

CHRISTIAN SERVICE UNIVERSITY COLLEGE, KUMASI

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

**TESCO COMPANY LIMITED
BUSINESS PLAN**

BY:

BOAKYE MARK OWUSU

OSEI BEGYINA RONALD

MARFO KWABENA OPOKU

ADDAE ANTWI SELINA

DECEMBER, 2011

CHRISTIAN SERVICE UNIVERSITY COLLEGE, KUMASI

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

**TESCO COMPANY LIMITED
BUSINESS PLAN**

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

PROPOSAL

BY

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OSEI BEGYINA RONALD

MARFO KWABENA OPOKU

ADDAE ANTWI SELINA

DECEMBER, 2011

I have read the Christian Service University Colleges regulations relating to 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.

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EXECUTIVE SUMMARY

TESCO Company limited is a new firm in the food processing industry which will produce sausage and deliver to customer's door. TESCO Pork Processing will be producing high protein, low salt, (3%) low cholesterol (fat 5%) sausages. A new product would be below cholesterol pork oil. The cholesterol levels of competitors were also found to be at high due to the high fat content in the products.

The target markets are the mining operators, restaurants and beer bar operators, this is because, and they have high disposable income and the willingness to pay for the goods. The objective is to develop a customer base of 400 households together with the mining operators, restaurants and beer bar operators at the end of the third year of establishment. The objective will be achieved by creating the awareness of the product through an intense promotional campaign at start-up, and by providing premium quality goods. The business will start operation in April 2012 and the business will be located at Kotei behind Sika Poku hotel. The capital requirement to achieve objective is GH¢100,000. Partners will invest GH¢60000 and will manage and own the business. The remainder of the capital will be financed through bank loans.

The company is in the food processing industry that embarks on array of sausage and other animal products. It is owned by Boakye Mark Owusu, Osei Begyina Ronald, Marfo Kwabena Opoku and Addae Antwi Selina with equal ownership representation. In other to inflate the operations of TESCO the owners have decided to prepare this Business Plan to solicit for a loan facility to give a shot into the company's working capital

I. MISSION

The **mission** of the firm is therefore to serve the need of consumers with quality products at affordable prices backed by superior sales delivery and excellent customer service in order to maximize customer satisfaction on each purchase.

II. VISION

The **vision** is to create a conducive workplace with inspired leadership, effective organization and proudly motivated employees always, delivering to customer delight and to expand beyond the boundaries of Ghana.

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1.0 ORGANIZATION

TESCO is the name of the new firm to be formed which will specifically aim at advancing the processing of Pork. TESCO will be located at Kotei on plot No. 44 Block C in the Ashanti Region. TESCO will be owned and managed by four partners namely. Boakye Mark, Osei Begyina Ronald, Marfo Kwabena Opoku, Addae Antwi Selina. TESCO hope to complete registering of its business by March 2012 and start operations in April 2012.

TESCO is a manufacturing company in the processing industry within the agric sector, aims at processing pork into sausage and pork oil. The processed pork will be in the form of sausage and pork oil. These products have several functions and uniqueness. The uniqueness of the product will be in the areas of low salt, low cholesterol level, low fat content, meats content and other additives. Santino Sausage and Fine Meat in Kumasi, Sotrec Food Processing in Accra and Premier Foods at Tema have a high level of salt ranging between 7%, and 10% respectively. The cholesterol levels were also found to be at high due to the high fat content in the products. High salt and cholesterol intake are harmful to the body. Both lead to hypertension, stroke and heart failure. TESCO will therefore reduce the salt and fat content to 3%and 5% respectively to give our consumers value for their money and not diseases. The protein level of TESCO will be higher compared to that of its competitors. This will be made possible because our products will contain 70% of meat (pork) which will be 15% higher than our competitors. Iron will also be added to boost the iron content of white meat. The preservation of the pork is very crucial to our production since it gives the sausage and oil the needed taste and preservation life. These measures will push the prospect of marketability high.

