**FEASIBILITY STUDY REPORT FOR THE DEVELPOMENT OF A HUNDRED ACRES DIARY FARM AND CATTLE RANCH AT EPE, LAGOS STATE, NIGERIA BY FARMHOUSE DAIRY**

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**MATRIC NUMBER: 19/SCI01/099**

**DEPARTMENT: COMPUTER SCIENCE**

**LEVEL: 200 LEVEL**

**COLLEGE: COLLEGE OF SCIENCES**

**COURSE CODE: AFE 202**

**COURSE TITLE: FOOD SECURITY**

**LECTURER: MR. SALAMI ABDULRASHEED**

**EXECUTIVE SUMMARY**

**Farmhouse Dairy,** is a world class dairy farm company that will be based in the outskirts of Lagos, Epe – Nigeria.It is a private dairy farm company that is owned by **OGUNLEYE SIMISOLA** and her immediate family members. We have done our detailed market research and feasibility studies and we were able to secure a hundred acres of land to build our dairy farm business.

Our dairy farm business is going to be a standard one hence will be involved in breeding of cows, oxen, bulls, bullocks, steers, heifers, and calf for the main aim of producing raw milk in commercial quantities. We will also be involved in sale and export of cotton wool and other dairy products, boarding services, breeding services, dairy support services, livestock health services, and shearing services and so on.

At Farmhouse Dairy our customer’s best interest will always come first, and everything we do will be guided by professional ethics and values. We will ensure that we hold ourselves accountable to the highest standards by meeting our client’s needs precisely and completely. We will cultivate a working environment that provides a human, sustainable approach to earn a living for our employees, partners and for our clients.

**SPONSORSHIP**

The business project will be sponsored by Ogunleye Simisola, NZ Agro Industry in partnership with Dairyverse. NZ Agro Industry is a worldwide agricultural industry that deals with building the productivity, capacity, and capability of small growing agricultural businesses in any country. Also, Dairyverse is an organization which has both national and international presence in the Dairy sector and focuses mainly on the development of small dairy businesses and offers necessary help financially for Dairy businesses.

**MANAGEMENT**

The management of Farmhouse Dairy will comprise of a Board of directors whose primary function is to ensure the company’s prosperity by collectively directing the company’s affairs. This Board of directors will consist of shareholders of the company, a specialist advisor, and credible agribusiness professionals in the dairy aspect of farming. The managing director will be Miss Ogunleye Simisola, she will be the head of the board of directors and she will be responsible for the day to day management of the business and make sure the company achieves set goals.

**TECHNICAL ASSISTANCE**

NZ Agro Industry alongside Dairyverse offers a range of products and services to assist dairy farmers with a variety of technical and business management issues in order to provide you with support to make decisions for your business in the. Dairyverse and NZ Agro Industry offer evidence based, practical support and advice which has been shown to deliver positive results. While Dairyverse agreed to finance the clearing and building of infrastructures on the hundred acres of land through a loan at 7% interest rate and NZ Agro Industry offered and agreed to provide adequate finances for the importation of necessary equipment and the purchase of the farm animals through a loan also at 10% interest rate.

**MARKET AND SALES STRATEGY**

It is a known fact that the reason why some dairy farms hardly make good profits is their inability to sell off their raw milk and other dairy products to a larger market. In view of that we decided to set up a standard meat and milk processing and packaging plant to help us maximize profits. Over and above, we have perfected our sale and marketing strategies by networking with agriculture merchants and companies that rely on raw materials from the dairy farms and are likely to refer us and also become our customers.

In essence, Farmhouse Dairy will adopt the following market strategies:

* Introduce our business by sending introductory letters alongside our brochure to stakeholders in the agriculture industry, companies that rely on dairy farm industry for their raw materials, hotels, restaurants, and agriculture merchants.
* Advertise our business in agro-allied and food related magazines and websites.
* Attend related agriculture and food exposition, seminars, and business fairs.
* Engage in direct marketing.

Farmhouse Dairy is interested in maximizing profits hence, we are not going to rely only on the sale of raw milk and other dairy products to generate income for the business. Below are the sources we intend exploring to generate income for Farmhouse Dairy:

* Milking dairy cattle
* Dairy cattle farming
* Sale of processed meat( processed dairy foods)
* Sale and export of cotton wool
* Farrier services
* Dairy farming related consultancy and advisory services.

