

**UNIVERSITY OF NIGERIA, NSUKKA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF RELIGION AND CULTURAL STUDIES**

TOPIC:

MANURE DISTRIBUTION TO FAMER

**AN ASSIGNMENT
SUBMITTED IN PARTIAL FULFILLMENT FOR COURSE/CODE: CEDR
342
(BUSINESS CREATION AND GROWTH)**

**BY:
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REG NO: 2014/193458**

LECTURER: DR. MRS. CHINYERE NWAOGA

JULY, 2017

Executive summary

1.1 The following report and recommendations relate to the proposal by Onuoha John Ikeokwu the CEO of Onuoha Agric farm enterprise Nigeria for the establishment of Manure distribution to farmers in Nsukka.

1.2 The project will require the sum of N3,067,500, made up of N 1,715,000 fixed assets and N1,287,500 working capital

1.3 The enterprise vision is to increase global food security for the sustenance of human health and life

1.4 The project is located at Nsukka with the advantage of good road network and serene environment for easy accessibility.

1.5 A huge market is available to be served

1.6 The competitive edge of this business is the expertise to produce globally competitive products that will save large percentage of the populace who have high demand for quality and hygienic food.

1.7 The profitability measures are shown below:

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Profit After tax	4,899,200	5,025,920	5,380,966	5,960,330	6,790,335

In view of the technical feasibility and commercial viability of this project, it is recommended for implementation and funding

2.1 Background

Unemployment has become a big threat today in the world, as well as our nation Nigeria. It is invariably the root cause of poverty, youth restiveness, robbery, and other social vices. The number of unemployed youths carrying NYSC discharge certificates roaming the streets is over five million searching for jobs that are not there.

The situation is not totally hopeless because government, communities and civil society organizations are coming up with strategies that can alleviate poverty

empower rural folks by creating wealth. Some of them are improved manure production for plants, cottage industries, and entrepreneurship etc. We encourage state governments, Local government, community development bodies and others to join in the task of creating jobs by establishing and expanding projects in their localities that will use local raw materials in creating wealth and jobs.

This business is structured to exploit huge cassava value chain with the economic activities in Nigeria. We intend to produce Manure with prolong shelf life with attractive packaging.

2.2 Vision

To create a sustainable path to global food security, wiping away hunger and increasingly health of individuals.

2.3 Mission

To make Manure affordable for below average citizens with high consideration to healthy living.

2.4 The Company

Our major product is a variety of high quality manure with consideration to cultural diversity and peculiarities.

2.5 legal form and ownership of enterprise

Our business in yet to complete registration with the cooperate affairs commissions. The main promoter of the business is Onuoha John ikeokwu

2.6 location of the business

Our business is located at Ogige Main Market Nsukka. The choice of the location is good due to good road network which is fundamental for easy accessibility to the market.

2.7 Industrial Trend and analysis

Nigeria is the world largest producer of farm produce. We produce over 41 million metric tones per annum and we are followed by Brazil, Thailand, Zaire (now

Democratic Republic of Congo), and Indonesia. Thailand does the largest global business in Manure because it is part of their food security. They export over \$20 billion worth of Manure products annually. Nigeria has tried to expand the manure business through the composite flour initiative and the cassava empowerment fund but so far, they have attained little or no success. Manure is produced in all the Southern and middle belt states of Nigeria.

2.8 We intend to package our manure in a good, quality and attractive package that will not only provide some protection from harmful agents, but also allows that food to be preserved for longer periods of time. We can package in 250 gram, 500 grams, and 1kg or 2kg bags. With the population of over 150 millions Nigerians, you will definitely make a lot of money and this will prepare us for the international market. This strategy will make our product accessible from mega shopping malls where the rich shop. We would make use of distributors, and retailers to invade the market

2.9 key success factors

Effective management system

Expert technology

High value quality manure

Large market

2.10 The Market

Manure undoubtedly is a Nigeria staple-consumed by farmers due to its help for effective and healthy growth of plants. The supply gap has been identified to continue to expand as the population of the country which is estimated to be 150 million continues to grow at 3.5% per annum. Also the rural – urban drift in the country would help to deepen the market for manure which is estimated at over N28 billion annually in Nigeria. It is one of the items required for healthy growth of our agricultural produce and it helps to defy socio-economic class, religious and

ethnic boundaries, it is doubtful if it is not used annually by every farmer in the country. The annual national demand of manure is estimated at 1,000,000 tonnes while the national supply estimate is about 250,000.

