

EXECUTIVE SUMMARY

Beadard tilapia fish farm is a newly proposed business to be set up in Dompooase-Aprabo, a suburb of Kumasi which is meant to deal in producing tilapia. The farm is meant to be managed by a three member management team involving a general manager/financial controller, operational control/human resources and a marketing manager. Management roles are merged based on the reason to cut down management cost.

The company intends to produce quality, nutritious and affordable tilapia to our close and distant consumer including hotels, restaurant, homes and individual. Beadard stands the edge of working process under hygienic condition since our ponds are built to facilitate such condition. The ponds are built close to a fresh clean river that already also contains the breed of tilapia.

Tilapia is good for the body as whole the vital nutrients it has. It is fats free and it also cod liver oil which has health benefits which includes its ability to aid in treatment of heart diseases, high cholesterol, depression, anxiety, low immunity, cancer, diabetes, inflammation, arthritis, AIDS, Alzheimer's disease, eye disorders, macular degeneration and ulcers. It also helps in weight loss, pregnancy, fertility and skin care (particular for disorders such as psoriasis, acne).

It is easy to prepare and easily consumable as compared to meat and other substitute. Meanwhile, tilapia consumption of late has risen and is climbing to a significant height only that it is expensive to the average wage earners who forms a greater part of the populace around the company's operating areas.

In the short run, Beadard aims at providing and introducing total quality management to help capture a fair share of the markets and establish a good relationship with our customers and suppliers in terms of payment and delivery in the long run.

Beadard will concentrate on production for eighteen months after which it is believed to reach most its potential markets. The financial projections indicate that the firm will achieve break even in the second year of operation of GH¢28318.

A three year financial analysis of the company's products and services resulted in a gain of GH¢47,867 net profit in the first year of operation increasing steadily of GH¢ 58,394.5 and GH¢78,731.12 in the second and third years respectively.

The company had a positive net present value of GH¢90991.05 which shows the viability of the project. Cash flows projections revealed that Beadard tilapia fish farm will have a positive balance of GH¢138,170 in the first year and increasing to GH¢79,845.5 by the close of the second year.

Beadard needs a capital of ₦150,000 to turn our proposal into operation.

VISION

To be the number one player in the tilapia industry and to contribute to nutritional health of both old and young, and to supply food continuously and also be a contributor to economic growth.

MISSION

To create business opportunities and provide employment, produce quality fish in an efficient manner, increase shareholders value and employee success by using up to date fish farming methods and future technological know-how.

CORE VALUES

We are committed to

- I. Developing an aquaculture sector which is responsible and environmentally friendly.
- II. Creating a friendly environment for our clients and customers, through our products and services.
- III. Not being content with reality ,but to strive for improvement and accept challenges

BUSINESS VALUES

- I. High quality product and innovation.
- II. Creating employment.
- III. On-time delivery.

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 being under supervision for this business plan herein submitted.

NAMES OF STUDENTS/INDEX NUMBER	SIGNATURE	DATE
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(Supervisor)	Signature	Date
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(Head of Business Studies Department)	Signature	Date
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CHRISTIAN SERVICE UNIVERSITY COLLEGE- KUMASI
DEPARTMENT OF BUSINESS STUDIES

BARCHELOR OF BUSINESS ADMINISTRATION
BEADARD TILAPIA FISH FARM

BUSINESS PLAN
A BUSINESS PLAN SUBMITTED TO THE DEPARTMENT OF BUSINESS STUDIES

BY
BERNICE ESSENAM AKILGO
DUNCAN ODOOM-PRAH
ERNEST ACQUAYE
WORSTI DOMINIC ROMEO
ADJEI RANSFORD
ANGMOR BERTHA KORYO

DECEMBER, 2011.

**CHRISTIAN SERVICE UNIVERSITY COLLEGE- KUMASI
DEPARTMENT OF BUSINESS STUDIES**

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BEADARD TILAPIA FISH FARM**

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A BUSINESS PLAN SUBMITTED TO THE DEPARTMENT OF BUSINESS STUDIES

**OF
CHRISTAIN SERVICE UNIVERSITY COLLEGE, KUMASI IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE COURSE
CSAD 443 TEAM BUSINESS PROPOSAL.**

**BY
BERNICE ESSENAM AKILGO
DUNCAN ODOOM-PRAH
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ANGMOR BERTHA KORYO**

DECEMBER, 2011.

1.0 BUSINESS PROFILE

1.1 BUSINESS BACKGROUND

The owners of this business realized the need to start this company to provide fish (tilapia) that will improve the nutritional health of the citizens of this country. Our establishment will improve on the quality and add values to the product as compared to those in the market. The name BEADARD was formulated using the first letters of the names of the shareholders of the firm.

1.2 NAME, ADDRESS AND CONTACT DETAILS

Company Name: BEADARD TILAPIA FISH FARM
Residential Address: PLT 85 BLK A, KUMASI
Postal Address: P.O.BOX 209, KUMASI, ASHANTI-REGION.
Telephone Number: 0267118212, 0244895350, 026658595
E-Mail: beardartilapiafishfarm@yahoo.com
Legal Status: Our company is a limited liability company business under the
Companies Code and Regulations 1963(Act 179)

BANKERS: Agricultural development bank

INSURERS: State Insurance Company

LEGAL ADVISER: Opoku Kodua

1.3 DATE OF REGISTRATION AND COMMENCEMENT

Beadard tilapia farm will be incorporated on the 15th of December 2011, and will commence business on the 2nd of January 2012.

2.0 ORGANISATION AND PRODUCT IDEA

2.1 TYPE OF BUSINESS

Beadard tilapia fish farm is a partnership limited liability company which constitute of six (6) partners.

2.2 PRODUCT IDEA AND INNOVATION

Beadard farm is into the rearing of tilapia a very special breed of fish, based on its high nutritional benefits and has also become a much demanded delicacy in the Ghanaian society; we decided to enter into this venture. The tilapia would be reared currently in six (6) ponds which has a dimension of 90feet by 150 feet, and will also have a nursery which has a dimension of 6feet by 12 feet, for rearing the fingerlings before they are transferred into the bigger ponds.

