

CHRISTIAN SERVICE UNIVERSITY COLLEGE – KUMASI

DEPARTMENT OF BUSINESS STUDIES

BACHELOR OF BUSINESS ADMINISTRATION

TILAPIA MASTERS

BUSINESS PLAN

BY

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DECEMBER 2011

CHRISTIAN SERVICE UNIVERSITY COLLEGE – KUMASI

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TILAPIA MASTERS

BUSINESS PLAN

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

BY

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STATEMENT OF AUTHENTICITY

I have read the Christian Service University College's regulations relating to plagiarism and certify that this Business Plan is all my work and does not contain any unacknowledged work from any other source. I also declare that I have under supervision for this Business Plan herein submitted.

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Certified by

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Supervisor

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BUSINESS NAME: TILAPIA MASTERS

THINK OF TILAPIA...THINK OF TILAPIA MASTERS

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Kumasi – Asafo Market

+233 3220 20062, +233 3220 42 57 4

www.tilapia_masters.org or Email tilapiamasters2011@yahoo.com.

HEAD OFFICE

Asafo Market, Kumasi

SITE

Abuakwa Nkwantwuma Ashanti Region

Co-owners Boakye – Marfo Charles

Rexford Osei Kwame

Benjamin Danso

Lily Adu-Nkansah

Nancy Osei Nuamah

• EXECUTIVE SUMMARY

Of late Ghanaians in general are getting more and more health conscious with respect to their meals- meat and fish. With the awareness of the risks associated with meat consumption people now prefer fish meals to meats. Fish in collective sense have more health benefits and lower health risk as compared to meat.

Tilapia Masters is a new Company established to produce and distribute quality and affordable tilapia fishes to the Kumasi Metropolis and its environs. We shall supply our products to the door steps of our customers namely Hotels, Restaurants Households, pubs and fast food joints. Our business is scheduled to be in operation on December 15th, 2011. For the initial operation, we shall source for fingerlings from the main sources and then rear the fingerlings for a period (five months) they will be ready for the market.

As a new entrant to the market, we shall enter with the penetrating pricing strategy meaning our quality products will be priced a little below the prevailing market price.

As a result the Directors of the Company have issued 100,000 ordinary shares at par value of GHS 1.00 and out of this initial capital of fifty-five thousand Ghana cedis (GHs 55,000.00) is needed to commence Tilapia Masters and this shall be contributed by the shareholders and subsequent preference shares will expected from investors and our bankers.

Tilapia Masters (TM) is set up by five final year students of Christian Service University College, Kumasi with tilapia as its main business product.

The department of fisheries in the Ministry of Food and Agriculture has been encouraging up and coming investors to invest into fishing business due to the rising demand of fishes.

TILAPIA MASTERS

Think of Tilapia...think of Tilapia Masters.

MISSION AND VISION STATEMENT

MISSION STATEMENT

Tilapia Masters (TM) is established to produce and distribute nutritious, sufficient, affordable and quality tilapia fishes to the fishery market in the Kumasi Metropolis and beyond.

VISION STATEMENT

Tilapia Masters (TM) aspires to become the leading producer and distributor of quality, affordable and nutritious tilapia fishes to fishery industry in Ghana.

CORPORATE OBJECTIVES AND CORE VALUES

CORPORATE OBJECTIVES

- To have dedicated winning team that would ensure to meet set corporate targets and even exceed them.
- To produce two thousand tones of tilapia fish in the next three years to Kumasi and beyond.
- To have discipline and commitment as the hubs of the corporate entity.
- To meet our vision in the next three years of operation, all things being equal.

CORE VALUES

- Customer care
- Reliability
- Hardworking
- Hygiene
- Integrity
- Accessibility

FINANCIAL OBJECTIVES

- To produce and earn profit at a reasonable running cost.
- To increase turnover by 71.43% percent after the first year and 17% after the second year.
- To break even at first year.
- To be financially committed to the organization making sure every pesewa counts.

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1. ORGANIZATION

1.1 COMPANY BACKGROUND AND HISTORY

The idea to come up with this revelation that, one day at a restaurant joint, five of us (Rexford, Charles, Benjamin, Nancy, and Lilly) had met to have dinner. There was a serious contemplation as to which meal to choose as the waiter stood by us. Upon several attempts which proved futile, Nancy spotted a nearby table where a family of five, each had started on Banku and Tilapia for their dinner. She quickly intervened and shrugged, “well, tilapia masters will do.” The rest of us asked, “What is the meaning of tilapia masters?” as we all laughed to it. She beacons us to the said table and some few minutes time we were also enjoying the same delicacy.

To our surprise lots of customers that came in requested for tilapia that evening and it suddenly dawned on us to birth TILAPIA MASTERS.

Tilapia Masters is a new business at the start-up stage. The owners have agreed to register it as a Limited Liability Company and hope to begin operations on December 15th, 2011.

