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LEVEL: 200 LEVEL

COURSE: AFE 212

ASSIGNMENT

WRITE A BUSINESS PLAN FOR AN AGRICULTURAL ENTERPRISE

**A BUSINESS PLAN FOR THE DEVELOPMENT OF A NEW FARM INTO A HIGHLY PRODUCTIVE HYDROPONIC AT THE YELLOW CHILLI FARM, ABEOKUTA, OGUN STATE BY ELEANOR AGRIBUSINESS VENTURES.**

**Executive Summary**

Eleanor Farm will be in partnership with the government and successful companies developing a small farm into a highly productive hydroponics farm products

Hydroponics is the growing of high-quality tubers, cereal and rice in high-tech, multi-span greenhouses. The produce is grown in 15L bags with a medium used to support the root system. The plants are automatically fed nutrients through irrigation systems. The plants are grown in the best suitable growing conditions, which allows each plant to produce the maximum fruit possible.

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The company will concentrate on the production of cassava, maize and rice in the tunnels, and in time will pursue more selective vegetables and the fresh cut flower market.

**Introduction**

Eleanor Farm will be a project built around professional and experienced businessmen within and outside Nigeria. The development and training of skilled and semi-skilled staff in the hydroponics and food market. The project aim is to carry out intensive and high turnover production, off a small area, while providing work and leadership experience for locals in the community

The company is a combination of cutting edge, high quality, efficient food technology and production. It is committed to the improvement of taste in vegetables and excellent quality and nutritional value. The company will provide education, experience and research in the hydroponic field. This project will supply tubers, cereals and rice for the national and international markets.

**Sponsorship**

The project is being sponsored by University of Agriculture, Abeokuta. The university focuses majorly on agriculture (Crop and Animal Farming). The school is promoting production of food production and supply in Nigeria with wealth of experience in the project that is being proposed.

Eleanor Agribusiness Nigeria Limited will be responsible for management consultancy of the projects.

**Management**

Members of management will be voted by the Board Of Directors. The shareholders and other stakeholders who are concerned with growth and profitability of the business. It is important we look at the going concern of the business. The board will ensure compliance with regulatory authorities at all time. The Managing Director will be concerned with taking business risks and growth of the business. Head of Crop Production Directs and coordinates worker activities, such as planting, irrigation, chemical application, harvesting, grading, payroll, and recordkeeping in the farm. Head of Training, Marketing and Promotion will ensure proper recruitment of staff and advertise our products through the right channels. The Head of Finance & Administration (HF&A) is responsible for managing all the day to day financial administration, grant administration, pensions and payroll activities of the farm as well as ensuring all the statutory accounting and reporting functions are fulfilled.

**Technical Assistance**

The University is a Federal University owned by the Federal Government which gives us access to Federal Ministry of Agriculture and Rural Development.

Food and Agriculture[FOA] an arm of the United Nations will be supporting this project to achieve food security for all and make sure that people have regular access to enough high-quality food to lead active, healthy lives.

OCP Africa will be supporting the farmers with fertilizers.

Development Bank of Nigeria will be supporting us with a low interest loan at 4% per annum.

BIC Farms will be supporting hydroponics farming since they are the pioneers in the business.

**Market and Sales**

Target Market: Because of demand and consumption of our products we will be focusing our business in all regions of Nigeria.

Users Of Products: Household, Livestock Farmers, Users Of Beverages.

**Competition Analysis**

Eleanor’s Farm aims to be the biggest growers of hydroponics in the South-West Region. At present there are very few big growers, minimizing the competition. The advantage of hydroponics on a large scale is the availability to produce maize, rice and cassava all year round in large quantities. This immediately becomes a positive factor with major retail outlets and exporters.

**Tariff and Import Restriction**

Government policies have been favourable for the agricultural sector in terms of; Forex restriction on food importation and zero duty on imported agricultural equipment will favour the project under consideration.

**Market Potential**

With our mass population who majorly feed on these produce and with the introduction of technology we are sure of adding superior value which will bring about strong demand for rice, cassava, and maize in all the regions of Nigeria.

**Profitability**

The temperature in Abeokuta is highly favourable for planting a crop produce. biological, chemical, physical and environmental factors such as temperature, sunlight, water, air, technology, varieties of seed, pests and diseases, price fluctuations and other risks eg herdsmen invasion. However, technological, financial and technical expertise will be employed to mitigate risks and protect profit.

**Technical Feasibility**

Products[Production of Cassava, Maize and Rice] are feasible. In terms of technology our partners will assist in processing of the produce into garri, livestock feed, brewing and distilling.

On the rice, maize and cassava harvest will be done in a mechanized way with our team of management who are highly skilled professional and experienced in their field will ensure quality control. The massive land mass available in Abeokuta close to the school environment. Farm harvest will be done and sourced locally.

