453,000	5,098,000	6,308,000	7,139,000	8,653,000
Bank and Cash Balances	3,784,160	4,150,024	5,160,031	6,170,539	7,180,674	7,180,741
Creditor / accruals		(4,074,000)	(6,039,000)	(8,947,000)	(11,013,000)	(13,785,000)
Company Tax	-	(1,971,513)	(2,262,746)	(2,585,934)	(2,939,150)	(2,962,190)
<b>Net current assets</b>	<b>5,584,160</b>	<b>20,722,246</b>	<b>37,196,040</b>	<b>41,582,112</b>	<b>46,422,728</b>	<b>49,062,260</b>
<b>TOTAL NET ASSETS</b>	<b>8,985,760</b>	<b>23,443,526</b>	<b>39,237,000</b>	<b>42,942,752</b>	<b>47,103,048</b>	<b>49,062,260</b>
<b>(ii) FINANCED BY</b>						
Equity Capital	4,985,760	4,985,760	4,985,760	4,985,760	4,985,760	4,985,760
P&L	-	14,457,766	16,593,474	18,963,518	21,553,770	21,722,730
Retained Profit	-	-	14,457,766	16,593,474	18,963,518	21,553,770
<b>SHAREHOLDERS FUND</b>	<b>4,985,760</b>	<b>19,443,526</b>	<b>36,037,000</b>	<b>40,542,752</b>	<b>45,503,048</b>	<b>48,262,260</b>
Long Term Loan	4,000,000	4,000,000	3,200,000	2,400,000	1,600,000	800,000
<b>TOTAL EQUITY &amp; LIABILITY</b>	<b>8,985,760</b>	<b>23,443,526</b>	<b>39,237,000</b>	<b>42,942,752</b>	<b>47,103,048</b>	<b>49,062,260</b>