

**CHRISTIAN SERVICE UNIVERSITY COLLEGE – KUMASI**

**DEPARTMENT OF BUSINESS STUDIES**

**BACHELOR OF BUSINESS ADMINISTRATION**

**TAGET COMPANY LIMITED**

**BY**

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**THEOHPILUS ANUM**

**DECEMBER, 2011**

**CHRISTIAN SERVICE UNIVERSITY COLLEGE – KUMASI**

**DEPARTMENT OF BUSINESS STUDIES BACHELOR OF BUSINESS  
ADMINISTRATION**

**TARGET COMPANY LIMITED**

**A BUSINESS PLAN SUBMITTED TO THE DEPARTMENT OF BUSINESS  
STUDIES OF CHRISTIAN SERVICE UNIVERSITY COLLEGE, KUMASI IN  
PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE COURSE  
CSAD 443 TEAM BUSINESS PROPOSAL**

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## STATEMENT OF AUTHENTICITY

We have read the Christian Service University College's regulations relating to plagiarism and certify that this Business plan is our work and do not contain any unacknowledged work from any other source. We also declare that we have been under supervision for this Business Plan herein submitted.

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## **EXECUTIVE SUMMARY**

TAGET Company Ltd will be established as producer of doors and architraves. We will specialize in custom doors and architraves for residential and commercial segments of the market. Our initial plan is to purchase semi-finished doors from selected furniture producing firms and give it perfect finish that will satisfy our customers' definition of quality at competitive price.

Our team of leadership is headed by Mr. Tahiru Alhassan, the General Manager. Mr. Yaw Amankwa the production Manager, Administration and Accounts will be headed by Mr. Samuel Asante, and Mr. Kojo Asemeni heads the Marketing Department.

The Ghanaian market has an estimated annual income from doors of GH¢102,122,280 if this is shared on regional population basis; the Ashanti Region will have approximately GH¢13,337,100.00. We plan to penetrate the market and take 3.0% of the Ashanti region share and expect to grow it on a 5.0% basis over the next two years after the first year. We believe that with the expansion of the real estate sector in Ghana, the desire of individuals to build their own houses and government's desire of building affordable houses will give us the opportunity of realizing these targets.

Our company will earn revenue from the sale of our well crafted and designed doors and architraves. Our gross profit margin will be 23% - 25 within the first three years. We will achieve break even in the second year and make minimal profit in the same year.

The company requires an initial capital outlay of GH¢46,000 which has been provided by the owners and additionally made available additional cash of GH¢44,000 as working capital for the business. The company will be able to operate with these funds without credit financing in the short term.

### ***Mission Statement of TAGET***

To become the best in the industry, bringing the best to our cherished customer through continuous commitment to quality wood processing, design and high-end finished product at competitive price. We value our current and future clients and hope to communicate our appreciation through our outstanding, guaranteed product quality, personal service and efficient delivery. Our commitment to our customers and country will be reflected through responsible and honest business.

### ***Vision Statement of TAGET***

- Provision of high-finished doors to clients in the Ghanaian market.
- Successfully penetrate the targeted market.
- Secure contracts to achieve projected sales goals.
- To establish a solid reputation as an industry leader.
- Becoming a profitable company.

