

CHRISTIAN SERVICE UNIVERSITY COLLEGE - KUMASI.

DEPARTMENT OF BUSINESS STUDIES

BACHELOR OF BUSINESS ADMINISTRATION

LIFE CHANNEL FINANCIAL SERVICES LIMITED

BUSINESS PLAN

BY:

BOAFO ACHEAMPONG KWADWO

AGYEMANG PREMPEH EMMANUEL

ASAMOAH BOAKYE COLLINS

OWUSU BRENDA

KWARTENG NANA EVANS

DECEMBER, 2011

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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 433 TEAM PROJECT

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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 acknowledged work from any source. I also declare that I have been under supervision for this Business Plan herein submitted.

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Date

## **EXECUTIVE SUMMARY**

Life Channel Financial Services Limited (LCFS) shall be a small scale micro-financial institution that will seek to upgrade and improve on existing ways of offering financial assistance to micro and small scale entrepreneurs, birthing new ones and helping individual workers to better their lives. LCFS shall be a key to start-ups and growing businesses in respect to its sustainability. Small and Micro Entrepreneurs wants the right approach to financial support to transform their businesses and as well have access to credit at a moderate rate of interest which they can afford. LCFS has made it a primary goal to provide efficient, on-time and easily accessible loans, credit and other financial services at a lower cost to our target market. This business plan is drafted to serve as a blueprint for operational guidance.

Our Mission is to help micro and small scale entrepreneurs to become financially empowered by offering them outstanding financial services. Our Vision is to become a market leader in providing inimitable financial services which is driven by our passion to aid our customers in becoming self sufficient in subsequent years.

The management of Life Channel Financial Services Limited shall be Mr. Acheampong Boafo (General Manager), Mr. Agyemang Prempeh (Treasury Manager), Mr. Asamoah Boakye Collins (Accountant), and Mrs. Brenda Owusu (Loan/Credit officer). LCFS will be sited at Oduom in Kumasi, adjacent St. Louis Senior High School. The target market for our financial services is those micro and small business in Ayigya, Kentikrono-Ayeduase, and Bomso townships in the Oforikrom sub metro of the Kumasi Metropolitan Assembly who lack access to finances as well as those less endowed salaried workers. Our major competitors will particularly be the micro financial institutions who offer similar services like ours in our target market. The size of the market is estimated to be approximately 12,000 which keep rising significantly and we hope to attain 50% of this market within the first three

years of operation. We aim to expanding our business to different areas and continue operation to serve a larger market in the near future.

As part of our business strategy, we shall use a hybrid of moderate interest rate, credible terms of loan and flexible provision of financial service to gain positive image and position in the market to help achieve our mission.

The business shall be incorporated as a limited liability company and this will shield the owners from issues with regards to personal liability. The financing of this business is acquired through an even capital contribution from owners to the tune of \$100,000 (GH¢150,000) of which 66.7% of this will be used for the initial investment, and a part for an investment in treasury bills to cater for risks and for future expansion of the business. The financial forecasts indicate that we shall earn a profit of GH¢11,556, GH¢31774, and GH¢86,841 in 2012, 2013, and 2014 respectively with a positive Net Present Value, and will break-even in the first fourteen (14) months of our operation.

## **MISSION STATEMENT**

To provide individuals, and small and micro scale businesses the chance to transform their lives and businesses and also be a first option in helping micro and small scale entrepreneurs to become financially empowered by offering for them financial services.

## **VISION STATEMENT**

To become a market leader in providing inimitable financial services, that is driven by our passion to aid our customers in becoming self sufficient in subsequent years.

## **CORE VALUES**

- i. Impartiality & Integrity
- ii. Quality Customer Service
- iii. Commitment

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## 1.0. ORGANIZATION

The name of our company shall be Life Channel Financial Services Limited (LCFS). It is a small scale microfinancial institution that intends to establish itself in the micro finance industry to offer financial services, precisely, a loan service which is going to be our major service, deposit taking (Susu), and an intensive business advisory service. It is a new business at the start-up stage which intends to commence operations on 3<sup>rd</sup>.January, 2012 and will be registered by the 30<sup>th</sup> of November, 2011 under the Company Code, Act 163 as a limited liability company with the Registrars Generals Department under the Ghana Association of Microfinance Companies (GAMC).

Life Channel Financial Services Limited is a business owned by five (5) people who are as well the management and will be incorporated as a limited liability company.

This business shall be located at Oduom in Kumasi, adjacent St. Louis Senior High School. We have chosen this location since there is a low cost of rent, and also there is a pool of financial seekers in our intended target market closer to our location.

Below is the address of our company;

Company Address: Life Channel Financial Services Limited

P. O. Box 1047, Oduom – Kumasi

Ghana, West Africa

Telephone №: 0246-039880, 027538292, 03220-94940

E-Mail Address: [lcs@yahoo.com.gh](mailto:lcs@yahoo.com.gh)

Bankers: Merchant Bank

### **1.1. Corporate Objective**

Our objective is to attain a market share of 50% in our target market in the next three(3) years and this will be achieved through our primary goal to provide affordable, efficient, on-time and easy accessible loans, credit and other financial services at a lower cost to our target market.

### **1.2. Business Strategy**

We shall use a hybrid of moderate interest rate, credible terms of loan and flexible provision of financial service to gain positive image and position in the market to help achieve our mission. We shall expand our market to other markets in Kumasi, employ and motivate qualified staff to work towards achieving our vision and mission.

### **1.3. Company Structure**

The organizational structure of Life Channel Financial Services Limited shall consist of the Board of Directors, Management Team and Other Key Personnel. LCFS' management philosophy shall encourage responsibility and mutual respect.

