

CHRISTIAN SERVICE UNIVERSITY COLLEGE

CSAD 443- TEAM PROJECT

FIRST SEMESTER LEVEL 400

SNAILWORLD COMPANY LIMITED



GROUP MEMBERS

<u>NAME</u>	<u>INDEX NUMBER</u>
HILARY K. YENG	10124251
TAGYANG ALEXANDER	10135322
COMFORT CARL	10135234
POKU AGYEMANG KOFI	10124233
BENJAMIN A. AWIMBILLA	10124132

DECEMBER 2011

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CHRISTIAN SERVICE UNIVERSITY COLLEGE-KUMASI

DEPARTMENT OF BUSINESS STUDIES

BACHELOR OF BUSINESS ADMINISTRATION

SNAILWORLD COMPANY LIMITED

BUSINESS PLAN

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

CSAD 443 TEAM BUSINESS PROPOSAL

BY

HILARY K. YENG

TAGYANG ALEXANDER

COMFORT CARL

POKU AGYEMANG KOFI

BENJAMIN A. AWIMBILLA

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.

Name of students	Index Numbers	Signature	Date
HILARY K. YENG	10124251
TAGYANG ALEXANDER	10135322
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CERTIFIED BY:

.....
(Supervisor)	Signature	Date

CERTIFIED BY:

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

EXECUTIVE SUMMARY.

SnailWorld Company Limited will be a micro business that will be geared towards providing healthy and well packaged snail meat in place of the ordinary red meat for the available market.

The business plan will cover an initial period of three years that would span from 2012 to 2014, with an initial investment capital of twenty-five thousand US Dollars (USD 25,000) which will be raised by the five owners of which each person will raise five thousand (5,000). The reason for writing this business plan is to attract potential investors who would like to invest in our business for the second year and subsequent years as well as use it as a blueprint or roadmap to guide us in achieving our vision.

Statistics has it that the Akans are the most densely populated ethnic group in Ghana; they constitute about 57.9 percent of the total population of the country with Ashanti region alone recording the highest population of 19.5 percent a 2.6 percent growth compared to the last census exercise in 2000 according to the recent census exercise (*Ghana Statistical Service*). It is also well known that the Akans patronize snail meat more than any other ethnic group in Ghana. This invariably means that our business is very viable since our target market is the Akans.

The idea of SnailWorld came into being as a result of the zeal to change the poor manner in which the snail industry in Ghana is being handled. Over the years, snail meat has been made available to the domestic market by individuals who hand pick snails from the forest. The disadvantages of this type of business are numerous. The snails are not wholesome enough for consumption since they are exposed to flies, dust and dirt from hands that touch them. Also, customers have to go through the rigorous process of processing the snail into meat since they are sold in the living state. It is against this backdrop that SnailWorld comes into existence to solve these pertinent issues that the snail industry is currently facing. SnailWorld will package its products to prevent issues of poor hygiene. Snails will also be processed and ready for consumption thereby sparing customers the trouble of having to process the snails themselves.

The company will employ a strong management team with vast experience in the area of business. The management team will report to a three member board of directors who will take critical decisions that affect

the company in achieving its goals. The company will make use of the cost leadership strategy to break into the market. The company projects that it will break even in the first year, in the second year we project a profit of ten percent (10%) and in the third year, we hope to increase our profit margin by thirty percent (30%)

MISSION STATEMENT

To provide high quality and well packaged snail meat as an alternative for red-meat creating employment avenues for the youth and to strategically position ourselves as market leaders in the snail business.

VISION STATEMENT

To be the leading producer of well processed and package snail meat in West Africa.

CORE VALUES

- **HYGIENE AND QUALITY ASSURANCE:** Quality checks at all levels of production to guarantee quality and safety.
- **INTEGRITY:** High moral standards, honesty and integrity in service delivery.
- **RESPONSIVENESS:** Willing to effect changes to meet customers' requirements at all times.
- **EFFICIENCY:** Optimum use of resources to eliminate waste for the benefit of all stakeholders.

OBJECTIVES

- To sell the highest quality snail meat at affordable prices.
- To Promote the good health of our customers through healthy eating education.
- To create employment avenues for the Ghanaian youth.

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1.0. ORGANIZATION

SnailWorld Company Limited is intended to be a micro business that will be geared towards providing healthy and well packaged snail meat for a targeted market. The business will be owned by five people who will contribute the capital required for starting up the business.

The Company will be registered under the company code (Act 179, 1963) and other relevant bodies including the VAT secretariat, Internal Revenue Service and Standard Board as a Private Limited Liability Company. Certificate to commence business is dated December, 2011 but will officially commence production in March 2012.

The company will have a trademark which cannot be duplicated by any other entity. Any entity that duplicates our trademark will be sued for damages.

COMPANY NAME: SNAILWORLD COMPANY LIMITED

LOCATION Atonsu Esereso
Plot 13 block D
Kumasi.

ADDRESS: Box KS 344
Adum- Kumasi

TELEPHONE: 0245649870/0322057630

E-MAIL: SnailWorld@yahoo.com

WEBSITE: www.SnailWorld.com.gh

BANKERS: Agricultural Development Bank/ Sinapi Aba Trust

SLOGAN: *Healthy meat, Happy home!!!*

2.0. PRODUCT IDEA AND REALIZATION OF SCHEDULE

SnailWorld intends to go into the production of snail meat on a commercial basis to serve the low, middle and high income earners as well as the hospitality industry.

The company will be launching into the market with attractively packaged fresh and dried snail meat to meet the market demand. Both fresh and dried meat will be packaged in vacuum sealed plastic bags and refrigerated.

To make the product affordable to all, SnailWorld wishes to sell in kilos, i.e., half a kilo, one kilo, two kilos for those buying in small quantities and five kilos for large quantity buyers such as hotels, chop bars, restaurants and others.

SnailWorld is an organization that is geared towards bringing into the market quality and well processed snail meat to meet the demand of consumers. The meat has a very high nutritional value. It is high in protein (12-16%), iron (45-50 mg/kg) and very low in fat (0.05-0.8%) and contains almost all the amino acids needed by humans. In addition to the nutritional value of snail meat, a recent study has shown that the glandular substances from edible snails cause agglutination of certain bacteria; this could be of value against a variety of ailments, including whooping cough.

