

CHRISTIAN SERVICE UNIVERSITY COLLEGE – KUMASI

DEPARTMENT OF BUSINESS STUDIES

BACHELOR OF BUSINESS ADMINISTRATION

EASYWAY FITNESS COMPANY LTD

BUSINESS PLAN

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

CSAD 443 TEAM BUSINESS PROPOSAL

BY

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## **EXECUTIVE SUMMARY**

Easy Way FitnessCo. Ltd will provide health care and body workout services, where they will offer low cost services to all segments of customer.

The owners are experienced and dedicated towards health care services. Health care market is thriving in Ghana; however, a large segment of the market is still untapped. Low income market segment is ignored by key competitors. Health club market is competitive in Kumasi but provides equal growth opportunities.

Heart disease and obesity are on record high causing increase in health club demand. Increasing awareness, obesity and heart disease are the driving forces for market growth.

Easy Way Fitness will have its own training facility with top of the line health care equipment.

The financial forecasts indicate that loss will be reported in the first year of operation, but in the second and third year, will see profit being reported. By then, sales turnover will be GH¢51,627.25 and GH¢61,500.00, profit before taxation, GH¢2,738.25 and GH¢6,430.10.

We will need an initial outlay of GH¢50,000.00 to implement our business plan with approximately 59% (GH¢29,517.50) going to capital expenditure.

## **MISSION**

To be a reliable fitness facility centre aimed at instilling healthy habits in people to ensure they adopt healthy life styles, build strong bodies and to keep in shape.

## **VISION**

To become the leading fitness centre providing fitness services and promoting wellness to the general public to ensure healthy living in individuals at an affordable price.

## **CORPORATE OBJECTIVES**

- I.** To sell and supply fitness and health products
- II.** To provide consultancy services to corporate institutions, sporting clubs, educational institutions, keep fit clubs etc.
- III.** To help employees of corporate institutions stays fit and thus improve productivity at work.
- IV.** To provide fitness, wellness and health related services to the people of Kumasi.

## **CORE VALUES**

**Safety:** Provision of safe equipment, well-maintained and supervised facilities and privacy through training programming.

**Superior Service:** Committed to responding to the interests and needs of customers.

**Friendliness:** Creating a fun, friendly and motivating environment where customers can make positive lifestyle changes.

**Integrity:** Adhering to high ethical and professional conduct of business principles.

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STATEMENT OF AUTHENTICITY

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

| Name of Students      | Index Numbers | Signature | Date  |
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|                                       |       |       |
|---------------------------------------|-------|-------|
|                                       |       | Date  |
| (Supervisor)                          |       |       |
| Certified by:                         |       |       |
| .....                                 | ..... | ..... |
|                                       |       | Date  |
| (Head of Business Studies Department) | ..... | ..... |
|                                       |       | Date  |



## **1.0 ORGANISATION**

### **1.1 NAME OF THE BUSINESS**

The name of the business is Easy Way Fitness Co. Ltd. The business is aimed at creating easy access to health through fitness.

### **1.2 HISTORY AND BACKGROUND**

Easy Way Fitness Co. Ltd is a new organization wholly owned by five individuals who have come together to set up this company to provide fitness and health related services to people needing this service. Easy Way Fitness will provide health and fitness services that are good in quality and low in cost.

#### **1.2.1 ESTABLISHING OF THE BUSINESS**

Easy Way Fitness Co. Ltd shall be a wholly owned Ghanaian establishment, which will be incorporated under the Companies Code (1963), Act 179. The business shall be registered at the Registrar General's Department.

The Company shall be governed by policies, rules and regulations stipulated in the Companies Code as well as its Articles of Association.

#### **1.2.2 COMMENCEMENT OF BUSINESS**

The Company shall commence full scale operation in February, 2012.

**1.3 FINANCING AND OWNERS OF THE BUSINESS**

Easy Way Fitness Co. Ltd is a new business with an authorized capital of GH¢ 150,000.00, but with an issued share capital of GH¢50,000.00 wholly contributed by the owners.

|                       |   |     |              |
|-----------------------|---|-----|--------------|
| Mavis Amissah Sampson | - | 20% | GH¢10,000.00 |
| Justice Mainoo Senya  | - | 20% | GH¢10,000.00 |
| Eric Agyarko Frimpong | - | 20% | GH¢10,000.00 |
| Rita Frimpong         | - | 20% | GH¢10,000.00 |
| Rosemond Boafo        | - | 20% | GH¢10,000.00 |

The shareholders have decided to reinvest all profits generated in the first five years of operation. No dividend shall be paid during those periods.

**1.4 ADDRESS**

**1.4.1 Location:** The Company shall lease a building located at Odencho-Kwadaso, near the Christian Service University College.

**1.4.2 Contact Address:** Easy Way Fitness Co. Ltd, P.O. Box 369, Adum, Kumasi,

**E-mail:** eway @gmail.com

**Telephone:** 03220-80625, 0266-586145, 0201-558059, 0268-474242,

0261-707948, 0244-116581

## **1.5 OPERATING UNITS**

Easy Way Fitness shall have two main divisions.

