

**CHRISTIAN SERVICE UNIVERSITY COLLEGE-KUMASI**

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

**‘BOAFO YE NA’ COMPANY LIMITED**

**BUSINESS PLAN**

**A BUSINESS PLAN SUBMITTED TO THE DEPARTMENT OF BUSINESS  
STUDIES OF CHRISTIAN SERVICE UNIVERSITY COLLEGE, KUMASI  
IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE  
COURSE**

**CSAD 443 TEAM BUSINESS PROPOSAL**

**BY**

**FRANCIS ADUSEI**

**LUCAS ADITIBA**

**JOHNNY ODURO**

**CHARLOTTE BADU**

**STEPHEN BOAFO**

**DECEMBER, 2011**

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# **‘BOAFO YE NA’ TRANSPORT COMPANY LIMITED**

## **EXECUTIVE SUMMARY**

### Background of Children's Transportation Services

During the past several months, we have researched the rapidly growing industry of children's transportation to and from schools. With the busy schedules of dual working parents, it is quite a challenge if not a problem in getting their children to and from schools, especially from the preschool to even the Junior High School level. Many parents are looking for alternative ways to transport their children without affecting their business or work schedule.

Officially registered children transport companies are not common but there exist individual school buses and taxi cabs across the country. This is a possibility that our company working hard to set standards for the children's transportation industry will go a long way to solve very alarming problem of parents.

Recognizing the importance of human capital, ‘Boafo Ye Na’ has assembled a strong management team. These shareholders represent the following managerial positions, General Manager, Marketing, Finance, Human Resource and Operations Managers respectively. The experts will provide funding from their own savings, which will cover start-up working capital of USD 100,000 to financially cushion the first month of operation.

The team is led by Stephen Boafo, who comes to the company with 10 years of experience in the transport industry. In addition to his specific experience, Stephen has had 8 years of management experience. Francis Adusei brings his financial proficiency to ‘Boafo Ye Na’ after 5 years

working experience with the State Transport Company. Lucas Aditiba who has extensive experience in sales and marketing will lead the marketing efforts having participated in Media events as a consultant. Johnny Oduro is our Human Resource Manager and lastly, Charlotte Badu with over five years of experience in child welfare will be on the team as an operations manageress. The company, unlike the other service providers will focus mainly on picking of school children. It is this fact that makes us different and we believe would be our competitive advantage.

## MISSION STATEMENT

The mission of 'Boafo Ye Na' company is to provide a safe, licensed transportation services for children at a reasonable price to parents. By achieving our goals, we will become a trusted, viable transportation source to parents and children in Kumasi metropolis.

## VISION

The vision of 'Boafo Ye Na' Company is to provide a safe, licensed transportation service for children at a reasonable price to parents.

## CORPORATE OBJECTIVES

- To provide a safe licensed transportation service for children at a reasonable price to parents.
- Enhance the business by becoming a trusted viable transportation source to parents and children in Kumasi metropolis.
- To contract with Kumasi area service agencies, preschool, primary to JHS level and recreational services that do not provide transportation.

## CORE VALUES

'Boafo Ye Na' Company will be established based on the following values:

- **HARD WORK:** The Management Team together with other staff will be committed and dedicate ourselves to the well being of Boafo Ye Na



- **LOYALTY:** We will be loyal to our cherished customers and abide by our motto: *“nante yie”*.
- **SERVICE:** We will serve our clients whole-heartedly.
- **HONESTY:** We take into consideration the safety and security of children in order to win the hearts of our cherished clients.
- **INTEGRITY:** We will be sincere in all our dealings both inside and outside the Transport industry so as to protect the good reputation of ‘Boafo Ye Na’ Transport.





## 1.0 ORGANISATION

Over the years, Charlotte and Stephen had discussed owning some type of business. In July 2011, Charlotte was unable to transport her eight-year old daughter to and after school activity due to her work schedule. The idea for the children's transportation service was born.

The founders of 'Boafo Ye Na' Transport realized that their own struggle to balance their children's schedules with their own was a widespread problem today. Inspired by children's commuter services the founders thought of starting up this innovative services around the Kumasi metropolis. They knew they could create a convenient, safe and reliable resource for busy parents. This plan actually inspired the founders' preparation, management skills and dedication to safety which rest on their solid reputations as trustworthy neighbourhood members.

