

CHRISTIAN SERVICE UNIVERSITY COLLEGE – KUMASI

DEPARTMENT OF BUSINESS STUDIES

BACHELOR OF BUSINESS ADMINISTRATION

KWIKPLUS FINANCIAL SERVICES LIMITED

BUSINESS PLAN

BY

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KOCHIR SIGIIB JOHN

DECEMBER, 2011

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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 COURSE CSAD 443 TEAM BUSINESS PROPOSAL.

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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 source. I also declare that I have been under supervision for this Business Plan herein submitted.

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EXECUTIVE SUMMARY

KWIQPLUS FINANCIAL SERVICES LIMITED is a co-operative susu company based in Kumasi metropolis, it is a private financial institution owned by five academic and professional distinguished individuals.

The financial services our company renders include: individual loans, susu savings, solidarity group loan product, group loans to traders, welfare fund management, etc.

KFS's target markets are small scale restaurant operators, small spare parts dealers, traders but to mention a few.

Our major competitors are the St. Peters Credit Union, Standard Credit Union, Assemblies of God Credit Union and Presby Credit Union.

Our aim is to provide excellent financial solution and creation of wealth for micro-entrepreneurs, obtain a shareholders' value of at least 40%. (To obtain at least 40% return on capital employed per annum), provide loans to customers for provident or productive purposes at fair or moderate interest rates and to offer financial counseling to client with the view to improving their living standards.

Consistency has been the key word in the operational performance of which over 12 months has repeatedly improved on our financial health.

Turnover has increased by 95% and lower figures captured as operating expenses caused the business to record relatively higher profit indicating outstanding profitability.

MISSION STATEMENT

To expand the economic assets, participation and power of micro entrepreneurs by helping them access convenient and innovative financial services, knowledge and markets through honesty, teamwork, responsiveness and integrity in a socially responsible manner with the view of making sustainable returns to all stakeholders.

VISION

The vision is to improve the economic status of poor families by unleashing poverty on an individual level.

CORPORATE OBJECTIVES

1. To obtain a shareholders' value of at least 40%. (To obtain at least 40% return on capital employed per annum)
2. To provide loans to its customers for provident or productive purposes at fair or moderate interest rates.
3. To offer financial counseling to client with the view to improving their living standards.

KEYS TO SUCCESS

1. Secure inflow: contract for under net coverage of clients to boost our operation.
2. Marketing: contractual arrangements for result oriented clients or business partners.

3. Management: strong senior management with extensive, broad – based, industry-specific experience on financial services.

CORE VALUES

1. Integrity: we commit to integrating actively what we believe with what we do. We will do the right things for the right reasons, whether or not any one will know.
2. Commitment to the Poor: we focus our energy and efforts on our clients, their business needs and expectations determine the services we provide and their well-being (that is, growth, sustainability and profitability).
3. Innovation: we will seek innovative service to continuously delight and facilitate our clients banking experience.

CODE OF ETHICS

1. Maintain the highest standard of performance and professional conduct in our dealings with clients and our investors.
2. Conduct all business dealings with fairness, honesty and integrity.

Maintain that confidentiality of privileged information entrusted to us by our clients and their employees.

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1.0 ORGANISATION

Kwiqplus Financial Services Ltd. has its corporate office in Adum and two mobilization centers: one at Bantama and the other at Suame- Magazine, all in Kumasi.

1.1 BUSINESS PROFILE

Kwiqplus Financial Services Ltd. (KFS) is located at PLT No.E31/4,Adum behind Boss FM.

Address: Post Office Box KS 7202, Kumasi.

Telephone: 028 7952819, 0244 516331, 0200466911

Email: kwiqplusfs@yahoo.com

Website: www.kwiqplusfs.com

Insurers: State Insurance Company (SIC)

Bankers: Fidelity Bank, Ahodwo Branch-Kumasi

First National Savings &Loans Ltd.Adum Branch

First Allied Savings & Loans Ltd.Adum Branch

Auditors: Allotey& Associates

Solicitor: Totoe Chambers

2.0 PRODUCT IDEA AND REALISATION OF SCHEDULE

2.1 PRODUCT IDEA

The first co-operative credit union in Africa was established in September, 1955 at Jirapa in the North- West now the Upper West region of Ghana by Rev. Father John McNulty an Irish Canadian. Later in 1960, Bishop Dery of Wa formed many credit unions in all the Parishes. The Bishop gathered courage at that time and met the President Dr. Francis Kwame Nkrumah to discuss issues relating to the Credit Unions movement in Ghana. From that time on co-operative credit unions developed throughout Ghana. Following a meeting sponsored by CUMA International in Lesotho in 1968 the idea of a National Association in Ghana was conceived.

Ghana Co-operative Credit Unions (CUA) Limited was empowered to educate, promote, organize and support Credit Unions Movement nationally and internationally. We affiliates to the African Confederation of Co-operative Savings and Credit Associations (ACCOSCA) and the World Council of Credit Unions (WOCCU).