Company’s Authorized Shares = 100,000 Ordinary shares

Issued Shares = 55,000 Ordinary shares

OWNERS EQUITY

Name	No. of Shares	Share %	Share Value (¢)
Charles Boakye	11,000	20	11,000
Benjamin Danso	11, 000	20	11,000
Rexford Osei	11,0000	20	11,000
Nancy Osei	11,000	20	11,000
Lily Adu Nkansah	<u>11,000</u>	<u>20</u>	<u>11,000</u>
	<u>55,000</u>	<u>100%</u>	<u>55,000</u>

The following are other relevant details that relate to the profile of the business entity;

Company Name: Tilapia Masters Company Limited

Contact: P.O.Box AM 8431

Asafo – Kumasi

Ghana.

Location (Office): Asafo, off Lake road , behind Alhaji Salia Storey Building.

Site: Abuakwa Nkwantwuma

Telephone Numbers: +233 244 92 65 98, +233 246 16 67 77,

+233 3220 20062,

Fax: +233 3220 42 57 4

E-Mail Address: tilapiamasters2011@yahoo.com

Bankers: Agricultural Development Bank

Barclays Bank

Business Registration: Ghana Companies Code 1963 (Act 179)

Date of registration: 15th November 2011, Registrar General Department, Accra.

Date of Commencement: December 15th, 2011

Insurance: Glico Company Limited

Adum Kumasi Branch

Legal Advisors: Asare Chambers and Associates

Adum Kataban House, Kumasi.

1.2 **BUSINESS PROMOTION**

Promotion and sponsorship will be established by owners through radio, newspapers, and door to doors via hand bills. Subsequent promotions shall be handled by our able marketing department when the business is in operation.

1.3 **OPERATING UNITS**

Tilapia Masters will have its main head office situated at Asafo Kumasi which will be concerned with the day-to-day administration of the business. This will comprise of the offices of the C.E.O/Director, Financial Manager/ Accountant, Marketing Manager, Site Manager/ Production Manager and Transport Manager.

Furthermore, we have secured a 10 acre land at Abuakwa Nkwantwuma for the rearing of tilapia fingerlings. This will be the main operation site designated for sourcing our products.

1.4 **BUSINESS STRATEGY AND MISSION**

Our path to achieving success for the business will mainly dwell on providing and distributing fresh tilapia, salted tilapia and/or frozen tilapia (upon request) by our target market. We shall also offer prompt delivery services for our customers who deal with us on large consignment basis. Our main storage facilities will store both fresh tilapia and treated (salted) tilapia too at the head office.

As part of our long range decisions, we wish to also create a catering department that serves the public at occasions such parties, funerals, dinners, holiday carnivals and cocktails for the purpose of serving Tilapia Masters special delicacies. This catering department would be mobile and would deliver their services upon request only. Our motive will not mean to open restaurant of a sort.

2.0 PRODUCT IDEA & REALISATION OF SCHEDULE

2.1 PRODUCT IDEA

Of late Ghanaians in general are getting more and more health conscious with respect to their meals- meat and fish. With the awareness of the risks associated with meat consumption people now prefer fish meals to meats. Fish in collective sense have more health benefits and lower health risk as compared to meat albeit their market prices that go along with them and hence make it much difficult for many homes to afford. However, some fish species have moderate prices and also have high nutritional value and one such fish that qualifies the above expression is the *tilapia fish*.

The fish industry in Ghana has salmon fish as one its major imported products. This fish has a lot saturated fatty acids in them which make their health benefits quite unpleasant. As a result, consumers of the fish market who are getting more and more health biased are resorting to an alternative fish with lower health risks. This in a sense has brought about the rising demand in tilapia fish production.

Tilapia has very low levels of mercury as they are fast-growing and short-lived, with a primarily herbivorous diet, so do not accumulate mercury found in prey. Tilapia is a low saturated fat, low calorie, low carbohydrate and low sodium protein source. It is also a rich source of phosphorus, niacin, selenium, vitamin B and potassium.

Tilapia Masters conceived the idea that the product should be produced in sufficient quantities in order to meet the current and future demands at an affordable, nutritious and presentable manner.

Again, a new form of distribution will be introduced where our vans shall reach our target and potential markets for delivery and distribution of the tilapia fish.

Tilapia Masters is keen on observing that our business entity becomes one of the leading producer and distributor of quality and affordable tilapia fishes to the fishery market.

3. 0 MANAGEMENT

The following shall constitute the management of Tilapia Masters

- i. Albert Agyei Mensah - General Manager
- ii. Ernest Bediako - Financial Officer
- iii. Boakye –Ansah - Marketing Officer
- iv. Ofori Godfred - Production Officer
- v. Okyere Adomako - Transport Officer

General Manager. – Albert Agyei – Mensah has his masters in Business Administration and Advance level in CIM, U.K. The General Manager will play the role of supervising all subsidiaries of tilapia masters. He will appoint, retain employees and to ensure that they perform according to what is planned towards the achievement of the organizational goals.

- Taking strategic decisions
- Coordinating the activities of the firms subsidiaries

PRODUCTION OFFICER

Ofori Godfred Holds Higher National Diploma (HND) in purchasing and supply.

He has the responsibility of supervising the production department and performing other duties that many be assigned to him by the General Manager

- The designation of activity schedule of production staff.
- Bridging the gap between demand and supply of our products

- Proper management of inputs and outputs of production

MARKETING OFFICER

Boakye – Ansah has chattered in CIM UK. He has an Enormous working experience with unilever Ghana limited. He has been working with them for the past five years.

