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Run My Own Business? Yes, I Can!

Starting and Operating a Woman-Owned Business in Ghana

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Global technology—local solutions

Foreword

In today's fast-paced global economy, African women are beginning to be players. The last decade of reforms has given Africa's private sector an opportunity to grow and show that it can compete. African women have, in the same decade, built on their traditional market knowledge and more recent access to higher education to expand into an amazing variety of business ventures. West African women operate restaurants and sell cosmetics, yes, but they are also architects and doctors, school founders, owners of hotels, web cafés, diamond mines, flour mills, printing presses, and dry cleaners. This manual offers concrete, practical information for women on the road to building successful businesses.

From 2002 through 2005, International Business Initiatives– IBI has been implementing the USAID-funded Growth through Engendering Enterprise (ECOGEE) project in Economic Community of West African States (ECOWAS) countries. With IBI's support, West African businesswomen have received training, improved their capacity to network, developed information technology skills, and strengthened business linkages. As a result, businesswomen across the region have increased regional and international trade, grown their businesses, and increased profits.

This manual outlines the steps, procedures, and costs associated with starting a business and remaining competitive and profitable. Guides have been developed for the six countries where IBI worked: Ghana, Mali, Niger, Nigeria, Senegal, and Sierra Leone. The manuals cover topics such as business planning, human resources, marketing strategies, and financial management. More than other business owners, West African businesswomen have to overcome many obstacles—but the greatest of these has been the lack of a centralized source of information for businesswomen. We hope this manual represents a small but important step toward overcoming this lack.

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Contents

1. Factors to Consider when Starting a Business

When you are thinking of starting a business, it is wise to first ask yourself some questions:

- Do I know the product or service field?
- Do I have the resources or can I get them?
- How will my family cope?
- Do I have the qualities needed to succeed?

While chapter 3 provides a more detailed discussion of some of these issues, here are some basic factors you should consider:

Business idea
First is to decide what type of business you want to start. This is your business idea. Your business idea includes what your business will produce or what service it will provide, whom your business will sell to, how it will sell its products or services, and what customer needs the business will satisfy. Spelling out your business idea in detail at the beginning increases your chances of success.

Technical skills
Entrepreneurs need the practical abilities to produce the goods or services. If you plan to start a hairdressing business, for instance, you need to be able to wash, set, and style hair. Without the necessary technical skills, it is going to be difficult for you to start and run your hairdressing business.

Family situation
It is important to have your family's support. Starting and running your own business will take a lot of your time, which might conflict with your family responsibilities. When your family agrees with your business plan and supports you, you will be able to give enough time to your business.

Personal entrepreneurial characteristics and skills
You are the most important person in the business, and its success depends on your efforts. Since you are responsible for managing the business, you need certain entrepreneurial characteristics and skills:

- **Motivation:** You must be highly motivated by your business idea and enthusiastic about the prospects of starting and running your own business. Your plan should arise from your interests and desires, not because you have no other job to do. Motivation increases the chances that your business will succeed.

- **Commitment:** You must put your business above everything else and be willing to devote the time, attention, and resources the business needs.

- **Tolerance for risk:** Investing in a business involves risks, including the risk that the business will fail. You must be willing to take such risks. At the same time, you must learn to take calculated risks.

- **Decisionmaking skills:** A good entrepreneur must be able to make difficult decisions affecting the business.

- **People skills:** Good entrepreneurs must be able to deal with customers. They also have to be able to handle suppliers.

- **Self-knowledge:** Wise entrepreneurs know their managerial strengths and weaknesses. To compensate for the weaknesses, they can hire consultants or employees with complementary strengths.

Other key factors
Other factors to take into account when starting a business or preparing a business plan include understanding the following:

- **Customers/market potential:** Define your potential customers and their needs. It is important to estimate how much business you will receive from your target market.

- **Competition:** Know your potential competitors—firms selling similar or substitute products or services to your target market.

- **Resources/capital:** Determine the resources you will need, what you have available, how much they will cost, where you will get them, and how you will pay for them. Some of the basic resources you need to succeed or start a business include the following:
  - ***Human:*** Employees are the most important resources of a business.

  - ***Physical:*** Land, building, machines, equipment, and natural resources needed to achieve business objectives; however, these resources come with costs. As a beginner you can start operating from your home. You can also use the services of communication and business centers for typing letters or other secretarial services.

  - ***Financial:*** Organizations need cash and credit to operate. Physical and intangible resources are all obtained through financing. The major sources of finance are friends and relatives, banks and nonbank financial institutions (e.g., savings and loans companies). Nearly all successful businesses in Ghana, as in other countries, rely on their own funds for the first two years.

- **Marketing:** Determine potential customers, which products or services to offer, the distribution system to get the products or services to the customer, means of promotion to induce the customer to buy the products, and pricing.

- **Uniqueness**: Your product or service should offer customers something unique that they cannot get elsewhere. You need an original idea or invention, or your idea may be to improve on somebody else's product/service. People must need your product or service: if they do not need it, no marketing effort will make it succeed.

- **Market saturation:** When selecting your business idea, consider whether there are more providers, suppliers, or service/product than there are customers. You may have a great idea, but there may not be enough room for you in the industry because too many people are already providing something similar.

- **Location:** Because of its long-term relationship to profitability, a firm's location is key and deserves thoughtful analysis. Poor location is a hindrance that is especially destructive when it comes to retail operations. For retail businesses, the key to profitability is traffic. If your business is located off the main traffic zone, its survival and prosperity diminishes. A firm's growth might force expansion requiring the business owner to make a decision about expanding at the same location, if possible, or moving to another area. Regardless of the reason, the location decision may involve a significant expenditure, and you will have to live with the decision. To start a business, you should know the various factors that are important in making your location decision:
  - proximity to the target market
  - proximity to your source of labor
  - transportation facilities
  - availability of raw materials
  - size of population/potential market
  - demographic factors (age, sex, distribution) of the population

2. Being an Entrepreneur

Introduction
The person setting up a business is an *entrepreneur*. Entrepreneurs need certain personal characteristics and managerial skills:

- commitment and determination
- willingness to take risks and tolerance of ambiguity and uncertainty
- creativity, self-reliance, and adaptability
- motivation to excel
- ability to deal with customers and handle suppliers
- ability to make decisions

As mentioned in chapter 1, entrepreneurs need a wide variety of skills to succeed, but not many can do everything from sales to service to accounting by themselves. In other words, you must have knowledge of different disciplines, such marketing, accounting, human resources management, but you do not need to be an expert in all of them. When you recognize your weaknesses, you can hire consultants or employees with complementary strengths.

Entrepreneurship has both advantages and disadvantages. Advantages include being independent, making your own decisions, having the option to work at home, and having the ability to focus on a select number of key customers. Disadvantages include long working hours and the risk you may fail and lose your capital. In fact, business failure is common: worldwide, fewer than half of all new businesses survive the first five years.

Women entrepreneurs
You should consider realistically what you can do at different stages in your life. For example, if you have young children, it maybe hard to balance family obligations with the demands of caring for them. It may also a time when traveling for regional and international business is difficult. As your children get older, you may have more time to devote to growing a business. On the other hand, if you plan to pay for private education for your children, those years may be a time to avoid financial risks.

More and more you will find women creating businesses in areas once considered reserved for men. It is important to recognize and be prepared for the additional challenges you will face should you choose to open up such a business. You should be open to learning what makes men in these fields successful and what advantages you still have.

Requirements for business success
What will make you a successful business owner? Generally speaking, successful entrepreneurs tend to exhibit the following characteristics:

- **Energy:** It takes a great deal of energy to start and run your own business. One of the greatest rewards an entrepreneur can achieve is developing a successful business that is a direct result of her own efforts.

- **Initiative**: The small business owner must possess the entrepreneur's initiative to operate independently. Small business ventures require people who are looking for independence and creativity, and not necessarily the potential for long-term security offered to an employee of an established firm.

- **Organization**: It is very important from the beginning that you are meticulous about records. At the minimum you should keep a ledger of the assets (money and goods) you put in, expenses, and income and orders. You will need this information—and so will bankers, consultants, and others.

- **Appearance:** Dress for success! You should be approachable by customers and business contacts, in part by dressing appropriately. Your manner should also convey your willingness to be helpful and attentive to customer needs. It is an asset if you reflect an attitude that portrays integrity and honesty. You should be able to present your business well at any opportunity. For example, you should always have business cards, business brochures, professional letterhead, etc., on hand.

- **Technical competence and experience:** You must have, or be able to acquire, good technical know-how of your product or service and a general knowledge of your industry. Working as an employee in an established firm can be good preparation. Experience you have already acquired dealing with employees, customers, and suppliers in a particular or related industry, and having been exposed to the running of a similar operation in the past, can be invaluable when you start your own firm. You should also keep up on new developments that could affect your business.

- **Administrative ability:** You must have an aptitude for running the business, including making decisions about employee work schedules, defining employee tasks, supervising every aspect of the daily operation, and setting up and running the record-keeping.

- **Good judgment:** You must learn to foresee the how different decisions may lead to different possible outcomes so that you have the best chance of choosing the optimal course.

- **Restraint and patience:** Try not to overreacting to a situation or act prematurely. A good entrepreneur needs to be level-headed in order to calmly make effective decisions. As you start out, you must be aware of the limitations of your employees so that you do not expect them to immediately achieve expert status.

- **Ability to communicate well:** Effective communication is crucial to the efficient operation of a business. You must be able to communicate with your customers and employees. When you do not clearly convey your thoughts, time, energy, customers, and inventory could be lost.

- **Leadership**: Leadership helps maintain the chain of command within your business. Your position as the business owner involves knowing when and how to act, when to talk and when to listen, when the rules need to be strictly followed, and when you can be flexible. And above all you must develop the ability to judge people and employees.

- **Managerial ability:** You should practice good customer relations. This involves knowledge of consumerism, which includes value, safety, adequacy, and price policies. Value entails making sure that the consumer receives something worthwhile for the money he or she is spending. You should also be aware of safety, both with the product and the premises. You should not only sell the consumer a product—and guarantee its safety if properly used—but also provide the customer a safe place in which to purchase the product. When selling the product, you should have an adequate knowledge of competitors' products as well as your own so that you can best inform the buyer about a particular product's benefits and limitations. Your business should also maintain an adequate inventory of the product, replacement parts, and if need be, easy access to repair facilities. The selling price should not be exorbitant; rather it should be set so that your business makes a reasonable profit for producing, storing, transporting, marketing, and selling the goods. As an astute entrepreneur you must keep abreast of changing consumer trends, government legislation, and regulations so that you can best adapt and market the product in the face of changing situations.

- **Sense of responsibility to community**: The importance of adopting community, ethical, and social responsibilities as a way of doing business is becoming increasingly important to businesspeople. As an individual, the entrepreneur may feel obligated to have high standards in the way the business is conducted. Should these be absent, however, customers may impose them from outside. Some key community, ethical and social responsibilities include the following:
  - ensuring that your products or services are of high quality and wholesome
  - ensuring sound environmental practices
  - exhibiting honesty in all your business dealings
  - providing employment for members of the communities in which you operate
  - providing social infrastructure for the communities in which you operate
  - supporting charity

Reasons Some Businesses Fail
Not all companies get off to a great start. Some die a quick death; others a slow, agonizing one. Even those that make honored lists don't always remain on the fast track. A common cause of failure is growth into new products, or new geographic areas, that are poorly understood by the entrepreneur. Success can cause the entrepreneur to become overconfident or complacent. And growth can be so fast that the business goes out of control and is not managed properly, resulting in lower quality goods and services.

- **Change of heart:** The hazards of striking out on your own are many. First, you may start your own business and find out that you don't enjoy it. One person who quit a large company to start his own small one stated, "As an executive in a large company, the issues are strategic. You're implementing programs that affect thousands of people. In a small business, the issues are less complex, you worry about inventory every day, because you may not be in business next week if you have negative cash flow." His most unpleasant surprise: "How much you have to sell. You're always out selling. I didn't want to be a salesman. I wanted to be an executive and survival is difficult. An entrepreneur should be able to sell his business else he will soon be out of business."

- **Misjudgments:** In small business there are no small mistakes. This comes up time and again when you talk to entrepreneurs. Some misjudgments can cause serious problems for new or small businesses, or even bring about their collapse, and this can be devastating.

- **Competition:** When competition gets tougher, small businesses feel it first.

- **Financing problems:** Sometimes the entrepreneur may think she is very comfortable financially, and suddenly something happens and she is in distress. Since the size of the business is small, any financial constraint is felt deeply. One entrepreneur remarked, "I remember trying to find enough money to buy food for my family."

- **Mortality:** One long-term measure of an entrepreneur's success is the fate of the venture after her death. The organization can outlive the entrepreneur under one of two conditions: if the business has gone public or if the entrepreneur has planned for an orderly succession. Both conditions are relatively rare in Ghana.

3. Your Business Plan

Business plans, business plans, business plans! Why are so many people obsessed with business plans? Are they really necessary?

One of the biggest advantages of creating a business plan is that it requires you to gather price information, which will help you determine how much money you will be able to make from your company's product or service. In addition, the plan asks you to research your competitors and potential customers, helping you determine how much of a profit margin you can afford to add on and still remain competitive. Your business plan also breaks out all the costs you incur to make and sell your product. This will help you do a break-even analysis that will reveal the minimum number of products you need to sell to cover all the costs. This information will tell you if your costs are too high or if you can afford to spend more and maintain the same profit margin as the market allows.

For businesses that sell services, a business plan is ideal, because it helps you define and fine-tune your service. In African economies, services make up a large percentage of business activity, so it is extremely important that your service be unique while at the same time be at a price that is good for you and your customers. The research and planning involved in creating a business plan allows you to do this.

Since a business plan outlines your business idea and objectives, it helps you realize your goals and projected profits. Many potential entrepreneurs have an idea but don't really have a plan to sell it. Or they have been selling a product for a while but have no idea what their customers think about their product or how it compares to those of competitors. Such information is very valuable as business owners expand into new markets and think of new product lines. In developing a business plan, entrepreneurs measure their products' performance, determine appropriate business strategies, and implement changes to achieve short-, medium-, and long-term goals.