Major Competitors like Olam Rice, Ayo-Ola Foods have a large market share but with our market penetration strategy we should be able to break even in the ninth (9) month of the business.

**Government Support and Regulation**

This project works in line with government objective of improving the agricultural sector in terms of support to farmers, access to fertilizers.

The project is aimed at providing employment in the community, food security for the nation, empower farmers into hydroponic form of planting.

The government restriction on forex and no import duty on agricultural products. It has made the business more feasible.

**Project Timeline**

The project will be completed within nine months from March 2020 to December 2020.

**Project Costs and Revenue**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| A |  |  |  |  |
| **FIXED COST** |  |  |  |  |
| **ACTIVITY** | **QTY** | **₦** |  |  |
| Land Clearing | 2 Hectares | 400,000 |  |  |
| Cross Cutting | 2 Hectares | 80,000 |  |  |
| Rome Ploughing | 2 Hectares | 200,000 |  |  |
| SUB TOTAL |  | 680,000 |  |  |
| **TOTAL** | **550 Hectares** | **374,000,000** |  |  |
|  |  |  |  |  |
| B |  |  |  |  |
| **EQUIPMENT** |  |  |  |  |
| **NAME** | **QTY** | **USD** | **₦** |  |
| TRACTOR | 1 | 3720 | 1,488,000 |  |
| FARMING EQUIPMENT | 1 | 2000 | 800,000 |  |
| CASSAVA PLANTER | 1 | 7300 | 2,920,000 |  |
| ANIMAL DROPPING DUG | 1 | 3000 | 1,200,000 |  |
| MULTI PUPOSE HARVESTER | 1 | 9000 | 3,600,000 |  |
| RICE SEEDING PLANTING | 1 | 960 | 384,000 |  |
| **SUB TOTAL** |  | **25,980** | **10,392,000** |  |
|  |  |  |  |  |
| C |  |  |  |  |
| **VECHICLE** |  |  |  |  |
| **Type** | **Model** | **Qty** | **₦** |  |
| Pick Up Van | Hilux 2019 | 2 | 35,000,000 |  |
|  |  |  |  |  |
| D |  |  |  |  |
| **IRRIGATION** |  |  |  |  |
| **NAME** | **QTY** | **MODEL** | **USD** | **₦** |
| Hose Reel | 1 | 180mm | 32050 | 12,820,000 |

|  |  |
| --- | --- |
| **E** |  |
| **WORKING CAPITAL** | **₦** |
| PLOUGHING H/A | 8,000 |
| HARROWING H/A | 12,000 |
| SUB TOTAL | 20,000 |
| **FOR 550HA** | **11,000,000** |
| MECHANIZATION, HYDROPONIC AND STORAGE | 130,000 |
| **FOR 550HA** | **71,500,000** |
| INPUT H/A | 71,725 |
| **FOR 550HA** | **39,448,750** |
| AREA YIELD INSURANCE | 15,500 |
| PRODUCE AGGREGATION | 4,500 |
| GEO SPAITAL SERVICE | 3,500 |
| SUB TOTAL | 23,500 |
| **FOR 550HA** | **12,925,000** |
| INTEREST PER HECTARE | 12,025.50 |
| **FOR 550HA** | **6,614,025** |
| TOTAL COST PER HECTARE | 155,125 |
| **FOR 550HA** | **85,318,750** |
| LOAN PRINCIPAL AND INTEREST | 167,150.50 |
| **TOTAL COST AT 550HA** | **91,932,775** |
| **IRRIGATION COST AT 550HA EXCLUDING FIXED COST** | **22,060,250** |
|  |  |
|  |  |
| **F** |  |
| **AMORTIZATION** | **₦** |
| **Land Clearing Amortization/Hectare** | **22,000** |
| **Land Clearing Amortization Amount 550HA** | **12,100,000** |
|  |  |
|  |  |
| **G** |  |
| **REVENUE** | ₦ |
| **Yield/Hectare 5tonnes @80,000** |  |
| **Revenue/Hectare** | **400,000** |
| **FOR 550H/A** | **220,000,000** |
| **Net Revenue without Amortization for 550ha** | **128,067,225** |
| **Net Revenue with Amortization for 550ha (clearing)** | **115,967,225** |
| **2nd Production Cycle** |  |
| **Net Revenue** | **103,867,225** |
| **Net Revenue with Amortization for 550ha** |  |
| **Annual Revenue (1st+2nd Cycle)** | **219,834,445** |

Currency conversion rate is ₦400.00 to $1

**Funding Mechanism**

Venture capitalist would provide equity for equipment and vehicles purchase where possible equity venture capitalist will provide equity for working capital or otherwise secure loan through government intervention window at the Development Bank of Nigeria.

**Conclusion**

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