

# Business Plan Template Prepared on Dairy Cows

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## EXECUTIVE SUMMARY

Kenan dairy cow farm business will be operated to supply dairy cow products in the Jimma town and surrounding areas to meet demand of customers in the area. The main mission of the business is to satisfy the demand of customers in niche markets and other spatial markets, creating permanent customer in order to assure sustainability of the business and being committed to sacrifice time and effort to make our target customers happy on our products there by meeting quality standards. The major objectives from the business point of view is to supply the quality dairy products to customers to generate income from business in order to increase profitability and competitiveness of the business by providing customer oriented dairy products. The major dairy products that the business is going to supply may include liquid milk, cheese, butter, calves and dairy by products. The business will be opened with startup capital of 3417961.49 ETB. From this total capital, about 56% is acquired from the commercial bank of Ethiopia in the form of loan at the 5% interest rate and the remaining 44% will be derived from owners of the business. A contingency of 10% of initial capital will be retained as account capital for the periods in which the business faces a harsh condition. The business will increase production by stressing on milk production, manure handling, grass forage, corn silage and young stock as production strategies. The estimated amount of the product which will be supplied to Jimma town and surrounding community is 60% of total product of the business such as fresh milk, butter and cheese while the remaining 40% of the products like butter, cream and cheese will be supplied to the spatial markets such as Addis Ababa, Agaro and Bedele. The business will be promoted through Medias such as television, fana radio; electronic mobile and etc. sales promotion will also be used to capture attention of the customers. Postcards, business cards and tapela will also be used for promotion by showing the address where the business is operating. As it was explained here above, 30 cows (jersey breed) each costing 15,000 ETB will be purchased and at the beginning year 20 cows (jersey breed) will give milk and milk products. In the first year operation, there is negative profit (1006349ETB) for the businesses because of a large portion of costs have been incurred for fixed and intermediate assets. For the three consecutive years, the business will obtain a positive profit of 660747 ETB, 806445.315 ETB and 969210.575 EBT, respectively. In four year operation, the business will obtain a profit of 41.84% of the startup capital of the business.

## 1. INTRODUCTION

Livestock production is an integral part of Ethiopian agricultural system. The sub-sector is estimated to contribute about 12-16% of the total GDP and 30-35% of total agricultural GDP, and 60-70% livelihoods of the Ethiopia population (Halderman, 2004). The major species used for milk production in Ethiopia are cattle, camel and goats. Cattle produce 83% of the total milk and 97 % of the cow milk comes from indigenous cattle breeds (MOARD, 2004).

There are a few milk-processing plants in Ethiopia, one is owned and operated by the government (Dairy Development Enterprise) and others are private. The processed products of these plants are pasteurized fluid milk, table butter, hard cheese, yoghurt and *ayib* (cottage cheese) (Zegeye, 2003). Therefore, improving the position of smallholders to actively engage in the dairy market is one of the most important development challenges of the country (Holloway *et al.*, 2002).

### 1.1. The Dairy Cows Products Description

The businessmen have excellent experience, skills or knowhow in dairy cows' production, management, quality control, marketing and other managerial works which will significantly contribute to the successful establishment and operation of the business. Thus, the quality and safety dairy products such as butter, yoghurt, and cheese will be delivered to customers. In further they also have enough skills how to manage and allocate resources wisely and efficiently. Therefore, the business will go in aright truck to get successful profit. In addition to the cap ability of the partners, the location of the business with access to market, support of governmental and nongovernmental organization should have strengthen the establishment of business to achieve designed goal. To keep all the quality aspects that customer's desire will be made by using improved production and processing methods such as pasteurization. Pasteurization is the best method that the business organization is going to use to meet all the standards of the products.

## 1.2. Dairy Cows' Business Mission

**Satisfaction:** the sole mission of this business is to satisfy the demand of customers in niche markets and other spatial markets.

**Permanency:** creating permanent customer in order to assure sustainability of the business.

**Integrity:** Being committed to sacrifice time and effort to make our target customers happy on our products there by meeting quality standards.

