

TRANSPURPLE GHANA LIMITED

(DEALERS IN QUALITY GROUNDNUT PASTE)



Team Project

(DECEMBER 2011)

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EXECUTIVE SUMMARY

This business plan has been prepared to provide a blueprint to the operations to be carried up by Transpurple Ghana Limited, a newly emerging business. Transpurple (GH) Limited will trade in canned groundnut paste which is very useful to human life. TPGL's product shall be called 'Royal Groundnut'. This shall be a quality groundnut paste to be supplied to the Ghanaian market. This is specially designed and different from the existing one in the market. It has been accepted that the raw materials shall be bought from the right sources, processed in a hygienic condition, packaged them in sanitary containers, and label them properly by using TPGL,s Logo for attraction and easy identification. TPGL has target boarding institutions, hospitals, restaurants, school children, and household. Because Ghanaians have unbridled taste since immemorial, the advent of Royal Groundnut, coupled with its unique processing and packaging will help the users obtain its high nutritional value, good taste and the medicinal purpose in full. Royal Groundnut shall be sold at a low unit cost. This can help penetrate through the market faster and break even within the third year of operation.

In the first year of operation TPGL shall concentrate on Ashanti region for sales. But ,quite after that shall widen its sales zone to the entire nation by the third year to ensure that Royal Groundnut reaches its potential market.

The financial projections thus indicate that TPGL shall break even within the first year of operation, and return on investment is 22.5% in the first year. By then turnover will be about GH¢ 121,930 and gross profit GH¢ 69,997. Again, net profit will be about twenty-seven thousand, six hundred and nine Ghana Cedis (¢27,609) in the first year.

We will need an investment sum of GH¢ 95,000 to actualize our strategy, with at least 35% going into tangible assets.

MISSION AND VISION

MISSION STATEMENT

The missions of TPGL are:

- To be the leading supplier of high quality canned groundnut paste using modern technology.
- To meet the expectation of our investors.

VISION STATEMENT

Transpurple (GH) Limited aspires to be the leader in the supply of high quality canned groundnut paste in Ghana.

OPERATIVE OBJECTIVE

It is expected that TPGL will be the leading supplier of quality groundnut paste in Ghana by the third year of operation. The business will breakeven within the third year of operation and make a profit of about 22.5%

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CHRISTIAN SERVICE UNIVERSITY COLLEGE-KUMASI

DEPARTMENT OF BUSINESS STUDIES

BACHELOR OF BUSINESS ADMINISTRATION

TRANSPURPLE GHANA LTD.

BUSINESS PLAN

BY

NTOW PATRICK

NTOW ADJEKUM HENRY

TIWAA AKUA

MENSAH JOYCE

QUAINOO KWESI JUSTICE

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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 COURSES CSAD 466 TEAM BUSINESS PROPOSAL

BY

NTOW PATRICK

NTOW ADJEKUM HENRY

TIWAA AKUA

MENSAH JOYCE

QUAINOO KWESI JUSTICE

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 does not contain any unacknowledged work from any other sources. I also declare that I have been under supervision for this Business Plan herein submitted.

Name of students Index Numbers	Signature	Date
Ntow Patrick (10135197)
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Mensah Joyce (10135240)
Quainoo Kwesi Justice(10135296)

1.0 ORGANIZATION

The idea of bringing TPGL's Royal Groundnut was conceived by five (5) Bachelor of Business Administration students of Christian Service University College (CSUC) Kumasi – Ghana. The formation idea was conceived by the said students in consonance with the government's programme to revamp the economy, create more jobs, combat rural – urban drift and making Ghana the food basket of Africa, through agriculture. TPGL is formed to engage in trading canned groundnut paste to help actualized government dream. Research has shown that over 75% Ghanaians consume groundnut owing to its medicinal purpose, high nutritional value and taste. However the research showed that about 15% of the harvested pea goes waste as a result of post – harvest losses. TRANSPURPLE (GH) LTD has therefore taken the steps upon itself to purchase this needful produce from the farmers (suppliers) in its catchment areas such as: Ejura, Tamale, Saboba Cherepone, Wa, and other places within three Northern Regions and process it in a more hygienic way and free environment and make it available in a high quality but yet affordable to meet its high demand.

Legal Name

The legally registered name shall be Transpurple Ghana Limited (TPGL).

1.1 Nature of Business of Tpgl

TPGL shall engage in the processing of groundnut into groundnut paste.

1.2 Incorporation of Tpgl

TPGL shall be registered in Kumasi in the republic of Ghana. It has been intended that TPGL shall be incorporated under the company's code of 1963 (ACT 179) as a limited liability company in 2012

1.3 Location

TPGL shall establish its administrative office, processing and warehouse in Batoyili - Tamale near Department of Feeder Roads.