In 1994, The Progressive Women's Credit Union was established in Cape Coast managed by Monica Aidoo, whose initiative instituted a national union center with The Canadian Cooperative Association at Kasoa in the Central Region of Ghana. Co-operative credit unions, has transformed the life of many individuals. Nowadays, most poor people manage to mobilize resources to develop their enterprises and their dwellings slowly over time. Financial service institutions could enable the poor to leverage their initiative, accelerating the process of building incomes, assets and economic security. However, Conventional Financial Institutions seldom lend to serve the needs of low-income families and women- headed households. They are often denied access to credit for any purpose, making life very difficult.

It is from this backdrop that we identified business opportunity and the formation of Kwiqplus Financial Services Ltd. (KFS) a private company with registered number CA-47973. Since its establishment in January 2nd, 2011, under the company's code 1963 (Act 179). Our dream has been to distinguish our business as one of the best susu savings and credit union particularly in Kumasi metropolis and the industry in general. We plan to open three centers, the head office in Adum and two mobilization centers, one at Suame and the other at Bantama. We offer savings and loan opportunity to micro – entrepreneurs – mainly road side stall vendors and traditional banking systems. Its market niche comprises retailers and self-employed individuals. The request for a license by KFS is purported to give financial needs to people who cannot get loan from conventional banks because they lack collateral and the risk per amount lent is too high for banks to be interested.

2.2 RELISATION OF SCHEDULE

<u>ACTIVITY</u>	<u>DATE</u>
Business Idea	1 ST Oct. 2011
Planning Stage	10 th Oct- 17 th Oct
Feasibility Studies	18 th Oct- 25 th Oct
Business Planning	26 th Oct- 23 rd Nov
Financing	24 th Nov- 30 th Nov
Registration of Business	1 st Dec- 15 th Dec
Commencement /Launching	2 nd Jan 2012
Operation	2 nd January, 2012

3.0 MANAGEMENT TEAM

Kwiqplus Financial Services Ltd. is owned by the initial founders, Gloria Oppong, Peter Puni, Francis Marfo, Benjamin Appiah- Kubi and John Kochir Siquib who are the proposed five executives of the operating entity. KFS was borne out of an idea conceived and developed by these individuals, with the intent to apply their extensive experience and contacts in the industry to build a successful profitable company.

At the apex of the management structure of KFS is the Board of Directors. The Board is expected to provide general policy guidelines and necessary control for the management team. Such people are drawn from discipline such as banking, finance, accounting, law, economics and general business.

Mr. Benjamin Appiah- Kubi(Managing Director) HND, BBA (Final year student of Marketing), CIB GH

He is banking and marketing professional with background reflecting consistent career progression and achievement of objectives. Demonstrated expertise in effective relationship development and management complemented by strong inter personal skills. Breadth of general management experience and financial acumen attests to ability to fully utilize resource and affect results that are profitable to the company and beneficial to the customer.

Miss. Gloria Oppong (Customer Service/Marketing Manager) DIP. ED, HND BBA(Final year student of human resource management)

Scrutinized the correspondence of ten representatives who fielded incoming clients and responded to inquiries.

Earned special recognition from upper management for establishing standards for writing communication and a systematic approach to quality reviews a practice which previously did not exist.

Francis Marfo(Accountant), HND,BBA(Final year student of accounting), CA GH.

Designed, implemented, and managed all centralized accounting management information systems, and internal control policies and procedures.

Managed, prepared and administered operating and cash budget for each retard profit center or activity.

Monitored financial transaction in the company, record keeping, payment, receipts, cheques etc.

Peter Puni (Operation's Manager) BBA (Final year student of banking and finance)

Responsible for monitoring the duties and the operations of the workers.

To plan, lead, organize and control all resources of the company both capital, financial and human resources.

Prepare and follow quarterly/yearly budgetary projections.

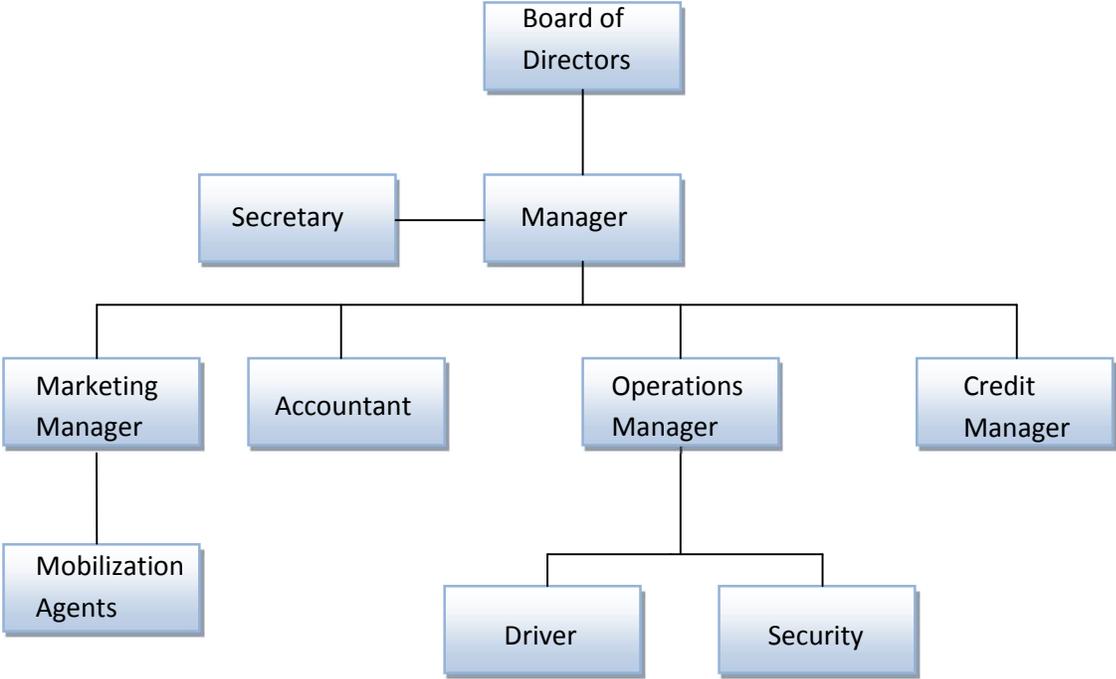
Mr. John Kochir Sigiib (Credit Manager) BBA (Final year student of accounting)