## 1.3. Keys To Success

The primary keys to success of Kennan dairy cow business are the following

- Keeping freshness and quality of the dairy products
- Professional customer service and managing budget
- Creating comparative advantage (value addition) of the product in order to attract consumers
- Efficient use of existing resource to diminish cost of production
- Keeping the health status of livestock

## 1.4. Dairy Cows' Business Summary

The dairy cows business will supply unadulterated and quality products such as milk, butter, cheese and cream to local and spatial markets. There is also supply of the young stock (calf) to local markets and other spatial markets so that satisfying the demand in all products is achieved. The business will operate as a partnership with Takele Honja and Betela Beyene both performing management activities.

## 1.5. Objectives

2. To supply the quality dairy products to customers
3. To generate income from business in order to keep profitability
4. To increase profitability and competitiveness of the business by providing customer oriented dairy products
5. To fulfill the current demand for dairy products in Jimma town and surrounding communities

## 1.6. Products

Kennan dairy farm will supply dairy products such as cheese, milk, butter, cream and young livestock to the surrounding and other spatial markets such as Addis Ababa, Agaro and Bedele.

## 2. DAIRY COWS PRODUCTION PLAN

This component of the business addresses all the relevant components related with the land, equipment and buildings, feed and milk production, herd management, expansion and construction. It will emphasize on those areas which are most important to the dairy farm for the period being planned. Production plan of this business undertakes a complex production plan which includes maintaining current forage and milk production and herd health while constructing new facilities and introducing more cattle. The production plans go in line with the financial plan designed to operate the business in the proposed area.

### 2.1. Operational Plan

During developing business plan, operation plan will be included to operate the business properly. For instance facilities like labour saving devices, optimum requirements for dairy cows production from input supply to delivery of products to end consumers, sanitation, safety of products, income statement and out flow balance ratio, disease prevention and control measures will be applied.

### 2.2. Land, Buildings and Facilities

This part of plan addresses issues related with fixed assets required to operate this business. While formulating this plan, sufficient land, manure storage and water supply are all critical factors that will be taken into account in order to meet the resource demand of the business and to meet day municipal and provincial codes of the Jimma town administration. To meet the environmental standards the business will be operated at least 2 km away from the Jimma town. The total area of land required to the business is 20 hectare. From this total land, 19 hectare will be allocated to forage (pasture) production and the remaining 1 hectare will be allotted to the manure storage and water supply. Accordingly, land for pasture (forage), manure storage and water supply will be acquired through lease from the government for 30 years long term loan. Houses for the cattle will be built in the land acquired from the government through lease. Building containing at least 10 rooms with full facilities such as electricity, potable water, etc will be acquired through rent for time being on fixed cost base from the Jimma town for the management activities, veterinary service and storage of final (finished) dairy products. The

business will construct its own building after 4 years running. Table1 below appendixes shows farm buildings plan of the business.

### **2.3. Equipment**

The business requires diverse equipments which enable it to ensure quality and efficiency. In addition to this, to meet customer satisfaction, all equipments that help to meet quality of our products will be purchased. Experience sharing on important equipments for the better handling of dairy products from the production up to final marketing will be made with businesses engaged in dairy farm in Jimma town and outside. Appropriate materials and equipments which keep the health of herd is core issue in acquiring information about equipment. Priority will be given to cost effective and environment friendly equipments that keep the profitability of the business while matching environmental standards and regulations of federal food and nutrition authority. The business will use the following equipments picked in the table 2 indicated in appendixes.

### **2.4. Materials and supplies**

As per the level of production, materials and supplies will bought on daily bases for the continuity of the business. These materials and inputs are varying as the total production of the farm is varying. The quantity (amount) of variable inputs and their respective costs will be recorded on the current production capacity of the business and further inputs and costs will be estimated based on current performance of the business. Table3 below shows materials and supplies required in the first year operation of the business in the Jimma town in the South western Ethiopia.