ADDRESS: BOX 737 ADUM

EMAIL: www.tescocoltd.com

DATE OF REGISTRATION: DECEMBER 2011

PLACE OF REGISTRATION AND INCORPORATION: ACCRA

DATE OF COMMENCEMENT OF BUSINESS: JANUARY

INCORPORATED UNDER THE COMPANIES CODE 1963 (ACT 179)

BANKERS: SINAPI ABA, PRO - CREDIT

INSURERS: VANGUARD INSURANCE,

1.1.COMPANY STRUCTURE

ORGANIZATIONAL CHART

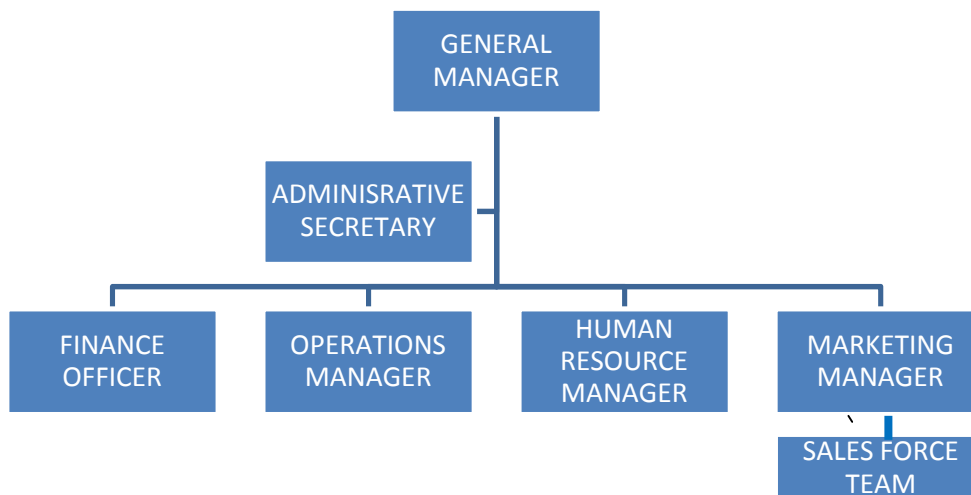


Figure 1.0

2.0. PRODUCT IDEA AND REALISATION OF SCHEDULE

TESCO will be producing high protein, low salt, low cholesterol sausages. A new product will be pork oil. A market survey indicated that most people do not like their sausages with so much salt hence our product will consider this and use the right quantity of salt for the sausage. Also, the asthmatic patients also complained of too much spices and flavors in the sausages precipitates their attack. The results also indicated that sausages from these two groups will be largely considered in our production and this will make the difference. The protein level of our product will be more compared to its contents in the product of our competitors named above. This will be made possible because our products will contain 70% of meat thus pork which will be 15% higher than our competitors. The protein is essential for human consumption especially for children since it enhance their proper growth as well as replacing worn-out tissues in humans. We will also add iron whenever we will be using white meats in our production. The preservation of the pork is very crucial to our production since it gives the sausage and oil the needed taste and preservation life. For this reason, our product will be produced with the following quantity of ingredients or raw materials in Table 1.0.

2.2. Figure 1.0

RAW MATERIAL OR INGREDIENTS	QUANTITY IN PERCENTAGE %
Meat or Pork Fat	70%
Water	5%
Salt	5%
Phosphate	2%
Nitrate & Vitamin B3	10%
Spices	5%
Iron	3%
TOTAL	100%

Distribution Strategy: TESCO will use the manufacturer → consumer. The reason is that the firm will have its main cold store where the right freezers of current standards will be provided to enable customers buy from the stores. The target consumers thus the mining areas and others will get access to the product directly from TESCO Mobile Cold Room. Mining firms such as Bogoso Golden Star, Central African Gold- Bibiani and others requires 20000 kilograms a week and this will be transported to them in the Mobile Cold Room.

2.1. SCHEDULE OF ACTIVITIES

SN	ACTIVITY	TIME	RESPONSIBILITY
1.	Funding	September 2011	Owners
2.	Office Location	Oct – Nov 2011	Management
3.	Licensing	November 2011	Management
4.	Registration & Processing	November 2011	Management
5.	Recruitment	December 2011	Human Resource Manager
6.	Launching Planning: Actual:	December 2011 December 2011	Management
7.	Commencement Of operation	January 2012	Entire Workforce

3.0 MANAGEMENT TEAM

TESCO is managed by the four partners of the business. Thus the General Manager, Marketing Manager, Human Resources Manager, Financial Controller. Accountant and Operational Manager will be employed as an additional staff. The organizational chart is attached to this report as appendix 2.