Usually you will be in business for two to three years before approaching a bank for a loan to finance growth. At that point, the business plan will include the company's historical and forecast financial picture; this will help illustrate how financially stable the company is and where the company is headed in the near future. This information is extremely important for bankers and investors when considering an entrepreneur's application for credit or a loan. To the bank, the business plan is written evidence of success. After analyzing the client's business plan, banking history, and financial statements, the banker will determine if the entrepreneur will receive financing.

Many people compare a business plan to a set of blueprints. An architect would not build a house without a set of plans, or a blueprint. Nor should an entrepreneur start a business without a well-thought-out business plan. However, while many argue it is an excellent idea to have a business plan with all your ideas and forecasted costs written down on paper, successful businesses have been started without business plans. A great product or service positioned correctly in the right market, a lot of hard work, and a little luck are sometimes enough to get a business up and running quite quickly. On the other hand, a thorough upfront analysis may save an entrepreneur time and money—both very valuable in the startup stage—and if the entrepreneur is looking for financing or joint venture opportunities, business plans are generally required.

While you may not have enough knowledge to do a full business plan before you start, it is still a good idea to complete a simple one. Then as you gather your research and develop your strategy, you can add to it. You should keep in mind that business plans are "working documents," which means they may change in response to new developments or changes in your company. The information should be included in a business plan:

1. **Cover sheet:** Considered your title page, you should include
   - name, address, and phone number of your company
   - name, title, address, phone number of owners/corporate officers
   - month and year your plan was prepared
   - name of preparer

2. **Executive summary:** Explain in a short one- or two-page overview the content of the business plan. Outline your management style, strengths, objectives, and why you think your business will succeed. Your goals should be clear and interesting to the reader. If applying for a loan or financing credit, the executive summary should state why you are looking for financing, the proposed amount, and how you intend to repay the loan or investor. Since it summarizes the entire business plan, the executive summary is always written last, after all the other elements of the plan are completed.

3. **Company overview:** Summarize the following critical aspects of your company:

   - ***Company description:*** A few briefs paragraphs on your business, historical background, and why it is unique

   - ***Company mission statement:*** A good mission statement provides vision and direction for the company for at least 5–10 years and should not have to be revised every few years. The mission statement defines your business's purpose and helps staff and management focus on preserving or strengthening the company's unique competitive niche. Mission statements are difficult to write, so take your time and brainstorm with your staff.

   - ***Short- and long-term goals:*** Answer the question "What business are you in?" Remember that how you define your business positions you in the market and sets the tone for success. After answering this question, you should list and describe your short- and long-term objectives (keep in mind that short-term goals always lead to long-term goals).

   - ***Description of products or services:*** Provide a technical description of your product and/or service, including
     - brief description of competitive products or services
     - how your product differs from those of your competitors (unique features, patent, expertise, special training, etc.)
     - why customers will want to buy your product/service, i.e., your unique selling point
     - how the product is made or manufactured
     - advantages and disadvantages (and how you will overcome them) of your product
     - production capacity and lead times (current and projected)
     - sales prices

- licenses or certifications needed or obtained to meet industry quality standards

- ***Legal structure:*** Introduces what type of business you have, whether retail, wholesale, manufacturing, services, or project development. List any licenses or permits needed to operate the business. Address whether this is a new business or an expansion. It is always a good idea to include some historical background as well as the company's legal status (for example, a sole proprietorship, partnership, or joint venture).

- ***Principal ownership*:** List key owners: founders, investors, key employees, and directors. Include who they are, what they contribute to the business, their education, experience in this type of business, and the role they play in management. Also list any partnerships or relationships with others that you have developed to enhance your business' performance.

- ***Physical location and facilities:*** Describe all physical facilities and their locations. List specific equipment and manufacturing/production processes to make the product. In addition to addresses, discuss how your facilities meet your business needs and the hours of operation.

- ***Management:*** List who will run the company along with descriptions of their responsibilities, capabilities, and projected salaries.

- ***Personnel:*** List employees, positions, responsibilities, necessary qualifications, and salaries/wages. It is also a good idea to estimate hiring projections.

4. **Marketing plan and strategy:** Explain how you will sell your product or service, including who you want to sell to and how you will advertise.

- ***Overview and objectives of the marketing strategy:*** Briefly summarize what your marketing strategy accomplishes and specific objectives.

- ***The industry:*** Generally divided into two parts, this section is the first part of your market analysis. Gives an overview of the industry as well as a brief summary of where your business is positioned compared to other businesses that have the same or similar product. A complete industry overview includes
  - the industry's size
  - sectors within the industry
  - geographic scope
  - product varieties and complementary products/services
  - major players and buyer profiles
  - markets and customers within the industry
  - degree of competitiveness of the industry (high, medium, low) and how easy it is to enter (list barriers)
  - industry's estimated sales this year, last year, and projected
  - trends—economic, social, or political—that affect the industry and how
  - long-term outlook analysis

One way to learn about the industry is by talking to customers, gathering research and statistics at government agencies, online, trade shows, and by looking at competitor products. Focus groups can also provide valuable insights. Ask yourself questions about where your business fits in the industry:

- What products/services does your business sell?
- Who is your competition and what is their market share?
- What differentiates you from your competitors and what is your business' competitive advantage?
- If just starting, what are your barriers to entry?
- What is your target market?
- What is your strategy to stay abreast industry trends and ahead of competition?

- ***Market analysis and competition:*** Describe your target market, that is, the people to whom you are going to sell your product or services, your customers or clients. It is important to include

    - *Definition of target markets:* In general, the more you know about your customer, the better. Researching your target market will give you insight into their preferences, spending patterns, attitudes about your services or product, and future buying trends (whether they plan to buy the product at the same, increased, or decreased rate in the future). This information will help you "position" your product not only to capture market share but also to attract new customers. Researching your customers is critical to success. Areas to consider include age, gender, geographic location and residence, income, education level, lifestyle, factors that may affect customer trends, and customer type (individuals, wholesalers, private sector, organizations, retailers, government)

    - *Projected analysis:* Based on your research of your target markets, figure out how much of your product you think you can sell by looking at how many similar products are already on the market, how many people are actually buying (a good estimate) this product, and whether the market allows for growth. These numbers will be help you estimate anticipated market trends, such as your market share for next year, percentage of repeat customers, percentage of new customers, buyer frequency, and customer preferences. This information will assist you in determining whether to hire new staff, increase production, develop new product lines, or expand outside your current target market.

    - *Competition:* As we mentioned, assessing your competition is important to your ability to make strategic decisions about positioning your product or modifying it to remain competitive. One way to check out competition is to buy samples of their products and test them against your own. In doing so, you should pay attention to price, quality, and performance.[1] You should also list your competitors and their products. By each product, you should write a brief

[1] A great way to get feedback about your own product is to conduct a focus group or blind test with potential consumers. Focus groups usually consist of 8–10 people, preferably strangers who will be able to give you an unbiased opinion of your product. In the focus group, a moderator asks specific questions about what the customer would like to see in the product, how s/he likes the current product, and what changes could be made to improve it. A focus group gives a company the opportunity to "pick the consumer's brain," and you can ask questions that will help you better sell your product.

description and comment on its strengths and weaknesses. You can also note how well you think these other products sell in comparison to yours and how your product differs from them.

- *Market strategy:* Explain how you are going to sell your product and achieve long-term sustainable growth and profitability. Include in this section a general description of what percentage of your budget will you allocate to the market strategy. Consider whether this is reasonable given market demands and what your competitors are doing . Also include a description of your sales and distribution plan: where and how are you going to sell your product (in retail stores, open markets, direct buyer networking, trade shows, kiosks, catalogs, internationally, regionally, online through a shopping website)? List the promotional/advertising sources you will use, including personal contacts, import/export agent or broker, internet, flyers, brochures, newspapers, other publications, TV/radio, U.S. government, trade associations, catalogs, trade shows, or other.

- *Sales incentives/promotions:* If you are a new company or have a new product, decide how consumers will learn about your product or service. In many cases, entrepreneurs give out free samples or discount coupons on their first order. It may be a good idea to hold an open house or throw a small party for potential customers at your offices. Another idea is to create an attractive, informative web site.

- *Packaging:* Packaging is often used as a strategic marketing tool because it is the first thing consumers see. For businesses where competitors have similar products, packaging helps set the products apart. Some things to consider in packaging are the quality, durability, aesthetic appeal, and special requirements for certain products (for example agriculture).

- *Labeling:* Labeling is equally important, especially if your clientele is international. Countries such as the United States have labeling requirements for products, especially for agricultural goods. As a general rule, the label should be creative and include your company contact information in addition to the product name. Other important information may be the size, weight, certification, ingredients, expiration date, care and handling instructions, and country of origin. Also, many businesses have both a label and a tag. Since the tag is usually larger, you will be able to put more information on the tag and be more creative with color and marketing logos.

- *Pricing:* Explain the price strategy you'll use to maintain your competitive position. You have a few options. After analyzing your competition, decide if your product will be priced significantly above, below, or close to prices of your competitors. Remember that your price strategy is not only about selecting actual numbers. You need to justify your prices given how your product's competitiveness and quality meet industry standards. Your pricing structure should also be broken out by volume. In other words, the larger the order, the lower your unit price should be. It is your decision, again based on your analysis, to determine price brackets. The following pricing data will help you determine your position:

Cost of producing or acquiring the item:
Costs of running the business (overhead):
Percentage markup:
Suggested Prices:
  Competitive
  Below Competition
  Premium Price

Are your prices in line with your image?
Does your pricing strategy cover costs and allow a reasonable profit?

One option is to conduct a break-even analysis. This might be especially appropriate if you have a new business or product. The break-even analysis predicts how much you will need to sell in terms of both units and money to reach the point where sales cover all the expenses. After the break-even point, the company will start to make a profit. A break-even analysis also helps established businesses identify ways to lower the break-even point to increase profits. Now, a break-even analysis is easy if you have an actual product that you can count. But how do you do a break-even analysis if you are selling a service? One way is to use your per hour (or daily) rate as one unit. The analysis will then tell you how many hours or days you will need to work at a certain rate to break even. (A sample analysis may be found in chapter 9.)

- *Branding:* Brand marketing involves creating a name and reputation for your company and product by using logos and phrases that will make customers automatically recognize your product. After time, the label, advertising, and logo will represent the product's quality. Examples of brand marketing in the U.S. are the red and white can and writing for Coca-Cola and the golden arches of McDonald's. Building a name for your business is not cheap and may require high investment in advertising and communications. While branding is not mandatory for a successful business, it is something to think about, especially if your competitors are pursuing brand strategies.

- *Advertising/public relations:* An important part of the marketing strategy is how consumers find out about your product. What kind of advertising do you need and what can you afford at the beginning? Options may include word of mouth, newspaper announcements, flyers, sponsorships, radio spots, TV commercials, website or internet, and email networking. Participating in events such as tradeshows will also help increase your product's recognition. Accepting interviews, speaking at conferences, and sending out press releases on your company's community development will help keep your company in the spotlight. Advertising and sales promotions and incentives go together. As you advertise, you may put a discount coupon in the newspaper or on your website.

- *Networking:* Networking is a powerful marketing tool and if used correctly can be extremely effective for minimal cost. Networking should be a top priority for entrepreneurs, and they should be networking at all levels. Always have a stack of business cards in your purse ready to pull out. You never know when you might meet a potential customer or strategic partner. Networking venues to consider are women's business associations, chambers of commerce, and specific industry member associations. Attending government briefings and meetings with the country's investment promotion center and ministry of trade are also beneficial—not only for them to know who you are, but also for you to know the latest events and happenings.

- *Trade shows:* Participating in trade shows is another great networking opportunity. However, before attending or displaying, it is imperative to be well prepared. You should be able to give a smooth three-minute sales pitch of your product as well as be able to answer all technical questions. Preparation for trade shows can take months, so it is a good idea to start early and brainstorm anticipated customer questions. If you are displaying, you will need to have fully developed your product and started your market research. Since direct sales often result from trade shows, be sure that you are aware of your production capacity and can meet the average customer order size.

- *Shipping and logistics:* One of the major issues with regional and international trade is shipping and handling logistics. It is important to not only understand how this process works, but also what are your best options—air, road, marine? Some of this will depend on your customer's lead time and how soon he needs his order, but price may be an issue as well. If you are shipping internationally and do not have a full container load, look into container consolidation. Sharing a container with another company may save you and the buyer money. When shipping agricultural goods, it is critical that the packaging be adequate to preserve the goods and avoid damage in transit.

- *Financing strategy:* Financing options, which will be discussed in a later chapter, are extremely important. Your financing strategy gives you and potential lenders and investors a snapshot of your company's financial stability. Included in the financing strategy are both historical and projected financials. Projected income (profit and loss) statements are valuable as both a planning and a management tool to help control business operations. It enables the owner/manager to have an idea of the income generated each month and for the business year, based on reasonable predictions of monthly sales, costs, and expenses. At the top of each financial statement, fill in the legal name of business, the type of statement, and the time period. Financial documents show past, current, and projected finances. The following are the major documents you should include in your business plan. The work is much easier if done in the order presented here, because they build on each other, utilizing information from the ones previously developed. Your financial strategy should include the following:

    - A summary of financial needs (only necessary if you are seeking financing): Explain why you are applying for financing and how much capital you are seeking.

    - Pro forma cash flow statement (budget): Shows cash inflow and outflow over a period of time. This is used for internal planning and is of prime interest to the lender as it shows how you intend to repay your loan. Cash flow statements show both *how much* and *when* cash must flow in and out of your business.

- Three-year income projection: A pro forma profit and loss (income) statement shows projections for your company for the next three years. Use the revenue and expense totals from the pro forma cash flow statement for the 1st year's figures and project for the next two years according to expected economic and industry trends.
- Projected balance statement: Projects the company's assets, liabilities, and net worth through the end of the next fiscal year.

- Break-even analysis: Expresses in total dollars or revenue the point at which a company's expenses exactly match the sales or service volume. The analysis can be done either mathematically or graphically. Revenue and expense figures are drawn from the three-year income projection.

- Profit and loss statement (historical income statement): Shows your financial activity over a period of time, such as monthly or annually. This illustrates what has happened in your business and is an excellent assessment tool. Your ledger is closed, balanced, and the revenue and expense totals are transferred to this statement.

- Balance sheet (historical): Shows your financial status at a fixed date in time. It is a snapshot of your business' financial performance at a particular moment and will show whether your financial position is strong or weak. It is usually done at the close of an accounting period. The balance sheet contains the company's assets, liabilities, and net worth.

