

CHRISTIAN SERVICE UNIVERSITY COLLEGE-KUMASI

DEPARTMENT OF BUSINESS STUDIES

BACHELOR OF BUSINESS ADMINISTRATION

UNIQUE SERVICES LIMITED

BUSINESS PLAN

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

CSAD 443 TEAM BUSINESS PROPOSAL

BY

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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 that I have been under supervision for this business plan herein submitted.

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Unique Services Limited (USL)

EXECUTIVE SUMMARY

Unique Services Limited (USL) is a start-up business that will provide services in Suame within the Kumasi metropolis, Ashanti Region.

COMPANY CONTACT

Company Name: Unique Services Ltd.

Address: Suame, adjacent Mathias Junction

P. O. Box Bs 84, Adum – Kumasi

Ghana, West Africa.

Telephone Numbers: 0242 839188, 0271 183283,

0242 975855, 0248711944

E-Mail Address: usl2011@yahoo.com

KEY PEOPLE

Administrative Head: Frempong Michelle Frempomaa, P. O. Box Se 342,

Suame-Kumasi, 0248711944,

michy_f@yahoo.com

Unique Services Limited (USL)

Operations Officer: Boateng Benedicta Boatemaa , P. O. Box Ks 958

Adum – Kumasi, 0242 975859

boatengboatemaa@ymail.com

Marketing Officer: Appiah Ivy, P. O. Box Se 342,Suame

Kumasi, 0247 041135,

appiahivy@rocketmail.com

THE BUSINESS

USL is a small business which will be financed by a contribution of \$100,000 (GH¢157,000) by owners of the business. USL will be providing three services; interior cleaning, exterior washing of cars, detailing and a snack bar service which will be outsourced. USL will offer a high quality service at a reasonable rate. USL's ability to provide high quality service in regards to the actual washing, security of all customers' properties, and provision of snacks as well as customer service will be based on it ability to acquire the best employees. Hiring the best employees is cost effective since it will decrease human resource costs associated with training of new employees, retraining and rendering of low quality services. Hiring the best employees and making sure that they are well taken care of, ensures that they in turn take good care of our customers.

THE CUSTOMERS

USL will target four main groups of customers. They are local businesses, individual car owners, commercial vehicle owners and car dealerships. There are many local businesses

Unique Services Limited (USL)

around the environs of Suame. They include commercial banks, rural banks and other businesses which will like to have their company cars cleaned. Individual car owners as well as commercial vehicles drivers who will bring their cars for tuning or repairs at Magazine will also want to have their cars washed. Lastly there are numerous car dealerships beginning Abrepo junction through to Suame roundabout also along the route to the location of USL apart from washing vehicles and interior cleaning, all these customers will have the opportunity to enjoy snacks on sale while they wait for their cars to be serviced.

THE MANAGEMENT

USL will be managed by five owners. These are

- Frempong Michelle Frempomaa - Administrative Head
Undergraduate- BBA –Banking and Finance (Christian Service University College)
- Osei Joseph - Accounts Officer
Undergraduate BBA –Accounting (Christian Service University College)
- Appiah Ivy - Marketing Officer
Undergraduate BBA –Marketing (Christian Service University College)
- Boateng Benedicta Boatemaa - Operations Officer
Undergraduate BBA –Banking and Finance (Christian Service University College)
- Mensah Akwasi Yeboah - Sales Officer
Undergraduate BBA– Human Resource Management (Christian Service University College)

Unique Services Limited (USL)

The strength of the owners experience and the owners' unity in discharging their various duties will be USL's competitive urge as well as its significant assets.

FINANCES

There is a start-up capital of \$100,000 (GH¢157, 000). Each member will contribute GH¢31400. GH¢100000 of this amount shall be used to cater for the initial costs of setting up the business. GH¢57000 of the amount shall also be invested in treasury bills to cater for business risks and for future expansion.

Table 1.1

	Year One (2012) GH¢	Year Two (2013) GH¢	Year Three (2014) GH¢
Cash Flow	84,790.62	159,748.06	257,503.82
Income Surplus	57,440.62	127,988.06	279,117.44

MISSION STATEMENT

Our mission is to provide top-quality washing and detail service for private car owners, commercial vehicle owners, car dealership and local businesses around the environs of Magazine and will work to keep employees satisfied in order to maintain impeccable customer service.

VISION STATEMENT

We are dedicated to establishing and maintaining the finest car wash operation in the area, specifically known for the quality of service provided and the management's commitment to the betterment of the community.

CORE VALUES

1. Hard work and discipline
2. Creativity and innovation
3. Serving with integrity
4. Confidentiality and trust
5. Passion for our customers

1.0 ORGANIZATION

This section of the business plan outlines the history of the business stating when it intends to begin and its future direction among other information.

1.1 BUSINESS BACKGROUND

Unique Services Limited (USL) is a small start-up business owned and managed by five owners. The registration of the business will be completed by 20th December, 2011, at the Registrar Generals Department, Adum, as a limited liability company, after which the business will commence on 7th January, 2012. The business will be registered under the companies' code, 1963 (Act 179). USL will also obtain permission from the Environmental Protection Agency (EPA) on the effect of our operation on the environment (what to do and what not to do). This initiative came as a result of the research the members conducted which showed that around the environs of Kumasi there is no washing bay that gives its customers the assurance of security for their cars and also offered expertise in car detailing and car wash and snack bar services.