### BUSINESS PROFILE

<b>Company Name:</b>	<b>'BOAFO YE NA' CO. LTD.</b>
<b>Location:</b>	<b>Plot No. 1, Block 1, Adiebeba, Kumasi</b>
<b>Postal Address:</b>	<b>P. O. Box 1414, Kumasi, Ashanti Region</b>
<b>Tel. No.</b>	<b>00233-3220-40067</b>
<b>Website:</b>	<b><a href="http://www.boafoyenatransportgh.com">www.boafoyenatransportgh.com</a></b>
<b>E-mail:</b>	<b><a href="mailto:boafoyenatransport@gmail.com">boafoyenatransport@gmail.com</a></b>
<b>Bankers:</b>	<b>UT Bank GH. STC Branch, Box 9347, Kumasi</b> <b>ECOBANK, GH. Harper road, Box 12345, Kumasi</b>

**Insurers:** Vanguard Assurance Co. Ltd

**Solicitor:** George Sarpong & Associate, Box 255, Aseda House Kumasi

## **COMPANY OWNERSHIP**

### **1**

‘Boafo Ye Na’ is our registered trade name with *“nante yie” meaning* (safe journey) as our motto. ‘Boafo Ye Na’ will also register its trade logo. ‘Boafo Ye Na’ a private limited liability company is guaranteed by owners share. It is equally owned and managed by its five partners Stephen Boafo, Francis Adusei, Lucas Aditiba, Johnny Oduro and Charlotte Badu. The company intends to employ seven full-time drivers and six office staff to handle customer service and day to day operations.

**Building Location:** After careful consideration, ‘Boafo Ye Na’ Transport will be located at Ahodwo – Adjacent Melcom Plus, a suburb of Kumasi. The facility will originally consist of 1,000 (Square feet), in a quiet environment. The compound will be fully fenced, to ensure no one can either come in or wander away. This is the most cost effective way to operate in the business.

**Date Business Projected to Open:** January 2, 2012

**Legal Form of Organization:** Private Limited Liability Company

## **2.0 PRODUCT IDEA AND REALISATION OF SCHEDULE**

### **2.1 PRODUCT IDEA**

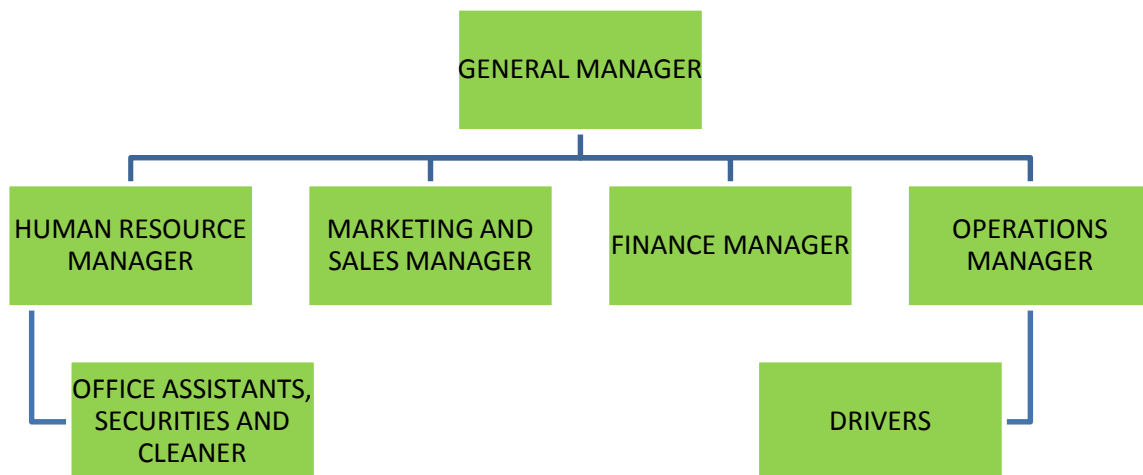
The founders of 'Boafo Ye Na' Transport realized that their own struggle to balance their children's schedules with their own busy businesses was a widespread problem of today. Inspired by children's commuter services the founders thought of starting up this innovative services around the Kumasi metropolis. They knew they could create a convenient, safe and reliable resource for busy parents. This plan actually inspired the founders, so they came up with this brilliant idea called school children commuter services which we believe is the first of its kind in the Kumasi Metropolis.