Manage promotion and sales of competent breadth of financial products and services to portfolio of 500 clients characterized by high net worth. Responsible for origination, underwriting, and closing of customer loans.

He effectively promoted visibility of KFS through planning and presentation of seminars for clients and through participation at conferences, conventions and trade shows.

In addition we shall employ a driver, secretary, security personnel and a cleaner. Minimum qualifications will be SSCE.

ORGANOGRAM



4.0 MARKETING ANALYSIS

INTRODUCTION

The co-operative credit union is dominated by many competitors in the Kumasi metropolis. Almost all of them are into the mobilizing of daily susu contributions from traders and also provide small loans to sustain their businesses, and others for expansion. Most of these companies have migrated from co-operative credit unions to microfinance companies. The very poor people and petty traders are our core clients but we will acknowledge those dealing in computer parts, spare parts at micro level and not forgetting hairdressers, masons, carpenters, etc.

KFS focuses to serve our cherished customers by improving upon our service delivery and offer innovative products to deliver value and satisfaction. To also render services better than those offered by our competitors. For achievement, we will embark on a comprehensive publicity, effective branding of KFS, improvement and standardization of premises, infrastructure, train our staff to deliver exceptional service to our clients and embark on market position strategies.

MARKETING STRATEGY

The marketing strategy of the company is based on the Product, Pricing, Place, Promotions, Personal Selling, Physical Evidence and Process.

PRODUCT

Kwiqplus Financial Services mobilizes funds from micro traders and also lend money to them at moderate interest rate.

PRODUCT OFFER BY KFS

- Susu savings
- Group loans to community traders with membership of 15-30 peop

- Solidarity group loan to small groups of 5-15 members.
- Individual loans.
- Provide training to our client on how to prepare their accounts

We are committed to providing the traders with excellent services at their convenience and at a moderate finance cost to accelerate business growth. We also deploy the talents and expertise of our professionally qualified business executives in providing unique and distinguished services to our clients,

ensuring that, our clients operate within their realistic resource. Provide ideal advice on any activity or venture the client would want to engage in.

ADDITIONAL FINANCIAL PRODUCTS

- ❖ Basic training in credit and business management skills.
- ❖ Access at a reasonable cost of households and enterprises to a broad range of financial services including savings, short term credit and local money transfers.
- ❖ Financial services for poor and low-income people and micro and small enterprises should be seen as an important and integrated competent of the financial sector.

TARGET MARKET

KFS seeks to serve the people of Kumasi metropolis and its immediate environment to meet its objectives. The target groups are as follows:

1. Chop bar operators
2. Shop/Kiosk Owners
3. Mechanics and Vulganizers
4. Petty traders
5. Carpenters, hairdressers, dressmakers, etc.

PRICING

Kwiqplus Financial Services is using the penetrating price policy as a pricing strategy in lending money to micro entrepreneurs. Penetrating price implies the charging of affordable/ lower rates than pertains in the market at the introduction stage of operation. This strategy has been adopted because the target market is very sensitive in the sense that they already have the service, but we intend reaching them with our quality, low interest rate, and ability to meet their requirements such as developing their managerial skills.

The company has decided to give out loans ranging from 4% to 6% per month for this current year. The prevailing lending rate ranges between 5% to 10%. Our interest rate will be the most affordable on the market currently.

PLACE

The business is located at Central Market in the Kumasi metropolis. It is strategically located as it is closer to the traders which relieve them of queuing long distances.

PROMOTIONS

The company will employ advertising strategies such as the use of banners, community based information centers', Private Fm Radio Stations, etc to publicize its financial products.

PERSONAL SELLING

The company's main marketing strategy is through personal interaction with traders and helping them to identify opportunities by our sales representatives who are on a salary.

PHYSICAL EVIDENCE

Our office setup and decoration shall demonstrate our office colours of white, brown and lemon green with our logo (Gye Nyame) highly pronounced to depict our service uniqueness in the market.

PROCESS

Our process of operations shall begin from where we gather petty traders; monitor their handling of money and their repayment.

CUSTOMER SERVICES

This activity involves what is done before and after the delivery of service. There will be a follow up service to require feedback as regard problems with our products and services.

We shall also organize training on customer service for both our full time and part time employees and or representatives to enable the business improve service quality to the trader.

