

A FEASIBILITY REPORT / BUSINESS PLAN FOR
THE DEVELOPMENT OF A FISH FARM,
PRODUCTION OF FRESH CATFISHES, DRYING
AND PACKAGING AT TOLUWALASE FARM,
IBADAN, OYO STATE, NIGERIA BY ANTONIA
AGRIBUSINESS VENTURES.

HEALTH AWEARNESS FOOD PRODUCTION AND SECURITY,
AGRICULTURE.
TOLUWALASE OLAWUYI

AFE BABALOLA UNIVERSITY, ADO-EKITI, EKITI.

COURSE TITLE: AFE202

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LEVEL: 200 LEVEL

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COURSE TITLE: NLS (LPB 204)

DATE: APRIL, 2020.

BUSINESS PLAN : TOLUWALASE FISH FARM

PROJECT TITLE

A FEASIBILITY REPORT / BUSINESS PLAN FOR THE DEVELOPMENT OF A FISH FARM, PRODUCTION OF FRESH CATFISHES, DRYING AND PACKAGING AT TOLUWALASE FARM, IBADAN, OYO STATE, NIGERIA BY ANTONIA AGRIBUSINESS VENTURES

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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

Name:

Date:

1. EXECUTIVE SUMMARY / Brief Description of the Project

Fish farming is a lucrative business; it is also simple and can be started with small capital. Anyone with a small space and can find a market within a locality can engage in fish farming.

This business plan on fish farming shall begin with the production of catfish. We shall sell fresh fish initially but later, the introduction of drying and packaging also follow.

TOLUWALASE FISH FARM will provide healthy catfish to consumers all over Nigeria at affordable prices. Fish farming industry in Nigeria is booming but there are few sellers who provide large, healthy and wholesome catfish. **TOLUWALASE FISH FARM** is a total remedy to the situation by our available facility and quality veterinary care. **TOLUWALASE FISH FARM** will ship live fish to its customers' doors anywhere in Nigeria within one to two days. **TOLUWALASE FISH FARM** will also sell young fish to secondary consumers who are willing to smoke the fish in the local area. It's our aim to provide healthy and wholesome fish that is not commonly found with our competitors. With God on our side. We shall in future so expand

the business since fish will always be consumed by man and there is no way everybody would go into fish production.

Over time with reasonable expansion, we shall commence exporting the product when the local market is satisfied.

TOLUWALASE FISH FARM will be a sole proprietorship, owned by the founder, Olawuyi Mary Toluwalase. Miss. Olawuyi plans to manage the business herself for the first three years before employing a paid manager.



SAMPLE OF PLAN

Consumers' need

- A good proportion of the country's population are awakened to the benefits of eating only healthy fishes because of the benefits it has on our health. Most people do not have access to retail fish shops that regularly have large size catfish. Liberty Fish Farms will provide these

large sized fish to retailers and therefore consumers.

- Consumers prefer an affordable source of catfish within their area so we will work on our marketing team to have majority of areas covered.

2. SPONSORSHIP, Management and Technical Assistance

Description of Organization

Company Ownership

TOLUWALASE FISH FARM will be a sole proprietorship, owned by the founder, Olawuyi Mary Toluwalase. Miss. Olawuyi plans to manage the business herself for the first three years before employing a paid manager. She is a student who has just had an extensive study of food security and Agriculture in the university and was involved in fish rearing as a means of livelihood with her parents at her early years.

Being a young entrepreneur, she is very keen on healthy eating especially of fish. Her passion to improve the quality of fish in the market led her into the fish farm.

TOLUWALASE FISH FARM will be a privately-owned tropical fish breeding business. We will offer healthy catfish to customers throughout the country. Our customers rarely have access to the healthy fish we offer in their local fish shops.

Start-up Plan

Our start-up costs include expenses for the building purchase and for expensed equipment. The start-up costs will be financed owner investment of initial inventory and equipment. The assumptions are shown in the following table.

Table: Start-up

Table: Start-up	N (naira)

Start-up	
Requirements	
Start-up Expenses	
Legal	N500
Stationery etc.	N50
Insurance	N500
Expensed equipment	N25,000
Other	N0
Total Start-up Expenses	N26,050
Start-up Assets	
Cash Required	N40,000
Start-up Inventory	N900
Other Current Assets	N0
Long-term Assets	N35,000

Company Location

The company is located at Ibadan, Oyo state Nigeria.