1.4 Our Postal Address:

TRANSPURPLE GHANA LIMITED

P.M.B, BATOYOLI, TAMALE

E – MAIL: agyakwaff77@yahoo.com

WEBSITE: www.tpglgh.com

TEL: 0207354729 / 0208166885

1.5 Date of Operation

It is expected that TPGL shall commenced business in April, 2012

1.6 Operation Units

It has been agreed that TPGL shall operate fewer than four units namely: Production unit, logistics unit, Finance unit, and Human Resource Unit.

1.7 Customers

The main targeted customers would be farmers Institutions such as Training colleges, Senior and Junior High Schools, Hospitals, Hotels Restaurants and direct consumer market.

1.8 Financial Objective

- It is also expected that the company will be able to build its own warehouse facilities and add more operational machines by the fourth year.
- These facilities will be commercialized to generate extra income for the company.
- The company also has a vision of expanding its business activity by exporting some of its products into neighbouring countries after the third year.
- Profit generated within the first two years will be ploughed back to increase our capital to help us expand our business
- The company's proposed storage facilities will be commercialized to generate extra income for the company after the third year.

2.9 Plans to Financed the Company

An amount of one hundred and thirty thousand Ghana cedis (GH¢ 130,000) has been made available by the members as a start – up capital. Each member contributed twenty six Ghana cedis (GH¢ 26,000).

The table below depicts their capital contributions;

MR. NTOW PATRICK	20%	GH¢19,000
MR. NTOW ADJEKUM HENRY	20%	GH¢19,000
MR. QUAINOO JUSTICE	20%	GH¢19,000
MISS TIWAA AKUA	20%	GH¢19,000
MISS MENSAH JOYCE	20%	GH¢19,000

2.0 PRODUCT IDEA AND REALISATION SCHEDULE

2.1 Product Idea

The advent of TPGL's Royal Groundnut is to help provide ready market for farmers, process and package our raw materials for local and international market to ensure the fulfillment of the endowment factor theory.

Description of the Product

The main business of Transpurple Ghana Limited is buying and processing of groundnut into paste. Groundnut is a leguminous plant which is found in the family of legumes. It has two main colours, thus purple and grey. Legume have exceptional nutritional value more especially groundnut, It has an outstanding protein content.

Medically, Groundnuts and groundnut products are very beneficial in the treatment of haemophilia and other such inherited blood disorders. People suffering from nose bleeding also benefit from eating groundnuts and it is also helpful in reducing excessive menstruation bleeding in women. Five main nutrients required by the body to maintain and repair the tissues namely food energy, protein, phosphorous, thiamin and niacin. These five nutrients are found in good quantity in groundnuts.

Groundnuts are rich vitamins and contain at least 13 different types of vitamins that include Vitamin A, B, C and E. along with this, groundnuts are also rich in 26 essential minerals like calcium, iron, zinc, boron, etc. these help in brain function and development and also help to maintain strong bones.

It is recommended that growing children, expecting women and nursing mothers consume roasted groundnuts with jaggery and goat's milk. It is said to provide resistance and immunity against dangerous infections like Hepatitis and also Tuberculosis. Groundnuts are rich in anti-oxidants and a chemical called resveratrol. These help in reducing the risk of contracting cardiovascular diseases, cancer risk and also help in anti-ageing, thus keeping the body young and fit.

Product Differentiation

Transpurple Ghana Limited will engage in buying of Peas from its growing areas and process them using modern technology for resale.

The very humid atmospheric condition which prevail during the major harvesting period, does affect the harvested pea negatively. TPGL will not rely on sun as done by our competitors. Consequently, the nutritional value will be maintained. The manual thrashing method used to process the groundnut is usually unclean and unhygienic leaving the produce much to be desired.

By our slogan "Eat well, live healthy" We intend to change the said method of processing.

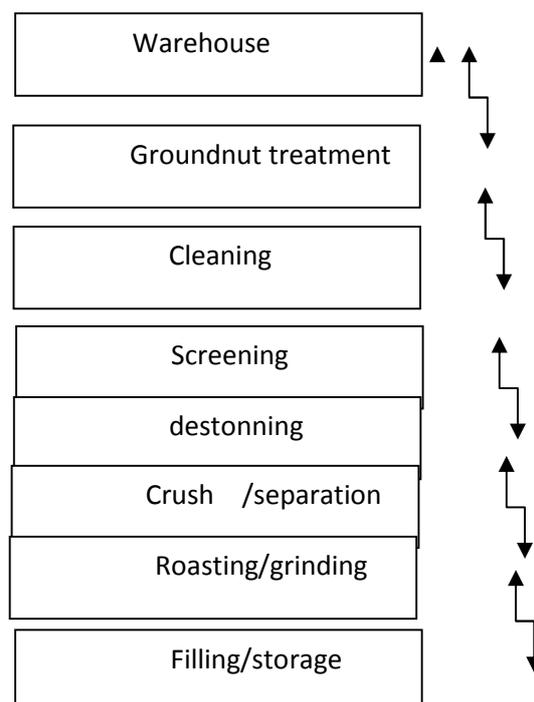
TPGL use a Lester Drying Machine to dry the peas after buying it from the source indicated earlier. We also hope that with our production processes, quality is assured and anybody who patronizes our product shall never regret. Our slogan will always stand thus when one eats our quality groundnut (royal groundnut) he will stay healthy.