Beadard tilapia fish farm seeks to be innovative in using up-to-date fish farming technology in our production process and also focus on making our product affordable to all including the average income earner.

2.3 LOCATION

Beadard tilapia fish farm is a small scale business which would be located at Dompase-aprabo, a suburb of Kumasi, along the river Oda, which is surrounded by farming communities. A tilapia production firm cannot target a specific section of consumers, since tilapia is food for every family and household, that wants to prepare a meal. With this information, the company chose Dompase-aprabo, based on the availability of resources (fresh water) and also creation of employment for the community.

Labour needs will be efficiently and effectively strategized not to increase cost of production.

Labour	Number of people
Production	2
Auxiliary	
Administration	3
Agric extension officer	1
Sales officers	3
Drivers	1
Security	1
Total	11

2.4 REALISATION OF SCHEDULE

SCHEDULE OF ACTIVITY

Number	Activity	Time	Responsibility	Cost¢
1	Funding	May –July	All shareholders	-
2	Office location	July –August	Operations manger	-
3	Registration	August-December	Legal adviser	300
4	Recruitment	November	Human resource manager	100
5	FDB permit	November	Operations manager	200
6	Launching	June	All shareholders	900

NOTE

- I. Registration expense will cost GH ₵350.
- II. The operations manager is also the human resource manager since he is undertaking two managerial roles and will receive only a monthly salary.

3.0 DESCRIPTION OF MANAGEMENT TEAM

The company as a limited liability company is managed by three prominent business oriented members as principal stakeholders since we want to cut down cost.

3.1 NAME

POSITION

- | | |
|--------------------------------|-----------------------------------------|
| I. Miss Bernice Essenam Akligo | Managing Director /Financial controller |
| II. Mr Romeo Dominic Worsti | Operations / Human resource manager |
| III. Mr Duncan Odoom | Marketing Manager |

3.2 RESUMES OF KEY MANAGERS AND EMPLOYEES

The management team will include;

3.3 THE GENERAL MANAGER/ FINANCIAL CONTROLLER

The general manager will be Miss Bernice Essenam Akligo

3.4.1 WORKING EXPERIENCE

She has worked as an accounts officer with the Agricultural Development bank for four (4) years and also worked with Uni bank for two (2) years. She is currently working with a credit union of her church, Ebenezer Methodist church, which she is the assistant financial and administrative manager. She has gained the necessary experience which will help boost the development and progression of our firm.

She holds an HND in Accounting and is currently a BBA student at the Christian Service University College (CSUC) in Kumasi.

3.4.2 RESPONSIBILITIES

- I. The general manager will oversee and coordinate the operations of the firm.
- II. She will handle all financial affairs of the firm.
- III. She will draft all the necessary budgets of the firm.
- IV. She will be responsible for controlling all expenditures.

3.4.3 SALARY

She will receive a monthly salary of GH¢ 400

3.5 MARKETING MANAGER

The marketing manager will be Mr Duncan Odoom.

3.5.1 WORKING EXPERIENCE

He worked with Barclays bank as a sales executive for five (5) years.

3.5.2 RESPONSIBILITIES

- I. He is to develop a marketing plan.
- II. He will be responsible for determining product prices.
- III. He will be writing promotional and advertising packages.
- IV. He will also have to strategize to increase the demand for the product.
- V. He will see to the better packaging of products.

3.5.3 SALARY

He will receive a monthly salary GH ₵350

3.6 THE OPERATIONS / HUMAN RESOURCE MANAGER

The operations and human resource manager will be Mr Romeo Dominic Worsti.

3.6.1 WORKING EXPERIENCE

He worked as the assistant operations manager of Darko farms for four (4) years, and also worked with Danni pharma as an assistant accountant for two (2) years, and holds an HND in accounting.

3.6.2 RESPONSIBILITIES

- I. He is responsible for the daily supervision of activities.
- II. He also will act as the purchasing and quality control officer of the firm.
- III. He will head the product development.
- IV. He will act as the public relations manager for the firm.
- V. He is responsible for recruitment and interviews of staff for the firm.
- VI. He is responsible for organizing staff training and developmental programs.
- VII. He is also responsible for appraising staff performance.

3.6.3 SALARY

He will receive a monthly salary of GH ¢ 350.

3.7 OTHER PERSONNEL

3.7.1 SALES OFFICERS

Three officers are needed and applicants shall be required to hold a minimum of Diploma in marketing.

3.7.2 RESPONSIBILITIES

- I. He/ she will be responsible for identifying key distributors and retail shops in target regions.
- II. The sales officers will be responsible for promoting and selling our products and services.
- III. The sales officers must make sure that client payment returns are recorded properly.

- IV. Sales officers will work hand in hand with supermarkets and shops to educate them on how to preserve our products, and also display our products.

3.7.3 SALARY

The qualified applicant will receive an amount of GH ₵250, also commission will be given on sale to motivate staff and salaries are subject to review based on performance of the firm.

3.8 AGRIC EXTENSION OFFICER

Qualified applicant should hold a Degree in agriculture.

3.8.1 RESPONSIBILITIES

- I. He/ she will be responsible for all activities concerning the farm.
- II. He / she will be responsible for checking the PH level of the ponds.
- III. Will be responsible for making provision for the ponds at the various stages in fish rearing.

3.8.2 SALARY

He/ she will receive a monthly salary of GH₵ 300.

3.9 DRIVER

Qualified personnel are required to have

- I. A JHS certificate or its equivalent.
- II. A qualified driving license from DVLA.

