

CHRISTIAN SERVICE UNIVERSITY COLLEGE-KUMASI

DEPARTMENT OF BUSINESS STUDIES

BACHELOR OF BUSINESS ADMINISTRATION

JAMARK CAB SERVICE

BUSINESS PLAN



NAMES

INDEX NUMBERS

ANKOMA- ABROKWA KWAKU

10124105

NTI, AUDREY HELARIA

10124190

AGYEI, JACQUELINE

10124091

DUAH, RITA

10124158

OPPONG, MATILDA AMPONSAH

10124208

CHRISTIAN SERVICE UNIVERSITY COLLEGE

DEPARTMENT OF BUSINESS STUDIES

BACHELOR OF BUSINESS ADMINISTRATION

JAMARK CAB SERVICE

BUSINESS PLAN

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

CSAD 443 TEAM BUSINESS PROPOSAL

BY

NAMES	INDEX NUMBERS
ANKOMA- ABROKWA KWAKU	10124105
NTI, AUDREY HELARIA	10124190
AGYEI, JACQUELINE	10124091
DUAH, RITA	10124158
OPPONG, MATILDA AMPONSAH	10124208

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

NAMES	SIGNATURE	DATE
--------------	------------------	-------------

Ankoma Abrokwa Kwaku
----------------------	-------	-------

Nti Audrey Helaria
--------------------	-------	-------

Agyei Jacqueline
------------------	-------	-------

Duah Rita
-----------	-------	-------

Opong Matilda Amponsah
------------------------	-------	-------

Certified by		
.....

(Supervisor)	Signature	Date
--------------	-----------	------

Certified by:		
.....

(Head of Business Studies Department)	Signature	Date
---------------------------------------	-----------	------

EXECUTIVE SUMMARY

Jamark Cab Service will be a partnership business which will consist of five partners providing commercial and shuttle services to our passengers. The purpose of this plan is to secure funding from a financial institution to add up to our working capital. It is our objective to serve a repeated clientele who demand and can afford reliable, secure service from our drivers who have detailed knowledge of the area and to consistently provide our customers with comfortable, secured and reliable cab service at affordable prices.

Jamark Cab Services with the motto being, "Your Safety Is Our Concern" will be a small business with 23 employees consisting of the Advisory Board, the General Manager, the Finance and Accounts Manager and the Operations Manager, drivers, security personnel. It will be located at Santasi- Anyinam in Kumasi. It will have GPS tracking device systems, five computers, ceiling fans, telephone as its facilities. Not only do we intend to provide commercial services but also hiring services within the Ashanti Region. We will have employees who are highly skilled in the field of driving and are also good in interpersonal relationship.

Jamark Cab company is yet to be registered since a proposal has now been sent to the Registrar General's department awaiting approval for the commencement of the business and it seeks to target those with average and above average income earners as well as university students. The size of our market will be about 20% of the population in the Ashanti Region. Ashanti Region has a population of 4,723,569.045, according to www.myjoyonline.com as at 17th September

2011; we seek to target 944,713.809 and wish to have about 10.7% growth annually in revenue, with our competitors being commercial taxi drivers in Kumasi. We seek to make a profit of GH¢1651.50 in the first year, GH¢2253.75 profit in the second year and in the third year GH¢7281.75. It is the intention of the business to render a car hiring service, build a petrol reservoir, have an in- built car maintenance unit, and allow people to buy cars and pay in installment. We also wish to draw up a comprehensive training and development program for our employees, expand into other towns and regions and purchase more cars in five years to come. Due to our financial constraints, the company plans to outsource mechanics to ensure the maintenance of our cars and Information Technology Personnel when we are confronted with any problem with our tracking devices.

The total capital requirement to launch Jamark cab services is GH¢155000 of which the partners contribution will be GH¢31000 which is 20% of the total amount needed. Each partner's contribution will be GH¢6200. The remaining 80% which is GH¢124000 will be solicited from a financial institution to add up to our working capital which will be needed in March, 2012 to help with the commencement of the business in September, 2012.

VISION STATEMENT

Three years from now, Jamark Cab Services will be the leading cab service provider in Ashanti Region where we will be noted for quality and security of service provided and for the good of the society.

MISSION STATEMENT

To provide a boarded taxi service in Kumasi and its environs where people are safe and secured, ensuring the satisfaction of employees and maintaining good customer relations.

CORE VALUES

- Integrity
- Hard work
- Commitment
- Mutual support

CORPORATE OBJECTIVES

- To establish a business and make profit.
- To increase sales by 10.7% each year
- To serve a repeated clientele who demand and can afford reliable, secure service from our drivers who have detailed knowledge of the area and to consistently provide our

customers with comfortable, secured and reliable cab service at affordable prices.

- Remaining a unique cab service business in the Ashanti Region.

TABLE OF CONTENT

PAGE

I.	Cover Page	i
II.	Title Page	ii
III.	Executive Summary	iii
IV.	Table of Content	IV
1.0	Organisation	1
2.0	Product Idea and Realisation of Schedule	5
3.0	Management Team	7
4.0	Marketing Analysis	11
4.1	Business System and Operations	11
4.2	Environmental Analysis	12
4.2.1	Competiton	13
4.2.2	SWOT Analysis	14
4.3	Market Segmentation	15
4.4	Target Market	15
4.4.1	Potential Market	16
4.5	Marketing Mix	16
4.5.1	Pricing	16
4.5.2	Place/ Distribution	16
4.5.3	Promotion	16
4.5.4	Product / Service	17
4.5.5	People	17

4.5.6	Physical Evidence	17
5.0	Financial Analysis	19
5.1	Assumptions and Risk Analysis	20
5.2	Projected Income Statement	21
5.3	Break even Analysis	22
5.4	Projected Cash Flow Statement	23
5.5	Projected Balance Sheet	24

1.0 ORGANISATION

Jamark cab service will be sited in Santasi- Anyinam. It will be a small business and will be equally-owned by five partners. Financing will come from the partners' and a five year business loan. This initiative came as a result of the increasing and alarming rate in kidnapping, rape, serial killing, armed robbery and the like as a result of people boarding taxis. We being concerned about the safety and security of Ghanaians, Ashanti Region to be precise have decided to establish a commercial taxi company as alternative provision which will ensure the security and safety of our customers and their belongings when they board any of our cars. Annual revenue of Jamark is estimated at GH ₵252,729 for the first year, GH₵278,014 for the second year and GH₵304,739.00 for the third year. We, as calculated risk bearers, have a vested stake and financial commitment in the success of this business. The partners will provide funding from their own saving which will cover start-up expenses and provide a financial cushion to support the first year of operation. A five year loan will cover the rest of the required financing.

