

CHRISTIAN SERVICE UNIVERSITY COLLEGE – KUMASI

DEPARTMENT OF BUSINESS STUDIES

BACHELOR OF BUSINESS ADMINISTRATION

BRONP FARMS

BUSINESS PLAN

BY

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LAMPTEY JULIUS B.N.L

ORGEN-WOODE EMMANUEL BAAH

DARFAH RICHMOND MENSAH

PATIENCE KPODO

DECEMBER, 2011

CHRISTIAN SERVICE UNIVERSITY COLLEGE – KUMASI

DEPARTMENT OF BUSINESS STUDIES
BACHELOR OF BUSINESS ADMINISTRATION

BRONP FARMS
BUSINESS PLAN

A BUSINESS PLAN SUBMITTED TO THE DEPARTMENT OF BUSINESS
STUDIES OF CHRISTIAN SERVICE UNIVERSITY COLLEGE, KUMASI IN
PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE COURSE
CSAD 433 TEAM BUSINESS PROPOSAL

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BRONP FARMS

(AKRANTIE FIE)

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STATEMENT OF AUTHENTICITY

I have the Christian Service University College's regulations relating to plagiarism and certify that this Business Plan is all my work and does not contain any unacknowledged work from any other source. I also declare that I have been under supervision for this Business Plan herein submitted.

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BRONP FARMS

(AKRANTIE FIE)

1.0 EXECUTIVE SUMMARY

BRONP Farms is a proposed business to be set up in Pekyi No.1 a village within the Kwanwoma District in the Ashanti Region and has an intention to expand to other parts of the country. The business is to develop the rearing and domestication of grass-cutter, processing and packaging of its meat in a high quality, healthy and affordable manner to consumers. The business has a long term vision of capturing overseas market of Ghanaians in the diaspora who are longing for the taste of the product.

The business will enhance the health conscious market with product of high nutritional and quality value. BRONP Farms intends adopting attractive packaging, penetration pricing strategy, advertising promotion among other strategies to achieve its corporate objectives and vision. The Company will be endowed with skilled management team, start-up capital and reliable support from the community within which it will operate.

A three-year financial analysis of the company's product will result in a gain of ₵25,732 net profit in the first year of operation increasing steadily to ₵73,812 and ₵103,948 in the second and third year respectively. Cash flow projections revealed that BRONP Farms will have a positive cash balance of ₵43,653 in the first year increasing to GH₵102,411 and ₵133,775 by the close of the second and third year respectively.



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MISSION

Our mission is to domesticate, rear, process, package and market a healthy and affordable grass-cutter meat to consumers.

VISION

We aspire to augment Ghana's livestock sector's productivity through grass-cutter rearing and create employment for people in the peri-urban communities in support of the Ghana Poverty Reduction Goals. We will expand our operation after the third year and establish an out-growers scheme in the communities around our operational area. The next step could be to look further afield, there is also a huge diaspora of Ghanaians overseas longing for a taste of home could also prove lucrative. But with local demand for grass-cutters booming, most farmers are unlikely to need to seek markets far from home. It will be a niche market for a few farmers who have requirements to meet it.

CORPORATE OBJECTIVES

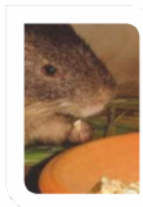
1. To provide customers value for their money i.e. producing high quality, packaged and affordable grass-cutter meat.
2. To achieve a reasonable, sustainable profit margin, providing appreciable return to the business owners.
3. To create employment.



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4. To create an image and reputation by becoming the leading producer of packaged and affordable grass-cutter meat in the country.



BRONP FARMS

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1.0 ORGANIZATION

This proposed business intends to begin operation in January 2012. The future direction of the organization will be achieved with well-focused corporate objectives in 3years' time. The business is wholly Ghanaian and basically into the rearing of domesticated grass-cutter, processing and packaging of its meat to consumers.

1.1 Name and Commencement of Business

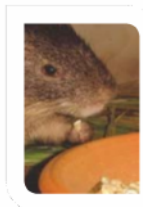
BRONP Farms is the name of the company but is expected to be legally processed and registered at the end of December 2011. The proposed date for commencing operation is 3rd January 2012.

1.2 Location and Address

The business will be located at Peki no. 1 a village within the Kwanwoma District in the Ashanti-Region, 15 minutes' drive off Santasi-Obuasi road on Plot 60, Block I Kwanwoma-Peki with (+233) 264360077 / 277360077 as our contact number. We could also be reached via e-mail:Bronp@yahoo.com. Oursales point will be located at Kejetia opposite Benji's enterprise.

1.3 Legal form, Ownership and Management

The business will be a small scale enterprise and operate as a Limited Liability Company under the Companies Code and Regulations 1963 (Act 179). It will be owned by five members namely: Boakye Kwasi Frimpong, Darfar Mensah Richmond, Orgen-Woode E.B, Lamptey Julius B.N.L, and Kpodo Patience with equal contribution of GH¢15,400. The business is governed by a four-



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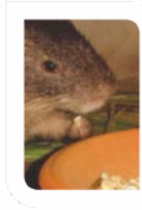
member Board of Directors. The management team will report to the board and will consist of three members: General/Farm Manager, Accounting officer, and Marketing officer.

1.5 General Organization/Operating Units

The various units of the organization include the accounting/administration, marketing and production units.

1.6 Business Strategy

The business strategy is to induce customers ranging between low to high income groups to have a fair share of our product. The business is expected to succeed by positioning itself in such a way that its product will be viewed as quality, affordable, healthy, and safe. Although the livestock industry especially grass-cutter is relatively competitive, we believe we will have a competitive advantage by maintaining and improving customer demands, provision of prompt efficient services, and maintaining a high standard of hygiene in our operation.