- Financial statement analysis: This analysis uses both your income and balance statements to make comparisons. Analyses you may include are
  - liquidity analysis (net working capital, current ratio, quick ratio)
  - profitability analysis (gross profit margin, operating profit margin, net profit margin)
  - debt ratios (debt to assets, debt to equity)
  - measures of investment (return on investment)
  - vertical financial statement analysis (shows relationship of components in a single financial statement)
  - horizontal financial statement analysis (percentage analysis of the increases and decreases in the items on comparative financial statement)

- Business financial history: Summarizes your company's financial information from start to present. Your business financial history is often used as your loan application. If you have completed the rest of the financial section, you should have all of the information you need to transfer to this document.

- Supporting documents: At the end of the plan, it is always a good idea to attach supporting documents. You may want to include
  - personal resumes of key personnel
  - owner's financial statements
  - credit reports
  - leases, mortgages, and purchase agreements
  - letters of reference

- contracts
- legal documents associated with your legal structure, proprietary rights, insurance
- any supporting documents not included in the main body such as cost analyses, advertising rates, competition analysis, shipping information

4. Business Ownership and Types/Legal forms

There are several ways to set up your business. Your choices determine
- how much startup capital you require
- the cost and procedures for registering the business
- the financial risk involved
- the amount of taxes you will pay
- whether you can be sued for unpaid business debts
- how decisions are made
- what happens in your death or absence

Since there is no "correct" form for an organization to take, you must examine the pros and cons of each and decide which is best for you. We shall look at four organization structures for a business in Ghana: sole proprietorship, partnership (general), companies, and cooperatives.

Sole proprietorship
The sole proprietorship, the most common type of business, is generally an unincorporated business owned and operated by one person. If you want to run a business under your own name, you need only inform the Internal Revenue Service (IRS): nothing else is required. The IRS will assess the business to ascertain the tax implications and then register it in its records solely for tax purposes. Often, the IRS gives a grace period, after which you must begin to pay taxes.[2]

If you are operating a business under your own name, you can register it formally (see next chapter's section on sole proprietorship) or not. The provision that makes it unnecessary for you to register this type of business is designed to reduce barriers to micro and small enterprises. However, whether registered or not, but you must pay taxes.

If you want to run a business under a name other than your own, you must register the name at the Registrar General's Department (see next chapter). Below are some characteristics of sole proprietorship.

Advantages	Disadvantages	Tax requirements	Legal framework
1.Easy to start 2. No requirement to submit audited accounts 3. Owner takes all profit, if any 4. Owner has management freedom 5. Few legal restrictions 6.Easy to dissolve 7. Owner, rather than business, pays tax	1. Unlimited liability 2. Difficult to raise capital 3. Difficult to maintain overall direction of the business 4. Death of the owner terminates life of business unless succession plan is in place	1. Corporate tax: none 2. Income tax : 3. VAT: 12.5% on VAT-rated inputs 4. NHIL: 2.5% of all NHIL-rated inputs 4. SSNIT contribution: 12.5% of total staff salaries (staff contribute 5% of their salaries)	Registration of Business Name Act (1962) Act 152

[2] Keep in mind that local government authorities may also impose levies on such businesses and may employ agents to collect taxes from businesses, whether they are registered with the IRS or not.

Partnership

A partnership is an association of two or more people who carry on business as co-owners. Ghana recognizes only general, or unlimited, partnership. If you wish to open a business as a partnership, you and your partners must complete the Partnership Agreement Form (see next chapter). The partnership agreement usually

- lists money or assets that each partner has contributed (called partnership capital)
- states each partner's individual management role or duty
- specifies how profits and losses will be divided among partners
- describes how a partner may leave the partnership
- describes other restrictions that might apply to the agreement

Below are some characteristics of a partnership.

Advantages	**Disadvantages**	**Tax requirements**	**Legal framework**
1. Ease of organization 2. Availability of more capital and credit 3. Combined knowledge and skill 4. Quick decisionmaking 5. Few regulatory controls	1. Limited partners have no management voice 2. Change in objectives of owners can create friction 3. Unlimited liability of owners 4. All partners responsible for actions of all others 5. Partnership terminated when a partner dies or withdraws	1.Corporate tax: 32.5% on net profit (20% for companies outside regional capitals) 2. Income tax: none 2. VAT: 12.5% on VAT- rated inputs 3. NHIL: 2.5% of all NHIL-rated inputs 3. SSNIT contribution: 12.5% of total staff salaries (staff contribute 5% of their salaries)	Incorporated Partnership Act, 1962, Act 152

Company

A company is an association of individuals united for a common purpose. The association is permitted to use a common name and change its membership without dissolving. The company carries on business in its own name and exists as a separate entity in the eyes of the law.

A private company can sell shares (ownership/membership) to a limited number of individuals (usually 2–50 people). It cannot, however, openly invite the public to buy shares, nor can it issue bonds.

A public company can invite the public, in unlimited number, to invest or deposit money in it. It can also raise capital by selling ownership (shares) or borrowing (issuing bonds/debentures or borrowing from the banks). Ownership of the company is established through shares of stock. Individual owners, as shareholders, have no liability for corporate debt.

Whether the company is operating as a private or public entity, the most common type are companies limited by shares. The liabilities of shareholders (public or private) are limited to the amounts they paid to acquire shares, or any outstanding amounts that they are to pay in respect to their shares.

Below are some characteristics of a limited-liability public or private company.

Advantages	Disadvantages	Tax requirements	Legal framework
1. Member liability is limited 2. Company can exist in perpetuity 3. Corporate form of ownership makes it possible to raise money from investors 4. Transfer of ownership is easy 5. Ownership and management is separate 6. It is easy to expand as the market dictates	1. Higher costs, time, and paperwork 2.Companies taxed on income 3. Heavy quota of reports and forms to file 4. Fear of loss of control by owners 5. Government controls	1. Corporate tax: 32.5% of net profit 2. Income tax: rate depends on level of income and/or relief applicable 3. VAT: 12.5% on VAT-rated inputs 4. NHIL: 2.5% of all NHIL-rated inputs 5. SSNIT contribution 12.5% of total staff salaries (staff contribute 5% of their salaries)	Companies Code 1963, Act 179

Cooperative

A cooperative is formed by a number of people for a common purpose, especially for economic or financial gain. With respect to decisionmaking, members have one vote each, although it is common for members to appoint a management team to run the day-to-day affairs of the cooperative. A cooperative is a separate legal entity and has the advantages of limited liability.

Below are some characteristics of a cooperative.

Advantages	Disadvantages	Tax Requirements	Legal Framework
1.Presents stronger front than individual members 2. Seeks the interest of its members 3. Some can advance credit to members	1. May be unprofitable and depend on members' contributions 2. May have only a few vocal members deciding for the majority	1. Corporate tax: none 2. Income tax: none 2. VAT: 12.5% on VAT-rated inputs 3. NHIL: 2.5% of all NHIL-rated inputs 3. SSNIT contribution: 12.5% of total staff salaries (staff contribute 5% of their salaries)	Cooperative Decree 1968 (NLCD 252)

5. Business Registration Procedures

This chapter provides information on registering your business. We encourage you to first read chapter 4 to help you determine which type of business works best for you: sole proprietorship, partnership, company, or cooperative. For your convenience, the most common forms needed to register your business are included at the end of this manual.

Although we state that the official time to register a business is 7–10 days, in reality it often takes longer and costs more than official estimates. You may want to consider the option of hiring an agent who is experienced in registering businesses and has personal relations with the officers at the Registrar's General department. Such an agent may be able to register your business in close to the officially stated timeframe.

Registering a sole proprietorship
To register a business as a sole proprietorship, you must first confirm that your chosen business name does not already exist and then purchase application Form A, "Registration of Business Names." Present the completed form and fee to the Registrar General for processing and issuance of a business name. You will receive a certificate upon approval of the application. The certificate authorizes you to conduct business under that name.[3]

The table below lists additional procedures to follow (sample forms included in appendix).

Sole Proprietorship Procedure (2004)	Step	Duration (days)	Cost in cedis (approx.)	Office	Location	Forms
Verify that chosen business name does not already exist	1	2	45,000	Registrar General's Dept	Ministries-Accra	
Apply to Registrar General	2	7	360,000	Registrar General's Dept	Ministries-Accra	Form A
Register with IRS	3	3	None	Internal Revenue Service	Ministries-Accra	Tax Identification Form
Register with VAT Secretariat	4	3	None	VAT Service	Ministries-Accra	VAT Registration Form
Apply for business license from metropolitan authority	5	7*	270,000	District Assembly	All district capitals	Application forms
Inspection of work premises by metropolitan authority	6	0*	0	District Assembly	All district capitals	Appointment forms
Register vacancies at the employment center or advertise for vacant positions	7	1	0	Media Houses	Accra/regional capitals	

[3] Solely owned businesses that turn over less than 200 million cedis over a 12-month period are not required to register with VAT Service.

File employment contracts with employment center (required)	8	N/A	0	N/A	N/A	N/A
File for Social Security	9	1*	0	SSNIT	All/regional/ district capitals	Applica tion forms
Environment certificate	10	60*	100,000	EPA	Accra	Applica tion Forms
Totals	**10**	**85**	**775,000**			

Registering a Partnership

To register a partnership, you must verify that the chosen name is available and register that name formally. You will also need to complete Form A, "Incorporation of Partnership," as well as obtain a stamped Partnership Agreement at the Registrar's General Department. Upon examining the documents the registrar issues a Certificate of Incorporation.

Partnership Procedure (2004)	**Step**	**Duration (days)**	**Cost in cedis (approx.)**	**Office**	**Location**	**Forms**
Verify that business name does not already exist	1	2	45,000	Registrar General's Dept	Ministries-Accra	
Apply to Registrar General for registration	2	7	700,000	Registrar General's Dept	Ministries-Accra	Form A
Commissioner of Oath authenticates form	3	1	90,100	High courts/post offices	Accra/All Regional Capitals	N/A
Draw partnership agreement	4	Depends on Partners	454,000	Business office	Various	Agreem ent forms
Submit agreement and statement to Registrar	5	1	0	Registrar General's Dept	Ministries-Accra	Form A
Register with IRS	6	3	None	Internal Revenue Service	Ministries-Accra	Tax Identific ation Form
Register with VAT Secretariat	7	3	None	VAT Service	Ministries-Accra	VAT Registra tion Form
Apply for business license from metropolitan authority	8	7*		District Assembly	All district capitals	Applica tion forms
Inspection of work premises by metropolitan authority	9	0*	0	District Assembly	All district capitals	Appoint ment forms
Register vacancies at the employment center or advertise for vacant positions	10	1	0	Media houses	Accra/region al capitals	

File employment contracts with employment center (required)	11	1*	0	Labour Office	Ministries-Accra	Details forms
File for Social Security	12	1*	0	SSNIT	All/regional /district capitals	Application forms
Environment certificate	13	Depends on type of business	109,000	EPA	Accra	Application forms
Totals	**13**	**87**	**1,398,100**			

Registering a Limited Liability Company
There are six major types of limited liability companies that fall under two main categories, public and private. There are three types of public and private companies, those limited by shares, limited by guarantee, and unlimited (see chapter 4). Application for registration of a private or public company is made directly, or through agents or solicitors, to the Registrar General. A company is duly registered after its regulations have been submitted and a certificate of incorporation issued. A fee is paid on presentation of the regulations. The regulations information required includes

- the name of the company with the word "Limited" as the last word in the name
- the nature of the company's business
- a statement that the company possesses all the powers of a natural person of full capacity
- the names of the first directors of the company
- a statement that the liability of the company is limited
- the share capital and its division into shares of no par value
- limitation on the powers of the board of directors in accordance with Section 202 of the Companies Code
- any other lawful provisions relating to the constitution and administration of the company

Commencement of Business
Before commencing business, further information on the company must be provided to the Registrar General: the particulars of the company and a declaration of compliance.
The particulars of the company are given on Form No. 3 and signed by the directors and the company secretary. The information provided must include

- name of company
- authorized business
- particulars of at least two directors and a secretary
- name and address of auditors
- addresses of the company's registered office and principal place of business
- address at which register of members is maintained
- amount of stated capital, number of authorized and issued shares, amount paid (other than cash), and amount due for each class

The declaration of compliance is made on Form No. 4, which states that the conditions of section 28 of the Companies Code pertaining to a minimum capital issue of 25,000 cedis has been paid and signed by all directors and the secretary of the company. There is a stamp duty of 2 percent of capital issue payable. Upon completion and presentation of the forms, the registrar issues the company with a certificate of commencement of business. The procedure for an entrepreneur who wants to register a company by herself is as follows:

- Applicant purchases and completes a set of limited liability forms from the accounts section of the Registrar General's department
- Applicant completes forms and lodges at the Registry together with the following documents:
  - duly completed regulations
  - declaration of compliance
  - consent letter from qualified auditors who have agreed to be your company's auditors
  - payment of prescribed fee and duty on stated capital. (2 percent of stated capital)

The registrar then issues Certificate of Incorporation and certificate to commence business.

The registration period is specified as five working days, but an entrepreneur who wants to undertake the process by herself may spend three months or more. Her forms may even get missing in the process. It is therefore advisable to use an agent within the Registry itself to carry out the registration on your behalf.