On the basis of this finding we decide to come out with the idea of this company to provide all these services to our customers. This also came about as a result of a research conducted on customers of several washing bays which lead us to know that if the services we will offer in our company were to materialize they would always be glad to have such services.

1.2 BUSINESS STRATEGY

The main services of the business include interior and exterior cleaning and washing of vehicles, detailing and provision of snack bar services which will be outsourced. USL will target four main groups of customers. They are local businesses, private vehicle owners,

Unique Services Limited (USL)

commercial vehicle owners and car dealership. There are many local businesses around the environs of Suame. They include commercial banks, rural banks and other businesses which will like to have their company cars cleaned. Individual car owners as well as commercial vehicles drivers who will bring their cars for tuning or repairs at Magazine will also want to have their cars washed. Lastly there are numerous car dealerships beginning from Abrepo junction through to Suame roundabout also along the route to the location of USL. All these customers will have the opportunity to enjoy snacks on sale while they wait for their cars to be serviced.

The size of the market looks promising since our targeted market of private and commercial vehicles forms a larger population in comparison to the other targeted markets; thus, it will bring in more profit margins greater than that of the profit margins of both the local businesses and the car dealerships. This means that the growth of the business will be dependent on the size of private and commercial vehicle target market. This shows that the growth potential there will be faster and quicker as compared to the car dealership and local business target market.

USL will employ seven (7) personnel in addition to the five (5) management team workers making the total of twelve (12) personnel. The seven (7) workers will deal directly with the vehicles.

USL is sited at Suame Magazine opposite Mathias junction beside Intercontinental Bank. This location is advantageous since it possesses a higher traffic count, thus, ensuring USL's chance of success in the car washing industry.

1.3 ORGANOGRAM



2.0 SERVICE IDEA AND REALIZATION OF SCHEDULE

2.1 Service Idea

USL offers high quality car wash and snack services. USL serves all of its customers by providing each customer of assured and optimal security of vehicles including all items found in vehicle, well trained personnel including professional drivers and vehicle cleaners who would make sure that their vehicles are thoroughly cleaned (detailing), well handled and intact by the time they return for them between the hours of 5a.m to 8p.m prompt. USL will attend to all customers by providing security. This will be done by listing the items in the vehicle and making sure that both customer and service provider signs in order to take responsibility for any damages caused.

USL will also provide its customers with a snack bar and a waiting area where customers may relax and also have the opportunity to watch television. The snack bar would operate during working hours by professionals with very good customer relations.

USL will offer quality customer service to retain and make the customers delighted. The quality of our services is paramount to ensuring that customers return. We would be providing exceptional car cleaning that has never been witnessed around the environs of Kumasi. This would be a crucial factor in building and protecting the reputation of the business within the Kumasi metropolis.

We would solve customers' problems by offering them and their vehicles special attention with assurance of quality and on-time delivery services. All our activities would be monitored to track cost and efficiencies including our financial data which would be linked to a simple

Unique Services Limited (USL)

database in order to track all records of our customers (that is, date and time, car number, receipts etc). This would allow us to provide more up-to-date and reliable services for all customers.

2.2 Realisation of Schedule

SN	ACTIVITY	TIME				RESPONSIBILITY
		OCT	NOV	DEC	JAN	
1	Funding	✓				Owners
2	Research	✓				Marketing Officer
3	Office Location		✓			Operation Officer
4	Registration	✓	✓	✓		Legal Advisor
5	Recruitment (key personnel)			✓		Administrative Head
6	Planning for the launching	✓	✓	✓		Management
7	Launching				✓	Management

3.0 MANAGEMENT TEAM

The Management team is there to ensure the effective and efficient running of the company for its continuous existence

- Frempong Michelle Frempomaa - Administrative Head
- Osei Joseph - Accounts Officer
- Appiah Ivy - Marketing Officer
- Boateng Benedicta Boatemaa - Operations Officer
- Mensah Akwasi Yeboah - Sales Officer

3.1 Duties and Responsibilities of Management

❖ Administrative Head

➤ Duties & Responsibilities

- To control the affairs of the company
- To supervise the activities of the other officers
- To preserve the company's assets and the business as a whole
- To exercise control over quality of work
- Recruiting and interviewing of staff
- Selection and training of staff
- Salary and benefits

- Employee relations

❖ **Operations Officer**

➤ Duties & Responsibilities

- To see to it that the right quality of services are provided
- To control cost of service
- To control and manage the various sections of the operations
- To oversee the washing and catering services

❖ **Accounts Officer**

➤ Duties & Responsibilities

- Keeps a record of all financial transaction
- Keeps relevant records on internal spending for each department for budget control purpose
- Deals with the taxation of the business works

❖ **Marketing Officer**

➤ Duties & Responsibilities

- To identify customer needs
- To advertise the company's services
- To give a feed-back to the operation's manager on customer needs
- To research and develop new ways of serving customers

❖ Sales Officer

➤ Duties & Responsibilities

- Answering visitor enquiries about the company
- Issuing out receipts of all cash payments to customers.
- Taking records of all items found in customers vehicles.
- Making sure that both parties sign where necessary.

3.2 Other Personnel

CATEGORY	NO.	QUALIFICATION	DESCRIPTION OF DUTIES
Washing Personnel	7	BECE, WASSCE	Washing and detailing of vehicles. General washing and cleaning of office and surroundings.