Organizational structure

As a matter of fact, profit-sharing arrangement will be made available to all our senior management staff and it will be based on their performance for a period of five years or more as agreed by the

manager of the company. In view of the above, we have decided to hire qualified and competent hands to occupy the following positions;

- Chief Operating Officer
- General Fish and Seafood Farm Manager
- Human Resources and Admin Manager
- Accountant / Cashier
- Sales and Marketing Executive
- Field Employees
- Front Desk Officer

The Products

Description of Product and Services

TOLUWALASE FISH FARM will provide healthy and wholesome catfish for consumption. These fish are commonly consumed in Nigeria. The fish will be sold as market size, ranging in length from 1.5kg and above.

3. MARKET and SALES

Catfish is the major fish cultured in Nigeria because it is found all over the Country, eaten by most tribes, resistant to harsh environmental conditions, commands good price, tasty and can be kept alive for days during marketing. Estimates put the current production output of *Clarias gariepinus* in the Country at over 253,898 metric tonnes per year. With these rates of production new market and value addition to catfish will have to be exploited in order to absorb total production in the future. Apart from smoking and drying, there are no systematic scientific processing and value addition industries that have been developed from the Catfish to meet International market requirements. It is recommended that research efforts be directed to possible small scale industries (Catfish cooking oil, Catfish soap, Catfish body cream, Catfish

fillets) that can be developed from Catfish. For production to meet the local and international standards at reasonable price, farms have to be certificated. This requires the establishment of standards and offering them for adoption, educating the farmers, feed makers, fingerling producers and marketers on the best practices. As a matter of fact, one of the new trends is that with the recent advancement in technology, fish and seafood farmers can now comfortably predict and produce the quantities of fish and seafood they want to produce per time from their hatchery.

4. TECHNICAL AND FEASIBILITY, Resources and Environment

The projects (production of fresh fish, drying and packaging & production of fish feeds) are technically feasible. Technology does not have a direct impact on our fish production. However, the advancement of technology will help us to be easily located on the internet and make orders on our farms.

For the drying aspect of the fish, Kiln method can be used. This is a type of oven or furnace that produces temperatures sufficient for burning, baking, or drying. It uses either electricity, gas, wood or charcoal as the source of heat

The pelletizing machine and dryer would enable me to prepare my own feed which would be cheaper in the long run, thereby increasing my profit. This is because imported fish feed is expensive and would reduce the profit margin if depended upon throughout the six months grow-out period

- **Competition analysis**

Catfish farming industry is still in its infancy in Nigeria, with the commodity very expensive because it is insufficient to go round. Most of the practitioners do it on a small scale in their backyards and near their houses. With enough financing, the country would begin to witness large scale fish farming running into hundreds of million naira. The cost of imported fish feed is very high now because of the high cost of the dollar. This, in turn, makes the fish unaffordable by the common man. With growth over time and encouraging national agricultural finance policy, we

desire venturing into commercial local fish feed production as soon as possible so that we can have a first-time advantage.

Most fish farmers around us depend on imported fish feed with its huge overhead cost. We intend to formulate our own feed which will be nutritive enough but cheaper, translating into higher profits even when we sale cheaper. Although all the fish farmers put together cannot yet saturate the market because all of us are currently very small scale farmers. So competition is too early to be given consideration in catfish production in the Nigerian contest, but we shall prepare ourselves in readiness. Imported frozen fish is not catfish and tests different.

Of cause, we still envisage indirect competition, from meat, example beef, pork, chicken, snail, goat meat, frozen fish, stock fish. Again, meat tests different from fish. Other fish farmers are excluded because, put together, we cannot produce enough for now. The competition is only on certain customers because a customer who wants point-and-kill must have catfish or nothing at all.

There is a need for us to constantly be at the edge of competition as an alternative to the more established brands, this may become a difficult task for us and threaten our existence in the industry.

Competitive Analysis would have been necessary had it been that fish farming business has become institutionalized in Nigeria, but the reverse is the case.

- **TARIFF and Import Restriction**

Forex restriction on fish importation and Change in government regulations will most likely favor the project under consideration as it must be ban on imported fish. There is no way change in the economy, no matter how bad, would affect total rejection of catfish by man.

- **Market Potential**

Catfish is the major fish cultured in Nigeria because it is found all over the Country, eaten by most tribes, resistant to harsh environmental conditions, commands good price, tasty and can be kept alive for days during marketing.

