**BROWN’S AQUACULTURE ENTERPRISE, INC.**

BFF

 Your Fruit World and desires begins with us

ESITI BROWNSON OGHENEFEJIRO

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ELECT/ELECT

BUSINESS PLAN

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**EXECUTIVE SUMMARY**

The agricultural sector in Nigeria is undergoing rapid change in production, distribution, and consumption of food and fiber, and in technology. There have been dramatic increases in production and marketing coordination, market contracting, concentration of agricultural output by fewer and fewer operations, and consolidation of agricultural operations. These increases are manifested in significant long- and short-term changes in farm size, number, distribution, and location. Production that once relied on small, independent, family-based farms increasingly occurs in large, consolidated, global operations. Small- and mid-sized operators often struggle to remain competitive and to adopt recent developments in technology and information.

The changes occurring in the modern food and agricultural system pose major challenges for public-sector agricultural research and education. One challenge is the complexity of serving and meeting the needs of agricultural producers—both the large commercial agricultural production sector and the multitude of smaller producers, including low-income and limited-resource producers, and producers of niche commodities. There is concern that publicly funded agricultural research has influenced the development of technologies that have been or will be biased toward changes in farm size and industrialization of the farm sector. There is debate about whether publicly funded agricultural research is equally accessible to all users and whether it is targeted to the full range of user and citizens’ group.

This report analyses publicly funded agricultural research and the structure of agriculture, and it offers recommendations for research and extension policies. It evaluates the applicability of publicly funded agricultural research across the agricultural distribution system: from small, poorly capitalized farms to large, well-capitalized industrial organizations. Although the committee acknowledges that the public sector has been encouraged, and in some cases mandated, to serve constituents, as illustrated by the increasing public policy support for small farmers and other underserved groups in the last four farm bills, the focus of this report is on analysis without judgment about the social desirability of particular distribution.

Brown’s Aquaculture is a fish farm dedicated to the production of any type of fish to be reared, bred and sold to the world; it also specializes in producing finished products that also help the society or the nation at large. Brown’s Aquaculture was first founded as an Alberta-based Limited Liability Corp (L.L.C) located at Edmonton, Alberta. This aquaculture is working very hard to becoming a leading producer or source for aquaculture in the society. We have set in place a skilled management team that can help reach our goal. Brown’s Aquaculture has identified three keys that will be instrumental in their success. The first is the implementation of strict financial controls. By having the proper controls, production efficiency will be maximized. The second key will be the never ending pursuit for the industry's highest concentration levels of botanical ingredients in each plant. The third key is the recognition and implementation of the philosophy that 100% customer satisfaction is required to ensure a profitable business. Profits is by producing products that can satisfy the costumers, not the other way around.

Brown’s Aquaculture is a 7-acre farm land that concentrates on growing fishes and producing products, it also chose some suitable species for rearing specifically in the farm which are stocks of Atlantic Salmon, Arctic Char, Mussels, oysters and Rainbow Trout. A successful niche marketing aquaculture enterprise as Brown’s Aquaculture will need to exploit markets that are not in direct competition with large-scale aquaculture. Some of these niche markets include selling fingerlings to other producers; selling live or processed fish to restaurants, grocers, ethnic markets, or live for pond stocking; fee fishing or pay lakes for food-size sport fish; bait fish; and ornamental fish or aquatic plants.

Survey shows that fish provides more than one billion poor people with most of their daily animal protein. Fish provides nutrients and micronutrients that are essential to cognitive and physical development, especially in children, and are an important part of a healthy diet. As an affordable animal source of protein in some of the poorest countries, fish is the primary source of nutrition, creating growing demand for this staple. However, fish supplies are failing to meet demand and there are major shortages in some critically poor countries where they are needed most. Globally, more than 250 million people depend directly on fisheries and aquaculture for their livelihoods and millions are employed in fisheries and aquaculture value chains in roles such as processing or marketing. The very poor often rely on fishing as a primary source of income. These small-scale fishers are particularly vulnerable as fish stocks diminish. Increased productivity from sustainable fisheries and aquaculture can be a driver for rural development by mitigating risks to livelihoods and contributing to income generation and employment. To finance our growth and full-time production, we need to purchase $35,000 worth of new equipment as long-term assets. To that end, we are seeking a $100,000 10-year loan. Sales forecasts conservatively indicate that $190,000 revenue will be generated in year two, rising to $216,000 the following year. So by the first fiscal year, an amount of $250,000 will be generated.