Limited Liability Company Procedure (2004)	**Step**	**Duration (days)**	**Cost in cedis (approx.)**	**Office**	**Location**	**Forms**
Verify that chosen business name does not already exist	1	2	45,000	Registrar General's Dept	Ministries-Accra	
Apply to Registrar General for registration	2	10	720,000	Registrar General's Dept	Ministries-Accra	Forms 1–4
Stamp duty	3	1	5% of capital	Registrar General's Dept	Ministries-Accra	
Commissioner of Oath authenticates form	4	1	90,000	High Courts/post offices	Accra/All Regional capitals	N/A
Obtain certificate to commence business	5	3	None	Registrar General's Dept	Ministries-Accra	
Deposit capital	6	1	0	Bank	Various	Deposit forms
Register with IRS	7	3	None	Internal Revenue Service	Ministries-Accra	Tax Identificat ion Form
Register with VAT Secretariat	8	3	None	VAT Service	Ministries-Accra	VAT Registrati on Form
Make a common seal	9	42	800,000			
Apply for business license from metropolitan authority	10	7*	720,000	District Assembly	All district capitals	Applicatio n forms
Inspection of work premises by metropolitan authority	11	0*	0	District Assembly	All district capitals	Appointm ent forms
Register vacancies at employment center or advertise for vacant positions	12	1	0	Media Houses	Accra/regional capitals	

File employment contracts with employment center (required)	13	1*	0	Labour Office	Ministries-Accra	Details forms
File for Social Security	14	1*	0	SSNIT	All/regional/district capitals	Application forms
Environment certificate	15	Depends on type of business	110,000	EPA	Accra	Application forms
Totals	**15**	**85**	**275 + 5% of stated capital**			

Registering a Cooperative
Cooperatives register with the Registrar General's Department as company limited by guarantee, but they don't register with the IRS. However if they set up a profit-making venture, they are required to register. Basic costs and fees applicable at the Registrar General's Department include

- application forms: ¢65,000.00
- stamp duty: 0.5 percent of stated/paid-up capital
- filing fees: ¢100,000.00
- incorporation fees: ¢560,000
- varied auditors' fees

6. Taxes and Duties

Paying taxes and duties is one of the legal responsibilities entrepreneurs have to fulfill. Other legal responsibilities include getting licenses and permits, respecting regulations concerning employees, respecting contractual agreements and, in some instances, insuring your business.

There are basically three kinds of taxes you are required to collect for the tax authorities: income tax of employees, tax paid on the profits and corporate taxes, and taxes paid by customers (mainly the VAT). Duties are taxes paid on imports and exports.

The tax laws and policies may change every year based on the government budget provision and fiscal policy. It is therefore impossible for this manual to summarize all the tax laws that will prevail permanently. This chapter rather serves as a guide to the current taxes and duties, in particular the common ones applicable to the four types of businesses discussed in the manual.

Income taxes

The IRS is the government agency responsible for the assessment and collection of all income taxes, both individual and company.

Individual income taxes

These are the income taxes of the employees of your business. It is your responsibility to collect these taxes on behalf of the IRS.

Company income taxes/corporate tax on profits

Companies and partnerships operating in Ghana are liable for various levels of taxes, depending on the sector of operation and on whether the business is listed on the Ghana Stock Exchange. Companies and partnerships are supposed to pay taxes on their taxable profits.[4] In the case of sole proprietorship, the owner of the company will pay income taxes on money earned. In essence she is paying taxes on profits but under her name.

Value added tax/national health insurance levy

The VAT) is a tax imposed on goods and services that is levied at each stage in the production and distribution process and is borne by the final consumer. The liability for rendering payment of the VAT to the authorities is, however, placed upon the supplier of the goods or services. Some goods and services are exempt from the VAT. VAT rates are fixed by law and are applied as a percentage of the selling price or import value of the item. A zero-rate is applied to all goods sold outside the country. The current VAT rate as stated by the VAT Act, 1998 (Act 546) is 12.5 percent.

The National Health Insurance Levy

The National Health Insurance Levy (NHIL) was imposed under the National Health Insurance Act as a means of mobilizing funds for financing the Ghana National Health Scheme. The NHIL, which has a rate of 2.5 percent, has been integrated into the VAT system, bringing the total of tax on VAT-taxable goods to 15 percent.

[4] Taxable profits are based on profits declared in audited accounts subject to adjustments made for capital allowances. Capital allowances are those made for the expenses related to fixed assets.

How VAT and NHIL are collected
Businesses (except solely owned businesses operating under the owner's name) that are registered by the VAT Service can collect VAT and NHIL from customers. Solely owned businesses that make a turnover of less than 20O million cedis over a 12-month period are not required to register with the VAT Service (but may do so voluntarily).

Taxes paid on purchases by vat-registered businesses
Often VAT-registered businesses pay VAT/NHIL on purchases and expenses related to their businesses. However, because they need to claim the tax paid, they must request VAT invoices from their suppliers, showing the amount of VAT paid. The VAT mechanism makes provision for these businesses to deduct the VAT paid on purchases (input tax) from the VAT charged on sales (output tax). Only the difference (or balance) is paid to the VAT Service (output tax – input tax = payment due).

Since the business is allowed to take a credit for the input tax, it is unnecessary to add this tax to other costs. In a few cases, the input tax may exceed the output tax. The trader can carry the credit forward or request a refund from the VAT Service, provided certain conditions in the VAT law are met.

Import VAT
Customs, Excise, and Preventive Services (CEPS) will continue to collect import VAT at the single rate of 12.5 percent of the duty inclusive value. The effective date of implementation was 18 March 2002.

SSNIT contributions: benefits and functioning
SSNIT contributions constitute the main framework for pension in Ghana. The principle objective is to insure Ghanaian workers against old age, invalidity, and death. The benefits of the SSNIT pension scheme therefore include old age or retirement pension, invalidity pension, and survivors' lump sum.

All formally registered businesses are required to register all employees with SSNIT. Businesses are required to contribute 12.5 percent of each employee's basic or net salary to the scheme. Employees contribute 5 percent of their salary (part-time employees or casual workers are normally not covered).

The key responsibilities of all businesses are as follows:

- Register all employees with SSNIT.
- Quote the social security numbers of their employees correctly in all transactions involving social security and on their pay slips.
- Contribute 12.5 percent of the employee's basic salary to the scheme (the employee contributes 5 percent of his/her salary).
- Pay the contributions for their employees (17.5 percent of employee's basic salary) by the fourteenth of the month for the previous month. For example, a business with an employee earning 1 million cedis in January is required to send to SSNIT by February 15 175,000 cedis (125,000 employer contribution, 50,000 employee contribution).

Import duties
Some duties or taxes are paid on imported goods and services. The Customs, Excise and Preventive Service (CEPS) is the government agency responsible for collection of all import duties. You are required to pay duties when your imported goods arrive at the port and are undergoing clearance. The rates change from time to time according to the government's fiscal policy. We will first discuss current policy and rates for import duties and follow with explanation of the proposed Common External Tariff.

Zero percent rate
The zero rate duty is applicable to agricultural and industrial machinery, solar wind, thermal energy and electric generating sets of 375 KVA and above, solar cells and panels, and educational materials. Certain categories of motor vehicles, including ambulances are zero-rated. Imported mosquito nets are free of duty.

Five percent rate
The 5 percent duty is applicable to certain categories of interchangeable tools and motor vehicles with cylinder capacity not exceeding 1900cc. A 5 percent duty is also levied on:

- imported fish
- commercial vehicles
- steel wire for hexagonical wire netting
- raw material for pipes tubes and plastic
- materials for the manufacture of corrugated building sheets
- billets, waste, and scrap iron
- wire of iron or steel (not plated or coated)
- other materials for manufacture of building materials, excluding packaging and asbestos
- crude palm oil for the manufacture of soaps and food items

Ten percent rate
There is a concessionary duty rate of 10 percent for hotels and restaurants under the GIPC Act, Act 478 of 1994, covering items such as refrigerators, deep freezers, television sets, air conditioners, public address systems, and furnishing (including carpets, fans, radio sets, and crockery).

Twenty percent rate
A duty of 20 percent is applied to a variety of goods, including certain food crops and products and livestock. Fish caught by Ghanaian owned vessels and canoes within the Exclusive Economic Zone (EEZ) and fish from ECOWAS territorial waters are exempt.

The Ecowas Common External Tariff (CET)
Ghana is one of six West African countries currently in the process of adopting the ECOWAS Common External Tariff. The CET is already being applied within the West African Economic and Monetary Union (WAEMU) zone, bringing together all the French-speaking countries (except Guinea). The CET means that all goods entering the customs territory of any ECOWAS country will be assessed the same customs duty. The ECOWAS CET provides for a four-band tariff regime as follows:

Category	Products	Duty (%)
0	Social products	0
1	Raw materials, equipment, inputs	5
2	Intermediate goods	10
3	Finished goods	20

When the CET adoption process is completed (scheduled for the end of 2007), there will be uniform tariffs on all imports into West Africa, irrespective of the port of entry. The replacement of the old tariff bands/regime with the CET will depend on whether Ghanaian authorities adopt the CET. Already, there is a significant number of products whose tariffs are the same as the CET rates. For these products, there is no problem. For those products whose tariffs are different from the CET rates, Ghana will do any of three things: (1) replace the tariffs of some products with the CET rates immediately; (2) request temporary exceptions on certain products, in which case the current tariffs of such products will be progressively replaced by the CET rates; or (3) request permanent exceptions on certain products, in which case the current tariffs for such products will continue to be applied indefinitely.

Special tax

There is a special 10 percent tax levied on some selected commodities, calculated on the duty inclusive value. The purpose of this tax is either to protect a particular industry or discourage the importation of certain goods. Commodities attracting the special tax include human hair, potatoes, fruits and fruit juices, mineral water, paints, cosmetics, clothing, cooking oils, beer, wheat, chocolates, soaps, beach sandals, gas cylinders, office furniture and equipment, toilet and tissue paper, frozen meat and poultry, milk and cream (not concentrated), and other products.

Processing fee

A processing fee of 1 percent is levied on goods statutorily exempt from the import duty. Unaccompanied personal effects also attract this fee. All zero-rated goods will be liable to the payment of the processing fee on the CIF value, except goods imported specifically for the educational, health, and agriculture sectors.

Export Development and Investment Fund levy (EDIF)

There is an import levy of 0.5 percent of the CIF value on all nonpetroleum products imported in commercial quantities under the Export Development and Investment Fund Act 2000, Act 582. This levy is assessed on the dutiable value of the imported goods.

Clearance of goods with tax clearance certificates (TCC)

Imported goods in commercial quantities not covered by tax clearance certificates (TCC) issued by the IRS shall attract 1 percent of the CIF Value. Valid TCCs, or evidence of payment of the tax to the IRS, are to be produced to Customs before Bills of Entry are accepted for processing.

Excise duty

These are duties levied on goods produced in Ghana. The rates are payable on specified locally manufactured goods namely: tobacco products, mineral waters, and alcoholic and nonalcoholic beverages.[5]

[5] There is a fee of ¢500,000 for the issuance of licenses to manufacture excisable goods and ¢200,000 for the renewal of such licenses.

Import excise duty

Import excise duty is levied on imported goods that are also locally produced. The Excise Duty rates applicable to locally produced goods will therefore apply to similar goods when imported. This will cover all Alcoholic beverages, Non alcoholic beverages and Tobacco products.

Calendar of Various Statutory Deductions and Payment Periods			
	Tax type	Assessment	Payment
1	Income	During salaries/wages payment	14 days into the following month
2	Corporate	Quarterly	Arrears must be settled within six months of the following year
	Import duties	When goods arrive at port	When the goods are being cleared
	VAT/NHIL	When goods are sold or services provided	Last working day of the following month
	Export duties	When goods are exported	Before shipment
	Excise duties	When goods are manufactured or imported	When goods are sold
	SNNIT contribution	During salaries/wages payment	14 days into the following month

7. Utilities

Electricity

The Electricity Company of Ghana (ECG) is responsible for the distribution of electricity within all but Northern Ghana, where the Volta River Authority (VRA) is responsible for the distribution of electricity.

Application procedure

Businesses apply by letter to the ECG. They must specify

- where the business will be located
- site plan of the area (obtained from Town & Country Planning)
- total load required
- processes to be used in the production activity
- number of shifts (as applicable)

Following receipt of the letter, the ECG makes a visit to the site to determine the nearest source of supply and assess the cost of the connection. Before installation starts, the business typically pays all installation costs. The ECG generally has the required equipment in stock, and installation typically occurs immediately thereafter.

Installation costs vary depending on a number of factors, including the cost of a meter, cable, and an electric pole if there is the need for one. The average cost of installation varies between ¢3.5 million and ¢5.5 million.

Electricity usage rates for both commercial and domestic purposes are approved by the Public Utilities Regulatory Commission (PURC), the sole government agency responsible for regulating and reviewing tariffs of public utilities. The cost of electricity for business enterprises (or nonresidential purposes) is calculated (in ¢) as follows:

Consumption (per kWh) up to 300	848
Consumption (per kWh) over 300	1,039
Service charge (flat rate/month)	21,200
Government levy (per kWh)	1.7
Street lighting (per kWh)	0.5
VAT/NHIL (%)	15

Consumers are billed monthly and invoices are often issued at the beginning of the next month. Consumers are required to settle bills monthly. Charges are based on meter readings, i.e., actual consumption. There may, however, be an exceptional case whereby a meter has not been installed in the business premises for one reason or the other, in which case a flat rate is charged based on estimated consumption.

Telecommunications

Landline telephones

There are two network operators of landline telephone services in Ghana, Ghana Telecom Ltd. and WESTEL. Ghana Telecom is by far the larger. WESTEL currently deploys only 3,000 lines as against Ghana Telecom's 400,000.

Application procedure
Business owners are required to apply and complete a form requesting telephone services (business/residential), giving his/her particulars, including site location. Ghana Telecom then carries out a site survey to enable estimation of materials required. The cost of the services depends on the location and materials required, among other factors.

Ghana Telecom informs the business owner of start-up costs. After payment of these costs, service provision begins almost immediately.

In general, the cost of calls depends whether the call is local or international. The average local call is ¢700 per minute, whereas the cost of an international call is ¢7,000 per minute irrespective of the destination. Telephone bills are issued monthly, and customers are often required to settle such bills monthly.

Mobile telephone services
Currently, there are four cellular phone service providers, SCANCOM Ltd., MILLICOM (Gh) Ltd., Ghana TELECOM (GT), and KASAPA (formerly CELLTEL).

Connecting to mobile operators is through the dealers and dealer agents found in many cities and towns. The cost of opening a new cellular phone account (in ¢) varies:
- Spacefon (Scancom): 220,000
- Mobitel (Millicom): 175,000
- One touch (Ghana Telecom): 300,000
- Kasapa: 95,000

On average, the cost of making a local call from a cell phone is ¢2,500 while an international call costs ¢5,000, irrespective of the destination.

Water
The Ghana Water Company Ltd is responsible for production and distribution of water in most urban areas and towns. The Community Water & Sanitation Programme also assists in the management of potable water communities in smaller towns and villages in the districts.

Procedure
To be connected for water service, a business must follow the following procedures:
- Business needs to apply by completing the relevant application forms and paying the relevant fees.
- Through the district offices of the GWCL, the area will be inspected, and a drawing, size, and pressure of the nearest pipe determined.
- The applicant must pay the cost of connection before the connection is made.