BRIEF PFOFILES OF MEMBERS OF TESCO

- 1. MARK OWUSU BOAKYE:** He holds Bachelor's degree in Marketing
- 2. MARFO OPOKU KWABENA:** He holds Bachelor's degree in Human Resource Management.
- 3. OSEI BEGYINA RONALD:** He holds a Bachelor's degree in Banking and Finance.
- 4. ADDAE ANTWI SELINA:** She holds a Bachelor's degree in Human Resource Management.

3.1 THE NEW ORGANIZATIONAL STRUCTURE OF TESCO

With the extension project of TESCO, a contemporary organizational structure shall be established. Below describe brief responsibilities of key members of staff.

GENERAL MANAGER

The manager is the administrative head of TESCO

Responsibilities include:

- ✓ To set organizational goals for functional Managers
- ✓ To develop attitude of commitment and ownership in employees
- ✓ To coordinate the work of various functional units
- ✓ To monitor the business environment.
- ✓ To review the operational performances occasionally in order to take corrective measures.

FINANCE OFFICER

The Finance Officer is the head of Finance Administrative Department. He reports to the Manager of TESCO. His main responsibilities include:

- ✓ Supervision of the preparation of financial budget
- ✓ Preparation of final accounts for auditing purposes
- ✓ Supervision of all accounting transaction
- ✓ Preparation of periodic budgetary audit of all section of TESCO
- ✓ Provision of administrative support to the day to day management of TESCO

OPERATIONS MANAGER

The production Manager is directly responsible for the production of TESCO products. He reports directly to the Manager of TESCO.

His main activities involve

- ✓ Managing the performance of non-management employees
- ✓ Teaching entry- level employees how to do their jobs
- ✓ Responsible for the production of TESCO products which includes product packaging and quality control.

MARKETING MANAGER

The Marketing Manager is the head of the Marketing Department of TESCO reporting to the Manager of the company.

His main responsibilities include:

- ✓ Determine sales force objective and goals
- ✓ Forecasting and budgeting
- ✓ Identifying territory design and planning
- ✓ Training and development for sales force
- ✓ Evaluation and control of sales force.

HUMAN RESOURCE MANAGER

The Human resource Manager is the head of the Human Relation Department of TESCO his man responsibilities include;

- ✓ Management of conflict in the organization
- ✓ Recruitment of workers or employees
- ✓ Management of employee welfare
- ✓ Evaluation of employee performance

4.0 MARKETING ANALYSIS

A fast growing population, an increasing number of expatriates, an expanding middle class and the promotion of healthy living both at the government and individual levels are the hallmark of the Ghanaian economy inducing a growing demand for processed meat product. It is a fast emerging market whose growing demand mismatches low supply that offers significant investment opportunities with high potential for profitability.

4.1 BUSINESS SYSTEM AND OPERATIONS

OPERATIONS PLAN

TESCO is a partnership firm of four members whose names are Boakye Mark Owusu, Osei Begyina Ronald, Marfo Kwabena Opoku, Addae Antwi Selina.. The business is operated with three (4) management team and fifteen (15) people working in the field. Sausage is produced by the use of the following machines;

- ❖ Bowl chopper
- ❖ Automatic filler
- ❖ Automatic linkage machine
- ❖ Smoking chamber
- ❖ Steam cooker
- ❖ Mincer
- ❖ Automatic slicer
- ❖ Vacuum packaging
- ❖ Rented motor vehicles (mobile cold room)
- ❖ Ham and meat loaf moulds

CURRENT AND PROJECTED PRODUCTION

The improvement plan will focus on how to make sure that our raw materials do not fall short. Periodic maintenance of equipments and replacement shall be done. This will be to avoid scrap and waste. Also labor relations will be strengthened from time to time to give them the right attitude to work in order to meet production plan. Production is expected to increase by 25% each year. TESCO plans to produce 5000 tons in a week and the labor required will be ten persons while increasing the number should the production increase. This will be made possible when the business starts its operation in March 2010.