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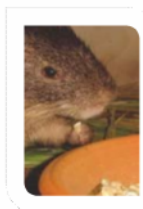
2.0 PRODUCT IDEA & REALIZATION OF SCHEDULE

2.1 Product Idea

Grasscutter (*Thryonomys swinderianus*) is a rodent species found in the tropical regions of Sub-Saharan Africa, and hunted in many of its countries by bushfire (about 50%), poisoning and trapping. In Ghana, the annual bush meat harvest is given with 385,000 tonnes in 1997, consisting of about 30% of grass-cutter corresponding to 30 million animals (Wildlife Division). Due to declining forest, these figures are decreasing continuously. Also Ghana's livestock sector's productivity is very low contributing to only about 8% of the agricultural GDP. (Enmdg-projektposter-ghana.pdf –Adobe Reader)

The owners of this proposed business realized solution to the problems above by initiating the development and rearing of domesticated grass-cutter on a relatively large scale to maintain the rodent species for the future. This will contribute enormously to Ghana's livestock sector, prevent bush fires and other unhygienic ways of capturing animals for sale. It will also increase employment for people and will serve as a potential source of income. This business entails more economic potentials which are yet to be fully exploited.

We are looking forward to add value to the product in the form of dried and fresh frozen packaged grass-cutter meat in portion and in full. Our product brand logo will differentiate the product from our competitors. With the help of our delivery van, distribution will be done with ease to shell-shops, super markets and restaurants when orders are placed.

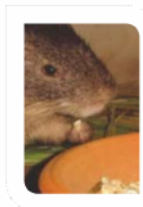


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2.2 Realization of Schedule

Activities	Timeline												Responsibility	Cost GH¢
	J	F	M	A	M	J	J	A	S	O	N	D		
1. Funding													Promoters	77,000
2. Legal & Registration													Legal advisor	700
3. Recruitment of staff													General Manager	-
4. Procurement of livestock and feed													Farm Manager	37,800
5. Rent for store													Marketing officer	500
6. Procurement of equipment													Farm Manager	30,260
7. Production													Farm manager	-



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3.0 MANAGEMENT TEAM

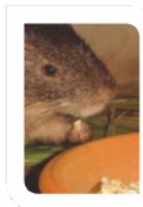
Brief responsibilities of key members of staff are described below.

3.1 General/ Farm Manager

Michael Danquah has a seven year experience as an extension officer with MOFA and currently works with Ebusua Farms. The manager will be in charge of both administrative work and the management of the farm whilst he reports directly to the board of directors. Hewill be responsible for supervising and implementing decisions of the board, making decisions concerning the day-to-day activities in the organization, measuring and monitoring the overall performance of the company, monitor and evaluate the various functional departments of the organization, and presenting the general organizational report at board meetings.

3.2 Marketing Officer

Daniel Mensah has three years' experience with Pentecost Fire Credit Union as Marketing Officer. He holds an H.N.D in Marketing. He will be in charge of customer relation management, identifying new potentials in the marketing environment, customer needs identification, best pricing strategies for our product, ensure continuous value in our product to enhance higher sales, and adopt the best methods for segmenting our target groups for our product.



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3.3 Account Officer

Evans Darko holds an HND in Accounting and has been working with Palano Company for the past two years. He will be responsible for the assessment and disbursement of funds, preparation of statement of comprehensive income, preparation of cash flows, preparation of statement of financial position, generation of budget and budget control, tax related issues, keeping of day-to-day transactional records, and management of company's assets.

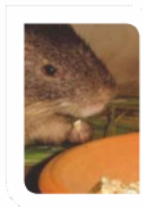
3.4 Other Personnel

3.4.1 Sales Representatives

Applicants shall be required to hold a minimum qualification of SSSCE or its equivalent. He/she will be responsible for identifying key distributors and retail shops in the target region, promoting and selling our products, working hand in hand with supermarkets and shell-shops to display the products. He/she will also make sure that clients' payment returns are properly recorded.

3.4.2 Farm Assistance

Applicants shall be required to hold a minimum qualification of SSSCE or its equivalent. Some level of experience from a related field will be an advantage to the applicant. He will be responsible for supervising labourers in the discharge of their duties on the farm, coordinate farm activities and report directly to the farm manager.



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3.4.3 Security

Qualified personnel shall be required to have a minimum of Junior High School Certificate or its equivalent, a certificate and a two-year working experience from any reputable security institution. He will be responsible for the protection of life and property, monitoring closely visitors and customers who enter the company's premises, prevention of theft and checking of vehicular movement.

3.5 Shareholders

Name	Share (%)	Cash Value (GH¢)
1. Boakye Kwasi Frimpong	20%	15,400
2. Darfah Richmond Mensah	20%	15,400
3. Orgen-Woode E.B	20%	15,400
4. Lamptey Julius B.N.L	20%	15,400
5. Kpodo Patience	20%	<u>15,400</u>
		<u>77,000</u>

3.6 Board of Directors

An impressive board of directors has been assembled who represents some top professionals. They will be a great asset to the development of the company.

1. Mr. Enoch Baah

Managing Director

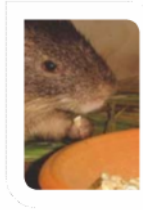
Enomart Shopping mall

Kumasi

2. Mr. Samuel Appiah

Lecturer Kwadaso Agric College

Kwadaso – Kumasi



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3. Mrs. Diana Addo

Diana Catering Services

Adum – Kumasi

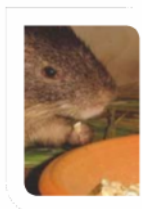
3. Lawyer Martin Jacobs

Jacobs Chambers

Kumasi

3.7 Labour

10 people will be employed in the first and second years but this will increase to twelve in the third year (Appendix 4).