1. Administration: Finance, Marketing and Human resource
2. Operations: Fitness, Wellness and health issues

## **1.6 BUSINESS STRATEGY**

Easy Way Fitness shall seek to create products and services that are different from those of competitors. The company shall offer differentiated products and services in fitness, wellness and health. The centre shall be opened daily, Monday to Sunday, from 4:00a.m to 10:00p.m, which is different from the time its competitors open their facilities.

Easy Way Fitness will provide table tennis service for free as a cool-off activity to its customers as well as yoga sessions.

## 2.0 PRODUCT IDEA AND REALISATION OF SCHEDULE

### 2.1 PRODUCT IDEA

The idea of establishing this fitness centre came about because recently we have realized that Ghanaians have become health conscious and there is therefore the need for them to stay fit. Also most partners in relationships are very uncomfortable with the size and shape of their partners.

The directors of the company came up with the idea after they have researched on health issues associated with obesity and its consequences on relationships and also when one of them testified to the fact that on two occasions her partners complained and left her because of her weight and shape. The directors came up with the idea of setting up a fitness facility to help people stay fit, sound and healthy every day.

As a result, they decided to establish this company to take advantage of the opportunities available in the health care industry.

### 2.2 REALISATION OF SCHEDULE

| TASK                | EXECUTION PERIOD |         |          |       |
|---------------------|------------------|---------|----------|-------|
|                     | DECEMBER         | JANUARY | FEBRUARY | MARCH |
| Choosing location   | ✓                |         |          |       |
| Website development |                  | ✓       |          |       |
| Recruitment         |                  | ✓       |          |       |
| Opening of centre   |                  |         | ✓        |       |
| Advertising         |                  |         |          | ✓     |

### **3.0 MANAGEMENT TEAM**

#### **3.1 SHAREHOLDERS AND BOARD OF DIRECTORS**

The shareholders of Easy Way Fitness Company Ltd also constitute the Board of Directors.

- They shall determine the policies and frameworks within which the company shall operate.
- They shall establish the long term goals and objectives of the company.
- They shall review and approve the operational plan of the company's management in achieving the company's goals and objectives.

##### **3.1.2 BRIEF PROFILE OF SHAREHOLDERS**

| <b>NAME</b>           | <b>PROFESSION</b> | <b>POSITION</b>   |
|-----------------------|-------------------|-------------------|
| Justice Mainoo Senya  | Banker            | Board chairperson |
| Eric Agyarko Frimpong | Accountant        | Board member      |
| Mavis Amissah Sampson | Banker            | Board member      |
| Rita Frimpong         | Teacher           | Board member      |
| Rosemond Boafo        | Secretary         | Board member      |

#### **3.2 PROFILE OF STAFF MEMBERS**

Easy Way Fitness shall be headed by a manager who is going to be assisted by three full-time employees. All the employees shall be recruited when the company commences business and they shall be involved in the performance of the company's core activities.

### **3.2.1 Manager:**

**Qualifications** – Degree in Business Administration, accounting or finance option with three years working experience. Knowledge in fitness and health will be an added advantage. She/he must have leadership and interpersonal skills as well as a team player.

**Duties** – She/he shall have general oversight of the company as well as oversee the financing, administration and marketing functions. She/he shall report to the Board of Directors.

### **3.2.2 Fitness Instructor:**

**Qualifications** - B.Ed. Physical Education with three years working experience in fitness and health related areas. She/he should be physically fit to supervise and provide instruction and assistance to customers.

**Duties** – She/he shall run the operational activities in and outside the facility, and provide counseling to customers on lifestyles, dieting, weight control and stress management. She/he shall be responsible to the Manager.

### **3.2.3 Assistant Fitness Instructor/Marketing:**

**Qualifications** – Diploma in Physical Education with one year working experience. Knowledge in marketing will be an added advantage.

**Duties** – She/he shall assist the manager in carrying promotional activities, creating awareness and marketing programs. He or she shall be responsible to the Manager.

#### **3.2.4 Assistant Fitness Instructor/Technical:**

**Qualifications** – Diploma in Physical Education with one year working experience or SSSCE with three years on the-job-trained experience in a fitness facility.