### **2.2 REALISATION OF SCHEDULE**

The service provided by 'Boafo Ye Na' will not only be an innovative but delivered in a safe and responsible manner mainly for school children. We will be picking children to school and after school hours. Our services shall also be extended to the general public for events that are held on weekends or vacation periods. We project to begin operation from the 2<sup>nd</sup> of January, 2012, where we believe school would be re-opened. The company is of the hope that the vacation period will bring in more charter trips as indicated by our initial responses.

## **3.0 MANAGEMENT TEAM**

Below is the projected organogram of 'Boafo Ye Na' Company Limited,



### 3.1 DESCRIPTION OF MANAGEMENT TEAM

The under-mentioned members shall constitute the management team of ‘Bofo Ye Na’ Company Limited;

- STEPHEN BOAFO                      GENERAL MANAGER
- FRANCIS ADUSEI                      FINANCE MANAGER
- CHARLOTTE BADU                      OPERATIONS MANAGER
- LUCAS ADITIBA                      MARKETING/SALES MANAGER
- JOHNNY ODURO                      HUMAN RESOURCE MANAGER

The General Manager, Stephen Bofo, is an Associate of Chartered Institute of Management (CIMA) UK. He shall see to the general administration of the organisation.

Finance Manager, Francis Adusei, holds 1<sup>st</sup> Degree in Accounting and part three of ACCA, UK. He will address all the company’s financial related issues including Budget, Financial Report and Statement, having worked with State Transport Company for eight years as finance manager.

Charlotte Badu, Operations Manager, holds a BSc. in Mechanical Engineering and also a member of Chartered Institute of Engineers (GH). She shall be responsible for issues relating to procurements and maintenance of company assets.

Lucas Aditiba has extensive experience in sales and marketing and will lead the marketing efforts and activities of the company. He is a Chartered Marketer and holds Dip.M MCIM.

Johnny Oduro, the Human Resource Manager holds first degree in Human Resource Management.

### 3.2 TEAM TO IMPLEMENT PLAN

‘Boafo Ye Na’ will begin operating with 15 full time positions. The positions are as follows:

- General Manager – Stephen Boafo, (1)
- Finance Manager - Francis Adusei (1)
- Marketing / Sales Manager-Lucas Aditiba (1)
- Operations Manager-Charlotte Badu (1)
- Human Resource Manager-Johnny Oduro (1)
- Drivers (7)
- Office assistants (2)
- Cleaner (1)
- Securities (Outsourced from G force security company) (2)

We will critically examine and monitor our employees as we collate feedback from a Customer Satisfaction Survey to enhance our operations.

## **4.0    MARKETING ANALYSIS**

### **4.1    Business Systems & Operations**

We will begin with five slightly used mini buses (Toyota Hiace) that will carry twenty children each. To better utilize these buses and effectively manage our operations we have established peak operational periods and target routes. These periods are early morning, from (5:30am-8am), mid afternoon, between (1pm-2pm), and late afternoon, between (3pm-5pm). We will establish routes with maximum clients and close destinations. The vacation period will bring in more charter trips as indicated by our initial responses. Below are five simple steps for our potential applicants to follow when registering their children with 'Boafo Ye Na'.

**Step 1:** Application Forms will be made available at some shopping malls and some other strategic points.

**Step 2:** Applicants can call us to schedule a meeting with a 'Boafo Ye Na' representative at a time and place convenient to both parties.

**Step 3:** Fill out the registration form and sign by either parents or guardian.

**Step 4:** Go over and agree on your child's schedule with us.

**Step 5:** Mode of payment is either cash or cheque and also must be made upfront as failure will render the contract invalid.

We believe the Toyota mini buses we have selected will meet the expected safety standards for commuting school children.

## 4.2 Economic Factors

Not only is there a strong and growing industrial base in the region, our cities are quietly developing. New projects are being planned and built daily and the entire Country's property is expanding at a very fast rate. Ghana is a country of opportunity and that expansion and growth fuels the need for more reliable transportation.