3.3 Outsourced Personnel

CATEGORY	NO.	QUALIFICATION	DESCRIPTION OF DUTIES
Legal Advisor	1	LLB Degree	Handling the registration process of the business and all legal matters.
Detailing specialist	1	HND Mechanical Engineering	Train employees in detailing.
Car wash specialist	1	Driving License – at least 3years. Working experience- at least 5years.	Train employees in driving, handling and washing of vehicles.

3.4 Curriculum Vitae

Personal Data	
Name	Frempong Michelle Frempomaa
Date of birth	13 th May, 1987
Gender	Female
Nationality	Ghanaian
Hometown	Saltpond
Educational Background	
2008- 2012	Bachelor of Business Administration (CSUC)
2004-2007	WASSCE- Wesley Girls High School
Working Experience	
2007- 2008	KNATTO Complex
2011	Sinapi Aba Trust
Special Skills	
Human Relations	
Leadership and training	

Unique Services Limited (USL)

Personal Data	
Name	Boateng Benedicta Boatemaa
Date of birth	11 th September, 1987
Gender	Female
Nationality	Ghanaian
Hometown	Adum
Educational Background	
2008- 2012	Bachelor of Business Administration (CSUC)
2004-2007	WASSCE- St Monica's SSS
Working Experience	
2007- 2008	Paukurb Engineering Services
2011	NBY Complex Ltd
Special Skills	
Analytical skill	
Interpersonal skill	

Unique Services Limited (USL)

Personal Data	
Name	Appiah Ivy
Date of birth	5 th September, 1987
Gender	Female
Nationality	Ghanaian
Hometown	Mampong
Educational Background	
2008- 2012	Bachelor of Business Administration (CSUC)
2004-2007	WASSCE- St Monica's SSS
Working Experience	
2009-2011	First African Saving and Loans
Special Skills	
Customer relation	
Communication skill	

Unique Services Limited (USL)

Personal Data	
Name	Mensah Akwasi Yeboah
Date of birth	27 th June , 1988
Gender	Male
Nationality	Ghanaian
Hometown	Kokofu, Bekwai
Educational Background	
2008- 2012	Bachelor of Business Administration (CSUC)
2004-2007	WASSCE- Kumasi Secondary Technical School
Working Experience	
2011	Lands Commission
Special Skills	
Communication skill	
ICT Savvy	

Unique Services Limited (USL)

Personal Data	
Name	Osei Joseph
Date of birth	30 th May, 1988
Gender	Male
Nationality	Ghanaian
Hometown	Wiamoase
Educational Background	
2008- 2012	Bachelor of Business Administration (CSUC)
2004-2007	WASSCE- Kumasi Secondary Technical School
Working Experience	
2010	Sekyere Rural Bank
Special Skills	
Arithmetical skills	
Analytical skills	

4.0 MARKETING ANALYSIS

4.1 Business systems/ operations

4.1.1 Location

The location is the most important aspect in predicting a car wash success. The car wash will be based in Suame, Kumasi adjacent Mathias Junction which is easily accessible from two major roads. Ideally, a car wash should be situated on a thoroughfare which possesses a heavy volume of traffic, often referred to as "traffic count." thus, the higher the traffic count the better the business's chance of success. This traffic bode exceptionally well for USL. The wash location has readily accessible ingress and egress routes.

This area has a number of benefits in terms of the market that it will provide for the business. Many people who own cars and others who run commercial vehicles in the neighbourhood place great value on their cars and how they look.

4.1.1 Business process

On arrival of a customer's vehicle, the vehicle will be checked in the presence of the customer; the one washing the car and the sales officer who will take records of all these into our computer system and the signature of both the car owner and the sales officer will be taken. The customer will then have an opportunity to relax at the waiting area and have a snack at a price if interested whiles waiting for the car to be washed. There will also be an opportunity for the customer to watch television whiles waiting.

On finishing the washing of a car, the washing personnel will return the car to the parking lot and in the presence of the customer and sales officer, there will be a recheck of all things in the car to make sure everything is still intact. The customer will then sign again to show that everything has been received and the sales officer will counter sign. The customer will then pay for the services depending on the type of car and services that will be received and a receipt will be issued to the customer before driving away from the bay.

4.1.2 Waiting Time

USL will make sure not to keep their customers waiting for a long time to receive services. In order to achieve this USL will make sure that its customers receive their vehicles within a time space of 30 minutes to 1 hour depending on the kind of services needed by the customer and also on the type and size of the vehicle. This can be accomplished as USL will use modern, efficient and effective machines to do their work.

4.1.3 Quality Assurance and control

Customers will be assured of high quality services by USL as measures will be put in place to give customers the best of services.

These measures will include; the security measures of every vehicle that comes to USL. USL will make sure that customers go back with everything intact in their vehicles.

Customers will also be assured that washing personnel will be trained by specialists to deal with their vehicles. The washing personnel will be selected carefully with a certain level of qualification (at least BECE). They will also be interviewed in order to be sure of the services they can provide for USL. All employees will be motivated through bonuses depending on the quality of services they provide.

4.1.4. Research and Development

USL will continue its research to get more information concerning the operation of a washing bay so that even after the service has been launched, the business will always be improved as it grows. USL will continue to develop its infrastructure and awaits its technologically advanced equipment to be installed before the launching of USL.