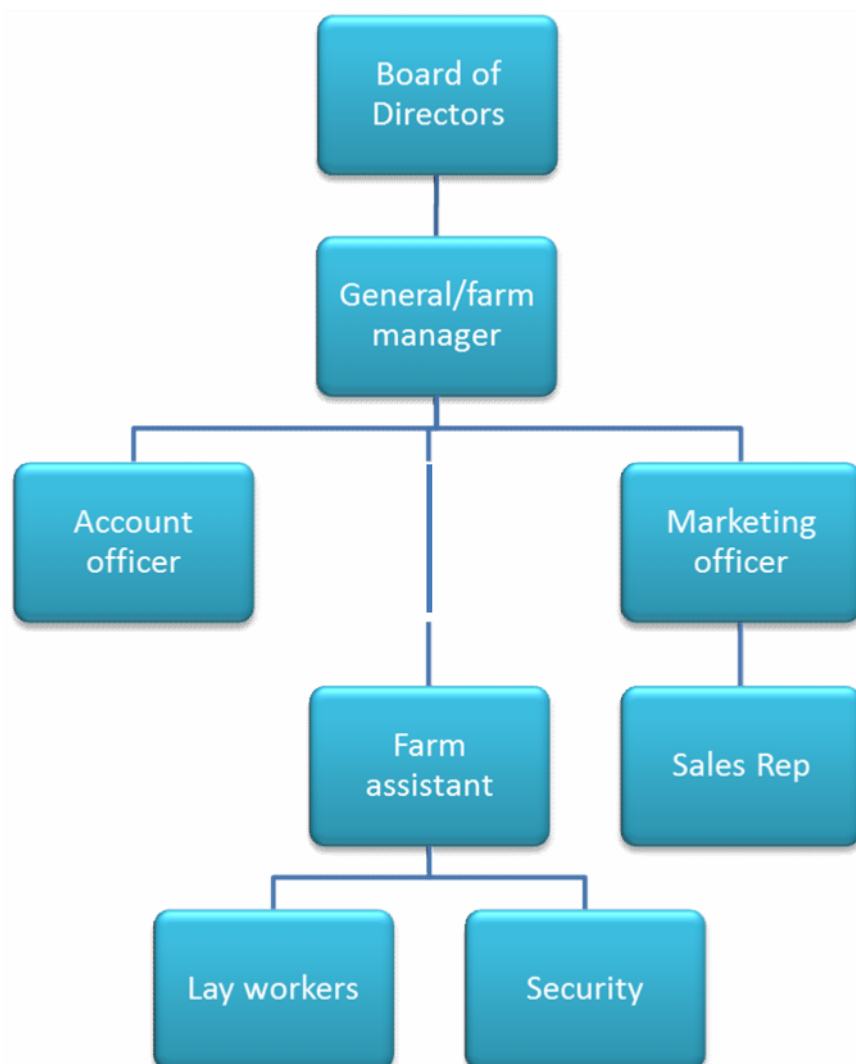


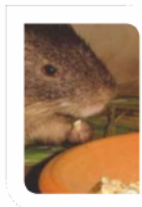
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3.8 Company Structure

Organogram of BRONP Farms





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4.0 MARKETING ANALYSIS

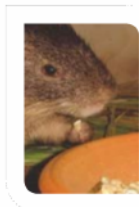
4.1 Business Systems and Organization

4.1.1 Location and Premises

The business will be located at Peki no. 1 a village within the Kwanwoma District in the Ashanti-Region, 15 minutes' drive off the Santasi-Obuasi road on Plot 60, Block I Kwanwoma-Peki. Rearing grass-cutters on a congenial environment, thus far away from noise to avoid stress, bad odour and illness of the animals. The business/farm will be close to the residence of the breeder to ensure security, close monitoring and supervision. Again, the proximity of the location of the business to the near-by villages will enable us employ workers from the locality and have easy access to agricultural by-product such as maize, sorghum, groundnut, millet, cassava and so on to feed the animals to reduce the cost of production. Transporting finished products from the farm will become convenient since the link road from the farm to the main road are all first class road aiding to the smooth transport of finished products to the market.

4.1.3 Production Process

- (i) Select matured grass-cutters and slaughter
- (ii) Scald it in hot water at 65⁰C to remove its bristly hair
- (iii) Wash the carcass with clean water and make it ready for drying
- (iv) Dry the carcass and divide it into portions; or
- (v) Package and freeze it



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4.1.4 Quality assurance and Control

Customers will be assured of quality product which will meet their expectations. This will be achieved by our competent, highly trained and motivated employees to quickly adapt to changing trends of customer demands. We assure consumers of experiencing no ailment as a result of consuming our product but rather decrease the cholesterol levels in their bodies. This will be done by engaging the services of health inspectors to examine the animals for hygienic purposes.

4.1.5 Sourcing

The business will put in place measures to address the supply of raw materials and utilities needed in the operations of the business. Our source of animal stock will be from Dormaa Ahenkro in the Brong-Ahafo Region and the Ministry of Food and Agriculture. Again, a treated bore-hole will be dug to ensure constant supply of water for running the entire business.

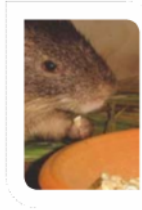
4.2 Environmental Analysis

4.2.1 Macro Analysis

These are forces that affect the business. They include political, economic, socio-cultural, technological, ecological and legal factors.

4.2.1.1 Political

Government and other stakeholders are encouraging people to venture into farming such as grass-cutter project to make it a source of livelihood by providing them with the necessary



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logistics. This will make the business very attractive and lucrative for people to be gainfully employed and make ends meet.

4.2.1.2 Economic

The fluctuation of general prices of goods will have an impact on the business thus cost of production. All things being equal we are looking forward to have a stable economy to propel growth in achieving a certain level of stability.

4.2.1.3 Socio-Cultural

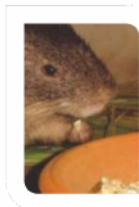
Ghanaians especially Ashanti's really cherish and like to consume more of grass-cutter meat to any other meat. There is no cultural nor religious prohibitions associated to the product and as a result Muslims even patronize it.

4.2.1.4 Technology

The business will embrace new technology only if it will increase effectiveness and efficiency to meet the current state of operations.

4.2.1.5 Ecological

The business will conform to all environmental laws to augment and preserve the grass-cutter species in the community and region as a whole.



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4.2.1.6 Legal

All legal issues concerning the establishment, operations and aftermath consumption of the product by consumers will be dealt with by our legal advisor.