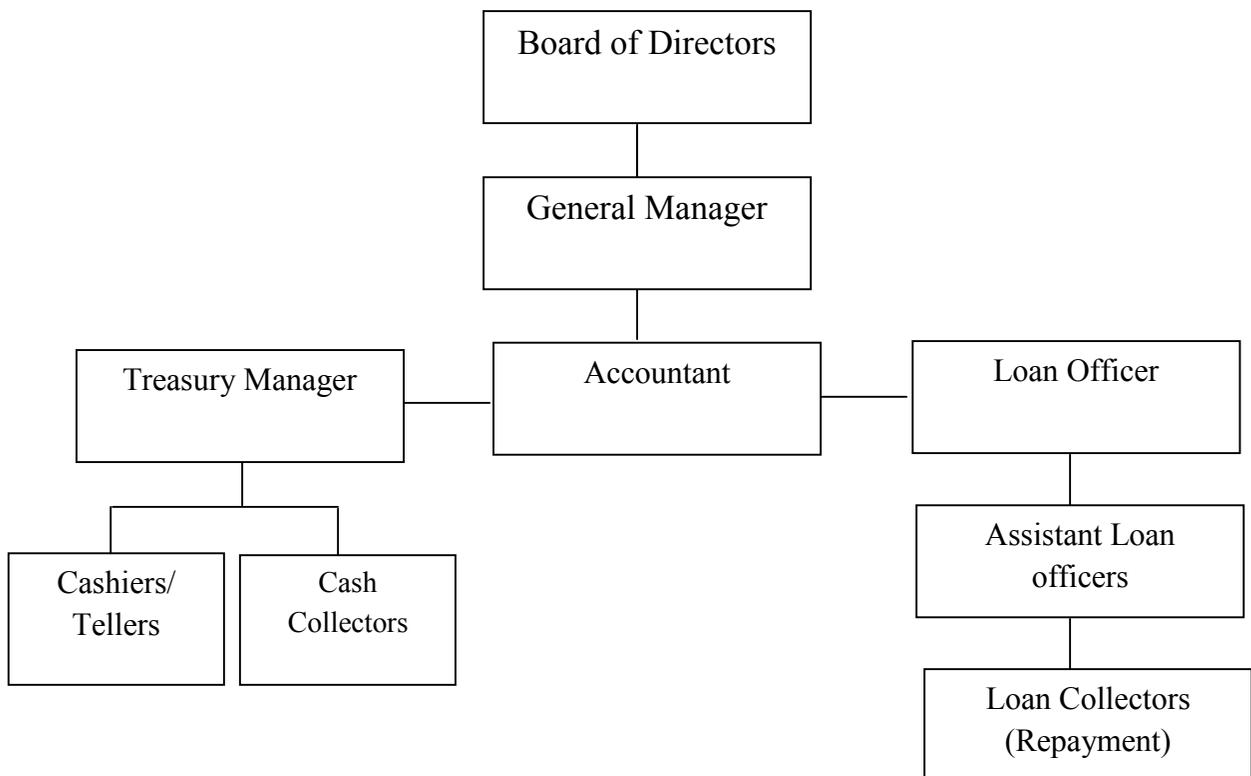
The highest decision making authority shall be the Board of Directors. They shall decide on challenges faced by the company and approve important decision made by the General Manager and other management personnel.

The General Manager shall be the next in the chain of command, taking decisions in the management level and ensuring that important and delicate decisions and situations are brought before the Board of Directors for final decisions and approval.

The management of other units of the organization which include the Human Resource unit and Accounting units shall take decisions in relation to their various functions and shall report to the General Manager

## ORGANIZATIONAL CHART

(Figure 1)



## 2.0. SERVICE IDEA AND REALIZATION SCHEDULE

### 2.1. SERVICE IDEA

Inadequacy in financial assistance has always been an issue of great concern to the country. Individual's lacks access to finances to help support their life's so as to aid the eradication of financial difficulties faced by these individuals and to achieve their goals. On the other hand, small and micro businesses that are running down and desire to have access to financial support to cushion their businesses have their desires brought to a halt due to lack of financial support. Also, there are those who have business ideas but lack capital to bring their ideas into a reality. All these have contributed to the poverty rate in Ghana.

The above reasons have led us to come up with the **idea** to set up this micro financial institution to help provide financial assistance which will come in various forms to individuals who need finances and also, to micro and small entrepreneurs who need financial injection in their businesses so as to help curb the problem discussed earlier. We shall provide loan services, deposits services, and business advisory services which will come in an attractive form. Also, the **initiative** to bring into existence this institution is due to the realization that the demands for financial services far exceed what is offered, especially to our target market.

Hence our provision for financial services will be meant to meet the demand for them. It will also solve the problem of inadequate finances faced by individuals, and small and micro entrepreneurs. One unique thing about our services is that, we shall offer various degree or forms of loans at a time and at a lower interest rate. Also, there will be an interest paid on deposits of savers which is uncommon about micro financial institutions. Another uncommon service that we shall provide is an free intensive business advisory service.

## 2.2. SCHEDULE OF ACTIVITIES

<u>SN</u>	<u>ACTIVITY</u>	<u>TIME</u>	<u>RESPONSIBILITY</u>
1.	Funding	September 2011	Owners
2.	Research	Sep-Oct 2011	Outsourced Personnel
3.	Office Location	Oct - Nov 2011	Management
4.	Licensing	November 2011	Legal Advisor
5.	Registration & Processing	November 2011	Legal Advisor
6.	Recruitment	December 2011	Human Resource Manager
7.	Launching Planning: Actual:	Dec 1 -Dec 20 2011 December 28 2011	Management
8.	Commencement Of operation	January 3, 2012	Entire Workforce

### 3.0. DESCRIPTION OF MANAGEMENT TEAM

#### 3.1. Key Managers

a) Mr. Acheampong Boafo

**Position: General Manager**

**Qualifications:** Masters of Business Administration (MBA). First degree holder in Economics from the Kwame Nkrumah University Of Science & Technology (KNUST) and a diploma holder in Human Resource Management and Financial Administration, Bsc (Hons) degree in Banking and Finance from the University of Ghana, LEGON

He has five years working experience as the financial controller of Kingdom Books and Stationary

**Job Description**

- i. Overseeing or monitoring the work of the Accountant, Treasury Manager, and Loan Officer to ensure that they are in line with set objectives.
- ii. Being the bridge between board of directors and other employees of the company.
- iii. Implementing the boards' policies and strategies.
- iv. Organising and controlling the general operational activities.
- v. Planning and conducting new employee orientation to foster positive attitudes toward organizational objectives.

b) Mr. Asamoah Boakye Collins

**Position: Accountant**

**Qualification:** A Degree holder in Bsc Accounting with three years working experience as an Accounting lecturer at Garden City University College.

**Job Description**

- i. Preparation of financial statement.
- ii. Provision of advice on financial issues.
- iii. Preparation and reviewing of budget, revenue, expenses, and other accounting documents.
- iv. Analyse revenue and expenditure trends and recommend appropriate budget levels and ensure expenditure control.

c) Mrs. Brenda Owusu

**Position: Loan/Credit Officer**

**Qualification:** Degree in political science and history, MBA economics and has an experience as a project manager at intercontinental bank, Adum branch-Kumasi

**Job Description**

- i. Assisting prospective clients in applying for loans and in determining the type and amount of loan that is most suitable for their needs.
- ii. Assessing the creditworthiness of loan applicants, judging their suitability as borrowers and precise terms on which credit may be granted to them.
- iii. Seeking out clients to apply for credit and processing loans.

d) Mr. Agyemang Prempeh

**Position:** Treasury Manager

**Qualification:** A degree holder in management studies and has six years experience as a sales manager at LAVA electronics.

**Job Description**

Provision of information on loan reports (repayments, orientation, and responses). They provide all these information to accountants for the accounting purposes.

3.2. OTHER PERSONNEL

1. Assistant Loan officers
2. Tellers
3. Cash collectors
4. Loan collectors (Repayments)
5. Cleaner

3.3. BOARD OF DIRECTORS

**Lawyer Anin Assimeng**

Legal Practitioner,

Nyame Adom Chambers,

Kumasi.