SUPPLIERS PROFILE

TESCO get its raw material from the following business;

Firms

Profile

Buggy's Farms

Material: Pigs

Location: Barekese road

Years in business: 10years

Poku Trading

Material: Spices

Location: Adum

Years in business: 18 years

TESCO Farms

Material: Pigs

Location: Kotei New Site

Contact: 0244035652

Form of business: Partnership

Partners: Seven (4) Partners

INVENTORY AND PURCHASING POLICIES

TESCO firm plan to use First in first out method of controlling stock since TESCO deals in perishable goods. This means that goods that were brought to stores first will be used before the later ones. This will help us prevent goods from spoilage. The business has also plan to purchase 120 pigs a week but will later increase as time goes on. The purchasing of the pigs and other materials will be bought on continuous basis but when there is an inadequate material from our suppliers, the firms will resort different farms and if possible import the needed materials. Suppliers will be paid as soon as the materials leave their pens.

RESEARCH AND DEVELOPMENT

The company has research and development function which will basically deals in finding the customers and strategies to help improve the product offered. TESCO firm before identifying the mining sectors and beer bar operators in the urban cities to be our potential customers uses questionnaires to find out whether people are really interested in the consumption of sausage. Questions like these were asked.

- Where do potential customers go to purchase their goods and service?
- Why do they choose to go there?
- What is the size of the market? How much of it can the business capture?
- What impact does the business promotion have on customers?
- What type of sausage is desired by potential customers?

4.2 ENVIRONMENTAL ANALYSIS

INDUSTRY ANALYSIS

THE NATURE OF THE INDUSTRY

The industry production sector in Ghana features mainly the production of poultry and Sheep/goats dominated livestock and cattle. Pig breeding and broiler chicken production are receiving tremendous promotion by the Ministry for Food and Agriculture (MOFA). Meat production has stagnated since the mid-1990s as a result of the constraints listed below, which has led to supply gaps filled by imports from mainly Europe.

- a) Lack of good feeds of various types.
- b) Expensive imported drugs.
- c) Low level of extension service for local farmers.
- d) Weak supply chain linkages to core primary animal production. That is, feed supply,
- e) Veterinary and marketing services are weak, which induces animal farmers to engage in these ancillary activities in addition to breeding. These lead to high inefficiencies and low competitiveness.
- f) Low meat yields.
- g) The efficiencies in production make local meat production more expensive than imports.
- h) Cheaper imports from the EU, USA, and Brazil.

Source; Santino Sausages and Fine Meat

These constraints in the animal production sector offer good investment opportunities to private ventures that can effectively address them. Some investors like Sinapi Aba and Pro-credit are responding to these opportunities by establishing large animal production farms, especially in the poultry sub-sector. The current economic trends example; Credit Crunch, Unstable exchange rate, high interest rate on lending and other economic determinants are

affecting the industry negatively. The business booms at its middle to the end of the year but sales are low at the beginning of the year.

COMPETITION

A research, carried out at Santino Sausage in Kumasi, Amakom indicated that, the size of the meat processing industry is large and the industry keeps introducing new product lines. The Sausage industry in Ghana has seen tremendous growth in Ghana maturing from the manual method of producing Sausage to the technological methods necessitates the introduction of very large and expensive machines. Diversification of product lines compelled with technology and

Improved ways of doing things have created a high competition. This has made the competition in the industry to be very strong and advantageous to the best planning. The main entry barriers apart from finance are the government regulatory bodies which include; Foods and Drugs Board (FDB), Ghana Standard Board (GSB), Environmental Protection Agency (EPA) and the Registry General Department for registration of business. Nkulenu, Premier and Spicy Food Processing have introduced new product lines into the industry. These include; Minced Meat and others. SOCTREC FOOD PROCESSING, SANTINO SAUSAGE, PREMIERRA FOOD PROCESSING are the major competitors and they meet 30% of the sausage demand in Ghana.