He is to market our products and to take an enviable market share

- He is to embark on marketing and market research
- Designing pricing strategies to embark on by the company
- Draw a marketing plan for the tilapia masters.
- Collaborate with products as required by customers.

FINANCIAL OFFICER

Ernest Bediako the financial manager has his HND in Accountancy and First Degree in Business administration.

He has three years working experience with Dandelions pharmaceuticals Ltd. He is going to be the Head of the financial responsibilities of tilapia masters.

To perform as the accountant and financial research of the firm and to direct the activities of the accounts staff under him.

He should arrange for credit facilities when interest rates are favorable.

TRANSPORT OFFICER

He is responsible for supervising the maintenance and movement of official vehicles and delivery vans of the company.

He has SSCE certificate and DVLA class F driver's license.

OTHER PERSONNEL

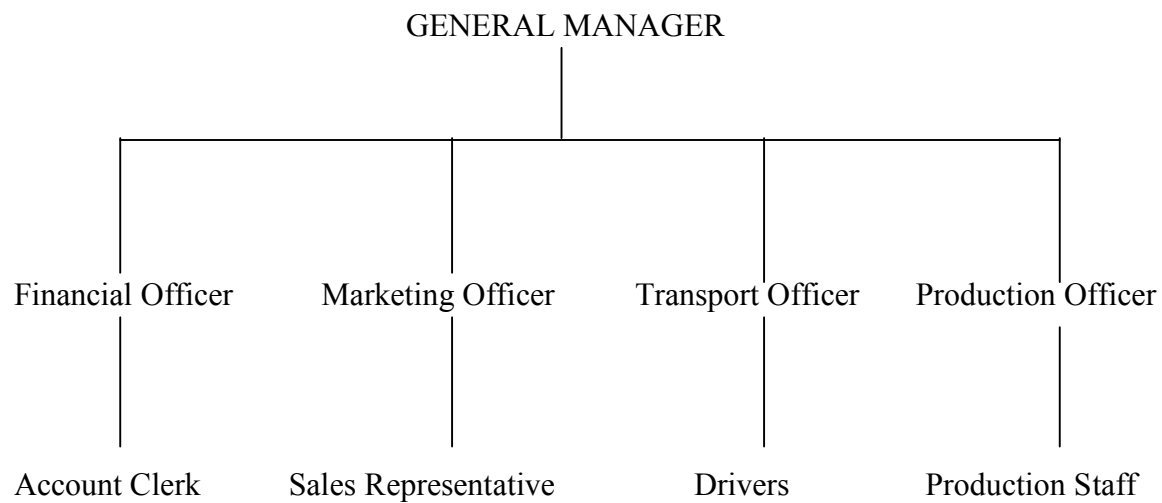
CATEGORY	NO. REQUIRED	QUALIFICATION	DESCRIPTION
Security	1	BECE	Securing the environment
Sales Rep	3	DBS	Selling, Promoting & Adverts
PDN staff	2	Dip in Animal farming	Feeding and maintenance
Cashier	2	DBS in Accounting	Cashiering duties
Driver	2	DVLA License C	Driving

PRINCIPAL STAKEHOLDERS

1. Bankers: Agric Deployment Bank
Barclays Bank Ghana Ltd
2. Supplies: KNUST Animal Farming Department
3. Customers: Hotels, Restaurants, Households, pubs.
4. Sanitary inspectors

5. Food and Drugs Board
6. Internal Revenue Service (IRS)
7. Environmental Protection Agency (EPA)

3.1 ORGANIZATIONAL STRUCTURE



4.0 MARKET ANALYSIS

Fishing in Ghana has been highly promoted by the ministry of food and agriculture. People today have increased their consumption for fish and tilapia to be specific due to other health hazard that is associated with meat eating and how meats today are processed unhygienic by the abattoir.

The fisheries subsector serves as a major source of employment and a way of life to the coastal sector and also the inland and Aqua culture sectors. It has both forward and backward linkages to other economic activities with a plough back from the sector going in to finance other sectors.

The industry in Ghana has the industrialized, semi industrialized and the artisanal or canoe. The artisanal sector provides over 70% of the total fish requirements and consequently the bulk of the country's protein requirement.

The sectors also employs over 60% women and links with other sectors in providing raw materials especially the food processing companies and the hospitality industry whilst employing the services and products of other sectors to operate.

The industry according to the ministry of food and agriculture employs estimated 10% of the country's population which stands at about 2.2 million people.

4.1 MARKET SEGMENTATION

With the heterogeneous nature of our chosen market, we intend to segment the market in the zone in order to satisfy our target market effectively and efficiently.

This will have a good impact on how we reach our customers with products that match their unique and peculiar needs.

The Demographic segments will focus on ages and income it will also be segmented into behavioral and psychographic i.e. perception, aesthetics and lifestyle. But with our tilapia fishes for instance, tilapia masters will adapt Niche Marketing strategic customers.

