

CHRISTIAN SERVICE UNIVERSITY COLLEGE – KUMASI

DEPARTMENT OF BUSINESS STUDIES

BACHELOR OF BUSINESS ADMINISTRATION

JEMPLAY FARMS LIMITED

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 443 TEAM BUSINESS PROPOSAL

BY

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DECEMBER 22, 2011

STATEMENT OF AUTHENTICITY



I have read 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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EXECUTIVE SUMMARY

Jemlay Farms Limited is a business fully registered with the Registrar of Companies with the registration number CO1 5115, 2011 under the company's code of Ghana (Act. 179, 1963)

We are into the production of poultry (chicken) products specifically eggs and meat.

Jemlay farm is located at the outskirts of Jachie-Pramso in the Bosomtwe District of the Ashanti Region. Our site is about 40 minutes drive (50 kph) from Kumasi the Capital of Ashanti Region. We will employ 16 workers to fill the needed vacant positions.

Our target customers will include the general public around location of business, restaurants, chop bars, food sellers, and selected hospitality industries in Kumasi. Our main target will be the restaurants in Kumasi and its surrounding suburbs.

Although Akate farms, Darko farms, Mfum farms etc are our major competitors who hold majority of the market share of the poultry production industry especially in Kumasi, we believe Jemlay farms Ltd with utmost level of cleanliness and proper hygiene of our poultry houses and intense care of our birds will help our customers get healthy and nutritious products. Also our able and qualified production officers will make sure the right and appropriate doses of vaccines are administered to the birds at the right time in order to produce the right sizes and strength of our products.

We will produce to customers at affordable prices, thus, our customers getting the best for less. We believe these strategies adopted by Jemlay farms will be a great force to reckon with when it comes to production of poultry and eggs.

Our products will come with unique services like (Killing and dressing of birds in a hygienic condition for our customers who buy in bulk and need such services and also we will offer delivery services to our prestige customers. This will help our customers save time and money. Discounts and credit facilities will be given to our customers when a specific quantity is bought.

One of our main priorities is to continually conduct detailed researches and experiments in order to bring innovations and new technologies in our production and delivery services. Emphasis will be placed on that which is cost effective but then productive.

Although the marketing environment of the business is somehow competitive, the company has a chance of making substantial profits or at least breaking even within some specific period or year(s) projected to be within approximately 3 years of operation.

Jemlay farms will concentrate on these products for the first 3 years to ensure it reaches all of its potential market targets. We will then plan other expansion programs like covering all the other regions of Ghana and exporting our products to the international market.

Our startup capital will be GHC 100,000 of which GHC 62,500 is raised internally by the owners (Board of Directors) of the farms. The remaining GHC 37,500 is expected externally through the Agricultural Development Bank Limited, Ghana.

Financing

Jemlay Farms Ltd. is requesting a loan amount of GHC 37,500 or USD \$25,000

The shareholders of the firm have contributed GHC 80,000 cash to the company account.

The breakdown is as follows;

Mr. John Ofori Acquah	GHC 15,625
Mr. Michael Acheamfour Addo	GHC 15,625
Mrs. Leticia Akwaboah	GHC 15,625
Mrs. Evelyn Boateng	<u>GHC 15,625</u>
TOTAL CASH AVAILABLE	<u>GHC 62,500</u>

The total amount needed to complete our poultry project is estimated to be GHC 100,000

The loan required will augment what we already have to undertake;

1. Build and construct Four (4) houses for the birds
2. Construct trenches and sewage system
3. Construct a borehole
4. Purchase feeders and drinkers
5. Heaters
6. Water pump
7. Generator etc. etc.

MISSION

- ❖ To produce the best quality, healthy and affordable poultry (chicken) products (eggs and meat) to our customers.
- ❖ To give credence to customer specifications and to produce on time to meet market demand.
- ❖ We will create avenues for job seekers by providing job opportunities to competent and qualified personnel. Job-seekers living in and around our community of operation will be giving the needed priority.

VISION

- ❖ To be a recognized force in the poultry production market.
- ❖ To embark on extensive research on customer needs and produce goods that give them value for their money.

Company Goals and Objectives

- ❖ Customer objectives; to package our product and nicely and market them with our customers in mind. We will give them value for money services thereby sustaining their interest in the product.
- ❖ the aim of every business is to maximize profit with less input and Jemlay farms is no exception. We will deepen our efforts by combining the factors of production available to us effectively.

Keys to success

- ❖ Maintain high quality standards for its suppliers and also, continuously monitor this quality procedure.
- ❖ Maintain excellence in the skills of farming chicken poultry and through hiring, training and supervision of staffs.
- ❖ To respond to customer needs through listening to their needs, whether in person, over the phone or through internet orders.
- ❖ The enterprise will help enhance the Government of Ghana policy of developing and increasing Private Sector participation in the management of the economy by producing good and healthy eggs and poultry products for the general public.
- ❖ Customer satisfaction will be our measure or guide for production because to us the customer is supreme and thus held in high esteem.
- ❖ We will provide tailor made services to deepen the knowledge about the private sector as the engine of growth.