4.2.2 Micro/Industrial (Competitor) Analysis

4.2.2.1 Entry Modes

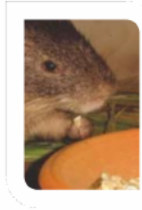
The operation of this type of business is such that the mode of entry is relatively easy because it is less capital intensive and as a result may call for many players into the business.

4.2.2.2 Competitor's Rivalry

BRONP farms expect moderate competition from its competitors who are predominantly located in the Brong-Ahafo Region and the others made up of pockets of hunters in the Ashanti-Region. These competitors have been in the business for quite a long time and as a result have many customers they do business with. But with the distinctive hygienic process of packaging and pricing of our product will induce customers from our competitors to patronize our product.

4.2.2.3 Suppliers

BRONP Farms intends to build a mutually beneficial relationship with its suppliers in order to achieved low-cost production so that affordable price can be charged to enable the business to attract and retain more customers.



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4.2.2.4 Customers

We intend to build a strong and cordial relationship with our customers by paying special attention to providing superior quality in all aspects. Also, the firm will ensure that orders are delivered on time and at the convenience to customers to attract new customers and retain the existing ones.

4.2.3 Swot Analysis

4.2.3.1 Strengths of BRONP Farms

- (i) The strategic options adopted by the business will permeate the entire market from low to high income class of the target group
- (ii) Strategic location of the business makes accessibility by our target market
- (iii) Availability of adequate financial capital
- (iv) Managerial Competence
- (iv) Product uniqueness in terms of packaging

4.2.3.2 Weaknesses of BRONP Farms

- (i) Being a new business, it has no market share.

4.2.3.3 Opportunities of BRONP Farms

- (i) Growing interest in grass-cutter consumption by consumers who are health conscious
- (ii) The high prices of competitors.



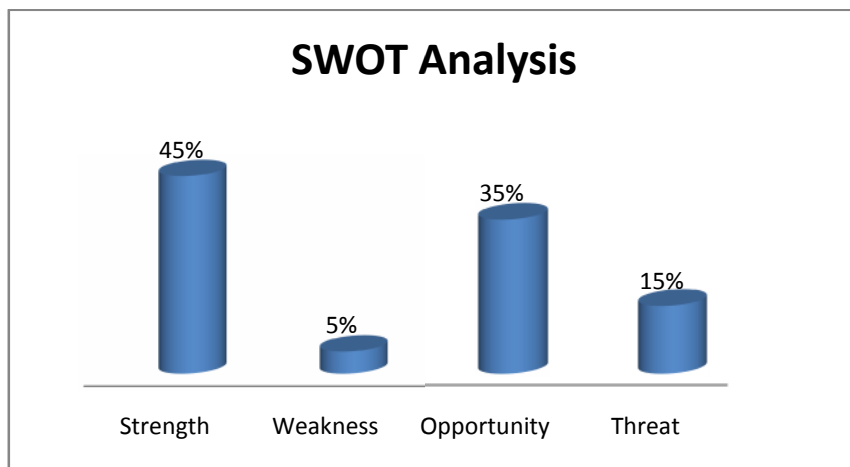
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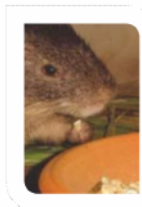
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- (iii) The market is vast to increase sales and recover our operation cost within short term of operation.
- (iv) Increase the channels of distribution such as shopping malls, shell shops, super markets, food fares etc.
- (v) Government tax incentives on grass-cutter production for five years.

4.2.3.4 Threats of BRONP Farms

- (i) Easy entrance into the market
- (ii) Influx of foreign meat supplies
- (iii) Weak government support





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4.3 Market Segmentation

Our market will be segmented geographically into suburbs such as Ahodwo, Adum, Bantama, and KNUST. Also our product will be served to the market based on the demographics of the dominant group of people in the area. The demographic variables that we will be employed include income, age and occupation. BRONP Farms intends to adopt market penetration strategy to cover low to high income class group. With penetration as our market strategy the price of our product will be affordable to cover a greater number of the market share. The low income group is a customer group that is often overlooked by producers of such products and as a result BRONP farms wants to take advantage of the potential offered by this level of the customer group. As a result we will establish different types of outlets and use price differentials. Other demographic variables may combine with the income to complete the understanding of the market and enhance our product range.

4.4 Target Market

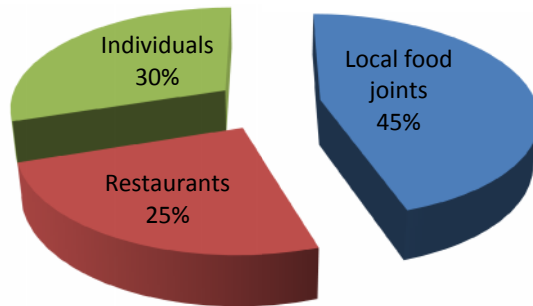
Our key customers are local food joints operators (chop-bars), restaurants and individuals under various income groups. Our market area is the Ashanti Region, with our major operation in the Kumasi Metropolis. Since customers are health conscious, we will give them value for their money by offering quality product under healthy and hygienic conditions and at an affordable price. We are looking forward to capturing potential customers beyond the shores of Ghana.



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Target market



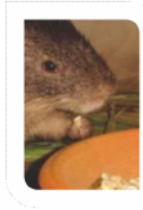
4.5 Marketing Mix/Tactics

4.5.1 Product Strategy

The business is about the rearing of grass-cutter domestically in a hygienic and healthy condition of high quality to consumers. Both live and dressed grass-cutters are in high demand at any time. The benefit of the product is that the nutritive value of grass-cutter is relatively high thus the protein content of the meat is about 22.7% compared to 20.7% for rabbit meat, 19.25% for chicken and 18.2 for beef. The product will be packaged in separate parts to enable consumers who cannot buy in full pack but in pieces.

4.5.2 Pricing Strategy

Pricing of the product will be done using penetration to attract and win as many customers as we can to overtake already existing competitors in the market. Pricing of the product by competitors



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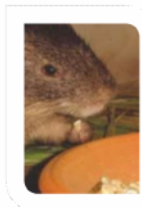
are arbitrary and not considering the purchasing power of consumers. Our product will be priced using weighing scales and also capture consumers whose well-withal cannot afford a full pack.