Product Uniqueness

Our competitors, who are predominantly retailers, distribute the products to their customers without adding any value. They use traditional way of processing and packaging, and do nothing to make the products (groundnut) more appealing to their customers. When they buy it from the farmers little is done and they will sell it to consumers without considering the quality.

We will provide peas in high quality devoid of stones, chaff, rotten peas and all unclean particles. It will be packaged to meet customer's preference ranging from 15kg, 7.5kg, 2kg, and 2mg sachet (i.e. big size, medium and small size). The 15kg is targeting educational institution, then 2kg for household and then 2mg sachet for students and pupils. Our label which bears our name and brand will be inscribed on the packaging material to identify TPGL at a glance. Royal Groundnut shall be dubbed with purple, red, and green colours. The labels will be framed round the plastic containers and dipped on the sachet for easy identification.

PROCESS FLOW CHART



PRODUCTION PROCESS

Warehouse

The whole process of production starts from warehouse. The floor has being marked and has given special location number for each received consignment; sampling is done, by taken samples from some of the raw groundnut in the sacks. The sample is mixed and aggregate is taken, specific test are carried out on it.

Laboratory Test

A test for moisture content of the groundnut is carried out to ascertain the value which must not exceed seven percent. A test to find out the moodiness of the groundnut is carried out. A test for the fat content of the groundnut and test for free fatty acid.

Dumping Pit

A rectangular pit-like which contain a cone like structure, ending part is couple or join to a screw conveyer name as conveyer one, the raw groundnut is dump into it from the warehouse this by the help of the screw conveyer groundnut are carried to the treatment, cleaning, screening , destining and crushing/separation Department.

Breaking and Winnowing.

The groundnut at breaking and winnowing goes to a hopper. From the hopper, conveyer an elevator respectively carries groundnut to spring and first stage of dust remover, at this point ferrous magnetic materials are removed from the product. Groundnut from the first cleaning inter into a batch weigher.

Batch Weighier

This weigh the groundnut in batch and the value is recorded on electronic balance for easy analysis the groundnut then is carry by conveyer two and an elevator two respectively.

Groundnut then inter into the distonner.

Distonner

The distonner's main function is to get rid of all stones in the groundnut on the process line adding to the hygienic and quality improvement of the groundnut process by TPGL. The clean hygienic and quality treated groundnut then enters into two breakers label B1 and B2.

Breakers

The breakers do the crushing of the groundnut by the help of a thrower which is buried in the individual breaker. In the breaker are also piece of flat metal arranged at an angle to receive the throw groundnut for perfect crushing. After breakers there is two products as a results of the crushing, these are hacks and peas as products from the breakers. Product then inters into a differential system chamber.

Differential System

The separation of the product into hacks and peas is done. Due to the parallel but opposite movement of the peas and hacks and air at a point call the separation surface point. The hack which is the litters of the two product get carried away by the air whiles the pea which is the heavier one fall by gravity. Conveyer carries it to vibrator for the final separation (aspiration of the hacks), the peas is temporary store in a hopper for further processing. From the hopper peas are carried by elevator and drop the peas a chain

Product Pricing

TPGL shall adopt penetration strategy to ensure that more customers are won and taste for Royal Groundnut is also established for the first three years. With this TPGL will give a little lower unit price to ensure that at least 30% of the market share is received.

Promotional Tools

The primary tool to use for promotion is advertising. Both on television and radio.

Advertising although is expensive, it is faster to inform customers by. It will help us reach every potential customer within split seconds.

A secondary tool is direct marketing. This medium will enable TPGL have a direct contact with matrons, heads of institutions in order to ensure the proper communication.

Distribution

In order to ensure that Royal Groundnut reaches customer at the specified time, TPGL will adopt cohesive step to distribute the produce.