### ***Core Values of TAGET***

**T** - Believe in working together as a TEAM in success.

**A** - Producing of products at AFFORDABLE prices.

**G** - Creating GOOD-WILL in the community in which we operate.

**E** - Designing of EXCELLENT doors and architraves.

**T** - Being TIME conscious by meeting customer orders.

# TABLE OF CONTENT

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<b>Content</b>	<b>Page</b>
<b>EXECUTIVE SUMMARY</b>	<b>i</b>
<i>Mission Statement of TAGET</i>	iii
<i>Vision Statement of TAGET</i>	iii
<i>Core Values of TAGET</i>	iii
<b>1.0 ORGANIZATION</b>	<b>1</b>
<i>The future direction of TAGET</i>	1
<i>Business Strategy</i>	2
<b>2.0 PRODUCT IDEA &amp; RELISATION OF SCHEDULE</b>	<b>3</b>
<i>2.1 Product Idea</i>	3
<i>2.1.1 Unique Features of Product/ Service</i>	3
<i>2.2 Realization of Schedule</i>	4
<b>3.0 MANAGEMENT TEAM</b>	<b>5</b>
<i>3.1 Other Key Personnel</i>	6
<i>3.2 Organizational Chart of TAGET</i>	6
<b>4.0 MARKET ANALYSIS</b>	<b>7</b>
<i>4.1 Business System &amp; Operations</i>	7
<i>4.1.1 Manufacturing operations</i>	7
<i>4.1.2 Operation unit</i>	7
<i>4.1.3 The spraying and finishing unit</i>	8
<i>4.2 Competitor Analysis</i>	9
<i>4.2.1 Political Factor</i>	9
<i>4.2.2 Economic Factor</i>	10
<i>4.2.3 Socio-Cultural Factor</i>	10
<i>4.2.4 Technological Factors</i>	10
<i>4.3 Swot Analysis.</i>	11
<i>4.3.1 Strength</i>	11
<i>4.3.2 Weakness</i>	11
<i>4.3.3 Opportunities</i>	12
<i>4.3.4 Threats</i>	12
<i>4.4 Segmentation</i>	13
<i>4.5 Target Market</i>	14
<i>4.6 Marketing Mix</i>	14
<i>4.6.1 Product</i>	15
<i>4.6.2 Promotion</i>	15
<i>4.6.3 Place</i>	15
<i>4.6.4 Pricing</i>	15

5.0	<b>FINANCIAL ANALYSIS</b>		16
5.1	<i>Assumptions</i>		16
5.2	<i>Risk Analysis</i>		16
5.2.1	<i>Risk Management</i>		17
5.2.2	<i>Break Even Analysis</i>	20	20
5.3	<i>Projected Income Statement</i>		20
5.4	<i>Cash Flow Statement</i>		21
5.5	<i>Statement of Financial Position as at December 31</i>		22
	Table 1: <i>Other Key Personnel</i>		6
	<i>Fig. 1: Market Share</i>		13



## 1.0 ORGANIZATION

TAGET Company Ltd as a limited liability company was registered under the companies code 1993 (Act 179) by the Registrar general Department in Kumasi on 30th November, 2011. The company is registered under Vat Service with VAT registration NO. 633A000255 under the VAT law, Section 19 of the Vat Act 1998, (Act 546) and Regulations 19 and 37 of the Vat Regulations 1998, (L.I. 1646).

TAGET Co. Ltd. has restricted itself to only one line of product: producing of doors with architraves.

### **The future direction of TAGET:**

- i) To expand our operation in 4 (four) regions within Ghana in the next five years.
- ii) To achieve 15% growth rate within the industry in the year 2020.

We intend to commence operations within the first week of January, 2012. TAGET Company Ltd is a small limited liability company.

The company is owned by five (5) young, vibrant, and energetic undergraduate students of Christian Service University College and managed by Tahiru Alhassan.

The operation units of the company consist of marketing unit, administration/finance unit, and production unit.

## **Business Strategy**

To achieve our business goals, we will implement highly efficient operations processes. We plan to promote TAGET manufacturing with an aggressive, targeted marketing campaign. This will include a media campaign, print and online advertising and a targeted direct-mail campaign. In addition, we will focus heavily on establishing our presence within the industry at relevant trade shows.

## **2.0 PRODUCT IDEA & RELISATION OF SCHEDULE**

### ***2.1 Product Idea***

The furniture industry in Ghana has been experiencing problem of low quality, excellent finishing and durable doors leading to the importation of doors and other furniture products from China into the Ghanaian market.

We intend to produce a comprehensive line of attractive, quality and durable entry doors and architraves that add value to every home, hotel, hostel, office, school and others. Our extensive line of products (door and architrave) comes in a range of panel designs that are sure to enhance any style or design need.

We have three varieties of wood species which our customers shall have a choice from. These species are Mahogany, Manzonian and Teak. Fortunately we have these in abundance in the country to enable us to sustain our business. The choice of these species comes from the variations and grains that complement today's flowering and furniture.

Continuous product improvement through learning will allow us to listen to feedback from our customers in order to provide them with the best quality and durable door and architraves in the market.

#### **2.1.1 Unique Features of Product/ Service**

What makes our doors unique is our flexibility in style and our ability to provide high volumes while maintaining a quality door with excellent finishing backed by excellent delivery service. The company service differentiation lies in our commitment to meeting

customer delivery deadlines and producing doors that meet the requirement of our customers.

Our customers are dear to us, and we are up ahead ready to exceed their standard, we are committed to continuously review our operations and plough out possible challenges that may arise through learning. TAGET Company will standardize its door with measurement within the selling range. Width - 30” to 33, Height-80” to 84” and Thickness size 40mm.