**Mr. Odame Michael**

General Manager,

Ecobank,

Kumasi, main branch

**Dr. Otoo Rockson**

Financial Controller,

AngloGold Ashanti,

Kumasi.

## **4.0. MARKETING ANALYSIS**

### **4.1. BUSINESS OPERATION**

Life Channel Financial Services Limited will be located at Oduom in Kumasi. This will enhance easy access to and from our customers in our target market. As a service oriented company, our activities will differ from companies who are into production and thus we shall provide and deliver services to customers to ensure satisfaction.

We shall work for six (6) days within a week that is, from Monday to Saturdays. Specific days within the week will be for orientation and registration, collection of deposits (Susu), issuance of loans, and finally, collection of repayments. We shall select a day within the week for orientation, assessment and registration so that those interested becomes part of our client base to be served with financial services.

Field movement is one of the major operational process that we shall embark on to provide services to our clients where our loan officers, loan collectors, and cash collectors move to our target market to access clients, provide loans, and collect deposits respectively from them. Field movement is not the only operational process to offer services to customers but there are occasions where oriented customers can direct others to our office for them to be introduced to our services.

New customers willing to make deposits might choose to come to our office to see the cash collectors to start saving, and those that will be willing to access our loans might also choose to come to our office for our loan officers to orient them on exact requirements on loans and other loan processes. During this process where customers are applying for the loan, the loan officers will give details on conditions and terms of loans, the mode of repayment and sanctions attached to it. The customer will be made to provide the address and detailed

information about the business before we move to their workplaces for assessment on a later date, which will be the very day of orientation and registration to other customers provided they qualify to access our loan.

After all requirements have been met, customers will be given a loan application form and will be required to take passport pictures which will be attached on the customer application form. If it is a group loan, the particular customer's names will be written on the customer application form. Every amount of loan applied by each member will be stated on the loan application form by the loan officer until loans are given out. The customer application form will be stamped which makes a customer officially eligible to receive loan from the loan officer.

Unlike the personal loans, group loans are calculated by summing up the total loans received by each customer in the group alongside estimating the principal and interest to get the actual amount that all the group members will pay. The total amount will be given to the group leader to make the repayment and every group is entitled to a single defaulter for them to replace the money.

Sometimes repayments by customers shall be hesitated on that very day but customers can repay the weekly loan on another day within that same week without any charges but if exceed that week that is where these penalty shall be charges are applied.

Whilst we shall engage in field movement to receive deposits, repayments, and the rest of our operations discussed earlier, we shall also offer business advisory services to our customers through orientation and reorientation.

Also, everyday of operation within the week will involve taking deposits. We shall troop to the various locations of clients daily to receive their deposits. Clients who would prefer to come to our office to personally make deposits will be allowed to do so at any point in time.

All information concerning Orientation and Registration will be primarily manual before the information will be processed into the computer. The same thing will apply to the deposits and loans. All information will be gathered manually and will finally become an official report to management. Information concerning Orientation and Registration is separated from Deposits and Loans.

Information about deposits will state the amount of money saved and the interest attached to it up to the time customers will demand withdrawal. Loans received by customers will also be indicated in the final report with its interest in weekly repayments. Customers will make repayment of loan every week. Reports on repayments will be separated from that of orientation, assessment, registration, deposits and loans for management decision making.

Financial reporting on all operations during the week will be done on the last day of the week. All records on weekly basis will be accumulated to prepare monthly report and all monthly reports will be gathered to prepare a financial statement for the year. Records on every single operation shall be surrendered for management decision making.

## **4.2. INTERNAL RESOURCE AND CAPABILITIES**

4.2.1. *FINANCIAL ASSET*: We have a capital of \$100,000 (GHC150, 000) as the major injection into the business which is being contributed by the owners of the LCFS. This business equity will give us a competitive edge since our competitors though are already in business but borrowed from other banks to accumulate capital to inject in

their business. They will pay back their loans with interest and this affects their pricing of services since they transfer their cost of interest to their customers. Hence our capital is enough to give us a competitive advantage.

4.2.2. *PHYSICAL ASSET*: Our location is a primary asset (physical) which gives us competitive advantage. Our location is closer to our target market which helps to easily access to our customers. There is also lesser cost of transportation to customers who wants to assess our services. There is also low cost of rent in our location and a high visibility of our company. Our competitors in this respect are only slightly closer to their target market. But they have land and buildings which we don't but we intend to rent an apartment to serve as our office. Hence our strength lies with the location but we are weak in respect to our land and building.

4.2.3. *OPERATIONAL ASSET*: This is how we shall go about our operations. It is all about working in the organization where we move to our target market areas to orient market men and women or small scale entrepreneurs and make an assessment. This asset is intangible and entails persuading customers in our market and through the orientation, we will educate them about how to follow the conditions and procedures in receiving the loans and mode of repayment in a tolerant manner where they can comfortably ask questions and create good cordial relationship with them. Sometimes we will persuade them if they cultivate the habit of default. Instead of us acting rude to them, we will say motivational and persuasive words to them to understand the importance of maintaining these micro business connections. Our competitors do not apply such temperament and we will use this to gain enough market at the detriment of our competitors.

4.2.4. *PEOPLE ASSET*: The people asset we will have is our skill labour or employees and management. Our intended management team have skills in wide areas of business

which will serve a vital purpose for our growth. Qualified employees with good human relations and renaissance knowledge shall be employed. This will make us more competitive over our competitors.

### 4.3. MARKET ANALYSIS

#### 4.3.1. **Target Market**

Our intended target market are the market men and women (micro and small entrepreneurs) and those less endowed salaried workers located in Ayigya, kentikrono-Ayeduase, and Bomso townships in the Kumasi Metropolis who desire to have be served with financial services.

#### 4.3.2. **Market Segments**

The segment of our market to be served will be based on a demographical segmentation where we shall provide our services based on age, income, and occupation.

#### 4.3.3. **Demographic Profile.**

The demographic segments that we shall be interested in are;

Age: 18-65

Gender: both male and female

Income range: GHC50 – GHC500

Occupation: self-employed, salaried workers

#### 4.3.4. Market Size and Trend

According to the planning unit of the Kumasi Metropolitan Assembly (K.M.A), the estimated market size of Ayigya, Kentikrono-Ayeduae, and Bomso Townships are;

Name of Town	Estimated Market Size	Percentage
Ayigya	5,800	48.7%
Kentikrono-Ayeduae	3,500	29.4%
Bomso	2,600	21.9%

This market size increases significantly from year to year as more micro and small businesses sprang up to be in operations for profit as well as more individual demand financial services to better their life's'. The yearly market growth of Ayigya, Kentikrono-Ayeduae, and Bomso Townships are 5.4%, 3.2%, and 2.4% respectively.