Within the eastern region, the compost manure is commonly found to be of high demand.

Our business is located in Nsukka, Enugu state with a suitable weather condition and has the advantage of being almost at the centre of other Eastern states where many individual farmers use manure due to cultural influence and income level.

2.11 Sales Analysis

Our business wish to leverage expertise and technological advantage to lead to effective food production and supply through strategic and targeted marketing, with the quality of our product which is high in quality and the packaging peculiarity, we have the advantage of increasing the desire for manure and attracting higher demand for our product. Through strategic marketing activities, we are sure to be a strong competitor in the south eastern part with increasing advantage due to innovation to control about 30% of the market share in the south east region within the first 5 years in operation.

2.12 Key competitors

Our major competitors are the local compost manure producers from different villages. These producers are faced by numerous challenges which include but not limited to:

Low capacity to produce due to inadequate technology and limited finance

Inability to determine quality assurance

Inability to deliver on time to yearning customers

2.13 Competitive edge

Our enterprise being an organised setting will deploy modern technology in the production process through the use of well trained staff and machines that that guarantee efficiency, effectiveness and quality.

We have the capacity to deliver to the market on time.

Our setting is such that can guarantee quality control

2.14 SWOT Analysis

Strength – Raw material is readily available

We have good and articulate market plan

Weakness – Low Capital

Opportunity – Growing market as a result of increase in the cost of other alternative

Increasing population of farmers will impact positively on the food production using manure

Threats – Activities of competitors like Zuria agro chemical limited which produces organic manure and italpollina the world leader in the production of organic fertilizer

2.15 Marketing plan

2.16 Market Segmentation

General population of farmers that desire to maintain natural and healthy agricultural product

Channels of distributions like middle men

2.17 Target Market

Middle and aged working class adult who are interested in farming and those citizen whom their major work is farming

2.18 Market Position

Being a new concept within the region Onuoha manure enterprise Nigeria will engage in aggressive marketing win comfortable market share amongst stake holders.

2.19 Marketing mix

Our marketing mix tools

- ❖ Attractive packaging
- ❖ Competitive pricing
- ❖ Personal selling and
- ❖ Advertisement

2.20 Channels of distribution

Quality manure enterprise Nigeria will utilize the following channels

- ❖ Direct to individual final consumer
- ❖ Through retailer
- ❖ Through wholesalers

2.21 Technical analysis

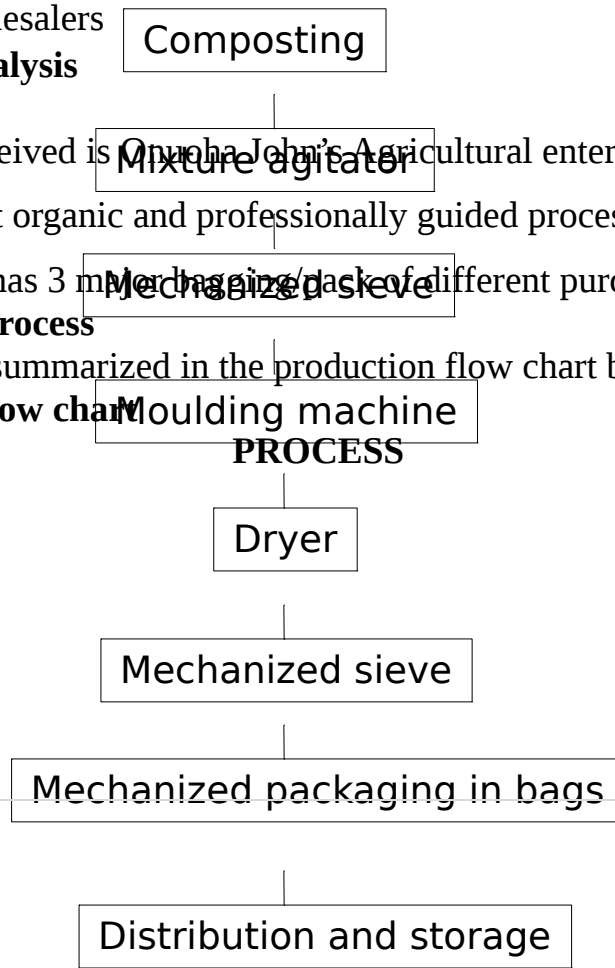
2.22 The project

The product as conceived is Onuoha John's Agricultural enterprise is manure prepared under strict organic and professionally guided process to appeal to the teeming farmers. It has 3 m