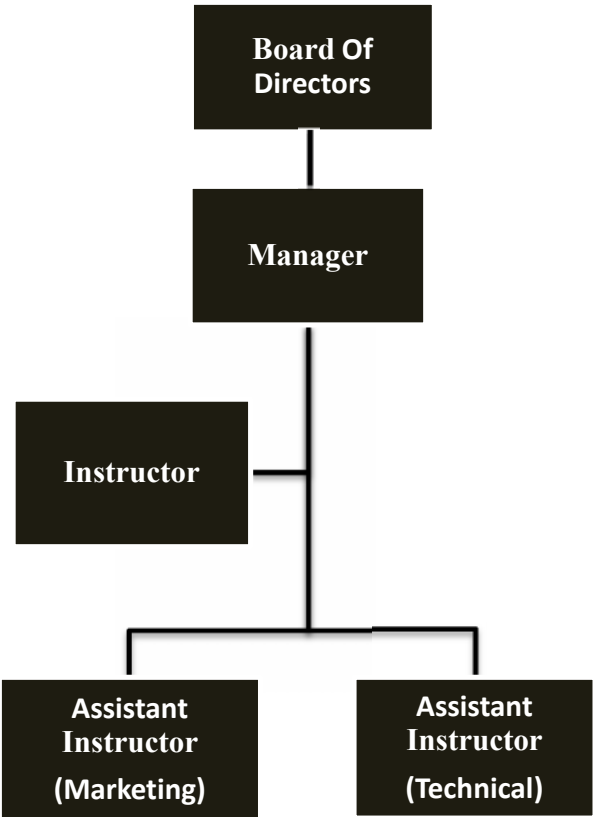
**Duties** – She/he shall assist the fitness instructor to provide fitness and other services to customers. She/he shall maintain fitness equipment and other logistics. She/he shall be responsible to the Manager.

### **3.3 OUTSOURCING**

The company shall outsource the following services. This is a cost cutting measure by management by engaging lean staff.

- Food nutritionist
- Medical doctor
- Security services
- Cleaning services
- Technical

3.4 Organogram of Easy Way Fitness Co. Ltd





## **4.0 MARKETING ANALYSIS**

### **4.1 BUSINESS SYSTEMS AND OPERATIONS**

#### **4.1.1 Process at the centre**

- a. Registration and signing up of customers
- b. Brief education and information on the products and services available and the processes for optimum satisfaction
- c. Health check of customers
- d. Customers undertake an aerobic exercise (dancing, music and fun).
- e. Customers go through the gym with close interaction, observation and monitoring by the instructor(s)
- f. Feedback from the customers to evaluate performance
- g. Customers may shower (an option)
- h. Customers sign off
- i. Follow-up on customer by telephone, text message, or e-mail, or by visit at home or office.

#### **4.1.2 Dimension of the Fitness Service centre**

The three dimensions of the fitness service are:

- a. Weight control- focuses on obesity reduction
- b. Strength- focuses on muscular and skeletal system, and
- c. Nutrition- sale of food supplement and consultation.

#### **4.1.3 Delivery of Services**

- a. There shall be timely and convenient delivery of services to all customers.
- b. Services at the centre shall be delivered with some fun to ease boredom and burden.  
(These shall include playing of music, showing of film and provision of refreshment.)
- c. The centre shall be kept neat and user friendly at all times.
- d. The Manager and staff shall maintain open communication with all customers.
- e. The staff shall treat every customer as unique and maintain good human relations with him or her.
- f. There shall be regular maintenance of the equipment to ensure safety and efficiency.

#### **4.1.4 Working Hours at the Centre**

The centre shall be opened daily, Monday to Sunday, from 4:00a.m to 10:00p.m.

4.2 ENVIRONMENTAL ANALYSIS

A health club can be described as a service facility that is intended to provide physical health care exercises with the help of specialized equipment. It normally serves both male and female customers. Normally, the environment is made casual to provide customers comfortable experience that helps them performing bodybuilding and other exercises with ease. There are no current legal obligations for operating fitness health club.

4.2.1SWOT ANALYSIS

|          |  |   |
|----------|--|---|
| Internal | <b>STRENGTH</b> <ul style="list-style-type: none"><li>• Qualified, trained and friendly personnel</li><li>• Top of the line equipment at the lowest price</li><li>• Fun, family atmosphere</li></ul> | <b>WEAKNESSES</b> <ul style="list-style-type: none"><li>• Newness</li><li>• Low in marketing budget</li></ul>   |
|          | <b>OPPORTUNITIES</b> <ul style="list-style-type: none"><li>• Rapidly growing market</li><li>• Rise in obesity disease</li><li>• Low competition in the low income segment</li></ul>                  | <b>THREATS</b> <ul style="list-style-type: none"><li>• Declining economy</li><li>• Copycat training services by our competitors</li><li>• Availability of low cost services and health care equipment</li></ul> |

#### **4.2.2 COMPETITION**

There are various competitors in the fitness industry but the key competitors are 1 Source Fitness Centre at Patasi, Hale and Hearty Sports Centre at KNUST campus. But there are some also located in the top hotels such as Golden Tulip, Miklin, Crystal Rose, etc.

Though Easy Way Fitness has a lot of competitors, those that pose the greatest challenge to the company are 1 Source Fitness Centre and Gimay Herbal Clinic and Gym Centre, because they have their strength in their facilities, equipment, location and well-defined clients.

#### **4.3 MARKET SEGMENTATION**

The ultimate goal of the company would be to make every person aware of his or her health and then make the company appealing to everyone. Easy Way Fitness will be starting its operations in Odencho-Kwadaso, Kumasi. Health care and fitness clubs in Kumasi have been serving to the high income segment of late. This leaves a large segment of low-income customers with unmet needs. Easy Way Fitness will primarily exist to provide affordable health care facility to the lower income class without compromising on quality of service.

#### **4.4 TARGET MARKET**

The target market for Easy Way Fitness are of two distinct customers; employees of corporate institutions and individuals.

