

AFE BABALOLA UNIVERSITY

ADO EKITI, ETIKI STATE

COLLEGE OF LAW

DEPT: LAW

BUSINESS PLAN ON AN AGRICULTURAL FARM

(COMMERCIAL CASSAVA FARMING)

BY

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INTRODUCTION

Commercial Cassava Farming is a popular area of farming in Africa as it serves as a major source of carbohydrates (Garri) also in the production of animal feed, laundry starch, biofuel and for medicine. Cassava can easily be cultivated in Nigeria as small scale as well as for industrial use. It is important to note that both human and livestock consume cassava hence the prospects in its farming for small scale or large scale.

Executive Summary

Our registered firm of Royal Farms Limited will be located in Ekiti state of Nigeria. Our feasibility studies, market research coupled with suitable farmland informed our decision to embark on commercial cassava farm with a view to also process for garri etc.

We have access to the appropriate farming equipment and machines while our trained personnel are on ground to provide cutting-edge cassava farming will put quality of product in the front burner while making profit for the stakeholders of Royal Farms Limited who will also provide finance for its take-off.

The directors of Royal Farms Limited have an excellent track record having worked as consultants in the public and private sectors providing expertise in various farming models

Vision statement of Royal Farms Limited

Our noble vision is to become among the notable commercial cassava farms and brand in Nigeria and Africa.

Mission statement of Royal Farms Limited

Royal Farms Limited is an indigenous commercial cassava farm that is determined to cultivate cassava in commercial quantities, and produce garri will be well-packaged in line with best practices to meet global safety and quality standards.

Management Team

Royal Farms Limited has a management team well-trained operational personal personnel that will carry out day-to-day running of the farm.

- Chief operating officer

- General farm manager
- Administration Manager
- Finance & Accounts Manager
- Cassava Cultivation Manager / Supervisor
- Sales and Marketing Executive
- Field Employees
- Front Desk Officer

SWOT ANALYSIS

Royal Farm Limited employed the services of farm consultants to assist with a SWOT analysis and offer appropriate advice. SWOT stands for strength, Weaknesses, Opportunities and Threats.

Our strengths are the latest commercial farming machines, tools and cassava processing equipment with digital systems that guarantees increased output. We have a technically equipped work force in addition to guaranteed large market share.

We do have weaknesses in the fact that Royal Farms Limited is coming to an industry that is Old in Nigeria and will face stiff competition. However, the size of the market is large with more than 80 percent of the population consume cassava product on a daily basis. Cassava has many by-products ranging from laundry starch, animal feeds, to cassava flour which add to opportunities for us.

Threats that confront commercial cassava farmers are bad weather and natural disasters (draughts, epidemics), inconsistent government policies and unfair competitive environment. In spite of these threats, we are optimistic to succeed and achieve desired objectives.

MARKET ANALYSIS

The commercial cassava farming industry is not saturated in spite of the long years of its existence. Improvements brought about by new technology has improved the cultivation of the crop as well as its preservation. Farmers now enjoy increased output due to mechanized form of farming. One major market prospect is that there is a ready market for cassava and its by-products hence guarantees profitability. Above all, our focus shall be to attract consumers of cassava and other industrial users in Nigeria in particular and in the developed economy in general.

Competitive Advantage

There is intense competition in the commercial cassava farming. Royal Farms Limited decided to research pricing, quality produce and efficient delivery to ensure that we have an edge. Our trained employees and excellent relationship are added advantages to our competitive edge.

SALES/MARKETING STRATEGY

Sales is very essential as it determines the level of turnover necessary for profit making. Our strategy is to set up a standard cassava farm equipped with modern tools and equipment to guarantee increased output of quality produce.

The network we have established with big companies that use cassava as major raw material will help boost turnover.

Royal Farms Limited will adopt aggressive marketing strategy to ensure desired sales level is achieved. We shall send introductory letters and brochures to prospective customer; advertise in major culinary magazines; attend and organize seminars, expos and fairs where company and product can be heard of. We would also utilize the internet, direct marketing strategies to reach our customers.