4.5.3 Promotional Strategy

BRONP Farms intends to create intensive awareness on radio and minor in television by becoming one of the co-sponsors of programmes which are patronized by the masses. There will also be a strong public relations using expert in nutrition to stress on the benefits derived from the product to the public.

4.5.4 Place

Our product will be marketed using our sales point at Kejetia, wholesalers, retailers, shopping malls, super markets, and shell shops to enable consumers have easy access to the product.



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5.0 FINANCIAL ANALYSIS

Assumptions on Sales forecast

1. It takes 5 months for a matured grass-cutter to be pregnant and deliver between 6-8 litters.
2. We will start with 500 grass-cutters and increase to 3900 by the 7th month. This production figure will help to process meat from the third month to the end of the year.
3. Production will increase at the rate of 15% to match that sales target in 3 years in order not to overrun resources available to management.
4. It will take between 6 and 7 months for the litter to be matured for processing.
5. Direct production cost will increase to 5%.

5.1 Risk Analysis

The risks associated with the business are commodity price risk and pure risk in terms of injury to workers and legal liabilities for damages for harm to customers.

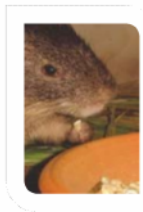
5.2 Risk Management

Risk we know is very costly and can reduce the value of the organization. We will manage them by employing the following methods:

5.2.1 Loss Control

We will maintain the prices of our product for the three year period when commodities which serves as input of the business increases and still make profit as a result of economies of scale.

We will put in place straightforward and enforceable health and safety measures to guide our



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employees. For example, cages of the animals will be kept very clean to avoid any health implications on them. There will be provision of health and safety materials that are needed in the farm to prevent any accident. Fire extinguishers and an emergency exit will be provided at our premises to minimize the severity of fire damage in the event of fire.

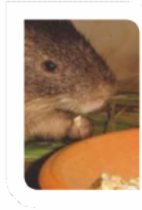
5.2.3 Loss Financing

This represents the methods that the organization will use to obtain funds to pay for or offset losses that may occur. We may consider the following:

- i. Retention – BRONP Farms retaining the obligation to pay for part or all of the losses.
- ii. Insurance – taking insurance contracts which require the insurer to provide funds to pay for specified losses in exchange for a premium from the business at the inception of the contract.
- iii. Other contractual risk transfers – such as indemnity agreements used to transfer risks to another party.

BRONP Farms will adopt a mixture of some of the above methods to offset losses if they occur;

- i. Retain 5% of its income to offset some of the losses that may occur.
- ii. Purchase of insurance contracts (casualty insurance) which will provide coverage against loss of property, damage or other liabilities including vehicle insurance, liability insurance and theft insurance.
- iii. The firm will make workers' compensation insurance compulsory to protect workers who get injured on the job.
- iv. We will also register all employees under the National Health Insurance Policy.



BRONP FARMS

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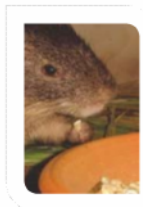
5.2.4 Internal Risk Reduction

This represents the final risk management method that BRONP Farms will adopt internally to reduce risk. This may either be diversification or investing in information or both.

The business will seek to reduce risk by investing some of its savings in financial instruments such as shares, bonds and treasury bills.

BRONP Farms will also invest in information which will help us to acquire accurate estimates of future cash flows that will help to reduce the variability in the outcome of cash flows around a predicted value.

Risk management methods are not mutually exclusive so the firm will use all of the methods.

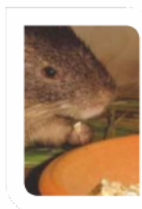


BRONP FARMS

(AKRANTIE FIE)

MANUFACTURING ACCOUNT FOR THE YEAR ENDING 2012, 2013, & 2014

		2012		2013		2014
	Note	GH¢		GH¢		GH¢
Raw materials						
Opening inventory		-		300		100
Purchases	2	<u>37,800</u>		<u>3,800</u>		<u>5,000</u>
		37,800		4,100		5,100
Less closing inventory		<u>300</u>	37,500	<u>100</u>	4,000	<u>150</u>
Farm wages	4	<u>4,320</u>		<u>4,536</u>		<u>7,938</u>
Prime cost			41,820		8,536	
						12,888
Indirect Farm Expenses						
Insurance		600		630		662
Electricity		400		420		441
Gas		100		105		110
Veterinary services		400		420		441
Safety wear & clothing		200		210		221
Salaries	4	4,380		4,599		4,829
Repairs & Maintenance		-		100		105
Dep. Farm equip.	1	<u>7006080</u>		<u>700</u>	<u>7,184</u>	<u>700</u>
			47,960		15,720	
						20,397
Work in Progress	1					
Opening inventory		-		26,400		25,200
Less closing inventory		<u>26,400</u>	(26,400)	<u>(25,200)</u>	1,200	<u>(35,721)</u>
Cost of finished goods			<u>21,500</u>		<u>16,920</u>	
						<u>9,876</u>



BRONP FARMS

(AKRANTIE FIE)

5.2PROJECTED INCOME STATEMENTS FOR THE YEAR ENDING 2012, 2013, & 2014

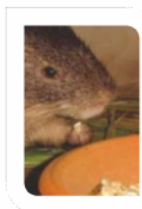
	Note	2012 GH¢	2013 GH¢	2014 GH¢
Revenue	2	80,640	124,080	142,944
Less cost of sales:				
Opening inventory		-	932	699
Transfer of finished goods		<u>21,500</u>	<u>16,920</u>	<u>9,876</u>
		21,500	17,852	10,575
Less closing inventory	2	<u>932</u> 20,568	<u>699</u> 17,153	<u>1,025</u> 9,550
Gross profit		60,072	106,927	133,394
Interest on investment	2	<u>-</u>	<u>1,800</u>	<u>7,650</u>
		60,072	108,727	141,044