2.2 Realization of Schedule

ACTIVITIES	MONTHS ALL IN 2012					RESPONSIBLE	COST GH¢
	JAN	FEB	MAR	APRIL	MAY		
FUNDING						BOARD OF DIRECTORS	95,000
FACTORY SITING & SETTING						PRODUCTION & MARKETING MANAGER	2400
COMPANY REGISTRATION						LEGAL ADVISOR	350
ACQUISITION OF MACHINERY						OPERATIONS MANAGER	12,482
RECRUITMENT						H.R MANAGER	240
PURCHASE OF RAW MATERIALS						PURCHASING OFFICER	45,000
COMMENCEMENT OF PRODUCTION						GENERAL MANAGER	100
PRODUCT TESTING						FOOD AND DRUGS BOARD OFFICER	916
PACKAGING & LABELLING						PRODUCTION MANAGER	400
PRODUCT LAUNCHING						MARKETING MANAGER	450
ADVERTISEMENT AND PROMOTION						MARKETING MANAGER	2,800

3.0 MANAGEMENT TEAM

Our determination to be the leader in the supply of high quality groundnut paste in Ghana can only be materialized through effective and efficient management and highly trained professionals placed in their respective area of competency. The rise and fall of every organization depends on the leadership, hence Transpurple (GH) LTD is every critical in the appointment of its management team and other key members.

The management team comprises General Manager, Logistics officer, finance officer and the Human Resource manager.

Board of Directors will set objectives for the company.

Profile of Managers

Brief profiles of board members are shown below:

Patrick Ntow

He holds Bachelor of Business Administration (BBA) degree in accounting from Christian Service University College (C.S.U.C). He has Diploma in Financial Management from the Institute of Commercial Management – UK, Diploma in Education from University of Cape Coast and a Student – Member of Ghana Chartered institute of bankers – C IB (GH). Owing to his background as a farmer, Patrick has a considerable experience in groundnut and will bring to bear an expert knowledge on board in our industry. He is the C.E.O and thus the head of the administration. He is in charge of the company's policy formulation and setting of strategies to ensure that objectives set by the Board of Directors are realized. He will co-ordinate the activities of the line managers of the organization.

Henry Ntow – Adjekum

He holds Degree in Business Administration. Again, holds National Higher Diploma in Electrical/Electronic Engineering from Takoradi Poly technique. He also holds an Electrical/Electronic Technician Part one and part two from Takoradi poly technique. Henry has worked with Coca-Cola Bottling Company Limited Kumasi Ghana as Technician engineering at Electrical section.

He has also worked with Premier Foods Company Limited Kumasi Ghana as a Department supervisor (Roasting) and currently he works with Acher Daniel Midland (ADM) cocoa company limited a multinational company as process control operator/technician. He has under gone several international job trainings in industrial production processes and control in Cote D'voire etc. and has dexterity in production processes. He is our PRODUCTION OFFICER. All the technical aspects of the business rest on him. He is responsible for ensuring effective and efficient operation of the machinery. He calculates output of the machine, monitors all error and does recommendations. He ensures that right personnel are employed and placed in right positions in the engineering unit and recommends resource person.

Joyce Mensah

She holds BBA Accounting from Christian Service University College, Ghana.

Holds DBS Accounting Studies from Kumasi Poly Technique. She worked with Rantra Spars Limited Kumasi as sales personnel. Again worked with Union Savings and Loans Limited as cashier in Kumasi, Cedi Micro Finance and currently with opportunity international savings and loans limited Kumasi as cashier. She has proficiency in cash handling and sales. She is the finance manager. With her years of experience in financial sector, she will see to all the

finances of the company. She will do all the disbursement and allocation of money to various departments.

Akua Tiwaa

She holds BBA in Human Resource Management from Christian Service University, Kumasi. Again, Akua hold Diploma in Education from the University of Cape Coast. She presently works with the public sector as a professional teacher. She is the Human Resource Manager.

By virtue of her background as a professional teacher, she will be responsible for all employment exercises. She will bring all her experience to bear to ensure that rightful persons are employed.

Justice Quainoo

He holds Degree in Business Administration from Christian Service University College, Kumasi. Diploma in Education from the University of Cape Coast. With his public sector experience in marketing he is in charge of marketing department. He is responsible for sales of company products, source of market intelligent and channel of distribution management. He will ensure that the right quote are purchased and distributed to customers at the right time. He will prepare sales report on all cash and credit sales.

Other Key Personnel

CATEGORY	NO.	QUALIFICATION	DUTIES
ACCOUNTS OFFICER	1	Higher National Diploma in Accounting	Preparation of company accounts Receiving of cash Handling of petty cash
SALES PERSONEL	2	SSSCE	Selling the company's products Prospecting
PURCHASING OFFICER	2	SSSCE	Identifying purchase points Purchasing the beans from farmers.
Security (first gate information consultant)	1	SSSCE	Watching over company's properties Cleaning of Co's environments.

Principal Stakeholder

Government

Government has interest in the continual existence of the business in order to received corporate tax

Investors

They are interested in the survival of the company and the returns on their investment.