4.1 BUSINESS SYSTEMS & OPERATIONS

Susu savings is a centuries – old banking system that offers savings and loan opportunities to micro-entrepreneurs-mainly road side stall vendors and market traders that do not have access to traditional banking systems. Typically, co-operative susu collectors visit their clients and collect

monies after the work day, while some clients walk in to make their daily contributions and after a period, which is usually 31 days, the company returns 30 days of savings to the client, keeping a day's contribution as fee income. Peer pressure is very effective at getting people to repay loans. Each woman is responsible for the debt of all other women if they cannot pay. Additionally, the women receive their loans in sequence. First, two will receive a loan and then if they pay back successfully for two months the next two women may receive loans (most groups will have 5-10 women or more). Clients are repeated borrowers as they continue to grow their business. A beneficiary cannot get a second loan if he/she performs poorly on the first.

4.2 ENVIRONMENTAL ANALYSIS

Political

Ghana has enjoyed political stability for the past two decades which has created sound political environment and regulatory factors for businesses to flourish. The government has introduced incentive packages in the form of tax rebate for micro financing institutions. This may enable KFS to maximize profit. However, there is no law to protect money given as loans and also how much interest rate to operate with. Financial services like ours are non-partisan but at times play political game. KFS will remain neutral.

Economic

Ghana's economy has moved to a single inflationary rate (8.56% as at October, 2011) indicating our migration into a middle income status. When inflation rate is low and interest rate is also low businesses do better with availability of facilities and this creates an opportunity to have more clients. The government has introduced youth employment but the level of unemployment is still

high and this compels the majority of people to look for other means to create their own business in a micro level/way.

Social

The social aspect of the external environment focuses on the constraints that society as a whole places on correct or acceptable behaviour. KFS will guide the activities of customers to use loan judiciously, so to deter them from peer pressure and bad counsel that could ruin their businesses entirely. Our co-operative susu operation will scrutinize people thoroughly and apply due diligence in our operations

Technological

Technological change is evident in several areas. KFS will take advantage of advanced computers, electronic mails, etc; plan our jobs as well as hiring technical experts to handle our software and hardware. This will in short term increase our cost of running the financial service company, but has long term benefits in terms of controls and customer service.

MAIN COMPETITORS

Recently, there are many finance service institutions such as St. Peter's Credit Union, Assemblies of God Credit Union, Ebenezer Credit Union, Presby Credit Union, Goodness Financial Services, etc. However, these companies' charges higher interest rates with collateral from big and well established businesses within the metropolis and neglect resellers of farmers' produce, bread bakers', weaver of mats, etc. KFS provides microcredit to enable people to work their way out of poverty. Though interest may be small but cumulatively is very huge. We take pride to overtake our competitors by reaching many clients with professional assistance that will enhance growth and expansion for them to be loyal and have confidence in our company.

SWOT ANALYSIS

The fig.1 table shows the internal and external factors affecting the market opportunities for the company. This SWOT analysis also shows KFS's internal strengths such as their experienced management team, a competitive service line, a national marketing realm, and the continuous efforts by their research and development to research trends in the industry and to be creative in exploiting those trends. Some possible opportunities noted in the SWOT analysis are the growing markets for specialized finance services. Another opportunity which is 'convenience' is becoming ever more important to Ghanaians (especially small business entities at a small finance charge). Although the Company has much strength, a few weaknesses lie in the fact that the company is relatively new compared with others and could possibly be overshadowed by these so called giants or have internal conflict problems. A few of the threats the company must stay aware of are the ease of replication of its -services, the almost pure competition in pricing for its products, and the quickness of technological advances causing existing financing to be no longer the most advanced.

INTERNAL FACTORS

STRENGTHS

- Management - Experienced, broad base of interests and knowledge in susu business
- Financial - Currently there is good financial position
- Labour - Skilled workforce requires little or no training

WEAKNESSES

- Management - Misunderstanding between equity owners about the business

Financial - Customer refuse to pay back loans creating huge debt

Labour - Retention of labour based on study leave

EXTERNAL FACTORS

OPPORTUNITIES

Consumer/Social - Wide market with a convenient products and growing market for specialized financing

Competitive - Distinctive name, unique service with regards to its markets

Technological - Internet promotion such as banner ads and keywords can increase revenue, and more computerized documentation and referencing processes can increase efficiency

Economic - Potential consumers tend to demand loans with convenience in repayment for expansion

Legal/Regulatory - Bank of Ghana restrict banks to operate suss cooperative credit unions

THREATS

Consumer/Social - Miscalculation of figures by field susu collectors. They collect much and record less.

Competitive - Our competitors providing the same services at moderate fee than

ours. Conventional banks that operate susu, micro finance and savings and loans, etc.

- Technological - Computer breakdowns, viruses and hackers can reduce efficiency, and must constantly update products or other competitors will be more advanced.
- Economic - Increasing interest rate (increasing borrowing repayment, etc).
- Legal /Regulatory - Large and increasing competition due to new entrants in to the unregulated market.

4.3 MARKET SEGMENTATION

KFS does not expect to monopolize the industry and for that matter take into consideration to segment four categories that is demographic, psychographic, geographic and behavioural segmentations.

GEOGRAPHICAL SEGMENTATION

Kwiqplus Financial Service Ltd. has identified market segment such as Adum, Central market, Kejetia, Bantama, Alabar and Suame Magazine, all in the metropolis as well as Ejisu and Offinso Towns.