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1.0 ORGANIZATION

1.1 Company profile

Name: Jemlay Farms Limited

Products: Poultry (eggs and meat)

Address: P. O. Box JP 2010, Kumasi

Email: Jemlayfarmsltd.gh@hotmail.com

Website: www.jemlayfarms.org.gh

Location: Jaachie Pramso (Bosomtwe District), Ashanti Region

Telephone: 00233 03220849486

Bankers: Agricultural Development Bank Limited (Adum, Kumasi)
Bosomtwe Rural Bank Limited

Auditors: Amben & Associates

Insurer: Vanguard Assurance

Registration Code: COI 5115, 2011. Act 179 (1963)

Registration Date: 1st July, 2011

Commencement Date: 2nd January, 2012

Jemlay Farms is a limited liability company with the aim of competing in the poultry industry in Ghana. The farm has been registered with the Registrar of Companies and is earmarked to start operations on 1st February, 2012. The Chief of Jachie-Pramso in the Bosomtwe District of Ashanti Region upon consultation with his council of elders has given us a 4 hectare land free of charge to undertake our project. He therefore has tasked us to honor our social responsibilities and also to project the good name and image of the area.

2.0 PRODUCT IDEA & REALIZATION OF SCHEDULE

2.1 Products Idea

- ❖ Our main aim is to produce and sell table eggs for both domestic and industrial use.
- ❖ We will sell live birds after their laying period of approximately 72 weeks.

2.2 Uniqueness

- ❖ Our able and qualified production officers will make sure the right doses of vaccines are administered to the birds at the right time. This is to ensure that the eggs produced are of the right sizes and strength.
- ❖ Our eggs aside its big size and shell strength will be neatly arranged in quality crates made out of plastic. This will prevent excessive damages to the eggs.
- ❖ Our crates will come in bright and catchy colours to attract the attention of customers and to add beauty to our products.
- ❖ Our eggs will come in different crate sizes so that all our customers will be able to afford what their monies can buy. This will help customers to buy the exact amount they really require. It saves them money and inconvenience.
- ❖ We will attach leaflets to our crates detailing the uses of eggs and the temperatures in which our eggs are to be kept and the content of nutrients in our eggs. This will prevent abysmal storage of eggs by our customers.

2.4 Customer benefit

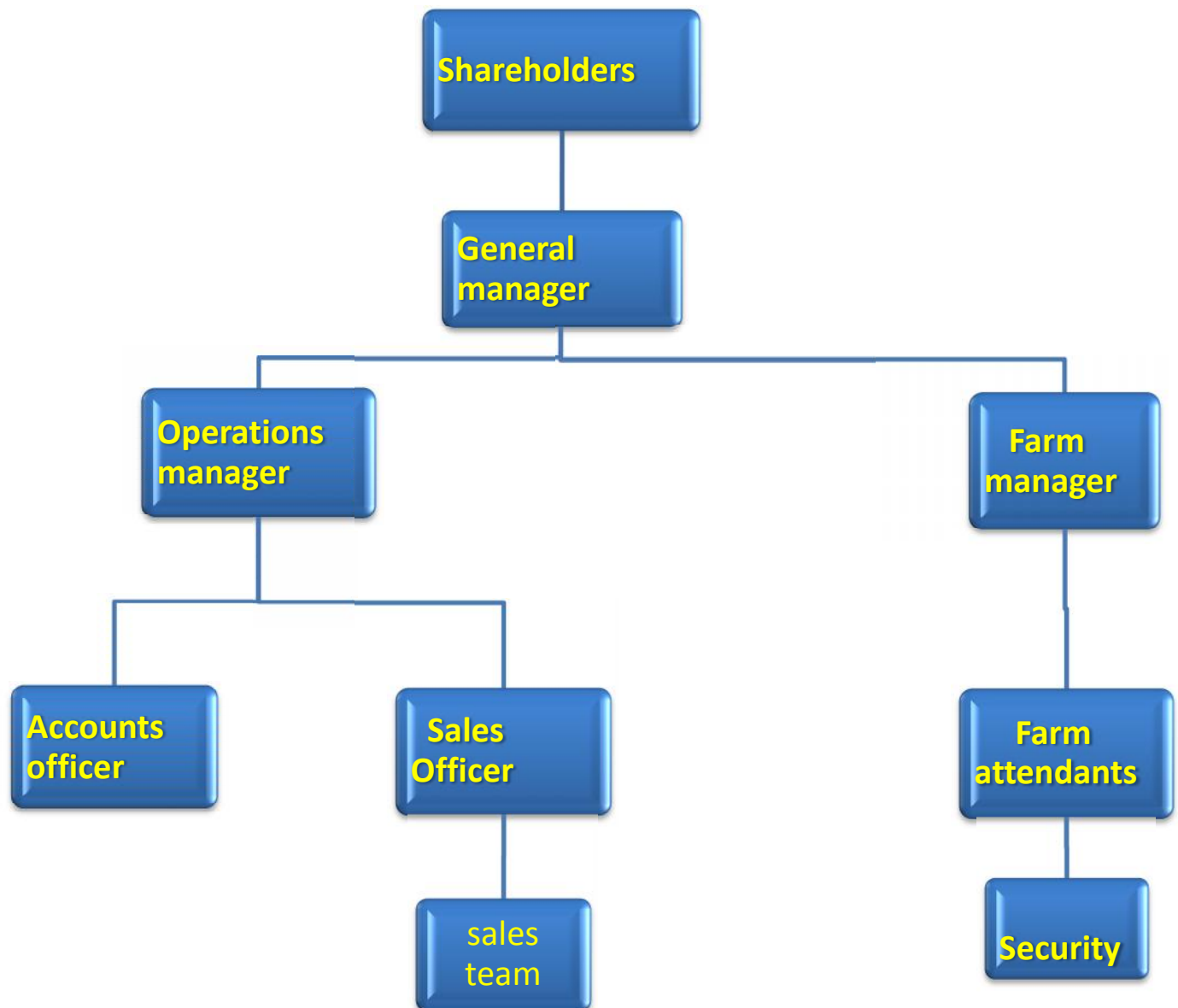
- ❖ Our products are highly nutritive because we will ensure our birds are given the appropriate feed supplements and vaccination that yield nutritive products.
- ❖ Our prices are going to be low and affordable.
- ❖ On time delivery will help our customers save time and the comfort of not experiencing shortages