As partners, we will combine our experiences to enhance performance. The partners have qualifications in Marketing, Accounting and Human Resource Management from Christian Service University College (CSUC) and our educational and technical background will give us great skills to manage the operation of the business. Our skills in business communication and human resource management will enable us to deal with our clients effectively. After conducting feasibility studies and thorough research in Ashanti Region, we realized that we can take advantage of the insecurity associated with boarding taxis and exploit it commercially. Interview with some passengers (about two hundred) who board taxi revealed that they needed someone who could provide them with secured taxi services since they are sometimes attacked by armed

robbers and do not get back their belongings when they forgetfully leave them in the taxis. As a service provider, the business will focus on advertisements and promotions through bill boards and the electronic and print media (e.g. Angel FM, Love FM, popular newspapers).

Business Ownership and Qualifications

Jamark Cab Service is equally owned by five partners. The owners are;

Miss Rita Duah:	BBA Accounting
Miss Helaria Audrey Nti:	BBA Marketing
Mr. Kwaku Ankoma Abrokwa :	BBA Human Resource
Miss Jacqueline Agyei:	BBA Accounting
Miss Matilda Oppong Amponsah:	BBA Banking and Finance

Company Name

“JAMARK CAB SERVICE” IS THE ACRONYM OF THE FIVE NAMES OF THE PARTNERS- JACQUELINE, AUDREY, MATILDA, RITA, AND KWAKU.

1.2 DESCRIPTION OF BUSINESS

Jamark Cab service as a new business wishes to provide secured and quality cab services to its passengers. For the first three years of operation, three of the partners will be working in various capacities as managers of the company with the other two serving on the board. It intends to begin operations in September, 2012 but all the necessary documentations such as the articles of association and the proposed memorandum according to the provisions in the Company’s Code,1963 (Act 179) have been filed at the office of the Registrar of Companies. The

management of Jamark Cab Service has filed and submitted a form from their department with all the necessary information since it has decided to register the business name under the Registration of Business Names 1962 (Act 151). The registration process is expected to be completed in April, 2012.

The company intends to use new and improved technological tools such as tracking devices and highly functional programmed software embedded in our computers. It seeks to target about 20% of the average and above average income earners as well as students who board taxis in Ashanti Region with about 30% growth rate in the customer base each year. Ashanti Region has a population of 4723569.045 which is about 19.5% of Ghana's population (24,223,431) according to the Population Census 2010 conducted by the Ghana Statistical Service posted on Friday 4 February 2011- 09:10 by Mohammed Murtala Bako, and we seek to target about 20% of our segmented market.

1.3 OBJECTIVES

- To serve a repeated clientele who demand and can afford reliable, secure service from our drivers who have detailed knowledge of the area and to consistently provide our customers with a comfortable, secured and reliable cab service at affordable prices.
- Expanding our marketing and advertising skills to increase our customer base.
- Remaining a unique cab service business in Ashanti Region

Location

The company will be sited at Santasi- Anyinam in the same building with Revival Life Outreach Church. The office space is leased for a 10 year period and has a parking space where our cars will be parked. Santasi-Anyinam has been chosen as the best site since it is a traffic free area.

