**NAME: OLAOYE ABDULLAHI OLUWATOSIN**

**DEPARTMENT: ACCOUNTING**

**18/SMS02/042**

**AFE 202**

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

A FEASIBILITY REPORT / BUSINESS PLAN FOR THE DEVELOPMENT OF A SIX HUNDRED HECTARES COCOA PLANTATION AND ESTABLISHMENT OF 50TONNES PER DAY CAPACITY COCOA BUTTER EXTRACTION PLANT AT KARSALAM FARM NIGERIA BY ONEIL AGRIBUSINESS VENTURES AND CONSULTANCY CONFIDENTIALITY AGREEMENT

The undersigned reader acknowledges that the information provided in this business plan is a confidential intellectual property; therefore, the reader agrees not to disclose it to a third party without the express written permission of the promoters of the proposed business.

It is acknowledged by the reader that information furnished in this business plan is in all respect confidential in nature, other than information which is in the public domain through other means and that any disclosure or use of same by the reader, may cause serious harm or damage to the promoters of the proposed business.

Upon request, this document is to be immediately returned to the promoters of the proposed business

Signature: OLAOYE

Name: ABDULLAHI OLAOYE

Date: 14/03/2007

**Executive Summary/ Project Description**

This business plan examines the feasibility of an indeed economic viability of the development of a 600hectares cocoa plantation and the establishment of a cocoa butter extraction plant in KARSALAM Limited. The farm will produce about 2,000tonnes of cocoa in a production cycle. The cocoa butter extraction plant will process about 4,200tonnes of cocoa into cocoa butter for chocolate or cosmetics, cocoa powder or cocoa liquor. There is high domestic demand for these products because of our huge population and production constraints leading to shortage of the commodity. Production is currently popular in Ondo, Cross River, Ogun, Akwa Ibom, Ekiti, Delta, Osun and Oyo. Nigeria imports significant quantity of cocoa and its derivatives to augment domestic shortages.

The proposed project will create economic opportunities, impact positively on the people and help conserve scarce foreign exchange. The entire cocoa to be processed will be sourced locally through direct production, contract farming in Kwara State and direct purchase from smallholder farmers in other production areas. The project will create market access, improve income of farmers and contribute significantly to food security. It will also generate satisfactory returns for sponsors and investors.

**Sponsorship**

The project is sponsored by MR BANJI, a legal owner of TOSIN FOOTBAL CLUB. MR BANJI is promoting the productivity of smallholder farmers in Arandun through the KARSALAM Limited. The football team owner has relations of agriculture experts with many years of experience in the project being proposed. ONEIL Agribusiness Ventures & Consultancy will be responsible for the management consultancy of the projects.

**Management**

The management will comprise of a democratically elected Board of Directors at the apex of the organization structure. This will be made up of shareholders and member of the cooperative who have stake in the survival, growth and profitability of the business as well as distinguished agribusiness professionals of proven integrity and vast experience in the project area. The prime objective of the board will be to give strategic directions and policies that will ensure long term success of the organization. The board will ensure that the organization complied with all standards set by regulatory authorities.

The Managing Director/President shall be responsible for the co-ordination of the day to day management of the cooperative business. He is accountable to the Board of Directors; he will mobilize organization resources to achieve set goals. He will manage business risks and focus on wealth creation.

**Technical Partners**

MR BANJI’S relations have working relationship with FTN Cocoa Processors Plc (Fantastic Traders Nigeria Ltd) through an executed MOU. FTN Cocoa Processors Plc has mandate in Cocoa production and processing and will provide technical assistance in this regard. The business also has a relationship with BOA (Bank of Agriculture) and we are collaborating on MR BANJI Annual Agric Expo where the founder appreciated Arandun Farmers through monetary award to the best 3 farmers in each local government area of the 16 L.G.A in Kwara state and the overall best farmer in the state. Bank of Agriculture has agreed to finance production of the 600hectares of cocoa through a loan at 7% interest rate (anchor borrower’s scheme) given to the cooperative.

**Market and Sales**

Market orientation: domestic; South West & North West, Nigeria

Market Share: 6% niche market in South West, North West Nigeria

Uses of Products: edible cocoa butter for human consumption and also for cosmetics, cocoa pod husk for the livestock industry.

**Technical Feasibility**

The projects (production of cocoa and cocoa butter extraction) are technically feasible. In terms of technology, which involve the crushing of cocoa seed and extraction, the industrial processes are simple and a specialist in cocoa extraction with more than 10years experience is part of our team. The needed equipment for cocoa extraction are readily available and our experts have hand on experience in the usage and maintenance of the equipment.

On the cocoa production, we have specialists in mechanization, irrigation, farm management, crop production, weed science, market development, agric extension and accounting as part of our management team. We also have specialists in quality control as part of our management team. The state of infrastructure around the farm and generally in Kwara is adequate and suitable for the location of the farm/firm for efficient production, processing and marketing. Raw materials will be produced and sourced locally.