#### 4.3.5. Target Market Segment Strategy

LCFS intends to support micro and entrepreneurs who want capital injection to sponsor and revive their businesses to ensure growth. Moreover, LCFS will be an attraction (magnet) for people with strong business ideas who lack access to finance to start and grow their businesses. Professional Financial Advisory Services aimed to meet the least concern of our customers will be provided.

#### 4.3.6. Service Offer Strategy

Direct offer strategy shall be employed. As a service oriented set-up we shall reach out to our clients by engaging our credit or loan officers and cash collectors in issuing loans and

collecting savings respectively. Also advisory services and training will be reached out to our client through orientations to be organized frequently.

#### 4.3.7. **Marketing Objective**

To obtain an incredible rate of penetration in the target market

#### 4.3.8. **Customers Motivation to Assess Our Services**

1. Low charges for our services
2. Benefits / utility to be derived from our services
3. Services at their door step
4. Reliability of our services

#### 4.4. COMPETITOR ANALYSIS

Some of the major competitors identified for our operations are;

***MGI Investment limited:*** It is a privately owned microfinancial institution sited at Suame in Kumasi that provides only loan services to micro and small entrepreneurs in our intended target market and beyond. Though their services are being patronized, it is expensive.

***Bay Port Financial Service:*** It is also a financial institution located at Efiduase that seeks to provide financial support to salaried workers. They target salaried workers at Ejisu, Efiduase, Ayigya, Kentikrono, and beyond. Just as MGI Investment limited, their services are identical but expensive.

Other *potential financial institutions* that indirectly compete with us are Barclays Bank, Ecobank, and Ghana Commercial Bank all located at Kwame Nkrumah University of Science and Technology (KNUST). All these are more geared towards the general public and on a larger scale.

#### 4.4.1. Competitors Objective

Their objective is to win a larger share of the market and gain competitive advantage due to their service awareness and good financial base. Their domination is backed by their efficient provision of quality services.

#### 4.4.2. Competitors Services

*MGI Investment limited* is into the provision of personal loans. They target only micro and small entrepreneurs with inadequate finances. Their personal loans and business loans are given to those entrepreneurs for their business sake.

*Bay port Financial Service* is also a financial institution that provides finances to salaried workers who need finances to better their lives and attain their goals. Their services are geared towards enhancing the betterment of less endowed workers.

#### 4.4.3. Competitors Charges

The interest rate charged by MGI Investment limited is 7.5% on each loan which far exceeds ours whilst Bay Port financial services charges 8% interest on loans.

The above competitive factors bring about strength and weaknesses of our competitors.

<b>Strength of competitors</b>	<b>Weakness of competitors</b>
<ul style="list-style-type: none"><li>• Already in existence with the market</li></ul>	<ul style="list-style-type: none"><li>• Higher charges(pricey rates)</li></ul>
<ul style="list-style-type: none"><li>• Good financial base</li></ul>	<ul style="list-style-type: none"><li>• Limited services</li></ul>
<ul style="list-style-type: none"><li>• Service awareness</li></ul>	<ul style="list-style-type: none"><li>• Distance in location</li></ul>

## 4.5. ENVIRONMENTAL FACTORS

4.5.1. **Bargaining Power of Customers:** Our financial services are dominated by loans which is our major financial service. Since the income level of our target market is low, they shall seek to demand financial services at an affordable rate. Hence, they seek to have a taste for financial services that is provided for them at a moderate charge or rate. The bargaining power of customers will therefore affect our charges. For good credit worthy borrowers bargaining power is high due to the availability of large number of other financial institutions.

4.5.2. **Threat of Substitute:** Competitors will provide identical services. Though our services shall be similar to that of competitors our charges shall ensure a perceptual differentiation, hence making us unique. The growth of the microfinance industry has led to the inception of substitute product. This will place a limit on our profitability.

4.5.3. **Threat of Competitive Rivalry:** There will be a tight internal competition in the microfinance industry more especially now that more microfinance institutions are emerging to render financial services. Most of these institutions already in operations provide financial services that are also easily accessible and are priced moderately. This will bring competition in relation to those we shall compete with for market.

4.5.4. **Threat of Potential Entrants:** There is the possibility of entry by new competitors. The absence of a strict legal barrier to entry and exit of companies in the industry contributed to their emergence. There are flexible government policies and a low capital requirement.

4.5.5. **Economic Factors:** The economic factors affect the demand of services. Currently factors that influence market operations are;

◆ Prime Rate	13.50%
◆ Base Rate	24.75%

◆ Inflation Rate                      8.30%

◆ Exchange Rate:

GH¢ 1.50 :        \$ 1.00

GH¢ 2.50 :        £ 1.00

GH¢ 2.20 :        € 1.00

◆ Minimum Wage :        GH¢ 3.73

Since these factors influence the buying power of customers, LCFS will constantly analyze these factors to set a fair price or charge for our service in order to beat competition and to stay in business.

4.5.6. **Socio-Cultural Environment:** These factors include income distribution, demographics, population growth rates, age distribution, lifestyle, education, health consciousness.

In addition to this, the society's attitude towards their businesses has changed over the years and more and more people have seen the need to be self-employed. These indicate that our target market form part of the group that lacks access to finances to expand their businesses.

4.5.7. **Technological Factors:** Technology has advanced so much in Ghana that our institutions will have access to future access to facilities that will promote efficient and effective service to our clients. An example is Electronic Banking. Due to this, our inability to employ technological methods in our operations will spell the doom of our business.

4.5.8. **Environmental Factors:** The likely environmental or ecological factors that we are likely to be faced with include fire outbreak, and flood. Due to this risk, we shall acquire insurance to cover all losses.

4.5.9. **Legal Environment Factors:** Our employees are by law expected to comply with rules and other legal requirements in the micro finance industry. These include customer law which to is protect consumers of financial services. Under this law, no one employee shall disclose information relating to the affairs of a customer to third parties unless it becomes necessary. A breach of this law shall be costly. Therefore we will ensure that our employees work with all rules and requirements in mind.

#### 4.6. SWOT Analysis

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>❖ Knowledgeable and friendly staff.</li> <li>❖ Low charges</li> <li>❖ Good location</li> <li>❖ Excellent customer service</li> </ul>	<ul style="list-style-type: none"> <li>❖ Lack of technological platform such as ATM's and Electronic Banking</li> <li>❖ Service unawareness</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>❖ Ready market</li> <li>❖ High demand for financial services</li> <li>❖ Rapid Market Growth</li> </ul>	<ul style="list-style-type: none"> <li>❖ Entry of new competitors/threat of new entrants.</li> <li>❖ The risk factor associated with granting credit facilities.</li> </ul>

#### 4.7. MARKETING MIX

4.7.1. **Product (Service):** Our services include giving out loans, provision of deposits (Susu) and business advisory services. It will be designed in such a way that customers' demands will be satisfied. It will be timely and flexible to enable easy accessibility. This will help customers reach their goals. Our services are described below;

#### 4.7.1.1. DESCRIPTION OF SERVICES

##### **A. LOANS**

It is the **major** service to be rendered. We shall offer four types of loan services to customers or clients. These are:

1. Small business loan.
2. Start-up loan.
3. Personal loan.
4. Group loan.

##### SMALL BUSINESS LOAN

This is the kind of loans that will be given to finance already established businesses with the aim of helping entrepreneurs expand their business. We shall give three (3) months probation to customers so as to examine the mode of payments and abilities to manage well and abide by the conditions given. If customers are able to respond very well with it, then we will finance another three months in addition to the three months probation upon client request. If customers are impressive in their loan repayments we will increase the amount of loan they request for.