### Strength

- Skilled workforce, professional drivers and excellent business minded individuals.
- Little/ non-threatening competition.

### Weaknesses

- Company name not yet recognised within Kumasi metropolis.

### Opportunities

- Good financial position creating good reputation for future bank loans and borrowing.
- Moving a very unique service into the market.

### Threats

- Frequent increase of petroleum products.
- Rising cost of wages due to high cost of living.
- Vacation of schools.

### 4.3 Market Segmentation

#### Clients and Target Markets

The company's focus will be on the cash and cheque market with target parents in the middle and high income range in the Kumasi Metropolis. The target children are motivated to use our services over that of competitors because of the convenience and quality associated with our services.

#### Clients Buying Criteria

We believe our clients will choose our mode of service based on the following criteria:

- Performance: We work with one goal in mind: to get children where they want to go, when they want to go, promptly, efficiently, comfortably, and safely.
- Superior Service: Timely pick up, private usage, and the entertainment package in our buses.
- Quality: This involves providing courteous service in clean, well-maintained buses.

#### Psychographics/Behavioral

The amount of transportation business in Kumasi is strong and growing. The busy parents population in the Kumasi metropolitan area exceeds 500,000 people and the community is dynamic and getting more vibrant with each passing day. The entire area has a diversified economy, and wonderful year round events which attract children in the region. The market is based on social class, lifestyle, personality characteristics and patterns of living.

### 4.4 Target Market



Ghana's Population is 24,223,431 according to Ghana Statistical Service, 2010. This is the segment of the population we will be targeting. Kumasi had 1,468,609 residents. The largest segment of our population, are 73% parents with children under 18, totalling 45,354. The average income is GH¢5,617.00 per annum. This is the segment of the population we will be targeting.

#### 4.5 Marketing Mix Strategy

##### Product/Service

'Boafo Ye Na' will provide the highest quality of children's transportation available. Children will be transported in Toyota Mini buses with the latest safety features.

Customer service is a priority for 'Boafo Ye Na'. We believe in the old saying "Treat others as you would want to be treated". This is the philosophy entailed in customer service. To achieve and maintain excellent customer service, proper training and the monitoring of drivers will be intensified.

##### Competition

The other transportation services available in Kumasi are: city cab, public buses and the shuttle pertaining in some schools. 'Boafo Ye Na', unlike these service providers will focus mainly on picking of school children. It is this fact that makes us different and we believe would be our competitive advantage over the other service providers. We offer parents the convenience of the service and the comfort of knowing that, their children are being driven by licensed, screened and insured drivers who genuinely care about the welfare of children. Unlike other transportation services, parents will have the opportunity to meet the staff of 'Boafo Ye Na' at any time possible. Also the staff will make every effort to meet area school

teachers and administrators so they will be familiar with our buses and drivers. Our buses will be clearly identified by the sea blue and white colour and the company's logo, a DOVE. All staff will be issued a company's identification card. Our company's focus is on children, therefore, the safety and welfare of the children we serve will be our number one priority.

## Promotion

### Letter of Introduction

This is our first mass mailing. The letter contains a formal introduction, explanation of our services and a request to respond if interested. The letters were sent to the financial institutions bank officials, dentists, pre-schools, elementary schools, day care owners, attorneys, beauty salons and all other shop owners. One Hundred and Fifty letters were mailed on October, 2011 and the response was good.

### Brochure

Our brochure will contain all of the operational information needed for our clients. It will include hours, rates, rules and regulations, a mission statement and features and benefits of using our service. The brochure will be available at various locations including fuel filling stations, other agencies, and some schools.

### PTA/School Involvement

At part of our personal selling, we will make appointments with key personnel in the school district. It is our goal to be able to contract for group activities, but also to make the schools and parents aware of our existence in the community as a viable source for safe delivery of children.

## Care Support

This is another important source in Kumasi. Once a month participants from area agencies dealing with children meet. They discuss how to make things better for children in the county. It is also a great way to network with members.

## Distribution/Routes.

Our service will be sold directly to users. Our site location is suited to customer proximity because it is close to major roads. Effective routing, which is essential, will be made easier because of our location.

