

## EXECUTIVE SUMMARY

After the collapse of Ghana Shoe Factory in the 1960s, Ghana cannot boast of a well-established Shoe factory. Even though there are some shoe makers in the system, they produce in small-scale and are unable to meet the quality requirement of the middle and upper class income earners.

The inability of the existing Shoe Makers to produce quality standard of foot wears is due to the fact that they use obsolete technology and synthetic materials. They also lack the modern skills and technique needed for the production of foot wears .In view of these, it is perceived that made in Ghana foot wears are of inferior quality. The middle and upper income earners who prefer and patronize quality foot wears have resorted to imported ones.

REDCE co. ltd would want to take advantage of this huge vacuum created in the industry to produce quality shoes, sandal and slippers that the market demands. We have acquired the modern materials, machines and the technology from Italy and United Kingdom needed for the manufacture of the quality shoes, sandal and slippers.

REDCE co. ltd have employed five (5) experts who have been trained by renowned foot wear Institutions- Foot wears Design and Production Technology (U.K) and Central Footwear Training Institute (Italy). We use natural leather, modern machines like *heat activator* and *clicking Machines* which add meaning to quality.

REDCE is registered at the Registrar General Office. The company is located at Krofrom opposite MultiCredit on Kumasi airport road. We are in contractual agreement with Parent Teacher Association (PTA) of twenty (20) senior high schools to supply the students with sandals.

REDCE emphasizes on quality, prompt delivery and customers' satisfaction.

Even though the actual production will start in December, the production of sandals has started since September.

REDCE co ltd target markets are the middle and upper income earners and students of senior high schools. REDCE strives on quality, and with quality being our distinctive competences, we are in the position to penetrate into the market and achieve appreciable market share. We seek to achieve between 20% to 30% of the market share within the industry for the first three years of our operation.

Our sales forecast indicates that an amount of GH¢102400 will emerge from the first year of operation with net profit of GH¢2254.72. The sales and profit is expected to grow by 50% to 70%. The Projected cash flow indicates that the business will be able to generate sufficient cash to support our operations.

Based on the projections made and feasibility studies done on this project, it is profitable and Worth investing in.

## **i MISSION STATEMENT**

Our mission is to produce high quality, affordable and sustainable sandals, shoes and slippers to middle and upper income earners who rely on imported foot wears and to senior high students. We wish to become a partner in national development by helping to reduce the importation of foot wears.

## **ii VISION**

We envisage to be a leading and formidable shoe, sandals and slippers manufacturing company in Ghana and to fill the vacuum that has been created as a results of the collapse of Ghana Shoe Factory.

### **iii CORPORATE OBJECTIVES**

#### **Short term**

- To achieve 10% to 15% of the market share by produce high quality shoes, sandals and slippers with oil and heat resistant materials.
- And to meet customers' specification and to ensure prompt delivery in other to maximize sales and minimize cost within the first year of operation.

#### **Medium term**

- In the medium term, management experts to stabilize the growth and achieve up to 30% of the market share by devising means to attract more customers and to offer “value for money” foot wears

#### **Long term**

- The long term objective of the company is to be the leading manufacturer of quality foot wears of different kinds in the country, and to achieving 60% market share within the industry through customers' positioning of our products.

## **1.0 ORGANISATION**

### **1.1 HISTORY OF THE BUSINESS**

The over whelming demand for shoes, sandals and slippers in Ghana coupled with the collapse of Ghana shoe factory necessitated the need for the manufacturing of shoe and sandals in Ghana. Even though individuals and small scale businesses are already in this business, they produce in small quantities and lack the international standard or quality. They do not also see customers as

the ‘blood’ for their existence and growth. REDCE is therefore set up to fill the vacuum that has been created as a result of the collapse of Ghana shoe factory.

## **1.2 NAME OF BUSINESS**

The name of the company is REDCE Company Limited and the address is Post Office Box BP 117, Bohyen – Kumasi, Ghana. Our email address is [redce.company@yahoo.com](mailto:redce.company@yahoo.com)

These are the telephone number

0201559434 and 0275524400

## **1.3 DATE AND PLACE OF REGISTRATION**

The company is registered as a private limited liability company under the company’s code 1963 Act 179. The name of the business has also been registered. All these registration were done at the Registrar Generals Office on the 19<sup>th</sup> August, 2011. The business name was registered under the Business name Act 151 1962.

