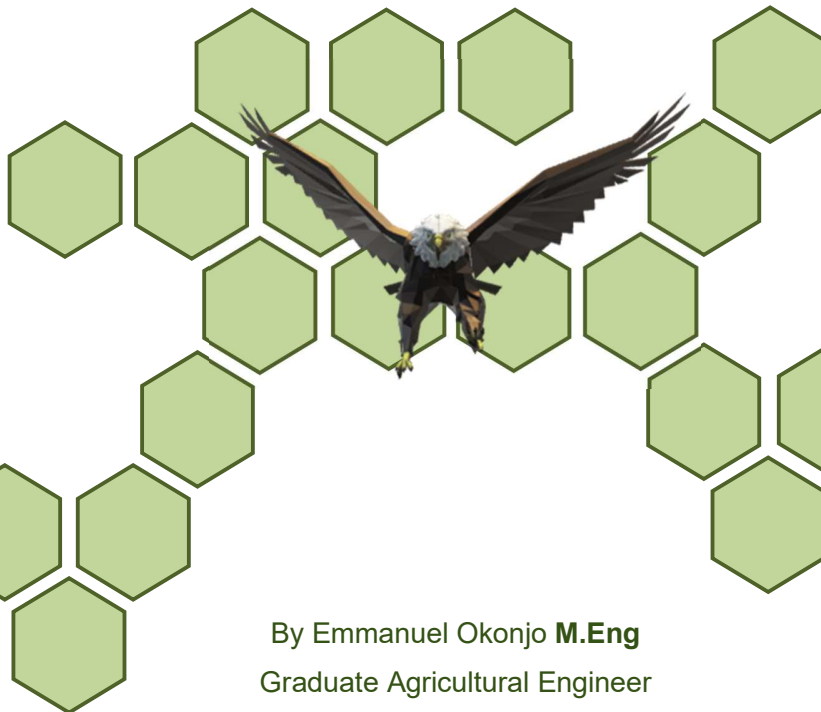


Poultry Agriculture Project



Business Case Report



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Date of Visit: 05-10-2020

Version No: Iteration Two

Date: Tuesday 21th April 2020

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Executive Summary

The majority of businesses, on average, do not start turning profit until as late as the third year. Many innovative companies in traditional sector such as agriculture which typically require a large capital outlay to get off the ground may take years to achieve profitability. According to Marcia Smith (2013). It can take years to be profitable but it does not mean you are a failure. Although profit during your first year of trading should always be welcome of course, they should not be expected nor should you be relying on them. If you believe in your business plan and financial projection and stick to them, then you are going to hit profit in the next year. Business plan also carries the projection of the company in the next three to ten years depending on the feasibility study, factors considered and their future projections/goals. We intend to get to a point where every material required for livestock production and management is available and produce by the company. We have below some of the target we have set out for ourselves and we believe we can achieve it in no shortest time.

- Production of Farm equipment
- Sale of poultry vaccine, drugs, feed and supplement.
- Incubating eggs for chick production
- Rearing of layers with automated battery cage.
- Feed Mill Operation.

Aim

To set up a poultry business for meat production.
To create employment.

Objective

To raise a 2000 size broiler with deep litter system for sale

Work Plan

Allocation of Land
Erection of buildings/pen
Purchase of feeds and birds
Marketing and distribution

Factors for Consideration

Capital
Availability of land
Type and Size of production
Accessibility to and volume of market
Availability of feed to stock

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Business Case



Personal interest in the poultry business
Free environment
Number of people to be employed

Input

Feeds
Drugs
Generator
Sawdust/ Wood shaving
Feeding and drinking trough

Target Market

Hotels
Fast foods/Eateries
Broiler merchant
Frozen market

Production Cycle

5 cycles per annum

Expected Output

Sale of 2000 birds/boilers in 5 cycle year will generate above 15 million naira annually

Personnel

- Mechanical Engineer
- Veterinary doctor
- Agricultural Engineer
- Craftsmen
- Hire labour
- Artisan
- Civil Engineer
- Financial Accountant

Budget for the first year

	Task/Activity	Location/Status	Budget (₦)	Task Team	Role
1	Renting of land 1 hectare of land (4 plots for 1 year)	Interior village in Lagos	600,000	Civil Engineer Agric Engineer	Mapping out the best area suitable for agriculture
2	Purchase of bags of feed 400bags @ ₦ 3500 (1 year)	Top feed/ Animal care Office, Lagos	7,000,000	Vet. Doctor Agric Engineer	To check the quality of feed
3	Purchase of Birds (Chi or Zarm Chicks) 2000 chicks @ 250 per chick(2 months)	Chi/Zarm Office, Lagos	2,500,000	Vet. Doctor Agric Engineer	To check the status and health of birds
4	Construction of Pens (4000-5000 broilers)	Lagos	7,000,000	Civil Engineer Agric Engineer Craftsmen Elect Engineer	Design and Development of the pen
5	Purchase of Drugs and Vaccine (10% of feed) (1 year)	Lagos	700,000	Vet. Doctor Agric Engineer	To ensure the proper drug for the particular week
6	Purchase of Drinkers and Feeders(iron feeder and Plastic drinker)	Lagos	200,000	Vet. Doctor Agric Engineer	To ensure good and proper trough
7	Water Supply (420L @ ₦ 4200 for 1 year)	Lagos	21,000	Agric Engineer Craftsmen	To ensure proper pure water or medicated water
8	Labour(3 labourers @ ₦ 10,000 per month each for 1 year)	Lagos	360,000	Causals	To take care of the birds and provide security.
9	Generator(petrol engine @ ₦ 145 for 1L	Lagos	78,663	Mech Engineer Agric engineer	To ensure lightening of the pen
10	Inputs (wood shaving for 1 year)	Lagos	20,000	Casuals	For bedding
10	Total Budget		18,479,663		

N/B: The Cost can be subject to change due to environmental and economic factors.