4.1.5 Organisation's Assets/ Equipment

Asset (Office)	Quantity
Curtains	6 pieces
Air condition	1
Wall clock	1
Swivel chair	5
Desk	5
Cabinet	1
Desktop computer	5
Printer	1
Motor Van	1
Television	1

Unique Services Limited (USL)

Assets(washing equipment)	Quantity
Interpump	1
Gun	3
Hose	3
Bucket	5
Polytank	1
Scrubbing brush	5

Assets(waiting area)	Quantity
Television	1
Plastic chairs	10

4.2.0 Environmental Analysis

4.2.1 PEST Factors

- Political

The political environment is liberalized which encourages the establishment of private businesses. The Government is currently promoting small and medium scale enterprises and as a result USL is taking advantage of this opportunity and the peace which is being enjoyed by people in the country.

- Economic

Currently factors that influence market operations are

- ◆ Policy Rate 12.50%
- ◆ Base Rate 21.43%
- ◆ Inflation Rate 8.4%
- ◆ Exchange Rate:

GH¢ 1.57 : \$ 1.00

GH¢ 2.42 : £ 1.00

GH¢ 2.20 : € 1.00

- ◆ Minimum Wage GH¢ 3.73 www.ghanaweb.com 2011-02-14

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

- Social

The society in general is gradually changing its perception on work and life. More and more people are having less or limited time to do tasks like cleaning and washing of their vehicles. It will therefore be convenient for them to send their vehicles to a car washing bay. Also people, becoming more conscious about how their car looks and would want to send their vehicles to a washing bay for proficient cleaning and washing.

- Technology

Technology has advanced so much in Ghana that our company will have access to the facilities that will promote efficient and effective service to our clients. For example inter pump.

4.2.2 Competitor Analysis

There is one car washing bay at the same area where USL is located called Akwess car washing bay where services provided are below the standard of services USL will provide to its customers. These services offered by Akwess car washing bay excludes security, waiting area, good customer service and also delays in the delivery of services to their customers. Therefore, the above mentioned services of Akwess do not make them a direct competitor to our business since they do not have the same resources as USL does.

However, the only direct competitor USL has is a washing bay called KDB Ventures. This washing bay is located at TUC. There are some advantages they have over us as well as advantages we have over them. These are outlined below.

4.2.2.1 Advantage over direct Competitor

- Price: To arrive at our price listing for each car wash package, we carefully examined car washing services at KDB Ventures which is our keen competitor. Unfortunately, what we discovered was that, in most cases, the service provided did not warrant the higher price charged to the customer. Therefore, we will carefully construct our

washing packages to ensure that our customers received the best possible service for the price charged.

4.2.2.2 Advantages of Direct Competitor over USL

We believe there are only two temporary advantages that KDB Ventures could have over USL.

- Customer base: We will need time to firmly establish a steady customer base.
- Business experience: We lack daily experience in the industry, which our competitor has gained over time. However, we believe the insight we have gained from the study of various car wash facilities from the internet and also from observation over the last few weeks of studies will greatly reduce this initial inexperience disadvantage.

4.2.3 SWOT Analysis

Strengths <ul style="list-style-type: none">✓ Location of USL.✓ Qualified management team and motivated staff.✓ Provision of security for customers.✓ High quality and affordable services.	Weaknesses <ul style="list-style-type: none">✓ Inadequate business experience.
Opportunities <ul style="list-style-type: none">✓ Ready market.✓ Population growth of consumers in the target market.✓ Social life of car owners.	Threats <ul style="list-style-type: none">✓ Penetration of new entrants✓ Government policies(tax increment)✓ Cost of rent.

4.3 Market segmentation

USL segments its market under the type of car ownership. These categories include;

- ❖ Private car owners
- ❖ Car dealerships
- ❖ Local businesses
- ❖ Commercial car owners(i.e. owners of taxis, buses, vans, cargo trucks, tankers)

4.4.0 Target Market

Our key customers will include car dealerships, local businesses, private car owners and commercial vehicles (owners of taxis and vans). With Suame being a business centre, our customers will basically be found around the environs of Suame conducting one business or the other even though they come from different places around Kumasi. Our customers will patronize our services within the dry season and greatly during the rainy season because of the excess mud they will collect when driving. The expectations of our customers are to be offered the highest level of services such as security and some form of relaxation which they will enjoy during the washing of their vehicles. The following gives the description of the target market;

4.4.1 Private car owners: Owners of private cars are most likely to use a car washing service. The goal of these customers is to make regular use of the wash and detail service since they take great pride in their cars.

4.4.2 Local businesses: Some local businesses have fleets of cars and small vans that must be kept clean to maintain their company image. These businesses will be looking for a cost effective, efficient car washing service to perform this service, and will prefer to use a car wash service during the week rather than during weekends, like the general public.

4.4.3 Car dealerships: There are two car dealerships within the location of USL. These dealerships often use car wash services outside Suame to detail their vehicles before they are put up for sale since the only car washing bay in the area is not involved in detailing. USL

will therefore, enable these car dealerships to have easy access to a car wash service closer to them and help them cut down on the cost of travelling far each time they need this service.

4.4.4 Owners of taxis and vans: users of these cars would always want to keep their cars in the best shape possible for their commercial activities. These owners will bring their cars in for regular washing since they place much premium on keeping their cars looking good.