## ***2.2 Realization of Schedule***

- Locate and lease suitable manufacturing facility.
- Purchase of machinery, equipment suppliers.
- Hire skilled labour complete our teams start operations.
- Set-up showrooms.
- Successfully penetrate the target market.
- Secure contracts to achieve projected sales goals.
- Breakeven and become profitable in the second year.
- Establish a solid reputation in the industry.

### 3.0 MANAGEMENT TEAM

The success of TAGET lies basically on the overall administration of the company which we believe will enhance the growth and promote the image of our business.

The Management Team of the company comprises the General Manager (Mr. Tahiru Alhassan) with a Ten-year working experience as General Manager, with Scanstyle Mim Ltd. He sees to the routine work of the company and reports to the shareholders/Board of Director all vital formal matters that transpire in the company.

The Production Manager (Mr. Yaw Amankwaa), Accountant (Mr. Prince Owusu) and the Marketing (Mr. Kojo Asemeni) Manager are all Higher National Diploma (HND) holders in their field of operation with 6 years, 4 years and 5 years respectively.

The Production Manager is responsible for the Production Team i.e. receiving of semi-finished goods, and transforming them into finished goods (doors and architraves). The day-to-day book keeping, administration, costing and financial statements etc. are also in the care of the Accountant. The one liable for sales and marketing of the company's products, enhancing good human relationship between the firm (TAGET) and the outside world (clients) and the preparation of sales budget is the duty of Marketing Manager.

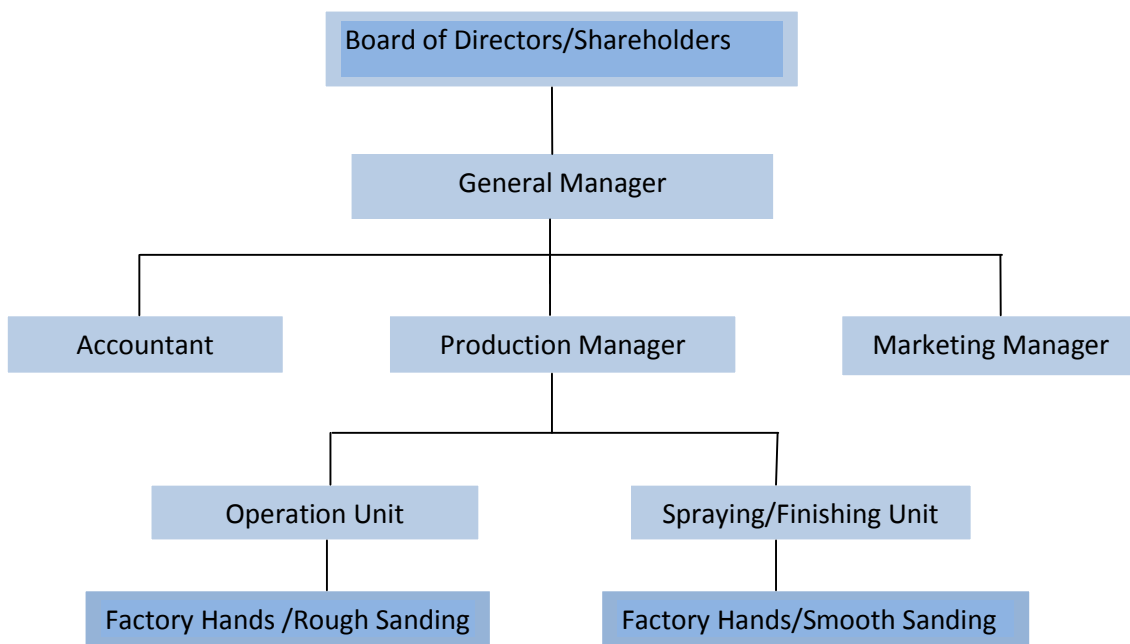
The management team of TAGET Company Ltd. will see to the implementation of the plan in the first year.

### 3.1 Other Key Personnel

**Table 1: Other Key Personnel**

Category	Number	Qualification	Job Description
Factory Hands/Labourer	4	JHS Leavers	Rough and Smooth Sanding
Security	1	O'Level	Safe guarding company's assets.