III. At least three (3) years driving experience from a reputable institution.

IV. Ability to work with little or no supervision.

3.9.1 RESPONSIBILITIES

I. He will work hand in hand with all workers in the firm.

II. He will be responsible for delivery of products.

III. He will be responsible in sending items and equipments to and from the farm.

3.9.2 SALARY

Personnel will receive a monthly salary of GH ¢150

3.9.3 SECURITY

Qualified personnel are required to have

I. A JHS/SHS certificate or its equivalent.

II. A security certificate from a reputable firm.

III. At least three (3) years working experience from a reputable firm.

3.9.4 RESPONSIBILITIES

I. Protection of life and property of the firm.

II. Preventing theft.

III. Monitoring closely visitors and customers who enter the company's premises.

IV. Checking of vehicular movements of that of the firm and also that the customers and visitors.

3.9.5 SALARY

Personnel will receive a monthly salary of GH¢ 120.

3.10 LABOURERS

Qualified personnel should have at least a JHS or SHS certificates or its equivalents.

Two (2) labourers are needed to work on the farm.

3.11 RESPONSIBILITIES

- I. To work with the agric extension officer on the ponds.
- II. To help in feeding the fish.
- III. Help in harvesting the fish.
- IV. Help with the packaging.
- V. Also help in cleaning the farm and the ponds.

3.12 SALARY

Personnel will receive a monthly salary of GH ¢75.

3.13 SHARE HOLDERS

The management of Beadard fish farm is made of six (6) shareholder.

The shareholders are outlined below

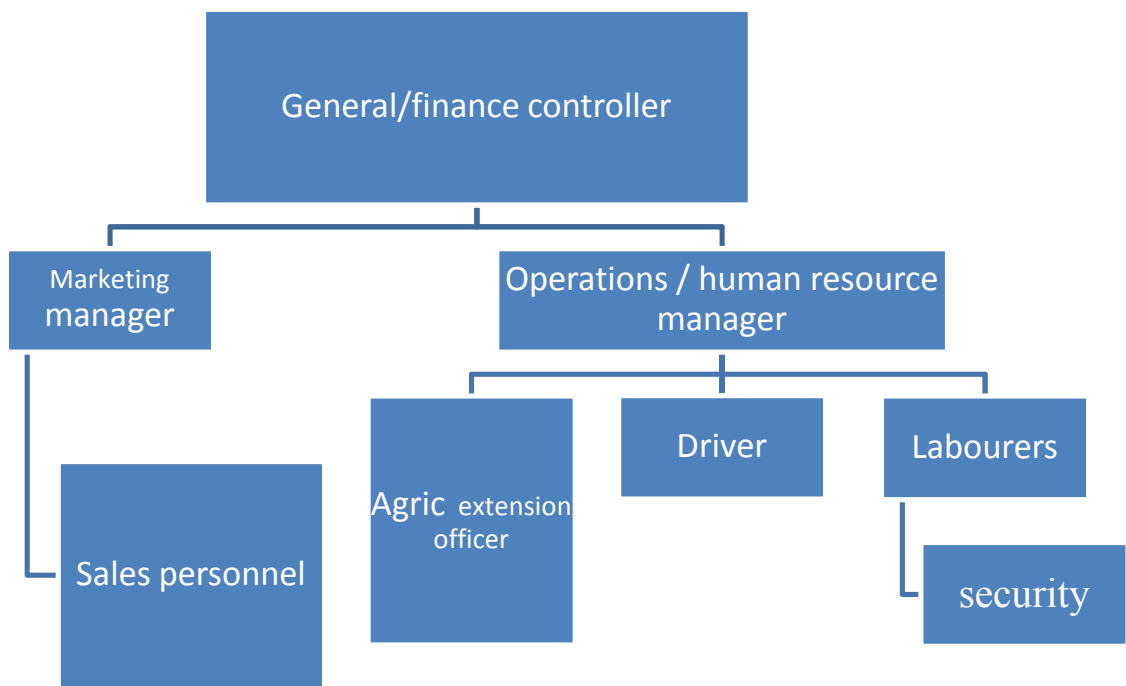
NAME	POSITION
Bernice Essenam Akligo	Accountant currently pursuing BBA at (csuc).
Romeo Dominic Wortsu	Finance controller currently pursuing BBA at (csuc).
Ernest Acquaye	Operations Manager currently pursuing BBA at (csuc).
Ransford Adjei	Human Resource manager currently Pursuing BBA at (csuc).
Duncan Odoom	Marketing Manager currently pursuing BBA at (csuc).
Angmor Bertha Koryo	Accountant, currently pursuing BBA at (csuc) .

3.14 PLANS FOR FINANCING

Beadard tilapia fish farm is a limited liability company which will be financed by individual contributions of GH¢25,000 each by the owners of the proposed company, making it up to GH¢150,000 or the equivalent of \$100,000 us dollars.

3.1.5 ORGANOGRAM

Diagram 1



3.16 BUSINESS STRATEGY

We aspire to be the market leader in the provision of tilapia for every home at high quality standard.

The company will compete by

- I. Using the just-in-time delivery system in serving our clients and customers.
- II. We will differentiate our products using attractive packaging at an affordable price and hammering on the benefits derived from consuming our product.
- III. To be the product leader in terms of tilapia fish farming.
- IV. Using price penetration, and also by locating the company in dompoase-aprabo, where we can obtain the highest quality raw materials at lower cost.

3.17 OBJECTIVES

- I. To create good customer relationship with our customers and clients, in terms of payments and delivery.
- II. To assist in social developmental projects in our immediate surroundings to elevate their standard of living.
- III. To provide and introduce a total quality system in our operations to help boost the reputation of the tilapia fish farming industry.

4.0 MARKET ANALYSIS

4.1 INDUSTRY ANALYSIS

A study in the industry has shown that most of the retailers in tilapia industry, do get or buy their supplies from farms far away from their shops, which increases their transactional cost, which includes higher transportation cost. Also preservation of the tilapia before it gets to retailers are badly packaged, which makes the tilapia not last long in storage and reduces its high nutrition and taste.