Employees

Well motivated employees of our company are interested in the survival and growth of the company as they earn their living from the company.

Supplier/Customers

Suppliers are interested in our business due to our ability to make prompt payment for their produce. Customers are interested in our operation because they expect the company to satisfy their needs.

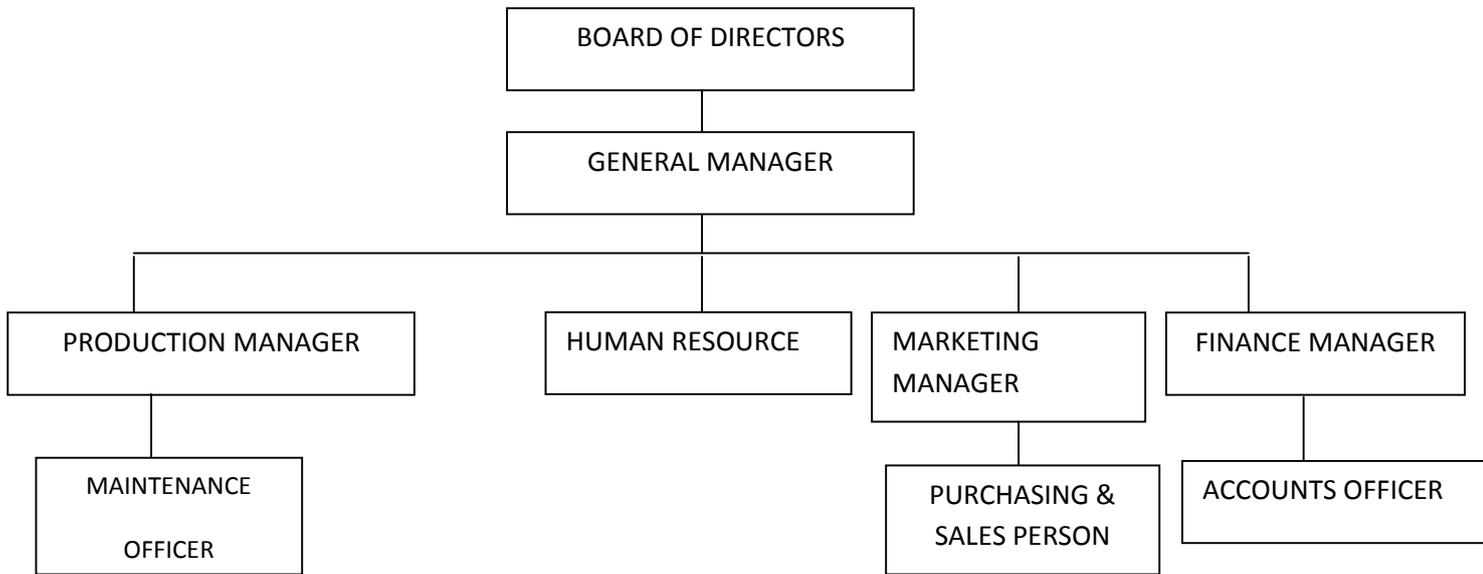
Bankers

Bankers also have interest in the credit worthiness of the business.

Board of Directors

Boards of Directors are responsible for setting long term objectives of the company.

ORGANIZATIONAL STRUCTURE OF TPGL



4.0 MARKETING ANALYSIS

4.1 Introduction

The average population growth of 3% annually has culminated into an increase demand for our product. In the year 2010 over 300 restaurants were opened in Ghana. Over 4.5% students increase added up to the existing students in junior high schools, senior high schools nursing, teachers college and agric colleges. Again more than two million patients were admitted into hospital in Ashanti region in Ghana in 2010. Owing to the above stated factors coupled with customers demand and the useful role of groundnut to life Transpurple Ghana Limited's Royal Groundnut will reign on the market.

4.2 Industry Analysis

Findings have revealed that groundnut has not been given the much needed attention as per other exotic vegetable and is neglected to the hands of farmers and retailers who dispatch this much needed produce to final consumers without considering its wholesomeness. The rate of mechanical threshing drying, cleaning and other relevant post – harvest practices to ensure sanitary and hygiene are not the interest of the existing supplies. Besides, groundnuts found on our market are full of dirt, insect mixture; sand mixture and chemical adherence which are detriment to health.

Quite apart from the stated problems the traditional processing is mostly done in an insanitary environment which ends up infested with germs. Farmers have also been exploited by retailers as a result of throat – cutting prices. On the account of the foregoing, TPGL intends to supply groundnut paste to meet the demand of the market.



4.3 Market Segmentation

TPGL will base its segmentation geographically. On geographic segmentation, the country will be divided into regions after which Ashanti region will be chosen in the first year. Each of the identified group will be reached with a particular good according to their needs.