REDCE is registered with the Internal Revenue Service as demanded by the Internal Revenue Act and also the Value Added Tax as stipulated by the VAT law.

An environmental permit has been obtained from the Kumasi Metropolitan Assembly (KMA) and Environmental Protection Agency on 24<sup>th</sup> August, 2011.

## **1.4 LOCATION OF BUSINESS**

REDCE Company Ltd is located at Krofrom a suburb of Kumasi, a strategic place where proximity to potential customers will be an advantage. Krofrom is poised for the selling of shoes, sandals and all kinds of foot wears. The company is opposite Multi Credit along Kumasi Airport road.

## **1.5 ACTUAL DATE OF OPERATION**

REDCE Company limited commenced business on 2nd September 2011.

## **1.6 LEGAL FORM, OWNERSHIP AND MANAGEMENT**

REDCE Company ltd is a limited liability company. The shareholders of the company are the owners of the enterprise. The management of REDCE Co. Ltd shall be the Chief Executive Officer, Marketing Manager, Finance Manager and the Production Manager.

## **1.7 BUSINESS STRATEGY**

Main products, market and clients

The main products of REDCE Co. Ltd are shoes, sandals and slippers. REDCE products range from occasional wears, casual wears and office wears. REDCE products are designed to suit the middle and upper class of people. Some of the sandals have been designed for students at the senior high level, they are durable and are oil and heart resistant. REDCE products are sealed by its stickers. Management expects to achieve between 20%-30% of the market share for the first three years in operation.

## **CAPITAL STRUCTURE**

**The capital of REDCE co. ltd is Gh 90,000 and it is made up of 55% equity and 45% debt.**

**The equity is made up of GH 12,375 contributions made by each member which amounted to Gh 49,500 and the remaining amount of Gh 40500 is the equity.**

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

### **2.1 PRODUCT IDEA**

After the collapse of Ghana shoe factory in the 1960s, Ghana cannot boast of a well-established Shoe factory. Even though there are some shoe makers in the system, they produce in small scale and are unable to produce the quality products that meet the standard of the middle and upper class of people. This is because they use obsolete technology and synthetic materials for their production.

In view of that, it is perceived that made in Ghana foot wears are of inferior quality. The middle and upper class income earners who patronize quality foot wears therefore rely on the imported ones.

REDCE Company Ltd have acquired modern machines, materials and technology from Italy and United Kingdom needed for the manufacturing of shoes, sandals and slippers and also have employed five experts who have been trained by a renowned institutions- Footwear Design and Production Technology-UK and Central Footwear Training Institute –Italy. We use natural leather, modern technology and machines like heat activator machine and clinking machines which enable us to produce the products according to our standardized process and customers' specification.

REDCE's target market is the middle and upper class income earners and students from senior high schools. It has been observed that these middle and upper classes people buy foot wears from the various Boutiques across the country and Topman Shoes.

An agreement has been reached between REDCE co. ltd and ten (10) boutique operators and Topman Shoes. REDCE products are therefore available at these places. Out of the ten boutique selected, two are in Sunyani and eight in Kumasi. REDCE is not only a manufacturer but also a

wholesaler. Our wholesale unit is located at Krofrom where the factory is situated.

As part of disciplinary measures put in place by some of the senior high schools, the students are to wear prescribed sandals. REDCE co. ltd has entered into an agreement with Parent Teacher Association (PTA) of twenty (20) selected schools to supply them with our sandals. The cost of the sandals is to be included in the students 'prospectus.

## **2.2 REALISATION SCHEDULE**

<b><i>PRODUCT</i></b>	<b><i>MONTH OF PRODUCTION</i></b>
A. Sandals	September 2011
B. Shoes	December 2011
C. Slippers	December 2011

## **REASONS FOR DIFFERENT DATES OF PRODUCTION**

September was chosen for sandals production to meet the intake of first year senior high school students.