### 3.2 Organizational Chart of TAGET



## **4.0 MARKET ANALYSIS**

### ***4.1 Business System & Operations***

Doors and architraves are the core products of TAGET Co. Ltd. We will produce single doors, one and half, double door and architraves. TAGET will outsource from Ultisima Wood Ltd., Samestero Furniture Co., Wiafe Company Ltd. and others to cut the specific shapes and sizes to enable TAGET Co. Ltd to meet its customers demand timeously and production schedule without having to go through any challenges of raw material sourcing and other production bottle necks. The Company is committed to offering innovative and specialized doors and architraves with excellent finishing meeting every housing need in the building industry. In addition, we will pay attention to the design development and ordering process to put the company to the road of success.

#### **4.1.1 Manufacturing operations**

TAGET Furniture Company Ltd will be outsourcing semi-finished products from three supplies in its locality. When these unfinished products are received it will undergo two processes, thus operation unit and spraying/finishing unit to ensure excellent finishing of our doors before it is released into the market.

#### **4.1.2 Operation unit**

The operation unit will basically be responsible in receiving the partly finished doors. The sanding operators will sand the partly finished doors and architraves received with smooth sand paper.

The labours and the foreman/ supervisor will make the necessary maintenance and hand sanding on the available cracks, mart, hairs .corners and angles on the doors thoroughly.

The foreman will ensure that the doors are well sanded with smooth surface before passing it to the spraying unit by seeking approval from the production manager.

#### **4.1.3 The spraying and finishing unit**

This unit is liable to the following:

After receiving the doors and architraves from the operations unit, they will spray the doors with first coat of a solutions consisting of sanding sealer and thinner which is meant to seal and further smoothen any tiny hole, hairs and any other that possibly escaped the operations unit.

A further smooth sand paper of P400, P600, P800 and others will be used after the first coat by the factory hands under the spraying unit to hand sand the doors and architraves.

If necessary, the sprayer will apply second (2<sup>nd</sup>) and third (3<sup>rd</sup>) coat of the same solution until there are no traceable cracks, holes and others from the doors and architraves. The sprayer seeking approval from the production manager prior to applying the final unique and excellent finish solution which is mart or furniture lacquer, mixed with thinner to bring out the beautiful natural grain, stains and designs of our products.

Stains (colouring of our doors and architraves) may be introduces to any customer who so need a little alteration of natural colour to complement customers' home and office colouring match. After that it will be rapped all over with transparent polythene to avoid any scratches and mishandling.



## ***4.2 Competitor Analysis***

In this chosen industry, there are numerous manufactures of our products all over the country but most of them lack the ability, experience, expertise and above all technology to produce high quality products. Major competitors in the nation who pose much threat in the industry are Kings Furniture in Takoradi, Melgrep Company Ltd in Accra, Ashanti Furniture in Kumasi, Kpogas Furniture Company Ltd. Agorwu Furniture in Accra and Bedmate Furniture in Kumasi.

In the Ashanti Region where we will be operating, in the chosen location major competitors are Mosco Furniture Works, Redeps Furniture, GyidehSosuvi Furniture all Sokoban Wood Village and Carpenters in Kumasi.

## **PEST Factor.**

### **4.2.1 Political Factor**

Ghana has enjoyed a stable political environment over the past two decades with our democracy becoming the beacon of hope for Africa. This is good for our business.

### **4.2.2 Economic Factor**

Ghana's economic growth is estimated to have slowed to 4.7% in 2009, which is slightly higher than our 4.5% projection, from 7.3% in the highest growth rate of 2008. Economic growth is expected to spike in 2011 at a projected 13.3% on account of the commencement of both crude oil and gas production. Inflation has declined consistently over the past 12 months to a single digit, with October month to month recording 9.38%

in 2010. The Bank of Ghana policy rate has also declined to 13.5% with the commercial banks reducing their base rate to an industry average of 27% which will be very favorable to our company. This will surely auger well for our business.

#### **4.2.3 Socio-Cultural Factor**

Ghana is one of the most exciting places to live, because of cultural and religious tolerance. Our society is changing because of increase in education. Most people are living luxurious who wants quality doors in their houses. TAGET Company wants to take advantage of these changing lifestyles to promote its high quality doors and architraves with excellent furnishing.

#### **4.2.4 Technological Factors**

The available technology that TAGET seeks to employ in its operations are, the use of electric bed sanding machine, horizontal belt sander, portable hand sander, air compressor and proper wood management to reduce scraps and enhance faster and smooth sanding process to achieve quality finishing.