DEMOGRAPHIC SEGMENTATION

Our service is centered in areas such as age, gender, income generation, education, marital status, social class, occupation, etc.

KFS operate with people earning lower income in society who are convicted to work towards a better living standard.

We also place more emphasis on women empowerment to move out of poverty and supporting household economic welfare.

Generally we are committed to provide microcredit to microenterprises as working capital to help meet life emergencies as well as everyday needs, insurance to reduce vulnerability and a safe place to deposit savings. All at a moderate fee charge.

PSYCHOGRAPHIC SEGMENTATION

This has to do with lifestyle, activities, interests, values, opinions, perceptions, attitudes, personality. Priority will be given to people with good moral character, not extravagant in nature and attitude. Hardworking individuals who are capable to turn small money around in viable business or trade and very determined in achieving result.

BEHAVIOURAL SEGMENTATION

Looks to usage, benefits sought, brand loyalty, price sensitivity, occasions and readiness to buy are behavior of our cherished and potential customers. KFS will be more impactful to better differentiate our company from competition. Customers easily switch, client loyalty is on the low side. Customers therefore go about seeking information to do business that can satisfy them better. We shall sit up to continuously develop our staff to provide quality and professional customer service, offer innovative product that will help us to attract, maintain and do business with them as we offer attractive rates.

4.5 MARKETING MIX

PRODUCT STRATEGY

New Products

- Funds transfer
- Remittances
- Collecting utilities bills
- Fund management, welfare fund management.
- Finance local purchase orders.
- The existing products are susu collection and advances and accounts preparation training for clients

PRICING STRATEGY

The company shall maintain a competitive and flexible borrowing and lending rates. Currently our lending rate ranges from 4– 6% per month.

DISTRIBUTION STRATEGY

Provide retail service within our catchment areas and beyond the business center of Adum.

PROMOTION STRATEGY

- ✓ Radio has been selected as the primary means of advertising because, it is relatively inexpensive compared to newspaper and especially television sets. KFS chooses radio because it represents an opportunity to reach an audience even, while many are working outdoors, travelling etc.
- ✓ Phone prospective customers appreciate our visit to them at their place of business or residence to sell our services or products.
- ✓ Advertise through brochures, car stickers, flyers and other paraphernalia of the company.
- ✓ Branding by maintaining standard physical appearance in all centers.

5.0 FINANCIAL ANALYSIS

5.1 ASSUMPTIONS AND RISK ANALYSIS

The company is exposed to the following risk.

LOAN DEFAULTERS

Individuals mostly misappropriate the loan into unproductive venture which they end up squandering the money and creating problem for the group but consistently shift on the company.

HUMAN RISK ANALYSIS

Human risk factor is anticipated in analyzing risks as resignations, death, absenteeism and strikes could negatively affect normal functioning of every business. For instance, resignation or probably death of a founder or a major shareholder could seriously affect the business even to the point of collapse. Kwiqplus Financial Services Ltd will therefore underwrite life assurance policies for all managers of the entity in order to mitigate some of these problems likely to occur.

ABSENTEEISM

Staff could feign sickness and therefore absent themselves from duty thereby affecting the productivity of the organization. Management will create peaceful and cordial relationship among workers of the company. The marketing/customer service manager will be tasked to keep every good relationship with major clients to prevent liability suits.

ECONOMIC RISK

In an environment that the business is operating, especially a developing country such as Ghana, instability of the currency, exchange rates in Dollars, Pounds sterling etc, inflation of goods and services, are to be anticipated to position the company well in order not to be over taken by events. The company will therefore join up membership in influential associations in Ghana industries to help marshal forces to pressurize the government of the day to reverse any anti-business policies of government with the sole aim of boosting the company's revenue base.

POLITICAL RISK

Aligning the company to one political party and to the extent of showing symbols of a particular party is a major risk for our company to practice. The operations of the company could be affected when the party it sported is out of power.

Therefore, KFS intends to stay neutral without dabbling in politics so as to provide the best services to our clients. The company's services shall also go a long way to complement the effort of government in the industry.

PROPERTY LOSS RISK

The company faces the risk of damage and theft. The office premises can be gutted by fire or experience structural damages. The staff members will be taken through safety training and how to use all the equipment to prevent injuries. They will be advised to take good care of themselves as a loss prevention measure. Fire extinguishers will be installed at vantage points and staff trained on how to use them when there is fire outbreak as a loss reduction measure. Smoke detectors will also be installed at high risk areas in the building. Fire and property loss insurance will be taken with State Insurance Company, Kumasi branch. This assurance has guaranteed our

business to invest into the future in order to achieve our objectives and overcome our competitors.

LOSS EXPOSURES

The company faces potential legal liability losses as a result of our relationship with our clients, employee and owners of premises settlements, judgment and legal cost associated with liability suits can also damage the reputation of the firm, the required expenditure to minimize the costs of the damage is also expensive.

REDUCING THE LEVEL OF RISK

1. Risk management methods: The managing director will be tasked to keep very good relationship with the clients to prevent liability suits.
2. Internal risk retention method: the company will organize educational events as a diversification measure in addition to the existing products.
3. Use delinquency management to better understand and manage loan delinquency and default.
4. Use individual lending, to begin to develop cash flow based individual lending products using industry tested methods.
5. Use customer service to analyze where our service levels are falling short and to develop a strategy for rapid improvements.
6. Use risk analysis to design operational risk management mechanisms into our company.