Our main competitors are snail hunters who pick snails from the forest and sell them. Unlike our competitors, we add value to our product by farming the snails ourselves packaging the meat and adding ginger to the meat for flavour. In the production process, we will use lemon to reduce the sliminess of the snail meat. This will give us a competitive edge over our competitors.

Our product will be launched on the Independence Day (6th of March, 2012) which is a holiday. This will be a strategy to create awareness of our product. We will also map up a strategy to enable us produce and meet demand of our customers all year round as such we will not be limited by seasonal fluctuations in production

FARMING CYCLE

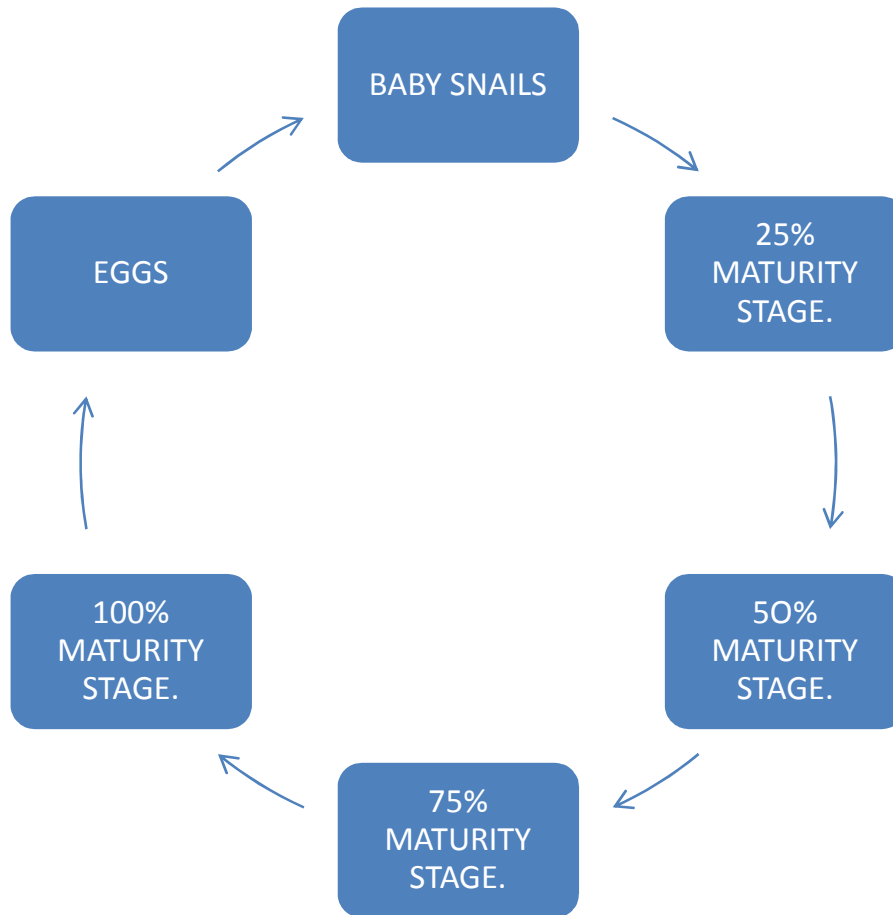


Figure 1

To ensure all year round production of snails, SnailWorld intends to buy thousand layers that will lay on average a total of three hundred (300) eggs each between three weeks and a month. The pen will have a total population of three hundred and seventy-five thousand (375000) snails which will subsequently be divided into five groups consisting of seventy five thousand (75000) snails each. Since snails can go into hibernation i.e. they can survive long periods without food, we will determine their rate of growth by regulating their feeding. As seen in figure 1 above, the snails have been divided into five pens according to their levels of maturity expressed in percentages. At the 25% maturity stage, the snails will be fed once a day, at the 50% stage, the snails will be fed twice a day and at the 75% maturity stage, snails will be fed and watered thrice a day to usher them into the 100% maturity stage ready for the market. This strategy is to ensure all year round production of snails.

The snails will be fed with the following:

1. Leaves: cocoyam, pawpaw, cassava, okra, eggplant, loofa, cabbage and lettuce.
2. Fruits: pawpaw, mango, banana, eggplant, pear, oil palm, tomato, cucumber and melon.
3. Tubers: yam, cocoyam, sweet potato and plantain.
4. Worms: these will be self bred and fed to the snails.

Soil is a major part of snails' habitat. As such we considered soil composition, water content and texture in choosing our site. The snail's shell which is mainly made up of calcium is derived mostly from the soil and for that matter; we will enrich the site's soil with calcium from oyster shells and water. The soil will also be of high organic matter content necessary to support the growth and development of snails.

REALIZATION OF SCHEDULE

ACTIVITY	TIME	RESPONSIBILITY	COST
			GHC
1. Feasibility studies	June-July 2011	All owners	200.00
2. Funding	Aug.-Sept. 2011	All owners	150.00
3. Office location and preparation	Oct.-Dec. 2011	Operations manager	100.00
4. Registration	December, 2011	Legal adviser	100.00
5. Recruitment	January, 2012	Human Resource Manager	100.00
6. Planning for launching	February, 2012	Board of directors and managers.	200.00
7. Launching	March, 2012	All owners	500.00

2.3. ORGANIZATIONAL ASSETS

2.3.1. Physical assets: The Company has at its disposal assets such as land, vehicles, equipment, buildings and a strategic location. The location is strategic in the sense that it is situated quite close to Lake Bosomtwe. This makes the area a highly humid area which is favourable for growing snails since they thrive on such conditions. This gives us a competitive edge over our competitors who don't have standard physical assets and location to compete against us.

2.3.2. Operational assets: SnailWorld will adopt a rigorous production process which is aimed at producing products of the highest quality. To achieve this, the company will buy breeders of high quality, feed them under hygienic condition and process them without the addition of any harmful chemical and highly ethical operational standards are adopted to win the confidence of our customers. Unlike our competitors, SnailWorld will use the vacuum sealer machine to ensure that our products are packaged and preserved for a long period of time. Deep freezers will be used at our distributions centres while caravans are made available for easy and quick delivery.