Beadard fish farm has an agenda of adding value to the tilapia in all the processes of rearing the fish to produce to the public a health and highly nutritious quality fish for consumption.

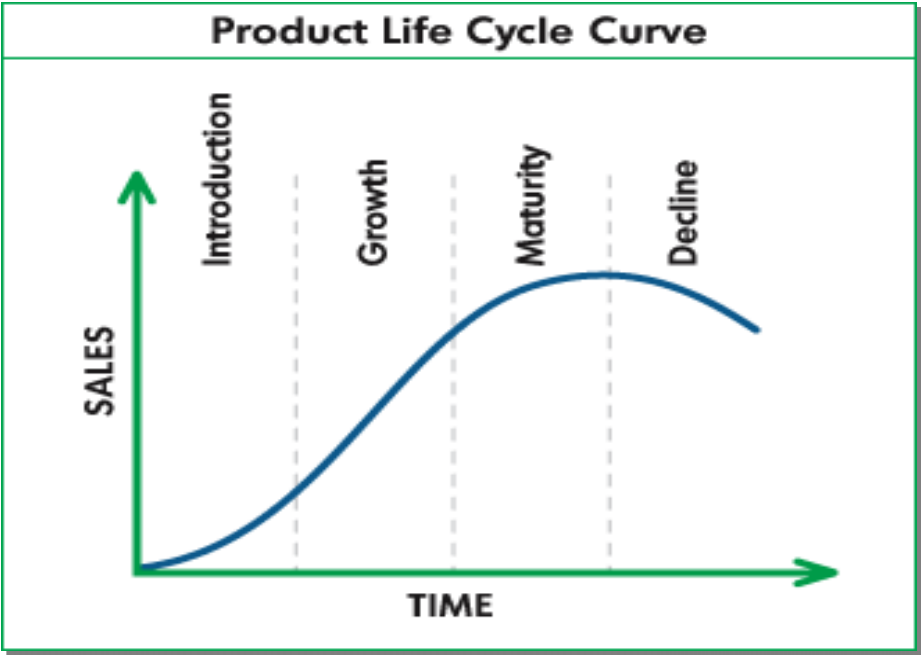
Our company believes in focusing on our competitive environment within which we operate.

Competition may exist in the following firms,

- I. The bargaining power of the buyer.
- II. The bargaining power of the suppliers.
- III. Threat of substitute.
- IV. Threat of potential entrants.
- V. Threat of competitive rivalry.

A survey in the food market has shown a high trend in demand for tilapia, due to the nutrients it contains, such as the cod-liver oil which good for aged and young, hence we will capitalize on this by providing and packaging them using a highly distinct marketing strategy. The market is in its growth stage as depicted by diagram below.

DIAGRAM 2



4.1.2 MARKET GROWTH

There has being a tremendous growth in the demand for tilapia as a pace of health awareness and body care in Ghana continue to increase. As many people both the old and young who were not concerned about their health have now given a serious attention to their body and health and are now very concerned with what they take in. Also the various body building and keep fitting clubs are increasing in the country where people go to burn excess fats they have in their bodies. The growth in demand for food that will provide nutrients and energy has increased and has also increased the patronage of tilapia which contains no fats, for one to work out to burn fats.

4.1.3 MARKET SUMMARY

Demand for tilapia has appreciated up to a height that makes its market demand very high and is also a very lucrative venture most people are pursuing. Restaurants, hotels, households, chop bars and other food venders serve tilapia because it is a delicacy which is very dominates a very wide section of people in the metropolis.

It is noted to obtain nutrients which are good for the human body, especially the bones and joints.

4.1.4 MARKET NEEDS

Consumers in general have recently become health conscious and are very selective in what they consume, which makes products which do not appeal to customers suffer a great reduction in sales.

Beadard fish farm has identified most of the products which are not healthy for consumption and will educate consumers to consume more of tilapia which is fat free and contains cod liver oil which has the ability to aid in treatment of heart diseases, high cholesterol, depression, anxiety, ADHD, low immunity, cancer, diabetes, inflammation, arthritis, IBD, AIDS, Alzheimer's disease, eye disorders, macular degeneration and ulcers. It also helps in weight loss, pregnancy, fertility and skin care (particular for disorders such as psoriasis, acne). Beadard farm has identified the market for the product available and will combine sales with the product value that will meet the needs of the clients and customers. It is in this direction Beadard farm finds itself better positioned considering its location , competitors and that of retailers by pricing our products using market penetration strategy to generate returns on investment.

4.1.5 MARKET TRENDS

The fish industry reveals a sharp and upwards trends for the demand for tilapia in the future years. Most consumers are conscious of their health and body.

4.2PEST ANALYSIS

These are factors which affect the fish industry externally which can be controlled or adjustments can be made to cope with these conditions.

- I. The government of Ghana in recent times has implemented some measures to enhance the activities of the fishing industry, examples of such measures are the Reduced prices of the premixed fuel, provision of free fishing nets to fishermen and also training services and seminars.

Prices of fishing equipments are reduced to reasonable amounts, and also tariffs on the importations of imports are reduced by the governments.
- II. Economically prices of products are stable since the country's inflationary value is at a single digit hence should this hold for a while, the company's aim of the cost leadership will be attained. Meanwhile the exchange rates keep fluctuating which consequently is making the cedi fall in value compared with the us dollars, pounds, euro and the other foreign denominations.
- III. The local Ghanaian has the perception that tilapia is a delicacy for the rich (the high class in the society), they know it tasteful and good though, but have an idea it being too expensive for the common Ghanaian.