Business Address

JAMARK CAB SERVICE

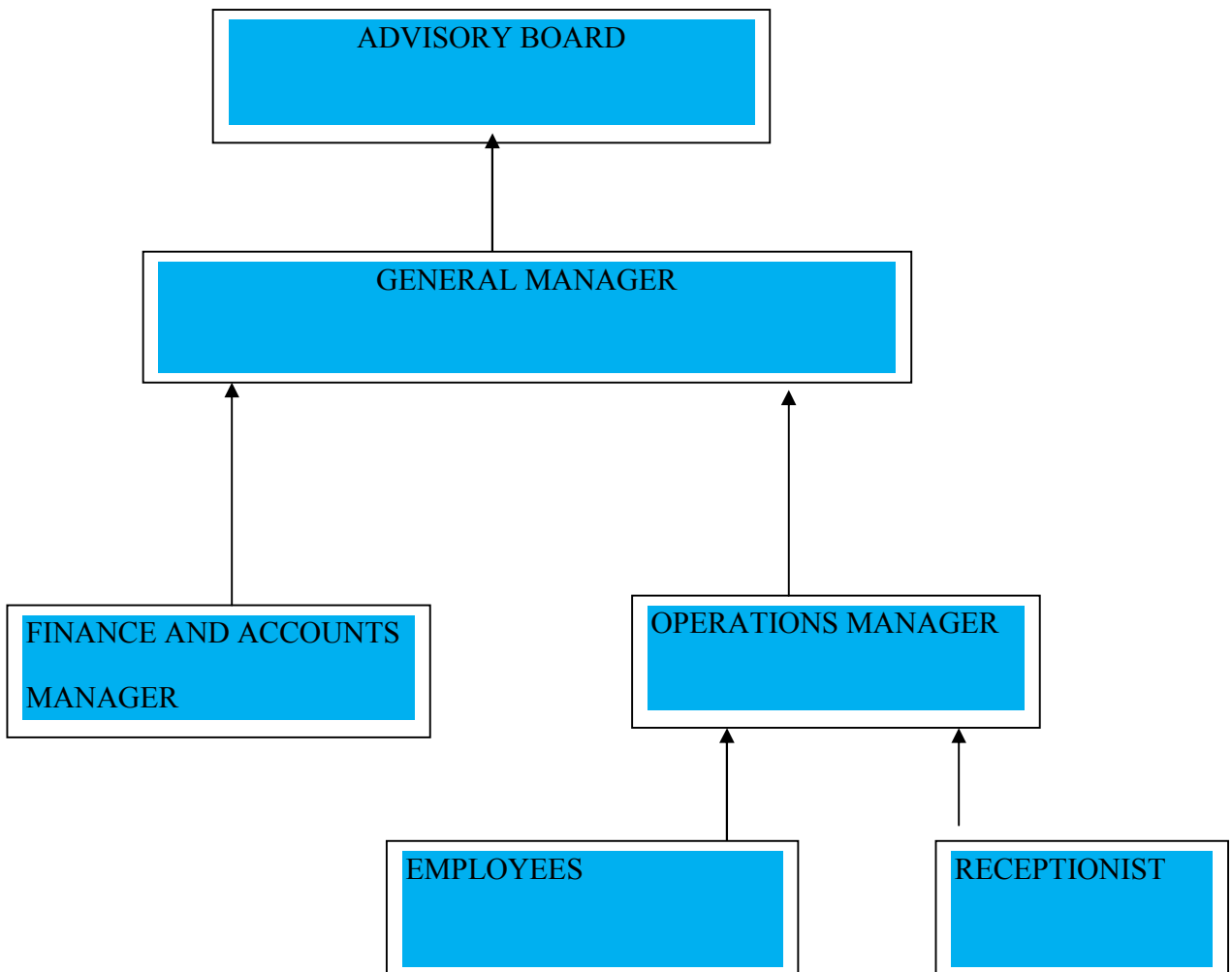
P. O BOX KS 7011

Adum- Kumasi.

Tel No: 03220-68006 / 0243680064

E-Mail: Jamacab @yahoo.com

1.4 Organogram of Jamark



2.0 PRODUCT IDEA AND REALISATION OF SCHEDULE

Jamark Cab Service will deal in providing commercial taxi services to passengers in the Ashanti Region. We will create provision for busy parents who would want us to take their wards to and from school each day. This in one way or the other will ensure the safety of their kids.

Our system will be well designed in such a way that it will become possible to track all movement of our cars and their location serving as a security measure. It will also indicate to us if the drivers go beyond where they are not mandated to go. Our passengers would not have to worry should they leave their belongings in any of our cars since they will be kept in safe custody. They will also be given the opportunity to lodge in their complaints when they are faced with any problem either with any of our drivers or the kind of services we will provide which will be dealt with immediately. One can also book for our taxi if one needs it by dialing to a short code which will be provided to our customers when one wants to embark on a journey within the Ashanti Region. All our employees will be given on the job training and orientation such as how to relate well with our passengers. Our drivers will be given an identification card which will help identify them with our company.

Our company will have the following competitive advantages: security, competent employees, and improved technology (GPS) in all our cars which makes us the first commercial taxi company in Ashanti Region to possess that technology. The tank of each car will be filled with fuel and each car inspected every morning before drivers set out for work. Allowances would be given to the drivers in the middle of each month as a form of motivation. We will have a contract

with the management of unity oil to provide us with constant supply of fuel to be paid weekly based on the receipt they would issue us.

Jamark intends to succeed by offering our passengers with high quality secured service and a good interpersonal relationship. We will focus on establishing a strong identity in the universities and communities with a grand opening launch party. Our main focus in marketing thereafter will be to increase customer awareness in the universities and the Kumasi Metropolis. We will direct our tactics and programs towards the goal of explaining who we are and what we do. We will have a comprehensive, systematic, independent and periodic examination of our objectives, strategies and activities to determine problem areas and opportunities and to recommend a plan of action to improve the business performance.

3.0 MANAGEMENT TEAM OF JAMARK

Jamark will be made up of four management teams; The Advisory Board, The General Manager being the head of the company. Reporting to the General Manager is the Finance and Account Manager and the Operations Manager. In order for the company to be successful, the business will fully leverage the experience and insights of its three management team consisting of Rita Duah (General Manager) Helaria Audrey Nti (Operations Manager), Jacqueline Agyei (Finance and Accounts Manager)

Brief Profile of members of Jamark Management Team

Rita Duah (General Manager). She holds a degree in Accounting (option) from Christian Service University College and has a certificate in Information Technology from NIIT. Has been serving as a manager of Neoplan Ghana Limited for the past five years. She, as the general and administrative head will be responsible for:

- Monitoring, coordinating and supervising the daily activities of the entire organization.
- Representing the company in all board meetings
- Designing corporate policies and strategies to achieve corporate objectives
- Tracking and monitoring of our taxis so as to prevent any fraudulent move by any employee who decides to go beyond their boundaries

Jacqueline Agyei (Accountant) holds a BBA degree in Accounting (option) from Christian Service University College. She has a three year working experience as an Accountant with Gosibro Enterprise. Her responsibilities will include:

- Preparation of financial statement and company's budget

- Preparation of final accounts for auditing purposes
- Making a budgetary audit periodically of all the units of Jamark
- Supervision of all accounting transaction processes
- Advising management on all financial matters

Helaria Audrey Nti (Operations Manager) holds a BBA degree in Marketing and Graduate Diploma in Human Resource Management has a three year working experience. She will report to the General Manager.

Functions

- Setting the operations strategies
- Marketing the services of Jamark
- Developing a marketing strategy and plan
- Conducting marketing research to identify and report new external opportunities for the company.
- Building and maintaining a good interpersonal relationship with clients of Jamark
- Instilling marketing ethics throughout the business.
- Dealing with the recruitment of employees
- Ensuring a better system of compensating and rewarding of employees
- She will conduct performance appraisals in order to assess and report to employees on how they are performing.

Jamark will grow at a reasonable pace with all the three managers working effectively and efficiently doing a little bit of everything. Our employees will be well trained with the requisite skills, knowledge and experience related to the field of transportation.

