NAME: ARANSIOLA GRACE OLUWADUNSIN

MATRIC NUMBER: 18/SCI07/002

COLLEGE: SCIENCE

DEPARTMENT: AGRICULTURAL SCIENCE

COURSE CODE: GST 212

COURSE TITLE: INTRODUCTION TO ENTERPRENEURSHIP

ASSIGNMENT TITLE: BUSINESS PLAN

TITLE:

BUSINESS PLAN ON WASTE COLLECTION

PREPARED BY:

JOSELI ENVIRONMENTAL AGENCY

FOR:

BANK OF INDUSTRY

OSOGBO BRANCH

NOTE:

KINDLY ENSURE THAT THE DATA/INFORMATION IN THESE DOCUMENTS ARE KEPT CONFIDENTIAL.

TABLE OF CONTENTS.

1. Executive Summary

Joseli Environmental Agency is an organization that is concerned about the environment and its cleanliness. Ile-Ife as a case study, located in Osun State popularly known as the origin of the Yorubas has been studied and observed. It was discovered that the rate of pollution is high mainly due to the poor collection of household wastes. The poor collection is not due to the absence of environmental agencies but it is caused by inadequate environmental agencies and the high cost of waste collection. Joseli Environmental Agency has decided to help solve this problem in Ile-Ife by collecting household wastes for free and then recycling wastes and using them for the business. The cost of collecting the wastes will be for free with the condition that they will properly separate the wastes into metal craps, biodegradables and recyclables; and every three months the best house in separation will be rewarded. This will encourage other houses, thereby advertising us too and creating more business. Therefore, satisfying the masses, having an edge over competitors and then generating profits from business.

2. Introduction.

Joseli Environmental Agency is the name of the company, established to ensure environmental cleanliness. It is located at No 8, Zone 1, Awosun, Ile-Ife, Osun State. The Business is interested in sustainable environment.

3. Description of the Venture.

Joseli Environmental Agency drives to provide metal craps, recyclables, and biodegradable materials starting with six hundred (600) houses in the communities of Modomo, Ejigbo and Adesanmi which have been observed to be the most polluted. The business plans to work in other communities as business gradually expands. The target market for these produce are Iron and Steel Rolling, Tissue producing factory, Paper making factory, Recycling companies, Bottling Companies and Farms. The company can provide any form of waste needed and in the standard of these companies and also to ensure that customers from whose houses wastes are being collected benefit so as to increase profitability in business.

4. Environmental and Industry Analysis.

In Ile-Ife, there are waste collectors even though they are few. This leads to the monopoly character of the waste collector, thereby charging high to collect waste. However, there has not been any waste collecting agency collect wastes for free and Joseli Environmental Agency being the first, gives an edge over other competitors.

The technology in Joseli for processing wastes to the standard of the factories, companies and farms is the first in Osun State and among the few in Nigeria, which makes the agency to be at more advantage when compared to others.

5. Market Analysis.

The agency would concentrate its marketing efforts on Iron and Steel Rolling, Tissue producing factory, Paper making factory, Recycling companies, Bottling Companies and Farms; and getting wastes from Ejigbo, Adesanmi and Modomo communities. These communities are highly populated which causes the high rate of pollution; thereby creating much for business, and will make business effective with target market.

6. Strategic Human Resources Planning.

At take-off, the business will operate on a single line comprising of truck, vehicle, and waste processing machines.

Two (2) drivers for the truck and for the vehicle, five (5) waste collectors, five(5) workers that are involved in the processing and packaging of wastes. Two (2)cleaners for the offices and two (2) security guards for day and night shift. The Manager will as well be the Supervisor but as the business expands, the Supervisor will be separate from the Manager. The Secretary to the Manager and then the Accountant. The compensation package for five year structure is on the table below:

Title	Year 1	Year 2	Year 3	Year 4	Year 5
Manager/Supervisor	1	1	1	1	1
Secretary	1	1	1	1	1
Accountant	1	1	1	1	1
Waste Collectors	5	5	5	5	5
Waste Packagers	5	5	5	5	5
Drivers	2	2	2	2	2
Cleaners	2	2	2	2	2
Security	2	2	2	2	2

PROJECTED TOTAL COMPENSATION PACKAGE PER ANNUM.

Manager/Supervisor - 300,000

Secretary - 200,000

Accountant - 120,000

Waste Collectors - 80,000

Waste Packagers - 80,000

Drivers - 65,000

Cleaners - 45,000

Security - 45,000

7. Production Plan.

The production plan of waste collection involves all the processes of the collection. Joseli collects wastes in communities for free on the condition that the wastes will be properly sorted and separated. These separated wastes are being achieved by providing three (3) dust bins for each of the six hundred (600) houses. The dustbins are differentiated by colour; red, blue and green. Green is for biodegradable materials like peels of food, leaves, food stuffs and so on; Red is for metal craps like sharp objects, iron, etc. ; Blue is for recyclables; this was to make it easy so that even the uneducated could also separate their wastes. The separated wastes are then taken by the truck to where they are processed and packaged and afterwards, then to the factories, companies and farms where they are needed.

8. **Marketing Plan**

The companies, factories and farms that the packaged wastes are being sold to, have been secured and in order to always ensure security, their standard and requirement will always be met. Newsgroups that will provide specific information about the competitors, and this will help to know more about the market. This is done to ensure security of market.

9. Organization Plan

The form of ownership shall be proprietorship. Proprietorship is when the sole proprietor has no separate legal identity of its own and is liable for the debts and losses of the business.