Less Selling, Dist. & Adm. Expenses:

Advertising		1,500	1,575	1,654
Fuel		369	388	407
Packaging material		410	431	453
Depreciation	1	2,613	2,613	2,613
Repairs and maintenance		200	210	221
Store license		100	105	110
Commission on sales	2	6,528	6,576	7,479
Legal & registration		700	-	-
Insurance		200	210	221
Electricity & telephone		200	210	221
Salaries	4	20,520	21,546	22,623
Rent for store		500	525	551
Printing & stationery		<u>200</u>	<u>210</u>	<u>221</u>
		34,040	34,599	36,764

Operational Expenses:

Employee clothing		150	158	166
Bank Charges		<u>150 (34,340)</u>	<u>158(34,915)</u>	<u>166 (37,096)</u>
Net profit		<u>25,732</u>	<u>73,812</u>	<u>103,948</u>

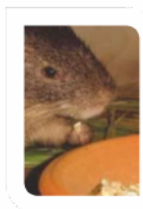


BRONP FARMS

(AKRANTIE FIE)

5.3 BREAK EVEN ANALYSIS FOR THE YEAR ENDING 2012, 2013, & 2014

	2012	2013	2014
	¢	¢	¢
Sales/Revenue	80,640	124,080	142,944
Less variable cost			
Fuel	369	388	407
Packaging materials	410	431	453
Commission on sales	6,528	6,576	7,479
Electricity & Telephone	600	630	662
Bank charges	150	158	166
Gas	100	105	110
Feed	3,000	3,800	5,000
Farm wages	<u>4,320</u> <u>15,477</u>	<u>4,536</u> <u>16,624</u>	<u>7,936</u> <u>22,213</u>
Contribution	65,136	107,456	120,731
Fixed Cost			
Insurance	800	840	883
Veterinary Services	400	420	441
Safety wear & clothing	350	368	387
Salaries	24,900	26,145	27,452
Depreciation	3,313	3,313	3,313
Advertising	1500	1,575	1,654
Repairs & maintenance	200	310	326
Store license	100	105	110
Legal & Registration	700	-	-
Rent-store	500	525	551
Printing & Stationary	<u>200</u> <u>32,987</u>	<u>210</u> <u>33,811</u>	<u>221</u> <u>35,338</u>
Net Profit	<u>32,176</u>	<u>73,645</u>	<u>85,393</u>



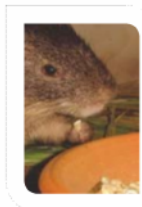
BRONP FARMS

(AKRANTIE FIE)

Break Even Analysis	Note			
Total Fixed Cost		32,987	33,811	35,338
Total Variable Cost		15,477	16,624	22,213
Production in Unit		1700	2600	3000
Contribution/unit	3	38.9	41.6	40.6
Variable Cost/unit	3	9.1	6.4	7.4
Selling Price/unit	3	48	48	48
Break Even Point in Units/year	3	848	813	870
P.V Ratio	3	81%	87%	84%
Break Even Point	3	40,725	38,863	42,069

5.3.1 PROJECTED NPV ANALYSIS FOR THE YEAR ENDING 2012, 2013, & 2014

Year	Cash-flows	(Discount Factor 15%)	PV
0	(77,000)	1	(77,000)
1	43,653	0.87	37,978.11
2	102,411	0.76	77,832.36
3	133,775	0.66	<u>88,291.5</u>
		NPV	<u>127,101.97</u>

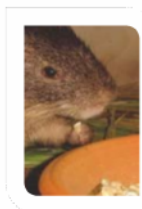


BRONP FARMS

(AKRANTIE FIE)

5.4PROJECTED CASHFLOW STATEMENT FOR THE YEAR ENDING 2012, 2013, & 2014

	2012	2013	2014
Inflows	GH¢	GH¢	GH¢
Capital	77,000	43,653	102,411
Revenue	76,140	124,080	142,944
Interest on Investment	<u>-</u> 153,140	<u>1,800</u> 169,533	<u>7,650</u> 253,005
Outflows			
Fixed Assets	30,260	-	-
Purchases	37,800	3,800	5,000
Farm Wages	4,320	4,536	7,938
Indirect Expenses	5,380	6,484	6,809
Selling, Dist. & Adm Exp	31,427	31,986	34,151
Operational Expenses	300	316	332
Investment	<u>-</u> (109,487)	<u>20,000</u> (67,122)	<u>65,000</u> (119,230)
	<u>43,653</u>	<u>102,411</u>	<u>133,775</u>

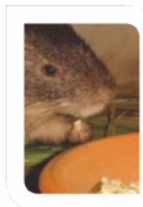


BRONP FARMS

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5.5 PROJECTED FINANCIAL POSITION FOR THE YEAR ENDING 2012, 2013, & 2014

	2012	2013	2014
	GH¢	GH¢	GH¢
Non-current assets:			
Cost	30,260	30,260	30,260
Accumulated Dep.	(3313)	(6,626)	(9,939)
NBV	26,947	23,634	20,321
Current Assets:			
Inventory:			
Raw material	300	100	150
W.I.P	26,400	25,200	35,721
Finished goods	932	699	1025
	27,632	25,999	36,896
Debtors	4500	4500	4500
Cash in hand	43,653	102,411	133,775
Investment	- 75,785	20,000 152,910	85,000 260,171
	<u>102,732</u>	<u>176,544</u>	<u>280,492</u>
Equity:			
Capital	77,000	77,000	77,000
Net Profit	25,732	73,812	103,948
Retained Profit	-	25,732	99,544
	<u>102,732</u>	<u>176,544</u>	<u>280,492</u>



BRONP FARMS

(AKRANTIE FIE)

ACCOUNTING RATIOS

Profitability Ratio

a) Return on capital employed (ROCE)

$$\text{ROCE} = \frac{\text{operating profit}}{\text{Capital employed}} \times 100$$