2.3 Realization of schedule

Application	Date	Amount GH¢	responsibility
1. Funding	19th December, 2011	70,000	Shareholders
2. Construction of housing for birds / Borehole	4th January, 2012	20,000	Farm Overseer
3. Fixing of equipments	24 th January, 2012	200	Farm Overseer
4. Arrival of birds	29 th January, 2012	-	Farm Overseer
5. Commissioning of project	1 st February, 2012	500	Entire organization

3.0 ORGANIZATION AND MANAGEMENT TEAM

3.1 Organizational Chart



Board of directors

The owners of the firm double as the board of directors. They are;

Mr. John Ofori Acquah,

Mr. Michael Acheamfour Addo

Ms Evelyn Boateng

Mrs. Leticia Akwaboah

Duties of the board

- ❖ Formulate policies and objectives of the company
- ❖ Appoints the general manager and the other managers of the company
- ❖ Devise strategies to meet both long and short term goals
- ❖ call for general meetings as and when needed to discuss the way forward and matters arising

General Manager

He or she must hold a degree or a diploma in Business Management and must have at least 2 years working experience.

Job description

- ❖ He ensures that policies taken by the Board are implemented.
- ❖ He sees to the smooth running of the company's day to day activities.

Operations Manager

He must have an HND or a certificate in business management and must be experienced in poultry management.

Job description

- ❖ He will conduct interviews and recruitment of workers
- ❖ He will ensure that the accounts and sales officers perform their duties well.
- ❖ He will ensure that any plan laid down by management is implemented.
- ❖ Must bring innovation and new ideas in the execution of his duties
- ❖ He must give report on progress and lapses to the general manager for proper assessment and possible solutions.
- ❖ Conduct performance appraisal and award outstanding workers

Farm manager

He or she must have a diploma or certificate in Agribusiness with two or more years working experience.

Job description

- ❖ Ensures that proper care is taken of the birds considering their health and safety.
- ❖ Conducts vaccination of the birds and also outsource services he cannot provide.
- ❖ Ensures that those working on the farm are equipped with the right working gears, given the right incentives and also ensure they work according to plan.
- ❖ Helps to identify business opportunities and ways to utilize them to our advantage

Accounts Officer

He or she must hold a diploma or a certificate in financial accounting and must have at least 2 or more years working experience. Other related certificates

Job description

- ❖ He keeps the financial records of the company.
- ❖ Draws the company's annual budget.
- ❖ Gives advice on the company's financial standing

Sales officer

The person must have a diploma or certificate in Marketing. He or she must also have at least a year or more working experience. Other related certificates

Job description

- ❖ She will undertake marketing forecast and trends
- ❖ Draw schedule of activities concerning sales promotion, branding, advertising etc.
- ❖ Conduct analysis on price fluctuations and decide which pricing module should be taken.
- ❖ Draw budget on sales activities and ways of reaching customers
- ❖ Upholding our company motto in service delivery
- ❖ Advice management on marketing strategies and sales projections.
- ❖ Liaise well with our customers to know their queries and expectations so management meet their concerns

Other vacancies

Sales team, security, farm attendants etc.

- ❖ JHS or SHS certificate
- ❖ One or more years working experience especially in poultry production
- ❖ Other related certificates

Incentives

- ❖ Allowances will be paid to sales team, security and other employees to augment their efforts.
- ❖ Other incentives such as insurance, medical or accident expenses and pension would be paid to employees to provide security and job satisfaction

Training

4.0 MARKET ANALYSIS

Summary of major customers

- ❖ General public around location of business
- ❖ Schools
- ❖ Restaurants
- ❖ Food sellers
- ❖ Hotels

4.1 Business Systems and operations

Size of business

- ❖ Our business will operate on a four hectare land as a semi-large scale enterprise and will expand within 1 to 3 years into large scale production.

Production Process

- ❖ Purchase of day old chicks (3000 layers and 1000 broilers).
- ❖ Feeding till 16 to 18 weeks for laying to start.
- ❖ Laying continues till 70 to 72 weeks old.
- ❖ Sale of eggs and birds.

Sources of feed

- ❖ Cereal farmers (mainly Jachie-Pramso and surrounding towns).
- ❖ Mill operators (located around production site).
- ❖ Veterinary Shops (Adom Veterinary Services Ltd.).
- ❖ Ministry of food and agriculture

Details of negotiations

- ❖ We have negotiated with our suppliers to give us a maximum of one and half months to repay our debt through purchases. We intend to give our debtors a credit facility for the same period of time.
- ❖ We have also negotiated with our associate cereal farmers to provide them with chicken waste, this serves as manure for their crops. It constitutes 5% of monies owed them.