2.22 Production process

The process can be summarized in the production flow chart below

2.24 production flow chart



2.25 Machinery, Equipment and other requirements

S/n	Equipments	Thermal processing	Manure Handling	Manure services
1	Granulation drums	Rotary Dryers	Belt conveyors and conveyer system	Product development
2	Disc pelletizer	Rotary coolers	Bucket Elevators	Process Development
3	Pin mixers		Belt trippers and plows	Feasibility
4	Pug mills			Material testing
5	Pipe reactors			

2.26 Technology

The Technology applied in the production of our manure is simple and can be divided into two: Product technology; process technology. The product technology considers and technology encapsulated in the machine which is designed locally to suit our environment peculiarities they are all locally made technology with high degree of efficiency. The process technology deployed here involves grinding of compost and rotten things like pig composts and falling leaves with waste bins.

Secretary – OND

Machine Operators – WAEC

Factory assistants – WAEC

2.27 ORGANIZATION STRUCTURE

CEO/MANAGER

SECRETARY

MACHINE OPERATORS

2.28 Personal plan (staffing and salary structure)

S/n	Position	No of staff	Salary per Staff	Total annual salary
1	Manager	1	40,000	480,000
2	Supervisor	1	15,000	180,000
3	Machine operators	2	15,000	360,000

4	Factory assistant	2	10,000	240,000
5	Total			1,260,000

2.29 External support

The capacity of the management crew might not be adequate to handle all manner of challenges associated with the running of the project. This will require our organization to outsource expertise in areas of machinery or processing operations.

2.30 Organizational norms and values

Onuoha John Manure enterprise Nigeria will maintain these core values

- Carry out business on the best ethical standard
- Show highest level of integrity and honesty
- To Maintain quality at all times

2.31 Financials

2.32 Equipment, Machinery and others

What are the Equipment, Machinery and other needed to produce the products/service

S/n	Investment (Equipment And others)	Qty	Unit cost (N)	Total cost (N)
1	Land		400,000	400,000
2	Structure		200,000	200,000
3	Equipment and Machine			
I	Granulation drums	2	70,000.00	140,000
Ii	Disc pelletizer	2	230,000.00	460,000
Iii	Pin mixers	1	250,000	250,000
Iv	Pug mills	1	170,000.00	170,000
V	Pipe reactors	2	160,000.00	320,000
9	Total			134,000

2.33 Sales plan

S/n	Targeted output in tons (average of 6 tons a week	Targeted output (200 bags 50kg bags)	Sales projection (average sale of 50kg of manure 6,000

1	Jan	24	200	1,200,000
2	Feb	24	200	1,200,000
3	Mar	24	200	1,200,000
4	Apr	24	200	1,200,000
5	May	24	200	1,200,000
6	Jun	24	200	1,200,000
7	Jul	24	200	1,200,000
8	Aug	24	200	1,200,000
9	Sep	24	200	1,200,000
10	Oct	24	200	1,200,000
11	Nov	24	200	1,200,000
12	Dec	24	200	14,400,000

2.34 One yearly sales forecast (expected to increase by average of 2%)

	Year 1
Product	Manure
Price per unit	6,000
Product volume	2,400
Total sales	14,400,000

2.35 years sales projection (growing by average of 2%)

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Total sales	14,400,00	14,688,000	15,264,000	16,133,760	17,308,800

2.36 months cost projection

S/n		Targeted output in tons (average of 6 tons a week)	Cost projection (22,500*24tons)
1	Jan	24	540,000
2	Feb	24	540,000
3	Mar	24	540,000
4	Apr	24	540,000
5	May	24	540,000
6	Jun	24	540,000
7	Jul	24	540,000

8	Aug	24	540,000
9	Sep	24	540,000
10	Oct	24	540,000
11	Nov	24	540,000
12	Dec	24	6,480,000

2.37 one year forecast (expected to increase by average of 2%)

Product	Manure
Price per unit	22,500
Product volume (tons)	288
Total sales	6,480,000