## Price

The company's strategic instrument is to use price quality inference strategy due to nature of our target market. Our buses will be driving in a seven mile delivery radius. Fees must be paid in advance. Fees may be paid by cheque or cash only. GH¢20.00 service charge will be collected on all dishonoured cheques. As the business grows, the company might consider accepting E-zwich as an additional form of payment.

Any changes or withdrawals of ride schedule will require immediate notification to 'Boafo Ye Na' or vice versa.

## Rate Schedule/Round-Trip

Your child is picked up at one location, transported to his/her destination and picked up and returned to original location. For example: We pick up your child at home to school and return later in a day at a cost of GHC3.00 per head.

## Principal Suppliers:

Goil Ghana Limited is chosen as our supplier of fuel because of their convenient locations and their reporting capabilities. They will supply us with a report each week that indicates how much our bill a week.

Kingdom Stationary will be our primary supplier for office supplies because of their wide range of products and quality. We have applied for our tax exempt status with them.

Toyota Ghana Limited will be our supplier and service agent of the buses.

## 4.6 Risk management

‘Boafo Ye Na’ will the strategy below to control our loses:

### Loss control

- There shall be frequent safety talks to constantly remind employees of our safety policies.
- Assets such as machines and vehicles will be periodically maintained to prevent any unforeseen damages in the future.
- Drivers will be given extensive training on safety.

### Loss Financing

This is a means of obtaining funds to offset losses that may occur.

‘Boafo Ye Na’ has purchased an insurance contract from Vanguard Assurance Company Limited for all our assets and employees.

## 5.0 FINANCIAL ANALYSIS

### 5.1 BOAFO YE NA TRANSPORT LIMITED

#### PROJECTED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDING 31<sup>ST</sup> DECEMBER 2014

	Note	2012	2013	2014
		GHC	GHC	GHC
Revenue	4	127,200.00	168,400.00	220,500.50
Less Direct Expense	1	<u>26,955.00</u>	<u>31,917.00</u>	<u>40,084.00</u>
Gross Profit		100,245.00	136,483.00	180,416.50
Gen. & Adm. Expense	2	<u>41,965.00</u>	<u>44,216.00</u>	<u>61,786.00</u>
Profit before Taxation		58,280.00	92,267.00	118,630.50
Taxation		12,285.00	24,389.00	34,863.00
Net Profit Transferred to Income Surplus Account		<u><b>45,995.00</b></u>	<u><b>67,878.00</b></u>	<u><b>83,767.50</b></u>

#### PROJECTED INCOME SURPLUS ACCOUNT

	2012	2013	2014
	GHC	GHC	GHC
Balance at 1 <sup>st</sup> January	-	45,995.00	113,873.00
Net Profit for the Year	<u>45,995.00</u>	<u>67,878.00</u>	<u>83,767.50</u>
Balance at 31 <sup>st</sup> December	<u><b>45,995.00</b></u>	<u><b>113,873.00</b></u>	<u><b>197,640.50</b></u>

## BOAFO YE NA COMPANY LIMITED

### PROJECTED STATEMENT OF FINANCIAL POSITION

AS AT 31<sup>ST</sup> DECEMBER, 2012, 2013, 2014

	NOTE	2012	2013	2014
		GH¢	GH¢	GH¢
<b>Non Current Assets</b>				
Property Plant & Equipment	3	<u>83,400.00</u>	<u>62,550.00</u>	<u>41,700.00</u>
<b>Current Assets</b>				
Inventory		953.00	2,150.00	3,285.00
Cash & Bank Balance		<u>121,642.00</u>	<u>209,173.00</u>	<u>312,655.00</u>
		<u>122,595.00</u>	<u>211,323.00</u>	<u>315,940.00</u>
<b>Total Assets</b>		<b><u>205,995.00</u></b>	<b><u>273,873.00</u></b>	<b><u>357,640.00</u></b>