3.0. MANAGEMENT TEAM.

The company has a three-member board of directors. The owners of the company will employ a five member management team satisfying the labour requirement of micro businesses which prohibits such businesses from having a labour capacity exceeding six people. Our strategy is to be more efficient while minimizing cost by employing just a few and experienced people. The management team shall directly report to the board of directors and one owner shall serve in the board of directors while the rest play a supervisory role to the company.

3.1. PROFILE OF BOARD OF DIRECTORS

The board of directors of SnailWorld Company Limited is strategically constituted to maximize productivity and at the same time reduce cost.

Rev. Kwasi Yankyira: Rev. Kwasi Yankyira is a senior minister in the Methodist Church-Ghana and is the chairman of our board of directors that will steer the affairs of the company. Rev. Yankyira is a retired agricultural officer in the Ashanti region. He is a holder Bsc. Agricultural Science, Msc. Agricultural Science from KNUST, and a diploma in theology from the Trinity College. He has attended so many snail workshops organized by British council.

Dr. Comfort Carl: Dr. Comfort Carl is a well established nutritionist. She holds a PhD in *food and nutrition* from the University of Wimbledon, U.K., she also holds an Msc in *health science* from the Kwame Nkrumah University of Science and Technology, a diploma in *catering*, she is also a member of The British Association for Applied Nutrition and Nutritional Therapy (BANT). She is currently a lecturer at KNUST. She has held various positions such as Senior Research Fellow at the Ghana Standard Board, Quality Control Officer of Golden Tulip Hotel, Kumasi. She also has a number of books to her credit; *The Dos and Don'ts of nutrition*, *The canker called Food poisoning*, *All about your health* and many more.

She is part of the board purposely to give advice pertaining to best practices for producing wholesome snail meat for the general populace.

Lawyer Anyimadu Antwi: Mr. Anyimadu Antwi is the third member of the board of directors. He is a Lawyer by profession and currently is a member of parliament for Ashanti Akyim North constituency. He holds an MA in Law from the University of Ghana. He also holds a first degree in Accounting and an HND in Marketing. He is a practising lawyer and a member of the Ghana Bar Association. He is a former Chairman of the Copyright Society of Ghana, Kumasi Chapter.

Lawyer Anyimadu Antwi will act in the capacity of company lawyer and oversee all issues relating to legalities as far as SnailWorld is concerned.

3.2. MEMBERS OF MANAGEMENT AND THEIR FUNCTIONS.

GENERAL MANAGER

Benjamin Owusu (CA, BBA Finance- 5yrs working experience in similar position)

The General Manager is the liaison between the board of directors and the management. He reports directly to the board of directors. He has the following roles to play:

- ❖ Responsible for the overall management of the company.
- ❖ Directs the company towards achieving its vision.
- ❖ Represents the company in terms of external affairs.
- ❖ Allocates resources for the administration of the company.
- ❖ He ensures the company takes calculated risk.

ACCOUNTS OFFICER

Francis Amega (HND Accounting - 3yrs working experience)

The finance manager shall perform the following functions:

- ❖ Preparation of financial statements
- ❖ Shall advice management on financial state of the company
- ❖ Shall in collaboration with the production manager/quality control, price all products.
- ❖ Shall be in charge of the day-to-day financial transactions of the company.

MARKETING / QUALITY CONTROL OFFICER

Bernice Offei (HND Marketing- 3years working experience)

The marketing manager is the head of the marketing department of the company and is responsible for:

- ❖ Customer care and quick delivery of products.
- ❖ Mapping up marketing strategies for the company.
- ❖ Conducting marketing research to unravel new opportunities.