4.4 Target Market

Groundnut, being a medicinal product and having outstanding nutritional value is consumed all over Ghana and beyond. To wit, our customers are grouped and stated below;

- Education institutions
- Hospitals
- Household
- Restaurants
- International market (into neighbouring countries)

Meanwhile, the company in its first year of operation will concentrate on customers within Ashanti region of Ghana.

4.5 Marketing Mix

TPGL shall focus on price, promotion, distribution and place since the other remaining two (i.e. product and personnel) have been dealt with earlier.

Pricing Strategy

Pricing strategies usually change as the product passes through its life cycle. Many companies that produce new products face the challenge of setting prices for the first time. TPLG wish to adopt the Market Penetration Pricing which usually sets a low initial price in order to penetrate the market quickly and deeply. This will in a long run attract a large number of buyers to purchase the groundnut paste and also win large market share. Several conditions must be met by TPLG for this low price strategy to work. First, the market must be highly sensitive so that a low price produces a more market growth. Secondly, TPLG's low price strategy can keep out the competition in the groundnut paste production. Finally, production and distribution cost of TPLG must fall as sales volume increases.

Promotional Strategy

In order to ensure that the name of TPGL and its produce are well promoted management will put those mechanisms in place.

1. TV and Radio Talk shows on the usefulness of Groundnut to the human body
2. Stand still bill boards having royal groundnut
3. Advertising on TV and radio

4.6 Competition

Findings from a search at the Registrar Generals Department, Kumasi shows that, formally, no company is into this type of business. However, the existing competitors are mainly petty traders (Market women) within and around the company's catchment areas. The competitors are scattered all over the target market. But their paste is not up to standard and can be competed and even over taken by TPGL. They usually put the harvested peas on the direct sun on bear floor for days, bag them and manually de-husk them. They depend on corn mill for processing. It is also on record that none of the competitors is resorting to media advert to promote their product. Nevertheless, TRANSPURPLE (GH) Ltd does not underestimate the threat posed by these competitors since they have being in this business for a long time. As part of our competitive Practices, TPGL will concentrate on modern methods of groundnut preparation and processing that will distinguish our product from the existing ones since ours will be void of debris and be prepared hygienically.

Again, royal groundnut shall be unique in packaging, labeling, texture and colour to enhance easy identification of our product

4.7 Positioning

TPGL will position its product in the mind of customers with the message “eat royal groundnut and live longer.” The price shall also be set lower for the first year to meet the customers’ loyalty and to compete with our competitors.

4.8 Distribution Strategy

TPGL initial distribution strategy will involve a combination of whole sale and direct sales. Relationship with local distributor will be established to increase promotional reach and positional users. The first orders will be available immediately through direct delivery by our sales team. A relationship between TPGL and the product distributors will be essential a flexible destruction system will be critical to the success and growth of our business. Good distribution will allow our product to satisfy and flexible expand to enhance demand.

Controls

The purpose of TPGL’S marketing plan is to serve as a model management. The following areas will be monitored to ensure effective performance.

-  Annual revenue
-  Annual expenditure
-  Customer satisfaction

5.0 FINANCIAL ANALYSIS

5.1 Assumptions and Risk Analysis

Every organization faces some form of risk and Transpurple Ghana limited is no exception. As part of our business, will examine possible sources of risk and assess the impact those risks will have on the business. The following are some of the risk as identified by the owners and how to deal with those risks.

Human Risk

These are risk in values and human errors as a result of employees executing their duties. The organization can face the risk of negligence on the part of workers and management, theft, resignation as a result of poor working conditions, poor documentation of information, stealing of product from warehouses, office accessories, poor customer service and human relations, lack of initiatives on the part of employees.

Natural Risk

These are the natural occurrences that will affect the TPGL operations negatively. Among these natural risks that can affect our operations are pest infections which will affect our business as well as our suppliers, floods emanating from excessive rain, bush fires which may affect our sources of supply and draught. These natural phenomenon's could have a devastating effect on the operations of the business.

Economic Risk

These are the risks that TPGL is likely to counter due to the changes in economic indicators both domestically and global; these include inflation, interest rate and exchange rate.

Inflation

High rate of inflation causing persistent increase in prices makes the operational cost high since less quantity of raw materials can be purchased at a time. Inflation also reduces the purchasing power of our customers and that will also affect the demand for our products.

Interest rate High interest rate will also affect the amount that can be borrowed at a particular time. TPGL anticipates that during such moments, the cost of credit will be high and this will reflect in high cost of production which will also result in charging high selling price.

Customers will no more be able to buy our products since they cannot afford the price.

This will have negative implications on the achievement of our goals and objectives.

Political Risk

Although Ghana is experiencing some form of political stability, TPGL does not rule out the possibility of instability in future owing to the violence that erupts during by – elections. Changes in government could result in the confiscations and expropriation of our business.