We are implementing our project using best international practices, sustainable production and due consideration for the environment. Although some degree of deforestation will occur, the EIA(Environmental Impact Assessment) report shows little or no damage to the environment as it relates to the issue of climate change. Organic fertilizer will be substituted for chemical fertilizer within three years of farm operations.

**Government Support and Regulation**

The project conforms with the economic diversification objective of the government. It also supports foreign exchange and import reduction conservation of government. It creates economic opportunities, market access, improved income for farmers and support food security objective of government. The project will benefit from government intervention fund in the agriculture sector. The project will also benefit from the favorable policy of zero duty for agricultural and equipment import. Restriction of forex for all food products will also widen market opportunity. The project will contribute significantly to employment, output increase, stable price and stable exchange rate.

**Project Timeline**

The project will be completed within 6months preferably between November, 2008 to April, 2009 because land clearing is mostly done in the dry season.

**ESTIMATED PROJECT COST AND REVNUE**

**A] Land Clearing**

|  |  |  |  |
| --- | --- | --- | --- |
| **Activity** | **QTY** | **₦** | **K** |
| Land Clearing | 300Hectare | 250,000 | 00 |
| Cross cutting | 100Hectare | 50,000 | 00 |
| Rome ploughing | 100Hectare | 50,000 | 00 |
| **Sub total** | 100Hectare | **350,000** | **00** |
| **Total** | 400 Hectare | **140,000,000** | **00** |

**B) Equipment**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name** | **QTY** | **MODEL** | **USD** | **₦** | **K** |
| Tractor | 1 | YTO-904(90hp) | 26,520  | 9,547,000  | 00 |
| Disc harrow  | 1 | IBJ- 3.0  | 3,300  | 1,080,000  | 00 |
| Sub soiler  | 1 | IS-200G  | 4,000 | 1,440,000  | 00 |
| Soy seeder  | 1 | 2BFY-6C  | 4,950  | 1,782,000  | 00 |
| Tripper | 1 | 7CX-8T  | 9,980  | 3,592,800  | 00 |
|  Combine Harvester  | 1 | 4YZ-6  | 100,500  | 36,180,000  | 00 |
| Boom sprayer | 1 | 3W-1000L-18  | 6,200  | 2,232,000  | 00 |
| Front loader  | 1 | TZ10D | 6,999  | 2,519,640  | 00 |
| **Sub total**  |  |  | **162,449**  | **58,373,440**  | **00** |

**(C) Vehicle**

 **Type Model QTY ₦ K**

|  |  |  |  |
| --- | --- | --- | --- |
|  **Pick-up Truck**  |  **HILUX**  | **5** | **100,000,000 : 00** |

 **(D) Irrigation**

**Type QTY Model USD ₦ K**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Hose Reel** |  **1**  |  **140 – 440MT** |  **30,000**  |  **10,800,000 : 00** |

**Operating Cost**

|  |  |  |
| --- | --- | --- |
| **Working Capital** |  |  |
|  |  **₦**  | **K** |
| Ploughing/Ha |  150,000  | 00 |
| Harrowing/Ha  |  100,000  | 00 |
| Sub total  |  85,000 | 00 |
| **For 400 Ha** |  **17,000,000**  |  **00** |
| Mechanization and storage |  195,000  |  00 |
| **For 400Ha** |  **50,000,000** |  **00** |
| Input / Ha  |  91,000 |  00 |
| **For 400Ha** |  **39,730,000** |  **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** |  **10,400,000** |  **00**  |
| Interest per hectare |  22,079 |  25 |
| **For 400Ha** |  **8,831,700**  |  **00**  |
| Total cost per hectare |  245,325 |  00 |
| **Total cost for 400Ha** |  **90,130,000**  | **00** |
| Loan principal and interest (cost per Hectare) |  267,404 | 25 |
| **Total for 400Ha** |  **206,860,000** |  **00**  |
| **Irrigation cost for 400Ha (excluding fixed cost)** |  **35,018,120** | **00** |

**Amortization**

 **₦ K**

|  |  |
| --- | --- |
| **Land clearing amortization (per hectare)** |  **60,000 : 00**  |
| **Land clearing amortization (400hectare)**  |  **24,000,000 : 00** |

 **REVENUE**

|  |  |
| --- | --- |
| **Yield per hectare 3tonnes@ ₦145000 per tonne** |  |
|  |  **₦ K** |
| **Revenue per hectare** |  **500,000 : 00**  |
| **For 400Ha** |  **200,000,000 : 00** |
| **Net revenue for 400Ha(without amortization)** |  **70,038,300 : 00** |
| **Net revenue with amortization(400ha clearing)** |  **60,038,300 : 00** |
| **2nd Production Cycle** |  |
| **Net revenue** |  **80,020,180 : 00** |
| **Net revenue with amortization(400ha land)** |  |
| **Annual Net Revenue ( 1st + 2nd Cycle)**  |  **100,058,480 : 00**  |

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