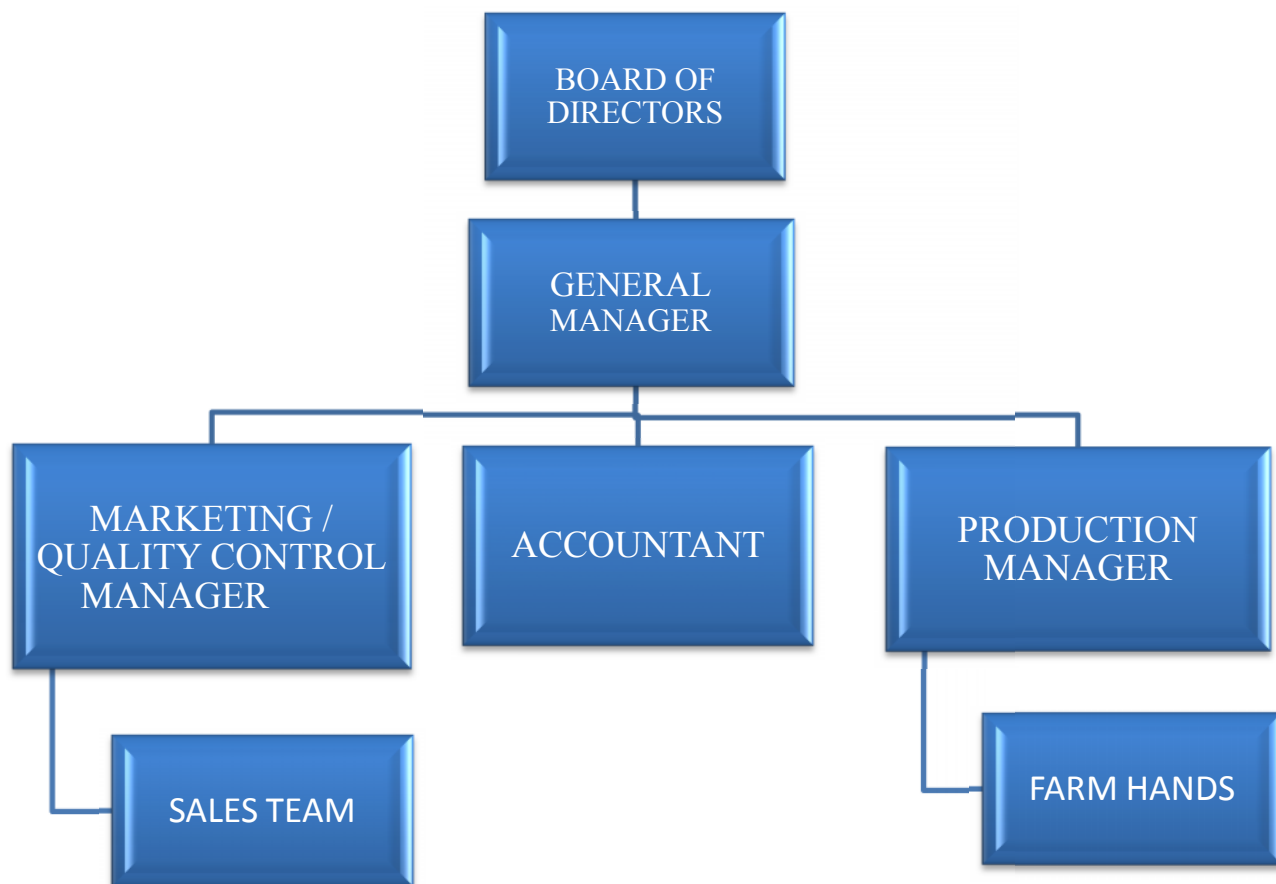
PRODUCTION MANAGER

Dery Caleb (BBA Management- 4years working experience with Ghana Standards Board)

The production manager is the head of the production team and has the following roles to perform:

- ❖ The production processes.
- ❖ Procurement of gadgets for productions
- ❖ Maintaining the quality of products produced
- ❖ Monitoring of production to reduce waste as much as possible

3.3. ORGANIZATIONAL CHART OF SNAILWORLD COMPANY LIMITED



4.0. MARKETING ANALYSIS

The snail industry has been in existence for a long time. There are however few players in this industry. The few individuals that indulge in snail farming produce on a large scale for export. The majority of people who deal in snail hand pick them from the forest and sell them in the living state.

SnailWorld is well placed to penetrate and capture the market with the resources available to it. The company is well structured with a resilient and hardworking management team, equipment and well experienced board of directors to help us achieve our vision.

4.1. BUSINESS SYSTEMS AND OPERATIONS

4.1.1. Production Process.

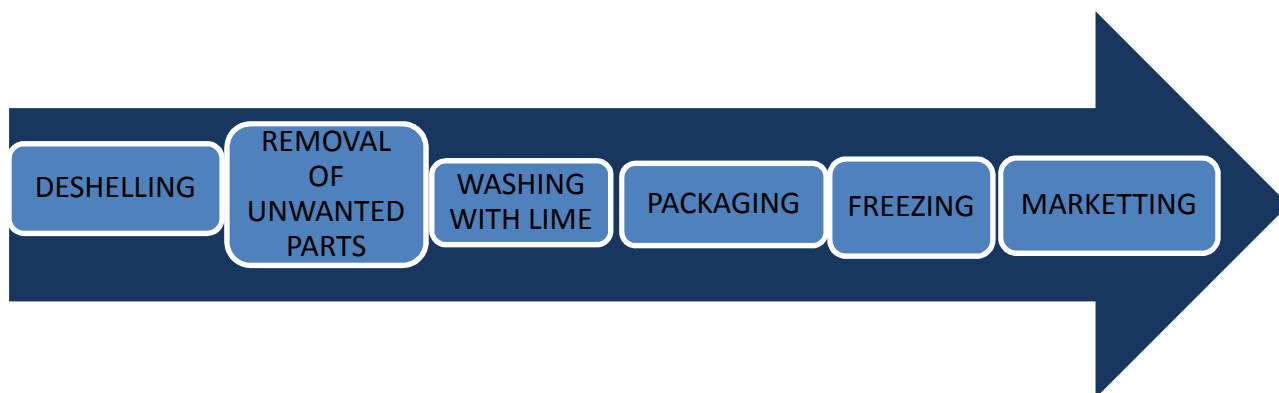


Figure 2

SnailWorld will have a reliable source of its breeders. Our breeders will be purchased from Ministry of Agric (metro office) who import exotic high-breeding snails from Benin.

The production process will begin with deshelling the snails. This will be done with the aid of a cracker which will be locally manufactured by the GRATIS foundation.

The next step in the production process will be the removal of unwanted parts of the snails which is the tubular appendages attached to the mantle.

The meat is then washed with clean water and lime to get rid of the slime. Powdered ginger is sprinkled on the meat to give it some flavour.

The fresh snails as well as those that have been dried in ovens are packaged in vacuum sealed plastic bags which will preserve the meat.

After all these processes in figure 2 have been carried out, the meat will be ready to be sold out to the market.

4.2. ENVIRONMENTAL FACTORS

Social/legal: Our location is so close to our customers in that majority of the population in the Ashanti region socially accept and eat snail meat as a staple food. For this reason our aim of producing all year round will be feasible since it will always be marketable.

The company will acquire patent right to help keep its name and make it unique from other companies.

Ecological: SnailWorld will not resort to the use of any harmful chemicals or cause degradation to the land but rather we will maintain the ecology while farming our snails to ensure environmental safety.

Technological: SnailWorld is going to adopt simple but excellent technology such as the use of the cracker machine and the vacuum sealer for the production of vacuum sealed packaged products in order to meet the needs of our customers. The vacuum sealed packaging prevents oxygen from coming into contact with the meat thereby preserving it naturally for a long period.

Product strategy: Our product is low in fat and rich in nutritional value such as protein, iron and amino acids as compared to our indirect competitors such as poultry farmers and other red meat vendors. The use of lime and ginger powder is to reduce the sliminess and improve taste which is not done among our competitors.

COMPETITOR ANALYSIS

SnailWorld has both direct and indirect competitors. Our direct competitors are those that are already existing in the snail industry who hand-pick snails from the forest and sell in the market while our indirect competitors are those who indulge in the production and sale of red meat such as poultry, beef and pork.

The strength of our competitors is that they are already in the market and so their products are well known. Their weakness however is that they have not added value to their product. Our indirect competitors also sell meat which compared to ours is unhealthy since poultry, beef and pork meat contain a lot of fat which is harmful for consumers when taken in high quantities.

COMPETITIVE STRATEGY

Differentiation- Product differentiation would be vigorously pursued through our physical evidence, presentation, trained staff and timely/direct delivery of our products and services.

Cost Leadership- Even though our focus is on high quality, our scope of operation will enable us reduce unit costs as operations expand.

SWOT ANALYSIS

The following SWOT analysis captures key strengths and weaknesses within the company and describes the threats facing SnailWorld Company limited.