##### **4.4.1 Employees of corporate institutions**

Easy Way Fitness will concentrate on corporate institutions to provide service of fitness, wellness and health at their convenience, because we believe our services best suit their health needs. Easy Way Fitness seeks to provide invaluable services to all workers. We will target

institutions like financial institutions such as banks, insurance organizations, savings and loans, etc., government organizations, football clubs such as Kotoko FC, King Faisal etc.

The company proposes to provide physical education lessons to educational bodies especially those at the basic and senior high school levels.

In terms of the health institutions, we intend to provide physiotherapy services to hospitals and clinics such as KomfoAnokye Teaching Hospital, Trust Care Specialist Hospital, etc.

#### **4.4.2 Individuals**

The target group for the individual sector will range from the age of 25-65; it is believed that those clients looking for personal training and willing to spend the money for it are between that age range.

The general population within a 5-mile radius of the facility will be targeted as well; we need sufficient residents to be registered as members of the facility.

Individual sports men and women will be our target as well.

#### **4.5 MARKETING MIX**

Easy Way Fitness' marketing mix is based on the following factors of product, cost, distribution, advertising and publicity.

#### **4.5.1 Product**

##### **Services**

- ❖ Physical Therapy
- ❖ Yoga
- ❖ Club rental and Small group training
- ❖ Nutrition
- ❖ Personal training
- ❖ Table tennis
- ❖ Diabetes and Obesity control
- ❖ Aerobics

##### **4.5.1.1 BENEFITS AND FEATURES**

- ✓ State of the art facility with latest equipment from quality manufacturers
- ✓ Low cost with monthly, quarterly and annual subscription plans.
- ✓ Personal qualified trainers to help our members achieving results without wasting much time

#### **4.5.2 Price**

##### **Penetration Pricing**

We will charge prices lower than our competitors' prices to penetrate the market in order to attract more clients by using penetration pricing strategy. Therefore, the health centre will offer quality exercise and body workout services at cost less than existing market standard which is maintained by other operators of similar facilities.

### **4.5.3 Promotion**

#### **Media Advertising**

Easy Way Fitness' promotion will consist of door-door, offices, churches, word-of-mouth, and flyers. We will also enter our members in fitness events such as Ghana's Strongest TV reality show, Mr. Ghana. Our website will be our biggest promotional tool where fitness news will be published.

### **4.5.4 Place**

#### **Direct Sale**

Easy Way Fitness will have the fitness facility situated near the campus of Christian Service University College at Odencho-Kwadaso

## **5.0 FINANCIAL ANALYSIS**

### **5.1 RISK ANALYSIS**

Easy Way Fitness will take into consideration the following risks:

#### **5.1.1 Operational Risks**

- a. Reduction in the value of business assets due to physical damage and theft.
- b. The risk associated with paying legal liabilities and benefits to injured workers or other harms to employees.
- c. The risk of death, illness and disability to employees for which the centre has agreed to make payments under the employee benefit plans.

#### **5.1.2 Natural Risk**

- a. Bad weather conditions; for example severe and continuous rainfall and persistent harmattan season may hamper potential and existing client from patronizing our service.
- b. Fire; there is the likelihood that the centre may catch fire either through electrical fault or arson.

#### **5.1.3 Technological Risk**

Power outage: The operations of the business may be disrupted by intermittent power cuts since the centre is powered by electricity.



#### **5.1.4.0 RISK MANAGEMENT**

The following measures shall be instituted to manage the risk outlined above:

##### **5.1.4.1 Loss Control**

- a. Management shall draw policy, rules and regulations on safety conditions. The management shall ensure that staff adheres to rules and regulations to protect them from injuries at the centre or during the process of service delivery.
- b. Client shall be encouraged to register with the National Health Insurance Scheme to ease any health bill the company may be presented with due to any injury a client may suffer.
- c. Regular maintenance of the premises shall be undertaken to curb any cause of fire.
- d. The company shall engage the services of security personnel from a private security agency to guard the premises, especially during the night to fight any attempt of burglary.
- e. The company shall adopt sound financial management practice to check any fraudulent activities that may be undertaken by a staff or client. This shall include periodic auditing of the accounts by the company external auditors, Pannel Kerr Forster Chartered Accountants.
- f. Special incentives shall be given to clients who may come to the centre during lean seasons. (i.e. rainy and harmattan seasons)
- g. The company shall purchase a stand-by generator to overcome any power curtailment during operations at the centre.

#### **5.1.4.2 Risk Financing.**

Insurance Policies: The Company shall take insurance policies with its insurer, State Insurance Company Limited to cover any injury to the company's staff and clients, and a loss of company's property. The policies shall include fire, burglary, theft and life.

#### **5.1.4.3 Internal Control**

Easy Way Fitness shall have a continuous research programme to identify the risk elements in its operations. The research shall cover direct observation, monitoring and feedback from clients. The company shall also collect data from the business environment. These will enable management to take appropriate proactive measures to address the risk elements.