### PROJECTED CASHFLOW STATEMENT

FOR THE YEAR ENDING 31<sup>ST</sup> DECEMBER 2014

	2012	2013	2014
	GH¢	GH¢	GH¢
<b>Cash Inflows</b>			
Issue Of Ordinary Shares	160,000.00	0.00	0.00
Revenue	<u>127,200.00</u>	<u>168,400.00</u>	<u>220,500.00</u>
	<b><u>287,200.00</u></b>	<b><u>168,400.00</u></b>	<b><u>220,500.00</u></b>
Auditors Remuneration	300.00	350.00	400.00
Property, Plant & Equipment	104,250.00	0.00	0.00
Rent & Rates	3,000.00	3,000.00	3,000.00
BANK CHARGES	90.00	110.00	150.00
Fuel & Lubricants	21,200.00	25,010.00	31,112.00
Washing Bay	1,500.00	1,824.00	2,383.00
First Aid	108.00	180.00	224.00
Internet & Communication	100.00	350.00	1,380.00
Misc Expenses	200.00	216.00	2,250.00
Security Services	300.00	500.00	1,700.00
Insurance	410.00	460.00	540.00
Repairs & Maintenance	1,500.00	1,900.00	2,500.00
Salary & Wages	6,000.00	12,000.00	17,600.00
Social Security Contribution (SSNIT)	780.00	1,500.00	2,066.00

TYRES	3,600.00	4,200.00	5,000.00
Registrar General Dept. Fee	8,035.00	350.00	400.00
Electricity & Water	100.00	560.00	2,200.00
Printing & Stationary	100.00	620.00	1,150.00
TAX	12,285.00	24,389.00	34,863.00
Advertising	1,200.00	1,250.00	3,800.00
Legal & Professional	<u>500.00</u>	<u>1,100.00</u>	<u>3,700.00</u>
	<u>165,558.00</u>	<u>79,869.00</u>	<u>116,418.00</u>
NET CASHFLOW	121,642.00	87,531.00	103,482.00
Balance as at 1 January	<u>0.00</u>	<u>121,642.00</u>	<u>209,173.00</u>
Balance as at 31 December	<u><b>121,642.00</b></u>	<u><b>209,173.00</b></u>	<u><b>312,655.00</b></u>

## **BOAFO YE NA COMPANY LIMITED**

### **ASSUMPTIONS UNDERLYING THE FINANCIAL STATEMENTS PROJECTIONS**

**The following assumptions have been made in the financial statement projections and analysis**

1. That an equity capital of Hundred Thousand Dollars (\$100,000) at a rate of GHS1.60 is introduced. ( $\$100,000 * \text{GHS}1.60 = \text{GH}\text{¢}160,000.00$ ).
2. That the company has budgeted 42,400 passengers at GH¢ 3.00 each in the first year of operation and revenue increase by 30% per annum.
3. Direct costs increase by 18% and 25% per annum for 2013 and 2014 respectively.
4. Property, plant and equipment are depreciated at 20%.
5. The Company's cost of capital is 18%
6. All other payment have been estimated at current price levels as adjust for expected inflation for the period

**BOAFO YE NA COMPANY LIMITED**

**PROJECTED STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDING 31<sup>ST</sup> DECEMBER 2014**

	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>
	0.00	205,995.00	273,873.00
Profit for the Year	45,995.00	67,878.00	98,767.00
Issuer of shares	160,000.00	0.00	0.00
Bal as at Dec 31	<b>205,995.00</b>	<b>273,873.00</b>	<b>372,640.00</b>

**NOTES (2) TO THE PROJECTED FINANCIAL STATEMENTS**

GROSS PROFIT	<b><u>100,245.00</u></b>	<b><u>136,483.00</u></b>	<b><u>180,416.00</u></b>
GENERAL & ADM. EXPENSES			
Auditors Remuneration	300.00	350.00	1,000.00
Rent & Rates	3,000.00	3,000.00	3,000.00
BANK CHARGES	90.00	110.00	150.00
Internet & Communication	100.00	350.00	1,380.00
Misc Expenses	200.00	216.00	2,250.00
Security Services	300.00	500.00	1,700.00
Insurance	410.00	460.00	540.00
Salary & Wages	6,000.00	12,000.00	17,600.00
Social Security Contribution (SSNIT)	780.00	1,500.00	2,066.00
Registrar General Dept. Fee	8,035.00	350.00	400.00
Electricity & Water	100.00	560.00	2,200.00
Printing & Stationary	100.00	620.00	1,150.00
Advertising	1,200.00	1,250.00	3,800.00
Legal & Professional	500.00	1,100.00	3,700.00
<b>Depreciation</b>			
Motor Vehicle	20,000.00	20,000.00	20,000.00
Furniture and Fittings	290.00	290.00	290.00
Equipment	300.00	300.00	300.00
Computer and Accessories	140.00	140.00	140.00
Refrigerator	120.00	120.00	120.00
TOTAL	<b><u>41,965.00</u></b>	<b><u>44,216.00</u></b>	<b><u>61,786.00</u></b>
PROFIT BEFORE TAXATION	<b><u>58,280.00</u></b>	<b><u>92,267.00</u></b>	<b><u>133,630.00</u></b>