### **2.5. Production Strategies**

The business will use different statements to guide the ongoing business activities in production aspects so that the business is profitable and efficient. By designing effective production strategies, the business will attempt to optimize yields and profits through appropriate production and labor management activities. The sole aim of business production strategies is to attain the production goals. Proper allocation of inputs and reduction of post harvest losses are the major strategies of the business. In order to reduce cost of the business, dairy by-products will be reutilized there by contributing to the profitability of the business. Appropriate technologies that stimulate production capacity of the business will be used. The business will increase production by stressing on milk production, manure handling, grass forage, corn silage and young stock. These production strategies of the business will be applied to boost the profitability of the business and side by side, problems (constraints) that impede the business will be identified and alternative and immediate solution will be given in order to keep the liquidity of the business. All the appropriate strategies that the business is going to use are shown in table 4 under the appendixes.

## **3. MARKETING ANALYSIS)**

This part of the business is dealing with mechanisms of delivering final products to the target market. The business will go to use appropriate approaches that can help to distribute dairy products to the different segments of the market. Cost effective marketing channels which are effective simultaneously by satisfying demand of the customer will be adopted. The major products in which the business is going to supply to market may include milk, butter, cheese, cream, and calf. . Cold chain logistic system will be used to deliver quality full products to the target market in advance for the perishable products of a business. The marketing strategies that the business is going to use may include milk component which is concerned with increasing milk protein and solids and decreasing butterfat. The other strategy is a market development which is concerned with holding monthly with processors' representatives to stay abreast of changes in market place and attending direct marketing and other industry seminars. Finally, livestock sales strategies will be used which is concerned with the selling bull calves to neighboring hobby farmers and selling surplus heifers. The products will be produced according to customer preferences and value added manner. The market scope of the business may extend from small scale farmers up to the famous hotels in Jimma town. Jimma town is the major marketing centre of the business. The estimated amount of the product which will be supplied to Jimma town and surrounding community is 60% of total product of the business such as fresh milk, butter and cheese while the remaining 40% of the products like butter, cream and cheese will be supplied to the spatial markets such as Addis Ababa, Agaro and Bedele. The business will be promoted through Medias such as television, fana radio; electronic mobile and etc. sales promotion will also be used to capture attention of the customers. Postcards, business cards and tapela will also be used for promotion by showing the address where the business is operating.

### **3.1. Customer Analysis**

This plan is concerned with the consumers of the final products of the business. Customers will be segmented based on geographic, demographic, psychographic and consumer behavior. The major customers of the business

are small holder farmers, town residents, cafeterias, restaurants and hotels. Customers in other markets such as Addis Ababa, Bedele and Agaro are also categorized in this fashion. Large portion of calf will be supplied to farmers around the business area. Dairy products such as milk, butter, cheese and cream will be supplied to urban families, cafeterias and hotels. Therefore, customers in town demand dairy products and rural customers demand young stock. Generally, the business classifies the customers as consumers, dairy processors and calf heifer buyers. The business will perform activities like lowering milk fat, consistent shipments, and general health, feet, leg, sire and dam records to satisfy customers and to promote market development.

### **3.2. Competitors' Analysis and Strategy**

This part of business plan used to put the sensitivity analysis that will be faced with business owners during running business. For instance small scale rural and urban dairy producers, super markets which are engaged to sell substitute products like powdered camel milk will fluctuate the demand and supply of the business products. Therefore, Kennan dairy business will produce quality dairy products than small scale rural and urban dairy producers to penetrate the market in order to penetrate the market to get profit. Moreover, businesses engaged in potential dairy production in the area are our potential competitors.

Therefore, the strategies that should have taken in business are: maximizing profit by producing quality products, differentiating the products for consumers, and by producing consumer oriented products rather than production oriented. In further, if this business starts to penetrate with quality dairy products, relatively less price and get promoted, it will immediately and become profitable. The general manager evaluates to monitor the market and can get the opportunity to change the existing business when it shows more loss rather than profit .the person easily knows the defects of market and to deal with it wisely for the future .the place where the product is going to be distributed will be adjusted depending on the customer situation and customers preference.