## 5.2 PROJECTED INCOME STATEMENT

### EASYWAY FITNESS COMPANY LTD

#### PROJECTED INCOME STATEMENT FOR 3 YEARS

|                               | Year 1            | Year 2           | Year 3           |
|-------------------------------|-------------------|------------------|------------------|
|                               | GH¢               | GH¢              | GH¢              |
| Sales revenue                 | <u>42,700.00</u>  | <u>51,627.25</u> | <u>61,500.00</u> |
| Operating Expenses            |                   |                  |                  |
| Salaries                      | 13,800.00         | 14,940.00        | 16,696.00        |
| Outsourcing                   | 3,240.00          | 3,564.00         | 3,920.40         |
| Professional fees             | 1,500.00          | 1,500.00         | 2,000.00         |
| Refreshment                   | 1,800.00          | 2,000.00         | 2,300.00         |
| Insurance                     | 1,300.00          | 1,300.00         | 1,300.00         |
| Advertising                   | 2,600.00          | 2,600.00         | 3,300.00         |
| Travelling                    | 2,500.00          | 3,000.00         | 4,000.00         |
| Rent                          | 3,600.00          | 3,600.00         | 3,600.00         |
| Utilities                     | 3,000.00          | 3,500.00         | 3,900.00         |
| Repairs & maintenance         | 1,400.00          | 1,700.00         | 2,150.00         |
| Printing & stationery         | 600.00            | 600.00           | 800.00           |
| Training & development        | 700.00            | 700.00           | 1,000.00         |
| Miscellaneous                 | 2,500.00          | 3,981.50         | 4,200.00         |
| Depreciation                  | 5,903.50          | 5,903.50         | 5,903.50         |
|                               | <u>44,443.50</u>  | <u>48,889.00</u> | <u>55,069.90</u> |
| Profit before tax             | (1,743.50)        | 2,738.25         | 6,420.10         |
| Tax 25%                       | <u>0.00</u>       | <u>684.57</u>    | <u>1,607.53</u>  |
| Net operating (loss) / profit | <u>(1,743.50)</u> | <u>2,053.68</u>  | <u>4,822.58</u>  |

## 5.3 BREAK EVEN ANALYSIS

### EASYWAY FITNESS COMPANY LTD

#### PROJECTED BREAK EVEN ANALYSIS FOR YEAR 1

|                      |                         |
|----------------------|-------------------------|
| <b>Fixed costs:</b>  | <b>GH¢</b>              |
| Salaries             | 13,800.00               |
| Insurance            | 1,300.00                |
| Depreciation         | 5,903.50                |
| Rent                 | 3,600.00                |
| Professional fees    | 1,500.00                |
| Outsourcing services | <u>3,240.00</u>         |
|                      | <b><u>29,343.50</u></b> |

|                        |                         |
|------------------------|-------------------------|
| <b>Variable costs:</b> |                         |
| Refreshment            | 1,800.00                |
| Advertising            | 2,600.00                |
| Repairs & maintenance  | 1,400.00                |
| Utilities              | 3,000.00                |
| Training & development | 700.00                  |
| Miscellaneous          | 2,500.00                |
| Travelling             | 2,500.00                |
| Printing & stationery  | <u>600.00</u>           |
|                        | <b><u>15,100.00</u></b> |

Contribution = sales – variable cost  
= GH¢42,700.00 -GH¢15,100.00  
=GH¢27,600.00

Contribution/sales ratio = GH¢27,600/GH¢42,700  
=64.6%

Break even sales revenue=  $\frac{\text{fixed cost}}{\text{Contribution/sales ratio}}$   
=GH¢29,343.50  
64.6%  
=GH¢45,397.37

The break even sales revenue shows how much revenue the company needs to earn to be able to break even in the first year.

## 5.4PROJECTED CASH FLOW

### EASYWAY FITNESS COMPANY LTD

#### PROJECTED CASH FLOW STATEMENT FOR 3 YEARS

|  | Year 1                  | Year 2                  | Year 3                  |
|--|-------------------------|-------------------------|-------------------------|
|  | GH¢                     | GH¢                     | GH¢                     |
| <b>Cash flows from Operating Activities</b>            |                         |                         |                         |
| Net Operating (Loss)/Profit                            | (1,743.50)              | 2,053.68                | 4,822.58                |
| <b>Adjustment for</b>                                  |                         |                         |                         |
| Depreciation Charges                                   | 5,903.50                | 5,903.50                | 5,903.50                |
| <b>Operating Profit before working capital changes</b> | 4,160.00                | 7,957.18                | 10,729.08               |
| Taxation   | -                       | 684.57                  | 694.78                  |
| <b>Net Cash generated from operating activities</b>    | <u>4,160.00</u>         | <u>8,641.75</u>         | <u>11,420.86</u>        |
| <b>Cash flows from investing activities</b>            |                         |                         |                         |
| Purchase of fixed asset with cash                      | (29,517.50)             | 0.00                    | 0.00                    |
| <b>Cash flows from financing activities</b>            |                         |                         |                         |
| Shareholders contribution                              | 50,000.00               | 0.00                    | 0.00                    |
| Net (decrease)/increase in cash & cash equivalent      | 24,642.50               | 8,641.75                | 11,420.86               |
| Cash & cash equivalent as at start                     | 0.00                    | <u>24,642.50</u>        | <u>33,284.25</u>        |
| <b>Cash &amp; cash equivalent as at close</b>          | <b><u>24,642.50</u></b> | <b><u>33,284.25</u></b> | <b><u>44,705.11</u></b> |
| Cash & cash equivalent                                 |                         |                         |                         |
| <b>Bank balances</b>                                   | <b><u>24,642.50</u></b> | <b><u>33,284.25</u></b> | <b><u>44,705.11</u></b> |