### ***4.3 Swot Analysis***

A carefully assessment of the company has revealed the following:

#### **4.3.1 Strength**

- Well trained and technically inclined staff to come out with the best quality

doors.

- Market Knowledge: we have in-depth knowledge about the preferences and specification of our customers.
- Understanding of our target market.

#### **4.3.2 Weakness**

- Image and reputation: we are just starting the business while our competitors have already established themselves.
- Small initial customer base

#### **4.3.3 Opportunities**

- In the long term, we intend to introduce other line of products such as frames, beds, office furniture and cabinet.
- Politically Ghana has enjoyed political stability which has resulted to increasing number of businesses into the country.
- Government of Ghana promotes the use of raw material into consumer products instead of exporting them raw.

#### **4.3.4 Threats**

- Government policy on deforestation or the law protecting our virgin forest is a critical hindrance to the source of our business in the long term.
- Market demand fluctuations
- Importations of high quality door from China.

#### 4.4 Segmentation

TAGET Co. Ltd. will segment the market base on geographic variables. We intend divide the furniture market into regions and focus basically in the Ashanti region. In 2007, a survey conducted by the Research Department of Bank of Ghana revealed estimated housing stock and deficit refer to appendix.

If the yearly requirement for 2012 of housing units is estimated to be 78,798, we expect at least 60% of this figure to be built resulting to 47,279 housing units. If each house should contain averagely a total of twelve (12) doors therefore the expected market demand for doors in the year will be 567,348 in 2012.

Below is the data for the market share:

Market share	567,348
Ashanti share (13.06%)	74,095
TAGET Furniture share	2,223

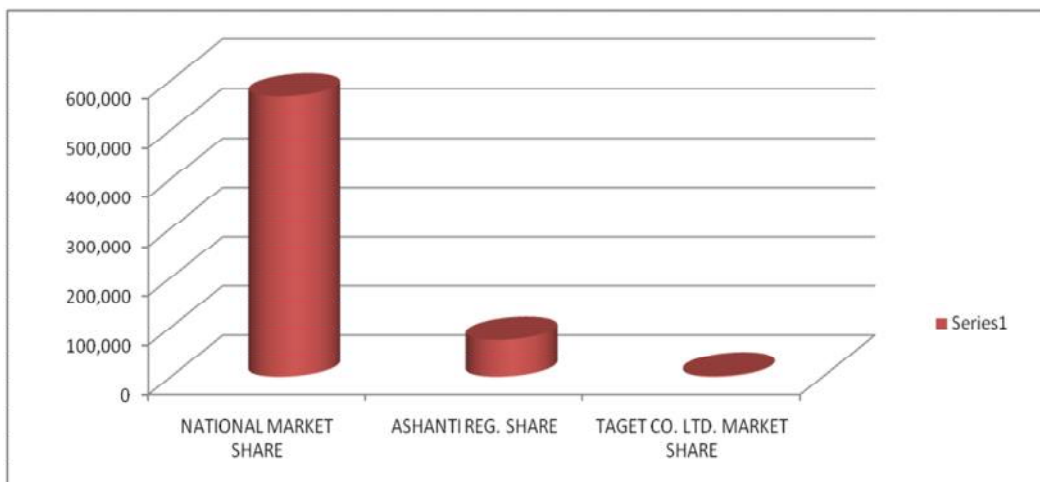


Fig. 1: Market Share

#### ***4.5 Target Market***

We will be focusing on contractors, architects, real estate developers in the regional market who are involved in residential, resort and commercial development segment. Making ourselves known to these entities will generate some strong leads, along with getting personal recommendation from home owners.

We are not intending to satisfy all users, but rather only those who are most demanding. We are out to address the needs of buyers who are willing to offer more for quality of furniture workmanship and excellent design.

We are targeting two (2) groups of customers in marketing our doors and architraves namely: **Commercial development segments** which consist of contractors, real estate developers, architects, corporate institutions and government agencies like Naachiaa Estate, Mbar, Kama Estate, Weikado and M. Barbisolti & Sons. **Residential segments** which consist of home owners and others.

If we take an average price of door with architraves to be GH¢180, multiply with 567,348 doors that give us a total of GH¢102,122,640 in door installed for a year. If this is shared on regional population basis, the Ashanti Region will have approximately GH¢13,337,100 We plan to penetrate the market and take 3.0% of the Ashanti region share and expect to grow it on a 5.0% basis over the next two years after the first year. We do not think this is unreachable, especially in a still growing market in regional market.