TOTAL SALES AND ANTICIPATED GROWTH

Sales of the sausage industry has witnessed a massive growth for the past three years recording GH¢170,000 in 2007 but in 2010 it increased by 27% totaling a figure of GH¢215,900. This was followed with another increase by 29.75% in 2009 representing GH¢280,130.00. The anticipated growth will also focus on the number of new firms that will

enter the industry in the next two (2) years. The industry anticipates producing its own raw material in the near future.

STRENGTH AND WEAKNESS OF COMPETITOR

SOCTREC PROCESSING is well positioned in Accra whose demand for sausage is 40% of the market. The prices of competitors are lower because of reduced cost of production as a result of economies of scale. Pricing will not be a problem for TESCO because of its quality product Santino produces without the addition of colors and the natural color appeals to some customers. The supplies of TESCO competitors are Buggy farms, Akate farms, Topman farm, etc. They also result to their own farms for supplies. The equipment been used by TESCO competitors are very much advanced and they meet the current technological needs. This is also correspondent to their human resource because they have highly qualified and committed staff at the workplaces. Their premises of production are also strength since most of the firms are located at vantage sites.

WEAKNESSES

Weakness; the weakness of our competitors is mainly about the formation of their product. For instance the salt content in their products is 5%, Fat 10%, Water 5%, Phosphate Nitrate and Vitamin B3 10%, Spices 10% while meat constitute 60% of their product. These levels are not healthy for human consumption. The raw materials of the competing firms are mainly acquired from imported pork.

OPPORTUNITIES

DEMAND FOR MEAT

Ghana has an estimated total meat requirement of 300,000 tones per year. Of this it is

estimated that about 50% represents chicken consumption while the rest is covered by pork, beef, mutton and other types of meat. Of the 150000 tonnes of meat required, domestic supply accounts for 30% while the balance is imported either as whole meat or processed meat. The number of factors which constraints Ghana's meat industry, includes:

- a) Lack of good feed of various categories.
- b) Expensive imported drugs.
- c) Low level of extension services for local farmers.
- d) Low meat yield.
- e) Inefficiencies in production that make local meat production more expensive than imports.

MARKET TRENDS AND POTENTIAL

Generally the consumption of meat has been growing over the past decade. Available data at the Ministry of Food and Agriculture (MOFA) pegs the rate of growth at average of about 3.7% per year between 2003 and 2010

Table 1: National Meat Requirement and Supply

Year	Meat Required (Tonnes)	Domestic supply (Tonnes)	Meat Imports (Tonnes)
2003	110,472	66,283	44,189
2004	113,505	68,103	45,402
2005	123,085	73,851	49,234
2006	128,700	40,450	88,250
2007	134,900	79,200	55,700
2008	138,600	62,300	76,300
2009	143,000	51,900	91,100
2010	147,000	39,400	107,600

4.3 MARKET SEGMENTATION

Currently, there are in the marketplace a lot of firms but two main firms are known to be the most popular in the sausage industry in Ghana. They are the Santino Sausage in Kumasi and Sotrec Food Processing in Accra. These two firms have their products making roots in the market share and cover the rest of the market share of 30% these presupposes that the

competition will be tough but we will take this as an advantage by knowing the shortfalls of the two firms and other firm and take the opportunity to meet demand in the 70% market share shortfall.

Processed meat has an estimated market value of about more than GH¢48 million per year. Meat processing is a newly emerging industry in Ghana and the country imports more than 80% of its potential processed meat demand. This represents a huge potential market for TESCO. The existing processing companies face significant challenges in equipment, raw material and quality issues. We will therefore put in place good and prudent measures to enable TESCO capture the rest of the unmet supply to match demand. The target market of TESCO will be centered on children because of protein, individual household, cold stores, government institutions, mining sites, and many more.

4.4 TARGET MARKET

CLIENTS/CUSTOMERS

Immediately after the creation of the firm, the main client of TESCO Company selling activities will be the mining area. Mining firms such as Bogoso Golden Star, Central African Gold- Bibiani and from other individuals, restaurants and bars.

The business to identify its customers has taken the right measure to know in more about the customer base by taken into consideration the following.

- NAME OF CUSTOMER
- PLACE OF RESIDENCE
- AGE
- CONTACT NUMBER
- PERMANENT ADDRESS

- OCCUPATION
- MARITAL STATUS

This will help the business identify its customer and leave a lasting relationship with them.