## 5.5 PROJECTED BALANCE SHEET

| <b>EASYWAY FITNESS COMPANY LTD</b>                           |                         |                         |                         |
|--|-------------------------|-------------------------|-------------------------|
| <b>PROJECTED STATEMENT OF FINANCIAL POSITION FOR 3 YEARS</b> |                         |                         |                         |
|  | <b>Year 1</b>           | <b>Year 2</b>           | <b>Year 3</b>           |
|  | <b>GH¢</b>              | <b>GH¢</b>              | <b>GH¢</b>              |
| Non-current asset  |                         |                         |                         |
| Property, Plant & Equipment                                  | 23,614.00               | 17,710.50               | 11,807.00               |
| Current liabilities  |                         |                         |                         |
| Taxation   | <u>0.00</u>             | <u>684.57</u>           | <u>1,379.35</u>         |
| Net asset  | 23,614.00               | 16,797.75               | 10,199.47               |
| Cash & cash equivalent                                       | <u>24,642.50</u>        | <u>33,284.25</u>        | <u>44,705.11</u>        |
|  | <b><u>48,256.50</u></b> | <b><u>50,082.00</u></b> | <b><u>54,904.58</u></b> |
|  |                         |                         |                         |
| Stated capital   |                         |                         |                         |
| Ordinary shares  | 50,000.00               | 50,000.00               | 50,000.00               |
| Accumulated fund   | <u>(1,743.50)</u>       | <u>82.00</u>            | <u>4,904.58</u>         |
|  | <b><u>48,256.50</u></b> | <b><u>50,082.00</u></b> | <b><u>54,904.58</u></b> |

## 5.6 CONCLUSION

Through the plan that we have outlined we feel confident that although a very intricate and complex process to start and run such a company, we can accomplish such an ambitious endeavor. We have analyzed the market, covered expenses, visualized a goal, and planned accordingly. To be realistic, we cannot guarantee a success, but as the proverb goes, “A hero is one who knows how to hang on one minute longer” and this is the entrepreneurial spirit that we will carry throughout the life of our fitness center.

## APPENDIX – A

### NOTES TO THE FINANCIAL STATEMENTS

1. A straight line depreciation method was used in estimating the depreciation.
2. The depreciation rate was 20% for each asset.
3. Provision for a 10% annual increment of salaries and outsourcing services has been made for year 2 and 3.
4. All profits for the first three years will be reinvested and therefore no dividend was paid.

## APPENDIX – B

### APPENDIX - B CALCULATING THE PROJECTED REVENUE

| YEAR 1  | GH¢                     |
|---|-------------------------|
| 1. Registration Fees (GHC20 per client) * 150 clients | 3,000.00                |
| 2. Monthly Fees (GHC25 per client) * 120 * 12 monthly | 36,000.00               |
| 3. Consultancy Fees (GHC150 per month) * 12months     | 1,800.00                |
| 4. Sale of Food supplements                           | <u>1,900.00</u>         |
|   | <b><u>42,700.00</u></b> |
| YEAR 2  |                         |
| 1. Registration Fees (GHC20 per client) * 67 clients  | 1,340.00                |
| 2. Monthly Fees (GHC25 per client) * 155 * 12 monthly | 46,500.00               |
| 3. Consultancy Fees (GHC150 per month) * 12months     | 1,800.00                |
| 4. Sale of Food supplements                           | <u>1,987.25</u>         |
|   | <b><u>51,627.25</u></b> |

**YEAR 3**

|   |                         |
|---|-------------------------|
| 1. Registration Fees (GHC20 per client) * 87 clients  | 1,740.00                |
| 2. Monthly Fees (GHC25 per client) * 185 * 12 monthly | 55,500.00               |
| 3. Consultancy Fees (GHC150 per month) * 12months     | 1,800.00                |
| 4. Sale of Food supplements                           | <u>2,460.00</u>         |
|   | <b><u>61,500.00</u></b> |