### **3.3. Pricing Method**

For the first phase business operation, price will be lowered in order to make a potential market for the products and to increase the number of target customer. The price will be raised when the business is getting matured, in order to recover the cost that business has incurred. Therefore, Cost based (mark up) pricing will be used to assure profitability of the business. Raising price will be made by considering the issues of potential customers why because permanency of customer is prominent for the liquidity as well as sustainability of the business. Pricing for the special occasions such as holidays may not be the same as other habitual days. In special occasions, price for the products will be increased because demand for dairy products is high during moments like Easter, x-mass, holly cross, and so on. For the golden customers of the business, whether increase or decrease in price will not be considered, value addition will be made for them.

## **4. HUMAN RESOURCE PLAN**

The human resource plan describes all expected staff requirement of the business over the next four years. Both skilled and unskilled human labor will be employed at the initial stage of the business life. Skilled personal will be hired at the business management and resource control position. Unskilled labor force with limited educational background will be hired in daily activities such as feeding, cleaning house, loading and off-loading dairy feed, watering, keeping herd, farm working, cultivating...etc. Human labor at the age of 15 and above will be employed. Employees will be pay with salary and other benefits in permanent or short-term manner. According to this, the business requires total of 12 human labors in expertise position and daily labor for the first phase operation. Employment may be permanent or contract. Termination of employment is possible if large number of people impede profitability by increasing cost. Vacancy announcement will be made to make skilled human resources required to business competitive. Table5 under appendixes shows human resource requirement, positions and their respective tasks.

## **5. FINANCIAL PLAN**

Financial plan is the base to run the business. In thus, money is necessary for purchasing equipments, dairy cows, for service provider such as training, and payments or monthly salary of employers cost will be covered under this plan. The business will be opened with initial capital of 3417961.49 ETB. From this total capital, about 56% acquired from the commercial bank of Ethiopia in the form of loan at the 5% interest rate and the remaining 44% will be derived from owners of the business. A contingency of 10% of initial capital will be retained as account capital for the periods in which the business faces a harsh condition. The partners will take risk as an entrepreneurial because deferent technical, operational and managerial problems. Therefore, the business would have calculated benefit cost analysis to know profit by calculating the income statement and out flow statement. The cost that will be incurred to run the business in the form of cash and assets to buy and operate is illustrated by income statement, cash flow and balance sheet statement in the table 6, 7 and 8 under appendixes respectively.

### 5.1. Income Statement

Name: Kennan dairy cow business period covered: May 10, 2017 to May 10, 2020

### 5.2. Cash Flow Statement

Name: Kennan dairy cow business

### 5.3. Balance Sheet Statement

Name: Kennan dairy cow business, From May 9, 2019 to May 9, 2020

### 5.4. Sales Forecast Summary

In dairy business, the products which will be produced will be sold in a market price based on consumers' preference and effective demand. The products will be sold are: liquid milk, butter, cheese, byproducts and calves. Since we have twenty milking cows from total of 30 cows in first year, we will get the average of 8 liters of milk from each cow per day. From the total of 8 liters: 5 liters will be sold in the liquid form and the remaining 3 liters will be processed from each cow to produce processed dairy products such as butter, cheese, and by products. Total annual milk products will be sold both in the form of milk and processed form is 38572 liters. The price of one liter will be sold for 14 ETB. Butter is one of the products which are produced by processing milks. Totally, 12,420 kg will be processed and the unit cost is 100 ETB/kg. Thus, we will get 1,242,000 ETB. In further, cheese sales have great contribution in our business. For instance total of 5000 kg cheese will be produced and contributes revenue of 200,000 ETB by the price of 40 ETB/kg. Additionally, calves are the main source of income of our business. From total of twenty calves, we will sell 5 calves in first year of our business operation for 5000 ETB each. The total income accounts 25000ETB. For the next three years the sales value of calves will increase by 15% of the first years'. Finally, the byproducts of milk have contribution the income of the business. For instance, 625 liters of by products will sell for 5000ETB annually for the unit price of 8 ETB/liter. Therefore, table 9 under appendixes shows the sales fore cast summary of dairy products for four consecutive years.

