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18/LAW01/004

FOOD PRODUCTION AND HEALTH AWARENESS

AFE 202 ASSIGNMENT/C.A

QUESTION.

PREPARE A BUSINESS PLAN ON AN AGRICULTURAL ENTERPRISE FOLLOWING THE GUIDELINE IN THE NOTE.

ANSWER.

FEASIBILITY REPORT/BUSINESS PLAN.

A FEASIBILITY REPORT/BUSINESS PLAN FOR THE DEVELOPMENT OF A 600 HUNDRED HECTARES MAIZE PLANTATION AT TINUBU POULTRY AND CROPS FARM, KANO STATE, NIGERIA BY TINUBU POULTRY & CROPS INDUSTRY AND DELIGHT TRANSPORTATION LTD.

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.



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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;

Name:

Date:

Executive Summary/Project Description

This business plan examines the feasibility of and indeed the economic viability of the development of a 600hectares in Kano State by Tinubu Poultry & Crops Industry and Delight Transportation Ltd. The farm will produce about 12,000 tonnes of maize in a production cycle.. There is a high domestic demand for maize because of the many marketers or rather corn sellers in various states in the country. The high demand of maize by marketers is distribute of rather sell to various corn sellers who earn a living by selling corn.

The objective of the project is to process the increased output of fresh maize into High Quality Maize Flour, Dried Corn, Fresh Corn for industrial purposes and individual use. The production

...y-market for their excess production hence improved incomes. The business will help reduce post-harvest losses and encourage primary processing of fresh corn into variant products for use.

Sponsorship.

The project is sponsored by Alhaji Tinubu Ahmed, a Politician, Member of House of Representatives and also the owner and founder of Tinubu Poultry & Crops Industry. Alhaji Tinubu is promoting and expanding the productivity of local farmers in the North Central through Tinubu Poultry & Crops Farms. The Farm has professional farmers who have many years experiencing in planting, rearing and cultivating of crop plants and animals and also adequate fertilizers and modern farm equipment and machines for fast and effective production of the maize. Tinubu Poultry & Crops Industry processes the maize into maize flour, dried corn and fresh corn, distribution is done by the Delight Transportation Ltd which will work with the farm and industry to transport fresh maize and processed outputs to varieties of local farmers in North.

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

will ensure that the organization complied with all standard 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 Assistance.

The farm has a working relationship with the Ministry of Agriculture for maintaining food security through the provision of Extension and Research services both livestock and Crops. The farm is also has a working relationship with BOA (Bank of Agriculture) and we are collaborating with the Nigerian Local Farmers Associations (NLFA) where the President alongside with the minister of agriculture appreciate Nigerian local farmers in each state and the overall best farmer in every state. Bank of Agriculture has agreed to finance production 600hectares of Maize through a loan at 6% interest rate (anchor borrowerø scheme) given to the given to the industry.

The industry will fund the processing factory. The industry will also seek grant from the United State Africa Development Foundation (USADF). The farm has relationships with commercial banks and will approach one for loan to clear the land which will be leased to members of the industry. The farm has a working relationship Institute for Agricultural Research of Nigeria, Ahmadu Bello University. The institute will help with researching all aspects of crop improvement for northern region, the institute was refined in 1986 by the Federal Government of



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nt of maize and crops, however the institute has been

reduced to cover only northwest.

Market and Sales.

Market orientation: domestic: Northcentral, Northwest, Southwest & Southeast Nigeria.

Market Share: 7% niche market in Northcentral, 5% in Northwest & 4% in southwest and southeast.

Users of Products: maize flour for cereal industries, dried and fresh corn local marketers and corn sellers for individual use in Nigeria mostly in the northcentral.

Competition analysis.

Benue state alone produced 44% of national output between 2000 and 2018. Kaduna followed with 27% of national output within this period. Ondo, Ogun, Niger, Ekiti and produced 6% and below in the period. The seven state mentioned above produced 94% of national output within the period. The only places in the North where significant production took place was in Kano and Kaduna. Based on this above analysis, competition in terms of production in Northwest, Nigeria is non-existent compare to the demand for produce.