Connection costs depend on a number of factors, including distance to the nearest connection point, meter, pipelines, and other accessories. The average cost of installation varies between ¢1.5 million and ¢2 million.

The Public Utilities Regulatory Commission (PURC) is the sole government agency responsible for regulating and reviewing tariffs on water supply. The cost of water supplied by GWCL for commercial purposes is calculated as follows:
- consumption charges: ¢6,911/1,000 l
- firefighting levy: 1 percent of amount due

- rural water development: 2 percent of amount due

Water bills are issued monthly basis, and consumers are often required to settle their bills for a particular month at the beginning of the next month. Water rates are based on meter readings.

Postal and Courier Services
The Ghana Post Company Ltd., operating as a public company, runs branches throughout the country and competes with private courier services. There are seven courier service providers in Ghana. The list of companies and their contacts are contained in the appendices.

Internet
There are currently five main internet service providers in Ghana:
Network Computer Systems (NCS)
Internet Ghana (IGH)
Africa on Line (AOL)
Broad Band Home (BBH)
Internet Data Network (IDN)

A business can subscribe to any of these services by completing a simple application form, indicating the location and address of the business, type of service required, number of computers to be connected, and other relevant information.

There are two kinds of email/internet services, dialup and digital subscriber line (DSL). Dialup service is manual and slower, whereas DSL is high speed.

On average, the cost of getting connected to the Internet is as follows:

Dialup
Subscription fee: 454,000 cedis
Monthly fee: 360,000 cedis

DSL
ADSL modem: 820,000 cedis
Setup fee: 720,000 cedis
Monthly fee: 1,130,000 cedis

On average, it takes three days to get connected. The usual procedure involves the submission of an application, followed by an inspection of the premises and the computers to be connected. A technical team from the service provider carries out the inspection and provides a cost estimate. Once payment is made, installation takes place.

It is advisable for every business to connect to the internet for easy and rapid communication and for access to information. It is also timesaving to have direct access to the Internet. Alternatively, businesses could use the services of cybercafés. On average, it costs ¢5,000/hr to surf in a café.

8. Incorporating Human Resources into Your Business

Often in a small business, entrepreneurs have neither the time nor the resources to invest into a human resource department. However, hiring the right people for the job and managing a company's staff are perhaps just as important, if not more, than developing a competitive product. Regardless of the size of the business and its resources, there are simple systems a business can implement to manage its human resources.

Employment contract
You should be mindful that when you hire an employee that there is a contract between the worker and the business. You should determine beforehand the type of worker that you are hiring, whether continuous (full time), part-time, temporary, or casual. There should be a contract of employment spelling out the capacity under which the worker is employed:

1. Work conditions
- hours of work
- rest period
- meal breaks
- annual leave
- occupational health and safety measures

2. Remuneration and the method of calculating the remuneration

3. Period of probation and conditions of probation

4. Termination
- period of notice of termination
- transfer
- discipline

5. Grievance resolution procedures

6. Principles for matching remuneration with productivity

7. Specification of essential services within the establishment

8. Freedom of unionism

9. Rights and duties of both the employer and employee

The employee manual
An employee manual is an excellent way to give your employees guidance as to what is or is not allowable in the workplace. A manual outlines the company's policies and procedures and communicates the employer's expectations in a simple, easy-to-read form. Once hired, the employer should give the new employee a copy of the manual and have the employee acknowledge with a signed receipt his or her willingness to comply with the policies. Written

for everyone employed, an employee manual should include brief descriptions of the company's policies on

- work hours
- pay periods
- benefits (including bank holidays, vacation, and worker's compensation)
- work attire
- disciplinary actions
- an "at will" statement allowing either party to terminate the relationship at any time for any or no reason at all

It is sometimes useful to include a welcome statement, an anti-harassment policy, and an equal opportunity employer statement.

Hiring Staff

One of the entrepreneur's most valuable resources is staff. Once you have decided you need to hire someone, your first step is to write a job description. The job description specifies the requirements and qualifications needed to perform the position effectively. It also outlines the daily job responsibilities and the employer's expectations.

Once completed, the recruiting process can begin. The first step is to advertise through appropriate channels. This may include advertising in a newspaper or business journal, at universities, chambers of commerce, and other places where qualified candidates might be searching. It is always a good idea to offer the position internally to already employed staff: you may already have the perfect person for the job working for you. Hiring from within will save much time and money. While it is common for entrepreneurs to look to family and friends to fill positions, keep in mind that the person needs to be qualified for the position—if he or she is not qualified, this will be more problematic in the long term.

9. Managing Money

"Balance sheets, income statements, and statement of cash flows. I hear these terms all the time, but what do they mean?" Managing your money is critical to the success of your business. We all want to know where our money goes, how we spend it, and whether what we sell will cover our costs. To do these things requires a basic understanding of accounting. By following basic accounting guidelines, you can keep an updated chart of accounts and organized ledgers that will reveal how well your business is doing and guide you as you work to bring your business to the next level. After the general ledgers are in order, you can then start interpreting balance sheets, income statements, and cash flows. This will let you compare your past and present financial performances to help you establish financial goals for the future. While you may have an accounting firm to do your books, understanding your finances will help you and your management keep your business on track. Your analyses will help you answer important questions such as What do I need to do in order to increase my profits by 5 percent, 10 percent, or 20 percent? How much do I need to invest to tap into a new export market?

To start, you should first define and then list all of the accounts that will go in the general ledger. Each account should have a separate reference number. For example, your expense account could be 1000 and your asset account 1010. While not necessary in the beginning, many accountants advise spacing out reference numbers so that as your company grows you can add more accounts and keep the numbers in order. A sample chart of accounts for a product is outlined below.

Asset accounts

Current assets

10000	Petty cash
11000	Accounts receivable
12000	Supplies inventory
12200	Raw materials inventory
13000	Finished product inventory

Fixed assets

14000	Equipment
15000	Office building
15500	Furniture
16000	Land
17000	Depreciation

Liability accounts

18000	Accounts payable
19000	Wages payable
20000	Taxes payable
21000	Other liabilities

Revenue Accounts

22000	Sales from product
23000	Interest income

Expense Accounts

24000	Advertising
25000	Bank fees
26000	Employee benefits
27000	Travel

Costs of Goods Sold Accounts

28000	Costs for product
29000	Direct labor
30000	Electricity
31000	Miscellaneous costs

When you are just starting out, you may use a simpler chart of accounts. This is fine, but keep in mind that as you start growing and become more established, you will want to add details to your chart to get a more exact picture of your general ledgers.

After you have an idea of how you are going to chart your accounts, you will have a general ledger for each referenced account. There are many software packages that can do the general ledger for you, but doing it yourself is not difficult. While the general ledger does not include every single accounting entry in a given period, it does summarize all transactions.

If your business is small and cash-based, you can set up much of your general ledger out of your checkbook. The checkbook includes several pieces of information vital to the general ledger—cumulative cash balance; and date, amount, and purpose of the entry. However, if you plan to sell and buy on account as most businesses do, a cash log or checkbook alone will not suffice as a log for general ledger transactions. Even for cash-based businesses, a checkbook cannot be the sole source for establishing a balance sheet.

An important component of any general ledger is source documents. Two examples of source documents are copies of invoices to customers and from suppliers. Source documents are critical, because they provide an "audit trail" that you or an accountant can use to go back and study financial transactions made in your business. For instance, a customer might claim that he never received an invoice from you, but your source document (your copy of the customer's invoice) will prove otherwise. Your source documents are also needed by your accountant at tax time. Other examples of source documents include canceled checks, utility bills, payroll tax records, and loan statements.

All general ledger entries are double entries: for every financial transaction in your business, the money (or commitment to pay) goes from one place to arrive at another. For instance, when you write your payroll checks, the money flows out of your payroll account (cash) into the hands of your employees (expense). When you sell goods on account, you record a sale (income) but must have a journal entry to make sure you collect that account later (account receivable).

The system used in recording entries on a general ledger is called a system of debits and credits. In fact, if you have even a basic understanding of debits and credits, you will be well on your way to understanding your entire accounting system.

As outlined above, for every debit there should be an equal and offsetting credit. When the debits and credits are not equal, then your books don't balance. A key advantage of any automated bookkeeping system is that it will police your debit-and-credit entries as they are made, making it far more difficult not to balance.

All debits and credits either increase or decrease an account balance. These basic relationships are summarized as follows:

Account Type	Debit	Credit
Assets	Increases	Decreases
Liability	Decreases	Increases
Stockholder's Equity	Decreases	Increases
Income	Decreases	Increases
Expense	Increases	Decreases

In a general ledger, debits always go on the left and credits always go on the right.

Most general ledger entries follow this form:

Date	Account Name	Debit	Credit
Date			
	Name of account debited	Amount	
	Name of account credited		Amount
	Short description of transaction (optional)		

For example:

12/30/04			
	Cash	150,000	
	Capital		150,000
	(Owner contributes 150,000 cedis to business)		
12/31/04			
	Mango Juice Machine	175,000	
	Accounts Payable		175,000
	(Bought machine on credit with terms of 30 days)		

Once you understand general ledgers, the next step is to familiarize yourself with the three primary financial statements: the *balance sheet*, the *income statement*, and the *statement of cash flows*. Used together in an analysis, they paint an accurate picture of your business's financial status and where it is headed in the near future.

Balance sheet

The balance sheet is a snapshot of your company's resources owned (assets) and debts (liabilities and owners' or shareholders' equity) at a particular point in time, often at the end of an accounting period such as a quarter or a year. The balance sheet helps a small business owner quickly get a handle on the financial strength of the business: Is the business in a position to expand? Can the business easily handle the normal financial ups and downs of revenue and expenses? Should the business take steps to increase its cash reserves? Balance sheets, along with income statements, are also a basic element of the financial reporting required by potential lenders such as banks, investors, or vendors considering how much credit to grant the firm.

In the balance sheet, the following formula always holds true:

Assets = Liabilities + Owner's equity

Assets are the business's possessions—items with actual values.[6] Assets are either current or long-term, reflecting how easily each can be liquidated. *Current assets* can be converted into cash within one calendar year and include cash, checking accounts, and accounts receivables. *Long-term* or *fixed assets* include land, buildings, office equipment, machinery, and vehicles. With the exception of land, most long-term fixed assets need to be depreciated.

All debts and obligations owed by the business to outside creditors, vendors, or banks that are payable within one year are considered *liabilities*. Liabilities also tend to be divided into short-term and long-term. *Short-term liabilities* are accounts payable (money owed to creditors, suppliers, and vendors), bank notes, mortgage obligations, vehicle payments, and accrued payroll. *Long-term liabilities* are debt obligations due beyond one year, such as extended bank loans and bond repayments.

Shareholder or owner equity is also categorized as a liability. Shareholders (or stockholders), own a corporation based on their holdings. They own an interest in the corporation through investment rather than specific corporate property. After all business obligations are met, the shareholders' equity is the remaining value (net worth) of a business. This generally reflects the amount of capital the owners have invested and any profits the company has generated. Profits reinvested into the company are called *retained earnings*. Shareholders of a company are analogous to owners of a limited liability company (LLC), who are called members.

[6] Some company assets are unrecorded, such as employees. While employees are valuable resources and clearly contribute to the company's profitability, it is difficult to objectively measure their value.

Example of balance sheet

Everything Mango, Inc.
Balance Sheet ending December 31, 2004

	2003	2004
ASSETS		
Current assets		
Cash/cash equivalents	¢100,000	¢100,000
Accounts receivables	350,000	300,000
Inventory	250,000	200,000
Total current assets	**700,000**	**600,000**
Fixed Assets		
Factory and machinery	200,000	200,000
Less depreciation	(120,000)	(100,000)
Land	80,000	80,000
Goodwill/intangible assets	20,000	70,000
Total assets	**¢880,000**	**¢850,000**
LIABILITIES AND SHAREHOLDER'S EQUITY		
Liabilities		
Accounts payable	¢200,000	¢150,500
Accrued payroll	35,000	40,500
Taxes payable	60,000	50,000
Total liabilities	**¢295,000**	**¢250,000**
Shareholder's equity		
Owner's equity	400,000	400,000
Retained earnings	185,000	200,000
Total shareholder's equity	**¢585,000**	**¢600,000**
LIABILITIES AND SHAREHOLDER'S EQUITY	**¢880,000**	**¢850,000**

Income statement

The income statement (also known as profit and loss statement) shows a summary of a company's profit or loss over a period of time, usually a year. Small business owners can use these statements to find out what areas of their business are over or under budget. Items that may cause unexpected expenditures can be pinpointed. Income statements also track dramatic increases in product returns or cost of goods sold as a percentage of sales. The income statement identifies where the company spends the majority of its income and compares the company's performance with that of previous years. Most importantly, the income statement reveals if the business is profitable.

The income statement is divided into revenue and expenses. *Revenues* measure the inflow of new assets to the business; *expenses* measure the outflow or use of assets. As a result, the bottom line is *net income* means an increase in assets and owner's equity, whereas a *net loss* means a decrease in assets and owner's equity. Simply put, if revenues exceed expenses, the business has earned income; if expenses exceed revenues, a loss has occurred.

Example of income statement

Everything Mango, Inc.
Income Statement 2003 and 2004

	2003	**2004**
Sales	¢2,000,000	¢2,090,000
Less cost of goods sold	(750,000)	(880,000)
Gross profit on sales	**1,250,000**	**2,020,000**
Less general operating expenses	(550,000)	(570,000)
Less depreciation	(100,000)	(100,000)
Operating income	**600,000**	**1,350,000**
Other income	50,000	65,000
Earnings before interest and taxes (EBIT)	**650,000**	**1,415,000**
Less interest expense	(80,000)	(80,000)
Less taxes	(195,000)	(424,500)
Net earnings (Income or Loss) (Available for dividends)	375,000	910,500
Less common dividends paid	n/a	n/a
Retained earnings	**¢375,500**	**¢910,500**

In the above income statement, it is important to understand what items fall under each category and to ensure that each category is complete. Below are the definitions of the categories:

Sales is the revenue generated by the business minus any refunds, rebates, discounts, or allowances.

Cost of goods sold (COGS) is the total costs directly associated with making or acquiring your products, including raw materials, packaging and labeling materials, and any internal expenses directly related to the manufacturing process.