Advisory Board

- Mr. Julius Daniel Avorga – The Commanding Officer of Motor Traffic and Transport Unit (MTTU)
- Mary Obiri Yeboah – Director Planning and Programs of national Road Safety Commission
- Lawyer Kwaku Ankoma Abrokwa
- Matilda Oppong Amponsah- Insurance Broker at Metropolitan Insurance
- Mr. Kofi Gyimah- CEO of Kofi Gyimah Enterprises Limited

Functions of the Board

- Guide the company to fulfill its vision and mission
- Ensure the company operates under the required laws and regulations of the country
- Effective planning and setting of long term goals

3.1 HUMAN RESOURCE

Jamark will have an organizational structure in place which will ensure effective and efficient coordination. The Finance Department will make sure that enough funds are available to finance the project and also prepare the budget which is needed to undertake the business operation. The marketing Department will also make sure that the needs and wants of the potential customers

are satisfied. The Human Resource Department will identify the right skills by conducting and interviewing those who are competent and have the requisite skills for the job. On the job training will also be given to the employees to equip them with knowledge and skills.

Motivational packages such as allowances, insurances will be given to employees, there will also be a good interpersonal relationship between management and staff to boost their morale in order for them to give out their best and undertake their duties and responsibilities with high sense of diligence. The workforce at JAMARK CAB SERVICES will be made up 23 employees consisting of both the DRIVING and NON-DRIVING STAFF. The Driving Staff will be made up of 13 competent and experienced drivers who are all Senior High School Certificate Holders. It is our Company's Policy to provide career enhancement and development training to all our employees so as to maintain and retain them. To ensure the safety of our customers, courses and symposia will be organized for our drivers to aid them in anger management, crowd control and smart ways of preventing preventable accidents. Mouth watering motivational packages will be offered to our employees, be it intrinsic or extrinsic so as to encourage high performance which has direct effect on productivity and profitability. The Human Resource Department will also be tasked to provide better welfare packages for all our employees irrespective of your rank or role at our workplace. The Non-Driving staff will also be made up of ten (10) employees which comprise of three (3) Management Staff who will be tasked with the daily administration and running of the business. The other employees are made up of three IT Personnel who will be tracking our vehicles, two (2) security personnel, a receptionist/secretary and cleaner.

4.0 MARKET ANALYSIS

We live in a world where people are conscious about their safety. People are willing and ready to pay for anything that will secure their safety. The focus of Jamark will be to meet the demand of a regular customer base as well as that of our potential customers.

4.1 BUSINESS SYSTEM AND ORGANISATION

The company will be sited at Santasi-Anyinam in the same building with Revival Life Outreach Church. The office space is leased at GH¢ 10000 for a 10 year period and has a parking space where our cars will be parked. Santasi-Anyinam has been chosen as the best site since it is a traffic free zone, there is proximity to a repair and maintenance service and the business will be nearer to our target market. Work will start from 6:00am to 9:00pm for ten of our cars with the remaining three continuing from 9:00pm to 6:00am the following morning from Monday to Saturday. The drivers will work on shift. Each zone will be allocated with three cars. The cars will be used to provide shuttle for students and at the same time be providing commercial taxi services.

Jamark with the help of the receptionist will take and record all orders that will be made by our clients. This information will be transferred to the general manager, who will see to the dissemination of the information to our drivers for them to respond. Based on their proximity to the client requesting for our service, the available driver will be made to attend to him or her.

Our telephone numbers will be written boldly at the back of each of our cars for passengers and for any concerned person to call our line should they find out that our drivers are driving carelessly.

4.2 ENVIRONMENTAL ANALYSIS

Pest Factors

Political:

Ghana has enjoyed peace and political stability for some time now which has created a sound environment for businesses to operate successfully thereby achieving their objectives. Political factors such as when a ruling government introduces new vehicles to convey people at lower cost, it will have a negative impact on Jamark Cab services.

Economic

Key economic indicators such as inflation and interest rate, competition and income levels can have an impact on Jamark. If the rate of inflation and interest is high, it will increase our operational cost, reducing the disposable incomes of our clients and our revenue level but with a single inflationary rate of 8.1%, it will boost Jamark's operations. And at the same time, when there is shortage or increase in the prices of petrol, Jamark will be affected negatively since we will not have easy access to petrol to run our business. But when these factors are favorable, it will create a market for our services since consumers disposable income will also increase: their standard of living will be high.

Social

People all around the world have become self conscious about their safety. Jamark intends to grab this opportunity and provide a service that will make its clients feel comfortable and secured. Ghana's population keeps increasing thereby increasing demand for our services. The life style of people in the Ashanti Region will also determine the demand for our services.

Technological

We are in the 21st century where there is advancement in technology and the pace at which technology increases is very high. Jamark cab services intend to make effective and efficient use of technological tools such as GPS and computers in order to secure its customers safety and improve its output.

Competition

The level of competition in the industry is fierce because there are a lot of taxi services in Kumasi but do not provide the level of quality and customer service as Jamark will. Most of them are owned by private individuals who give out their vehicles to drivers and take sales at the end of each day. We are highly intellectuals and understand the needs and wants of passengers. Our main competitors will be the drivers who are based at particular stand points (thus those located at stations and junctions as we call them). The barriers to entry in this business are quite low; therefore our strategy is to create a much stronger barrier to the business's competitors by building a loyal customer base.

We will have all it takes to zoom into this competition to emerge as the market leader in the cab industry. We aim to be perceived as a high-quality service provider by our clients. Providing safety to our passengers will be our number one key to success which will lead to increase in profitability.

In order to compete in the commercial cab service industry, Jamark will ensure that it provides quality services and maintain a good interpersonal relationship with its clients and suppliers. Its

management team will also formulate policies and strategies in order to ensure the achievement of its vision which will be implemented by all the management team. It will also employ more and maintain its qualified and committed personnel to handle its operation. We will pre-negotiate for supply of fuel with Unity oil.

SWOT ANALYSIS

This talks about the strength and weaknesses within Jamark and the opportunities and threats that it will face. The business will have experience in market analysis, and is prepared to identify and improve on its strength, manage its weakness, take any business opportunity that will come our way and prepare in and against all business threats from competitors and the immediate environment.