Market Potential.

processed outputs of maize in the Northern part of Nigeria. The state of infrastructure though not perfect still supports production and trade within Nigeria.

Profitability.

Weather, biological, chemical, physical and environmental factors such as temperature, sunlight, water, air, soil conditions, varieties of seed, pests, diseases, price fluctuations and other risks e.g. cow invading the farm could affect yield and profitability. However, technical, scientific and financial based solutions will be employed to hedge against risks and safeguard profit. Irrigation option will be factored in to ensure two cycle of production in a year.

Technical Feasibility.

The projects (production of maize) are technically feasible. On the maize 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 Kano 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.

The major competitors in the north are the SWEET CORN ASSOCIATION. Sweet Corn Association has an installed capacity of 150tonnes per day in Kaduna and 100tonnes per day in Jos, TINUBU farms will target a market niche and penetrate through cooperative societies to make



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integration of production and processing will give us a competitive advantage.

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 conform 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 favourable 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 10months preferably between October 2019 to July 2020 because land clearing is mostly done in the dry season.

Fixed Cost

(A) Land Clearing

Activity	QTY	₦	K
Land Clearing	2Hectare	230,000	00
Cross cutting	2Hectare	20,000	00
Rome ploughing	1Hectare	50,000	00
Sub total	1Hectare	300,000	00
Total	600 Hectare	120,000,000	00

(B) Equipment

Name	QTY	MODEL	USD	₦	K
Tractor	1	YTO-904(90hp)	24,450	8,802,000	00
Disc harrow	1	IBJ- 3.0	3,520	1,267,200	00
Sub soiler	1	IS-200G	3,250	1,170,000	00
Maize seeder	1	2BFY-6C	4,950	1,782,000	00
Tripper	1	7CX-8T	9,450	3,402,000	00
Combine Harvester	1	4YZ-6	103,500	37,260,000	00
Boom sprayer	1	3W-1000L-18	6,950	2,502,000	00
Front loader	1	TZ10D	6,570	2,365,200	00
Sub total			159,390	57,380,400	00

(C) Vehicle

		QTY	₱	K
Pick up Truck	HILUX	2	30,000,000	: 00

(D) Irrigation

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

Operating Cost

Working Capital		
	₱	K
Ploughing/Ha	15,000	00
Harrowing/Ha	10,000	00
Sub total	25,000	00
For 600 Ha	10,000,000	00
Mechanization and storage	105,000	00
For 600Ha	42,000,000	00
Input / Ha	91,825	00
For 600Ha	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 600Ha	9,400,000	00
Interest per hectare	22,079	25

	8,831,700	00
Total cost per hectare	245,325	00
Total cost for 600Ha	98,130,000	00
Loan principal and interest (cost per Hectare)	267,404	25
Total for 600Ha	106,961,700	00
Irrigation cost for 400Ha (excluding fixed cost)	24,018,120	00

Amortization

₱ K

Land clearing amortization (per hectare)	30,000	: 00
Land clearing amortization (600hectare)	12,000,000	: 00

REVENUE

Yield per hectare 2tonnes@ ₱145000 per tonne		
	₱	K
Revenue per hectare	435,000	: 00
For 600Ha	174,000,000	: 00
Net revenue for 600Ha(without amortization)	67,038,300	: 00

clearing)	(600ha	55,038,300	:	00
2nd Production Cycle				
Net revenue		43,020,180	:	00
Net revenue with amortization(600ha land)				
Annual Net Revenue (1st + 2nd Cycle)		98,058,480	:	00

Currency conversion rate: ₦360.00 to 1USD

Funding Mechanism.

Tinubu will provide 600Ha of cleared farmland around the forest and lease it to members of the industries. Tinubu 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.



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