Feed (raw materials)

- ❖ Cereals (Maize, Wheat bran, sorghum)
- ❖ Animal protein (fishmeal, blood and bone meal, meat meal, oyster shells)
- ❖ Vegetable protein (cottonseed, oilseed meals, soybean)
- ❖ Iodated salt

Others supplements

- ❖ Antibiotics and other poultry medicine
- ❖ Vaccines
- ❖ Lysine (amino acid)
- ❖ Glucose

Nutrient requirements (for optimum growth)

- ❖ Carbohydrates (the major source of energy for poultry)
- ❖ Protein (for energy and synthesis of body tissue/muscles)
- ❖ Minerals (for normal health and growth)
- ❖ Vitamins (helps to withstand diseases)
- ❖ Fats (energy and acids for growth)
- ❖ Water (to ease metabolism)

Feed formulation (1 tonne or 1000 kilograms)

Maize	7 bags
Fishmeal	4 bags
Wheat bran	8 bags
Soybean	2 bags
Oyster shells	3 bags
Salt	3 kilograms
Cotton seed	50 kilograms
Dicalcium	$\frac{1}{4}$ bags
Premix	$\frac{1}{4}$ bags
Micochem	$\frac{1}{4}$ bags
Methaionine	$\frac{1}{4}$ bags

- ❖ 1 tonne or 1000 kilograms of feed formulated will last approximately 3 weeks for 1000 day old chicks and between 9 to 10 days for a 1000 matured birds (10 to 16 weeks).

Mode of feeding

- ❖ Birds are fed once a day when they are between 1 to 6 weeks old
- ❖ Twice a day when they are 7 weeks old and over
- ❖ Feeding varies from species and age.

Mode of vaccination

- ❖ The birds will be vaccinated against premature deaths in the first (1st) week of their arrival to give them the needed strength to fight against diseases and deficiencies.
- ❖ Usually the birds are also given glucose on the first day of arrival. To help them regain lost energy through their transportation.
- ❖ Another one is conducted in the 8th week to help them grow well as they will be nearing the laying stage in 16 weeks.
- ❖ Regular vaccination will be conducted thereon as and when the need be for disease control and animal growth.

Debeaking

This is the process of cutting off the beak of the birds. The reason for debeaking is to guard against bird fights and also to reduce bird mortalities.

Debeaking is done for the layers in the 8th week. It is done only for the layers

Bird housing lay-out (dimensions)

- ❖ Size – (12 x 40)

- ❖ Length – 40 meters per coop
- ❖ Width – 12 meters per coop

There will be 4 houses on the farm to house the birds.

Spacing

- ❖ For proper ventilation, the spaces between the coops will be 20 meters. This will ease workers movement and to prevent clumsiness of the production unit.
- ❖ In case of disease outbreak or bad weather condition, good spacing layout helps to lower its impact on the birds
- ❖ There will be waste disposal channels neatly laid out for easy disposal of liquid waste that will emanate from our operations.

Diseases

Common diseases that the birds are prone to are;

- ❖ Coccidiosis
- ❖ Bird Flu
- ❖ Newcastle disease
- ❖ Gumboro disease

Remedies

- ❖ Frequent vaccination
- ❖ Separating sick birds from the flock
- ❖ Changing the floor (saw dust) every month
- ❖ Sterilizing hands and legs before entering housing structure
- ❖ Wearing gloves and protective cloths around housing area
- ❖ Disposing off dead birds in a dug out located far from production site

4.2 ENVIRONMENTAL ANALYSIS

Economic factors

- ❖ The major economic indicators in our environment includes inflation rate, Gross Domestic Product (GDP), income levels, unemployment rate etc.
- ❖ In the Ghanaian economy these indicators are quite favourable as inflation rate has been reduced to as low as 8.97%. Income levels are high with the implementation of the Single Spine Salary Structure (SSSS).
- ❖ On the basis of the aforementioned, we expect demand and supply to be high as there will be enough purchasing power available to our customers.

Political Environment

- ❖ Ghana in our view is the most peaceful country on earth and the political stability in Ghana makes it conducive for our type of business.
- ❖ The Government has also demonstrated time and time again about its willingness to support the private sector especially in agriculture. To this effect, major tax burdens have been taken off the shoulders of firms that are into agricultural production.
- ❖ According to the 2012 budget, the buffer stock has increased signaling a good sign of getting constant supply of feed (mainly maize, wheat etc.)
- ❖ Importation of agricultural machinery are also enjoying free duty at the ports, thus lessening the burden of paying high taxes and duties on its importation.

Services (Benefits to society)

Jemlay Farms Limited will have our community of location at heart and will provide the community the following services;

- ❖ Ensure proper disposal of waste products emanating from our production.
- ❖ Provide job opportunities to members of Jachie-Pramso community.
- ❖ We have a long term plan in place to provide some basic social amenities like a library complex for Jachie-Pramso Senior High and also a K.V.I.P facility for the community as a whole. This is solely based on our profit level in our third (3) year of operation.
- ❖ We also plan to sponsor some selected brilliant but needy students in Jachie-Pramso and its surrounding communities.

Technology

- ❖ In modern Ghana, most industries are using newly advance technologies and modern equipments in production. Technology per se is dynamic. Meaning today's technology will not be in use tomorrow and new trends today within a short time will be a thing of the past.
- ❖ Jemlay farms limited, in this regard, will use modern equipments, trends and approaches in its production.
- ❖ Research institutions such as Center for Scientific and Industrial Research (CSIR) and other related institutions will be consulted on matters concerning new developments in technology.