STRENGTH	WEAKNESSES
<ul style="list-style-type: none"> • Competent staff (we will employ staff with at least three years experience in their field of work) • Good interpersonal skills • Technological tools such as GPS and computers • The safety of our passengers will be guaranteed • Fire extinguishers • Our unique brand and service 	<ul style="list-style-type: none"> • Inability to build a repair and maintenance unit • Inadequate working capital • Lack of reservoir for petrol

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Increase in the number of students • Increase in the number of people who travel by taxis 	<ul style="list-style-type: none"> • Intense competition • Traffic Jam • Free entry into the industry • Already related competitors with the same service

Strategies for Addressing the Weaknesses and Threats of Jamark

- Plough back profit
- Build a repair and maintenance unit
- Build a petrol reservoir
- The barriers to entry in this business are quite low; therefore our strategy is to create a much stronger barrier to the business's competitors by building a loyal customer base.

4.3 MARKET SEGMENTATION

Our organizations market segmentation criteria will be based on B to C criteria, thus from our business to our consumers. In this criterion the market is broken down into four. They are demographic, geographic, behavioural and psychographic. Due to the nature of our business we would base mostly on the geographical aspect, thus focusing basically in the Kumasi metropolis and also the use of psychographic segmentation since it basically deals with the lifestyle, attitude, opinion, interest and the personality of people.

In terms of geographical area, Jamark intends to operate within the Ashanti Region, mainly the Kumasi business area for the short term. Our customers are the middle and above average income earners who are known to be conscious about their safety and also believe in quality and so will appreciate our services.

4.4 TARGET MARKETS

Jamark seeks to target those with average and above average income earners as well as students from Kumasi Polytechnic and Christian Service University College, Bankers. These market segments will constitute majority of our passengers. Among some of our target markets are;

- Zone 1 (Santasi, Kokoben, and its environs)
- Zone 2 (Amakom and its environs)
- Zone 3 (Tech and its environs)

Potential Customers

- Abuakwa, Tarkwa Maakro
- Bantama, Krofrom,

Market Needs

- Quality and Comfort Service
- Safety

MARKETING OBJECTIVE

To increase its sale by 10.7% annually for the next three years and this can be attained by the use of aggressive marketing activities.

COMPETITORS

Our key competitors will include;

- West Palm Investment Limited.
- Gold Cab limited

Some of their strength includes;

- Good interpersonal skills
- Well established with a unique brand name
- Competent staff

Some of their weaknesses also include;

- They do not have any Global Positioning System to track the movement of their vehicles
- They do not provide their drivers with any form of training.

Jamark Cab Service intends to capitalize on the weaknesses of its competitors and build on their strengths in order to be able to compete successfully in the cab industry.

4.5 MARKETING MIX

4.5.1 Pricing

Jamark will charge the same price as the one set up by the Ghana Private Road Transport Union (GPRTU) with the exception of certain instances such as with the shuttle service for School children.

4.5.2 Place / Distribution

Selective channel of distribution will be our way of distribution where our vehicles will be stationed at strategic points in order to be able to reach out to our passengers with ease.

4.5.3 Promotion

We will adhere to standard advertising practices, and we will gain considerable recognition through personal selling and public announcements. Consumers will be encouraged to visit our website to be greeted with a flash media introduction that highlights the business and its activities. Jamark intends to promote its services which are not well known in the minds of our customers. Newspapers and educative magazines will be placed in each of our cars so that our passengers will be updated with whatever is happening in the country and also expand their knowledge base. In order to create a direct relationship with the Ghana Police Service, Jamark will involve the Motto Traffic and Transport Unit (MTTU) in the training of our employees on areas such as passenger- driver relationship, ways of preventing accident, anger management, and road safety.

4.5.4 Service

Jamark will provide shuttle, hiring and station to station services to its passengers and will ensure good customer relations by allowing them to lodge in their complaints, suggestions and telephoning them to inquire their views about the services rendered to them and the company's performance.

4.5.5 People

Jamark will have well trained, competent and experienced drivers with good interpersonal relationship. All our drivers will be given on the job training in anger management, crowd control and smart ways of preventing preventable accidents to enhance their capacity in the field of driving. Our drivers will also be made to dress neatly and decently because as the saying goes , “Cleanliness is next to godliness”.

4.5.6 Physical Evidence

Our vehicles will be new, comfortable and well designed with our company’s tags on them. We will have a tracking device, nice, well structured and furnished offices, clean and conducive environment and enough packing space.

5.0 FINANCIAL ANALYSIS

A loan of GH¢124,000 is required as initial financing to be paid over a period of 5 years. The partners will also contribute GH¢6200 each. These funds will cover Equipment Supplies, Office Space, Tracking Devices and Motor Vehicles

Jamark expects to raise 20% of the capital required which is GH¢155,000. GH¢31,000 which is 20% of the required capital will be contributed by the partners and will borrow the remaining 80% guaranteed by Ecobank Ghana Limited as a 5 year loan. It anticipates its sales revenue of GH¢252,729 in the first year, GH¢278,014 in the 2nd year and GH¢304,739 in the third year of business. Net Profits for this time period are expected to be approximately GH¢58,257.75 in year one, GH¢60,676.50 in year two and GH¢68,166.75 in year three.

Cash flow will have to be carefully monitored, as in any business. After the initial investment and start-up costs are covered, the business will become relatively self-sustaining. Initial start-up costs will include GH¢ 130,000 in motor van, GH¢10,000 for rental space and GH¢1000 for computers, GH¢ 2,015 for tracking device and GH¢500 for office furniture. Cost of registration includes registration of business and other requirements.

5.1 ASSUMPTIONS

The following assumptions underpin the financial analysis in this business plan:

- That no acquisition, revaluation or disposal of assets will take place during the planning period
- The rate of interest charged on loan will be 25%
- That revenue will increase at the rate of about 10.7% each year
- A corporate tax rate of 25% will be charged on profit before tax
- An amount of GH¢11,485 which is 7.41% of the stated capital will be used in buying Treasury Bills for the first three years at an interest rate of 10% per annum.
- Assumes a slow-growth economy, without major recession.
- No dividend will be paid for the next three years.

RISK ANALYSIS

Pure Risk: This is the major risk that Jamark will face. It is the risk associated with;

- Accident, death, illness and disability of our employees
- Legal liability for damages for harm caused to passengers, pedestrians, and employees
- Paying benefits to injured employees under worker's compensation law and
- Reduction in the value of Jamark's assets due to theft or physical damage

Price Risk: this is the risk associated with changes in input and output prices such as

- Fluctuations in the prices of our main inputs such as petrol and diesel

- Changes in exchange rate
- Changes in interest rate which will affect our cost of borrowing funds to finance our operations.