10. Assessment of Risks and Problems

In our research efforts, some of the noticed potential risks are:

- Health Hazard
- Unpredictable Occurrences
- Unsecured Market
- Power Supply

Health hazard because of wastes has been resolved by provision of protective wears and materials, training on how to protect themselves and also regular medical check-ups.

Unpredictable occurrences like faulty vehicle due to accident or other reasons, is covered by plan B of another vehicle

Unsecured market is prevented by ensuring security of market from competitors.

For Power Supply, 100KWA generator shall be procured.

11. Financial Plan

Joseli Environmental Agency Profit and Loss Account for two (relevant) years of the three years' plan

YEAR ONE

Raw materials & Components			**#_'000**
Opening Stock			-
Purchases			21,000
Carriage on purchase			500
			21,500
Closing Stock			(800)
Issued to production			20,700
Direct labour			300
Other direct expenses			50
Prime Cost			21,050
Work overloads			
Rates		150	
Insurance		200	
Heat, light, power		1,200	
General repairs in the factory		400	
Miscellaneous		150	2100
Cost of production in year one			23,150
Work Cost of Goods Output			#
Cost of Sold goods			23,150
Sales			30,500
Gross profit			7,350
Administrative/selling expenses		1900	
Rent	200		
Distribution expenses	400	(2500)	

Profit before interest and tax	4850
Interest on loan	(900)
Net profit before tax	3950
Taxation	1185
Profit after tax	2765

Joseli Environmental Balance Sheet for (Relevant) Two years

Year One

	#	#	#
Fixed assets	Costs	Dep	
Agency machine and	6000	2000	4000
Office equipment			
Current assets			
Closing Stock (raw materials)		800	
Debtors		3000	
Cash		1500	5300
Current liabilities			
Creditors		1500	
Loan		4000	4500
Working capital			800
			5965
Financed by:			3200
Capital:			2765
Net profit			5965

Joseli Environmental Agency Profit and Loss Account

Year Two

Raw materials & Components	**#_'000**
Opening Stock	800
Purchases	25,000
Carriage on purchase	700

			26,500
Closing Stock			(900)
Issued to production			25,600
Direct labour			500
Other direct expenses			70
Prime Cost			26,170
Overhead			
Rates		150	
Insurance		200	
Heat, light, power		1,520	
General repairs in the factory		500	
Miscellaneous		250	2620
Cost of production in year one			28,790
Work Cost of Goods Output			#
Cost of Sold goods			28,790
Sales			35,500
Gross profit			6,710
Administrative/selling expenses	1400		
Rent	200		
Distribution expenses	500	(2100)	
Profit before interest and tax		4610	
Interest on loan		(500)	
Net profit before tax		4110	
Taxation		1233	
Profit after tax		2877	

Joseli Environmental Balance Sheet for (Relevant) Two years

Year Two

	#	#	#
Fixed assets	Costs	Dep	
Agency machine and Office equipment	4000	2000	2000

Current assets		
Closing Stock (raw materials)	900	
Debtors	3200	
Cash	1750	5850
Current liabilities		
Creditors	850	
Loan	2000	2850
Working capital		3000
		6077
Financed by:		3200
Capital:		2877
Net profit		6077

12. Evaluation, Recommendation and Conclusion

To be able to make an objective and scientific recommendation and conclusion, we shall analyze the financial statement using financial ratios.

(A) Liquidity Ratio

(a) Current Ratio $= \dfrac{\text{Current Assets}}{\text{Current liabilities}}$

Year 1	**Year 2**
$\dfrac{5300}{4500} = 1.18$	$\dfrac{5850}{2850} = 2.05$

(b) Acid Test Ratio $= \dfrac{\text{Current Assets-Stock}}{\text{Current liabilities}}$

Year 1	**Year 2**
$\dfrac{5300-800}{4500} = 1$	$\dfrac{5850-900}{2850} = 1.74$

The liquidity position looks impressive since it improved from year one to year two.

(B) Profitability Ratio:

(a). Gross profit margin = $\frac{\text{Gross profit x 100}}{\text{Sales}}$

Year 1

$\frac{7350 \times 100}{30500} = 24.1\%$

Year 2

$\frac{6710 \times 100}{35500} = 18.9\%$

(b). Net profit margin = $\frac{\text{Profit Before Interest and Tax (PBIT)}}{\text{Sales}}$ x 100

Year 1

$\frac{4850 \times 100}{30500} = 15.9\%$

Year 2

$\frac{4610 \times 100}{35500} = 13\%$

Although, the profit margin seems not impressive, but looking at the expenses incurred through power generation, if government efforts in infrastructural development improves, particularly power, the sky is the limit for this venture.

(C) Long term Solvency, Efficiency and Stability Ratio

(a) Fixed Interest Cover = $\frac{\text{PBIT}}{\text{Fixed interest}}$

Year 1

$\frac{4850}{900} = 5.4: 1$

Year 2

$\frac{4610}{500} = 9.2: 1$

(b) Return on Total Assets = $\frac{\text{PBIT x 100}}{\text{Total Assets}}$

Year 1

$\frac{4850 \times 100}{9300} = 52.2\%$

Year 2

$\frac{4610 \times 100}{7850} = 58.72\%$

(c) Total Assets Turnover: $\frac{\text{Sales}}{\text{Total Assets}}$

Year 1

$\frac{30500}{9300} = 3.3: 1$

Year 2

$\frac{35500}{7850} = 4.5: 1$

Looking at the above analysis, the long term solvency, efficiency, and stability of the firm seems exceedingly promising. These are sets of ratios that re-assure investors of the sustainability of the venture.

The viability and feasibility of the project has been tested from the above evaluation. This project looks very viable and is worthwhile to commit resources to it.