1. **Objectives**

Brown’s Aquaculture has identified several objectives out for the business which are:

1. Becoming a leading supplier in fish that can provide high and important nutrients to the society and also provide for the health industry.
2. Enjoy work while making a good living.
3. Reach the point of sustainable profitability.
4. **Mission**

It is Brown's Aquaculture mission to become the leading provider of fish to the health/vitamin industry. This will be accomplished by rearing and cultivating fishes at fair prices while exceeding customer's expectations.

1. **Keys To Success**

Brown’s Aquaculture has ranked ten items they believed contribute to the start-up of a successful fish farming business. The ten items listed by 53 responding fish farmers are in the order of importance:

1. Aquaculture requires hard work and commitment for success.
2. Recognize that fish are live animals and need to be treated as such.
3. Human resources, management skill, and a drive to succeed are essential.
4. Start small to reduce risk of loss while you are learning about aquaculture.
5. Grow a high-value high-quality product and provide good service.
6. Business experience and knowledge are needed.
7. Marketing your fish is where the money is made.
8. Aquaculture is a high risk business.
9. It takes a long time to make a profit in aquaculture.
10. Work only with a proven fish production technology.

**COMPANY SUMMARY**

Brown’s Aquaculture is an Alberta-based that rears, produce high quality fishes and also partake in production some fish related products like fish oil, isinglass and also Tatami iwashi (a Japanese processed food product made from baby sardines laid out and dried while entwined in a single layer to form a large mat-like sheet). This was founded as an Alberta L.L.C which has been in existence for two years now, it initially operated as a hobby not any serious means of making money but eventually over the years it came to grow into a large scale business.

**Company History**

Brown’s Aquaculture has been operation for two years only existing as a hobby. Brownson has been good person in angling fishing, he always saw that as a pride but eventually he saw that rearing fishes with the company would help him and his generation to come. By the second year, the company was seen to grow rampant in not only producing the best finished products and sales in Edmonton but in Alberta. The company became very profitable in a year till date.

Brown’s Aquaculture chose Peace River Basin became an ideal place to rear these fishes, the company is on a 7-acre of land for not only rearing this fishes but assist in producing feeds for the fishes and turning these high quality fishes to finished products. During fall and summer months, the fishes start to breed and spawn more fingerlings. Of Course! There is a spawning pond and nursery pond for these fingerlings.

**Company Ownership**

Brown’s Aquaculture is an Alberta-based owned by Brownson Esiti. The L.L.C. business formation has been chosen as a strategic way to shield the Esiti from personal liability.

**PRODUCTS**

Brown’s Aquaculture allows a wide range of fishes every year. In the aquaculture world, there are obviously fishes that cannot grow in some seasons either due to the harsh weather or due to the not supportive environment in the water. We, Brown’s Aquaculture has provided these conditions as an enemy to us in the aquatic world. But there are some fishes that can be reared in each seasons or throughout the seasons. These products and requirements taken to ensure smooth running of the business will be stated as follows;

**Bluegill:**

This is a species of freshwater fish sometimes referred to as "bream" or "brim", It is a member of the sunfish family Centrarchidae of the order Perciformes. It is native to North America and lives in streams, rivers, lakes, and ponds. It is commonly found east of the Rockies. It usually hides around, and inside, old tree stumps and other underwater structures. It can live in either deep or very shallow water, and will often move from one to the other depending on the time of day or season. Bluegills also like to find shelter among aquatic plants and in the shade of trees along banks. Bluegills are fairly easy to catch and are good to eat. They are also used to stock rivers and lakes with food for largemouth bass, another important game fish.