This is a threat to the company since it will suffer losses. Government policies such as taxes could also have negative effect on the company. This is because introduction of large corporate taxes will certainly affect the income of the company.

Future change in government could also result in changes in political ideology and policies.

The change from capitalism to socialism could result in the collapse of our business since the government will own all factors of production.

Risk Management

TPGL will institute the following measures to manage the risks:

Loss Control

Employees retention policies will be instituted to enable the company attract and retain its employees thereby curbing the problem of labour turnover. Proper compensation packages will be paid to the injured staff in order to retain the existing ones. This will also serve as a source of hope to others.

Bonus schemes will also be instituted as an incentive to the effort of employees for meeting particular target such as maintaining a higher level of customer care. To safeguard error which results in the loss of information, the company will adopt modern ways of keeping data where back – up will be created at the end of every week after the information had been entered onto the computer.

Loss Financing:

In order to reduce the impact of natural occurrences, the company will invest in insurance policies on all valuable properties of the company. Fire extinguishers will be placed at vantage locations in our office and warehouses to take care of fire outbreak.

TPGL will make sure it does not affiliate itself with any political party so that it does not become a target of confiscation and expropriation.

Internal Risk Reduction Control

As an internal risk control measure, TPGL will invest in bonds and treasury bills. We anticipate that the company will not earn normal profit forever and there will be a time that the sale will decline drastically. During such period, the earnings from the investment will be used to sustain and resurrect the business.

TPGL

PROJECTED STATEMENT OF FINANCIAL POSITION FOR THE THREE YEARS

	2012 GH¢	2013 GH¢	2014 GH¢
<u>NON CURRENT ASSETS:</u>			
Property, Plant & Equipment	10,249	7,655	5,061
<u>CURRENT ASSETS:</u>			
Inventories	6,120	6,280	6,500
Trade Receivables	959	1,205	1,628
Cash and Bank	<u>105,281</u>	<u>146,643</u>	<u>196,450</u>
	<u>122,609</u>	<u>161,783</u>	<u>209,639</u>
<u>EQUITY AND LIABILITY:</u>			
Capital	95,000	95,000	95,000
Income Surplus	<u>27,609</u>	<u>66,783</u>	<u>114,639</u>
	<u>122,609</u>	<u>161,783</u>	<u>209,639</u>

TPGL
PROJECTED INCOME STATEMENT

	2012 GH¢	2013 GH¢	2014 GH¢
Sales	121,930	139,240	156,400
Less Cost Of Sales:			
Opening Inventory	-	4,620	4,600
Add Prod. Cost	<u>56,553</u>	<u>65,884</u>	<u>74,362</u>
	56,553	70,504	78,962
Less Closing Inventory	<u>4,620</u>	<u>4,600</u>	<u>4,700</u>
	<u>51,933</u>	<u>65,904</u>	<u>74,262</u>
Gross Profit	69,997	73,336	82,138
Administrative Expenses	25,494	21,032	23,412
Selling And Distribution	14,150	10,365	8,084
Financial Charge	150	171	198
Depreciation	<u>2,594</u>	<u>2,594</u>	<u>2,594</u>
	<u>42,388</u>	<u>34,162</u>	<u>34,288</u>
NET PROFIT	<u>27,609</u>	<u>39,174</u>	<u>47,850</u>

TPGL
PROJECTED CASH FLOW STATEMENT

	2012 GH¢	2013 GH¢	2014 GH¢
CASH FLOWS:			
Sales	120,971	138,035	154,772
Receipt From Debtors	-	959	1205
Capital	<u>95,000</u>	-	-
	<u>215,971</u>	<u>138,994</u>	<u>155,977</u>
CASH OUTFLOWS:			
Fixed Assets	12,843	-	-
Administrative Exp.	25,494	21,032	23,412
Selling & Distribution	14,150	10,365	8,084
Financial Charge	150	171	195
Direct Labour	3,800	4,811	5,692
Direct Expenses	3,333	3,333	3,333
Indirect Expenses	420	450	525
Raw Materials (Purchase)	45,000	51,500	58,650
Insurance	900	950	1,020
Carriage Inwards	150	160	180
Rent	350	350	350
Electricity	2,000	2,200	2,350
Fuel And Lubricants	<u>2,100</u>	<u>2,310</u>	<u>2,540</u>
	<u>105,281</u>	<u>41,362</u>	<u>49,807</u>
Opening Balance	105,281	41,362	49,807
Closing Balance	-	<u>105,281</u>	<u>146,643</u>
	<u>105,281</u>	<u>146,643</u>	<u>196,450</u>

APPENDIX

NOTES:

1. ACCOUNTING POLICIES

The Financial Statement has been prepared under historical cost concept.