2.38 5 years cost projection (growing by average of 2%)

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Total sales	6,480,000	6,609,600	6,741,792	6,876,628	7,014,161

2.39 General cost of administration

Water supply	80,000
Travelling expenses/calls	60,000
Insurance	60,000
Fuel	96,000
Total	240,000
	536,000

2.40 Pre-operating expenses

Item	Amount
Company incorporation	20,000
Travelling Expenses	25,000
Preparation of Business plan/F.S.	20,000
Total	65,000

2.41 Working capital (increasing by 0.2 %)

Working capital items	Yr 0(₦)	Yr 1(₦)	Yr 2(₦)	Yr 3(₦)	Yr 4(₦)	Yr 5(₦)
Stock of raw	540,000	540,000	550,800	561,816	573,052	584,513

materials (1 months value)						
Cost of general administration	132,000	132,000	135,150	137,853	140,610	143,422
Salaries/wages	315,000	315,000	321,300	327,726	334,281	340,967
Debtors:n days value of annual sales	300,000	300,000	306,000	312,120	318,362	324,729
Sub total	1,287,500	1,287,500	1313250	306,000	1,366,305	1,393,631
Less creditor;n days need of raw material	Nil	Nil	Nil	Nil	Nil	Nil
Working capital	1,287,500	1,287,500				1,393,631
Increase/Decrease in working capital		0				27,324

2.42 Start up capital

S/n	Item of expenditure	Amount
1	Fixed asset investment (machinery, equipments etc)	1,715,000
2	Working capital	1,287,500
3	Pre-operating capital	65,000
	Total	3,067,500

2.43 Financing plan

S/n	Source of fund	Amount
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1	Owners capital	167,500
2	Bank loan	2,900,00
3	Others	Nil
	Total	3,067,500

2.44 Loan repayment and interest payment schedule

Year	A	B	C	D	E
	A	B=r(A)	C (A value in eqn. 1)	D=C-B	E=A-D
0	2,900,000				
1	2,900,000	261,000	745,568	484,568	2,415,432
2	2,415,432	271,389	745,568	528,179	1,887,253
3	1,88,253	169,853	745,568	575,715	1,311,538
4	1,311,538	118,,038	745,568	627,530	684,008
5	684,008	61,560	745,568	684,008	0

Note:

$$PV = \frac{A(1-(1+r)^{-n}}{r} \quad \text{-----} \quad (1)$$

Where: PV=Loan amount; A= Annual instalment; r =rate of interest per annum;
and n= tenure of loan in years.

2.45 Schedule of depreciation

S/n	Item	Initial value	Scrap value	Life span (in years)	Depreciation
1	Land-Existing	400,000			
2	Structure	200,000	50,000	5	30,000
3	Equipment and Machine				
I	Granulation drums	70,000	20,000	10	5,000
Ii	Disc pelletizer	230,000	100,000	15	8,667
Iii	Pin mixers	250,000	120,000	15	8,667
Iv	Pug mills	170,000	70,000	15	6,666
V	Pipe reactors	160,000	60,000	7	14,285

Vi	Loose tools	50,000	10,000	10	4,000
	Total depreciation				77285

Note:

Dep. = $(iv - sv)/is$

Where; Dep.= Total depreciation;

Iv= initial value;

Sv=scrap value;

And is=life span of asset.

2.46 Final account projection (Profit and loss account)

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	14,400,000	14,688,000	15,264,000	16,133,760	17,308,800
Others					
Net Sales	14,400,000	14,688,000	15,264,000	16,133,760	17,308,800
Less Expenses					
Cost of raw mat.	6,480,000	6,609,600	6,741,792	6,876,628	7,014,161
Salaries	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000
Administrative cost	536,000	536,000	536,000	546,720	546,720
Total Expenses	8,276,000	8,405,600	8,537,792	8,683,348	8,820,881
Profit before tax	6,124,000	6,282,400	6,726,208	7,450,412	8,487,919
Less tax (20%)	1,224,800	1,256,480	1,345,242	1,490,082	1,697,584
Profit after tax	4,899,200	5,025,920	5,380,966	5,960,330	6,790,335
Less interest	261,000	217,389	169,853	118,038	61,560
Profit after interest	4,638,200	4,808,531	5,211,133	5,842,292	6,728,775
Less depreciation	95,071	95,071	95,071	95,071	95,071
Net profit	4,543,129	4,713,460	5,116,042	5,747,221	6,633,704
Appropriation					
Dividend	908,626	942,692	1,023,208	1,149,444	1,326,741
Retained earning	3,634,503	3,770,768	4,092,834	4,597,777	5,306,963