RISK MANAGEMENT

Loss Control

- Fire extinguishers will be installed within the business premise as well as in our cars.
- Employee Training

Loss Financing

- A comprehensive, personal accident and third party insurance covers will be taken against accidents of our cars, drivers and passengers respectively.
- Our office and all other assets will also be insured against.

Internal Control Measures

- In order to diversify risks, 7.6% of our capital will be invested in Treasury Bills.
- Our company will hire security personnel to provide security to ensure that our properties are well protected from thieves.

**5.2 PROJECTED INCOME STATEMENT THREE YEAR SUMMARY
FOR THE YEAR ENDED 31ST AUGUST 2015**

	2013	2014	2015
	GH¢	GH¢	GH¢
REVENUE (2)	252,729	278,014	304,739
LESS OPERATING EXPENSES			
SALARIES (3)	40,548	52,488	64,056
ADVERTISING	1,000	950	900
RENT	1,000	1,000	1,000
INSURANCE	4,000	4,000	4,000
FUEL AND LUBRICANTS (4)	75,000	85,000	90,000
LEGAL REGISTRATION	100		
REPAIR AND MAINTENANCE	960	1,010	1,060
ADMINISTRATIVE EXPENSES	1,560	1,780	1,950
PROVISION FOR DEPRECIATION (1)	<u>19,884</u>	<u>19,884</u>	<u>19,884</u>
TOTAL OPERATING EXPENSES	144,052	166,112	182,850
PROFIT BEFORE INTEREST AND TAX	108,677	111,902	121,889
INTEREST	-31,000	-31,000	-31,000
PROVISION FOR TAXATION (25%)	<u>19,419.25</u>	<u>20,225.50</u>	<u>-22,722.25</u>
NET PROFIT AFTER INTEREST AND TAX TRANSFERRED TO INCOME SURPLUS ACCOUNT	<u>58,257.75</u>	<u>60,676.50</u>	<u>68,166.75</u>

**PROJECTED INCOME SURPLUS
FOR THE THREE YEAR PERIOD ENDED 31 AUGUST 2015**

	2013	2014	2015
	GH¢	GH¢	GH¢
BALANCE AT 1 SEPTEMBER	0	58,257.75	118,934.25
NET PROFIT FOR THE YEAR	<u>58,257.75</u>	<u>60,676.50</u>	<u>68,166.75</u>
BALANCE AT 31 AUGUST	<u>58,257.75</u>	<u>118,934.2</u>	<u>187,101.00</u>

5.3 BREAK-EVEN ANALYSIS

BEP

$$= \frac{\text{Fixed Cost}}{\text{Contribution / Sales unit}}$$

Fixed Cost	GH¢
Motor Vehicle	130,000
Furnitu	500
Tracking Device	2,015
Computers	1,000
Television	50
Fridge	150
Ceiling Fan	125
Rent	1,000
Legal Fees	100
SSF	166
Bank interest	31,000
Insurance	<u>4,000</u>
Total	<u>170,106</u>

Total Variable Cost

Salaries	40,548
Utility	480
Fuel and Lubricants	75,000
Repair and Maintenance	960
Advertising	1,000
Stationery	34
Telephone Charges	480
Risk Allowance	200
Training Expense	<u>200</u>
	<u>118,902</u>

$$\begin{aligned}\text{Contribution} &= \text{total sales} - \text{total Variable Cost} \\ &= 252,729 - 118,902 \\ &= 133,827\end{aligned}$$

$$\begin{aligned}
 \text{Contribution per Sales} &= \frac{\text{Contribution}}{\text{Total Sales}} \\
 &= \frac{133,827}{252,729} \\
 &= 0.53
 \end{aligned}$$

$$\begin{aligned}
 \text{Break even (value)} &= \frac{\text{Total fixed Cost}}{\text{Contribution per Sales Ratio}} \\
 &= \frac{170,106}{0.53} \\
 &= 320,954.72
 \end{aligned}$$

$$\begin{aligned}
 \text{Break even period} &= \frac{\text{Breakeven}}{\text{Sales}} \times 12 \\
 &= \frac{320,954.72}{252,729} \times 12 \\
 &= 15.24 \\
 &= 15 \text{ months}
 \end{aligned}$$

The company will breakeven in 15 months

5.4 PROJECTED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST

	2013	2014	2015
	GH¢	GH¢	GH¢
CASH INFLOWS			
BALANCE BROUGHT DOWN		99,302	179,863
REVENUE (2)	252,729	278,014	304,739
STATED CAPITAL	155,000		
TOTAL CASH INFLOWS	407,729	377,316	484,602
CASH OUTFLOWS			
PROPERTY, PLANT & EQUIPMENT (1)	133,840		
SALARIES (3)	40,548	52,488	64,056
ADVERTISING	1,000	950	900
TAXATION	19,419.25	20,225.50	22,722.25
RENT	1,000	1,000	1,000
INSURANCE	4,000	4,000	4,000
FUEL AND LUBRICANTS (4)	75,000	85,000	90,000
LEGAL REGISTRATION	100		
REPAIR AND MAINTENANCE	960	1,010	1,060
ADMINISTRATIVE EXPENSES	1,560	1,780	1,950
INTEREST	31,000	31,000	31,000
TOTAL CASH OUTFLOWS	<u>308,427</u>	<u>197,454</u>	<u>216,688</u>
NET CASH INFLOW	<u>99,302</u>	<u>179,863</u>	<u>267,914</u>
BALANCE CARRIED DOWN	99,302	179,863	267,914

**APPRAISAL OF THE PROPOSAL
NET PRESENT VALUE**

PROJECTIONS

YEAR		CASHFLOW S	P V FACTO R	PRESENT VALUE
		GH¢	25%	GH¢
0		-155,000	1	-155,000
1	2013	99,302	0.8	79,442
2	2014	179,863	0.64	115,112.32
3	2015	267,914	0.51	<u>136,636.14</u>
NET PRESENT VALUE				<u>176,190</u>