**Goldfish:**

The goldfish (Carassius auratus) is a freshwater fish in the family Cyprinidae of order Cypriniformes. It is one of the most commonly kept aquarium fish. They are also a member of the carp family. Goldfish breeds vary greatly in size, body shape, fin configuration and coloration (various combinations of white, yellow, orange, red, brown, and black are known). Goldfish farming has become an industry of notable size. Millions of fish are bred each year and sold to aquarium shops for resale to fish enthusiasts. In North America there is a demand for goldfish to be used as bait by anglers. Pet shops often have feeder goldfish to sell to owners of carnivorous aquarium fish.

**Tilapia**:

Tilapia is a warm water, fresh water fish farmed in a few locations in Canada. The flesh is white, moist and mild-flavoured – making it a versatile choice for a variety of recipes. While dozens of species are farmed worldwide, three species make up the bulk of production. The main species farmed in Canada is the Nile tilapia. These species of fish are known for their omega 3 fat and has a lot of nutrients in them. Then the procedures that one must follow in winter seasons are:

**Opt for a Larger, More Stable Pond**: The deeper your pond, the more likely it is that it will not freeze all the way to the bottom and your fish will have room to hibernate through the winter. The entire pond does not need to be deep, but at least one side or section should be 24-36 inches deep or even more if your landscape permits. Larger ponds will also have much higher water volumes to minimize temperature shock during seasonal transitions.

**Winterize Your Pond Appropriately**: Take all the necessary steps to winterize your pond so fish can be healthy and safe through the coldest part of the year. This may include proper fall cleaning and ensuring there will be adequate ventilation and aeration during the winter months. Remove debris from the pond, including fallen leaves, dead aquatic plants and other detritus that can rot and introduce toxic gasses to the water. If necessary, consider heaters or other winterizing equipment to keep the pond viable as winter progresses.

**Don't Overfeed in Fall**: As fish enter their dormant cycle in the fall, be sure you adjust their food accordingly to minimize waste and feces. First, transition to a low-waste autumn food, then slow the feeding schedule, eventually stopping feeding altogether as the fish go dormant. If there is a lot of excrement or excess food left in the water as the temperature drops and the surface begins to freeze, that food will rot and generate gasses that are toxic to the fish. Without an open surface to freshen the water, the fish will slowly suffocate over the winter.

**MARKET ANALYSIS SUMMARY**

The Brown’s Aquaculture has identified four different fish consumer segment outline below. These consumer segments are segments that define consumers in the society depending on their level of consuming fish. This affects the general market because without this segments, the market analysis will be dropped low. The segments are typified as **Uninvolved, Uncertain, Self-confident and Connoisseurs,** and have distinctive behavioural, attitudinal and socio-demographic profiles. The Uninvolved are mainly young males, have the lowest fish consumption level, weakest belief in health benefits from eating fish, and lowest interest in both search and credence information cues. Uncertain fish consumers are mainly females, with a tendency of lower education and urban residence, who feel not confident to evaluate fish quality, although they find quality very important. They display a strong interest in a fish quality label. The most relevant findings about Self-confident consumers, whose socio-demographic profile matches best with the overall sample, are their high fish consumption level, and their relatively low interest in a fish quality label. Connoisseurs are mainly females in the age category 55+, who are strongly involved with food in general and most convinced of the association between food and health. They have the highest fish consumption and show a strong interest in both search and credence cues, as well as in a fish quality label. The segments do not differ with respect to risk perception about fish.