On the geographical aspect of our segmentation, tilapia masters are going to divide Kumasi into communities. Those areas would be targeted with customized brand such as smoked fishes, fresh fishes and freeze fishes.

4.2 TARGET MARKET

After proper segmentation of the market, Tilapia Masters is going to target institutions like cold stores, secondary schools, hospitals and also social centers like the hotels, restaurants, pubs, roadside kebab sellers as well as households are also to be targeted.

Our product samples will be introduced to our potential customers to solicit and provoke their opinion and perception about the product until acceptable taste, packaging and pricing are reach before rolling out production with our Niche target market. We intend rolling out a programme to have frequently and direct interactions with them for product improvement which will eventually lead to customer satisfaction.

4.3 ENVIRONMENTAL ANALYSIS

Tilapia Masters major competitors are the Mighty Fish Farmers of Anwiankwanta, Facenora Ltd Abuakwa which already dominates the market at the national level.

These existing producers are over competitive in terms of large scale production.

SWOT ANALYSIS

STRENGTH

Tilapia Masters has an experience and competent management team.

- Production style of producing customized products for customers.
- The intended use of price penetration strategy by the partnership

WEAKNESS

- Inadequate initial capital outlay
- No good will as a new entrant in the sector

OPPORTUNITIES

- Ghana health service campaign to increase protein intake
- Present high intake of fish products by Ghanaians provides a ready market for tilapia masters
- Tax holidays for new business and processing firm is an ideal advantage for tilapia masters.

THREAT

- Possible future competition by the new entrants.
- Unfavorable government economic policies e.g. increase base rate
- Unstable economic environment
- Political influences in the future

PESTEL FACTORS

POLITICAL

Fishing today has been highly promoted by the ministry of food and agriculture as it employs 10% of the total country's population.

The government of Ghana having identified and accepting the private sector as the engine of economic growth has put in place policies like venture capital fund, Micro finance and small loan centre (MASLOC).

Tilapia Masters sees this as an opportunity which will have a positive impact on our venture

ECONOMIC

The current economic environment regarding inflation and interest rates have been the best since 1992.

August 10, 2011- Ghana's annual inflation rate fell to its lowest since 1992 in July, potentially paving the way for new cuts in interest rates in the West Africa State.

Consumer price inflation dipped to 8.9% in June, Ghana's statistical office said on Wednesday 2/11/2011.

Tilapia masters sees the economic climate to be a positive one in the nation's history as a fall in inflation will lead to the fall in the central bank base rate and will boost of business performance.

SOCIAL-CULTURAL

The social-cultural analysis of Ghana revealed existence of different ethnic background (Tribes, Religion etc) which has co-existed peacefully for years.

Ghanaians believe in celebration such as funeral, out dooring, cultural anniversaries and other historical activities.

All these events and activities go with food preparation. Tilapia Masters sees these as an opportunity to sell more of our products.

TECHNOLOGY

The analysis to encourage technological advancement in the country is very encouraging. There is the availability of a flexible method of production which is suitable for customization.

Computer – Aided Design (CAD) for packaging and branding and the use of E-Commerce for business transaction.

Tilapia Masters will design a system to take order from its prospective customers. Tilapia Masters shall be in a position to manage the uncontrollable nature of the PEST analysis

4.4 PRODUCTION PLAN

4.4.1 PRODUCTION DESCRIPTION AND PROCESS

Tilapia Masters has tilapia fish as its main product that it will produce and sell. Inputs such as fingerlings and feeds shall be obtained from agric care limited.

This will result in healthier and tasty fish during harvest. However, in our primary stage of harvesting, we are expecting our tilapia size of 500g which shall be packed in kilograms.

FEEDING

The major feed for our fingerlings would be Azolla feed. This is highly rich in vitamins and minerals that is healthy for our fingerlings, quality tilapia and is environmentally friendly. Other vitamins in the feed include the following;

- i. Vitamin C (150mg/kg)
- ii. Vitamin E (250mg/kg)
- iii. Fatty Acid
- iv. Carotene oids
 - A. As taxanthin for coloration (6-8mg/kg)
 - B. Canthaxanthin for growth and survival (30mg/kg)
- v. Immunostimulants (50-100mg/kg) body weight
- vi. Hormones (40-60mg/kg)
- vii. Selenium

4.4.2. PRODUCT UNIQUENESS

These are what make the products of tilapia masters an outstanding.

- a) The size quality and unique taste of our tilapia
- b) Relatively low priced to suit every pocket
- c) Contains low fat, low calories and low in sodium hence making it reach source of phosphorus, niacin, selenium, vitamin B12 and potassium.

4.4.3. SECONDARY ACTIVITIES

I. Procurement

There is a procurement committee which consists of the chief executive officer, production committee shall be in charge of purchasing all fingerlings, feed, and other necessary materials needed for the breeding.

This will ensure proper controls on all purchase to reduce waste. All purchases, issues and usage of all inputs and its related records shall be maintained by the production manager and regularly checked by the financial manager.

These forms of control will eliminate and deter fraud and irregularities by staff.

II. HUMAN RESOURCE MANAGEMENT

The chief executive officer, Mr. Albert Agyei- Mensah shall be responsible for employing, retaining and training of all employers. He will see to the day to day operation of the firm. He has the responsibility of training and motivating staff so as to enable them provide their best.