This shows that the business is viable since the Net Present Value is positive

DISCOUNTED PAYBACK PERIOD

YEAR		CASHFLOW S	P V FACTO R	PRESENT VALUE
		GH¢	25%	GH¢
0		-155,000	1	-155,000
1	2013	99,302	0.8	<u>79,442</u> -75,558
2	2014	179,863	0.64	<u>115,112.32</u> -14,760
		39,554 ÷ 95,215.47	0.16	2 + 0.2 = 2.2yrs

**DISCOUNTED PAYBACK
PERIOD**

2 YEARS, 2 MONTHS

5.5 PROJECTED STATEMENT OF FINANCIAL POSITION
THREE YEAR SUMMARY FOR THE YEAR ENDED 31ST AUGUST

	2013	2014	2015
	GH¢	GH¢	GH¢
NON CURRENT ASSETS			
Property, Plant and Equipments (1)	113,956	113,956	113,956
CURRENT ASSETS			
Cash and Cash Equivalents (6)	110,787	191,348	279,399
Prepayments	<u>9,000</u>	<u>8,000</u>	<u>7,000</u>
TOTAL ASSETS	<u>233,743</u>	<u>313,304</u>	<u>400,355</u>
EQUITY AND LIABILITIES			
Stated Capital	31,000	31,000	31,000
Income Surplus	58,258	118,934	187,101
NON CURRENT LIABILITY			
Loan	124,000	124,000	124,000
Retirement Benefit		5,380	6,000
CURRENT LAIBILITY			
Trade Payables	20,485	31,000	49,254
Accrued Expense		2,990	3,000
TOTAL EQUITY AND LIABILITIES	<u>233,743</u>	<u>313,304</u>	<u>400,355</u>

NOTES TO THE FINANCIAL STATEMENTS

Depreciation is charged at the rate of 10% per annum using straight line method.

REVENUE

NORMAL PRODUCTION

In 2013, sales per driver for a day is GH¢60

$$\text{GH¢}60 \times 13 \times 317 = 24726$$

In 2014, Sales per driver for a day is GH65

$$\text{GH¢}65 \times 13 \times 317 = 267865$$

In 2015, Sales per driver for a day is GH¢70

$$\text{GH¢}70 \times 13 \times 317 = 288470$$

- SHUTTLE FOR SCHOOL CHILDREN

In 2013, we will provide shuttle services for 3 school children at GH¢120 per child for a month

$$\text{GH¢}120 \times 3 \times 12 = 4,320$$

In 2014, shuttle services will be provided for 5 school children at GH150 per month

$$\text{GH¢}150 \times 5 \times 12 = 9000$$

In 2015, we will provide shuttle services for 7 school children at GH180

$$\text{GH } 180 \times 7 \times 12 = 15120$$

REVENUE	2013	2014	2015
	GH¢	GH¢	GH¢
Normal Cab Service	247,260	267,865	288,470
Shuttle for school children	4,320	9,000	15,120
Other Income	<u>1148.5</u>	<u>1148.5</u>	<u>1148.5</u>
Total Revenue	<u>252,728.5</u>	<u>278,013.5</u>	<u>304,738.5</u>

(3) 2013**SALARY SCHEDULE**

POSITION	BASIC SALARY GH¢	SSF 5.50% GH¢	NET	NET
			MONTHL Y SALARY GH¢	ANNUAL SALARY GH¢
Directors Allowance GH¢ 100 × 5			500	6000
General/ Operations Manager	425	23	402	4,824
Accounts/Finance Manager	425	23	402	4,824
Marketing/Human Resource Manager	425	23	402	4,824
Drivers (13) GH¢ 85 × 13	1,105	61	1,044	12,528
Receptionist	75	4	71	852
Security 2 × GH¢55	110	6	104	1,248
Trackers (3) GH¢160	480	<u>26</u>	454	<u>5,448</u>
TOTAL SALARY		<u>166</u>		<u>40,548</u>

2014**SALARY SCHEDULE**

POSITION	BASIC SALARY GH¢	SSF 5.50% GH¢	NET	NET
			MONTHL Y SALARY GH¢	ANNUAL SALARY GH¢
Directors Allowance GH¢130 × 5			650	7,800
General/ Operations Manager	635	35	600	7,200
Accounts/Finance Manager	635	35	600	7,200
Marketing/Human Resource Manager	635	35	600	7,200
Drivers 13 × GH¢ 90	1,170	64	1,106	13,272
Receptionist	80	4	81	972
Security 2 × GH¢60	120	7	113	1,356
Trackers (3) × GH¢ 220	660	<u>36</u>	624	<u>7,488</u>
TOTAL SALARY		<u>216</u>		<u>52,488</u>

2015

SALARY SCHEDULE

POSITION				NET
	BASIC	SSF	MONTHL	ANNUAL
	SALARY	5.50%	Y	SALARY
	GH¢	GH¢	GH¢	GH¢
Directors Allowance GH¢160 × 5			800	9,600
General/ Operations Manager	847	47	800	9,600
Accounts/Finance Manager	847	47	800	9,600
Marketing/Human Resource Manager	847	47	800	9,600
Drivers GH¢ 95 × 13	1,235	65	1,170	14,040
Receptionist	85	5	80	960
Security 2 × GH¢ 65	130	8	122	1,464
Trackers (3) GH¢ × 260	780	<u>14</u>	766	<u>9,192</u>
TOTAL SALARY		<u>233</u>		<u>64,056</u>

(4) Administrative Expenses

	YEAR 1	YEAR 2	YEAR 3
	GH¢	GH¢	GH¢
Training Expenses	200	250	300
Utility	480	530	580
SSF	166	216	233
Risk Allowance	200	250	250
Stationery	34	34	67
Telephone Charges	<u>480</u>	<u>500</u>	<u>520</u>
TOTAL	<u>1,560</u>	<u>1,780</u>	<u>1,950</u>

(5) Cash and Cash Equivalents

Cash Equivalent	11,485.00	11,485.00	11,485.00
Cash	<u>99,302</u>	<u>179,863.00</u>	<u>267,914.00</u>
Total	<u>110,787.00</u>	<u>191,348.00</u>	<u>279,399.00</u>