### 5.5. Financial Summary

As it was explained here above, 30 cows (jersey breed) each costing 15,000 ETB will be purchased and at the beginning year 20 cows (jersey breed) will give milk and milk products. In the first year operation there is negative profit (1006349ETB) for the business because of a large portion of costs have been incurred for fixed and intermediate assets. For the three consecutive years, the business will obtain a positive profit of 660747 ETB, 806445.315 ETB and 969210.575 EBT, respectively. In four year operation the business will obtain a profit of 41.84% of the startup capital of the business.

## 6. REFERENCES

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## APPENDIX

Table 1: Kennan dairy farm business buildings plan

Dairy Farm Buildings	
Description	Current Value
Housing –milk herd	200,000
-Replacement herd	
Hay storage	92,000
Milking parlor	50,000
Manure pit with roof	26,000
Bunker silo	42,000
Power and wiring	52,000
Site preparation and paving	34,000
Machine shed and shop	18,000
<b>Total farm buildings</b>	<b>514,000</b>

Source: Own computational result (2018)

Table 2: Farm Equipments plan of Kennan Dairy Cows Farm Business

Farm Equipment	
Description	Current unit Value/ETB
Tractor (100 hp)	200,000
Manure blade	1,000
Liquid manure spreader	2,500
Chopper machine	100,000
Computer( Acer)	12000
Silage wagon(hay dump)	500
Cultivator ( 12 ft)	200
Milk tank and equipment	500
Water pump, line and irrigation	200,000
Weed sprayer	768
Fuel tanks	500
Managerial chair	900
Pasteurizing machine	60,000
Truck	700,000
<b>Total farm equipment cost</b>	<b>1265968</b>

Source: Own computational result (2018)

Table 3: Materials plan of Kennan Dairy Farm Business

Description	Unit cost/quintal	Annual requirement	Total cost(ETB)
Crop supplies	250	100 quintal	25,000
Feed grain	1000	90 quintal	90,000
Minerals and supplements	1000	40 quintals	40,000
Fuel and oil	35	10,000 liters	350,000
Fertilizer	1600	8 quintal	12,800
<b>Total</b>			<b>517,800</b>

Source: Own computational result (2018)

Table 4: production strategies of Kennan dairy business farm

Focus Areas	Targets	Barriers	Response
Milk production	Cost per liter competitive with others	Feed costs, labor costs, debts	Forage analysis and ration balancing, compare with other farms, make vs buy, efficient use of labor, debt reduction.
Manure handling	Conform to code within one year	Identifying problem practices	Develop and adopt waste management plan
Grass forage	10 tone dry matter per acre	Water, nutrients and weather	Irrigation, manure/fertilizer/ lime, 9 year plantation
Corn silage	12 tone dry matter per acre	Water, nutrients, weather	Hybrid choice, irrigation, weed control, manure/fertilizer/lime
Young stock	46 mo. Age to first calving 750 kg weight	Nutrition ,management and health	Growth charting, herd wealth

Source: Own computational result (2018)

Table 5: Human Resource Plan of Kennan Dairy Farm Business

Job Title	Quantity	Educational Background	Functions	Salary
Owner/Herd and business manager	1	BSc in Animal science, finance, RDAE, management with 2 year work experience	Dairy cattle herd records, financial book-keeping, joint role in management decision making and setting goal.	2250 ETB/month
Owner/production and equipment manager	1	BSc in Agricultural engineering, plant science, management with 2 years work experience	Crop planning , farming, farm safety, machinery maintenance, joint role in management decision making and goal setting	2250ETB/ Month
Veterinary expert	1	BSc in veterinary science	Giving treatment for cow, monitoring herd health, animal disease control activities	2249 ETB/month
Accountant and auditor	2	Diploma in accounting and finance	Financial book keeping, record keeping, control income inflow and out flow, calculate profits	1100ETB/month
Part time labor	7	Not mandatory(optional)	Part time milking, feeding, as labor jobs needed	20 ETB/day
Tractor operator		TVET level-4	Operating tractor	3000 ETB/month