4.5 MARKETING MIX

TESCO Marketing Mix comprises the following approaches to pricing, promotion and distribution.

PRICING STRATEGY;As a new firm, TESCO will use the system of penetrating and pricing policy where 1 kilogram of the sausage will be sold at GH¢4.50 as compared to the price of our competitors which ranges from GH¢5.50 to GH¢6.00 per kilogram. This price will help TESCO to break even in the first six months of its operation before price will be increased to GH¢5.50 to attain the desired profit.

PROMOTIONAL STRATEGY; The competitors of TESCO have not been embarking on any promotional strategies because they have already the target market. For this reason TESCO will embark on promotional program since it is will be an emerging market in the industry. As part of the promotion of TESCO, reduction prices will be used to lure consumers to the products. Also the firm will make enough advertisement for the general public to be aware of the products and educate consumers about the importance of the product.

DISTRIBUTION STRATEGY; TESCO Pork Processing will use the manufacturer consumer sales channels. The reason is that the firm will have its main cold store where the right freezers of current standards will be provided to enable customers buy from the stores.

The target consumers thus the mining areas and others will get access to the product directly from TESCO Mobile Cold Room. Mining firms such as Bogoso Golden Star, Central African Gold- Bibiani and others requires 20000 kilograms a week and this will be transported to them in the Mobile Cold Room.

PRODUCTION AND SALES MIX

One hundred and fifty people were interviewed at the Kumasi Central Market and out of this number ninety - five people representing 63% recommended the proposed product. They gave their reason that most at times the price of other meat in the market tend to be high and as a result they can't patronize due to their decreasing purchasing power. On the other hand, most of the fifty- five people's reason was related to beliefs. We as partners have put conducive measures in place to market the product to earn high sales. We intend to use the following mediums;

ADVERTISING: we are first going to market our products through the media houses where we will be able to create awareness, persuade and educate people on the importance of consuming pork and its related products especially ours because of the presence of the necessary food nutrient like protein, less fat, iron and presence of much meat.

PERSONAL SELLING: Apart from the fact that we are going to advertise our product through the media houses, we will also sell to specific consumers so that a good relationship capital would be created. This will enable us capture and retain a certain market share, obtain sales volume in ways that will contribute to profitability and obtain new accounts at given times.

TESCO hopes to have a competitive edge over its closest competitors who are SantinoSausage ,Sotrec and Premier Food Processing Speed Way.

MARKETING AND SELLING STRATEGY

Distribution: The product will be delivered directly to the customers. Advertising will include radio spots and direct mail brochures. All two will be used during normal operation, but an intense campaign will precede start-up. Radio spots will be geared to station most appealing to the target market. Sales promotion will be the offer of large discount to first-time customers. These promotions will continue for the first six months of operation.

Pricing: TESCO will use the system of penetrating and pricing to have a stay in the industry before there could be any adjustment to prices to gain the expected profit.

5.0 FINANCIAL ANALYSIS

5.1. RISKS ANALYSIS

Risk assessment is very critical to the operation of our business. Therefore it is appropriate to critically analyze the likely risks to be encountered and make plans that will combat the risks.

The main potential risks that could affect the success of firms in the industry are;

- Outbreak of diseases (African swine diseases and swine flu)
- The major risk that firms do encounter in this industry is the fact that the animals are prone to certain diseases (African swine fever and Swine Flu). Currently, Swine flu pandemic is killing and making firms in this industry worried and collapsing all business but we are fortunate it has not come to Ghana. To solve these problems as processors, we will have periodic talks with the suppliers (farmers) to go in for the right medication and other Veterinary Services to at least prevent some of these pandemics for attacking their produce (pigs) to help increase our production.

Fire outbreak at the factory

- Fire outbreak at the factory is most critical to be analyzed. To manage this, the business will undertake insurance policies that will cover fire to claim all destroyable should fire outbreak happens

Meat and product contamination

- The risk of getting contaminated meat and other product will also be taking care of. The raw materials we get and the finished product will have to satisfy the regulation of the Ghana Standard Board and the Food and Drug Board. This will help us to get the correct raw materials for our operations without any contaminations. The products can be contaminated through the raw materials, contaminated equipments, poor personal

hygiene, poor storage facilities and others. For this reason, workers will be educated and trained in other to help solve these problems should they occur.