##### PERSONAL LOAN

We shall give out personal loans. These are loans for the less endowed/low salaried workers and other individuals who need micro loans to achieve their personal goals. Workers will be made to provide a post dated cheque for at least 3 months in advance to serve as a guarantee that they will have access to their salaries. Individuals can take **emergency loans** in terms of crisis. This form of loan is given when a client needs access to loans for immediate purposes due to emergencies.

## GROUP LOANS

We shall also offer loans to groups. With this, customers will form a peer group of five (5) unrelated members where each member agrees to the fact that every member mutually guarantees each other's loan and are held legally responsible for repayment by other members in case a member defaults. The sum of loan needed by the group will be distributed among each member by the group leader. It shall also be given for a period of three (3) months after which repayments shall be made.

## START-UP LOANS

Start-up capital loans will be given to individuals who want to venture in micro and small scale businesses. The type of business, products to be sold, location and market will be taken into consideration in granting start-up capital loan since it will inform us whether those businesses will flourish so that repayment will be guaranteed.

### ***Qualification Requirements for our loans***

- We shall conduct due diligence test: This will be to acquire every necessary data of clients such as name and age. This will be the first step to determine.
- We shall establish the credit worthiness of the clients and opinions will be sort from peers of various clients to ascertain how credit worthy the client is.
- Clients will be made to provide guarantors or referees due to defaults. They are meant to ensure repayment.
- The client is supposed to be in regular business or work where there is regular income.
- For first time loan seekers, they must have saved for a minimum period of three (3) months prior to the loan.

- Savings is compulsory.

When all these expectations are met, they will then be given the loan based on certain terms and conditions.

### ***Collateral for Loans***

1. Compulsory Savings: Client may be required to hold a balance of 30% of the loan in savings for both the first and subsequent loans. This balance shall not be withdrawable and thus this makes it different from voluntary savings.
2. Assets pledged at less than the value of the loan: Regardless of the actual market value of assets owned by the borrower we shall collect asset such as furniture or appliances. This will send a message to clients about how serious we are on loan repayments.
3. Personal Guarantees: we shall allow borrowers to enlist people especially family members or friend's guarantor or co-signers.

### **Other Collateral Substitutes**

1. Risk of embarrassment
2. Risk of legal action

### ***Loan Repayment Schedule***

1. Credit will be given for a period of three (3) months
2. There will be a weekly collection of repayments from those micro entrepreneurs and monthly collection from salaried workers.
3. Customers mode of payment will be in such a way that the interest and the principal will be paid weekly in order to reduce the level of defaults. This will be done by

adding the interest rate to the principal loan and dividing the 12 weeks (which is the number of weeks in three months). The principal will be added to the interest rate and divided by 3 months for salaried workers.

All these are aimed at making the repayment easier for borrowers since they would not really see that they are paying. The mode of payments for individual salaried workers will be in a form of standing order from the borrower of loan where we shall withdraw the amount on the basis of percentage of salary.

### ***Incentives to Repayments***

This will be meant to ensure that borrowers would not default by making timely repayment.

Among these will be:

1. Flexibility in subsequent loan offer.
2. Guaranteed loan offer/access to loan.

### **B. Deposits (SUSU)**

We shall also offer deposit services to our clients. Registered customers will make a daily deposit of GHC 1 or more through our cash collectors and there will be a monthly interest of 1% paid on every amount of deposits made by customers. This interest is meant to attract more customers to patronize and enjoy our services and to ensure that savers always have access to finances to ensure sustainability of their businesses and life's as individuals.

## **C. BUSINESS ADVISORY SERVICES**

It is a service we shall provide to those in businesses with aim of helping them excel in their businesses through orientations and re-orientation. Our business advisory services will centre on:

- i. Bookkeeping (sales and purchases day book): Keeping records on sales and purchases so as to know what sales they make and profit they arrive at.
- ii. How they can diversify their business assets to attain profits
- iii. Why they must separate their business entity from their ownership
- iv. Better management of credits

### Customer benefits

Our customers shall be helped to:

- a. Expand their businesses which help them to have access to profit and to achieve individual goals.
- b. Have better knowledge on how to run the affairs of their business
- c. Smoothen out their consumption pattern and provides funds for their emergencies through their Susu deposits.
- d. Due to this interest bearing susu/deposit account, it will provide a secured, convenient way of clients to manage money and prepare for crisis or a business opportunity.

### Future Services

1. Logistic financing
2. Micro insurance
3. Remittances.

4.7.2. **Price:** We shall use the market penetration pricing strategy. Most of our competitors though have been in operation over the years they offer services to the market at higher prices. Service price shall be set considering the prices offered by our competitors (competitor based pricing) and cost based pricing. Based on these factors, our charges shall be;

### ***Charges (loans)***

Life Channel Financial Services Limited shall charge an **interest** of **5%** on loans and will be charged on full term basis, which is the three (3) months. This interest rate is based on the rates being charged by our competitors and also based on the cost of the services.

### **Other Charges**

- Processing Fee: 1% of loan payable upfront
- Penal charge: 5% on any amount unfunded on due dates until final repayment
- Default charge: 2% flat on amount outstanding expiry.

The penal and default charge will be applied when necessary.

### ***Charges (deposits)***

We shall charge a monthly **interest** of **3%** on all deposits made by clients

4.7.3. **Promotion:** Promotion will be done through advertising.

- a. Advertising will be done via radio advert, local newspapers and fliers. Banners and signpost will also be erected to popularize our services
- b. Personal Offer: We shall directly offer our services to customers with no intermediary. We shall go directly to the clients to meet their needs. Clients can also choose to access our services by coming to our office.

Our process of finding customers to apply for loans will be conducted by trooping to various micro and small entrepreneurs/businesses and individuals to deliver orientations and if they are satisfied with the process and conditions in our service to be provided, we then make an assessment on customers level of business based on the amount demanded as a loan.

4.7.4. **Place:** Though we shall make use of personal offer in the initial stages of our operations, our main channel of service offer shall be via our loan collectors and cash collectors.

#### 4.8. COMPETITIVE STRATEGY

The competitive strategy will be a line of attack to gain a competitive advantage by rectifying our weakness.