### NOTE (3) PROPERTY PLANT & EQUIPMENT

	2012			2013			2014		
	Cost	DEPN	NBV	Bal. B/F	DEPN	NBV	Bal. B/F	DEPN	NBV
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Motor Vehicle: Mini Bus	100,000	20,000	80,000	80,000	20,000	60,000	60,000	20,000	40,000
Office Furniture	1,450	290	1,160	1,160	290	870	870	290	580
Office Equipment	1,500	300	1,200	1,200	300	900	900	300	200
Computers & Assessors	700	140	560	560	140	420	420	140	280
Refrigerator	600	120	480	480	120	360	360	120	240
<b>TOTAL</b>	<b>104,250</b>	<b>20,850</b>	<b>83,400</b>	<b>83,400</b>	<b>20,850</b>	<b>62,550</b>	<b>62,550</b>	<b>20,850</b>	<b>41,700</b>

### NOTE (4) REVENUE BUDGET

Year	Passengers	Fare	Amount GH¢
2012	42,400	3.00	127,200.00
2013	42,100	4.00	168,400.00
2014	40,091	5.50	220,500.50
AVERAGE	41,530		

### NOTE (5) STATED CAPITAL

	2012	2013	2014
	Number	Number	Number
Authorized Ordinary Shares of No Par Value	200,000	200,000	200,000
Issued Ordinary Shares of no par value	160,000	160,000	160,000
	GH¢	GH¢	GH¢
Proceeds of Issued for Cash	160,000.00	160,000.00	160,000.00

Price per share =  $\frac{\text{¢}160,000}{160,000} = \text{GH¢}1.00$  per share

¢160,000

## APPRAISAL OF PROPOSAL / INVESTMENT

### NET PRESENT VALUE

	Year	Cash Flow	DIS. Factor (10%)	PV
		GH¢	GH¢	GH¢
0		(160,000.00)	1.000	(160,000.00)
1	2012	45,995.00	0.909	41,809.46
2	2013	67,878.00	0.826	56,067.23
3	2014	83,767.00	0.751	<u>62,909.02</u>
<b>NPV</b>				<b>785.71</b>

### PAYBACK PERIOD

	Year	Cash Flow	DIS. Factor (10%)	PV
		GH¢	GH¢	GH¢
0		(160,000.00)	1.000	(160,000.00)
1	2012	45,995.00	0.909	41,809.46
				(118,190.54)
2	2013	67,878.00	0.826	56,067.23
				(62,123.31)
3	2014	83,767.00	0.751	<u>62,909.02</u>
				<b>0.9875</b>

**Payback Period 2years 10months**

### TAX COMPUTATION

	2012	2013	2014
	GH¢	GH¢	GH¢
Profit before Tax	58,280.00	92,267.00	118,630.50
Addback Depreciation	<u>20,850.00</u>	<u>20,850.00</u>	<u>20,850.00</u>
Adjusted Profit	79,130.00	113,117.00	139,480.50
LessCapital Allowance	30,990.00	22,878.00	15,026.80
Chargeable Income	48,140.00	90,239.00	1124,453.70
Tax thereon @ 25%	<b>12,035.00</b>	<b>22,559.75</b>	<b>31,113.43</b>

This is subject to agreement by the Internal Revenue Authority – Ghana Revenue Authority