The next is fish production market segment which we also need to outline which seems to serve another part in the market generally. The global fish processing market is segmented on the basis of source, application, processing type and equipment. Source from where fishes are obtained are freshwater, marine and inland. Marine segment occupies the largest market share due to modern techniques and methods of fishing. Application is segmented into food, feed, biomedical and others (fertilizers, cosmetics and industrial uses). Food occupies the largest market share in fish processing market followed by feed and biomedical, due to changing consumption habits of human. Types of processing fish are frozen, preserved, dried and others (smoked and surimi). Frozen is the most common fish processing type practiced. Equipment used for fish processing are deheading & gutting, skinning, scaling, filleting, desliming & rinsing and others.

**STRATEGY AND IMPLEMENTATION SUMMARY**

Brown’s Aquaculture has taken down of some strategy elements that has helped our business to bloom which can also assist other aquaculture firms too. These elements are what helps us which are:

1. Creating conducive and enabling environment for investment.
2. Suitable production systems.
3. Availability and access to inputs (feeds, seed, capital, etc.),
4. Extension, advisory services, and outreach.
5. Access and sustainable management of resources
6. Research
7. Education and training
8. Marketing: regional trade, market analysis, infrastructure development and postharvest added value
9. Producer organizations
10. 10.Regulation and Control
11. Monitoring and evaluation

These elements are relevant across all scales, from subsistence aquaculture to commercial aquaculture, including semi-industrial, industrial and cluster producers covering multiple activities along the entire value chain. With all these elements, we will then highlight some of these major elements undertook in the business.

**Creating conducive and enabling environment for investment:**

The multiplicity of uncoordinated farmers has more often than not led to inefficiencies and confusion that has hampered growth of the sector. In order to address this:

The region should:

1. promote the harmonization of all legal aspects related to aquaculture in order to
2. facilitate the free movement of products between the five countries;
3. promote a harmonized set of quality standards and consumer protection policies,
4. supported by an effective aquaculture MCS;
5. promote and channel donors’ regional interventions in order to target all the
6. development aspects of aquaculture and facilitate access to credit for the producers
7. along the value chain;
8. capitalize on what is already existing and promote it throughout the region (and
9. along the entire value chain) via Centres of Excellence for research, training and
10. technical support;
11. promote harmonized and efficient procedures for launching aquaculture projects

 **Suitable systems of production**

The Region should:

1. with the help of the Centre(s) of Excellence and donor support, promote and disseminate appropriate technologies and systems;
2. Ensure that technical and commercial success stories that should be shared in the Region.
3. Ensure promote, where it is socio-economically viable, integrated farming. This approach helps to spread risk, particularly for small-scale producers, as well as reducing the costs of production because of the reduced need for expensive fish-feeds.

 **Availability and access to inputs (feeds, seed, capital and supplies and materials)**

The most important constraint against substantially increasing fish production, for both the

semi-industrial and industrial sectors, is the availability of fish feeds and seed in adequate

quantity, quality and at a competitive price. Therefore, the following actions are required

at the three administrative levels:

The Region should:

* Feeds
1. promote a standardized quality of fish feeds across the Region and establish the means to monitor that standard;
2. promote, facilitate and ensure fair competition between the countries’ industrial millers;
3. promote research at the services of the EAC fish food producer for better standard;
4. promote access to credit for fish-food producers (the millers) in order that they be able to invest in specific lines of fish-feed production (for example, to buy an extruder machine).
* Seeds
1. The Region has an important role to play in the sharing of effort and investments for the improvement of the quality of brood stocks:
2. Furthermore, centers should be built in the farm to be able to improve their understanding of the reproduction of endemic species in order to avoid threats to local biodiversity (for example, in Lake Tanganyika where the farming of Tilapia niloticus is not permitted);
3. Promote the certification of commercial producers of seeds and define regulations on the use of chemicals and drugs in the reproduction process.
4. Harmonization and facilitation of Regional marketing of the seed.
* Capital
* In general, promote the establishment of regional aquaculture credit guarantees and revolving funds. For this purpose use (and/or adapt) as far as possible the existing system in place.
* More specifically, promote access to credit for millers in order for them to invest in modern and efficient production lines for fish-feeds.
* In practice, convince a private bank (or banks, or existing institutions), which is/are present in Canada, to specialize in aquaculture credit, even if it means that they will be given a warranty fund to cover the risk and/or a special aquaculture revolving funds.