4.5.0 Marketing mix

4.5.1 Service strategies

USL seeks to offer its customers the highest quality car wash and detailing services. We also offer snack bar services to all our customers. Benefits customers derive from our services include the following:

- Customers will be freed from using the little time they have to wash their cars.
- Customers will have the opportunity to enjoy other vehicle services like detailing and will not need to send their cars elsewhere to receive such services.
- Customers will always have a place to relax and enjoy our snack services anytime they drop by the bay.
- Customers will also have the opportunity to enjoy the best of security whenever they come in with their vehicles.

4.5.2 Price strategies

Our services are going to be priced using the penetration method. This means that our prices will be set below the required market price at the beginning so that it will bring more

customers on board or reach out to more people. This method is chosen because we will want to enter the market gradually and later build ourselves to attain the higher market share.

4.5.3 Promotion strategies

Our promotion will be done basically through three local radio stations, hand out flyers and visit to several local businesses and car dealerships. With the radio stations being our leading promotional tool, USL will advertise its services through three of the most popular radio stations in the environs of Kumasi just before their midday news. This will aid in attracting most of the commercial vehicles (taxis and Urvan buses) since they normally use the electronic media as their source of entertainment. Flyers will be easily handed out to drivers of both private and commercial vehicles because of the slow nature of the traffic movement along the main street of Suame. Lastly, USL will visit several businesses and car dealerships to introduce our services with the aim of attracting them to bring their company cars for thorough cleaning.

4.5.4 Place Strategy

We will prevent competitors from infiltrating the market by creating a strong barrier. This will be done by setting our prices a little lower than our competitors and will maintain optimal security and also provide quality services.

4.6 Market Size

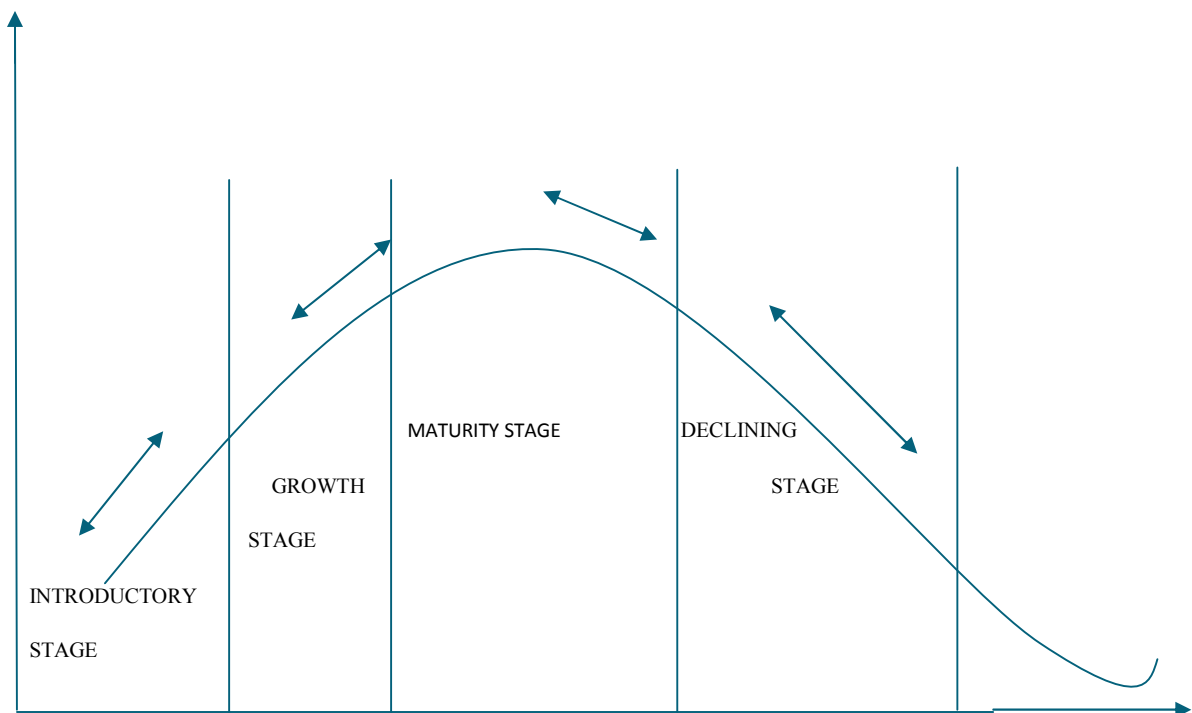
Private and commercial vehicles will bring in more profit as it is the highest percentage of target market the business has. In comparison to the other target market which will also give the business some profit margin even though it will not be as great a margin as the private

and commercial vehicles would give. This means that the growth of the business will be dependent on the size of private and commercial vehicles.

4.7 Market trend

The outlook of this kind of business is positive as confirmed by some operators. The diagram below shows the stages that the business life cycle of the car washing industry goes through. This came about as a result of what was observed during our research. It was noted that because most people who own cars are in the working class, there is time constraint on them to wash their own cars. They therefore prefer to send their vehicles to car washing bays to be serviced. Moreover, due to the nature of the work of commercial vehicle owners, they get tired easily and feel reluctant to wash their vehicles and mostly prefer to have this done for them. It was also observed that a lot of car owners nowadays like to have their cars looking good so they prefer to have people with expertise to render these services for them.

THE BUSINESS LIFE CYCLE



4.7.1 Introductory Stage: This is the stage where the service is being introduced to the market to create the awareness and trial of the service.