Management failure

- We are going to make sure that competent and capable work force especially management are employed to manage the affairs of the business. The partners who will take active involvement in the running of the business as well as the work force will undergo intensive management training course or for further studies so that he will have the requisite skill and knowledge in managing business of this nature.

Supply of raw material especially meat

The risk with respect to meat supply will be addressed by going into the rearing of pigs to be able to satisfy our customers since those from suppliers are not able to meet the demand of customers. We will also try to resort to import meeting if the suppliers in Ghana are no still able to meet our demand.

INSURANCE AND BUILDING

The firm will insure the operations and facilities with State Insurance Company against future uncertainties. This is because the insurance will indemnify the business in the terms of losses. TESCO will insure it properties with Star Assurance Company Limited and the insurance agreement will be Property Insurance and Worker's Compensation Insurance. The cost will not be known now, because the cost of the business is not known.

5.2. 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 12%

All depreciation shall be charged to administrative expense. Asset will be depreciated on a straight-line method where these fixed assets react on 10% per annum.

RECEIVABLES

8% of all advances shall be unpaid for by the end of the accounting period and 4% shall be provision for bad debts.

WAGES AND SALARIES

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¢850.00 a month, Administrative secretary and Financial Officer shall receive GH¢600.00 each a month, Human Resource Manager shall receive GH¢500.00 a month, Operations Manager shall receive GH¢400.00 a month, Marketing Manager shall also receive GH¢350.00 each a month, Sales force team shall receive GH¢300. Yearly calculations are done under the workings.

OTHER GENERAL EXPENSES

Fuel costs and repairs and maintenance shall remain the same in 2013 but shall increase by 30% in 2014. Also electricity, rent stationery, telephone bills, transport and communication allowances, end of year bonuses shall be the same in 2013 but shall increase Projected Revenues for the period by 20% 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 31st December 2014. License for operation shall be renewed every year at GH¢ 400

**5.3. TESCO COMPANY PROJECTED STATEMENT OF FINANCIAL
POSITION AS AT 31ST DECEMBER 2014.**

	2012		2013		2014	
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
<u>ASSETS:</u>						
Non-Current Assets		67,805		61,025		54,923
<u>Current Assets:</u>						
Cash Reserve	15,000		18,000		29,000	
Receivables	52,795		42,855		80,755	
Cash & Bank	65595		135257		260485	
Rent prepaid	<u>3,000</u>	<u>136,390</u>	<u>1,500</u>	<u>197,612</u>	-	<u>370240</u>
TOTAL ASSETS		<u>204,195</u>		<u>258,637</u>		<u>425,163</u>
<u>EQUITY AND LIABILITIES:</u>						
Equity and Surplus						
Shareholder's Fund		150,000		150,000		150,000
Income Surplus		13,000		42,380		107058
Short term borrowings		20,000		25,000		45000
Trade and other payables		21,195		41,257		123,105
TOTAL EQUITY						
& LIABILITIES		<u>204,195</u>		<u>258,637</u>		<u>425163</u>

**5.4. TESCO COMPANY LIMITED PROJECTED INCOME STATEMENT FOR THE
YEAR ENDED 31ST DECEMBER 2014.**

	2012		2013		2014	
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Sales	50,000		65,000		100,000	
Less cost of sale		400		300		550
Gross profit	49,600		64,700		99,450	
Add Other Income		<u>25,000</u>		<u>30,600</u>		<u>35,900</u>
		74,600		95,300		135,350
Less: Operating expense	61,600		65,920		70,672	
PROFIT FOR THE YEAR		<u>13,000</u>		<u>29,380</u>		<u>64,678</u>