COMPETITOR ANALYSIS

- ❖ Our main competitors are the big time poultry business in the Kumasi metropolis e.g. Darko farms, Mfum farms, Akate farms etc. with all their experience the poultry farms. Our brand hopes to effectively compete with them by ensuring the regular supply of poultry products to would be customers promptly at competitive prices and at the right time.
- ❖ As a new brand coming into the competition, we have conducted a survey on the market especially on Akate Farms Ltd, whom we believe are the market leaders now and we intend to utilize their shortfalls to our advantage.
- ❖ We have copied and revised most of their market winning schemes and believe when we hit the ground running, we are also going to be make strides on the market. After all ‘if you can’t beat them, you copy them’.

Competitive strategy

- ❖ To ward off competition by providing door to door delivery to our customers who buy a specified amount of our products.
- ❖ To provide up to the minute service using the Just-In-Time production technique
- ❖ Give discount to loyal customers who at the time of purchasing may not have enough purchasing power.
- ❖ Produce quality products to customers of all social classes by providing small sized crates at reduced and affordable prizes.
- ❖ To provide quality crates and containers to reduce the risk of damaged products.

SWOT ANALYSIS

Strength

- ❖ We have a flexible pricing system that is unmatched by our customers. Thus the odd number pricing strategy. Example, we will sell a crate of egg for Ghc 6.9 while in fact the market price is between Ghc 7 and Ghc 7.2. This pricing strategy will be to our advantage as customers always want the best for less.
- ❖ Our operations manager through the sales officer intends to use the media to advertise our products. This is not common in the poultry industry and that will be an advantage to us.
- ❖ We sales team are endowed with the gift of persuasion which we believe will help us get the edge over our competitors. Marketing is all about persuasion.

Weakness

- ❖ Internal conflicts and wrangling amongst workers if not properly managed will bring disunity that in the long run will have adverse effects on production.
- ❖ Due to the location of our business our workers are not adept with new and modern trends of production and this will have a toll on our production.

Remedies

- ❖ Ensuring good management-worker relationship
 - ❖ Suggestion boxes will be provided to take queries and suggestions mostly by employees and management will in turn take appropriate steps to provide solutions appropriately.

Opportunities

- ❖ Stability in the country enables the hospitality industry and homes to patronize eggs and spent layers. This will help the marketability and patronage of our products. The business therefore has the potential to increase production over time to meet the potential demand expected for poultry products.
- ❖ Ghanaians really enjoy holidays and festive seasons and poultry products are paramount in these seasons. Considering the number of holidays in Ghana we believe it is an advantage for us to be in this business.
- ❖ The tax holidays agricultural production enjoys in Ghana makes our business a viable venture.

Threats

Basics threats of our business include;

- ❖ Diseases wiping off the entire stock during any stage of production
- ❖ Unavailability of feed ingredients at reasonable purchasable rate due to poor rainfall in the country. Poultry production in Ghana depends and thrives basically on availability of maize, the basic carbohydrate input. When total maize production declines this adversely will affect the poultry industry.
- ❖ Bad weather conditions especially the rainy season.
- ❖ Predators like snakes, rats, cats, prey birds
- ❖ Other types of meat products, example Pork, beef, chivon, mutton are increasingly being patronized.