KWIQPLUS FINANCIAL SERVICES LIMITED

5.2 PROJECTED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE YEARS ENDING DEC. 2014

	Note	2012	2013	2014
		GHC	GHC	GHC
Interest Income		16,470.34	30,625.89	50,614.37
Interest Expense		<u>(2,313.44)</u>	<u>(2,895.17)</u>	<u>(3,908.48)</u>
Net Interest Income		14,156.90	27,730.72	46,705.89
Commissions and Fees		18,555.20	30,631.30	46,083.82
Other Operating Income		-	<u>3,286.74</u>	<u>4,601.44</u>
Operating Income		32,712.10	61,648.76	97,391.15
Operating Expenses		(13,054.76)	(24,312.11)	(32,821.35)
Provision for Bad and Doubtful Debt		(4,126.50)	(5,437.54)	(9,614.80)
Net operating profit		<u>17,181.26</u>	<u>29,749.65</u>	<u>42,436.16</u>

KWIQPLUS FINANCIAL SERVICES LIMITED

5.4 PROJECT CASH FLOW STATEMENT

	GH¢ 2012	GH¢ 2013	GH¢ 2014
<u>Cash in Inflow</u>			
Stated Capital	56,000	56000	56000
Total Deposits	32,331.20	95,35599	135,328.52
Debenture	7000	10,500	14,000
Commissions and Fees	18,555.20	30,631.30	46,083.82
Interest Income	16,470.34	30,625.89	50,614.37
Borrowing and Overdraft	1933.90	405.05	26,683.22
	<u>132,290.64</u>	<u>223,518.23</u>	<u>328,709.93</u>
<u>Cash Outflow</u>			
Operating Expenses	6798.76	18056.11	26565.60
Interest Expenses	2313.44	2895.17	3908.48
Property, plant and equipment	46111	40355	34099
Investment	-	12000	13200
Loans and Advances	41265.10	54,375.37	96,148.00
	<u>96488.30</u>	<u>127,681.65</u>	<u>173,921.08</u>
Net Cash Inflow	35,802.34	95836.58	154,788.85
		35,802.34	131,638.92
Balance as at Dec. 31	35,802.34	131,638.92	286,427.77

KWIQPLUS FINANCIAL SERVICES LIMITED

5.5 PROJECTED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	2012	2013	2014
Non-Current Assets		GH¢	GH¢	GH¢
Property Plant & Equipment		46,111.00	40,355.00	34,099.00
Investment		-	12,000.00	13,200.00
Total Non – Current Assets		46,111.00	52,355.00	47,299.00
Current Assets				
Loan /Advances		41,265.10	54,375.37	96,148.00
Cash and Cash Equivalent		25,136.36	58,875.27	78,317.67
Government Security		-	26,000.00	26,000.00
Total Current Assets		<u>66,401.46</u>	<u>13,925.64</u>	<u>20,046.67</u>
Total Assets		<u>112,512.46</u>	<u>191,605.64</u>	<u>247,764.64</u>
Liabilities and Shareholder Fund				
Current Liabilities				
Deposit and Current A/C		32,331.20	95,355.99	135,328.52
Non-Current Liabilities				
Debenture		<u>7,000.00</u>	<u>10,500.00</u>	<u>14,000.00</u>
Total Liabilities		<u>39, 331.20</u>	<u>105,855.99</u>	<u>149,328.52</u>
Shareholders Fund				
Stated Capital		56,000.00	56,000	56,000
Income Surplus		17,181.26	29,749.65	42,436.15
Total Shareholders Fund		<u>73,181.26</u>	<u>85,749.65</u>	<u>98,436.15</u>
Total Liabilities & S.H Fund		<u>112,512.46</u>	<u>191,605.64</u>	<u>247,764.64</u>

APPENDIX

COMPETITIVE EDGE

KFS competitive edge rests with its proximity to its target markets, as well as the industry knowledge, reputation and contacts of its management team. Their years of direct experience have led them to identify this unique opportunity and put together the technology and resources to take advantage of it. Their reputation in the specific market segment will result in the achievement of long-term commitments for our service.

ACTUAL AND POTENTIAL MARKET SIZE AND TREND

Due to government policies to achieve middle income status and women's empowerment campaigns, demand for small loans has drastically increased because individuals want to establish their businesses as a means of improving upon their way of life as compared with other people globally. According to an annual report distributed by the world bank, co-operative credit unions that deliver financial services to the poor, who are continuously ignored by the formal banking sector has enable the very poor households meet basic needs and protect against risks. It has also improved household economic welfare through the support of women's economic participation which promotes gender equality.

COMPETITIVE STRATEGY

- Improve service quality through training of our staff.

- To maintain KFS brand through signage's, hand bills etc.

- To provide loans to our customers for provident or productive purposes at fair but competitive interest rates.

MARKETING STRATEGY

The company has chosen to focus on susu and micro finance. Because of the industry experience and expertise of the management, we have identified a significant available market in the Kumasi metropolis. All of our initial marketing strategy will be to secure contracts in that segment, and after reaching full planned capacity, look to grow in concert with that segment and related markets. We see little need at present for further market research and development, and will focus on continually updating our service technology in an effort to remain in the fore front of our chosen market place.