Gross profit on sales (Sales – COGS). The gross profit on sales reveals the profitability of a company's core business. A company with a high gross profit has more money to pump into product development, marketing, or to pass on to investors. Investors usually monitor changes in gross profit percentages since these changes often indicate the causes of decreases or increases in a company's profitability. For instance, a decrease in gross profit could be caused by industry price fluctuations that have forced the company to sell products at lower prices. It may also indicate poor management.

General operating expenses (general and administrative expenses [G&A]) are normal expenses incurred in the day-to-day operation of a business. Typical items in this category include sales or marketing expenses, salaries, product samples, advertising, staff travel, trade show and conference participation, research and development, equipment rental, rent, utilities (electricity, air conditioning, heating), and other overhead (telephone, office supplies, insurance, fax, photocopies).

Depreciation is the gradual loss in the value of equipment and/or other tangible assets over the course of its useful life. Usually, depreciation is a separate line item on the income statement. The simplest method to calculate depreciation is the straight line method. This is calculated by taking the purchase or acquisition price of an asset, subtracting the salvage value (the price you can expect to sell it on the current market), and dividing by the total productive years the asset can be reasonably expected to benefit the company. These remaining years are often referred to as the asset's "useful life" in accounting.

$$\text{Straight line depreciation} = \frac{\text{Asset's acquisition price} - \text{Salvage value}}{\text{Useful life}}$$

Operating income is a company's earnings from its core operations after deducting its cost of goods sold (COGS) and general operating expenses. The operating income does not include interest expenses, financing costs, or investment earnings from unrelated businesses or taxes. Operating income is particularly important, because it assesses whether the company is fundamentally profitable. A simple calculation for operating income is

$$\text{Operating income} = \text{Gross profit} - \text{G\&A} - \text{Depreciation}$$

Other income is generated from business outside the normal scope of operational activity, such as leasing part of your building to another firm or foreign currency gains.

Earnings before interest and taxes (EBIT) = Operating income – Other income.

Net earnings (profit or loss): Perhaps the most important line item in the income statement, this is "the bottom line." Computed by subtracting taxes and interest paid from EBIT, net earnings or loss illustrate how well the business has done after it has paid all its obligations. In other words, did the company come out with a profit or a loss for that particular time period? Extremely important to investors, net earnings determine what funds are available to be distributed to shareholders or invested back into the company to promote growth (*retained earnings*).

Statement of cash flows

The statement of cash flows analyzes the company's liquidity and allows the owner to estimate future cash needs for operation, investment, and financing activities. This report shows the actual sources from where the business received cash, how the cash was used, and the changes in the cash balance over a period of time. Typical sources of cash include sales from operations, issuing stock, borrowing money, and selling assets, whereas uses of cash are when the business develops and markets products, reacquires stock, pays debt, buys assets, pays taxes, and pays out dividends. Broken out by operations, investment, and financing, the cash flow statement describes all the changes in terms of their effect on cash that have occurred in the balance sheet for that period of time (usually the business's fiscal year). Many companies consolidate their statement of cash flows to show the changes from year to year.

Managing a company's cash flow should be a top priority. Companies stay in business not only because they are profitable, but because the owners effectively predict and manage how much cash they will need for the short and long term. Making a profit does not necessarily guarantee a business's longevity. In fact, more businesses fail for lack of cash flow than for their inability to turn a profit. Thus it is important to understand the difference between profit and cash-flow control. When a sale is made, revenue is generated. However, the actual payment may be deferred as a result of giving credit to the customer. At the same time, the business must pay its suppliers, staff, and lenders. As a result, a certain amount of cash needs to be available to keep the business afloat. When cash receipts lag behind cash payments, the company could easily experience a temporary cash shortage. For this reason, it is critical to forecast cash flows as well as project likely profits.

The cash flow statement reveals the differences between cash inflows and outflows for a given period. In financial analysis, a cumulative positive net cash flow over several periods affirms the business's ability to generate surplus cash. Conversely, a cumulative negative cash flow indicates the amount of additional cash required to sustain the business. When preparing the cash flow statement, accurate and intelligent estimations are essential. It is not a good idea to overestimate sales forecasts, underestimate costs, ignore market value and competition, or rely on bank loans that have not been secured. These are risky assumptions that can lead to underestimation of cash flow: the business may not be able to meet all of its payment obligations. To prevent this from happening, many business owners produce three cash flow statements that portray worst, most likely, and best-case scenarios.

After analyzing the cash flows, the entrepreneur may realize that there is not enough cash readily available to sustain operations. While focusing on increasing sales, some options that can help improve cash flow include

1. Reducing overhead expenses
2. Reducing number of days (credit) given to customers, especially slow and late payers
3. Billing on a real-time basis (as soon as work is completed)
4. Using the 80/20 rule to control inventories, receivables, and payables
5. Adding late payment charges when possible
6. Improving collection system with a collections team in the accounting department
7. Becoming more selective when issuing credit to customers
8. Slowly increasing prices (as long as they remain in line with market standards)
9. Implementing a stringent credit policy and training staff to adhere to it
10. Negotiating longer credit terms with suppliers
11. Improving manufacturing efficiency and controlling work-in-progress
12. Considering extending repayment terms on loans

Sample cash flow statement (annual, prepared monthly)

Month	1	2	3	4	5	6	7	8	9	10	11	12
Cash balance/beginning of period												
Operating cash flow												
+ Sales revenue												
+ Other income												
- Purchases (materials)												
- Salaries												
- Employee benefits/taxes												
- Rent												
- Utilities												
- Telephone												
- Office supplies												
- Advertising												
- Insurance												
Subtotal: cash from operations												
Investing cash flow												
+/– Purchase/Sale of Equipment												
+/– Investments (securities, bonds)												
+/– Noncurrent assets												
Subtotal: cash from investing												
Financing cash flow												
+/– Revenue/payment on loans												
+/– Dividends												
Subtotal: cash from financing												
Total cash flow during period												
Cash balance, end of period												

Break-even analysis
While a break-even analysis is not a standard part of accounting analysis, it is extremely important for startup businesses and projections for new product lines. The break-even analysis predicts the level of sales the business needs to reach the point where the sales cover all the expenses and allow the business to begin making a profit. A startup venture uses this analysis as a benchmark to both assess sales projections and monitor whether operations are on track to achieve the targets. These analyses are also beneficial to established businesses, because they help identify ways to lower the break-even point and thus increase profits.

Calculating the break-even point requires fixed and variable costs to be identified under the following assumptions:

- Average per-unit sales price (SP): price you receive per unit of sales
- Average variable per-unit cost (VC): the variable cost (includes direct materials, labor, variable overhead, transportation) of each unit of sales
- Contribution margin (CM): Sales revenues (SP) – Variable costs (VC)
- Fixed costs (FC): Fixed costs remain constant and include rent/facilities, most general and administrative costs, interest, and depreciation
- Units or number of items sold or produced; in a break-even analysis, it is assumed that the number of units produced during a period is equal to the number sold during the same period

The break-even point is when total sales revenue is equal to total costs (fixed and variable).

- Calculate the number of units produced or sold at break even.
  SP(X) = VC(X) + FC

  Rearranging the formula to solve for X, the number of units at break even will give you
  X = FC / (SP - VC) or X = FC / CM
- Calculate the break-even revenue as follows:
  Break-even revenue (¢) = (Break-even units)(Selling price)

Example
Using our sample business, Everything Mango, Inc., each jar of mango jam sells for ¢45,000 and costs ¢15,000 to make. The fixed costs for the period are ¢300,000.

SP = ¢45,000
VC = ¢15,000
FC = ¢300,000

Break-even units:
X = FC / (SP – VC)
= ¢300,000/ (¢45,000 – ¢15,000)
= ¢300,000/ ¢30,000
= 10 units

Break-even sales revenue = (break-even units)(SP):
= 10 x ¢45,000
= ¢450,000

In other words, Everything Mango has to sell 10 jars of jam to break even, resulting in revenue of ¢450,000.

10. Secrets of Financing

Access to letters of credit, loans, lines of credit, export insurance, or operating capital would significantly help woman-owned businesses to expand and grow. However, obtaining short- or long-term financing is difficult for these businesses in Africa. Mainly due to limited access to information and resources, women entrepreneurs are less likely to meet lender requirements and therefore receive very little financing for their business operations. Is there a secret for African businesswomen to gain better access to credit? Unfortunately, there isn't: the way to increase your competitiveness by being better prepared, submitting excellent proposals, and understanding what types of financing are available.

Preparation and planning

Each bank or financial institution has its own set of criteria that applicants must meet when applying for financing. Examples of lender requirements are audited historical financial statements, a decent credit rating, and collateral (such as a building or land). In addition, to apply for operating capital and medium- to long-term loans, you may also have to submit a comprehensive business plan—complete with a management plan, profit projections, and a repayment timeline. Details about how to write a business plan are found in chapter 3.

Types of financing

Financing comes in many shapes and forms. Microfinance, equity financing, loans, letters of credit, and export insurance policies are only a few examples. The puzzle is to determine the best type of financing for your business. After identifying your needs and understanding what is available, you should ask whether you need to apply for microfinance, a letter of credit, a line of credit, a loan, or if you need to attract individual investors who will put money into your company. To decide what is best, it is important to understand the different types of financing, primarily microfinance, equity financing, and debt financing.

For many small enterprises just getting off the ground or operating in the informal sector, microfinance may be appropriate. Realizing that many small businesses are unable to tap into credit programs of banks and financial institutions, microfinance institutions grant loans in small amounts to small enterprises and cooperatives (mostly women-owned). These loans may run as little as ¢450,000 to as much as ¢4,050,000. Depending on its structure, the program may offer a variety of financial services such as loans, payment services, money transfers, and insurance. It is also important to keep in mind that microfinance programs may be available through different sources. Cooperatives, nonprofit organizations, multilateral organizations, and governments (local and foreign) are known to run microfinance funds. In *most* programs, however, to tap into the fund's resources, it is mandatory that that the person or business contribute to the fund by becoming a member and paying dues. Each program designs its own criteria and lending rules, so it is important to research what is available in Ghana and what best fits your needs.

If your business has a few years of audited financial statements, there are several types of financing options worth exploring. However, keep in mind that most banks in Africa tend to have steep criteria, and it may take some time to qualify. When talking about financing, people tend to lump all the types together. It is very important to understand the differences and what they mean to your business.

The two main types of financing are known as equity and debt. *Equity financing* is when an individual or investment firm invests in a business or project. The expectation is that as the business grows, the investor's ownership and share of profits will grow as well. For many small businesses, it is common for family and friends to be equity investors. However, some investment firms invest in new companies—usually businesses that are two to three-years old or startup projects. Such investment companies are called venture capitalists. In addition to their anticipated return on investment (ROI), venture capitalists analyze the firm's competitive advantage, quality, management, and industry growth trends before committing funds.

Debt financing is known to most entrepreneurs as a loan. Unlike equity financing, the entrepreneur has a relationship with a lender. The lender gives money to the entrepreneur (debtor) up front. Then the entrepreneur repays this sum over time with accumulated interest. The lender and debtor agree upon the repayment terms of the loan—the length of the repayment period and the date by which the entire loan will be repaid. In debt financing, lenders make their money on the difference between the rate at which they borrow and the rate at which they lend. For example, the bank may borrow money at a rate of 8 percent and then lend to you at an interest rate of 18 percent. Many entrepreneurs prefer debt financing, because if the business meets the bank's criteria, the loan process tends to be straightforward and they receive money without having to share the company's ownership.

Specific types of financing

Equity financing

Your own money: Often overlooked, your own money is possibly the best financing available. With no bank fees or interest to repay, investing in your own business makes financial sense and shows other potential investors that you are underwriting some of the risk involved in your project. Your financial commitment builds investor confidence and reduces their risk: your equity decreases their financial commitment, which should help you obtain lower interest rates. If your project is fairly new—less than three years old or a startup—you should anticipate making significant investment in your own business. Receiving 100 percent financing for startup projects is extremely rare and, if granted, the interest rates tend to be very high above market rates. With average loan interest rates in Ghana ranging from 20–27 percent, 100 percent financing is not economically viable. So, committing 20–30 percent of your own money—even if you have to downsize the project to do so—is a good idea.

Friends and family (usually equity): In some cases, borrowing from your friends and family is second best to investing on your own. By doing this, you avoid bank fees and interest. However, since most friends and relatives usually don't sign legal contracts with one another, you are on a good-faith basis to repay the amount.

Equity partnerships/joint ventures (equity): Before applying to a bank for a loan or line of credit, entrepreneurs may decide to enter an equity partnership or joint venture. In return for financially investing into the business, the partner owns a percentage of the business and is entitled to a share in profits.

Debt financing
Medium- to long-term debt financing

Loans: In an agreement between a bank or financial institution and a client, the lender underwrites a certain sum to be repaid during a specific period of time at agreed upon interest rates. Interest is usually charged monthly and is linked to the country's prime lending rate. Interest rates and repayment terms are negotiable. Therefore, you should shop around for the most competitive packages. One type of debt financing is a general operating or working capital loan, where the lender underwrites a loan that will be used for business operations such as product development or activity expansion. These loans are granted on the basis of a company's financial statements, projected growth, and anticipated profits generated over the repayment period. While a working capital loan is used for actual business operations, the lender does not acquire any equity or ownership.

Short-term debt financing (very popular for trade): Short-term financing refers to loans that will be repaid in a few years. Very popular with trade and, as a result, known as trade finance, these loans finance actual transactions such as the purchase of commodities or equipment. Repayment terms range from 30 days net to just under a year for consumables and commodities, or up to five years for larger transactions involving equipment or machinery. In trade finance, the lending bank or financial institution anticipates that the sales from the transaction sales are used to pay down the loan. Any money remaining is credited to the borrower's account. In this case, the letter or line of credit is ongoing and replenished. For example, you might be given a ¢10,000,000 line of credit. You use ¢5,000,000 and pay back ¢4,000,000 this leaves you with ¢6,000,000 of credit. A letter of credit or line of credit usually stays open until a fixed date agreed upon by you and your lender.

Line of credit: Issued by a bank or financial institution, a line of credit gives the applicant access to a certain amount of money she does not currently have in her account. It is "revolving," that is, as the account holder pays off the borrowed portion, the credit limit automatically reissued to the maximum agreed upon amount. In a trade transaction, the buyer and supplier set up the deal assuming the LC will be issued.