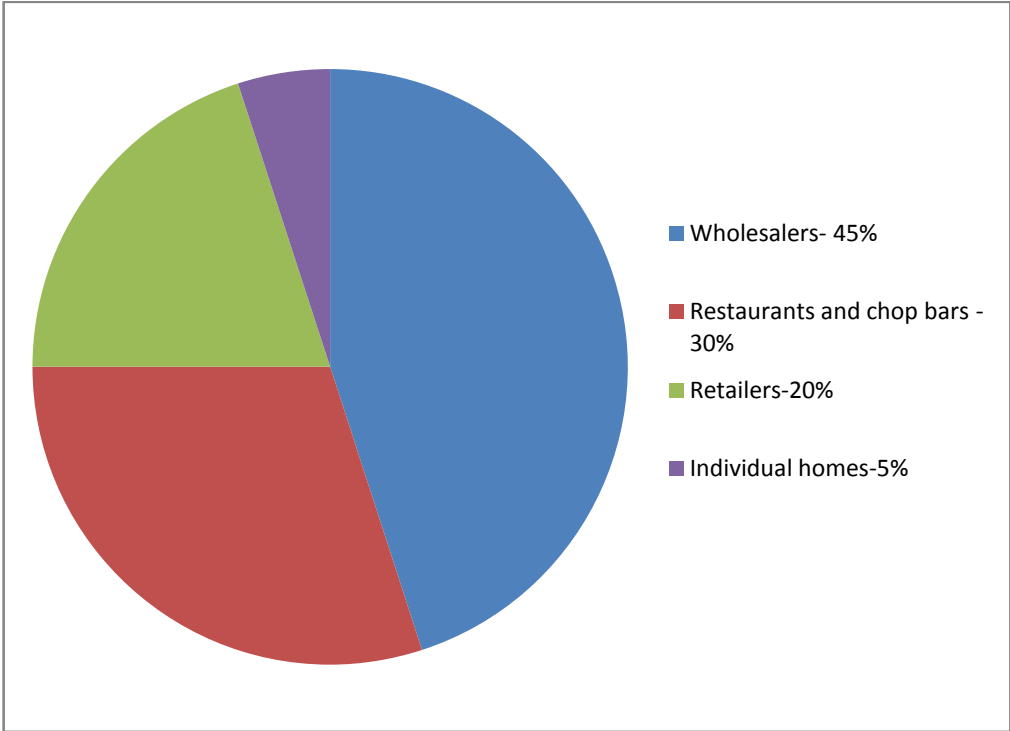
IV. There seems to be advancement in the use of technology in the industry. Already existing companies are quite advanced technologically. They are using sophisticated machineries such as harvesters, etc.

To compete effectively we need to be aware of new technologies in the fish farming systems to enhance our performance in production.

4.2.1 INDUSTRY ANALYSIS.

The tilapia fish farming industry is a slow growing industry in the Ghanaian agricultural sector which is made up several agents of the market involving wholesalers, retailers and individual consumers. The market is dominated by wholesalers who buy on large scale and then later distribute to retailers to be made available to the individual consumer. The wholesaler also sees to supplying to other stakeholders such as the restaurants, chop bars, etc. The relative share of the above mentioned role leaders in the industry are illustrated below

Diagram 3



4.2.2 COMPETITOR ANALYSIS

Beadard Tilapia farm as a newly proposed firm has a chunk of thorns to go through before attaining its height in the industry. There are several already existing and fast upcoming firms which are going to give the newly proposed firm quiet tough challenges. This is due to the fact that they’ve being with consumers for a while and might that have built loyal relationships with them.

Beadard intends to build a competitive edge over its competitors by using our location and its marketing strategies which depicts the packaging of ready fish, delivery systems, promotions which are embedded in our total quality management system ,also we will create a platform for our customers to book appointment through our email before they get to our premises .

4.2.3 SWOT ANALYSIS

<p>STRENGTH</p> <ul style="list-style-type: none"> I. Our ponds and technology used facilitates easier work processes under hygienic conditions. II. Our geographical location of the business, nearness to the major resource (fresh water). III. We intend to price our product (tilapia) based on the surveys on retailers on the first year, thus using the price penetration technique. 	<p>WEAKNESS.</p> <ul style="list-style-type: none"> I. Lack of goodwill since we are now entering the venture.
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> I. Government's incentives for small scale business. II. New channels of distribution, retailers, hotels, restaurants, super markets, households. 	<p>THREATS</p> <ul style="list-style-type: none"> I. Increasing operations cost. II. There are new and emerging competitors in the fish farming ,since is a new venture a lot of people are pursuing the venture. III. The weather is also a threat, thus when there is drought or dry seasons.

4.2.4 MEASURE TO CORRECT OUR WEAKNESS

- I. Our sales personnel will educate the wholesalers and retailers of our product on the proper mechanisms and temperature on how to preserve our product.
- II. Since we will be using the price penetration strategy, the method will fetch us more customers by considering our lower prices.
- III. We will construct a reservoir and cultivate water to be used during the dry seasons or when there is drought.

4.3 MARKET SEGMENTATION

Price segmentation is what Beadard tilapia fish farm intends to segment its market. This was aimed at as a result of the variation in household incomes, personal incomes ranges from high to low income earnings of individuals and hence brings to reasoning that some may prefer bigger tilapia as with the size, which will be expensive, others may also prefer the medium sized tilapia which would have a moderate price and the smaller in size type of tilapia which would obviously depict its price. Beadard farm also will use psychographic segmentation based upon the analysis of the consumer's behavior, whereby we educating consumers about the benefits the human body gains from consuming tilapia as compared to other types of meat, to make them demand more of our product.

4.4 TARGET MARKET

It is our ambition to make available our products to all close and far from our premises, through our well designed distribution channels to enable us to meet our expected revenue.

However much attention shall be given to the under listed target groups,

- Restaurants.
- Hotels.
- Chop bars.
- Supermarkets.
- Households.

Clients and customers can place orders via our email services or can fax us , for the transaction to begin even before they get to our premises.

4.5 ADVERTISEMENT

Beadard farm intends to create a public awareness within and outside our surroundings through promotions and advertising through the radio industry.

Advertisement is supposed to run in five months of operation using a selection of radio stations that are popular within the target area. There will be no TV advert during the initiation of the business into the market since few of our competitors are advanced as such.