SALES STRATEGY

Because of the unique extensive experience and reputation of our management in the company's chosen industry segment, we are able to identify the entire potential customer for each of the service we render.

To meet our objective, we will use a number of sales agents or susu collectors well known to the founders from business transactions over the years. All of these seasoned personnel have a customer base of their own, having developed successful relationships with their clientele over the years.

PERSONNEL

- ❖ Recruitment of a marketing Executive who shall see to the implementation of the marketing plan.

Promote a monthly reporting system that will provide feedback on the improvement achieves in our marketing activities.

- ❖ Strengthening of the marketing officers to enhance their potentials.

PROJECTED INCOME SURPLUS

	2012	2013	2014
	GH¢	GH¢	GH¢
Balance at 1 st January	0	17,181.26	46,930.91
Net Profit for the year	<u>17,181.26</u>	<u>29,749.65</u>	<u>42,436.15</u>
Balance at 31 st December	<u>17,181.26</u>	<u>46,930.91</u>	<u>89,367.06</u>

KWIQPLUS FINANCIAL SERVICES LIMITED

PROJECTED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDING 31ST DECEMBER 2014

	2012	2013	2014
	GH¢	GH¢	GH¢
Bal at Jan 1	0.00	73,181.26	102,930.91
Profit for the Year	73,181.26	29,749.65	42,436.15
Issuer of shares	56,000.00	0.00	0.00
Reserves	0.00	0.00	0.00
Bal as at Dec 31	73,181.26	102,930.91	145,367.06

NOTES TO THE FINANCIAL STATEMENTS

Accounting Policies

i. Basis of accounting

The finance service prepares its financial statements under the historical cost convention.

ii. Fee income

Loan fees are created to income as and when payments are affected.

iii. Investments

Investments are included in the financial position at cost less unearned interest.

iv. Provision for bad and doubtful debts

Provision for bad and doubtful debts is made having regard to both specific and general risks. The specific element of the provision relates to those loans that have been individually reviewed and identified as bad or doubtful. The general element of the provision relates to those existing loans that, although not specifically identified, are known from experience management takes into

consideration factor including but not limited to domestic or internal conditions of the loan portfolio and prior bad debts experience.

Provision made during the year is charged as separate amount in the income statement as GH¢ 500.00, and a yearly increase by GH¢ 200.00.

v. Depreciation

Depreciation on the fixed assets is provided on the straight-line basis at the rates calculated to write-off the cost of fixed assets over its expected useful life.

The annual rates generally in use are:

Building & Money Box	10%
Equipment & Refrigerator	20%
Computers	15%
Furniture & Fittings	15%
Motor Vehicle	20%

ASSESSMENT FOR 2012 (CAPITAL ALLOWANCE)

	WDV B/F	Addition	Total	Rate	DEPR	WDV C/F
	GH¢	GH¢	GH¢	%	GH¢	GH¢
Class 1 Pool	2,500.00	-	2,500.00	40	1,000.00	1,500.00
Class 2 Pool	1,500.00	-	1,500.00	30	450.00	1,050.00
Class 4 Pool	12,667.00	-	12,667.00	20	2,533.40	10,133.60
Class 5 Pool	<u>36,200.00</u>	-	<u>36,200.00</u>	<u>10</u>	<u>3,620.00</u>	<u>32,580.00</u>
	<u>52,867.00</u>		<u>52,867.00</u>		<u>7,603.40</u>	<u>45,263.60</u>

ASSESSMENT FOR 2013 (CAPITAL ALLOWANCE)

	WDV B/F	Addition	Total	Rate	DEPR	WDV C/F
	GH¢	GH¢	GH¢	%	GH¢	GH¢
Class 1 Pool	1,500.00	-	1,500.00	40	600.00	900.00
Class 2 Pool	1,050.00	-	1,050.00	30	315.00	735.00
Class 4 Pool	10,133.60	-	10,133.60	20	2,026.72	8,106.88
Class 5 Pool	<u>32,580.00</u>		<u>32,580.00</u>	<u>10</u>	<u>3,258.00</u>	<u>29,322.00</u>
	<u>45,263.60</u>		<u>45,263.60</u>		<u>6,199.72</u>	<u>39,063.88</u>

ASSESSMENT FOR 2014 (CAPITAL ALLOWANCE)

	WDV B/F	Addition	Total	Rate	DEPR	WDV C/F
	GH¢	GH¢	GH¢	%	GH¢	GH¢
Class 1 Pool	900.00	-	900.00	40	360.00	540.00
Class 2 Pool	735.00	-	735.00	30	220.50	514.50
Class 4 Pool	8,106.88	-	8,106.88	20	1,621.38	6,485.50
Class 5 Pool	29,322.00	-	29,322.00	10	2,932.20	26,389.80
	<u>39,063.88</u>		<u>39,063.88</u>		<u>5,134.08</u>	<u>33,929.80</u>