## ASSESSMENT FOR 2012

	WDV B/F	Addition	Total	Rate	DEPR	WDV C/F
	GH¢	GH¢	GH¢	%	GH¢	GH¢
Class 1 Pool	700.00	-	700.00	40	280.00	420.00
Class 2 Pool	100,000.00	-	100,000.00	30	30,000.00	70,000.00
Class 4 Pool	3,550.00	-	3,550.00	20	710.00	2,840.00
	<b><u>104,250.00</u></b>		<b><u>104,250.00</u></b>		<b><u>30,990.00</u></b>	<b><u>73,260.00</u></b>

## ASSESSMENT FOR 2013

	WDV B/F	Addition	Total	Rate	DEPR	WDV C/F
	GH¢	GH¢	GH¢	%	GH¢	GH¢
Class 1 Pool	420.00	-	420.00	40	168.00	252.00
Class 2 Pool	70,000.00	-	70,000.00	30	21,000.00	49,000.00
Class 4 Pool	2,840.00	-	2,840.00	20	1,710.00	1,130.00
	<b><u>73,260.00</u></b>		<b><u>73,260.00</u></b>		<b><u>22,878.00</u></b>	<b><u>50,382.00</u></b>

## ASSESSMENT FOR 2014

	WDV B/F	Addition	Total	Rate	DEPR	WDV C/F
	GH¢	GH¢	GH¢	%	GH¢	GH¢
Class 1 Pool	252.00	-	252.00	40	100.80	151.20
Class 2 Pool	49,000.00	-	49,000.00	30	14,700.00	34,300.00
Class 4 Pool	1,130.00	-	1,130.00	20	226.00	904.00
	<b><u>50,382.00</u></b>		<b><u>50,382.00</u></b>		<b><u>15,026.80</u></b>	<b><u>35,355.20</u></b>

## APPRAISAL

1. The Net present value, Discount Payback period and the Break-even point has been used to appraise the projects or investment.
2. The exchange rate of the dollar is 1.6  
 $5 \text{ member} \times \$20,000 = \$100,000 @ 1.6 = \text{GH¢}160,000.00$
3. The cost of capital of 18% has been used

4. <b>Total Cost</b>	GH¢
Direct Expenses	26,955.00

Administrative Expenses	41,965.00
Property plant & equipment	104,250.00
Rent	<u>3,000.00</u>
	<b><u>176,170.00</u></b>

### **BREAK EVEN ANALYSIS**

$$\begin{aligned} \text{BEP} &= \frac{\text{Fixed cost}}{\text{C/S Ratio}} & \text{when FC} &= \text{¢123,855.00} \\ & & \text{C/S ratio} &= \frac{100,545.00}{127,200.00} \\ & & &= \mathbf{0.7904} \end{aligned}$$

$$\begin{aligned} \therefore \text{BEP} &= \frac{\mathbf{123,855}}{\mathbf{0.7904}} \\ &= \text{GH¢ } \mathbf{\underline{156,699.00}} \end{aligned}$$

<b>5. FIXED COST</b>	<b>GH¢</b>
Property, Plant & Equipment	104,250.00
Rent	3,000.00
Social Security Contribution	780.00
Salaries & Wages	6,000.00
Printing & Stationary	100.00
Registrar General Dept. Fee	8,035.00
Insurance	400.00
Bank Charges	90.00
Electricity & Water	100.00
Advertising Expenses	200.00
Internet & Communication	100.00

Auditor Remuneration	300.00
Legal & Profession fees	<u>500.00</u>
	<b><u>123,855.00</u></b>

<b>VARIABLE COST</b>	<b>GH¢</b>
Fuel and lubricants	21,200.00
Washing Bay	1,500.00
Tyres	3,600.00
First Aid	108.00
Repairs & Maintenance	1,500.00
Inventory	<u>(953.00)</u>
	<b><u>26,955.00</u></b>

## 6. CONTRIBUTION

Total Revenue	127,200.00
Variable / Marginal Cost	<u>(26,955).00</u>
	<b><u>100,545.00</u></b>

**Motor Vehicle:** Toyota – Mini Buss

**Office Furniture:** Desk & Chairs, Drawers

**Office Equipment:** Refrigerator, Television Set, Ceiling Fans

**Computers & Accessories:** Computer Set