Business Plan for Three Years

S/N	TASK/ACTIVITY	1 ST YEAR (₦)	2 ND YEAR (₦)	3 RD YEAR (₦)
1	Renting of Land	600,000	600,000	600,000
2	Purchase of Feed	7,000,000	8,400,000	9,800,000
3	Purchase of Chicks/birds	2,500,000	3,750,000	4,375,000
4	Construction of pen	7,000,000		
5	Drugs	700,000	800,000	850,000
6	Purchase of drinkers and Feeders	200,000		100,000
7	Purchase of water supply	21,000	31,500	36,750
8	Labour hire	360,000	360,000	360,000
9	Petrol	78,663	78,663	78,663
10	Input	20,000	20,000	20,000
	TOTAL EXPENDITURE	18,479,663	14,040,163	16,220,413

Assumptions:

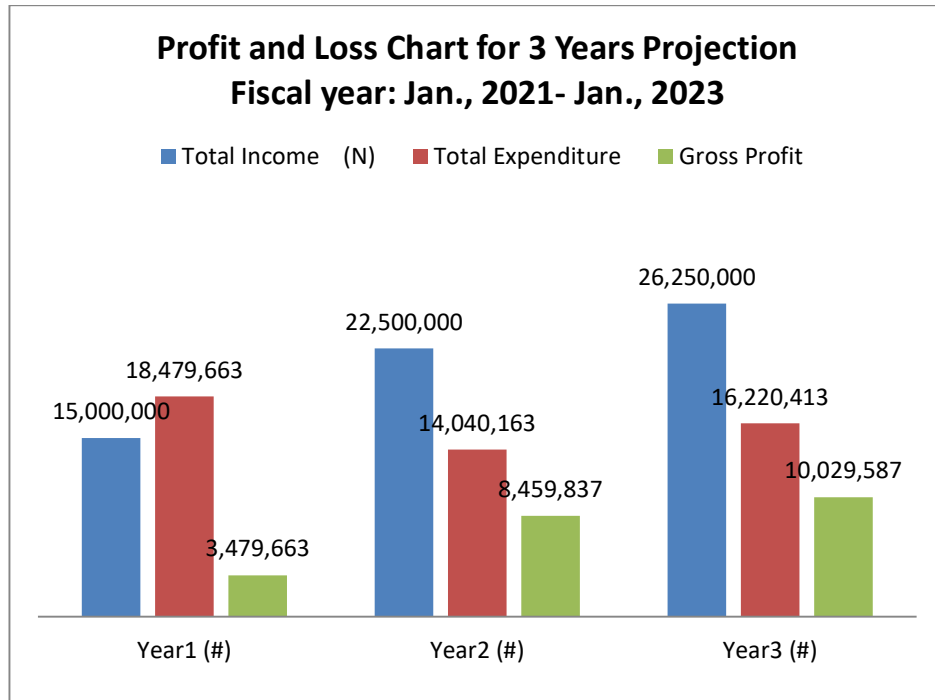
- 1) There was an increase in birds from 2000(1st year) to 3000(2nd Year) to 3500(3rd Year) No inflation cost
- 2) Agricultural business is exempted from tax from the first four year of existence.
- 3) There is no increment in commodity.

Income Statement:

PARTICULAR	YEAR 1 (₦)	PARTICULAR	YEAR 2 (₦)	PARTICULAR	YEAR 3 (₦)
2000 birds @ ₦1500	15,000,000	3000 birds @ ₦1500	22,500,000	3500 birds @ ₦1500	26,250,000
Total Income	15,000,000		22,500,000		26,250,000

Gross Profit:

PARTICULAR	YEAR 1 (₦)	YEAR 2 (₦)	YEAR 3 (₦)
INCOME	15,000,000	22,500,000	26,250,000
EXPENDITURE	18,479,663	14,040,163	16,220,413
GROSS PROFIT	-3,479,663	8,459,837	10,029,587
GROSS INCOME PERCENTAGE	-	66.7%	85.7%



From the figure above, it shows that the expenditure (cost) outweigh your revenue within your first 12 months (1 year) which is because of the initial one off cost (building of pen and input material) associated with starting a business. The second year shows an increase in income and profit by 67% with a reduction in expenditure because of some costs that are fixed and has been taking care off in the first year. In the third year, the income increase by 86% compared to the second year which is a sign of growth in the business.

Conclusion:

Most of the information given here where source from poultry farmers in Lagos, Ibadan and Anambra state respectively. This information are first hand and reliable for a workable poultry business system for starters.

Recommendation:

- It is recommended that starters begin with 2000 – 2500 broilers for a start depending on their capacity.
- Switch over to automated deep litter system for increase production.

Questions

Why are we buying and selling the chickens, can't we also use some to produce eggs for sale?
Are there any other uses for the chickens that can make better use of funds and generate income?