4.7.2 Growth Stage: The growth stage is the stage where the product's sales start climbing quickly. New competitors may enter the market and introduce new services. The market expands, prices remain where they are or fall slightly.

4.7.3 Maturity Stage: This is a stage where sales growth slows. Also the industry maximises its profit while defending its market share.

4.7.4 Declining Stage: This is the stage where sales decline in an industry due to technological advances, shifts in consumer taste etc. Companies need to get feedback from the consumers about their service.

5.0 RISK AND FINANCIAL ANALYSIS

5.1 Risk Analysis

Risk in its general sense is used to describe a situation where there is uncertainty about an outcome that will occur. It also has other meanings to different businesses example, to the statistician risk is variability in outcome around an expected value and to the insurance companies it is expected losses in situations

Competitors might react quickly to either overtake the market if Unique Services Limited fails to undertake the critical major business risk that produces fluctuations in its business value.

Life is full of risk and in whatever way risk is looked at, it is very costly to an organization and leads to the reduction in business value. USL therefore hope to cut down all possible risks in order to increase our business value. The various forms of risk associated with our kind of business are; Pure and Price risks.

5.1.1 PURE RISK: The major types of pure risk that may affect USL include;

1. The risk of reduction in value of our business assets due to physical damage, fire and flood.
2. The risk of legal liability for damages for harm to customers and other parties.
3. The risk of death, illness and disability to employees (and sometimes family members) for which business have agreed payments under employee benefit plans, including obligations to employees under pension and other retirement savings plan. For example, USL may have health risk such as employees developing foot rot because of the amount of water used.

5.1.2 PRICE RISK: Another type of risk that may affect USL is price risk. Price refers to uncertainty over the magnitude of cash flows due to possible changes in the prices in output and input prices. There are three types of price risk namely commodity price risk, exchange rate risk and interest rate risk.

However the price risk associated with USL is commodity price risk.

- Commodity Price Risk: This is about the increase in prices of general goods and services on the market that may affect the cost of equipments like interump, hose, etc which will be used for the washing and detailing of the vehicles. This may come about as a result of high inflation.

5.1.3 RISK MANAGEMENT METHODS

The above mention risks will be managed by USL in following ways:

5.1.3.1 Loss Control: these are actions that reduce the expected cost of losses by reducing the frequency of losses and/ or the severity or size of losses that will occur. This can be done by routine inspection of the business assets. These actions that affect the frequency of losses are called loss prevention methods. Actions that influence the severity of losses that do occur are called loss reduction methods. This will be controlled in USL by the installation of fire extinguishers that are designed to minimize the event of fire. Also, the health risk associated with USL will be controlled by the provision of medicine to treat illnesses like the foot rot. Other protective garments like overalls and rubber shoes will be provided to control the risk of illnesses.

5.1.3.2 Loss Financing: these are the methods that USL will use to obtain funds to pay for or offset losses that may occur. The methods USL will use to finance losses include retention and insurance. With retention the business will retain the obligation to pay for part on all of the losses that may occur in business and this may also be called self-insurance. With the insurance contract, the insurer which is the insurance company will be required to provide funds to pay for specified losses in exchange for receiving a premium from USL at the inception of the contract. The insurance contract will reduce risk for USL by transferring some of the risk of loss to the insurer. USL will therefore insure all of its property such as the building, machinery and equipment we will own.

5.1.3.3 Internal Risk Reduction: This is another form of risk management method that USL will use to reduce risk. Internal risk reduction comes in two (2) major forms including diversification and investment in information. With this USL will diversify their savings in different stocks. This will enable us to diversify our portfolio and thus not putting all our eggs in one basket. USL will also invest in information to obtain superior forecasts of future cash flows thus reducing variability of cash flows around the predicted value. Examples include; estimates of the frequency and severity of losses from pure risk, marketing research on the potential demand for different services to reduce output price risk and forecasting future commodity prices.

From the above mentioned risks, we at USL will be dedicated to reducing risk to the barest minimum with measures that we will put in place in order to make USL efficient, effective and successful.

5.2 Key Assumptions

- Rent of GH¢9000 has been paid for 3 years ending 31st December 2014.
- Noncurrent assets will be depreciated on a straight-line method as motor vehicle and wash equipment at 20% per annum whiles furniture, fittings and fixtures and computer and data handling at 10% per annum.
- Revenue will increase by 20% and 40% in the second and third year respectively.
- General, selling and administrative expenses will increase by 10% and 5% respectively in the second and third year with the exception of depreciation and rent.
- Closing inventory will increase by 20% and 10% respectively in the second and third year.
- Purchases will increase by 20% and 10% respectively in the second and third year.
- Salaries will increase by 10% and 5% respectively in the second and third year.
- SSNIT contribution is 12.5% on total salaries for every year.
- Tax rate is 25% of profit.
- Net present value and break even analysis will be used to appraise the business. Risk factor for NPV calculations is 18%.
- Dividend will not be paid within the first three years of operation.