**Market share (3%) of Ashanti Region Share of Required Doors: (74,095).**

#### **TARGET share**

<b>Segments</b>	<b>Growth Rate</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Commercial	4%	2001	2081	2164
Residential	<u>1%</u>	<u>222</u>	<u>224</u>	<u>226</u>
Total	5%	<u>2,223</u>	<u>2,305</u>	<u>2,390</u>

### ***4.6 Marketing Mix***

#### **4.6.1 Product**

The product of TAGET is exclusively unique because we ensure the use of matured wood, well seasoned (wet woods are rejected outright), free from natural defects, free from insects and other parasite infestations and treated with an approved wood preservation.

#### **4.6.2 Promotion**

As a start-up and a new entrant in the market, our communication with target customers will include the following:

Radio advertisement on LUV FM and Angel FM in Kumasi will be use to create awareness for our doors. The company will print out brochures and distribute to our customers. We will also use personal selling as another promotional strategy. We will additionally adapt to printed advert like company catalogue and a web site will be created via the internet for customers to access backed by Television advertisement.

#### **4.6.3 Place**

Distribution cannot be discounted in every business success. At TAGET Company Ltd. due to the peculiar needs of our customers, we will employ direct distribution to customer who buys in bulk as a strategy to meet the needs of our customers. It is relatively expensive but we believe it is in the best interest of our customers and the business.

#### **4.6.4 Pricing**

TAGET Co. Ltd adheres to quality wood doors yet our price will be slightly lower than the average market price in order to win more customers.

## 5.0 FINANCIAL ANALYSIS

### 5.1 Assumptions

- Gross margin is between 23 - 25%
- TAX Rate 25%
- All expenditures will remain constant over the first three (3) years
- Fixes Assets will be depreciated at:

Property -10%,

Machine & Equipment- 10%

Office Equipment and Furniture- 20%

Delivery Van- 10%

Show room -25%

Credit policy: 90% cash on delivery, 10% collection in the following month.

### 5.2 Risk Analysis

Risk is part of every human endeavour. Thus we have analyzed the dangers posed by potential natural and human caused adverse events that our business can be exposed to and devise counter measures should an attack occurs.

1. Pure or static risks
2. Credit risk

**Pure (static) risk** is a situation in which there are only the possibility of loss or no loss. The outcome of pure risk are adverse (in a lose) or neutral (with no loss), never beneficial.



Examples of pure risk include premature death, occupational disability, catastrophic medical expenses and damage to property due to fire, lightening or flood.

The risk of legal liability for damages for harm to customers, suppliers, share holders and other parties.

The risk of reduction in value of business assets due to loss of physical assets, theft and expropriation.

The risk associated with paying benefits to injured workers under workers compensation law and risk of legal liability for injuries or other harms to employees that are not governed by workers compensation laws.

The risk of death illness and disability to employees (and sometimes family members) for which business have agreed to make payments under employee benefit plans including obligations to employees under pension and either retirement savings plans.

In our risk management process or procedure to take care of pure risk we intend to minimize it through:

**Lose control:** implementing an action that reduces the expected cost of losses by reducing the frequency of losses and / or the severity (size) of losses that will occur. Example: routine inspection of all machines and equipment, installation of heat or smoke activated sprinkler systems that are designed to minimize fire damage in the event of a fire.

**Loss financing:** we plan to purchase insurance contracts by which the insurer will provide funds to pay for specific losses in exchange for receiving a premium.

**Contractual risk transfer;** we also intend to go into contract with a professional in hold harmless and indemnity agreement, who will be required to protect the business from losing money from lawsuits that might arise when a third party claims to have suffered an injury or loss from our operation.

**Internal risk reduction:** we would monitor the safety of our facility and control the practices of our employees and contracted workers.

Again the company will reduce the level of risky activities and increases precautions against loss of activities that are undertaken.

Moreover, in anticipation of expanding the business, the company will diversify some of our activities and invest some of our savings in other beneficial different stocks.

**Credit risk:** this is when the company, upon request by a customer decides to purchase some products on credit basis with an agreement to pay back later and there is a situation that the customer is unable to meet his obligation. That is, when the customer delays or fail to make payment.