It is anticipated that people patronize Shoes and Slippers during the Christmas festivity. It is therefore important that the products come out before the Christmas in order to create the awareness and meet the market target during this period, hence, the chosen of December

### 3.0 MANAGEMENT TEAM

- |                         |   |                    |
|-------------------------|---|--------------------|
| 1. Collins Anane Afreh  | - | CEO                |
| 2. Evans Opoku Agyemang | - | Production manager |
| 3. Regina Okpoti-Handel | - | Marketing Manager  |
| 4. Ernestina Nimako     | - | Financial manager  |

#### Brief profiles of management members

Collins Anane Afreh – The Chief Executive Officer Holds BBA – Accounting option (Degree at Christian Service University College) and part 2 of ACCA. UK. He also holds HND Accountancy at Sunyani Polytechnic. He is the District manager of Akuafo Adanfo Marketing Company Ltd at Kaase, Proprietor of C-A Afreh Enterprise. He has also taught at Achirensua Senior High as an accounting and economics tutor.

The Duties of the Chief Executive Officer (CEO) .He shall see to the general administration of the company and provide effective leadership for the management team and supervise all the activities of the company. He is to report to the Board of Directors on the activities of the company.

Mr. Opoku Agyemany Evans- Production Manager is also a Degree holder at Christian Service University College and a member of ACCA. He is HND Accountancy Holder at Sunyani Polytechnic. He is currently the Operations Manager of Sekyere Rural Bank Ltd, Jamasi Branch. He was an accounts officer at Dormaa Sec. School now Dormaa Senior High.

#### Duties of the Production Manager

- He reports to the Chief Executive Officer



- He is responsible for all issues relating to procurement of all materials needed for the production of the company.
- He assigns works to the operative staffs under him and provide effective supervision
- He ensures maintenance of all machines and equipment used for operations
- He ensures that goods produced are in the right quality and quantity

Regina Okpoti–Handel-Marketing Manager is a degree holder at Christian Service University College. She also holds HND accountancy at Accra Polytechnic. Currently she is a customer service officer at Bank of Africa. Regina has also worked with Ghana Audit service

#### Duties of the Marketing Manager

She reports to the chief executive officer on all sales

Ernestina Nimakoa-Financial manager is a Degree Holder at Christian Service University College. She is a holder of HND in Marketing at Kumasi Polytechnic. She is currently the Operations Manager at Asante Akyem Rural Bank-Konongo branch.

### **BOARD OF DIRECTORS**

- |   |               |
|---|---------------|
| 1. Anderson Atakora Afrifa - UNIBANK          | CHAIRMAN      |
| 2. George Anane Afreh - DIRECTOR OF EDUCATION | VICE CHAIRMAN |
| 3. Kofi Boakye - SHOE MAKER                   | MEMBER        |
| 4. Collins Anane Afreh - CEO                  | SECRETARY     |
| 5. Kwabena Kesse - KESBEN                     | MEMBER        |

- **HUMAN RESOURCE**

The human resource department is required to search and recruit experts and personnel who are well trained to comprehend rapidly changing technology.

- **MARKETING DEPARTMENT**

The marketing department will carry out research to understand the consumers' behavior, the benefit of the product to our consumers, identifying new markets, improving sales and bringing new innovations .