5.3 Financial Analysis

5.3.1

UNIQUE SERVICES LIMITED PROJECTED INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2012, 2013 & 2014

	Notes	2012 GH¢	2013 GH¢	2014 GH¢
Revenue	1	261280	313536	438950.4
Cost of sales	2	<u>114050</u>	<u>141810</u>	<u>156486</u>
Gross profit		147230	171726	282464.4
Other income	3	<u>9360</u>	<u>9360</u>	<u>10360</u>
Total income		156590	181086	292824.4
Less:				
Gen, sell & Adm Exp	4	<u>80002.5</u>	<u>87022.75</u>	<u>91103.89</u>
Profit before tax		76587.5	94063.25	201720.51
Tax (25%)		<u>19146.88</u>	<u>23515.81</u>	<u>50430.13</u>
Profit after tax		<u>57440.62</u>	<u>70547.44</u>	<u>151129.38</u>

5.3.2

UNIQUE SERVICES LIMITED PROJECTED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31ST DECEMBER 2012, 2013 & 2014

ASSET	Notes	2012	2013	2014
NON CURRENT ASSET		GH¢	GH¢	GH¢
Property, plant & equipment	5	110600	108200	105800
CURRENT ASSET				
Trade receivables		8100	8100	8839
Inventories		4950	5940	6534
Rent prepaid		6000	3000	-
		<u>84790.62</u>	<u>159748.06</u>	<u>314944.44</u>
Cash at bank		<u>95740.62</u>	<u>176788.06</u>	<u>330317.44</u>
TOTAL ASSET		<u>214440.62</u>	<u>284988.06</u>	<u>436117.44</u>
EQUITY & LIABILITIES				
CAPITAL & SURPLUS				
Stated capital		157000	157000	157000
Income surplus	6	<u>57440.62</u>	<u>127988.06</u>	<u>279117.44</u>
TOTAL EQUITY & LIABILITIES		<u>214440.62</u>	<u>284988.06</u>	<u>436117.44</u>

5.3.3

UNIQUE SERVICES LIMITED
PROJECTED CASH FLOW STATEMENT FOR THE YEAR
ENDED 31ST DECEMBER, 2012, 2013 & 2014

	2012		2013		2014	
CASH INFLOWS	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Start-up capital	157000		-		-	
Revenue	261280		313536		438950.4	
Debt paid	-		8100		8100	
Investment revenue	900		900		1000	
Rent revenue	<u>360</u>	419540	<u>360</u>	322896	<u>360</u>	448410.4
CASH OUTFLOWS						
Investment	100000		-		-	
Non current assets	13000		-		-	
Purchases	119000		142800		157080	
Salary	31380		34518		36243.9	
SSNIT	3922.5		4314.75		4530.49	
Utility	30000		33000		39650	
Staff training	2000		2200		2310	
Fuel transportation	1000		1100		1155	
Repairs and maintenance	900		990		1039.5	
Rent	9000		-		-	
Bank charges	600		660		693	
Business registration	200		-		-	
KMA permit	200		220		231	
Insurance	800		880		924	
Telephone charges	400		440		462	
Advertisement	2000		2200		2310	
Bonus	1000		1100		1155	
Research	200		-		-	
Tax	<u>19146.88</u>	<u>334749.38</u>	<u>23515.18</u>	<u>247938.56</u>	<u>50430.13</u>	<u>293214.02</u>
Net cash flow		84790.62		74957.44		155196.38
Balance b/f		-		<u>84790.62</u>		<u>159748.06</u>
Total		<u>84790.62</u>		<u>159748.06</u>		<u>314944.44</u>

5.3.4

INVESTMENT APPRAISAL

NET PRESENT VALUE

YEAR	CASH FLOW GH¢	DISCOUNT FACTOR (18%)	NPV GH¢
0	(157,000)	1	(157,000)
1 (2012)	84,790.62	0.85	72,072.03
2 (2013)	74,957.44	0.72	53,969.36
2 (2014)	97,755.76	0.61	59,631.01
NET PRESENT VALUE			<u>28,672.40</u>

RETURN ON CAPITAL EMPLOYED

ROCE	=	$\frac{\text{PROFIT BEFORE INTEREST AND TAX} * 100}{\text{CAPITAL EMPLOYED}}$
ROCE (2012)	=	$\frac{76587.5 * 100}{214440.62}$ 35.72%
ROCE (2013)	=	$\frac{94063.25 * 100}{284988.06}$ 33.01%
ROCE (2014)	=	$\frac{201720.51 * 100}{436117.44}$ 46.25%

5.3.5

UNIQUE SERVICES LIMITED

BREAK EVEN ANALYSIS

FIXED COST	GH¢	VARIABLE COST	GH¢
Motor vehicle	7,000	Staff Training	2,000
Furniture ,Fixtures & Fitting	1,000	Bonus	1,000
Wash Equipment	4,000	Fuel Transportation	1,000
Computer & Data Handling	1,000	Repairs & Maintenance	900
Rent	9,000	Telephone Charges	400
K.M.A Permit	200	Utility	<u>30,000</u>
Business Registration	200	TOTAL	<u><u>34,000</u></u>
Insurance	800		
SSNIT	3,922.5		
Bank charges	600		
Advertisement	2,000		
Salary	31,380		
Research	200		
Purchases	<u>119,000</u>		
TOTAL	<u><u>180,302.5</u></u>		

5.3.5.1 BREAK EVEN ANALYSIS

CONTRIBUTION	GH¢
SALES	261,280
VARIABLE	<u>(34000)</u>
	<u>227280</u>

CONTRIBUTION	PER
SALE IN VALUE	
CONTRIBUTION	<u>227280</u>
SALES	261280
	0.87

BREAK EVEN	
FIXED COST	<u>180302.5</u>
CONTRIBUTION PER	
SALE IN VALUE	0.87
	207244.25

BREAK EVEN PERIOD	
BREAK EVEN IN SALES	<u>207244.25 × 12 months</u>
TOTAL SALE	261280
	9.52 = (10 months)

USL shall break even within 10 months of operation.