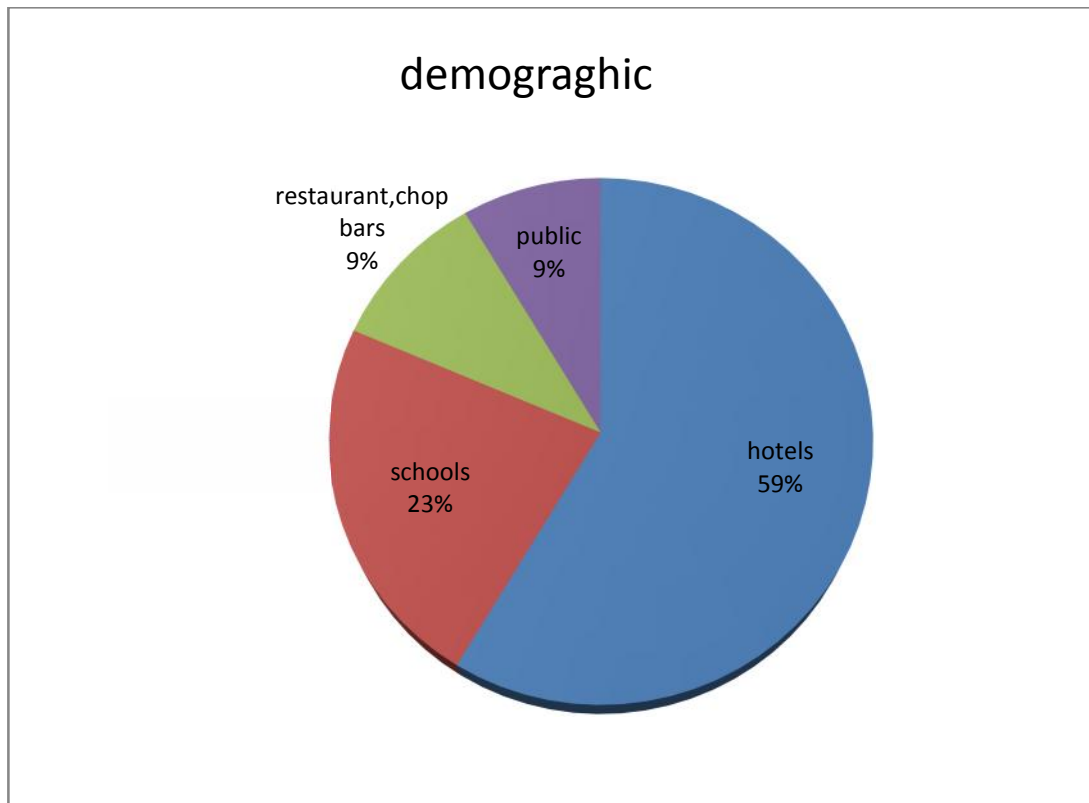
Remedies

- ❖ Proper and the time required of vaccination will be given to the birds to prevent any disease attack.
- ❖ Proper closure of the houses will be done in order to prevent predators from attacking or harming the birds.
- ❖ Necessary heaters will be available in order to generate heat to protect the birds from the cold due to changes in the weather.

Segmentation

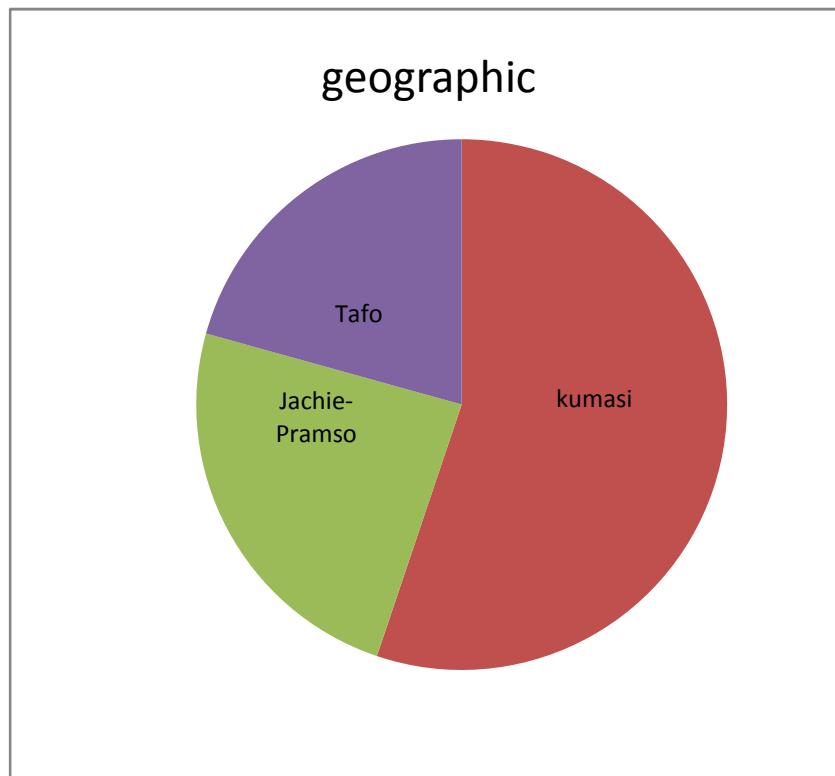
(Demographic)

- ❖ We will sell our products to Jachie-Pramso Senior High School and other Government and private schools in the Kumasi Metropolis at reduced prices.
- ❖ We will also sell our products to hotels and restaurants in Kumasi and its suburbs.



(Geographic)

- ❖ Jemlay Farms Ltd. will segment the districts and metropolis in the Ashanti Region so it will be easier for us to target and position ourselves to meet unending customer demands.



4.4 Target Market

Our target markets are;

- ❖ The people of Jachie-Pramso (production location)
- ❖ Kumasi (Ashanti Regional capital) and its surrounding towns
- ❖ The entire Ghanaian market in the long term.

4.5 MARKETING MIX

4.5.1 Product (pricing)

- ❖ Pricing will be based on material input and on average production cost with a marginal profit of about 35%.
- ❖ As a new product we will use the market penetration pricing strategy where we will set our prices below competitor prices. We believe in doing that customers are going patronize our products.
- ❖ We will also use odd number pricing strategy

4.5.2 Product (promotion)

- ❖ Discounts; to promote our product and brand we intend to give discounts to first five (5) customers who purchase our products everyday for one month.
- ❖ Souvenirs; loyal customers will be rewarded with t- shirts and other souvenirs to woo other customers to patronize our products.

4.5.3 Product (advertisement)

- ❖ Our business will base its advertisement on interpersonal contacts and local FM stations.
- ❖ Decorating our sales and delivery van with our company logo.
- ❖ Sign boards placed at advantageous position.
- ❖ We will also attend to our customers through our website where information about our product and services will be advertised. Through these medium, customer queries and suggestions can be made known to us. This will help us to achieve our goal of nationwide recognition in the long term.

4.5.4 Channels of distribution

- ❖ Through our ware house located on the farms.
- ❖ Through our mobile sales van that undertakes routine sales at arranged vantage points.
- ❖ Through inter-personal home delivery to our prestige customers or customers who buy a specified amount of our products.