With all these elements and a brief explanation what has developed our business which can also assist other aquaculture farmers.

**FINANCIAL PLAN**

In the course of the years, Brown’s Aquaculture has found some factors or questions that may also affect and also help in the any financial expenditure in aquaculture which are;

* Will the business survive in the long run? Can it generate enough value over time to pay off its debts? (Economists call this “financial position.”)
* Is the business profitable in both the short and long run? (Economists call this “profitability.”)
* Can the business generate enough cash when needed to pay its bills? (Economists call this “liquidity” and “cash flow position.”)

With these questions asked we finally came up with a financial plan that helped us to bloom in the aquaculture over the years.

These are financial assumptions. This important in our business to view where we are going.

|  |
| --- |
| **GENERAL ASSUMPTIONS** |
|  | **2017** | **2018** | **2019** |
| Plan Month | 1 | 2 | 3 |
| Current Interest Rate | 10.00% | 10.00% | 10.00% |
| Long-term Interest Rate | 4.00% | 4.00% | 4.00% |
| Tax Rate | 30.00% | 30.00% | 30.00% |
| Other | 0 | 0 | 0 |

**Break-Even Analysis**

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| **BREAK-EVEN ANALYSIS** |
| Monthly Revenue Break-even | $13,770 |
| Assumptions: |  |
| Average Percent Variable Cost | 8% |
| Estimated Monthly Fixed Cost | $12,737 |

**Projected Profit and Loss**

The following table and charts show the Projected Profit and Loss.



**Projected Cash Flow**

The following table and chart display the Projected Cash Flow, including our purchase of new equipment, and the loan (and principal repayment) related to the farm's expansion.



|  |
| --- |
| **PRO FORMA CASH FLOW** |
|  | **2017** | **2018** | **2019** |
| Cash Received | $0 | $0 | $0 |
| Cash from Operations | $0 | $0 | $0 |
| Cash Sales | $21,210 | $47,709 | $54,153 |
| Cash from Receivables | $58,575 | $126,816 | $158,493 |
| **SUBTOTAL CASH FROM OPERATIONS** | **$79,785** | **$174,525** | **$212,647** |
| Additional Cash Received |  |  |  |
| Sales Tax, VAT, HST/GST Received | $0 | $0 | $0 |
| New Current Borrowing | $0 | $0 | $0 |
| New Other Liabilities (interest-free) | $0 | $0 | $0 |
| New Long-term Liabilities | $100,000 | $0 | $0 |
| Sales of Other Current Assets | $0 | $0 | $0 |
| Sales of Long-term Assets | $0 | $0 | $0 |
| New Investment Received | $0 | $0 | $0 |
| **SUBTOTAL CASH RECEIVED** | **$179,785** | **$174,525** | **$212,647** |
| Expenditures | 2003 | 2004 | 2005 |
| Expenditures from Operations |  |  |  |
| Cash Spending | $87,000 | $92,000 | $97,000 |
| Bill Payments | $77,335 | $81,273 | $91,737 |
| **SUBTOTAL SPENT ON OPERATIONS** | **$164,335** | **$173,273** | **$188,737** |
| Additional Cash Spent |  |  |  |
| Sales Tax, VAT, HST/GST Paid Out | $0 | $0 | $0 |
| Principal Repayment of Current Borrowing | $0 | $0 | $10 |
| Other Liabilities Principal Repayment | $0 | $0 | $0 |
| Long-term Liabilities Principal Repayment | $5,000 | $8,000 | $10,000 |
| Purchase Other Current Assets | $0 | $0 | $0 |
| Purchase Long-term Assets | $35,000 | $0 | $0 |
| Dividends | $0 | $0 | $0 |
| **SUBTOTAL CASH SPENT** | **$204,335** | **$181,273** | **$198,747** |
| Net Cash Flow | ($24,550) | ($6,748) | $13,900 |
| Cash Balance | $10,450 | $3,702 | $17,601 |