- **PRODUCTION DEPARTMENT**

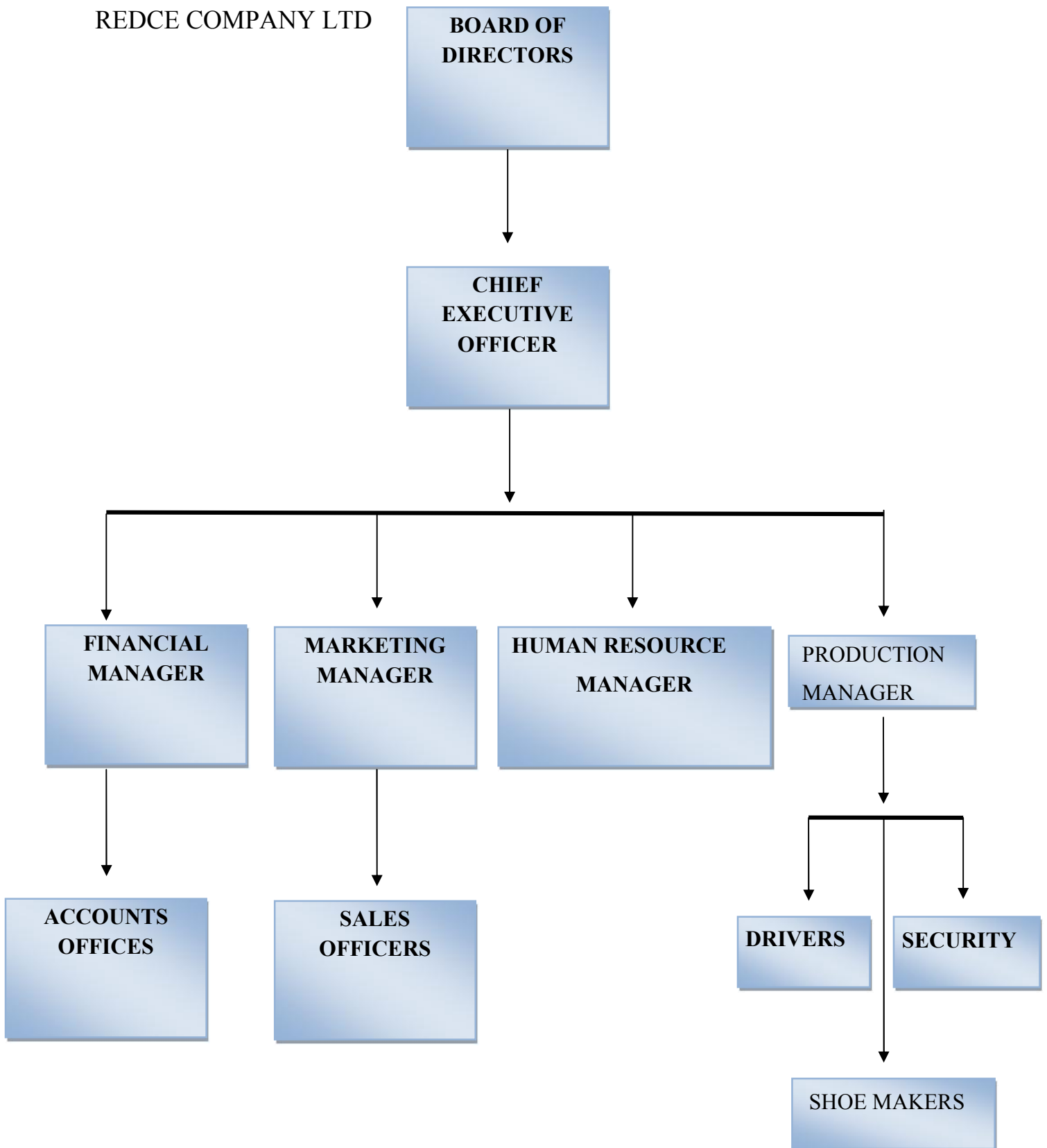
The production department will be encouraged to search for technology which will enable the Company to continue to improve its distinctive competences. New design and processes must be found.

- **STRATEGIC MANAGEMENT**

The central focus of the strategic management will be to improve the finances of the company and to ensure that staffs are motivated to accomplish the long term objectives.

# ORGANOGRAM

REDCE COMPANY LTD



## 4.0 MARKETING ANALYSIS

### 4.1 BUSINESS SYSTEMS AND OPERATIONS

The first stage of our production is to design new style or adapt existing or previous style. After the pattern has been designed, it is then put on the leather to be cut. The shoe designer then patterns and develops a sample of the shoe, sandals and the slippers. All these are done by the shoe makers or artisans under the supervision of the shoe designer at the sampling room. If it is approved, it is then handed over to the production department for the production of the shoes, sandals and the slippers.

The next production line is to use the *clicking machine* to cut the leather according to the patterns developed by the shoe designer. The components are clicked by the *stamping machine*.

The upper and lining components are skived according to the manufacturing process.

Reinforcement materials as per required design are also attached with upper components. It is then sent to the *heater activator* machine to dry.

The upper components which are skived with a skiving machine are folded by a hand *punching machine* and perforated, it is then permanently stitched. The lining components are also attached with the uppers then eyelets or elastic buckles are fitted as per design. Excess lining materials are trimmed on top edges of the quarters. The quarters and upper are checked and cleaned by the supervisor.

The next and final stage is lasting and finishing. Lasting is to pull the upper over the last. The puffs and stiffeners are fitted between upper and lining, and then mulling operation is done to soften the uppers. Then upper is lasted on insole which was fitted using adhesives and ruffling is done on lasted margins by *ruffling machines*. The gaps between lasted and insole are filled by using button filling materials. The insoles are attached with the help of adhesives and then press

on *stunk machine* is used to press for permanent sticking. Finishing materials like polish is used for shining.

