

BUDGET

1.Stainless steel mesocarp juice extraction Equipment

- Fruit cleaner
- Fruit washer
- Fruit sterilizer
- Digester Screw press
- Stainless steel storage tanks
- Palm oil storage tank
- Banga sauce storage tank

Total cost of fabrication.....N70,000,000.00

The above equipment can be fabricated and supplied by the Nigeria Institute for Oil Palm Research within 20 weeks.

2.Product packaging.

-Palm Oil Packaging System..... N15,000,000

Packaging containers and label for palm oil

-2liters containers 100,000units at N700.....N70,000,000

3. Packaging containers for Banga sauce

-Retortable pouches 100,000units

Banga pouches/cans each year = N500 per pouch/cans x 100,000 = N50,000,000

-Retortable Aluminium Cans 100,000 units

-Can seamer 3units at N3,000,000 per unit....N9,000,000

-Pasteurizer 2,000 litres.....N15,000,000

-Pouch sealer 2 units.....N2,000,000

-Shrink plastic..... ..N24,000,000

Total.....N255,000,000

Fresh fruit bunches – 200tonnes will give:

Palm oil –13tonnes

Banga sauce- 50tonnes

Quantity per pouch – 500g

Number of product pouches/month -100,000

Total plantation area required is approximately-250 hectares.

NIFOR has more than 1,000 hectares of marked palms.

Palm oil from this is 14,000Litres

At 2Litres we have 7,300 containers

Revenue: 2Litres at N5,500 X 7,300 = N40,150,000

Banga pouches each year = N500 per pouch x 100,000 = N50,000,000

800g of Banga sauce is currently been sold at \$4.99

500g of Banga Sauce is been sold for \$3.12 naira equivalent= N4,830

400g of Banga sauce is N4,830

100g is \$0.62

Naira equivalent

800g- N15,600

780g-N17,200

400g-N9,400

If 800g is sold for N9,000

It therefore means that Banga sauce 50tonnes will be 50,000kg which is equal to 50,000,000g

50,000,000g will give 62,500 bottles.

At a market price of N9,000 for 800g

62,500 containers will give = N562,500,000

Fixed Assets

-Equipment

-Building

-Vehicle

-Motorcycles

Total amount N50,000,000

Overhead

-Salaries and wages = N100,000 per month x 20 staff =N2,000,000 x 12=N24,000,000

-Taxes from profit later

Variable cost

-Cost of raw materials

Fresh fruit bunches 200tonnes= N120,000 per tonne = N24,000,000

-Utilities such as power, water, diesel and fuel Engine oil =N20,000,000 per month

Assuming a monthly target of N100,000,000

Tonnage of Banga sauce = 10 tonnes

Fresh fruit bunches = 40tonnes

Palm oil = 2.6tonnes =2600kg =2925Litres

2L containers=N1,462 containers at N5,500: N1,462 containers = N8,043,750

Banga sauce = 10 tonnes = N10,000kg = N10,000,000g

Packaging size = 500g

10 tonnes of Banga sauce =20,000 containers

Each container should be N5,625

At 20% discount 500g = N4,500

Total revenue for 10 tonnes Banga sauce = N90,000,000

Revenue

Step 1

Fresh fruit Bunches = 40tonnes

Will give palm oil of 2.6 tonnes = 2600kg = 2925 litres

Palm oil revenue in 1 month

2 litres containers of 7,000 x N5,500 per 2 Litres = N8,043,750

Banga Sauce = 10tonnes = 10,000kg = 10,000,000g

10 tonnes of Banga Sauce = 20,000 containers

20,000 x500 = N10,000,000

At 20% discount for 500g =N4,500

N4,500 x 20,000 containers =

Banga Sauce total revenue for 1 month from 10 tonnes will be N90,000,000

Total revenue will be N8,043,750+ N90,000,000 = N98,043,750

Total revenue= N98,043,750/ 1 Month

Step 2

Cost breakdown

Fixed Investment

Stainless steel Juice extraction line = N70,000,000

Palm oil packaging system = N15,000,000

Can seamer N9,000,000

Pasteurizer N15,000,000

Pouch sealer N2,000,000

Shrink plastic system N24,000

Containers and Labels: palm oil N70,000,000

Banga pouches and cans N50,000,000

Building, vehicles and Motorcycle N50,000,000

Total fixed capital =N281,000,000 This is incurred before revenue starts.

Step 3

Operating cost

Raw material cost

Fresh fruit bunches 200tonnes @ N120,000 per tonnes = N24,000,000

Palm oil is 14,000 litres

At 2 litres, 7,300 containers

2 litres @ N5,500 x7,300= N40,150,000 Banga pouches = N500 per pouch x 20,000 = N10,000,000

Total raw materials= N74,150,000

Step 4

Overhead

Salaries and wages = N100,000 per month X 20 staff = N2,000,000

Utilities include power, water, diesel and fuel Engine oil = N20,000,000 per month

Taxes will be from profit later

Total = N22,000,000 before tax

Step 5

Recurrent

Palm oil containers each month= approx. N40,000,000

Banga pouches per month = N500 per pouch x 20,000= N10,000,000

N50,000,000/ month

Monthly annual operating cost = N50,000,000

Net profit for one year

Revenue = 98,043,750

Operating cost = N50,000,000

Net profit for one month = N48,043,750 x12 = N576,525,000

One year = 576,525,000

Net profit in the next four years will be x4

N576,525,000x4= N2,306,100,000