Appendix 1

PROJECTED COST ANALYSIS

<u>Birds</u>	<u>Quantity</u>	<u>Price (Ghc)</u>	<u>Cost (Ghc)</u>	
Layers	3000	8,000	24,000	
Broilers	1000	8,000	<u>8,000</u>	32,000
1000 (day old chicks) = Ghc 8,000				
Feed (per week)				
Maize	7 bags	50	350	
Fish meal (Russia)	4 bags	105	420	
Wheat bran	8 bags	8	64	
Salt (iodated)	3 bags	3	9	
Oyster shells	3 bags	7	21	
Cotton seed	(3 kg)	15	15	
Soybean	2 bags	85	170	
Glucose/amino acid			<u>20</u>	1,069
Housing				
Layer housing (12 x 40)	3	5,000	15,000	
Broiler housing (12 x 40)	1	5,000	<u>5,000</u>	20,000
Drinkers (20 x 4)	80	50	4,000	
Feeders (20 x 4)	80	55	<u>4,400</u>	8,400
				<u>61,496</u>

Projected Average Revenue Generated From Eggs (One Day)

Details	Qty (crates)	Unit Price(Ghc)	Amount (Ghc)
Layers (2800)	80	6.9	552

An average of 2800 birds is expected to lay each day.

Income Generated From Eggs for One Month (30 Days)

Details	Qty (crates)	Unit Price (Ghc)	Amount (Ghc)
Layers (2800)	2400	6.9	16,560

Income Generated from Eggs for (6 months)

Details	Qty (crates)	Unit Price (Ghc)	Amount (Ghc)
Layers	14400	6.9	99,360

After 72 weeks the layers will be sold for Ghc 7.5 per hen.

Projected Average Revenue Generated From 900 Broilers (1st Year)

Details	Qty	Unit Price (Ghc)	Amount (Ghc)
Broilers	900	10	9,000

Total income generated from sale of eggs and broilers for 1st year	108,360
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Note

- ❖ For the first year, our projections will be based on ten months (44 weeks) of production.
- ❖ For the first year, revenue from egg production will be for 6 months as laying will start from 1st June, 2012.
- ❖ The broilers will mature and will be ready for sale after 1st May, 2012. So revenue generated from them will be for 7 months.

Appendix 2

Fixed Asset Schedule

Asset	Cost (GHC)	Depreciation value 10% (GHC)	NET BOOK VALUE (GHC)
Building (office)	20,000	2,000	18,000
Vehicle (2)	12,000	1,200	10,800
Water Reservoir	2,500	250	2,250
Water pump	1,500	150	1,350
Office Equipment	10,000	1,000	9,000
Generator	1,700	170	1,530
Total	47,700	4,770	42930

Appendix 3

Salary Structure

Position	basic salary GHC	SSF 12.5%	TAX 5.5%	Monthly	10 month salary
General manager	700	87.5	38.5	574	5,740
Operations manager	500	62.5	27.5	410	4,100
Farm manager	500	62.5	27.5	410	4,100
Account Officer	350	43.75	19.25	287	2,870
Sales Officer	350	43.75	19.25	287	2,870
Farm workers(4)	800	100	44	656	6,560
Sales Team (4)	800	100	44	656	6,560
Security	130	16.25	7.15	106.6	1,066
Drivers (2)	260	32.5	14.3	s 213.2	2,132
Totals	4,390	548.75	241.45	3,599.8	35,998

Note: A total of 16 workers will be employed and enrolled on our payroll and all will work at a minimum of eight(8) hours.

Appendix 4**PROJECTED INCOME STATEMENT (31 DECEMBER, 2012)**

	GHC	GHC
Sales		108,360
Cost of sales		
Opening Stock	32,000	
Purchase (1,069 x 10 months)	10,690	
Carriage inwards	<u>1,510</u>	
	44,200	
Closing stock (less)	<u>22,717.25</u>	<u>21,482.5</u>
Gross profit		86,877.5
Administration & General Expenses.		
Salaries & Wages	35,996	
Allowances (Board of Directors)	2,500	
Fuel (Generator)	100	
Commission paid	300	
Carriage outwards	200	
Telephone charges	150	
Transportation	600	
Insurance	800	
Maintenance	200	
Advertising	1,000	
Discount allowed	200	
Loan interest (2.5% of 37,500)*12	11,250	
Miscellaneous expenses	250	
Depreciation	<u>4770</u>	<u>80,090</u>
Net profit		<u>6,787.5</u>

PROJECTED INCOME STATEMENT (1-3 YEARS)

DETAILS	YEAR-1 GHC	YEAR-2 GHC	YEAR-3 GHC
Sales	108,360	195,048	204,800.4
Cost of sales	21,482.5	36,668.5	38,601.96
Gross profit	86,877.5	158,379.5	166,198.48
Admin & gen exps	68,840	123,912	130,107.6
Profit before interest	18,037.5	32,467.5	34,090.88
Interest on loan	11,250	13,342.5	7,125
Profit before tax	6,787.5	19,125	26,965.88
Provisional tax (Assume 25%)	1,696.88	4,781.25	6,741.47
Profit after tax	5,090.62	14,343.75	20,224.41

Note that the business is expected to increase by 1.8% for the first year, doubled by de same 1.8% in the second year and finally, 5% by the third year.