## **4.2 ENVIRONMENTAL ANALYSIS**

A systematic research conducted by our company revealed that there are individuals and small-scale shoe makers who manufacture shoes and sandals and sell to the target market. There are also importers of footwear within the market.

That notwithstanding, there is a huge vacuum with respect to quantity and quality to meet the over increasing demand of these products.

REDCE Co. Ltd therefore, would want to take advantage of this shortfall in the industry, pull resources together, penetrate the market and put in place policies to have a competitive advantage in the industry.

We seek to gain more market share and getting profit at the initial stages by producing quality products. Knowing the price sensitivity of our customers, we would use pricing strategy to penetrate the market. Management intends to perfect on the quality of our competitors' products in order to swing customers to our products.

## **MAJOR COMPETITORS**

1. Rolex Shoes
2. Top man
3. Boutique operators
4. Small scale shoe makers

## **PEST ANALYSIS**

The pest is an acronym which means Political, Economic, Socio-culture and Technology within the industry.

- **POLITICAL**

This refers to the political environment in the country. The political environment defines the legal and regulatory parameters within which all business or firms should operate.

Political stability for the past Nineteen (19) years in the country has created enabling environment for business.

The various political parties in the country believe that the private sector should be the engine of growth and have instituted regulatory bodies like the registrar of companies, internal revenue service and other relevant bodies.

Private enterprise foundation is also making conscious efforts to creating enabling environment for the establishment and growth of small and medium scale firms or business.

- **ECONOMIC FACTORS**

1. Strives by government to reduce and maintain inflation to a single digit
2. The stability of the cedi against major foreign currencies
3. Reduction in bank of Ghana base rate to 13%.
4. Willingness of banks and other financial institutions to grant business loans and credit facilities on flexible terms.

- **SOCIO-CULTURAL FACTORS**

1. Increase in population will lead to greater demand of foot wears

2. Increase awareness child education.

- **TECHNOLOGY**

1. Availability of modern machines and equipment.
  2. Increased development of ICT/IT in Ghana e.g. Fax, mobile phones, and internet.
- Modern ways to market and sell our products e.g. FM, TV etc.

- **SWOT ANALYSIS**

**STRENGTH**

1. Ability to develop and duplicate customized shoes/sandals
2. Flexible operating procedures
3. Availability of raw materials in sufficient quantities
4. Oil and heat resistant materials
5. Vast pool of skilled, specialized and had working staff
6. Strong presents in the domestic market
7. Quality is our focus

- **WEAKNESS**

1. Frequent power outages in the country
2. Importations of foot wears from other countries
3. Charges in the business environment
4. High interest rate or lending rate by banks
5. Capital base – it is woefully insufficient

- **OPPORTUNITIES**

1. Increase in population growth
2. High enrolment in senior high school.
3. Source information from the internet about new design, technology and process of making shoes and sandals
4. Participating in exhibitions
5. Government policies on private sector participation and development

- **THREATS**

1. Perceptual thinking about made in Ghana good
2. Importation of footwear
3. Unfavorable economic conditions like low GDP, depreciation of cedi against the major the foreign currencies
4. Technology is ever changing
5. Expensive upgrading of skill based workers
6. Increase in competition

#### **4.3 MARKET SEGMENTATION**

The target market will be segmented according to the income levels (middle and upper), products specifications and schools (SHS). This is to satisfy the target market with their unique and peculiar needs.



#### **4.4 TARGET MARKET**

REDCE Co. Ltd target market firstly, will be staff of Banks and other financial institutions, Staff of Public Sector institutions and Staff of well organized Private Sector firms.

Our products are geared towards middle and upper class income earners. These groups of people prefer and patronize quality products. REDCE strives on quality and therefore with quality being our distinctive competence, there is sufficient assurance that our product will sell.

Our second target market is students at the Senior High Schools (SHS). As indicated in this write-up, an agreement had been reached between REDCE Co. Ltd and Parent Teacher association (PTA) of 20 Senior High Schools to supply them with our sandals. Samples of the sandals have already been sent to the various schools.