4.8.1. Life Channel Financial Services Limited will adapt **differentiation strategy** to make our services become popular overnight, hence to create awareness. We plan to differentiate our services from that of competitors by *providing low interest rates on loans (affordability), provision of interest on customer deposits, free business advisory service, and quick access to loans* which are all uncommon with competitors so as to create service awareness. We shall also ensure efficient, on-time and easy accessible access to our services. A **hybrid strategy** which seeks simultaneously to achieve differentiation and a price lower than that of competitors will be adopted.

4.8.2. We shall in subsequent years adopt a technological way of reaching customers. We shall reach clients with information on their deposits accounts periodically through mobile phone text messages and electronic mail (E-MAIL). This same medium will

be adopted to provide a telephone communication with clients for orientations and other purposes. This is an attempt to compete with competitors technologically.

## 5.0. FINANCIAL ANALYSIS

### 5.1 RISK ANALYSIS

Our business will be without an exposure to risk. There is the possibility of an adverse event occurring and its potential for negative implication. Since we are going to conduct financial intermediation that is where we collect deposits and on-lend them to other clients, client's savings are put at risk.

We are aware that our business will be full of risk and that whichever threat it poses, it will very costly to our set up thereby reducing our business value. Among the risk that has got some bearing on our line of business are financial risk (credit risk, liquidity risk), operational risk (pure risk, fraud risk, legal and compliance risk), and price risk.

#### 5.1.1. FINANCIAL RISK

##### 5.1.1.1. **Credit Risk**

It is the risk whereby there is the uncertainty that our borrowers will delay or fail to pay back their loans. This will emanate when our borrowers make late or non-payment of loan obligations. Credit risk will encompass both loss of income resulting from our inability to collect anticipated interest earnings as well as the loss of principal resulting from loan defaults.

##### 5.1.1.2 **Liquidity Risk**

It is the risk that we might not be able to meet our payment obligations associated with our financial liabilities when they fall due and to replace funds when they are withdrawn. This will usually arise if we are unable to anticipate and plan for changes in cash needs of clients.

The consequence shall be the failure to meet our obligation to repay depositors and fulfil

commitments to lend. Clients will then lose confidence in us and will avoid having a business with us.

### 5.1.2. OPERATIONAL RISK

5.1.2.1. **Pure Risk:** Among this type of risk include;

- *Reduction in the value of business asset*

There is the uncertainty of our computers' machinery getting physically damaged, or other vital assets such as printers getting stolen. When this happens it will slow down our business proceedings and this in turn will affect our net profit.

- *Risk of Legal liability*

There is also the risk of paying for damages to our customers due to harm caused to them. There could also be cases of dishonesty, which will make us legally liable.

- *Risk Associated with paying benefits*

Our credit or loan officers and cash collectors who visit clients and all other workers stand the risk of being engaged in an accident, of which under workers compensation law we will be required to compensate them or it may lead to legal liabilities for injuries caused them.

- There is also the *risk of death, illness, and disability* of employees (and sometimes family members) for which we shall be bound to make payments under employee benefits plan, including obligations to employees under pension and other pension and retirement savings plans.

5.1.2.2. **Fraud (integrity) Risk:**

It will be the risk of a loss in earnings or capital as a result of intentional deception or dishonesty by our employees. Our employees may engage in direct theft of funds by loan officers, bribes, and phantom or ghost loans.

### 5.1.2.3. Legal & Compliance Risk:

This will arise out of or non-conformance with the laws, rules, regulations, prescribed practices, or ethical standards of the microfinance industry by our business. The cost of violation ranges from fines lawsuits.

### 5.1.3. PRICE RISK

This is a kind of risk that will be external to our business and that we have no control over them but then we can adjust our operations to be in tune with it such risk. It is the uncertainty over the value of cash flows which is due to changes in output and input prices. The price risk comes in the form of *commodity, exchange rate and interest rate* price risk. As the price for our inputs such as computers, electricity and the like fluctuates it will affect the price of our outputs. Fluctuations in the exchange rate can adversely affect us because some of the equipments such as computers and printers we hope to acquire shall be imported.

## 5.2. Risk Management methods

Life Channel Financial Services Limited shall make a conscious effort to reduce the number of risks to the best of our ability though managing risk is a complex task. The various **risk management methods** that we shall use in managing the risks in our business are;

### 5.2.1. Loss Control

This method will be employed to reduce expected cost of losses by reducing the frequency and size of the losses that will occur. Under this, precautionary measures shall be put in place to control various risks.

- Concerning the risk of legal liability additional training will be given to our workers. This will help them always be conscious of the rules of engagement.
- A proper risk assessment on clients will be done to certify the potential of the clients in paying back their loan. Clients who are likely not to pay must be denied a loan. This will be used to prevent credit risk.
- Employees shall be trained to work with caution so that no asset of ours shall be damaged. Our company's assets such as computers shall also be kept under lock and key to prevent them from being stolen.

### **5.2.2. Loss Financing (Risk Financing)**

This method will also be employed to obtain funds to pay for or offset losses that occur. The methods under risk financing to be used are;

- **RETENTION:** We shall make it an obligation to provide for fund to offset loan that are repaid.
- **INSURANCE:** Insurance will be applied where we will insure our assets and the company as a whole, and more importantly our loans with the hope of having access to fund to defray the cost of losses.

### **5.2.3. Internal Risk Reduction**

It is the last method of risk management that our company will adopt. Just like loss control, it involves a decision to invest or forgo investing in resources to reduce our expected losses.

Diversification method shall be employed.

- **DIVERSIFICATION**

The internal risk reduction method of diversification will be employed where we will invest part of our profits in treasury bills, which will yield interest that can be used to combat any uncertainty.

### ***Other Risk Management Technique***

- Efficient liquidity risk management by maintaining sufficient cash reserves to meet clients' withdrawals, disburse loans and to fund unexpected cash shortages.

Since the various methods used in the management of the risks are not mutually exclusive we shall adopt each of the methods elaborated above

## **5.3. ASSUMPTIONS UNDERLINING THE FINANCIAL PLAN**

### **❖ Appraisal**

Net Present Value (NPV), Sensitivity Analysis (what-if), Break-even Analysis and Ratio Analysis have been used to appraise the business. Risk factor is 15%.

### **❖ Depreciation**

All depreciation shall be charged to administrative expense. Asset will be depreciated on a straight-line method as company vehicle, air conditioner and office furniture react 10% per annum, whilst lap top computers and desktops and printers at 20% per annum.

### **❖ Receivables**

10% of all advances shall be unpaid for by the end of the accounting period and 4% shall be provision for loan loss.

### **❖ Default and Penal charges**

There shall be no default and penalties that may occur.

❖ **Taxation and SSNIT contribution**

Tax and SSNIT contribution will not be included in our projections.