Strengths

- Flexibility in meeting restaurants' needs.
- High-quality product offerings that exceed competitors' offerings of price, quality, and service.

Weakness

- SnailWorld Company limited lacks brand awareness.
- Limited capital

Strategies for addressing the weaknesses:

1. We will adopt promotional strategies such food fairs and advertisement to increase brand awareness.
2. The problem of limited capital will make it difficult for us to serve our entire target market which is the Akans living in the eastern, central, western and Brong Ahafo regions hence for a start, we are targeting Kumasi in the Ashanti region alone. We have future plans however, to acquire a loan to enable us extend our operations to cover our entire target market.

Opportunities

- Growing market with a significant percentage of the target market still untapped.
- Market for company's by-product.
- Tax exemption for seven (7) years (*IRS Provision of 1998, Act 546*)

Threats

- Pricing risk
- Diseases that may affect production.
- Threat direct and indirect competitors.

4.3. MARKET SEGMENTATION AND TARGETING

SnailWorld will adopt the geographical segmentation in its operations. The targeted market for the time being is Kumasi and its environs in the Ashanti region. The company will make its products available to all chop bars, restaurants, hotels and individual households who are interested in snail meat.

4.4. TARGET MARKET

We intend to target the following markets:

- Households.
- Commercial food vendors such as chop bars, restaurants and hotels.
- The working class.

POTENTIAL MARKET SIZE

The total population of Kumasi according to the 2010 censuses is about 1,517,000 (*Ghana Statistical Service*) which is the highest population in the Ashanti region and the second most densely populated city in Ghana. The city is host to about 400 chop bars, 58 restaurants (registered), 300 (assumed to be unregistered) and 330 hotels (*Ghana Tourist Board*). The population growth rate of Kumasi from the year 2000 to 2010 according to the recent censuses is 2.6%. If this is maintained for a period of three years, then we estimate a population increment of 39,442 for the first year, 40,467 for the second year and 41,519 for the third year. As the population increases there will be a commensurate increase in the number of chop bars, restaurants and hotels consequently increasing our market size.

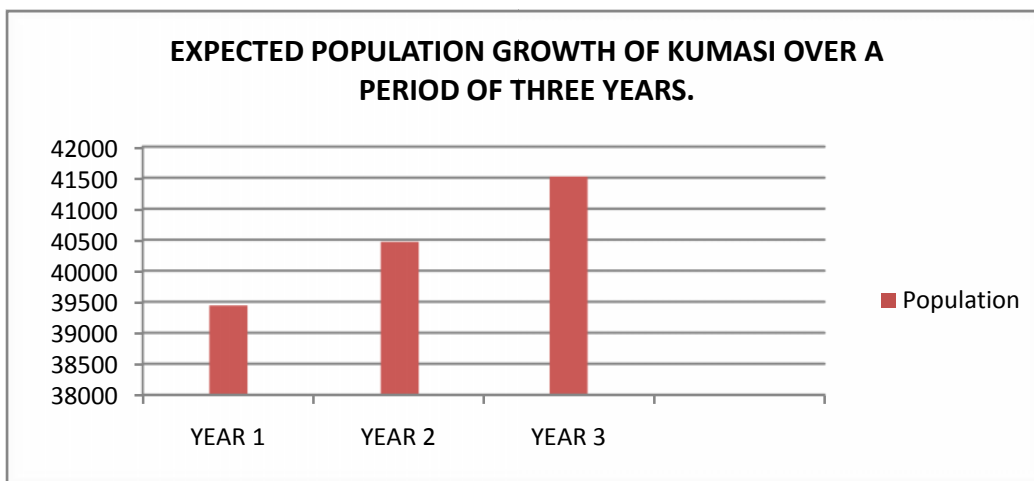


Figure 3

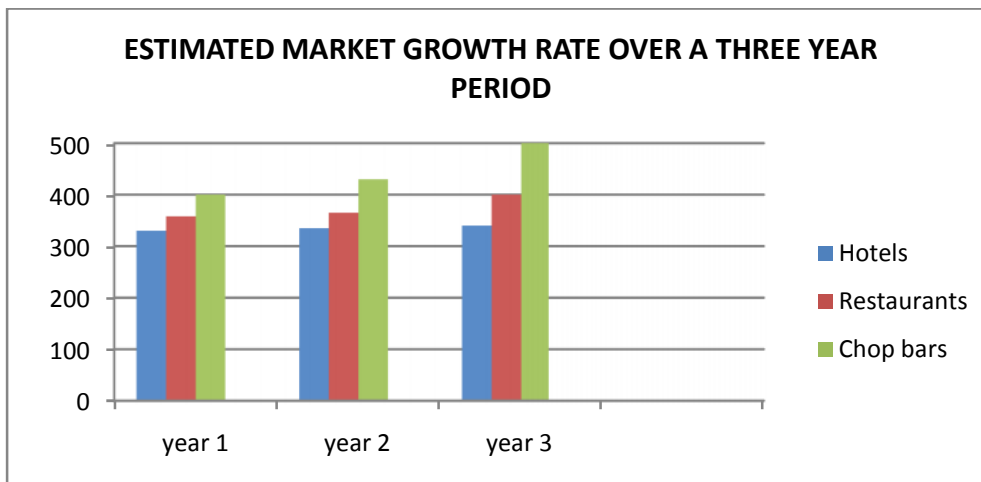
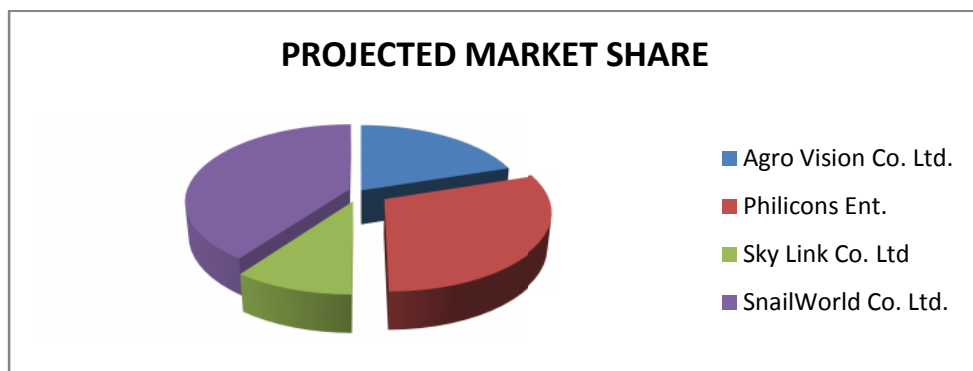


Figure 4

MARKET SHARE

SnailWorld Company ltd. Intends to capture a market share of 40% for the first three years. Our competitors who are Agro Vision, Philicons Enterprise and Sky Link Co. Ltd have a market share of 20%, 30% and 10% respectively.