2. FIXED ASSETS AND DEPRECIATION.

Fixed assets and depreciation using the straight line method in order to reduce the book value of the assets to nil at the end of their useful life at the rate of 10%.

Assets include: Land and Building, Decorticator, and the rest.

3. FACTORY AND ADMINISTRATIVE EXPENSES are to be apportioned at Factory 80% and Administration 20%.

TPGL

PROJECTED MANUFACTURING ACCOUNTS FOR THE THREE YEARS

	2012 GH¢	2013 GH¢	2014 GH¢
<u>RAW MATERIALS</u>			
Opening Inventory	-	1500	1,680
Purchases	45,000	51,500	58,650
Add Carriage Inwards	<u>150</u>	<u>160</u>	<u>130</u>
Raw Materials Available	45,150	53,160	60,510
Less Closing Stock	<u>1,500</u>	<u>1,680</u>	<u>1,800</u>
Raw Materials Consumed	43,650	51,480	58,710
Direct Labour	3,800	4,811	5,692
Direct Expenses	<u>3,333</u>	<u>3,333</u>	<u>3,333</u>
PRIME COST	<u>50,783</u>	<u>59,624</u>	<u>67,577</u>
<u>FACTORY OVERHEADS:</u>			
Indirect Labour	420	450	525
Insurance	900	950	1,020
Rent	350	350	350
Electricity	2,000	2,200	2,350
Fuel	<u>2,100</u>	<u>2,310</u>	<u>2,540</u>
PRODUCTION COST	<u>56,553</u>	<u>65,884</u>	<u>74,362</u>

TPGL

PROJECTED BREAK – EVEN ANALYSIS FOR YEAR ONE (1)

FIXED COSTS:	GH¢
Insurance	900
Rent	350
Electricity (20% X 2,000)	400
Selling And Distribution (20% X 14,150)	2,830
Administrative Expenses (20% X 25,494)	5,099
Fixed Assets	<u>12,843</u>
	<u>22,422</u>
VARIABLE COST:	
Selling And Distribution (80% X 14,150)	11,320
Administrative Expenses	20,395
Indirect Labour	420
Electricity	1,600
Fuel And Lubricants	2,100
	<u>35,835</u>

CONTRIBUTION = SALES - VARIABLE

$$= 121,930 - 35,835$$

$$= \underline{86,095}$$

BREAK – EVEN = $\frac{\text{FIXED COST}}{\text{CONTRIBUTION}} \times \text{SALES}$

$\frac{\text{FIXED COST}}{\text{CONTRIBUTION}} \times \text{SALES}$

$$= \frac{22,422 \times 121,930}{86,095}$$

$$= 31,754$$

$$= \underline{31,754}$$

This means TPGL can break-even within the first year of its operations.

TPGL

PROJECTED NET PRESENT VALUE ANALYSIS

YEAR	NET CASHFLOW GH¢	DISCOUNT FACTOR 25%	PRESENT VALUE GH¢
0	(95000)	1	(95,000)
1	105,281	0.8	84,224.8
2	41,361	0.64	26,471.04
3	49,807	0.512	<u>25,501.18</u>
NET PRESENT VALUE (+)			<u>41,197.02</u>

INCOME SURPLUS ACCOUNT FOR THE THREE YEARS

	2012 GH¢	2013 GH¢	2014 GH¢
Bal ^{b/f}	-	27,609	66,783
Profit from Trading P & L	<u>27,609</u>	<u>39,174</u>	<u>47,850</u>
TOTAL SURPLUS	<u>27,609</u>	<u>66,783</u>	<u>114,639</u>

PROFITABILITY RATIO

Return on capital employed = $\frac{\text{Net Profit}}{\text{Capital employed}} \times 100$

2012 = $\frac{27609}{122609} \times 100$

= $\frac{27609}{122609} \times 100$

= **22.5%**

2013 = $\frac{39174}{161783} \times 100$

= **24.2%**

2014 = $\frac{47850}{209639} \times 100$

= **22.8%**

Assets	Decorticator	Sack pellet scale, tarpaulin meter	Elevator screw conveyer	String remover destoner crusher	Blower oscillator cooler	Thresher hopper cone	Storage tank filler machine	Brawley differential separator	Land and building	Motor van and truck	Total cost
Cost at start	3,000	1200	450	880	610	2070	5700	360	1667	10000	12843
Addition	-	-	-	-	-	-	-	-	-	-	
Depreciation 10%	(300)	(120)	(45)	(88)	(61)	(207)	(570)	(36)	(167)	(1000)	(2594)
2012	2700	1080	405	792	549	1863	5130	324	1500	9000	10249
2013	2400	960	360	704	488	1656	4560	288	1333	8000	7655
2014	2100	840	315	616	427	1449	3990	252	1166	7000	5061