Buyer	**Vendor**
Agrees to buy product	Agrees to ship goods if LC is opened
Requests bank to issue LC	LC assures payment if proper documents are presented Ships goods and submits shipping documents to bank for payment
Verifies documents for compliance Payment is made immediately or upon maturity of accepted draft	Payment is made when documents received or accepted

Letter of credit: A letter of credit provides a guarantee by a commercial bank on behalf of a client that is applied against a business transaction or payment obligation. The bank promises to pay an agreed sum upon receipt by the bank of certain documents within a specified time. Under a letter of credit, the business can repeatedly borrow, repay, and borrow7 again all or part of the credit available.

Overdraft: A line of credit that allows account holders to write credits for amounts larger than their existing deposits.

Export insurance: Strictly related to export trade transactions, export insurance offers buyers the opportunity to receive extended terms of credit for their payment schedule that they would normally not receive from the supplier. An export insurance policy acts as a guarantee of payment to the supplier. This allows the buyer to pay off the transaction over a period of time such as net 30, 60, or 180 days. Both public and private credit agencies exist. The U.S. government credit agency is called the U.S. Export-Import Bank, www.exim.gov. Here foreign buyers (not American citizens) can take out an export insurance policy when they are purchasing U.S. goods such as equipment, consumables, and foodstuff. The insurance policy benefits all parties involved. Given that it is a first-time customer and the transaction is riskier because the buyer is far away in Africa, the company may not be willing to give the buyer extended credit terms such as 60 days and will only make the sale if the buyer pays 100 percent of the transaction in advance. Once the money is received, the supplier ships the product. However, from the buyer's point of view, this is not a good setup. First, she does not have 100 percent of the cost upfront, because she wants to resell the product and pay the supplier with revenue that she made from her sales. Second, she doesn't know the supplier either, and is hesitant to pay in advance. There is a risk that she will not receive her product on time or at all. Or she may receive it in bad condition. If she pays 100 percent up front, she has no bargaining power with the supplier to mend things if she is not satisfied with the order. So, she and the supplier decide to take out an export insurance policy. This way, she can pay the supplier over her preferred extended credit terms of 60 days. The supplier is also happy because he is paid 100 percent of the transaction up front and does not have to wait 60 days to get paid.

Loan guarantee: Similar to export insurance, a buyer uses a loan guarantee to purchase goods from outside her country. As with an export insurance policy, they buyer is the importer. Used for larger transactions, a loan guarantee eliminates the bank's risk of payment default, because a credit agency guarantees the loan. In essence, if the buyer (borrower) defaults or doesn't submit her loan payment, the credit agency will pay the bank the default amount. As a result, this eliminates any financial risk to the bank, and the bank should in turn be able to offer the borrower competitive interest rates and repayment schedules. In Africa, the interest rates in some countries can be as high as 25 percent. With a loan guarantee, U.S. and other international banks have been known to give much lower interest rates, around 12 percent, to African buyers interested in buying U.S. goods. The lower interest rates are much more attractive, and the U.S. banks are more comfortable with underwriting the loan because they do have to compensate for the risk of payment default. For more information on loan guarantees, please visit www.exim.gov

These summaries give you an idea of they types of financing that may be available to you. Now it is up to you to decide what will work best for your business. To help you understand exactly what is available in Ghana, a table in the appendix provides a description of the services and contact information for banks and financial institutions in Ghana.

Appendix 1. Courier Firms in Ghana

Company	Telephone	Fax	Location/Email/Website
BKB Couriers (Ghana) Limited	(+233-21) 221817; 221801; 243498; 247380	(+233-21) 231625	324/4 Faanofa Str, Accra Email: bkb@idngh.com www.bkbcouriers.co.uk
DHL (Ghana) Ltd	(+233-21) 221552; 229722; 221647; 227035	(+233-21)	C.913/3 North Ridge, Crescent Road; Accra
EMS	(+233-21) 668137-8		Private Mail Bag, General Post Office; Accra
Federal Express (FEDEX)	(+233-21) 257921-2; 223852; 666659; 663725	(+233-21) 257928	No. 60 Mango Tree Ave.; Asylum Down; Accra Email: iasghana@idngh.com iasghana@netplux.com Website: www.fedex.com

Appendix 2. Business Consultancies in Ghana

VALUATION AND APPRAISAL CONSULT
NO. 595/4 JONES NELSOON ROAD, ADABRAKA, ACCRA
P. O. BOX OS 2228, OSU-ACCRA
TEL: 021 -681252-3

QUANTUM ASSOCIATES,
29^{TH} ELEVENTH AVE, TESANO
BOX NT 62 ACCRA
TEL: 021-253965

A.B. BUSSINESS CONSULTANCY
NO. 46 GIFFARD RD. PALMWINE JUNCTION, LA
BOX 1132 MAMPROBI
TEL: 769278-9

J .S ADDO & CO
PRUDENTIAL BANK BULDING,
NEAR GBC
ACCRA

DELOITE & TOUCHE
4LIBERATION RD.
P. O. BOX 453 ACCRA
021-775355, 773761

EMPRETEC GHANA FOUNDATION
132 RINGWAY CRESCENT, RINGWAY ESTATE
BOX: PMB GPO ACCRA
TEL: 226090

K. P. M. G, PEAT MARWICK, OKO & CO.
2^{ND} FLOOR, MOBIL HOUSE, LIBERIA RD.
BOX 242
TEL: 664881-4

INSIGHT MARKETING & CONSULTANCY LTD.
OSU AKO-ADJEI
BOX 4175, ACCRA
TEL: 774748

MANAGEMENT DEV. & PRODUCTIVITY INSTITUTE
OLD PASSPORT OFFICE
BOX 297
TEL: 666597-8

MARKCOM TOTAL MARKETING COMMUNICATIONS LTD
TOBACCO HOUSE, KWAME NKRUMAH AVE.
BOX AN 19630, ACCRA

TEL: 230801

PRICEWATERHOUSECOOPERS
GULF HOUSE, SOUTH LEGON, ACCRA

NOTE: For a full list see GHANA BUSINESS DIRECTORY, PUBLISHED BY SURF PUBLICATIONS

Appendix 3. Women's Organizations in Ghana

31st December Women's Movement of Ghana
P. O. Box 065, Osu-Accra
Tel: 233-21-221470
Fax: 233-21-220303
E-mail: dec31@ghana.com
Website: http://www.dec31.org.gh/

Action Against Child and Women Abandonment
Hanna A.O. Agyeman
c/o P.O. Box AT 699
Accra, Ghana
Ph#: 233 227 274

Advance Star Violence Against Women and Children
Mrs Mercy Acheampong Jones
P.O. BOX 515
Kumasi, Ghana
Ph#: 051 21937
Fax#: 051 21937

Association for the Advancement of Women in Africa (ASAWA)
Box 5737, Accra North
Accra, Ghana

Christian Mothers Association
Mrs. Huberta Dickson- National President
P.O. Box 5547, Accra North
Ph#: (233-21) 772885/775745/222339/223504/ 402198

Federation of Muslim Women's Association in Ghana
P.O. Box MS 156 Achimota Accra, W/A Ghana
Ph#: 233 21 403256
Fax#: 233 21 772764
E-mail: fomwag@yahoo.com

Gender Awareness Foundation
Contact person: Stephane Lotro, Diana Heyman-Adu, Juliana Ablorh, Millicent Ablordeppey
Ghana Institute of Journalism
Box 667, PO Box MP2587, Mampro B1, Accra
Ph#: (233) 21-236462/ 21-228 336/221 750
Fax#: 221163, 221165, 302810
E-mail: gar@ighmail.com
Or
Contact person: Winifred Darko-Esthern
Ghana Broadcasting, Corporation, 1633, Accra
Ph#: 221107 ext.2060

Fax#: 221163
E-mail: gar@ighmail.com

International Federation of Women Lawyers (FIDA), Ghana
Contact persons: Lucy Felicity Arthur or Emelia Adjeporg
2nd Floor, Ghana Airways Buildings, Kojo Thompson Road
Legal Services Centre, P.O.Box 16502
Accra North, Ghana
Ph#: 233 21 225 479
Fax#: 233 21 230 035

Ghana Assembly of Women
PO Box 459, Accra

National Council on Women and Development (NCWD)
P.O. Box M 53, Accra, Ghana
Ph#: 233 21 229119 or 233 21 245 918
Fax#: 233 21 228064
E-mail: WMWGhana@excite.com
Or
Greater Accra Secretariat
P.O. Box C1402, Cantoments, Accra
Ph#: +233 21 241993

Progressive Women's Credit Union
Box 1519 Cape Coast, Ghana
Ph#: (0233-42) 30573

Progressive Women's Movement
Contact Person: Nana Kesewaa
P. O. Box CE 11709, Com. 11 Tema
Ph#: 233-21-663878, 22-306222/310711
Fax#: 233-21-225742
Email: progressivemovement@yaoo.com

The Centre for Sustainable Development Initiatives (CENSUDI)
TUC Building, Commercial Street
Box 134, Bolgatanga, UER
Ghana, West Africa
Ph/Fax#: 233 72 22249
Email: censudi@africaonline.com.gh

Third World Womens Network -Africa Secretariat
P.O. Box 19452 Accra
Ph#: 233 21 301 064 / 22 44 069 / 23 11 687
E-mail: isock@ghana.com

Women's Development Agency
P.O. Box 2858, Accra
W.A.
Ph#: 021 762538
E-mail: Matinan@aol.com

Women in Law and Development Africa - WILDAF
P.O. Box 6192, Accra - north Ghana
Ph#: 233 21 760688
Fax #: 233 21 760687
Email: wildaf@ghana.com
Women in Progress
Box CC 890, Cape Coast, Ghana
Ph#: 0 233 42 36883
E-mail: renae@womeninprogress.org or info@womeninprogress.org
Website: http://www.womenandtechnology.org/about/about.asp

Women are The Key
PO Box 283, Hoboe, Ghana

Young Women's Christian Association (YWCA) Of Ghana
Castle Road, POB 1504
Accra
Ph#: 220567/221944
Fax#: 0223-24 665960

Ministry of Women and Children's Affairs
P.O. Box MBO 186, Ministries, Accra
Ph#: (233-21) 255411/255412
Fax#: (233-21) 225297

Appendix 4. Banks in Ghana

A. The Commercial Banks

Bank	Telephone	Fax	Email/ Website
i. **Barclays Bank of Ghana Ltd**	(233-21) 664901-5; 664506	(233-21) 667420	Barclays@africaonline.com.gh
ii. **Ghana Commercial Bank Ltd**	(233-21) 664914-9; 663539; 663480	(233-21) 662160; 662168	gcbmail@ghana.com
iii. **International Commercial Bank Ltd**.	(233-21) 665779	(233-21) 668221	icb@icbank.gh.com
iv. **Social Security Bank Ltd**.	Tel: (233-21) 221726; 667146 - 8	(233-21) 220713; 668651	ssb@ghana.com.gh
v. **Standard Chartered Bank (Gh.) Ltd.**	(233-21) 664590-9 (233-21) 667751	(233-21) 663560	
vi. **The Trust Bank Ltd**	(233-21) 665562; 230416; 230403	(233-21) 240056; 240059	trust@ghana.com
vii. **Metropolitan & Allied Bank (Gh) Ltd**	(233-21) 232770 - 3; 232776	(233-21) 232728	Email: mab@ghana.com
viii. **Stanbic Bank (Gh) Ltd**	(233-21) 234679	(233-21) 234685	Email: stanbic@ghana.com Website. www.stanbic.com
ix. **Unibank (Gh) Ltd**			

B. Development Banks

Bank	Telephone	Fax	Email/Website
i. Agricultural Development Bank It concentrates principally in the agricultural sector.	(233-21) 228453 - 6; 662758	(233-21) 229620	Email: adb@africaonline.com.gh Website: www.ghanaclassified.com/adb
ii. National Investment Bank Ltd It services the industrial sector	(233-21) 240001 - 8	(233-21) 669307; 240034	Email: info@nib-ghana.com Website: www.nib-ghana.com
iii. Prudential Bank (Gh) Ltd	(233-21) 226322	(233-21) 226803	Email: prudential@ghana.com

Note: Rural Banks. Unit banks established to provide facilities for the rural communities in which they are located. They are owned and managed by the local people. There are currently **113 rural banks** in the country.

C. Merchant Banks

Bank	Telephone	Fax	Email/Website
i. CAL Merchant Bank	(233-21) 221056;	(233-21) 668657; 231913;	Email:

	(Gh) Ltd	221087; 221091	231104	calbank@calbank-gh.com
	ii. ECOBANK (Gh) Ltd.	(233-21) 228812; 229532; 231931-2	(233-21) 231934	Email: ecobank@ncs.com.gh
	iii. First Atlantic Merchant Bank (Gh) Ltd.	(233-21) 231433-5	(233-21) 231399	Fambl@ghana.com
	iv. Merchant Bank (Gh) Ltd.	(233-21) 666383; 666331 - 5	(233-21) 667305; 663398	Email: mbd@merbangh.com
	v. Amalgamated Bank Ltd			

Appendix 5. Other Financial Institutions in Ghana

2. NON-BANK FINANCIAL INSTITUTIONS

a. Discount Houses: There are 3 in operation.

Company	Telephone	Fax	Email/Website/Location
i. Consolidated Discount House Ltd	(233-21) 667425 - 7	(233-21) 662167	Email: cdh2@ncs.com.gh Tower Block (3rd Floor), SSNIT Pension House, Box 14911, Accra
ii Securities Discount Company Ltd.	(233-21) 669372 - 5	(233-21) 669371	City Building, Post Office Square, High Str. P.O. Box 14198, Accra
iii Fidelity Discount House Ltd	(233-21) 245850	(233-21) 245851	Fidelity House, 20 Ring Road Central, PMB 43, Cantonments, Accra

b. Building Society: There are 2 in operation:

1. First Ghana Building Society	- D. 564/4 Kojo Thompson Rd, Box 2958 Accra
2. Reliance Building Society	- H/No.45, Labadi Rd, Box 0854 Osu-Accra

c. Leasing Companies: There are 6 are in operation.