- ❖ Wages and salaries of all staff shall increase at a constant rate of 10% per annum after the first year. General manager will receive GH¢450.00 a month, Accountant and Loan Officer shall receive GH¢350.00 each a month, Treasury Manager shall receive GH¢280.00 a month, Tellers (2) shall also receive GH¢150.00 each a month, Assistant Loan Officers(2) will each receive GH¢250.00 a month, Loan collectors(3) shall each receive GH¢150.00 a month, cash collectors(Deposits-6) shall each receive GH¢100.00 a month, cleaner and security shall receive GH¢90.00 each every month. Yearly calculations are done under the workings.

- ❖ There will be no acquisition and disposal of asset during the planning period.
- ❖ There shall be no capital injection or withdrawal during the planning period.
- ❖ That, fuel costs and repairs and maintenance shall remain the same in 2013 but shall increase by 50% in 2014. Also electricity, stationery, telephone bills, transport and communication allowances, end of year bonuses shall be the same in 2013 but shall increase by 30% in 2014.
- ❖ Cost of advertisement shall be the same throughout the planning period with the first years one been made up of advertising and launching.
- ❖ All other costs shall remain the same.
- ❖ Rent of GH¢3000 has been paid for 3 years ending 31<sup>st</sup> December 2014
- ❖ License for operation shall be renewed every year at GH¢500
- ❖ Advances shall attract 5% as interest rate and 3% on saving deposits.
- ❖ All expenses shall be charged to administrative costs with the exception of financial expenses which shall be deducted from financial revenue.

- ❖ There shall be no compensation charges and bank charges to be incurred under the planning period.
- ❖ Dividends shall only be paid after the three years of operation.

**5.4. LIFE CHANNEL FINANCIAL SERVICES LIMITED**  
**PROJECTED STATEMENT OF FINANCIAL POSITION AS AT**  
**31<sup>ST</sup> DECEMBER 2014.**

	<b>2012</b>		<b>2013</b>		<b>2014</b>	
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
<u>ASSETS:</u>						
Non-Current Assets		109,186		107,952		106,718
<u>Current Assets:</u>						
Cash Reserve	13,000		18,840		29,600	
Receivables	3,840		5,760		9,600	
Cash & Bank	48,530		79,778		164,253	
Rent prepaid	<u>2,000</u>	<u>67,370</u>	<u>1,000</u>	<u>105,378</u>	<u>-</u>	<u>203,453</u>
<b>TOTAL ASSETS</b>		<u>176,556</u>		<u>213,330</u>		<u>310,171</u>
<u>EQUITY AND LIABILITIES:</u>						
<b>Equity and Surplus</b>						
Shareholders Fund		150,000		150,000		150,000
Income Surplus		11,556		43,330		130,171
Savings Deposits		<u>15,000</u>		<u>20,000</u>		<u>30,000</u>
<b>TOTAL EQUITY</b>						
<b>&amp; LIABILITIES</b>		<u>176,556</u>		<u>213,330</u>		<u>310,171</u>

**5.5. LIFE CHANNEL FINANCIAL SERVICES LIMITED**  
**PROJECTED INCOME STATEMENT FOR THE YEAR ENDED**  
**31<sup>ST</sup> DECEMBER 2014.**

	<b>2012</b>		<b>2013</b>		<b>2014</b>	
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Financial Revenue		42,000		63,000		105,000
<b>Less</b> Financial Expenses		<u>250</u>		<u>350</u>		<u>525</u>
Net Financial Revenue		41,750		62,650		104,475
<b>Add</b> Fees & Commission		<u>10,400</u>		<u>12,600</u>		<u>31,000</u>
		52,150		75,250		135,475
Add Other Income		<u>10,450</u>		<u>10,600</u>		<u>10,900</u>
		62,600		85,850		146,375
<b>Less:</b> Operating expense	50,884		53,836		59,134	
Loan loss provision	<u>160</u>	<u>(51,044)</u>	<u>240</u>	<u>(54,076)</u>	<u>400</u>	<u>(59,534)</u>
<b>PROFIT FOR THE YEAR</b>		<u>11,556</u>		<u>31,774</u>		<u>86,841</u>

**5.6. LIFE CHANNEL FINANCIAL SERVICES LIMITED**  
**PROJECTED CASH FLOW STATEMENT FOR THE YEAR**  
**ENDED 31<sup>ST</sup> DECEMBER 2014**

	<b>2012</b>		<b>2013</b>		<b>2014</b>	
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
<b><u>CASH INFLOWS:</u></b>						
Start-up Capital	150,000		-		-	
Financial Revenue	38,000		57,000		95,000	
Fees & Commission	10,400		12,600		31,900	
Other income	10,450		10,600		10,900	
Receivables paid	<u>-</u>	208,850	<u>4,000</u>	84,200	<u>6,000</u>	142,000
<b><u>CASH OUTFLOWS:</u></b>						
Investment	100,000		-			
Non-current assets	10,420		-			
Operating expense	49,650		52,602		57,900	
Financial expense	<u>250</u>	<u>(160,320)</u>	<u>350</u>	<u>(52,952)</u>	<u>525</u>	<u>(58,425)</u>
<b>NET CASH FLOW</b>		48,530		31,248		84,475
Net cash flow b/d		<u>-</u>		<u>48,530</u>		<u>79,778</u>
		<u>48,530</u>		<u>79,778</u>		<u>164,253</u>

## 5.7. INVESTMENT APPRAISAL

### NET PRESENT VALUE

<b>Period</b>	<b>Cash flow</b>	<b>Discount Factor</b>	<b>Present Value</b>
	GH¢	15%	GH¢
Year 0	(150,000)	1.00	(150,000)
Year 1 (2012)	48,530	0.870	42,221
Year 2 (2013)	79,778	0.756	60,312
Year 3 (2014)	164,253	0.658	<u>108,079</u>
<b>NPV</b>			<u>60,612</u>

## 5.8. SENSITIVITY ANALYSIS (WHAT-IF)

Assuming we could not achieve our cash flows as projected but able to achieve 90%, 80% and 70% of cash flows for 2012, 2013 and 2014 respectively to certainty-equivalents.

<b>Period</b>	<b>Cash Flow</b>	<b>Discount Factor</b>	<b>Present Value</b>
	GH¢	15%	GH¢
Year 0	(150,000)	1.00	(150,000)
Year 1 (2012)	43,677	0.870	37,999
Year 2 (2013)	63,822	0.756	48,249
Year 3 (2014)	114,977	0.658	<u>75,655</u>
<b>NPV</b>			<u>11,903</u>

This means, the project is worthwhile and therefore we will carry on.