**APPENDIX - C**  
**RECURRENT EXPENDITURE**

|                          | YEAR 1                  | YEAR 2                  | YEAR 3                  |
|--------------------------|-------------------------|-------------------------|-------------------------|
|                          | GH¢                     | GH¢                     | GH¢                     |
| Salaries                 | 13,800.00               | 14,940.00               | 16,696.00               |
| Outsourcing services     | 3,240.00                | 3,355.00                | 3,920.40                |
| Professional fees        | 1,500.00                | 1,500.00                | 2,000.00                |
| Refreshment              | 1,800.00                | 2,000.00                | 2,300.00                |
| Insurance                | 1,300.00                | 1,300.00                | 1,300.00                |
| Advertising              | 2,600.00                | 2,600.00                | 2,600.00                |
| Travelling               | 3,422.50                | 3,500.00                | 5,000.00                |
| Rent                     | 3,600.00                | 3,600.00                | 3,600.00                |
| Utilities                | 3,000.00                | 3,300.00                | 3,900.00                |
| Repairs and maintenance  | 1,400.00                | 1,400.00                | 1,400.00                |
| Printing and stationery  | 600.00                  | 600.00                  | 600.00                  |
| Training and development | 700.00                  | 700.00                  | 700.00                  |
| Miscellaneous            | <u>2,500.00</u>         | <u>2,673.57</u>         | <u>2,900.00</u>         |
|                          | <b><u>39,412.50</u></b> | <b><u>41,469.27</u></b> | <b><u>46,516.40</u></b> |



**APPENDIX - D**  
**CAPITAL EXPENDITURE**

| <b>FITNESS EQUIPMENT</b>    | <b>QUANTITY</b> | <b>GH¢</b>              |
|-----------------------------|-----------------|-------------------------|
| Cross Trainers              | 2               | 1,890.00                |
| Vibration Plates            | 2               | 3,150.00                |
| Table Tennis Tables         | 3               | 1,653.75                |
| Dumbbells                   | 5               | 362.25                  |
| Benches                     | 3               | 472.50                  |
| Weights and Bars            | 4               | 1,260.00                |
| Rowing Machines             | 2               | 3,150.00                |
| Treadmills                  | 4               | 3,780.00                |
| Stationary Bikes            | 2               | 2,047.50                |
| Multi Gyms                  | 1               | 2,362.50                |
| Yoga Mats                   | 6               | <u>189.00</u>           |
| <b>Total</b>                |                 | <b><u>20,317.50</u></b> |
| <br><b>OFFICE EQUIPMENT</b> |                 |                         |
| Computers and Accessories   | 2               | 1,500.00                |
| Cabinet                     | 1               | 400.00                  |
| Television(LCD)             | 1               | 1,000.00                |
| Refrigerator                | 1               | 700.00                  |
| Air Conditioners            | 2               | 1,700.00                |
| Generator                   | 1               | <u>1,100.00</u>         |
| <b>Total</b>                |                 | <b><u>6,400.00</u></b>  |

## FURNITURE AND FIXTURES

|                 |    |                        |
|-----------------|----|------------------------|
| Office desks    | 4  | 1,200.00               |
| Chairs          | 10 | 1,300.00               |
| Tapes and books |    | <u>300.00</u>          |
| <b>Total</b>    |    | <b><u>2,800.00</u></b> |

## APPENDIX - E CALCULATION OF DEPRECIATION

|   | EAR 1                  | YEAR 2                 | YEAR 3                 |
|---|------------------------|------------------------|------------------------|
|   | GH¢                    | GH¢                    | GH¢                    |
| Fitness equipment (20% X Ghc20, 317.50) | 4,063.50               | 4,063.50               | 4,063.50               |
| Office equipment (20% X Ghc6400)        | 1,280.00               | 1,280.00               | 1,280.00               |
| Furniture & Fixtures (20% X Ghc2800)    | <u>560.00</u>          | <u>560.00</u>          | <u>560.00</u>          |
|   | <b><u>5,903.50</u></b> | <b><u>5,903.50</u></b> | <b><u>5,903.50</u></b> |

## APPENDIX - F FIXED ASSET SCHEDULE YEAR 1

| Cost            | Fitness equipment       | Furniture & Fixtures   | Office equipment       | Total                   |
|-----------------|-------------------------|------------------------|------------------------|-------------------------|
|                 | GH¢                     | GH¢                    | GH¢                    | GH¢                     |
| Opening bal.    | 0.00                    | 0.00                   | 0.00                   | 0.00                    |
| Additions       | <u>20,317.50</u>        | <u>2,800.00</u>        | <u>6,400.00</u>        | <u>29,517.50</u>        |
|                 | <u>20,317.50</u>        | <u>2,800.00</u>        | <u>6,400.00</u>        | <u>29,517.50</u>        |
| Depreciation    |                         |                        |                        |                         |
| At start        | 0.00                    | 0.00                   | 0.00                   | 0.00                    |
| Charge for year | 4,063.50                | 560.00                 | 1,280.00               | 5,903.50                |
|                 | <u>4,063.50</u>         | <u>560.00</u>          | <u>1,280.00</u>        | <u>5,903.50</u>         |
| NBV             | <b><u>16,254.00</u></b> | <b><u>2,240.00</u></b> | <b><u>5,120.00</u></b> | <b><u>23,614.00</u></b> |