Sources of Income

Royal Farms Limited intends to generate income by taking the following steps;

- Embark on cultivation of various species of cassava since there are organize and no-organic varieties in Nigeria.
- Process Cassava to create prospects for other by-products.

Sales Forecast

Our Projections for sales shall be based on industry expectations and assumption of ‘‘all other things been equal’’. Our pricing policy shall attract buyers to our farm, thereby saving cost of transportation of produce all time.

Financial Considerations

- Incorporation of company with corporate Affairs commission (CAC)
- Insurance policy covers, including workers compensation 200.

- Cost of cassava seedlings.
- Operational costs, salaries, bills.
- Business cards, adverts & promotions.

ROYAL FARMS LIMITED

CASSAVA FARMING

Project timeline

The cassava farming project is expected to be completed within 6 months ie. November, 2020 to April 2021.

Estimated Project Costs and Revenue

A land clearing

ACTIVITY	QTY	₦	K
Land clearing	1 Hectare	50,000	00
Cross cutting	1 Hectare	30,000	00
Rome ploughing	1 Hectare	60,000	00
Sub Total	1 Hectare	140,000	00
Total	400 Hectare	56,000,000	00

(B) Equipment

S/N	DESCRIPTION	QTY	MODEL	USD	₦	K
1.	Tractor	1	Yo To – 904 (90hp)	24,450	8,802,000	00
2	Disc Harrow	1	1BJ-3.0	3,520	1,267,200	00
3	sub soiler	1	Is-200G	3,250	1,170,000	00
4	soy seeder	1	2BFY-6c	4,950	1,782,000	00
5	tripper	1	7cx-8T	9,450	3,402,000	00
6	combine Harvester	1	4y z-6	103,500	37,260,000	00
7	Boom sprayer	1	3W-1000L-18	6,950	2,502,200	00
8.	Front Loader	1	Tz10D	6,570	2,365,200	00
	SUB TOTAL			159,390	57,380,400	00

(C) Vehicle

S/N	Description	Qty	Model	₦	K
1	Pick up truck	2	Hilux	30,000,000	00

(D) **Irrigation**

TYPE	QTY	MODEL	USD	₦	K
Hose Reel	1	140-440 MT	28,186	1.0146,960	00

(E) **Operating Cost**

WORKING CAPITAL	₦	K
Ploughing /Ha	60,000	00
Harrowing /Ha	30,000	00
Sub Total	80,000	00
For 400 Ha	36,000,000	00

Mechanization and storage for 400	105,000 42,000.00	00
Input /Ha	91,825	00
for 400 Ha	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 400 Ha	9,400,000	00
Interest per hectare	22,079	00
for 400 Ha	8,831,700	00
Total cost per hectare	245,325	00
Total cost for 400 Ha	98,130,000	00
Loan Principal & interest (cost per Hectare)	267,404	00
total for 400 Ha	106,961,700	00
Irrigation cost for 400 Ha (excluding fixed cost)	24,081,120	00

Amortization	₦	K
Land clearing amortization (Per hectare)	50,000	00
Land clearing amortization (400 Per hectare)	200,000,000	00

Revenue

Yield per hectare @ N200,000	N	K
Revenue per hectare	600,000	00
for 400 Ha	240,000,000	00
Net Revenue for 400 Ha (without amortization)	240,000,000	00
Net revenue with amortization (400ha clearing)	220,000,000	00
2nd Production cycle		
Net Revenue	170,000,000	00
Net revenue with amortization 400 Ha land		
Annual net revenue (1st + 2 nd cycle) currency conversion rate: N360 to 1USD	390,000,000	00

CONCLUSION

Looking at the above analysis, the long term solvency, efficiency and stability of the firm seems exceedingly promising. These are set of ratios that re-assure investors of the sustainability of the venture. The viability and the feasibility of the project has been tested from the above evaluation. This project looks very viable and is worthwhile to commit resources to it.