Capital Employed = Total assets – Current liabilities

$$2012 \text{ ROCE} = \frac{25,732}{102,732} \times 100 = 25\%$$

$$2013 \text{ ROCE} = \frac{73,812}{176,544} \times 100 = 42\%$$

$$2014 \text{ ROCE} = \frac{103,948}{280,492} \times 100 = 37\%$$

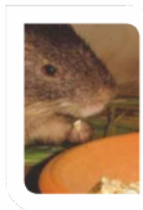
B) Net Profit Margin

$$= \frac{\text{Operating Profit}}{\text{Sales Revenue}} \times 100\%$$

$$2012 = \frac{25,732}{80,640} \times 100 = 32\%$$

$$2013 = \frac{73,812}{124,080} \times 100 = 60\%$$

$$2014 = \frac{103,948}{142,944} \times 100 = 73\%$$



BRONP FARMS

(AKRANTIE FIE)

Liquidity Ratio

Net working capital ratio = $\frac{\text{Net working capital}}{\text{Total assets}}$

Net working capital = Current assets – Current liabilities

$$2012 = \frac{75,787}{102,732}$$

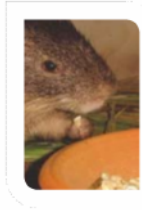
$$= 0.74$$

$$2013 = \frac{152,910}{176,544}$$

$$= 0.87$$

$$2014 = \frac{260,171}{280,492}$$

$$= 0.93$$



BRONP FARMS

(AKRANTIE FIE)

CONCLUSION

Our projections indicate that BRONP Farms will achieve profitability within the first year. We are very optimistic we will sell above break-even sales point in the first year. Taking our net cash flow and discounting them at 15%, the business will be able to achieve a Net Present Value of GH¢127,101.97. These projections make our proposed venture economically viable and financially workable for any investment capital.

APPENDIX 1

FIXED ASSET SCHEDULE

Rate	Shelter 5%	Borehole 5%	Van 20%	Deep- freezers 5%	Generator 5%	Farm equip 5%	Gas- oven 5%	Poly tank 5%	Packaging materials 5%	Comput ers 5%	Cages 5%	Furnitur e & fittings 5%	Total
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Year 1													
Cost	4000	2000	12000	2000	600	400	1000	500	160	1400	5500	700	30260
Dep.	<u>200</u>	<u>100</u>	<u>2400</u>	<u>100</u>	<u>30</u>	<u>20</u>	<u>50</u>	<u>25</u>	<u>8</u>	<u>70</u>	<u>275</u>	<u>35</u>	<u>3313</u>
NBV	3800	1900	9600	1900	570	380	950	475	152	1330	5225	667	26947
Year 2													
Dep.	<u>200</u>	<u>100</u>	<u>2400</u>	<u>100</u>	<u>30</u>	<u>20</u>	<u>50</u>	<u>25</u>	<u>8</u>	<u>70</u>	<u>275</u>	<u>35</u>	<u>3313</u>
NBV	3600	1800	7200	1800	540	360	900	450	144	1260	4950	632	23634
Year 3													
Dep.	<u>200</u>	<u>100</u>	<u>2400</u>	<u>100</u>	<u>30</u>	<u>20</u>	<u>50</u>	<u>25</u>	<u>8</u>	<u>70</u>	<u>275</u>	<u>35</u>	<u>3313</u>
	3400	1700	4800	1700	510	340	850	425	136	1190	4675	597	20321

Depreciation: Manufacturing = $200+100+30+25+50+275+20 = 700$

Income Statement = $2400+100+70+35+8 = 2613$
 $\text{€}3313$

WORK-IN-PROGRESS

Closing Inventory (raw material supply schedule) $2200 \times 12 = \text{€}26400$

NB: Valuation is at a price of young animals

APPENDIX 2

Raw materials supply schedule for 2012

Month	Bal b/d	Purchases	Total Animals	Ready for processing	Breeding	Litter	Additions through birth by breeding groups	Meat for sale	Bal c/d
	A	B	C=A+B	D	E	F	G	H	I=DEF-H
1	-	500	500	-	500	-	A	-	500
2	500	500	1000	500	500	-		-	1000
3	1000	-	1000	500	500	-		150	850
4	850	700	1550	850	500	200		150	1400
5	1400	200	1600	700	500	400		150	1450
6	1450	-	1450	550	500	400		150	1300
7	1300	-	1300	400	500	400	(Group A) 2000	150	3150
8	3150	-	3150	250	500	2400		150	3000
9	3000	-	3000	400	400	2200		150	2850
10	2850	-	2850	250	400	2200		200	2650
11	2650	-	2650	450	200	2000		200	2450
12	2450	-	2450	250	200	2000		250	2200
		<u>1900</u>						<u>1700</u>	

	Year 1	Year 2	Year 3
Purchases: animal stock	34,800	-	-
Feed	<u>3,000</u>	<u>3,800</u>	<u>5000</u>
	<u>37,800</u>	<u>3,800</u>	<u>5000</u>

Quantity of meat supplied and sold

Quantity Produced	Sales Outlet	Units supplied	Unit price	Value	Amount received	Unit Bal	Bal Amount
1700	super market	700	48	33,600	32,640	20	960
	Our company's	500	48	24,000	24,000	-	-
	Restaurant	<u>500</u>	48	<u>24,000</u>	<u>19,500</u>	-	<u>4500</u>
		<u>2600</u>		<u>¢81,600</u>	<u>¢76,140</u>		<u>¢ 5460</u>

Sales/Revenue = $1700 - 20 \times 48$
= ¢80,640

Closing inventory (finished goods) = 20×46.6
= ¢932

Commission on sales = $\frac{20}{100} \times 32,640$
= ¢6,528

Debtors (restaurant) = ¢4500

Raw materials supply schedule for 2013

Month	Bal b/d	Purchases	Total Animals	Ready for processing	Breeding	Litter	Additions through birth by breeding groups	Meat for sale	Bal c/d
	A	B	C=A+B	D	E	F	G	H	I=DEF-H
1	2200	-	2200	1800	400	-		200	2000
2	2000	-	2000	1600	400	-		200	1800
3	1800	-	1800	1400	400	-		200	1600
4	1600	-	1600	1200	400	-	(Group A) 1200	200	2600
5	2600	-	2600	1000	400	1200		200	2400
6	2400	-	2400	800	400	1200		200	2200
7	2200	-	2200	600	400	1200		200	2000
8	2000	-	2000	400	400	1200	(Group B) 1200	200	3000
9	3000	-	3000	200	400	2400		200	2800
10	2800	-	2800	1200	400	1200		200	2600
11	2600	-	2600	1000	400	1200		300	2300
12	2300	-	2300	700	400	1200		300	2000
								2600	