Market trend: The future of SnailWorld Company Limited is bright. This is because looking at the trend of Ghanaians in the area of choosing meat, it has become obvious that they are now very conscious of their health and as such do not go in for meat with high content of fat and cholesterol which have been attributed to heart diseases, obesity and stroke. With this realisation, Ghanaians are now left with one option; snail meat which has relatively low fat and nearly no cholesterol at all and contain all the amino acid that the body needs.

On the other hand, the Ministry of Tourism is championing the cause of eating indigenous food of which snail meat is no exception.

4.5. MARKETING MIX

Product: SnailWorld's product will be unique from the others in terms of hygiene since it will be thoroughly washed with lime, gingered to add flavour and packaged in a very attractive manner and preserved under hygienic conditions.

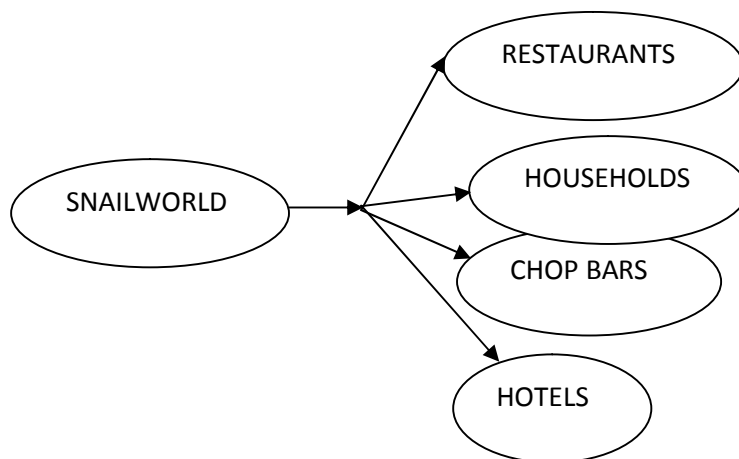
Price: we will make use of the penetration pricing scheme to gain brand popularity for the first year after which prices will be adjusted to be competitive.

Promotion: SnailWorld will adopt the following promotional strategies to gain a large market share:

- **Advertisement:** the company will choose the local radio stations as a promotional channel over others such as T.V.s and news papers since it will not be necessary covering the whole nation.
- **Food fairs:** we will organize food fairs where awareness will be raised on the nutritional value of snail meat. Various dishes will be prepared with snail meat and put on display at the food fair to announce its presence. Participants will also be taught how to prepare various dishes with snail meat and the value snail meat adds to these dishes.
- **Door-to-door delivery/sales:** snail meat ordered will be brought to the door steps of customers. Those that purchase in bulk too will get free delivery services especially the hotels, restaurants and chop bars. This is not the regular distribution process but a promotional strategy to encourage customers to buy in large quantities and also to reach out to customers in remote areas.

Place: SnailWorld production plant is strategically positioned in such a way that we can meet demands of customers without delay. We will have distributors in all sectors in Kumasi who are mainly operators of cold stores. The meat will also be made available at all leading supermarkets in the metropolis.

DISTRIBUTION CHANNEL



5.0. FINANCIAL ANALYSIS

5.1. RISK ANALYSIS

Every new venture will be faced with some potential risk and SnailWorld Company limited is no exception. SnailWorld will examine possible sources of risk and assess the impact those risks will have on the business and how to manage them.

The following are some of the risks 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, poor customer care and human relations, lack of initiatives on the part of employees.
- **Natural Risk:** These are the natural occurrences that will affect SnailWorld Company Ltd's operations negatively. Among these natural risks that can affect our operations is the outbreak of diseases which will affect our business as well as our suppliers and floods emanating from excessive rain. These natural phenomena could have a devastating effect on the operations of the business.
- **Economic Risk:** These are the risks that SnailWorld Co. Ltd is likely to encounter due to the changes in economic indicators both domestic and global; these include inflation, interest rate and exchange rate. A 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 eventually affect the demand for our products.

5.2. RISK MANAGEMENT

Having identified these risks, SnailWorld will institute the following measures to manage the risk:

- **Loss Control:** Proper compensation packages will be paid to injured staffs 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 for the efforts of employees for meeting a particular target such as maintaining a high 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.

5.3. ASSUMPTIONS

The company prepares its financial statement based on historical and accrual/matching concept.

- ☐ The company will depreciate its assets on a straight line basis for three years from 2012 to 2014.
- ☐ Revenue increased by 20% in second year and 30% in the third year as result of operational expansion.
- ☐ The General, Administrative, Selling and Distribution expenses shall increase by margin of 10% in the second year and 10% in the third Year
- ☐ The operation cost for the second year will increase at the rate of 10% while in third year 10%
- ☐ The company will hold 1000 processed snail every year as closing stock, valued at FIFO method.
- ☐ The company wishes to sell on both credit and cash basis.

SNAILWORLD COMPANY LTD
PROJECTED INCOME STATEMENT

FOR THE YEAR ENDING 31ST DECEMBER 2012, 2013 AND 2014.

		2012	2013	2014
	NOTES	GHC	GHC	GHC
Projected Sales	2	100,000.00	120,000.00	156,000.00
Less: Cost of Sales	8	55,956.55	65,145.21	75,220.05
Gross profit		44,043.45	54,854.79	80,779.95
Less: Expenses				
Administration	9a	29,356.00	31,212.60	34,642.86
Selling and distribution	9b	4,220.00	4,642.00	5,106.20
Financial charges	9c	1,900.00	2,090.00	2,299.00
Total adm., Sell.&Dist. and Fin. Cost		35,476.00	37,944.60	42,048.06
Income surplus		8,567.45	16,910.19	38,731.89
Income surplus Accounts:				
Opening balance for next year			8,567.45	25,477.64
Profit/loss for the year		8,567.45	16,910.19	38,731.89
Reserves		8,567.45	25,477.64	64,209.53

☐ Revenue increased by 20% in second year and 30% in the third year as result of operational expansion.