A good proportion of the country's population are awakened to the benefits of eating only healthy fishes because of the benefits it has on our health. Consumers prefer an affordable source of catfish within their area so we will work on our marketing team to have majority of areas covered.

- **Profitability**

Weather, biological, chemical, physical and environmental factors such as temperature, sunlight, water, air, climate factors, nature of bottom soil, feed and feeding procedure, stocking of ponds, pests, diseases, price fluctuations and other risks affect yield and profitability. However, technical, scientific and financial based solutions will be employed to hedge against risks and safeguard profit.

5. 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 fish products will also widen market opportunity. The project will contribute significantly to employment, output increase, stable price and stable exchange rate.

6. Funding Mechanism

- **Important Assumptions**

The financials of this plan are predicated on the following table of assumptions. The tax rate is assumed to be 10%. A loan of \$450,000 is obtained at an interest rate of 10%. The owner plans to invest 100% of the profit realized in the first few years to enhance the business expansion.

- **Table: General Assumptions**

General Assumptions			
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	Year 1	Year 2	Year 3
Tax Rate	10%	10%	10%
Sales	3,800,000	4,200,000	5,000,000
Long-term Liabilities Principal Repayment	99000	99000	99000
Interest rate	10%	10%	10%

- **Key Financial Indicators**

The business should have a net profit percentage more than:

2% First year

30% Second year

35% Third year

7. PROJECTED CASH FLOW

As our breeding stock mature and our reputation becomes known the business will experience increased cash flows. We may expand at this time with the construction of another building adjacent to the original structure.

Table: Cash Flow

Cash Flow			
	Year 1	Year 2	Year 3
	N (naira)	N (naira)	N (naira)
Cash From Operations			
Cash Sales	3,800,000	4,200,000	5,000,000
Subtotal Cash From Operations	3,800,000	4,200,000	5,000,000
Additional Cash Received			
Investors Equity Capital	0.00	0.00	0.00

Owner's Investment	0	0	0
New Long-term Liabilities	450000	351000	252000
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	4,250,000	4,551,000	5,252,000
Expenditures	Year 1	Year 2	Year 3
Expenditures from Operations			
Cost of Sales	200,000	378,000	450,000
Total Operating Expenses	309,000	131,000	131,000
Interest Expense	9000	9000	9000
Tax Incurred	329,100	369,100	441,900
Subtotal Spent on Operations	847,100	887,100	1,031,900
Additional Cash Spent			
Principal Repayment of Current Borrowing	0	0	0
Other Liabilities Principal Repayment	0	0	0
Long-term Liabilities Principal Repayment	99000	99000	99000
Purchase Long-term Assets	0	0	0
Owner's Drawing	0	0	0
Subtotal Cash Spent	946,100	986,100	1,130,900
Net Cash Flow	3,303,900	3,564,900	4,121,100
Cash Balance	3,303,900	6,868,800	10,989,900

- **Gross Profit**

We expect a high degree of profitability from this venture due to high margins and inventory turnover inherent to the industry. Profit in the first year will be lower than projected potential due to the immaturity of two-thirds of the breeding stock and low name recognition within the industry. By September, year 2 all of the breeding stock will have matured and 100% of the projected profit potential will be realized.

Table: Profit and Loss

Profit and Loss			
	Year 1	Year 2	Year 3
	N (naira)	N (naira)	N (naira)
Revenue	3,800,000	4,200,000	5,000,000
Gross Revenue	3,800,000	4,200,000	5,000,000
Total Cost of Sales	200,000	378,000	450,000
Gross Margin	3,600,000	3,822,000	4,550,000
Gross Margin %	95%	91%	91%
Operating Expenses			
Marketing	100,000	100,000	100,000
Legal fees	8,000		
Salary	20,000	20,000	20,000
Start-up costs	170,000		
Rent	10,000	10,000	10,000
Insurance	1,000	1,000	1,000
Total Operating Expenses	309,000	131,000	131,000

Operating Income	3,291,000	3,691,000	4,419,000
Operating Margin	87%	88%	88%
EBITDA	3,291,000	3,691,000	4,419,000
Interest Expense	99000	99000	99000
Tax Incurred	329,100	369,100	441,900
Net Profit	2,862,900	3,222,900	3,878,100
Net Profit/Sales %	75%	77%	78%
Profit and Loss			

8. CONCLUSION

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