Our chosen line of managing credit risk will be;

Establishing an appropriate credit risk environment and operate under a sound credit granting process. We will consider the customer's past trading books and when we are convinced of his credit worthiness then we act upon the request.

Also, the accounts department will be mandated to collect all account receivable within a stipulated time that has been agreed with the customer.

### 5.3 Break-Even Analysis

	<b>Variable Cost(¢)</b>	<b>Fixed Cost (¢)</b>
<b>Cost Of Sales</b>	296,805.00	3,300.00
<b>Administrative Expenses</b>	30,000.00	8,915.00
<b>Selling And Distribution</b>	61,400.00	600.00
	388,205.00	12,815.00
<b>Variable Cost Per Unit = Total Variable/ Units Sold</b>	388205/2223	174.63
<b>Contribution Per Unit</b>	180 -174.63	5.37
<b>Break Even (Units) = Fixed Cost/ Contribution</b>	2386 doors	

TAGET Co. Ltd would have to sell two thousand, three hundred and eighty six (2386) to break even. This would be achieved in the second year.

### 5.4 Projected Income Statement

#### Income Statement for the Year Ended December 31

	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>
<b>Sales revenue</b>	400,140.00	414,900.00	<b>430,200.00</b>
<b>Cost of sales</b>	300,389.51	310,997.85	<b>321,994.30</b>
<b>Gross profit</b>	100,035.00	103,725.00	<b>107,550.00</b>
<b>Gross margin</b>	23.3%	25%	<b>25.2%</b>

<b>Operating expenses:</b>			<b>11,085.00</b>
<b>Payroll Expense &amp; Allowance</b>			
Administrative cost	38,915.00	38,915.00	<b>38,915.00</b>
Selling and distribution cost	62,000.00	30,500.00	<b>25,500.00</b>
<b>Total Expenses</b>	100,915.00	69,415.00	<b>75,500.00</b>
<b>Profit before tax</b>	(1164.51)	34,487.15	<b>32,705.70</b>
Company tax	-	8,621.79	8,176.43
Profit for the year	(1,164.51)	25,865.36	24,529.27
Profit/sales	-	6.2%	5.7%

### 5.5 Cash Flow Statement

	<b>2012 GH¢</b>	<b>2013 GH¢</b>	<b>2014 GH¢</b>
Balance 01/01/2012	44,000.00	1,656.00	39,790.00
<b>Cash Received From Operation:</b>			
Cash sales	360,126.00	373,410.00	387,180.00
Cash from clients		40,014.00	41,490.00
<b>Total Cash Received</b>	<b>404,126.00</b>	<b>415,076.99</b>	<b>462,165.64</b>
<b>Outflows:</b>			
Administrative expense	37,515.00	37,515.00	37,515.00
Selling & distribution	61,400.00	29,900.00	24,900.00
Production expense (overheads)	20,952.91	21,827.85	22,414.70

Production salary	12,800.00	12800.00	12800.00
Material	181,840.00	188,400.00	192,800.00
Other materials	87,965.10	91,138.50	93,267.00
Company tax			8,621.79
Allowance			
Total outflow	402,473.01	381,581.35	403,403.49
<b>Balance 31/12/20</b>	<b>1,652.99</b>	<b>33,495.64</b>	<b>58,762.15</b>

### ***5.6 Statement of Financial Position as at December 31***

	2012 GH¢	2013 GH¢	2014 GH¢
<b>Assets</b>			
<b>Non- Current Assets</b>			
Property, plant & equipment	40,700.00	35,400.00	30,100.00
<b>Current Assets:</b>			
Inventory	6,468.50	12,937.00	15,524.40
Accounts receivable	40,044.00	41,490.00	43,020.00
Cash & cash equivalents	1,652.99	33,495.64	58,762.15
Total Current Assets	48,135.49	87,922.64	117,302.55
<b>TOTAL ASSETS</b>	<b>88,835.49</b>	<b>123,322.64</b>	<b>147,406.55</b>
<b>Equity &amp; Liability:</b>			
<b>Equity &amp; surplus:</b>			
Capital	90,000.00	90,000.00	90,000.00
Income surplus	(1164.51)	24,700.85	49,230.12
		114,700.85	139,230.12
	88,835.49		
<b>Current liability:</b>			
Tax outstanding	-	8,621.79	8,176.43

<b>TOTAL EQUITY &amp; LIABILITY</b>	<b>88,835.49</b>	<b>123,322.64</b>	<b>147,406.55</b>
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