III. INFRASTRUCTURE DEVELOPMENT

Our infrastructure development shall include management information system.

- a) Decision Support System (DSS): This supports managerial decisions in terms of structured and unstructured decisions e.g. to keep track records of the mortality of the fingerlings.
- b) Executive Information System (E.I.S): Executive information system enhances easy access to key internal and external data for monitoring operators and scanning business conditions.

- c) Transaction Processing System (TPS): These are computer programs that support operational level of managing records of daily routine transaction.

IV. RESEARCH AND DEVELOPMENT

Tilapia Masters has in its plans to keep in touch with all development in science and agriculture especially monitoring buttheries and publications from the ministries of Agric, science and Technology.

Any necessary idea that concerns aqua culture and can bring improvements into our operations will be integrated into our business.

We shall also keep in touch with the council for scientific and industrial research to take advantage of their research to take advantage of their research findings on agriculture.

4.4.4. PRIMARY ACTIVITIES

i. FARM LOGISTICS

Tilapia Masters will build a routine maintenance culture such that all ponds are cleaned and the water in the pond changed at regular intervals and the farm areas is under hygienic conditions all time we shall adapt integrated efforts to design an improved quality and good taste of our fingerlings to be able to achieve excellence.

We will begin operations with the inspections of the quality of all income feed to ensure that only the best feed is used in breeding the fingerlings.

All these will go a long way to produce good mortality rate of the fingerlings and minimize cost.

Some of the equipments and raw materials used are as follows;

1. Plastic Buckets
2. Overalls (wear)
3. Boots
4. Hooks and line
5. Ice chests
6. Swivel chairs and desks
7. Mobile freezer
8. Pumping machine
9. Nets.

ii. OPERATIONS

a) POND STOCKING

Tilapia Masters has a pond with the size 70 x 33m² which will be stocked with 6100 all male tilapia species from the Ministry of Agric-fisheries Department this takes into account natural fish mortality. Management is anticipating a 10% mortality rate at the end of harvest.

b) FEEDING FINGERLINGS

Feeding of our fingerlings shall be done in two sectors. Fingerlings require highly nutritious feed that is balanced to ensure rapid and healthy growth. They are fraud to respond to the feeding time which is twice a day.

At the fingerling stage, they consume more feed in the first two (2) months which is about 50% (22.9kg) of their entire feed requirement. Fingerlings are feed moderately from the 3rd month until harvest which is about 15.3kg per day. Both feed at juvenile and matured stage would be bought from Agric - care limited in Kumasi.

c) MAINTAINING POND QUALITY

The success or other wise of tilapia production depends on good pond quality management. This shall be done by periodic testing of preferably at a 3 day interval.

The pH levels of around 7 which is normal; average temperature of 3.5 ft aeration to improve oxygen and pressure of algae as feed.

d) POND HYGIENE

It is better that the ponds are kept in a hygienic condition by cleaning around the ponds to prevent dirt and predators such as Hawks and snakes will be adhered to. There will be periodic weeding and cleared of dropped leaves in the pond to enhance aeration.

e) HARVESTING

Tools for harvesting include fishing net, Hook and line, crates, ice flakes and ice chest. This helps to keep the harvested tilapia as fresh as possible and shall be harvest from the fish month from the day the fingerlings were stocked into the pond. Harvest shall be done only on demand.

f) POST HARVEST

After harvesting the pond, we prepare the pond for re-stocking. This is done by draining excess water applying organic manure to generate algae for re-stocking of the pond.

iii. Out bound Logistics

Tilapia Masters Operations result in a tasty healthy large size tilapia our harvest is only done on demand in order to maintain its quality and wholesomeness.

iv. Sales and Marketing

A. Producer the moderate size of our tilapia as expected to be 500g average. This shall be unique in the market because other tilapia brands are of lesser weight which does not meet the needs of the hotels and restaurants in the market.

In order to maintain the freshness of our tilapia and its wholesomeness, they are harvested only on demand.

B. Place Distribution

Tilapia Masters is equipped with two sales representatives who shall take charge of 90% of our distribution and the remaining 10% by walk in customer we have two refrigerated vehicles which we shall use to assist the sales men to maintain the freshness of our tilapia. This provides customers with convenience and reliable supply.

C. Promotion

There shall be advertisements on radios to create awareness on our unique products and also through personal selling by the sales representatives.

D. Price

As a new firm with a high quality product that is unknown to the market, we shall adopt the penetration style of pricing, that is our high quality tilapia shall be priced a little below the prevailing market price just to take part of the market share before we gradually uses the existing market price when our produces are well known.

E. Customer Service

Tilapia masters aims at providing our customers with high quality and affordable achieved through the following;

- 1) Aiming at bridging the gap between demand and supply of our products.
- 2) Responding to customers complains and serving them on time.
- 3) Training all staff about how they go about their duties especially those who interact with customers.
- 4) Ponds shall be well stocked and fingerlings well stock and fingerling well feed to meet customer demands.