**5.5.TESCO COMPANY LTD PROJECTED CASH FLOW STATEMENT FOR THE
YEAR ENDED 31ST DECEMBER 2014**

	2012		2013		2014	
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
<u>CASH INFLOWS:</u>						
Start-up Capital	150,000		-		-	
Sales Revenue	50,000		65,000		100,000	
Other income	25,000		30,600		35,900	
Receivables paid	<u>30,000</u>	255,000	<u>40,000</u>	135,600	<u>60,000</u>	<u>195,900</u>
<u>CASH OUTFLOWS:</u>						
Investment	60,000		-			
Non-current assets	67,805		-			
Operating expense	61,600	(189,405)		(65,920)		(70,672)
NET CASH FLOW		65,595		69,680		125,228
Net cash flow b/d		<u>-</u>		<u>65,595</u>		<u>135,257</u>
		<u>65,595</u>		<u>135,257</u>		<u>260,485</u>

5.6. INVESTMENT APPRAISAL

NET PRESENT VALUE

Period	Cash flow	Discount Factor	Present Value
	GH¢	15%	GH¢
Year 0	(150,000)	1.00	(150,000)
Year 1 (2012)	65,595	0.870	57067.65
Year 2 (2013)	135,257	0.756	102,254.29
Year 3 (2014)	260485	0.658	171,399.13
NPV			180721.07

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

APPENDIX

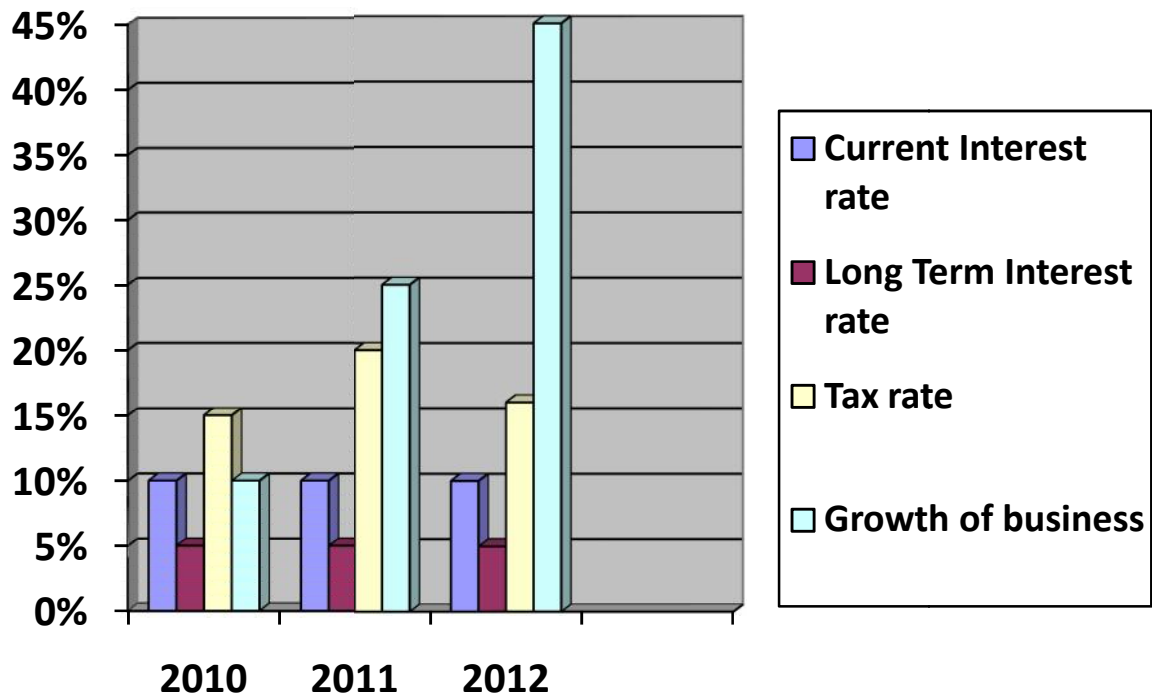


Fig 1.1



Fig 1.2



THIS MACHINE IS THE BOLW CHOPPER AND IT IS USED FOR CHOPPING THE MEAT INTO SMALLER SIZES

Fig 1.3



THIS ALSO CALLED THE AUTOMATIC FILLER AND IT CAN TAKE 3
TONNES PER WEEK

Fig

1.4



THIS MACHINE IS CALLED AUTOMATIC SLICER AND IT IS ALSO USED FOR CUTTING THE FINISHED PRODUCTS AUTOMATICALLY

Fig1.5

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