Our third target group is the boutique operators. It has been observed that a lot of customers rely on these operators for the quality of footwear they require.

#### **POTENTIAL CUSTOMERS**

Besides the above three target groups, the affluent within the society are our potential customers.

#### **4.5 MARKETING MIX**

##### **4.5.1 PRODUCT**

The main products of REDCE Co. Ltd consist of shoes, sandals and slippers. REDCE Co. logo will be embossed on the products to differentiate our products from that of our competitors.

Also some of our shoes have oil and heat resistance with a unique style.

##### **4.5.2 PRICING**

The pricing strategy that is being adopted is skimming pricing. Knowing the price sensitivity of

our customers vis-à-vis the quality of our products, skimming pricing will be used to get profit at the initial stages.

#### **4.5.3 PROMOTIONAL STRATEGY**

Promotion decisions are those related to communicating and selling to customers and potential customers. We will embark on media advertisement (Television and radio) with the Concentration being on radio because of its wide geographic and demographic coverage.

#### **4.5.4 PLACE**

To ensure that our products get to our customers devoid of defects, agents will be used. Thus the distribution chain will be from the manufacturer to the Agents (boutique operators & Topman) to the consumer.

## **5.0 FINANCIAL ANALYSIS**

### **5.1 ASSUMPTIONS AND RISK ANALYSIS**

#### **RISK**

Every organization, business or an individual are exposed to risk in their everyday activity. Risk in general terms will be defined as any situation where the future dealing in business activities are uncertain. It is very possible for REDCE Co. to encounter certain types of risk like price risk, damage to assets and legal liability.

#### **COST STRUCTURE**

##### **Start-Up Items**

REDCE start-up costs will include:

1. Stitching machine
2. Laminating machine
3. Stamping and embossing machine
4. Pounding machine
5. Heat activator
6. Upper edge skinning
7. Punching and eyeleting
8. Counter molding
9. Heat better
10. Mulling chamber (upper setting machine)
11. Heal nailing machine
12. Sole pressing machine

13. Drying and heat setting apparatus

14. Desalting

15. Finishing machine

16. Scatting machine

**Note:** All assets will be depreciated using straight line method.

<b>Start-Up Expenses</b>	<b>Gh¢</b>	<b>Gh¢</b>
Initial Works		15,656.00
Non-current assets:		
Clicking machine	30,345.00	
Heat elevator	7885.00	
Upper edge skinning	1,207.00	
Punching and eyeleting	955.00	
Mulling chamber	<u>6,520.00</u>	62568
Legal / Registration		5,775.00
Advertisement		2,625.00
Heat better		1,596.00
Insurance		2,782.00
Administrative		<u>2320.00</u>
<b>Total</b>		<b><u>93, 322.00</u></b>

### **Direct Costs**

<b>Direct Unit Cost (Cumulative)</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Shoes (Yearly)	27,000	35,856.00	71,020.80
Sandals	12600	29160.00	52488.00
Slippers	7500	9720.00	17496.00
<b><i>Total</i></b>	<b><i>39,600.00</i></b>	<b><i>74,736.00</i></b>	<b><i>141,004.80</i></b>

### **Direct Sales**

<b>Unit Price (Cumulative)</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Shoes	48,000.00	95,616.00	189,388.80
Sandals	43,200.00	70,280.00	139,968.00
Slippers	11,200.00	10,470.00	14696.00
<b><i>Total</i></b>	<b><i>102,400.00</i></b>	<b><i>176366.00</i></b>	<b><i>344052.80</i></b>

## **5.2 PROJECTED INCOME STATEMENT**

As the Income Statement shows, the company expects to continue its steady growth in profitability over the next three years of operations. Below is the three year Income Statement from January 1<sup>st</sup> 2012w to December 31<sup>st</sup> 2014.