Quantity of meat supplied and sold

Quantity Produced	Sales Outlet	Units supplied	Unit price	Value	Amount received	Unit Bal	Bal Amount
2600	super market	700	48	33,600	32,880	15	720
	Our company's	1300	48	62,400	62,400	-	-
	Restaurant	<u>600</u>	48	<u>28,800</u>	<u>28,880</u>	-	-
		<u>2600</u>		<u>¢124,800</u>	<u>¢124,080</u>		<u>¢720</u>
Sales/Revenue = 2600 – 15 x 48		Closing inventory (finished goods) = 15 x 46.6		Commission on sales = <u>20</u> x 32,880			
= ¢124,080		= ¢699				100	
						= ¢6,576	
Debtors (restaurant) = ¢4500							

Investment Schedule

Year	Details	Amount	Rate	Yield/Interest
2	T-Bills	¢20,000	9%	¢1800

Raw materials supply schedule for 2014

Month	Bal b/d	Purchases	Total Animals	Ready for processing	Breeding	Litter	Additions through birth by breeding groups	Meat for sale	Bal c/d
	A	B	C=A+B	D	E	F	G	H	I=DEF-H
1	2000	-	2000	400	400	2500	(Group A) 1300	200	3100
2	3100	-	3100	200	400	2500		200	2900
3	2900	-	2900	1200	400	1300		200	2700
4	2700	-	2700	1000	400	1300		200	2500
5	2500	-	2500	800	400	1300		200	2300
6	2300	-	2300	600	400	2500	(Group B) 1200	250	3250
7	3250	-	3250	350	400	2500		250	3000
8	3000	-	3000	1300	500	1200		250	2750
9	2750	-	2750	1050	500	1200		250	2500
10	2500	-	2500	800	500	2400	(Group A) 1200	300	3400
11	3400	-	3400	500	500	2400		350	3050
12	3050	-	3050	1350	500	1200		350	2700
								3000	

Quantity of meat supplied and sold

Quantity Produced	Sales Outlet	Units supplied	Unit price	Value	Amount received	Unit Bal	Bal Amount
3000	super market	800	48	38,400	37,344	22	1056
	Our company's	1500	48	72,000	72,000	-	-
	Restaurant	<u>700</u>	48	<u>33,600</u>	<u>33,600</u>	-	-

	<u>3000</u>	<u>¢144,000</u>	<u>¢142,944</u>	<u>¢1,056</u>
Sales/Revenue = 3000 – 22 x 48		Closing inventory (finished goods) = 22 x 46.6		Commission on sales = <u>20</u> x 37,344
= ¢142,944		= ¢1,025		100
				= ¢7,469
Debtors (restaurant) = ¢4500				

Investment Schedule

Year	Details	Amount	Rate	Yield/Interest
Bal b/d		20,000	9%	1800
Year 3	T-Bills	<u>65,000</u>	9%	<u>5,850</u>
		<u>¢85,000</u>		<u>¢7,650</u>

APPENDIX 3

Break Even Analysis

Contribution/unit = Selling price/unit – variable cost/unit

Break Even Point = $\frac{\text{Fixed Cost}}{\text{P.V Ratio}}$

Variable Cost/unit = $\frac{\text{Total variable cost}}{\text{Total units produced}}$

Break Even Point/unit = $\frac{\text{Fixed Cost}}{\text{Contribution/unit}}$

P.V. Ratio = $\frac{\text{Contribution}}{\text{Sales}} \times 100$

Selling Price/unit

Purchases 37,800

Farm wages 4,320

Indirect Farm Expenses – Depreciation 5,380

Selling, Distribution, Administration & Operation Expenses – Depreciation $\frac{31,727}{79,227}$

Unit Cost = $\frac{\text{Total variable cost}}{\text{Quantity produced}} = \frac{79,227}{1,700}$

Cost Price = 46.60

Add margin = 1.40

Selling Price/unit **48.00**

APPENDIX 4

Manpower Schedule for 2012

Position	Wages & Salaries	No. of Employees	Annual Wages & Salaries
General/farm Manager	450	1	5400
Marketing Officer	300	1	3600
Accounts Clerk	300	1	3600
Sales Reps	280	2	6,720
Farm Assistance	250	1	3,000
Labourers	120	3	4,320
Security	115	<u>1</u>	<u>1380</u>
		<u>10</u>	<u>28,020</u>

Manpower Schedule for 2013

Position	Wages & Salaries	No. of Employees	Annual Wages & Salaries
General/farm Manager	473	1	5,670
Marketing Officer	315	1	3,780
Accounts Clerk	315	1	3,780
Sales Reps	294	2	7,056
Farm Assistance	263	1	3,150
Labourers	126	3	4,536
Security	121	<u>1</u>	<u>1,449</u>
		<u>10</u>	<u>29,421</u>

Manpower Schedule for 2014

Position	Wages & Salaries	No. of Employees	Annual Wages & Salaries
General/farm Manager	496.65	1	5,960
Marketing Officer	330.75	1	3,969
Accounts Clerk	330.75	1	3,969
Sales Reps	308.70	2	7,409
Farm Assistance	276.15	1	3,314
Labourers	132.30	5	7,938
Security	127.05	<u>1</u>	<u>1,525</u>
		<u>12</u>	<u>34,084</u>

NB: Year 2 and 3 were increased by 5%

Farm Wages = Labourers

Indirect Expense (Salaries) = Farm assistance + security

Selling, distribution, & Administration (Salaries) = General Manager + Market officer + Accounts clerk + Sales reps

Company Trademark Protection



Production Process