Source: Own computational result (2018)

Table 6: Income Statement of Kennan Dairy Cow Business

<b>Income</b>	<b>Year 1</b>	<b>Year2</b>	<b>Year3</b>	<b>Year4</b>
Net milk income	540,000	594,000	653,400	718,740
Income from butter	1,242,000	1,366,200	1,502,820	1,653,102
Income from sale of cheese	200,000	220,000	242,000	266,200
Income from sale of calves	25,000	70,000	77,000	100,000
Income from sale of by-products	5000	5250	5512.50	5788.125
<b>Total income</b>	<b>2,012,000</b>	<b>2,255,450</b>	<b>2,480,732.5</b>	<b>2,743,830.125</b>
<b>Expenses</b>				
Fertilizer and chemicals	12,800	12,800	12,800	12,800
Fuel and oil	350,000	350,000	350,000	350,000
Breeding stock (cow)	450,000	0	0	0
Buildings rent	5000	5000	5000	5000
Minerals and supplements	40,000	41,200	42,436	43709
Land rent	20,000	20,000	20,000	20,000
Tractor	200,000	0	0	0
Depreciation cost of equipment	1400	1400	1400	1400
Fuel tank	500	0	0	0
Cultivator	200	0	0	0
Chopper machine	100,000	0	0	0
Weed sprayer	768	0	0	0
Computer (Acer)	12,000	0	0	0
Manure blade	1,000	0	0	0
Managerial chair	900	0	0	0
Truck	700,000	0	0	0
Feed grain	90,000	94,500	99,225	104,186.25
Crop supplies	25,000	26250	27,562.5	28,940.625
Pasteurization machine	60,000	0	0	0
Veterinary fees and drugs	6,000	6,060	6,120.6	6,181.806
License fees	2,500	2,500	2,500	2,500
Payment on interest (5%)	55,493.49	55,493.49	55,493.49	55,493.49
Hired labor	50,400	50,904	51,413	51,927
Permanent employees salary	130,188	130,188	132,140.82	132,140.82
Income tax (35%)	704,200	798,407.5	868,256.375	960,340.55
<b>Total expenses</b>	<b>3,018,349</b>	<b>1,594,703</b>	<b>1,674,287.185</b>	<b>1,774,619.55</b>
<b>Net profit</b>	<b>(1006349)</b>	<b>660747</b>	<b>806445.315</b>	<b>969210.575</b>

Source: Own computational result (2018)

Table 7: Cash Flow Statement of Kennan Dairy Cow Business

<b>Revenues</b>	<b>Year1</b>	<b>Year2</b>	<b>Year3</b>	<b>Year4</b>
Farm production income	2,012,000	2,255,450	2,480,732.5	2,743,830.125
Funds borrowed	1,925,893.5	0	0	0
<b>Total cash received</b>	<b>3,937,893.5</b>	<b>2,255,450</b>	<b>2,480,732.5</b>	<b>2,743,830.125</b>
<b>Expenses</b>				
Fertilizer and chemicals	12,800	12,800	12,800	12,800
Fuel and oil	350,000	350,000	350,000	350,000
Buildings rent	5000	5000	5000	5000
Minerals and supplements	40,000	41,200	42,436	43709
Breeding stock (cow)	450,000	0	0	0
Land rent	20,000	20,000	20,000	20,000
Tractor	200,000	0	0	0
Depreciation cost of equipment	1400	1400	1400	1400
Fuel tank	500	0	0	0
Cultivator	200	0	0	0
Chopper machine	100,000	0	0	0
Weed sprayer	768	0	0	0
Computer (Acer)	12,000	0	0	0
Manure blade	1,000	0	0	0
Managerial chair	900	0	0	0
Truck	700,000	0	0	0
Feed grain	90,000	94,500	99,225	104,186.25
Crop supplies	25,000	26250	27,562.5	28,940.625
Pasteurization machine	60,000	0	0	0
Veterinary fees and drugs	6,000	6,060	6,120.6	6,181.806
License fees	2,500	2,500	2,500	2,500
Payment on interest	55,493.49	55,493.49	55,493.49	55,493.49
Hired labor	50,400	50,904	51,413	51,927
Permanent employees salary	130,188	130,188	132,140.82	132,140.82
Income tax	704,200	798,407.5	868,256.375	960,340.55
<b>Total Expenses</b>	<b>3,018,349</b>	<b>1,594,703</b>	<b>1,674,287.185</b>	<b>1,774,619.55</b>
<b>Cash Surplus Or (Deficit)</b>	<b>919,544.5</b>	<b>660747</b>	<b>806445.315</b>	<b>969210.575</b>
<b>Opening Cash Balance</b>	<b>143,072</b>	<b>1,062616.62</b>	<b>1723363.62</b>	<b>2529808.935</b>
<b>Closing Cash Balance</b>	<b>1,062616.62</b>	<b>1723363.62</b>	<b>2529808.935</b>	<b>3499019.51</b>