APPENDIX

WORKINGS

NOTE 1

SALES FORECAST FOR THE YEAR 2012

vehicles	Exterior wash		Interior wash		Engine wash		Under wash		Detailing		Amt 2012
	Px	Qty	Px	Qty	Px	Qty	Px	Qty	Px	Qty	GH¢
Taxi/Salon	2.50	30	3.00	20	2.00	5	2.00	10	40.00	3	91200
Pick Up											
S/S	2.50	15	3.00	10	2.50	5	2.50	2	40.00	2	52800
Van	2.50	15	5.00	10	2.50	4	2.50	2	50.00	2	64000
Pick Up											
B/S	3.00	10	4.00	6	2.50	3	2.50	2	50.00	2	<u>53280</u>
Total											<u>261280</u>

Unique Services Limited (USL)

NOTE 2

COST OF SALES FOR THE YEAR 2012, 2013 & 2014

	2012	2013	2014
	GH¢	GH¢	GH¢
Opening Inventory	-	4950	5940
Purchases	<u>119000</u>	<u>142800</u>	<u>157080</u>
	119000	147750	163020
Closing Inventory	<u>4950</u>	<u>5940</u>	<u>6534</u>
Total	<u>114050</u>	<u>141810</u>	<u>156486</u>

NOTE 3

OTHER INCOME

	2012	2013	2014
	GH¢	GH¢	GH¢
Investment Income	9000	9000	10000
Rent Income	<u>360</u>	<u>360</u>	<u>360</u>
Total	<u>9360</u>	<u>9360</u>	<u>10360</u>

Unique Services Limited (USL)

NOTE 4

GEN. SELLING & ADM EXPENSES

	2012	2013	2014
	GH¢	GH¢	GH¢
Salary	31,380	34,518	36,243.90
SSNIT	3,922.50	4,314.75	4,530
Utility	30,000	33,000	34,650
Fuel transportation	1,000	1,100	1,155
Staff training	2,000	2,200	2,310.00
Repairs & maintenance	900	990	1,040
Rent	3,000	3,000	3,000
Bank charges	600	660	693
Business registration	200	-	-
KMA permit	200	220	231
Research	200	-	-
Insurance	800	880	924
Telephone charges	400	440	462
Advertisement	2,000	2,200	2,310
Bonus	1,000	1,100	1,155
Depreciation	<u>2,400</u>	<u>2,400</u>	<u>2,400</u>
TOTAL	<u>80,002.50</u>	<u>87,022.75</u>	<u>91,103.89</u>

Unique Services Limited (USL)

NOTE 5

NON CURRENT ASSETS

	2012		2013		2014	
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Investment		100,000		100,000		100,000
FIXED ASSETS						
Motor vehicle	7,000		7,000		7,000	
Furniture, Fitting &						
Fixtures	1,000		1,000		1,000	
Wash equipment	4,000		4,000		4,000	
Comp.& data handling	<u>1,000</u>		<u>1,000</u>		<u>1,000</u>	
	13,000		13,000		13,000	
Depreciation	<u>2,400</u>	<u>10,600</u>	<u>4,800</u>	<u>8,200</u>	<u>7,200</u>	<u>5,800</u>
TOTAL		<u>110,600</u>		<u>108,200</u>		<u>105,800</u>

NOTE 6

INCOME SURPLUS ACCOUNT

	2012	2013	2014
	GH¢	GH¢	GH¢
Balance at start	-	57440.62	127988.06
Profit for the year	<u>57440.62</u>	<u>70547.44</u>	<u>151129.38</u>
Balance at close	<u>57440.62</u>	<u>127988.06</u>	<u>279117.44</u>

Projected Salary for 2012			
Personnel	No.	Monthly Salary	Annual Salary
		GH¢	GH¢
Administrative Head	1	400.00	4,800.00
Operations Officer	1	350.00	4,200.00
Marketing Officer	1	250.00	3,000.00
Accounts Officer	1	300.00	3,600.00
Sales Officer	1	300.00	3,600.00
Washing Staff	7	145	<u>12,180.00</u>
			31,380.00
SSNIT			0.125
EMPLOYER CONTRIBUTION			3,922.50

Unique Services Limited (USL)

APPENDIX

WORKINGS

NOTE 1

SALES FORECAST FOR THE YEAR 2012, 2013 & 2014

vehicles	Exterior wash		Interior wash		Engine wash		Under wash		Detailing		Amount 2012	Amount 2013	Amount 2014
	Px	Qty	Px	Qty	Px	Qty	Px	Qty	Px	Qty	GH¢	GH¢	GH¢
Taxi/Salon	2.50	30	3.00	20	2.00	5	2.00	10	40.00	3	91200	109440	153216
Pick Up S/S	2.50	15	3.00	10	2.50	5	2.50	2	40.00	2	52800	63360	88704
Van	2.50	15	5.00	10	2.50	4	2.50	2	50.00	2	64000	76800	107520
Pick Up B/S	3.00	10	4.00	6	2.50	3	2.50	2	50.00	2	<u>53280</u>	<u>63936</u>	<u>89510.4</u>
Total											<u>261280</u>	<u>313536</u>	<u>438950.4</u>