5.0 FINANCIAL PLANS FOR ESTABLISHING THE BUSINESS

The start - up capital that would enable Tilapia Masters to commence business shall be contributed by the co-owners and when the need arises for further capital, we shall take it from our bankers.

5.1. RISK ANALYSIS AND ASSUMPTIONS

It is normal for any business entity to experience risks and we of Tilapia Masters too are likely to experience these risks. The risks that are likely to threaten Tilapia Masters are discussed below;

i. Human Risk:

Human risk has to do with attitudes of staff that can have negative influence on our business. These include; in accurate feed application, pilfering, fire, legal issues against the firm.

- a. Tilapia Masters shall employ the services of a legal practitioner to deal with all legal issues against the firm.
- b. Staff shall be well trained as to how fire is to be managed during fire outbreak and fire extinguishers placed at all relevant positions.
- c. Auditors shall be out sourced to check accuracy and adherence internal controls and to deter and prevent fraud and irregularities by the accounts staff.
- d. There shall be twenty- four (24hr) security service at site to secure the pond and other resources of the firm.
- e. There shall be effective management and control of activities to ensure that actual work conforms to what is planned and any deviations from plans are well attended to

ii. Natural Risk

Tilapia masters has its site in a water logged area and hence the ponds can be destroyed by wind outbreak and earthquakes, but we are going to insure tilapia masters with the Gemini Life Insurance Company (GLICO) to take care of all disasters likely to affects our business.

iii. Competitive Risk

Tilapia fish rearing is not in abundance but due to the emerging interest in the consumption of the product, there is the possibility of more people going into its farming. Tilapia Masters would ensure to abide by its mission and vision and above become the cost leader in the Tilapia competitive world.

iv. Economic Risk

It is the dream of every investor to produce and generate revenue that will be able to cover its return on the capital employed. Certain situations could happen which will lead to revenue falling below even the average variable cost hence running into huge loss generation.

These includes inflation leading to high interest rates etc, management shall make arrangement for credits when interest rate are low, enter into long term raw material procurement contracts with its supplies to lock up prices and avoid the pitfall of price illustrators.

v. Political Risk

In the Country where there is stability in governance, businesses are likely to thrive. Government who are interested in private sector development may grant loans, tax free holidays to new businesses and other aids to help them compete with their foreign counterparts, but where these are not provided by the government, investors find it difficult to succeed in their investments.

ASSUMPTIONS UNDERLYING THE FINANCIAL STATEMENTS

- That an equity capital of thirty six thousand six hundred and sixty seven dollars (\$36,667.00) equivalent to fifty five thousand Ghana cedis. (Gh¢ 55000.00) Gh¢1.50 = \$ 1.00
- Sales quantities and price will remain the same for the first two years but price will rise by approximately 17% in the third year of operation.
- Fingerlings purchases remain the same throughout the three year period whilst purchase price increases by 17% in the third year of operation.
- The direct costs and general and administrative expenses shall increase based on the inflationary levels.
- Property plant and equipment shall be depreciated by 15% on reducing balance method.
- Auditors' remuneration shall be paid one month in arrears.
- That the cost of capital is 20%
- All other payment has been estimated at current price levels as adjusted for expected inflation for the period.

SHAREHOLDERS CAPITAL CONTRIBUTION SCHEDULE

Name	Amount GH¢	Percentage %
Nancy Osei	11,000.00	20
Boakye Marfo Charles k.	11,000.00	20
Rexford Osei Kwame	11,000.00	20
Lilly Adu Nkansah	11,000.00	20
Danso Benjamin	11,000.00	20
TOTAL	55,000.00	100

5.2 TILAPIA MASTERS

BUDGETED CASH FLOW STATEMENT FOR THREE YEARS ENDING 31/12/2014

	2012	2013	2014
	GH¢	GH¢	GH¢
Operating Activities			
Net Sales	126,000.00	216,000.00	252,000.00
Administrative Exp	26,318.00	52,644.00	57,473.00
Selling and Distribution	10,913.00	15,985.00	15,220.00
Payment to suppliers	22,930.00	23,472.00	25,400.00
Factory over heads	4,613.00	3,847.00	14,020.00
Direct labour	<u>16,808.00</u>	<u>21,700.00</u>	<u>15,700.00</u>
	44,418.00	98,352.00	124,187.00
Investing Activities			
Planet and machinery	6,000.00	-	-
Office Equipment	5,000.00	-	-
Delivery Van	<u>2,163.00</u>	-	-
	(13,163.00)	-	-

Financial Activity

Initial capital	<u>55,000.00</u>	-	-
Cash and cash equivalent	21255	-	-
Cash balance at start		21,255.00	119,607.00
Cash balance at close	<u>21,255</u>	<u>119,607.00</u>	<u>243,794.00</u>