Appendix 5

Break-even Analysis

$$\begin{aligned}\text{Monthly break-even} &= \text{fixed cost/contribution} \\ &= 42930/28270 \\ &= \underline{1.5186}\end{aligned}$$

$$\begin{aligned}\text{Contribution} &= \text{sales – variable cost} \\ &= 108360 - 80090 \\ &= \underline{28270}\end{aligned}$$

$$\begin{aligned}\text{Contribution ratio} &= 1/28270 \\ &= \underline{0.0000354}\end{aligned}$$

PROJECTED CASH FLOW STATEMENT (1-3 YEARS)

DETAILS	YEAR-1 GHC	YEAR-2 GHC	YEAR-3 GHC
Cash flow			
Sales	108,360	195048	204800.4
Capital introduced	100,000	-	-
Total cash flow	208360	195048	204800.4
Cash out flow			
Fixed asset	47700		
Material purchased	21482.5	36668.5	38601.96
Admin & exps.	68840	123912	130107.6
Tax payment	1696.88	4,781.25	6741.47
Total cash out flow	139719.38	165361.75	175451.03
Cash or bank	68640.62	29686.25	29349.37

PROJECTED FINANCIAL POSITION

	YR1 GHC	YR2 GHC	YR3 GHC
FIXED ASSET	42930	38160	33390
CURRENT ASSET			
Debtors	-	51278.78	64226.51
Cash or bank	<u>68640.62</u>	<u>29686.25</u>	<u>29349.37</u>
	<u>111570.62</u>	<u>119125</u>	<u>126965.88</u>
EQUITY AND LIABILITIES			
Capital and surplus			
Stated capital	100,000	100,000	100,000
NET PROFIT	5090.62	14343.75	20224.41
Non-current liabilities			
Creditors	4783.12	-	-
Corporate tax	1696.88	4781.25	6741.47
	111570.62	119125	126965.88

Appendix 6

Profitability Ratios

Return on Capital Employed (R.O.C.E) = $\frac{\text{Profit before Interest and Tax}}{\text{Capital Employed}} \times 100$

$$\begin{aligned}\text{Year 1} &= \frac{18037.5}{41233.12} \times 100 = \underline{43.75\%} \\ \text{Year 2} &= \frac{32467.5}{33378.75} \times 100 = \underline{97.27\%} \\ \text{Year 3} &= \frac{34090.88}{26648.53} \times 100 = \underline{127.93\%}\end{aligned}$$

Note

Capital Employed = Fixed Asset – Current Liability

$$\text{Year 1: } 42930 - 1696.88 = \underline{41,233.12}$$

$$\text{Year 2: } 38160 - 4781.25 = \underline{33,378.75}$$

$$\text{Year 3: } 33390 - 6741.47 = 26648.53$$

YEARS	INFLOW GHC	DISCOUNT FACTOR(20% RATE) $\frac{1}{(1+r)^n}$	NPV GHC
0	(100000)	$\frac{1}{(1+r)^n}$	(100000)
1	68640.62	0.83	56971.2
2	29686.25	0.69	20483.5
3	29349.37	0.58	17022.6
			5522.7

6.0 RISK ANALYSIS

Risk in general is the uncertainty of issues that one is likely to face or encounter. Risk cannot be eliminated completely but can be limited or decreased when proper measures are being taken.

As a business, it is likely to face business risk.

There are various types of risk associated with the establishment of Jemlay Farms Ltd as a new chicken poultry business in the existing business:

Although, there are some advantages in setting up this poultry (chicken) business, like earning of profit, measures to be taken in retaining customers etc, there is no business which can solely be free from risk.

In considering a new business like Jemlay farms, the various types of risk that the organization is mainly to encounter, include;

Pure risk

The main risk that our company is likely to encounter is the pure risk especially the risk involved in our production cycle. These production risks include;

- ❖ Disease outbreak; some harmful diseases like bird flu, new castle disease, coccidiosis can eliminate thousands of birds if not properly taken care of.
- ❖ Bad weather conditions, especially in the rainy season.
- ❖ Again, if premises where the birds are being reared is not protected well, wild animals (predators) can attack the birds and kill them ,example snakes and rodents.
- ❖ Thieves can also break into the premises to steal.

Other pure risk we can encounter includes;

- ❖ Taking a loan from a bank or financial institution and not being able to repay the loan on time or at all.
- ❖ Job or occupational hazards; employees may get injured as a result of performing their duties.
- ❖ The risk of losing the company's building through fire outbreaks.

Remedies

- ❖ Proper vaccination will be given to the birds to prevent any disease attack at the right and appropriate time.
- ❖ Birds that have been attacked by any disease will be taken from its particular house and away from the premises in order to prevent the diseases attacking the others.
- ❖ Workers must wear sterilized apparel in order not to contaminate the birds.
- ❖ The company will put in place the measure of loss financing, by insuring the building through claim cost and paying a premium (after the insurance payments to the insurers)
- ❖ Fire extinguishers will be placed at accessible points to serve as first aid for fire outbreaks.

The price risk

This results when the uncertainty over the magnitude of cash flows (i.e the cash – inflows and the cash –outflows) as a result of possible changes in the prices of output and input.

Jemlay Farms Ltd is likely to face the commodity price risk. In the commodity price risk, it is the risk that comes as a result of an increase in the price of goods being sold out to customers and

this increase in prices of the goods also arises as a result of an increase in the prices of the raw materials used in producing the goods. This will affect both the customer and organization.

Remedy

- ❖ This can be decreased by buying in bulk raw materials and inputs to safeguard the company from future price hikes.

Credit risk

Credit risk is the risk that your debtor will default in repayment of a loan. Example, it is while customers of Jemlay farms delay or fail promised payment.

Remedy

- ❖ This type of risk can be addressed by, taking some percentage part payment from customers before goods can be given on crediting the company.

In conclusion, looking at all these risks that Jemlay Farms Ltd is likely to face, if the measures are properly done at the right time and at the right place, it will enhance productivity of the company and customers too are satisfied at all times.