**PROJECTED THREE YEAR INCOME STATEMENT OF REDCE COMPANY**

	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>
Sales	102,400.00	176366.00	344052.80
Cost of Sales (Direct Cost)	<u>39,600.00</u>	<u>74,736.00</u>	<u>141,004.80</u>
<b><i>Gross Profit</i></b>	<b>62,800.00</b>	<b>101,630.00</b>	<b>203048.00</b>
<b><i>Less:</i></b>			
General & Administrative Expenses	<u>60,269.20</u>	<u>62,078.72</u>	<u>71,128.20</u>
<b><i>Profit before Tax</i></b>	<b>2504.80</b>	<b>39552.28</b>	<b>131920.80</b>
Tax / Levies	<u>250.08</u>	<u>3,955.3</u>	<u>13,192.</u>
<b>Net Profit after Year</b>	<b>2,254.72</b>	<b>35,597</b>	<b>118728</b>
<b>Income Surplus</b>			
Balance b / f	<u>-----</u>	<u>2,254.72</u>	<u>37,851</u>
<b>Net Profit for the Year</b>	<b>2,547.72</b>	<b>37,851</b>	<b>156,579.29</b>

### **5.3 BREAK EVEN ANALYSIS**

#### **BREAK-EVEN**

**2011**

**GH¢**

#### **FIXED COST**

Initial Works	15, 656.00
Non – Current Assets	30345.00
Legal / Registration	7885.00
Heat elevator	1207.00
Upper edge skinning	1,150.00
Punching and eyelet	955.00
Mulling chamber	<u>6,520.00</u>
<b><i>Total Fixed Cost</i></b>	<b><i>63,718.00</i></b>

#### **VARIABLE COST**

Administration	2, 210.00
Salaries	25,440.00
Statutory Deduction	3,307.20
Stationery	1,050.00
Advertisement	2,500.00
Desalting	1,500.00
Insurance	2,650.00
Repairs / Maintenance	510.00
Center moulding	1, 520.00

Bank Charges	512.00
Depreciation	8,600.00
Taxes / Levies	<u>250.08</u>
<b>Total Variable Cost</b>	<b>50,049</b>

Break – Even = Total Fixed Cost / Output                      63, 718.00 / 102, 400.00 = **GH¢ 0.60**

Variable Break – Even = Total Variable Cost / Output                      50, 049.28 / 102, 400.00 = **GH¢ 0.50**

Unit Cost = Unit Fixed Cost + Unit Variable Cost                      0.60 + 0.50 = **GH¢ 1.10**

Profit margin                      **GH¢ 3**                      **GH¢ 3 + 1.10**

Break – Even Units                      63718/4.10-0.50=17699 units

Break – Even Sales                      17699units× **GH¢ 4.1**                      **72565.90**

Therefore to determine how long to Break – Even:

$$72565.90 / 102, 400.00 \times 12 = 8.5 \text{ Months}$$

## NET PRESENT VALUE

$$\text{NPV} = -C_0 + \frac{C_1}{(1+r)^1} + \frac{C_2}{(1+r)^2} + \frac{C_3}{(1+r)^3}$$

$$\text{NPV} = -86,400.00 + \frac{102,400}{(1+0.18)^1} + \frac{175,616}{(1+0.18)^2} + \frac{332,156.80}{(1+0.18)^3}$$

$$\text{NPV} = -86,400.00 + \frac{102,400}{(1.18)^1} + \frac{176,366}{(1.18)^2} + \frac{344052.80}{(1.18)^3}$$



$$\text{NPV} = -86,400.00 + \frac{102,400}{1.18} + \frac{176,366}{1.40} + \frac{344,052.80}{1.6}$$

$$\text{NPV} = -86,400.00 + 86,779.70 + 125,440.00 + 207,598.00$$

Therefore NPV = **GH¢ 333, 417.70**

#### 5.4 CASH FLOW STATEMENT

The cash flow projection shows that provisions for ongoing expenses are adequate to meet the needs of the company as the business generates sufficient cash flow to support its operations.

#### **PROJECTED THREE YEAR CASHFLOW STATEMENT OF REDCE COMPANY**

	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>
<b>Cash Inflow</b>			
Capital	90,000.00	-----	-----
Sales / Revenue	<u>102,400.00</u>	<u>176,366.00</u>	<u>344,052.00</u>
<b>Total Cash Inflow</b>	<b>192,400.00</b>	<b>176,366.00</b>	<b>344,052.80</b>
<b>Total Cash Outflow</b>	<b><u>178,152.28</u></b>	<b><u>126,488.85</u></b>	<b><u>211,249.38</u></b>
<b>Net Cash Flow</b>	<b>14,248.72</b>	<b>48,878.15</b>	<b>132,803.42</b>
<b>Balance c/d</b>	<b>14,248.72</b>	<b>63,126.87</b>	<b>195,930.29</b>

## 5.5 PROJECTED STATEMENT OF FINANCIAL POSITION

The following table presents the Statement of Financial Position for REDCE COMPANY.