4.5.1PRICING

Beadard tilapia fish farm intends to sell its products at a cost of GH¢2.00 per tilapia and we also sell the tilapia using a scale which is weighed in kilograms at a reduced price

Competitor price	GH¢8 per kilogram
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Our price	GH¢6 per kilogram.
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4.5.2 ADVERTISEMENT COST STRUCTURE

Media Houses	Cost per Month	Duration	Total Amount
Radio	GH ¢50	6 months	GH ¢ 300
TV	GH ¢166.7	3 months	GH ¢500

4.5.3 PROMOTION

Our promotional campaign will stress on the health issues, fresh storage means, quality and affordable prices. The campaign package will include promotional sales such as reduced price of products to our immediate habitats that come to buy from us and our retail points. A purchase of GH¢100 and above will attract a 2% discount.

4.5.4 DISTRIBUTION

The availability of the product will depend on how Beadard Farms uses the distribution channels. We will first consider the conventional distribution channel where we will have one or more independent wholesalers and retailers to sell the fish. The sales force will be instrumental in identifying these key distributors, provide them with information about the product, display and also open key account with them. The channel process will be efficient if the distributors do understand the benefits they will derive from the process, for instance discount will be given to retailers and wholesalers on price with regards to re-orders they generate for our product.

Diagram: 4

4.5.5 DISTRIBUTION CHANNEL



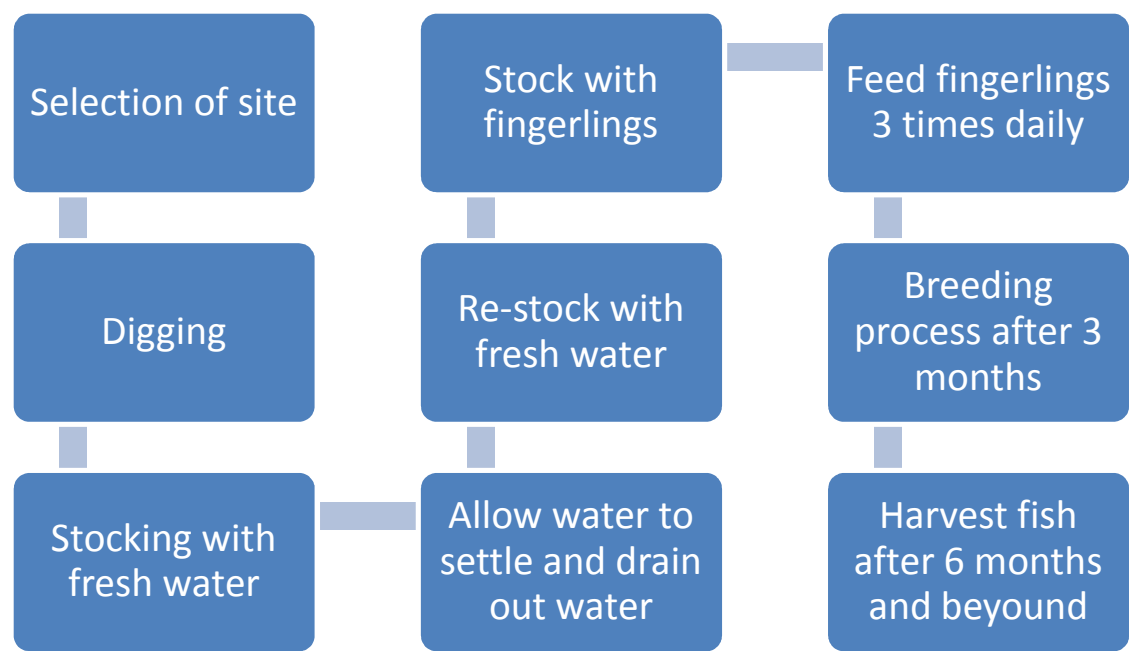
4.6 DESCRIPTION OF PRODUCTION PROCESS

4.6.1 STAGES IN THE PRODUCTION PROCESS

- I. Selection of site (clayey ground).
- II. Digging (slopping from 1 feet to 3 feet).
- III. Stocking with fresh water.
- IV. Wait for the water to settle and drain out water.
- V. Re-stock with fresh water.
- VI. Stock with fingerlings after water has settled and is clean from dirt and mud.
- VII. Feed fingerlings 3 times daily.
- VIII. Fishes are ready for breeding after 3 months.
- IX. Harvest fish after 6 months and beyond.

4.7PRODUCTION PROCESS

Diagram 5



5.0 FINANACAL ANALYSIS

5.1.1 PRICE RISK

Beadard farms realize that we will face either input or output price risk.

Input price refers to the risk of changes in prices that we must pay for labour, materials and other inputs to our production process. With these in mind, the company will select suppliers who will agree on a long term price leading to price stability.

Output prices refer to changes in price that our firm can demand for the goods or services. To be able to compete, we will reduce the cost of production by using efficient production methods resulting in maintaining price over a longer period of time.

5.1.2 CREDIT RISK

We realize that since we will be supplying some of our products through key distributors, some might default in paying for goods purchased on credit. In managing, discounts will be given to customers to entice them to pay on time.

5.1.3PURE RISK

- i. The risk reduction in value of our business due to physical damage and theft.
- ii. The risk of legal liability for damages to harm to our customers, suppliers, shareholders and other parties.
- iii. Lastly, we identified the risk associated with paying benefits to injured workers under workers compensation laws and risk of legal liability for injuries or other harms to employees that are not covered by workers compensation laws.

In managing pure risk, insurance cover is taken against such risks i.e. for employees and non-employees.

5.1.4 RISK MANAGEMENT

5.1.5 LOSS CONTROL

- i. We will provide our employees with protective clothing such as overalls, nose masks, gloves, goggles, boots and others to minimize the rates of incidents.
- ii. There shall be frequent safety talks to constantly remind employees of our safety policies.
- iii. Assets such as machines and vehicles will be periodically maintained to prevent any unforeseen damages in the future.
- iv. Drivers will be given extensive training on safety, such as limiting the number of hours driven in a day during distribution and other company business.