From the survey conducted, we were able to discover that the sales generated by a dairy farm depends on the size and capacity of the dairy farm and the network of the business. We were able to critically examine the dairy farms industry and we have analyzed our chances in the industry and we were able to come up with the following sales forecast for the first 3 years of running Farmhouse Dairy based on information gathered on the field:

First fiscal year: N69,065,000.00

Second fiscal year : N70,000,100.00

Third fiscal year : N80,200,000.00

**GOVERNMENT SUPPORT AND REGULATION**

Dairy consumption in Nigeria is rising faster and the recent government policies aim to support local output, encouraging private investment in the sector. The national dairy policies focus on infrastructure development, processing, dairy husbandry, quality control, product development, industry, sectoral cooperation and boosting milk production as well as develop other dairy products. The government created a Dairy Development Programme (DDP) to support dairy farmers and help to improve the quality of their milk, increase productivity per cow and support farmers in gaining access to the market. The programme focuses on trainings, knowledge partnerships and projects aimed at improving the dairy farming infrastructure, in this way it contributes to food security, a more sustainable milk production and raising the living standards of the dairy farmers participating in the programme.

**TIMELINE OF PROJECT**

This project will be completed within 5 months, from January 2020 to May 2020.

**ESTIMATED PROJECT COST**

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| --- | --- |
| **ACTIVITY** | **AMOUNT IN NAIRA** |
| * Cost of acquiring 100 acres of land | N15,000,000.00 |
| * Clearing of 100 acres of land | N750,000.00 |
| * Cost of construction of a standard cattle ranch/dairy farm facility with proper fencing | N2,500,000.00 |
| * Cost of acquiring required working tools and equipment (milking machine and collector, milk storage container, etc) | N2,000,000.00 |
| * Purchase of first set of cattle(cow, oxen, bulls, bullocks, steers, calf, etc) | N3,000,000.00 |
| * Purchase of cattle feed and medications | N2,000,000.00 |
| * Cost of store equipment and installation(cash register, CCTV cameras, ventilation, etc) | N500,000.00 |
| * Total fee for registering the business | N100,000.00 |
| * Legal expenses, cost of permits, and accounting services | N700,000.00 |
| * Cost of hiring business consultant | N200,000.00 |
| * Cost of insurance (general liability, theft, workers compensation, and property casualty) | N1,000,000.00 |
| * Start up expenses and operational cost (salaries of employees, payment of bills) | N2,000,000.00 |
| * Miscellaneous | N1,750,000.00 |
|  | **TOTAL = N31,500,000.00** |

According to our calculations, an estimate of twenty million naira (N31,500,000.00) will be needed to successfully setup a medium scale but standard dairy farm/cattle ranch.

**ESTIMATED SALES AND PROFIT FOR THE FIRST YEAR**

**Processed liquid milk** : Sold @ N200 per tin

A carton of liquid milk containing 24 tins = N200 \* 24 = N4800

Number of cartoons sold in a month is 200 = 200 \* N4800

Sales of 200 cartoons of milk in a month = N960,000

In a year, sales of carton of liquid milk = N960,000 \* 12 = N11,520,000

**Processed powdered milk** : Sold @N100 per satchet

A carton of powdered milk containing 48 satchets = N100 \* 48 =N4800

Number of cartons sold in a month is 400 = 400 \* N4800

Sales of 400 cartons of powdered milk in a month = N1,920,000

In a year, sales of carton of powdered milk = N1,920,000 \* 12 = N23,040,000

**Processed meat** : Sold @ N2500 per carton

Number of carton sold in a month is 100 = N2500 \* 100

Sale of 100 cartons of meat in a month = N250,000

In a year, sales of carton of meat = N250,000 \* 12 = N3,000,000

**Wool** : Sold @ N250 per bale

Number of bales sold in a month is 500 = 500 \* N250

Sale of 100 bales of wool in a month = N125,000

In a year, sales of bales of wool = N125,000 \* 12 = N1,500,000

**Sale of live animals:** Sold @ N100,500 per animal

This would be sold during festivities

Projected amount to be sold in a year is 300 animals, hence, in a year we have = N100,500 \* 300 = N30,150,000

**SUBTOTAL : Liquid milk = N11,520,000**

**Powdered milk = N23,040,000**

**Processed meat = N3,000,000**

**Processed wool = N 1,500,000**

**Live animals = N30,150,000**

**TOTAL = N 69,210,000.00**

**PROFIT = SALES – EXPENSES**

**PROFIT = N69,210,000 – N 31,500,000**

**PROFIT = N37,710,000.00**

Therefore, the estimated profit made in the first year by Farmhouse Dairy will be **N37,710,000.00**

**FUNDING MECHANISM**

NZ Agro Industry will provide a loan for the importation of necessary equipment and for the purchase of the farm animals. Dairyverse also will provide a loan to finance the clearing and building of infrastructure on the hundred acres of land. While the investors and the owner of the company; Miss Ogunleye Simisola will provide necessary capital for the day to day trading operation.

**CONCLUSION**

The project is technically feasible and commercially viable. It is therefore recommended for funding.