2.47 Cash flow projection

Cash in	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
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Bank loan	29,900,000					
Sales income		14,400,000	14,688,000	15,264,000	16,133,760	17,308,800
Equity	167,500					
Total cash	3,067,500	14,400,000	14,688,000	15,264,000	16,133,760	17,308,800
Cash out						
Administrative cost		536,000	536,000	536,000	546,720	546,720
Fixed investment	1,715,000					
Working capital	1,287,500					
Pre-operating expenses	65,000					
Interest expenses	-	261,000	217,389	169,853	118,038	61,560
Loan repayment	-	484,568	528,179	575,715	627,530	684,008
Cost of goods	-	6,480,000	6,609,600	6,741,792	6,876,628	7,014,161
Total cash out	3,067,500	7,761,568	7,408,768	8,023,360	8,168,916	8,306,449
Net cash flow	0	6,638,432	7,279,232	7,240,640	7,964,844	9,002,351
Opening cash balance		0	6,638,432	13,917,664	21,158,304	29,123,148
Closing cash balance		6,638,432	13,917,664	21,158,304	29,123,148	38,125,499

2.49 Balance sheet

Balance sheet	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
assets						
FIXED ASSETS						
Land/Machinery/Equipment/others	1,715,000	1,715,000	1,715,000	1,715,000	1,715,000	1,715,000
Less cum Depreciation	Nil	95,071	190,142	285,213	380,284	475,355
TOTAL FIXED ASSETS (A)	1,715,000	1,810,071	1,905,142	2,000,213	2,095,284	2,190,355
CURRENT						

ASSET						
Cash (use in balancing item)	2968,626	7,087,697	6,806,271	6,711,212	6,801,117	7,062,845
Debtors	300,000	300,000	300,000	306,000	312,120	584,513
Stock	540,000	540,000	550,800	561,816	573,052	584,513
Total current Assets (B)	840,000	840,000	850,800	867,816	885,172	902,875

TOTAL ASSETS	3,808,626	7,927,697	7,657,071	7,579,028	7,686,289	7,965,720
LIABILITIES						
Current liabilities:						
Creditors	0	0	0	0	0	0
short term loan	Nil	484,568	528,179	575,715	627,530	684,008
Total current Liabilities	0	484,568	528,179	575,715	627,530	684,008
Long term liabilities						
Long term loan	2,900,00	2,900,000	2,415,432	1887,253	1,311,538	684,008
Total long term liabilities (E)	2,900,00	2,900,000	2,415,432	1887,253	1,311,538	684,008
Long +short term liabilities (F)	2,900,00	3,384,568	2,943,611	2,462,986	1,939,068	1,332,016
Share holder's equity						
Capital shares	908,626	908,626	942,692	1,023,208	1,149,444	1,326,741
Retained profits						5,306,963
Total share holders fund(G)						6,633,704
Total liabilities (F+G)	3,808,626	7,927,697	7,657,071	7,579,028	7,579,028	7,965,720

3.0 Risk Analysis, Contingency plan and Exit strategy

3.1 Risk contingent Analysis

Onuoha John's Manure Enterprise Nigeria has identified the risks discussed in the table below.

S/n	Risks	Mitigates
1	In-adequate start up demand	Aggressive promotion and advertisement
2	Unexpected adverse events	Purchase appropriate insurance policy
3	High unexpected entrance of many competitors due to the profitability of the business	Use of trade secret to keep produce processing Approach secret from Potential competitors

3.2 Contingency plan Exit strategy

Our enterprise does not foresee the failure of this business, but in case of such incident, the business can easily divert the operations to other processing businesses.

3.3 Other considerations and conclusion

3.4 Economic justification

This project can deliver immense benefits like job creation, contribution to GDP, gross capital formulation, gross domestic product.

3.5 Commercial viability

The project is very profitable as it will generate more than N40, 000,000 million in the next 3years

3.6 Conclusion and recommendation

In view of the technical feasibility and commercial viability of this project, it is highly recommended for implementation and funding.