5.1.6 LOSS FINANCING

Under loss financing, all fixed assets of the company will be insured against with Social Insurance Company Ltd. All employees will be covered by the National Health Insurance Scheme.

5.1.7 FINANCIAL SUMMARY

FINANCIAL ASSUMPTIONS

The following financial assumptions were made.

- I. The Revenue was increased by 5% in year 2 and 15% in year 3.

- II. Most of the expenses were increased by 5% except a few expenses like Legal Consultant, Product Launching Expense, Registration Expense, Recruitment, Expenses, Food and Drugs Board permit remain constant in year 1 only.
- III. The cost of capital was 25%.
- IV. Beaded Company Ltd made provision for the depreciation of fixed assets at a constant
- V. rate of 10%.
- VI. The company will break even if it make sales amounting to GH¢28318.
- VII. There shall no capital withdrawal during the planning period.
- VIII. The company's financial statements have been prepared on historical lost basis as modified by evaluation of assets.
- IX. The overall performance of Bearded Company Ltd was profitable for year 1, 2, 3
- X. The company had a positive net present value of GH¢90991.05 which shows the viability of the project.

5.1.8 ACCOUNTING POLICY

The accounting policy Beadard tilapia fish farm applied in the preparation of the our financial statements includes the following,

5.1.9 BASIS OF ACCOUNTS

The financial statements have been prepared on the historical cost basis as modified by the evaluation of assets.

5.1.10 STOCKS

Stocks are measured at cost.

5.1.11 FIXED ASSETS AND DEPRECIATION

Fixed assets are written off over its expected useful life using the straight line method excluding land.

- Office equipments 10%.
- Shop equipments 10%
- Vehicle 10%
- Office building 10%

APPENDIX 6

BEADARD TILAPIA FISH FARM ASSETS

ASSETS	UNIT COST	QUANTITY	TOTAL
	GH¢	GH¢	GH¢
Vehicle (sprinter van)	15,00	-	15,000
Generator	12000	-	12000
Feed hoppers and blowers	400	3	1200
Shop Equipment	700	-	700
Office equipment	4000	-	400
Harvesting dock	1000	1	1000
Office building	15000	1	15000
Feed storage bin	10	4	40
Well construction/water supply	700	1	700
Pond constructions	1000	1	1000
Land	10,000		10,000
Wheel barrow	350	1	350
Fishing net	12000	1	12000
Deep freezer	800	4	3200
Office chair	50	3	150
Printer	500	1	500

Fax machine sharp	100	1	100
Scanner (HP 3800)	200	1	200
Mower	400	1	400
Air blower and hose	150	1	100
Water quality test kit	100	1	<u>100</u>
			<u>74500</u>

APPENDIX 7

BEADARD TILAPIA FISH FARM EXPENSES

	UNIT COST	QUANTITY	TOTAL
	GH¢	GH¢	GH¢
Insurance	800	-	800
Maintenance	1000		1000
Rent (Execatator and caterpillar)	3200		3200
Supplies	300		300
Travelling expenses	100		100
Utilities and telephone	3000		3000
Fish feed	500		500
Legal consultant			300
Planning experience	-		150

Product launching experience	-		900
Recruitment expenses	-		100
Medicated feed	100	12	1200
Registration experience	-		350
Salaries and wages			21840
Chemicals	400	2	800
Food and drugs board permit			200
Research and dev't fee			350
Depreciation			3470
Advertising and promotion			800
Selling experience			2905
Water pump			<u>400</u>
			<u>46,065</u>

Working Capital = Assets + Expenses

¢74500 + ¢46065

=¢ 120565

$$\text{ROCE} = \frac{\text{net profit before interest and tax}}{\text{Capital employed}} * 100$$

Year 2012

$$\frac{47867}{120565} * 100 = 39.7\% \text{ or } 40\%$$

120565

Year 2013

$$\frac{58394.5}{120565} * 100 = 48.4\%$$

120565

Year 2014

$$\frac{787131.12}{120565} * 100 = 65\%$$

120565

$$\text{Net profit margin} = \frac{\text{net profit}}{\text{Sales revenue}} * 100$$

Year 2012

$$\frac{47867}{100000} * 100 = 47.8\%$$

100000

Year 2013

$$\underline{58394.5} * 100 = 50.9\%$$

115000

Year 2014

$$\underline{78731.12} * 100 = 57.05\%$$

138000

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5.2 BEADARD TILAPIA FISH FARMS PROJECTED INCOME STATEMENT

	YEAR 2012	YEAR 2013	YEAR 2014
	GH¢	GH¢	GH¢
Sales Revenue	100,000	115000	138000
Cost of Sales	<u>22373</u>	<u>27636</u>	<u>29029.4</u>
Gross Profit	17627	87364	108970.6
Other Income			
	77627	87364	108970.6
Selling adminstration expenses	33465	32859.15	30239.48
Profit from operation		58,394.50	78731.12
Taxation			
Net Profit	<u>47867</u>	<u>58394.5</u>	<u>78731.12</u>

5.4BEADARD TILAPIA FISH FARM PROJECTED CASH FLOW STATEMENT

	YEAR 1	YEAR 2	YEAR 3
	GH¢	GH¢	GH¢
Sales	100,000	115000	138,000
Capital	<u>120565</u>		
	220565	115000	138,000
Expenses			
Fixed Assets	44700		
Insurance	800	840	882
Rent	100	100	100
Suppliers	300	315	330.75
Travelling expense	100	105	110.25
Legal consultant	300		
PlanningExpense	105		
Product Launching	900		
Recruitment Expense	100		
Sales & Wages	21840	22932	24078.6
Chemicals	800	840	882
Food & Drugs board permit	200		
Research & devit fee	350	367.5	385.88
Advertising & Promotion	800	840	882
Wages	50	65	78
Selling Expense	2905	3050.25	3202.76
Maintenance	1000	1050	1102.5
Utilities	7000	7700	8085
	<u>782395</u>	<u>35154.5</u>	<u>40119.74</u>
Net Cash Flow	138170	79845.5	97880.26
Opening balance		<u>138170</u>	<u>21805.5</u>
		<u>21805.5</u>	<u>315,895.76</u>