BREAK-EVEN ANALYSIS

GHC

Projected sales	100,000.00
Total variable cost	<u>47,890.00</u>
Contribution	<u><u>52,110.00</u></u>
Contribution/sales ratio	<u>52,110.00</u>
	100,000.00
Breakeven point	<u><u>0.52</u></u>
Breakeven point (sales revenue)	
Fixed cost	66,266.00
Breakeven point	<u>0.52</u>
	<u><u>127,165.61</u></u>

The company will break-even when projected sales is 52,000 units for the first year.

SNAILWORLD COMPANY LTD.**PROJECTED CASHFLOW STATEMENT**

FOR THE THREE YEARS FROM 31ST DECEMBER 2012, 2013 AND 2014.

CASH INFLOW	GHC	GHC	GHC
	2012	2013	2014
Capital	37,250.00		
Sale	100,000.00	120,000.00	156,000.00
	137,250.00	-	156,000.00
		120,000.00	-
			156,000.00
CASH OUTFLOW			
Rent	5,400.00		2,360.00
wages and salaries	14,916.00	16,407.60	18,048.36
factory machine	5,900.00		4,500.00
Vehicle	15,000.00		
office equipment	2,000.00		1,000.00
fixture and fittings	1,500.00		1,000.00
Directors' Allowance	1,800.00	1,980.00	2,178.00
Telephone	1,000.00	1,100.00	1,210.00
Bus registration	800.00		-
Electricity and water (30%)	1,000.00	1,100.00	1,210.00
Lighting (30%)	1,500.00	1,650.00	1,815.00
Insurance	20,000.00	22,000.00	24,200.00
Fuel	4,000.00	4,400.00	4,840.00
Material purchase	10,000.00	13,000.00	16,900.00
Office stationary	600.00	660.00	726.00
Travelling expenses	2,500.00	2,750.00	3,025.00
Bank charges	800.00	880.00	968.00
Indirect material	8,000.00	8,800.00	9,680.00
Repairs and maintenance	800.00	880.00	968.00

Advertisement	1,220.00		1,342.00		1,476.20
Farm hands wages	7,920.00		8,712.00		9,583.20
General Expenses- factory	5,000.00		5,500.00		6,050.00
General Expenses- Administration	1,000.00		1,100.00		1,210.00
Labeling	3,000.00		3,300.00		3,630.00
Discount Allowance	1,100.00		1,210.00		1,331.00
Consumables	<u>1,000.00</u>		<u>1,100.00</u>		<u>1,210.00</u>
	17,756.00	-	97,871.60	-	119,118.76
Net Cashflow	19,494.00	-	22,128.40	-	36,881.24
Balance b/f			19,494.00	-	41,622.40
Total	19,494.00	-	41,622.40	-	78,503.64

NET PRESENT VALUE

YEARS	NET CASHFLOW	DISCOUNT FACTOR 25%	NET PRESENT VALUE
0			-37250.00
1	19,494.00	0.80	15,595.20
2	22,128.40	0.64	14,162.18
3	36,881.24	0.51	<u>18,883.19</u>
NET PRESENT VALUE			11,390.57

Return on Capital Employed = Net profit/Capital Employed *100

First Year = $8567.45/45817.45 * 100 = 18.7\% = 19\%$

Second Year = $16910.19/62727.64 * 100 = 23\%$

Third Year = $38731.89/101459.53 * 100 = 38\%$

CONCLUSION

Analyzing the above indicators such as positive NPV - GH¢11,390.57, breakeven point of 0.52 and that is return on capital employed standing at 19%, 23% and 38% in the first, second and third year respectively. With this analysis above, we the potential directors and management stand that our business is viable and will attract better returns for potential investors.

SNAILWORLD COMPANY LTD
PROJECTED FINANCIAL POSITION
FOR THE YEAR ENDING 31ST DECEMBER 2012, 2013 AND 2014.

		2012		2013		2014
	NOTES	GHC		GHC		GHC
<u>NON CURRENT ASSETS</u>						
Property, Plant						
&Equipment	10	20,725.00		17,050.00		18,350.00
<u>CURRENT ASSETS</u>						
Inventory	8	1,998.45		2,255.24		2,605.89
Rent prepaid		3,600.00		1,800.00		2,000.00
Cash/ bank		19,494.00	25,092.45	41,622.40	45,677.64	78,503.64
			<u>45,817.45</u>		<u>62,727.64</u>	<u>101,459.53</u>
<u>FINANCED BY:</u>						
Capital			37,250.00		37,250.00	37,250.00
Net profit			8,567.45		25,477.64	64,209.53
			<u>45,817.45</u>		<u>62,727.64</u>	<u>101,459.53</u>

APPENDIX.

NOTE 1

	Quantity	2012	2013	2014
Breeders	5,000			
Unit	GH¢2.00	<u>10,000.00</u>	13000	

NOTE 2 sales

Quantity sale 28000

sales Division:

fresh snail meat

dry snail meat

	1/2 Kilo	1 kilo	5kilos		Total
Fresh snail meat	GH¢	GH¢	GH¢	GH¢	GH¢
Quantity	5,000	10,000	3,000		
unit price	<u>2.00</u>	<u>4.00</u>	<u>10.00</u>		
	10,000.00	40,000	40,000.00	30,000	30,000.00
					80,000.00
Dry snail meat					
Quantity	5,000	5000	1000		
Unit price	<u>1.00</u>	<u>2.00</u>	<u>5.00</u>		
	<u>5,000.00</u>	<u>10,000.00</u>		<u>5,000.00</u>	<u>20,000.00</u>
Total sales	<u>15,000.00</u>	<u>50,000.00</u>		<u>35,000.00</u>	<u>100,000.00</u>

NOTE 3

2012
GH¢

FIXED ASSETS COST

Rent	1,800.00
Wages and salaries	14,916.00
Directors allowances	

SNAILWORLD CO. LTD.