TILAPIA MASTERS | 2011

TILAPIA MASTERS

5.3 SALES BUDGET

FOR THE THREE YEAR PERIOD ENDED 31ST DECEMBER 2014

	2012				2013				2014			
	BUDGETED QUANTITY	NO OF KILOS	PRICE GH¢	AMOUNT GH¢	BUDGETED QUANTITY	NO OF KILOS	PRICE GH¢	AMOUNT GH¢	BUDGETED QUANTITY	NO OF KILOS	PRICE GH¢	AMOUNT GH¢
JAN	-	-	6.00	-	6000	3000	6.00	18,000.00	6000	3000	7.00	21,000.00
FEB	-	-	6.00	-	6000	3000	6.00	18,000.00	6000	3000	7.00	21,000.00
MAR	-	-	6.00	-	6000	3000	6.00	18,000.00	6000	3000	7.00	21,000.00
APR	-	-	6.00	-	6000	3000	6.00	18,000.00	6000	3000	7.00	21,000.00
MAY	-	-	6.00	-	6000	3000	6.00	18,000.00	6000	3000	7.00	21,000.00
JUN	6000	3000	6.00	18,000.00	6000	3000	6.00	18,000.00	6000	3000	7.00	21,000.00
JUL	6000	3000	6.00	18,000.00	6000	3000	6.00	18,000.00	6000	3000	7.00	21,000.00
AUG	6000	3000	6.00	18,000.00	6000	3000	6.00	18,000.00	6000	3000	7.00	21,000.00
SEPT	6000	3000	6.00	18,000.00	6000	3000	6.00	18,000.00	6000	3000	7.00	21,000.00
OCT	6000	3000	6.00	18,000.00	6000	3000	6.00	18,000.00	6000	3000	7.00	21,000.00
NOV	6000	3000	6.00	18,000.00	6000	3000	6.00	18,000.00	6000	3000	7.00	21,000.00
DEC	6000	3000	6.00	18,000.00	6000	3000	6.00	18,000.00	6000	3000	7.00	21,000.00
				<u>126,000.00</u>				<u>216,000.00</u>				<u>252,000.00</u>

TILAPIA MASTERS

5.4 FINGERLINGS PURCHASE BUDGET

FOR THE THREE YEAR PERIOD ENDING 31ST DECEMBER, 2014

	BUDGETED QUALITIES	PRICE GH¢	AMOUNT GH¢	BUDGETED QUALITIES	PRICE GH¢	AMOUNT GH¢	BUDGETED QUALITIES	PRICE GH¢	AMOUNT GH¢
JAN	6000	0.06	360.00	6000	0.06	360.00	6000	0.07	420.00
FEB	6000	0.06	360.00	6000	0.06	360.00	6000	0.07	420.00
MAR	6000	0.06	360.00	6000	0.06	360.00	6000	0.07	420.00
APR	6000	0.06	360.00	6000	0.06	360.00	6000	0.07	420.00
MAY	6000	0.06	360.00	6000	0.06	360.00	6000	0.07	420.00
JUN	6000	0.06	360.00	6000	0.06	360.00	6000	0.07	420.00
JUL	6000	0.06	360.00	6000	0.06	360.00	6000	0.07	420.00
AUG	6000	0.06	360.00	6000	0.06	360.00	6000	0.07	420.00
SEP	6000	0.06	360.00	6000	0.06	360.00	6000	0.07	420.00
OCT	6000	0.06	360.00	6000	0.06	360.00	6000	0.07	420.00
NOV	6000	0.06	360.00	6000	0.06	360.00	6000	0.07	420.00
DEC	6000	0.06	360.00	6000	0.06	360.00	6000	0.07	420.00
			<u>4,320.00</u>			<u>4,320.00</u>			<u>5,040.00</u>

5.5 TILAPIA MASTERS

PROJECTED STATEMENT OF FINANCIAL POSITION OF THE THREE YEAR ENDING

31ST DECEMBER, 2014

	NOTES	2012 GH¢	2013 GH¢	2014 GH¢
NONCURRENT ASSETS				
Property Plant and Equipment	1	11,189.00	9,509.00	8,082.00
CURRENT ASSETS				
Inventory	2	15,575.00	22,066.00	24,044.00
Accounts Receivable	3	29,356.00	33,565.00	30,000.00
Cash and Bank Balance	4	<u>21,255.00</u>	<u>119,607.00</u>	<u>243,794.00</u>
		66,186.00	175,238.00	297,838.00
TOTAL ASSTES		<u>77,375.00</u>	<u>184,747.00</u>	<u>305,920.00</u>
EQUITY AND LIABILITIES				
Capital (stated)	5	55,000.00	55,000.00	55,000.00
Income Surplus	6	21,350.00	122,496.00	248,920.00
Current Liabilities				
Accounts Payable	7	1,025.00	7,250.00	2,000.00
		<u>77,375.00</u>	<u>184,747.00</u>	<u>305,920.00</u>