### FIXED ASSET SCHEDULE YEAR 2

| Cost            | Fitness equipment<br>GH¢ | Furniture & Fixtures<br>GH¢ | Office equipment<br>GH¢ | Total<br>GH¢            |
|-----------------|--------------------------|-----------------------------|-------------------------|-------------------------|
| Opening bal.    | <u>20,317.50</u>         | <u>2,800.00</u>             | <u>6,400.00</u>         | <u>29,517.50</u>        |
|                 | <u>20,317.50</u>         | <u>2,800.00</u>             | <u>6,400.00</u>         | <u>29,517.50</u>        |
| Depreciation    |                          |                             |                         |                         |
| At start        | 4,063.50                 | 560.00                      | 1,280.00                | 5,903.50                |
| Charge for year | <u>4,063.50</u>          | <u>560.00</u>               | <u>1,280.00</u>         | <u>5,903.50</u>         |
|                 | <u>8,127.00</u>          | <u>1,120.00</u>             | <u>2,560.00</u>         | <u>11,807.00</u>        |
| NBV             | <u><b>12,190.50</b></u>  | <u><b>1,680.00</b></u>      | <u><b>3,840.00</b></u>  | <u><b>17,710.50</b></u> |

### FIXED ASSET SCHEDULE YEAR 3

| Cost            | Fitness equipment<br>GH¢ | Furniture & Fixtures<br>GH¢ | Office equipment<br>GH¢ | Total<br>GH¢            |
|-----------------|--------------------------|-----------------------------|-------------------------|-------------------------|
| Opening bal.    | <u>20,317.50</u>         | <u>2,800.00</u>             | <u>6,400.00</u>         | <u>29,517.50</u>        |
|                 | <u>20,317.50</u>         | <u>2,800.00</u>             | <u>6,400.00</u>         | <u>29,517.50</u>        |
| Depreciation    |                          |                             |                         |                         |
| At start        | 8,127.00                 | 1,120.00                    | 2,560.00                | 11,807.00               |
| Charge for year | <u>4,063.50</u>          | <u>560.00</u>               | <u>1,280.00</u>         | <u>5,903.50</u>         |
|                 | <u>12,190.50</u>         | <u>1,680.00</u>             | <u>3,840.00</u>         | <u>17,710.50</u>        |
| NBV             | <u><b>8,127.00</b></u>   | <u><b>1,120.00</b></u>      | <u><b>2,960.00</b></u>  | <u><b>11,807.00</b></u> |

### APPENDIX - G CALCULATION OF PROJECTED SALARIES

| YEAR 1                                  | GH¢                     |
|---|-------------------------|
| Manager (400*12)                        | 4,800.00                |
| Fitness Instructor (300*12)             | 3,600.00                |
| Assistant Instructor/Marketing (250*12) | 3,000.00                |
| Assistant Instructor/Technical (200*12) | <u>2,400.00</u>         |
| <b>Total</b>                            | <u><b>13,800.00</b></u> |

## YEAR 2

|   |                         |
|---|-------------------------|
| Manager (440*12)                        | 5,280.00                |
| Fitness Instructor (330*12)             | 3,960.00                |
| Assistant Instructor/Marketing (275*12) | 3,300.00                |
| Assistant Instructor/Technical (220*12) | <u>2,400.00</u>         |
| <b>Total</b>                            | <b><u>14,940.00</u></b> |

## YEAR 3

|  |                         |
|--|-------------------------|
| Manager (484*12)                           | 5,806.00                |
| Fitness Instructor (363*12)                | 4,356.00                |
| Assistant Instructor/Marketing (302.50*12) | 3,630.00                |
| Assistant Instructor/Technical (242*12)    | <u>2,904.00</u>         |
| <b>TOTAL</b>                               | <b><u>16,696.00</u></b> |

### APPENDIX - H CALCULATION OF OUTSOURCING SERVICES

|                   |                        |
|-------------------|------------------------|
| YEAR 1            | GH¢                    |
| Security (200*12) | 2,400.00               |
| Cleaner (70*12)   | <u>840.00</u>          |
| <b>Total</b>      | <b><u>3,240.00</u></b> |

|                   |                        |
|-------------------|------------------------|
| YEAR 2            |                        |
| Security (220*12) | 2,640.00               |
| Cleaner (77*12)   | <u>924.00</u>          |
| <b>Total</b>      | <b><u>3,564.00</u></b> |

|                    |                        |
|--------------------|------------------------|
| YEAR 3             |                        |
| Security (242*12)  | 2,904.00               |
| Cleaner (84.70*12) | <u>1,016.40</u>        |
| <b>Total</b>       | <b><u>3,920.40</u></b> |

### APPENDIX - I EASYWAY FITNESS COMPANY LTD ACCUMULATED FUND STATEMENT FOR 3 YEARS

|                           | YEAR 1<br>GH¢            | YEAR 2<br>GH¢       | YEAR 3<br>GH¢          |
|---------------------------|--------------------------|---------------------|------------------------|
| Balance as at 1 January   | 0.00                     | (1,743.50)          | 82.00                  |
| Net profit for the year   | (1,743.50)               | 2,053.68            | 4,822.58               |
| Balance as at 31 December | <b><u>(1,743.50)</u></b> | <b><u>82.00</u></b> | <b><u>4,904.58</u></b> |