### **PROJECTED STATEMENT OF FINANCIAL POSITION OF REDCE COMPANY**

	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>
<b>Non-Current Assets</b>			
Property, Plant & Equipment	70,990.00	62,390.00	53,790.00
<b>Current Assets</b>			
<b>Inventory</b>	4,765.65	10,214.28	35,141.28
Trade receivables	1,795.63	5,242.28	16,817.59
Cash	<u>14,248.72</u>	<u>48,878.15</u>	<u>132,803.42</u>
	20,810	64,334.71	184,762.29
<b>Current Liability:</b>			
<b>Trade payables</b>	<u>(1,800.00)</u>	<u>(2,597.90)</u>	<u>(6,204.40)</u>
Working Capital	<u>19,010</u>	<u>61,736.97</u>	<u>178,557.89</u>
<b>Capital Employed</b>	<b><u>90,000.00</u></b>	<b><u>124,126.97</u></b>	<b><u>232,347.89</u></b>
<b>Net Worth</b>	<b><u>90,000.00</u></b>	<b><u>124,126.97</u></b>	<b><u>232,347.89</u></b>

**SALES**

Proposed Sales Annual increment is 30% per annum.

**EXPENDITURE**

Management will increase expenditure by 20% per annum in other to satisfy our customers well.

**SALARIES**

Wages and Salaries Annual increment will be 20% per annum..

**BANK CHARGES**

Bank Charges at 0.50% per annum on Annual Gross Sales.

**ACCOUNT RECEIVABLE**

Management expects that, there will be some receivables as trust worthy customers will be given credit facilities.

**(f). ACCOUNT PAYABLE**

Management believes there will be some payables due to post paid systems, e.g. Electricity, Water and Telephones other supplies.

**(i). DEPRECIATION**

All Non – Current Assets of the company will be depreciated using straight line method. The following rates will be applied:

Stitching machine & other	30 Years
Finishing machine	10 Years
Sole pressing	5 Years
Stamping and embossing	5 Years
Laminating machine	5 Years

Stitching machine & other	34,910.00 / 30	1,164.00
Finishing machine	15,000.00 / 10	1,500.00
Sole pressing	6,500.00 / 5	1,300.00
Stamping & embossing	7,400.00 / 5	1,480.00
Laminating machine	<u>15,780.00 / 5</u>	<u>3,156.00</u>
<b>Total</b>	<b>79,590.00</b>	<b>8,600.00</b>

#### BREAK DOWN OF CASH OUT FLOW

Intial set-up	93322
Cost of sales	39600
Utilities	15000
Rent	<u>35230.72</u>
	<u>178152.28</u>

**CHRISTIAN SERVICE UNIVERSITY COLLEGE**

**DEPARTMENT OF BUSINESS STUDIES**

**BARCHELOR OF BUSINESS ADMINISTRATION**

**REDCE COMPANY**

**BUSINESS PLAN**

**BY**

**COLLINS ANANE AFREH**

**EVANS OPOKU AGYEMANG**

**REGINA OKPOTI-HANDEL**

**ERNESTINA NIMAKOA**

**DECEMBER, 2011**

**CHRISTIAN SERVICE UNIVERSITY COLLEGE**

**DEPARTMENT OF BUSINESS STUDIES**

**BARCHELOR OF BUSINESS ADMINISTRATION**

**REDCE COMPANY**

**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**

**COLLINS ANANE AFREH**

**EVANS OPOKU AGYEMANG**

**REGINA OKPOTI-HANDEL**

**ERNESTINA NIMAKOA**

**DECEMBER, 2011**

## STATEMENT OF AUTHENTICITY

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

Name of Students	Index Numbers	Signature	Date
1. Collins Anane Afreh	10140716		
2. Evans Opoku Agyeman	10140721		
3. Regina Okpoti-Handel	10140927		
4. Ernestina Nimakoa	10140737		

**Certified by**

.....

**(Supervisor)**

**Signature**

**Date**

Certified by

.....

**(Head of Department)**

**Signature**

**Date**

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# REDCE COMPANY LIMITED