(6) Accrued Expenses

Repair and Maintenance		990	1,000
Advertising		1,000	1,100
Training Expenses		<u>1,000</u>	<u>900</u>

Total		<u>2,990</u>	<u>3000</u>
(7) Trade Payable			
Fuel and Lubricants	20,485	31,000	49,254
(8) Capital Employed	= Total Assets - Current Liabilities		
Year 1	= 233,743 - 20,485		
	= 213,258		
Year 2	= 313,304 - 33,990		
	= 279,314		
Year 3	= 400,355 - 52,254		
	= 348,101		

Profitability

1. Return on capital employed(ROCE)

$$\text{ROCE} = \frac{\text{Profit before interest and tax}}{\text{Capital employed}} \times 100$$

$$\text{ROCE 1} = \frac{108,677}{213,258} \times 100 = 51.00\%$$

$$\text{ROCE 2} = \frac{111,902}{279,314} \times 100 = 41.00\%$$

$$\text{ROCE 3} = \frac{121,889}{348,101} = 35.00\%$$

2. Net Profit Margin

$$\text{NPM} = \frac{\text{PBIT}}{\text{Turnover}} \times 100$$

$$\text{NPM 1} = \frac{108,677}{252,729} \times 100 = 43.00\%$$

$$\text{NPM 2} = \frac{111,902}{278,014} \times 100 = 40.00\%$$

$$\text{NPM 3} = \frac{121,889}{304,739} \times 100 = 40.00\%$$

3. Net Asset Turnover

$$\text{NAT} = \frac{\text{Turnover}}{\text{Capital employed}}$$

$$\text{NAT 1} = \frac{252,729}{213,258} = 1.2 \text{ times}$$

$$\text{NAT 2} = \frac{278,014}{279,314} = 1.0 \text{ times}$$

$$\text{NAT 3} = \frac{304739}{348,101} = 1.0 \text{ times}$$

ACTIVITY RATIOS

1. Fixed Asset Turnover

$$\text{FAT} = \frac{\text{Turnover}}{\text{Fixed Asset}}$$

$$\text{FAT 1} = \frac{252729}{113,956} = 2.2 \text{ times}$$

$$\text{FAT 2} = \frac{278014}{113,956} = 2.4 \text{ times}$$

$$\text{FAT 3} = \frac{304739}{113,956} = 2.6 \text{ times}$$

2. Sales or Net current Asset

$$\text{NCA} = \frac{\text{Turnover}}{\text{Net Current Asset}}$$

$$\text{NCA 1} = \frac{252729}{119,787} = 2.1 \text{ times}$$

$$\text{NCA 2} = \frac{278014}{199,348} = 1.4 \text{ times}$$

$$\text{NCA 3} = \frac{304739}{286,399} = 1.1 \text{ times}$$

GEARING RATIO

$$1. \text{ Capital Gearing Ratio} = \frac{\text{Long term debt}}{\text{Capital employed}} \times 100$$

$$\text{Year 1} = \frac{124,000}{213,258} \times 100 = 58\%$$

$$\text{Year 2} = \frac{124,000}{279,314} \times 100 = 44.00\%$$

$$\text{Year 3} = \frac{124,000}{348,101} \times 100 = 36.00\%$$

2. Interest cover and Interest gearing

$$= \frac{\text{P B I T}}{\text{Interest Charges}}$$

$$\text{Year 1} = \frac{108,677}{31000} = 3.5 \text{ times}$$

$$\text{Year 2} = \frac{111,902}{31000} = 3.6 \text{ times}$$

$$\text{Year 3} = \frac{121,889}{31000} = 3.9 \text{ times}$$

SCHEDULE OF ACTIVITIES

SN	CHART TIME								ACTIVITIES	RESPONSIBILITES
	FE B	MA R	APRI L	MA Y	JUN E	JUL Y	AU G	SE P		
1									Office location	All the partners of Jamark
2									Registration	Legal Adviser
3									Funding	Finance and account manager
4									Furnishing, purchase of assets	Operations Manager
5								Recruitment of employees	Human Resource Manager	
6								Commencement and advertisement	Marketing Manager	

(1) FIXED ASSETS SCHEDULE

	Motor Vehicle GH¢	Furniture GH¢	Tracking Devices GH¢	Computers GH¢	Television GH¢	Fridge GH¢	Ceiling Fan GH¢	Total GH¢
COST/ REVALUATION								
At 1/09/12	130,000	500	2,015	1,000	50	150	125	133,840
Additions	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
	<u>130,000</u>	<u>500</u>	<u>2,015</u>	<u>1,000</u>	<u>50</u>	<u>150</u>	<u>125</u>	<u>133,840</u>
DEPRECIATION								
At 1/09/2012	-	-	-	-	-	-	-	-
Charged during the year	19,500	50	201.5	100	5	15	12.5	19,884
Disposal	-	-	-	-	-	-	-	-
TOTAL DEPRECIATION	<u>19,500</u>	<u>50</u>	<u>201.5</u>	<u>100</u>	<u>5</u>	<u>15</u>	<u>12.5</u>	<u>19,884</u>
NET BOOK VALUE	110,500	450	1813.5	900	5	15	12.5	<u>113,956</u>

Conclusions

It is our goal to start a business and to provide business services to the Kumasi metropolis. We believe that it is an opportune time to start a business like JAMARK since the taxi service industry is currently one of the thriving industries. Furthermore, since new small businesses are being launched with great frequency and there is a massive increase in population each year, the potential market for our services will grow exceptionally. We will combine managerial and sales skills to the table to start this business. We anticipate being able to repay our loan to the business beginning in June 2016.

REFERENCES

Mrs Joyce Ama Quartey, 2010 “Corporate Finance”

Michael Adusei and Appiah Sarpong, 2011, “Approach to Entrepreneurship and Business Planning”,
Sadev Publications, Kumasi

Mr. Ben K. Agyei- Mensah, “Management Accounting”

Mr. Hayford Nsiah,” Entrepreneurship”

www.google.com, “Ghana Statistical Service”, on Friday 4 February 2011 – 09:10