**7.5 Projected Balance Sheet**

The Projected Balance Sheet table appears below.



|  |
| --- |
| **PRO FORMA BALANCE SHEET** |
|  | **2003** | **2004** | **2005** |
| Assets |  |  |  |
| Current Assets |  |  |  |
| Cash | $10,450 | $3,702 | $17,601 |
| Accounts Receivable | $13,054 | $29,364 | $33,330 |
| Other Current Assets | $4,000 | $4,000 | $4,000 |
| **TOTAL CURRENT ASSETS** | **$27,504** | **$37,066** | **$54,932** |
| Long-term Assets |  |  |  |
| Long-term Assets | $70,000 | $70,000 | $70,000 |
| Accumulated Depreciation | $13,996 | $20,992 | $27,988 |
| **TOTAL LONG-TERM ASSETS** | **$56,004** | **$49,008** | **$42,012** |
| **TOTAL ASSETS** | **$83,508** | **$86,074** | **$96,944** |
| Liabilities and Capital | 2003 | 2004 | 2005 |
| Current Liabilities |  |  |  |
| Accounts Payable | $4,876 | $6,842 | $7,603 |
| Current Borrowing | $0 | $0 | ($10) |
| Other Current Liabilities | $0 | $0 | $0 |
| **SUBTOTAL CURRENT LIABILITIES** | **$4,876** | **$6,842** | **$7,593** |
| Long-term Liabilities | $95,000 | $87,000 | $77,000 |
| **TOTAL LIABILITIES** | **$99,876** | **$93,842** | **$84,593** |
| Paid-in Capital | $0 | $0 | $0 |
| Retained Earnings | $61,910 | ($16,368) | ($7,768) |
| Earnings | ($78,278) | $8,600 | $20,119 |
| **TOTAL CAPITAL** | **($16,368)** | **($7,768)** | **$12,351** |
| **TOTAL LIABILITIES AND CAPITAL** | **$83,508** | **$86,074** | **$96,944** |
| Net Worth | ($16,368) | ($7,768) | $12,351 |

**Business Ratios**

Business ratios for Brown’s Aquaculture, Inc. SIC industry class: Fish farm.

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| **RATIO ANALYSIS** |
|  | **2003** | **2004** | **2005** | **INDUSTRY PROFILE** |
| Sales Growth | 82.45% | 124.94% | 13.51% | 10.17% |
| Percent of Total Assets |  |  |  |  |
| Accounts Receivable | 15.63% | 34.11% | 34.38% | 7.31% |
| Other Current Assets | 4.79% | 4.65% | 4.13% | 27.46% |
| Total Current Assets | 32.94% | 43.06% | 56.66% | 44.97% |
| Long-term Assets | 67.06% | 56.94% | 43.34% | 55.03% |
| **TOTAL ASSETS** | **100.00%** | **100.00%** | **100.00%** | **100.00%** |
| Current Liabilities | 5.84% | 7.95% | 7.83% | 24.14% |
| Long-term Liabilities | 113.76% | 101.08% | 79.43% | 28.08% |
| Total Liabilities | 119.60% | 109.02% | 87.26% | 52.22% |
| **NET WORTH** | **-19.60%** | **-9.02%** | **12.74%** | **47.78%** |
| Percent of Sales |  |  |  |  |
| Sales | 100.00% | 100.00% | 100.00% | 100.00% |
| Gross Margin | 92.50% | 92.50% | 92.50% | 47.84% |
| Selling, General & Administrative Expenses | 191.95% | 90.33% | 85.38% | 33.12% |
| Advertising Expenses | 0.00% | 0.00% | 0.00% | 0.26% |
| Profit Before Interest and Taxes | -87.66% | 8.35% | 14.78% | 0.82% |