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18/sms09/026
International relations and
diplomacy
Social and management
sciences
Afe 202

Assignment

Prepare a business plan on a chosen agricultural enterprise following the guideline in the note.

Project Timeline

The project will be completed within 8 months preferably between February 2020 to September 2020

Estimated Project Costs and Revenue

Fixed Cost

(A) Land Clearing

Activity	QTY	₦	K
Land Clearing	1Hectare	230,000	00

Clean	are	00	
Cross cutting	1Hectare	20,000	00
Rome ploughing	1Hectare	50,000	00
Sub total	1Hectare	300,000	00
Total	400 Hectare	120,000	00

(B) Equipment

Na me	QT Y	MO DE L	US D	N	K
Tra cto r	1	YT O-90 4(90hp)	24,450	8,802,000	00
Dis c har row	1	IBJ -3.0	3,520	1,267,200	00
Su	1	IS-	3,2	1,17	00

b soil er		20 0G	50	0,0 00	
Soy see der	1	2B FY- 6C	4,9 50	1,7 82, 00 0	00
Trip per	1	7C X-8 T	9,4 50	3,4 02, 00 0	00
Co mbi ne Har ves ter	1	4Y Z-6	103 , 50 0	37, 26 0,0 00	00
Bo om spr aye r	1	3W -10 00L -18	6,9 50	2,5 02, 00 0	00
Fro nt loa der	1	TZ1 0D	6,5 70	2,3 65, 20 0	00
Su b			15 9,3	57, 38	00

total			90	0,4	
al				00	

(C) Vehicle

Type	QTY	Model	N	
K				
Pick up Truck	HILU X	2		30,000,000
				:00

(D) Irrigation

Type	QTY	Model	N	
USD				
K				
Hose Reel	1	140 - 440 MT	28,186	1,0146,960
				:00

Operating Cost

Working Capital		
	N	K
Ploughing/Ha	15,000	00
Harrowing/Ha	10,000	00

Sub total	25,000	00
For 400 Ha	10,000,000	00
Mechanization and storage	105,000	00
For 400Ha	42,000,000	00
Input / Ha	91,825	00
For 400Ha	36,730,000	00
Area yield insurance	13,500	00
Produce aggregation	5,500	00
Geo Spatial Service	4,500	00
Sub total	23,500	00
For 400Ha	9,400,000	00

Interest per hectare	22,079	25
For 400Ha	8,831,700	00
Total cost per hectare	245,325	00
Total cost for 400Ha	98,130,000	00
Loan principal and interest (cost per Hectare)	267,404	25
Total for 400Ha	106,961,700	00
Irrigation cost for 400Ha (excluding fixed cost)	24,018,120	00

Amortization

N

K

Land clearing amortization (per hectare)	30,000 : 00
Land clearing amortization (400hectare)	12,000,000 : 00

REVENUE

Yield per hectare 3tonnes@ N145000 per tonne	
	N K
Revenue per hectare	435,000 : 00
For 400Ha	174,000,000 : 00
Net revenue for 400Ha(without	67,038,300 : 00

amortization)	
Net revenue with amortization(400ha clearing)	55,038,300 : 00
2nd Production Cycle	
Net revenue	43,020,180 : 00
Net revenue with amortization(400ha land)	
Annual Net Revenue (1st + 2nd Cycle)	98,058,480 : 00

**Currency conversion rate:
 ₦360.00 to 1USD**

Funding Mechanism

ANEX will provide 400Ha of cleared farmland around the university and lease it to members

of the cooperative. ANEX will also lease 6,000MT capacity silo as equity contribution

Equity investor to provide equity for equipment and vehicles purchase

Where possible equity investor to provide equity for working capital or otherwise secure loan at the rate of 9% through government intervention window at the Bank of Agriculture, Bank of Industry and Commercial banks.

Conclusion

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