OPERATING EXPENSES

	<u>2012</u>	<u>2013</u>	<u>2014</u>
	GH¢	GH¢	GH¢
DIRECT EXPENSES			
COT	36.00	39.49	54.20
INTEREST PAYABLE TO BANKS	<u>2,277.44</u>	<u>2,855.68</u>	<u>3,152.16</u>
	<u>2,313.00</u>	<u>2,895.17</u>	<u>3,206.16</u>
GENERAL & ADM. EXPENSES			
AUDITORS REMUNERATION	300.00	500.00	700.00
INTERNET & COMMUNICATION	106.00	367.00	501.00
INSURANCE	99.24	192.00	240.00
SALARY & WAGES	4,600.00	12,000.00	17,000.00
SOCIAL SECURITY CONTRIBUTION (SSNIT)	598.00	910.00	1,066.00
FUEL	111.00	1,560.00	2,210.00
TRAVELLING EXPENSES	100.00	206.90	509.35
REGISTRAR GEN. DEPT. FEE	300.00	350.00	400.00
ELECTRICITY & WATER	148.66	342.70	525.75

MAINTENANCE	100.00	134.00	473.00
PRINTING & STATIONERY	135.10	1,093.51	2,440.50
LEGAL & PROFESSIONAL	300.00	400.00	500.00
DEPRECIATION	<u>6,256.00</u>	<u>6,256.00</u>	<u>6,256.00</u>
TOTAL	<u>13,054.76</u>	<u>24,312.11</u>	<u>32,821.60</u>

NOTE (3) PROPERTY PLANT & EQUIPMENT

	2012			2013			2014		
	Cost	DEPN	NBV	Bal.	DEPN	NBV	Bal.	DEPN	NBV
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Building	36,200.00	3,620	32,580	32,580	3,620	28,960	28,960	3,620	25,340
Office Furniture	4,447.00	667	3,780	3,780	667	3,113	3,113	667	2,446
Money Box	3,500.00	350	3,150	3,150	350	2,800	2,800	350	2,450
Office Equipment	4,720.00	944	3,776	3,776	944	2,832	2,832	944	1,888
Motor Vehicle	1,500.00	300	1,200	1,200	300	900	900	300	600
Computers & Assessors	1,000.00	150	850	850	150	700	700	150	550
Refrigerator	<u>1,500.00</u>	<u>225</u>	<u>1,275</u>	<u>1,275</u>	<u>225</u>	<u>1,050</u>	<u>1,050</u>	<u>225</u>	<u>825</u>
TOTAL	<u>52,867.00</u>	<u>6,256</u>	<u>46,611</u>	<u>46,611</u>	<u>6,256</u>	<u>40,355</u>	<u>40,355</u>	<u>6,256</u>	<u>34,099</u>

NOTE (5) STATED CAPITAL

	2012	2013	2014
	Number	Number	Number
Authorized Ordinary Shares of No Par Value	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>
Issued Ordinary Shares of no par value	<u>56,000</u>	<u>56,000</u>	<u>56,000</u>
	GH¢	GH¢	GH¢
Proceeds of Issued for Cash	<u>56,000.00</u>	<u>56,000.00</u>	<u>56,000.00</u>

$$\text{Price per share} = \frac{\text{¢}56,000}{56,000} = \text{GH¢}1.00 \text{ per share}$$

APPRAISAL

1. The Net present value, Discount Payback period and the Break-even point has been used to appraise the projects or investment.
2. The exchange rate of the dollar is 1.6
5 member × \$7,000 = \$35,000 @ 1.6 = GH¢56,000.00
3. The cost of capital of 18% has been used

4. TOTAL COST		GH¢
Direct Expenses	2,313.00	
Administrative Expenses	13,965.00	
Property plant & equipment	<u>52,867.00</u>	
	<u>69,145.00</u>	
5. FIXED COST		GH¢
Property, Plant & Equipment	52,867.00	
Social Security Contribution	87.56	
Salaries & Wages	7,040.20	
Insurance	400.00	
Electricity & Water	197.25	
Internet & Communication	106.00	
Auditor Remuneration	300.00	
Legal & Profession fees	<u>500.00</u>	
	<u>61,498.01</u>	

VARIABLE COST	GH¢
COT	36.00
Interest on loans	2,277.44
Stationery and Printing	635.10
Fuel& Lubricants	211.80
Maintenance	<u>164.70</u>
Total	<u>3,325.04</u>

6. CONTRIBUTION

Total Revenue	35,025.54
Variable / Marginal Cost	<u>(3,325.04)</u>
	<u>31,700.50</u>

Motor Vehicle: Nissan – Mini Buss

Office Furniture: Desk & Shares, Drawers

Office Equipment: Refrigerator, Television Set, Ceiling Fans

Computers & Accessories: Computer Set

Ratios Analysis

1. Profitability ratio

	2012	2013	2014
a. $ROCE = \frac{NP \text{ before Tax} * 100}{C E}$	$\frac{17,181.26}{73,181.26} \times 100$	$\frac{29,749.65}{85,749.65} \times 100$	$\frac{42,436.15}{98,346.15} \times 100$
	23.5%	34.7%	43%

	<u>2012</u>	<u>2013</u>	<u>2014</u>
2. Liquidity ratio			
b. Current ratio =			
<u>Current assets</u>	<u>66,401.46</u>	<u>139,250.24</u>	<u>200,465.67</u>
Current liabilities	39331.20	105855.99	149,328.52
	1.7 times	1.3 times	1.3 times

This ratio measures a company's ability to meet its financial obligations as they fall due