5.3 BEADARD TILAPIA FISH FARM BREAK EVEN ANALYSIS			
		GH¢	
Sales Revenue		100,000	
Less Variable Cost		17755	
Contribution		82245	
Less Fixed Cost		<u>23290</u>	
Profit		<u>58955</u>	
Break Even Point	<u>Fixed Cost</u>		
	C/S Ratio	23290 /28318	
		82.25%	
C/S Ratio	<u>Contribution</u>	82245	82.25%
	Sales	100,000	

5.3.1 BEADARD TILAPIA FISH FARM BREAK EVEN ANALYSIS			
		2012	
		GH¢	
Insurance		800	
Rent		400	
Registration Expenses		350	
Food and drug board permit		200	
Salaries and wages		21840	
		23290	
Variable Cost			
Suppliers (Raw Material)		300	
Travelling Expenses		100	
Telephone Charges		3000	
Legal Consultant		300	
Planning Experience		150	
Product Launching Expenses		900	
Recruitment		100	
Chemicals		800	
Research and Development Fee		350	
Advertising and Promotion		800	
Selling Expenses		2905	
Utilities		7000	
Wages		50	
Maintenance		<u>1000</u>	
		<u>17755</u>	

APPENDIX 3			
SALARIES AND WAGES	NO. OF PEOPLE	MONTHLY GH¢	ANNUALLY GH¢
Managing Director		400 x 12	4800
Marketing Manager		350 x 12	4200
Operations/Human Resource Manager		350 x 12	4200
Extension Officer	1	300 x 12	3600
Driver		150 x12	1800
Labourers	2	150 x 12	1800
Security	1	120 x 12	<u>1440</u>
			<u>21840</u>

APPENDIX 4		
Depreciation is calculated at 10% on straight line basis.		
		GH¢
Office Equipment	4000 X 10/100	400
Shop Equipment	700 x 10/100	70
Vehicle	15000 x 10/100	1500
Office Building	15000 x 10/100	<u>1500</u>
		<u>3470</u>

APPENDIX 5						
BEADARD TILAPIA FISH FARM FIXED ASSETS SCHEDULE						
	Land GH¢	Office Equipmen GH¢	Shop Equipment GH¢	Vehicle GH¢	Totals GH¢	
Cost/Valuation						
Bal B/F		10,000	4000	700	15000	44700
Additions	-	-	-	-		
Disposal	-	-	-	-		
		10,000	4000	700	15000	44700
Depreciation						
At Start	-	-	-	-		
Charge During the year	-		-400	-70	-1500	-3470
Net Book Value		10,000	3600	630	13500	41230
Year 2		10,000	3200	560	12000	37760
Year 3		10,000	2800	490	10500	34290

APPENDIX 1				
BEADARD FISH FARM ADMINISTRATION, SELLING AND DISTRIBUTION EXPENSE				
	2012	2013	2014 Totals	
	GH¢	GH¢	GH¢	GH¢
Insurance	800	840	882	
Rent	100	100	100	
Suppliers	300	315	330.75	
Travelling Expense	100	105	110.25	
Legal Consultant	300 -			
Planning Expenses	150			
Product Launching Expenses	900			
Recruitment Expenses	100			
Registration Expenses	350			
Salaries and Wages	21840	22932	24078.6	
Chemicals	800	840	882	
Food and Drugs Board Permit	200			
Research and Development Fee	350	367.5	385.88	
Depreciation	3470	3470	3470	
Advertising and Promotion	800	840	882	
Selling Expenses	2905	3050.25	3202.76	
	<u>33465</u>	<u>32859.75</u>	<u>34324.24</u>	

APPENDIX 2				
BEADARD FISH FARM SALES REVENUE				
		GH¢		
Sales Revenue		100,000		
Less Variable Cost		17755		
Contribution		82245		
Less Fixed Cost		<u>23290</u>		
Profit		<u>58955</u>		
Break Even Point	Fixed Cost			
	C/S Ratio			
	23290	28318		
	82.25%			
C/S Ratio	Contribution	82245	82.25%	
	Sales	100,000		

5.4.3 NET PRESENT VALUE

Year	Cash Flow GH¢	Discount Factor GH¢	P.V GH¢
0	120565	-1	-120565
1	138170	0.8	110536
2	79845.5	0.64	51101.12
3	97880.26	0.51	<u>49918.93</u>
	Net Present Value		<u>90991.05</u>

Note

The entity achieved a positive net present value of c90991.05 showing the viability of the project.

5.5 BEADARD FARMS STATEMENT OF FINANCIAL POSITION

		Year 1		Year 2	Year 3
Assets	GH¢	GH¢	GH¢	GH¢	GH¢
Non Current Assets					
Property Plant andEquipment		44700		37760	34290
Current Assets					
Inventory	1177.5		1454.5		
Cash at Bank	138170		79845.5		
Rent Prepaid	100	<u>139447.5</u>		<u>81400</u>	<u>99508.12</u>
		<u>184147.5</u>		<u>119160</u>	<u>1,337,198.12</u>
Equity and Liability					
Capital and Supluses					
Capital		120565		120565	120565
Income Surplus		<u>44162</u>		<u>171029.75</u>	<u>245676.11</u>
		<u>164727</u>		<u>291594.75</u>	<u>366241.11</u>
ROCE		Net Profit before interest and tax x 100 Capital Employed			
Year 1		Net Profit Magin = Net Profit x 100 Sales Revenue			