	1,800.00
factory machine	20,900.00
Office equipment	2,000.00
Fixture and fittings	1,500.00
Telephone	1,000.00
Bus registration	800.00
Bank charges	800.00
Electricity and water (30%)	300.00
Lighting (30%)	450.00
Insurance	<u>20,000.00</u>
Total fixed cost	<u><u>66,266.00</u></u>

VARIABLE COST

Material purchase	10,000.00
Office stationary	600.00
Travelling expenses	2,500.00
Electricity and water (70%)	700.00
Lighting (70%)	1,050.00
Indirect material	8,000.00
Repairs and maintenance	800.00
Advertisement	1,220.00
Farm hands wages	7,920.00
General Expenses- factory	5,000.00
General Expenses- Administration	1,000.00
Labeling	3,000.00
Discount Allowance	1,100.00
Consumables	1,000.00
Fuel	<u>4,000.00</u>
Total Variable Cost	<u><u>47,890.00</u></u>

30% allotted for electricity, water and lighting under fixed assets cost and 70% of the same figures are allotted under variable cost.

NOTE 4

WAGES AND SALARIES

Employees	Number	Salaries GHC	Annual GHC	SSF GHC	Total GHC
General/ Finance manager	1	500.00	6,000.00	780.00	6,780.00
Quality control Dep't	1	200.00	2,400.00	312.00	2,712.00
Production Dep't	2	200.00	2,400.00	312.00	2,712.00
Marketing Dep't	2	200.00	2,400.00	312.00	2,712.00
	6	1,100.00	13,200.00	1,716.00	14,916.00

NOTE 5

FIXED ASSETS

	GHC
motor van (2)	15,000.00
Total Factory Machine:	
crasher machine	1,000.00
Oven	400.00
water sprinkler	500.00
deep freezer	1,600.00
Polytank	600.00
gass cylinder	400.00
Generator	1,400.00
Total	20,900.00
OTHER ASSET	
office equipment	2,000.00
fixture and fittings	1,500.00
	3,500.00

NOTE 6

	GHC	GHC	GHC
factory overheads	2012	2013	2014
indirect material	8,000.00	8,800.00	9,680.00
Electricity	1,050.00	1,155.00	1,270.50
water	700.00	770.00	847.00
repairs and maintenance	800.00	880.00	968.00
Rent	1,260.00	1,260.00	1,512.00
Insurance	20,000.00	22,000.00	24,200.00
general factory expenses	5,000.00	5,500.00	6,050.00
Consumables	1,000.00	1,100.00	1,210.00
	<hr/>	<hr/>	<hr/>
	37,810.00	41,465.00	45,737.50

The General Administration, Selling and distribution expenses increased at 10% for the second year and 10% for the third year.

NOTE 7

	<u>Projected Production Cost and Cost of Sales 2012</u>		
GHC	2012	2013	2014
Purchase of breeders	10,000.00	13,000.00	16,900.00
Direct labour	<u>7,920.00</u>	8,712.00	9,583.20
Prime cost	17,920.00	21,712.00	26,483.20
Factory overheads	37,810.00	41,465.00	45,737.50
Depreciation:	<u>2,225.00</u>	2,225.00	3,350.00
Production cost	<u>57,955.00</u>	65,402.00	75,570.70
COST OF SALES:			
Opening stock		1,998.45	2,255.24
Production cost	<u>57,955.00</u>	65,402.00	75,570.70
	57,955.00	67,400.45	77,825.94
Less: closing stock of packaged meat	<u>1,998.45</u>	2,255.24	2,605.89
Total cost of sales	<u>55,956.55</u>	65,145.21	75,220.05

Closing stock valuation= $57,955.00/29000*1000$

The cost of sales is increased from 13% and 15% for both second and third year respectively. Also the closing stock is estimated to be 1000 units over the three years applying the FIFO method of stock valuation.

NOTE 8**ADM. SELL. & DISTRIBUTION AND FINANCE COST****ADMINISTRATION
EXPENSES**

	2012	2013	2014
	GHC	GHC	GHC
Electricity (30% * 1000)	300.00	330.00	363.00
Water (30% *1500)	450.00	495.00	544.50
Wages and salaries	14,916.00	16,407.60	18,048.36
Directors allowance (300*3*2)	1,800.00	1,980.00	2,178.00
Depreciation provision:		-	
Office equipment -20%	400.00	400.00	600.00
Furniture & fittings 20%	300.00	300.00	500.00
Vehicle 10% - (50%*1500)	750.00	750.00	750.00
Telephone	1,000.00	1,100.00	1,210.00
Fuel	4,000.00	4,400.00	4,840.00
Stationary	600.00	660.00	726.00
Transportation	2,500.00	2,750.00	3,025.00
Registration	800.00		-
Rent	540.00	540.00	648.00
general expenses	1,000.00	1,100.00	1,210.00
	29,356.00	31,212.60	34,642.86

**SELLING AND
DISTRIBUTION**

Advertisement	1,220.00	1,342.00	1,476.20
Labeling	3,000.00	3,300.00	3,630.00
	4,220.00	4,642.00	5,106.20

FINANCIAL CHARGES

Bank charges	800.00	880.00	968.00
Discount allowed	1,100.00	1,210.00	1,331.00
	1,900.00	2,090.00	2,299.00

The financial charges and the discount allowed is estimated to increase 10% in the second year and 10% in the third year.

NOTE 10

<u>NON CURRENT ASSETS SCHEDULE</u>	2012		2013		2014	
Vehicles	15,000.00		13,500.00		12,000.00	
Additions	-	-	-	-	-	-
Less: Depreciation 10%	1,500.00	13,500.00	1,500.00	12,000.00	1,500.00	10,500.00
-						
Total Factory Machines.	5,900.00		4,425.00		2,950.00	
Additions	-		-		4,500.00	
Less: Depreciation 25%	1,475.00	4,425.00	1,475.00	2,950.00	2,600.00	4,850.00
Office equipment	2,000.00		1,600.00		1,200.00	
Additions	-		-		1,000.00	
Less: Depreciation 20%	400.00	1,600.00	400.00	1,200.00	600.00	1,600.00
Furniture and fittings	1,500.00		1,200.00		900.00	
Additions	-		-		1,000.00	
Less: Depreciation 20%	<u>300.00</u>	1,200.00	300.00	900.00	500.00	1,400.00
Net Book Value		<u>20,725.00</u>		<u>17,050.00</u>		<u>18,350.00</u>