NOTE 1

TILAPIA MASTERS

PROJECTED SCHEDULE OF PROPERTY PLANT AND EQUIPMENT FOR THE THREE YEAR PERIOD ENDED 31ST DECEMBER 2014

	2011			2012			2013		
	COST GH¢	DEPN GH¢	NBV GH¢	BAL B/F	DEPN GH¢	NBV GH¢	BAL B/F	DEPN GH¢	NBV GH¢
Plant and Machining	3,000.00	450.00	2,550.00	2,550.00	383.00	2,167.00	2,167.00	325.00	1,842.00
Office Equipment	5,000.00	750.00	4,250.00	4,250.00	638.00	3,612.00	3,612.00	542.00	3,070.00
Delivery Van	2,163.00	324.00	1,839.00	1,839.00	276.00	1,563.00	1,563.00	235.00	1,328.00
Computer and Data Handling									
Computer Set	500.00	75.00	425.00	425.00	64.00	361.00	361.00	54.00	307.00
Deep Freezer	700.00	105.00	595.00	595.00	89.00	506.00	506.00	76.00	430.00
Furniture	1,800.00	270.00	1,530.00	1,530.00	230.00	1,300.00	1,300.00	195.00	1,105.00
	<u>13,163.00</u>	<u>1,974.00</u>	<u>11,189.00</u>	<u>11,189.00</u>	<u>1,680.00</u>	<u>9,509.00</u>	<u>9,509.00</u>	<u>1,427.00</u>	<u>8,082.00</u>

NOTES TO THE FINANCIAL STATEMENT

FOR THE THREE YEARS PERIOD ENDING 31 DECEMBER, 2013

Income	2011	2012	2013
Sales revenue	<u>126000</u>	<u>216000</u>	<u>252000</u>
	<u>126000</u>	<u>216000</u>	<u>252000</u>
Direct expense			
Opening inventory	-	-	-
Purchases	12930	16921	25400
Direct labour	16808	21700	15700
Other costs Note			
Feeding	17000	17500	20,100
Salaries and wages	12526	12526	12526
Repairs and maintenance	1500	1500	2000
Depreciation	1974	1680	1427
Harvest	1932	2300	3000
SSF	1500	2500	2921
Oxidation	<u>1000</u>	<u>1500</u>	<u>2000</u>
	<u>67,170</u>	<u>78127</u>	<u>85074</u>
Gross profit	<u>58830.00</u>	<u>137873</u>	<u>166926</u>

Note 2

Inventory	<u>155,575</u>	<u>22066</u>	<u>24044</u>
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Note 3

Account receivable	29356	33565	30,000
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Note 4

Cash & bank balance

Bank	16005	110000	234924
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Cash	<u>5250</u>	<u>9607</u>	<u>9,500</u>
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	<u>21255</u>	<u>119,607</u>	<u>244,424</u>
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Note 5

Stated capital	<u>55000</u>	<u>55000</u>	<u>55000</u>
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Financial Activity

Initial capital	<u>55,000.00</u>	-	-
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Cash and cash equivalent	21255	-	-
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Cash balance at start		21,255.00	119607
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Cash balance at close	<u>21,255</u>	<u>119607.00</u>	<u>243794.00</u>
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Note 6

INCOME STATEMENT FOR THREE YEARS PERIOD ENDING 31/1/2012

	2012 GH¢	2013 GH¢	2014 GH¢
Budgeted sales	126000.00	216000.00	252,000.00
Less cost of sales	67,170.00	78,127.00	85,074.00
Gross profit	58830.00	137873.00	166926.00
Less Expenses			
Administrative Expense	26,318.00	25,030.00	27,459.00
Selling and Distribution	10,912.00	11,434.00	12,778.00
Financial Charges	250.00	263.00	265.00
Net In come	21350.00	101146.00	126424.00
Income Surplus A/C			
Balance b/f	-	21350.00	122496.00
Profit for the year	21350.00	101146.00	126424.00
Reserves	21350.00	122,496.00	248920.00

Note 7

Accounts payable	1025	7250	200
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5.6 BREAK-EVEN ANALYSIS

Total Fixed Costs	46,394
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Total Variable Costs	44,351
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Variable Cost / unit	<u>44,351</u> = GH¢ 2.11
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21,000kg

Selling price / unit	GH¢6.00
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Contribution = sales – variable costs

Contribution	6.00 – 2.11 = GH¢ 3.89
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Break –Even (units)	<u>Fixed Costs</u>
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Contribution

= 46.394

3.89

= 11926.49 kg

$$\text{Break –Even (sales)} = \text{Break-even units} \times \text{Selling Price}$$

$$= 11926.49\text{kg} \times \text{GH¢ } 6.00$$

$$= \text{GH¢ } 71558.94$$

$$\text{Break – Even Period} = \frac{\text{Break-even sales}}{\text{Projected sales for period}} \times \text{number of months}$$

Projected sales for period

$$\frac{71,558.94}{126,000} \times 12 \text{ months}$$

$$= 6.8 \text{ months or 7 months}$$

$$= 6.8 \text{ months or 7 months}$$

FIXED COSTS

Property Plant and Equipment	13,163.00
Salaries and wages	6,300.00
S S F	2,358.00
Printing and stationery	1,500.00
Office travels	300.00
Auditors remuneration	800.00
Insurance	1,150.00
Staff medical	1,000.00
Electricity tariff	850.00
Advertisement	4,000.00
Selling and distribution	10,913.00
Staff training	3,060.00
Finance charge	250.00
Phone charge	<u>750.00</u>
Total	<u><u>46,394.00</u></u>

VARIABLE COST

Payment to suppliers	22,930.00
Variable factory overheads	4,613.00
Direct labour	<u>16,808.00</u>
Total	<u>44,351.00</u>