Source: Own computational result (2018)

Table 8: Balance Sheet of Kennan Dairy Cow Business

<b>Assets</b>		<b>Liabilities</b>	
<b>Current Asset</b>		<b>Current liabilities</b>	
Cash on hand	150,000	Account payable	40,000
Crop supplies	25,000	Labor cost	50,400
Feed grain	90,000	Interest on debt	55,493.49
License fee	2,500	License fee	2,500
Minerals and supplements	40,000	Feed grain	27,000
Interest on debt	55,493.49	Fertilizer	128,000
Fuel and oil	350,000		
Fertilizer	12,800		
Labor fee	50,400		
<b>Total Current Asset</b>	<b>776,193.49</b>	<b>Total current liabilities</b>	<b>303,393.5</b>
<b>Intermediate Asset</b>		<b>Intermediate liabilities</b>	
Breeding stock (cow)	450,000	Milk tank and equipment	500
Milk tank and equipment	500	Chopper machine	100,000
Fuel tanks	500	Pasteurizing machine	60,000
Weed sprayer	768	Breeding stock	450,000
Computer	12,000	Computer	12,000
Silage wagon	500	<b>Total intermediate liabilities</b>	<b>622,500</b>
Manure blade	1,000	<b>Fixed liabilities</b>	
Managerial chair	900	Land	600,000
Cultivator	200	Building loan	200,000
Chopper machine	100,000	Tractor	200,000
Pasteurizing machine	60,000	<b>Total fixed liabilities</b>	<b>1,000,000</b>
<b>Total intermediate asset</b>	<b>626,368</b>	<b>Total liabilities</b>	<b>1,925,893.5</b>
<b>Fixed asset</b>		<b>Owner equity</b>	<b>1,492,067.99</b>
Land	600,000		
Buildings	514,000		
Truck	700,000		
Equipment depreciation	1400		
Tractor	200,000		
<b>Total fixed asset</b>	<b>2,015,400</b>		
<b>Total asset</b>	<b>3417961.49</b>		
<b>Contingency (10%)</b>	<b>341796.149</b>		
<b>Total capital</b>	<b>3,759,757.639</b>		

Source: Own computational result (2018)

Table 9: Sales Forecast of Kennan Dairy Business

Products description	Year 1 sales in ETB	Year 2 sales in ETB	Year 3 sales in ETB	Year 4 sales in ETB
Milk sales	540,000	594,000	653,400	718,740
Butter sales	1,242,000	1,366,200	1,502,820	1,653,102
Cheese sales	200,000	220,000	242,000	266,200
Calves	25000	70,000	77,000	100,000
By products	5000	5250	5512.50	5788.125
<b>Total sales</b>	<b>2,012,000</b>	<b>2,255,450</b>	<b>2,480,732.5</b>	<b>2,743,830.125</b>

Source: Own computational result (2018)