## 5.9. BREAK-EVEN ANALYSIS

	GH¢
Total fixed costs	62,070
Total Variable Cost	250
Variable cost (loan)	$250 / 40,000 = 0.00625$

$$\begin{aligned}\text{Selling price/loan price} &= \text{GH¢}1.05 \\ \text{Contribution} &= 1.05 - 0.00625 \\ &= \text{GH¢}1.0438\end{aligned}$$

$$\begin{aligned}\text{Break-Even (Loans amount)} &= \text{Fixed Cost} / \text{Contribution} \\ &= 62,070 / 1.0438 \\ &= \text{GH¢}59,465 \text{ loan amount}\end{aligned}$$

$$\begin{aligned}\text{Break-Even (Revenue)} &= \text{Break-even loan} \times \text{selling price} \\ &= 59,465 \times 1.05 \\ &= \text{GH¢}62,438\end{aligned}$$

$$\begin{aligned}\text{Break-Even Period} &= (\text{Break-Even Revenue} / \text{Projected Revenues for the periods}) \times \\ \text{No of months} & \\ &= (62,438 / 42,000 + 63,000) \times 24 \text{ months} \\ &= 14.27 = 14 \text{ months}\end{aligned}$$

**The company shall break-even within 14 months (1 year, 2 months) of operation.**

## 5.10. RATIO ANALYSIS

**Operational Sustainability** =  $\frac{\text{Operating revenue}}{\text{Financial expenses} + \text{Loan Loss Provision} + \text{Operating expenses}} \times 100$

	<b>2014</b>	<b>2013</b>	<b>2012</b>
=	$\frac{144,000}{60,059} \times 100$	$\frac{76,200}{54,426} \times 100$	$\frac{52,850}{51,294} \times 100$
=	<b>228%</b>	<b>140%</b>	<b>103%</b>

**Return on Assets** =  $\frac{\text{Profit for the year}}{\text{Total assets}} \times 100$

	<b>2014</b>	<b>2013</b>	<b>2012</b>
=	$\frac{86,841}{310,171} \times 100$	$\frac{31,774}{213,330} \times 100$	$\frac{11,556}{176,556} \times 100$
=	<b>28%</b>	<b>14.9%</b>	<b>6.6%</b>

**Return on Equity** =  $\frac{\text{Profit for the year}}{\text{Total Equity}} \times 100$

	<b>2014</b>	<b>2013</b>	<b>2012</b>
=	$\frac{86,841}{150,000} \times 100$	$\frac{31,824}{150,000} \times 100$	$\frac{11,556}{150,000} \times 100$
=	<b>57.9%</b>	<b>21.2%</b>	<b>7.7%</b>

## APPENDICES

### WORKINGS:

	2012		2013		2014	
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
<u>ADMINISTRATIVE EXPENSES:</u>						
Advertising & launching	1,000		1,000		1,000	
Rent	1,000		1,000		1,000	
Registration Process & Licensing	1,500		500		500	
Research Costs	100					
Recruitment Expenses	100					
Directors Emoluments	1,200		1,200		1,200	
End of year Bonuses	500		500		650	
Fuel Costs	200		200		300	
Transport & Communication Allowance	600		600		780	
Insurance Premium	880		880		880	
Electricity	500		500		650	
Staff training & Orientations	200		200		200	
Telephone Bills	100		100		130	
Repairs & Maintenance	150		150		225	
Stationery	100		100		130	

Depreciation	<u>1234</u>	<u>9,364</u>	<u>1,234</u>	<u>8,164</u>	<u>1,234</u>	<u>8,879</u>
<b>Total Administrative</b>						
<b>Expense</b>		9,364		8,164		8,879
<u>PERSONNEL EXPENSES:</u>						
General Manager	5,400		5,940		6,540	
Accountant	4,200		4,620		5,088	
Loan Officer	4,200		4,620		5,088	
Treasury Manager	3,360		3,696		4,068	
Assistance Loan Officers	6,000		6,600		7,249	
Cashiers/Teller	3,600		3,960		4,356	
Loan Collectors	5,400		5,940		6,540	
Cash Collectors	7,200		7,920		8,712	
Cleaner	1,080		1,188		1,307	
Security Personnel	<u>1,080</u>		<u>1,188</u>		<u>1,307</u>	
<b>Total Wages &amp;Salaries</b>		<u>41,520</u>		<u>45,672</u>		<u>50,255</u>
<b>TOTAL OPERATING</b>						
<b>EXPENSES</b>		<u>50,844</u>		<u>53,836</u>		<u>59,134</u>
Loans for the year		40,000		60,000		100,000
Interest on loan for the year		<u>2,000</u>		<u>3,000</u>		<u>5,000</u>
		<u>42,000</u>		<u>63,000</u>		<u>105,000</u>

	<b>2012</b>	<b>2013</b>	<b>2014</b>
<u>Financial Expenses:</u>			
Interest Payable (Savings-1%)	150	200	300
Bank Charges	<u>100</u>	<u>150</u>	<u>225</u>
	<u>250</u>	<u>350</u>	<u>525</u>
 <u>Fees &amp; Commission:</u>			
Processing fees for loans (1%)	400	600	1,000
Sale of Pass Books & ledger fess			
(Savings & Loans)	<u>10,000</u>	<u>12,000</u>	<u>30,000</u>
	<u>10,400</u>	<u>12,600</u>	<u>31,000</u>
 <u>Other Income:</u>			
Savings Income (3%)	450	600	900
Treasury Bills	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
	<u>10,450</u>	<u>10,600</u>	<u>10,900</u>
 <u>LIABILITIES</u>			
Savings Deposit for the year	<u>15,000</u>	<u>20,000</u>	<u>30,000</u>

## NON-CURRENT ASSETS

	2012		2013		2014	
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Investment		100,000		100,000		100,000
Fixed Assets						
Company Vehicle	7,000		7,000		7,000	
Air conditioner	1,000		1,000		1,000	
Laptop computers	1,200		1,200		1,200	
Furniture & Fittings	500		500		500	
Desktops & Printers	<u>720</u>		<u>720</u>		<u>720</u>	
	10,420		10,420		10,420	
Less depreciation	<u>1,234</u>	<u>9,186</u>	<u>2,468</u>	<u>7,952</u>	<u>3,702</u>	<u>6,718</u>
		<u>109,186</u>		<u>107,952</u>		<u>106,718</u>

## ACCUMULATED PROFITS:

Profit from previous years		-		11,556		43,330
Profit for the year		<u>11,556</u>		<u>31,774</u>		<u>86,841</u>
<b>Total</b>		<u>11,556</u>		<u>43,330</u>		<u>130,171</u>

FIXED COSTS:

Fixed Assets	10,420
Salaries & Wages	41,520
Advertising & Launching	1,000
Rent	3,000
Registration Processing & Licensing	1,500
Research Costs	100
Recruitment Expenses	100
Directors Emoluments	1,200
End of year Bonuses	500
Fuel costs	200
Transport & Communication Allowance	600
Insurance Premium	880
Electricity	500
Staff training & orientation	200
Telephone bills	100
Repairs & Maintenance	150
Stationery	<u>100</u>
<b>TOTAL</b>	<u><b>62,070</b></u>

VARIABLE COSTS:

Financial Expenses 250