	Telephone	Fax	Email/Website/Location
i. First National Leasing and Finance Company Ltd.	N/A	N/A	125 Farrar Ave. between Trust Towers and Elf Filling Station, Box CT 462, Cantonments, Accra
ii. General Leasing and Finance Company	(233-21) 231357; 231844	(233-21) 23636	Mary Dee H/NO. C124/3 Farrar Ave. Box CT 1967,

iii. Ghana Leasing Company Ltd	233-21) 667239; 669407 - 8	(233-21) 668553	City Building Post Office Square, High Str. Box 16746, Accra
iv. Leaseagric Ghana Ltd	(233-21) 221700; 221077	(233-21) 221025	H/No. 7, Main Str. Tesano, Box C74, Accra.
v. Merban Finance and Leasing Co. (Hire Purchase)	(233-21) 666331-3	(233-21) 667305	Head Office Annex, 57 Examination Loop, North Ridge, Box 401, Accra
vi. Ecobank Leasing Company Ltd.	(233-21) 228812 231931	(233-21) 231934	19 Seventh Ave. Ridge(West) P.M.B, G.P.O, Accra

d. Finance houses: There are 11 in operation:

	Telephone	**Fax**	**Email/Website/Location**
i. City Investments Co. Ltd			Cal Merchant Building, P. O. Box 1868, Accra
ii. Export Finance Company Ltd	(233-21) 229895	(233-21) 221333	N/A 3rd Floor GCB Towers, Kwame Nkrumah Circle, PMB, Accra North
iii. NDK Financial Services Ltd	(233-21) 761802 -4	(233-21) 761805	N/A 3rd Floor, Kingsway, Box 3387, Accra
iv. Cowries Finance Co. Ltd.			H/No. 31, 10th Ave. Tesano, Accra
v. Unique Trust Financial Co.			H/No. D490/3 Knutsford Ave. Box 11221, Accra North
vi. OAK Financial Services Ltd			H/No. 13, 9th Ave. Ext. P. O. Box 9526, Airport, Accra
vii. Sterling Financial Services Ltd.	(233-21) 764332-5	(233-21) 762954	N/A No.2 Rangoon Link, Box C2532, Cantonments, Accra
viii. PVI Finance Co. (Inward Remittances)			Trust Towers, 7th Floor Farrar Ave. Box AN19454, Accra

ix. Telecash Financial Services (Inward Remittances)			H/No. C239/3, off Farrar Ave. Box 14117, Accra
x. Express Funds International Ltd. (Inward Remittances)			3rd Floor, GNTC Technical Building, Pagan Rd, Box AN10476, Accra
xi. KBA Financial Services Ltd			1st Floor Old Kingsway Building, Kwame Nkrumah Ave., Box 719, Accra

e. Mortgage Finance Co.: There is 1 such company.

1. Home Finance Co. Ltd.	EBANKESE' Sixth Ave. North Ridge, P.O. Box CT4603, Cantonments, Accra - Tel: 665095/664 203/664214 Fax: 664430

f. Savings and Loans : There are 7 in operation:

1. Central Savings & Loans Co. Ltd	- D.748/4 Kimberly Ave. Box 01072, Osu-Accra
2. City Savings & Loans Co. Ltd	191 Watson House, La Rd Osu P. O. Box 353, Accra
3. First Allied Savings & Loans Co. Ltd	OTB 662 Asomfo Rd, Adum. P. O. Box 5308, Kumasi
4. Johnson's Savings & Loans Co. Ltd	Aviation House, Liberian Rd P.O. Box 5261, Accra
5. Kantanmanto Savings & Loans Co. Ltd	DL/014 Kantanmanto Near Hotel De P. O. Box 18729, Accra
6. Union Savings & Loans Co. Ltd	P. O. Box K207 Kejitia, Kumasi
7. Women's World Banking - MASU	- H/No. B586/13 Next – ACDR House off 37/Achimota Highway, P.O. Box 2989 Accra

g. Venture Capital Funding Equity Financing. : There are 2 in operation

1. Ghana Venture Co. Ltd.	
2. Ghana Venture Capital Fund Ltd	Paraku House La, P.O. Box 2617, Accra

Note : Trust Company

	Telephone	fax	Email/Website
Social Security and National Insurance Trust	(233-21) 667731,668670	(233-21) 662226	ssnit@ncs.com.gh

Appendix 6. Insurance Companies in Ghana

3. INSURANCE COMPANIES: There are 17 are in operation

(A)

	Telephone	Fax	Email/Website
1.Beacon Insurance Company	(233-21) 667858;	(233-21) 667857	Email: beacon@africanonline.com
2. Donewell Insurance Company	(233-21) 772778; 760483; 7011560/1	(233-21) 760484 Email:	donewell@ighmail.com Website: www.ghanaclassified.com/donewell
3. Enterprise Insurance Company	(233-21) 666856 - 8	(233-21) 670306; 7011560 - 1	Email: eic@africaonline.com.gh
4. Gemini Life Insurance Company	(233-21) 222117	(233-21) 240896	N/A
5. Ghana Union Assurance	(233-21) 664421	(233-21) 664988	N/A
6. Inter-Life & General Company	(233-21) 667339	(233-21) 668199	N/A
7. Metropolitan Insurance Co. Ltd.	(233-21) 220966	(233-21) 237872 - 3	N/A
8. Network Assurance Company	(233-21) 664522; 239464; 236376	(233-21) 668296	N/A
9. Phoenix Insurance Company	(233-21) 225238; 223994; 225238; 238611	(233-21) 222208;	N/A
10. Provident Insurance Company	(233-21) 221096	(233-21) 239463	N/A
11. Quality Insurance Company	(233-21) 234017	(233-21) 234016	N/A
12. Star Assurance Company	(233-21) 664984	(233-21) 237156	N/A
13. State Insurance Company	(233-21) 666961-9; 662317; 666107	(233-21) 662205	Email: sic.isd@gh.com
14. Ghana Life Insurance	(233-21) 228824	(233-21) 228824	N/A

16. Unique Insurance	(233-21) 248174-7	(233-21) 248173	N/A

B.
Reinsurance Companies: There are 2 in operation.

	Telephone	Fax	Email/Website
1.Ghana Reinsurance Organisation	(233-21) 220660	(233-21) 221958	ghanare@ghana.com
2. Mainstream Reinsurance Company	(233-21) 233512; 233511; 7011886	(233-21) 235317	mstream@africaonline.com.gh

Appendix 7. Useful Business Forms

For use by individuals

FORM "A"

CERTIFICATE NO.... ....

THE REGISTRATION OF BUSINESS NAMES ACT, 1962 (NO.151)

REGISTRATION OF BUSINESS NAMES

REGISTRATION FEE: ¢

(a) Business Name ....

(b) General nature of the business ....

....

(c) Principal Place of business ....

....

(d) All other places (if any) at which business is carried on ....

....

(e) (i) Present first name and surname ....

(ii) Any former first name or surname ....

(iii) Nationality ....

(iv) Nationality of origin (if other than above) ....

(v) The usual residence and other business occupation (if any) of the person registering ....

(vi) Date of birth ....

(f) Date of commencement of the business ....

Dated this .... day of ....

....

Sig. of Person Registering

(See Instructions Overleaf)

FORM 'A' (1)

INSTRUCTIONS

HERE State the full name of the business. The Words "Limited," Company and Company Corporation Associates and Associated Syndicate or any other word or words which signify that the business is being carried on by more than one Person should on no account be added to the name Ghana. "National, International, Commonwealth, Imperial" should not be added to the name unless there is sufficient justification for it.

(a) If the name consists merely of the sole proprietor's surname without any additions apart from all his true personal name or names or his initials registration is not required.

(b) Here give a general description of the nature of the business (e.g. Timber Merchant, Printer, Publisher, Tailor, General Merchant, etc.)

(c) Here state the number of the house, street and town in which business is situated or has its principal Office. Postal address should also be given.

(d) Here state all the towns and villages where branches of the business is carried on. Full addresses are not required.

(e) Here state date of commencement of the business. The business must have commenced before registration is effected.

(i) Here write clearly the full name of the proprietor of the buisness.

(ii) If the proprietor has never changed his name write the Word "NON" in this space.

(iii) State the nationality e.g. Ghanaian or British, French, Indian as the case may be.

(iv) State the nationality at birth if present nationality is different.

(v) Here state the number of the house and town in which the person registering lives and other business occupation (if any)

(vi) Date of birth.

SIGNATURE

The applicant must sign in the space provided. Where he cannot sign, his or her mark should be made and witnessed by someone who should write his name and address clearly. Each person filling in the form for an illitrate person must witness the mark and give a certificate that he has read over and explain the contents or has caused the same to be read over and explain to the illitrate person.

NOTES

(i) If any of the particulars furnished overleaf are false in any material particular to the knowledge of the person signing the form, such person may thereby render himself liable to a fine of one hundred cedis (¢100.00) or to imprisonment for six months or to both.

RENEWALS

(ii) Each proprietor is required under the Registration of Business names Act to renew the registration of the business once every year.

Form 'A' (2)

FORM "A"

CERTIFICATE
No. P............................

THE INCORPORATED PRIVATE PARTNERSHIPS ACT, **1962** *(NO.* **152)**

INCORPORATION OF PARTNERSHIP

REGISTRATION
FEE ¢300.00

(a) Partnership name...

(b) General nature of the business..

....

(c) Address and Post Office Box No. Of..

....

(i) Principal place of business...

....

(ii) Other places (if any) at which the business is carried on..

....

(d) (i) Present first name, surname and age of each of the individuals who are partners in the firm............

....

....

(ii) Former first name or surname (if any) of each of the individuals who are partners in the firm........

....

....

(iii) Nationality of each of the individuals who are partners in the firm......................................

....

(iv) Nationality of origin (if other than above) of each of the individuals who are partners in the firm

....

(v) The usual residence and other business occupation (if any) of each of the individuals who are partners in the firm...

....

....

(vi) Particulars of charges on Partnership Asset...

....

(e) Date of the commencement of the business..

Dated this ....day of ....20..............

....

....

....

....

Signatures of all the Partners in the firm

P.T.O.

Form A (1)

INSTRUCTIONS

1. *(a)* Here state the full name of the business. The word "Limited", must on no account be added to the name.

   (b) Here give a general description of the nature of the business, e.g. Timber Merchants, Printers and Publishers, Import and Export Merchant, etc.

   (c) (i) Here state the number of the house, street and town in which the business is situated or has its principal office. Postal address should also be given.

   (ii) Here state all the towns and villages where branches of the business are carried on. Full addresses are required.

   (d) (i) Here write clearly the full names and ages of all the members of the business. If the business consists of more than 20 persons, registration cannot be effected under the incorporated Private Partnerships Act, 1962.

   (ii) If no partner has ever changed his name write the word "NONE" in this space.

   (iii) Here state the nationality of each partner, e.g. David Jones - Ghanaian, or British, French, German, Indian, Lebanese, Syrian as the case may be.

   (iv) If any partner has changed his nationality through naturalization, etc., state the nationality at birth.

   (v) Here state the number of the house and town in which each partner lives and his other business occupation (if any)

   (e) Here state the date of commencement on the business.

2. The application forms must be accompanied by a stamped copy of a partnership agreement.

SIGNATURES

Each partner must sign in the space provided. Where a partner cannot sign, his or her mark should be made and witnessed by someone who should write his name and address clearly. Each person filling in the form on behalf of an illiterate person must witness his mark and give a certificate that he has read over and explained the contents or has caused the same to be read over and explained to the illiterate person.

Note: If any of the particulars furnished overleaf are false in any material particular to the knowledge of the persons signing the form, such persons may thereby render themselves liable to a fine of one hundred cedis (¢ 100.00) or to imprisonment for six months or to both.

Form A (2)

TIN.P1 **TAX IDENTIFICATION NUMBER** I/SP № 133031 B

INDIVIDUALS, SOLE PROPRIETORS REGISTRATION FORM

1 Surname

Middle Name

First Name

2 Mother's Maiden Name — Last Name

Middle Name

First Name

3 Birth Information — Country

Town

Birth Date

Region

Sex
M Male
F Female

4 Nationality

5 Postal Address — P.O. Box

Town

Region

6 Residential Address — Street Name

City or Town

Region

7 Home Tel.

8 Occupation

SOLE PROPRIETORSHIP INFORMATION

9 Business Name

10 Business Location/ Street

Town

Region

11 Business Telephones

12 Describe your business activities

13 Registrar General's No

14 CEPS File No

15 IRS File No

16 Tax District

17 **CERTIFICATE**

I, ... declare that the particulars given above are correct and complete.

Name of Applicant

.... Signature

.... Date

TIF1

FOR OFFICIAL USE ONLY

18 TIN Form Distribution/Collection Center Code

19 Data Entry Staff Code

20 Date Received

21 Business Sector Code

22 Tax Identification Number (TIN)

This form is to be filled by Individuals, or operators of Sole Proprietorships

1 Full name of individual

2 Full maiden name of mother

3 Birth Information: Place of birth, date and sex.

4 Nationality: Self explanatory

5 Postal Address: The Post Office location and box number.

6 Residential Address of individual

7 Home Telephone

8 Occupation

9 - 16 To be filled by Sole Proprietors only. Employees of businesses, skip this section.

- 9 The registered business name.
- 10 The physical location of the principal place where business is conducted.
- 11 Business telephone numbers
- 12 Describe business activities, with the main activity first.
- 13 The Registration number on the Registrar General's certificate. Every registered business must have this number. This information must be provided.
- 14 The file number at CEPS for importers and manufacturers
- 15 IRS file number: This information must be provided.
- 16 Tax District: The IRS tax office where the business has its tax file.

17 To be filled in by the individual, or operator of the Sole Proprietorship.

18-22 **DO NOT FILL SECTIONS 17 TO 19.
THEY ARE FOR OFFICIAL USE ONLY.**

TIF 2

VALUE ADDED TAX REGULATIONS, 1998

FORM A
(Regulation 1)

Republic of Ghana

APPLICATION FOR REGISTRATION FOR VAT

Name of Business or Proprietor	1	
Trading Name (if different)	2	
Postal Address	P O Box No. 3	Post Office Location 4
Street Address	5	
Town/District/Region	6	/ /
Telephone	7	
Trading commenced (or will commence)	8 day / month / year	Taxpayer Identification No. (TIN) 9
Type of Business (Tick ✓ ONE)	Limited Company 10 ☐ Partnership 11 ☐ Sole Proprietor 12 ☐ State Owned Enterprise 13 ☐ Other 14 ☐	
Value of **total** sales/ turnover (for the last 12 months)	15	Billions Millions Thousands 0 0 0 **CEDIS**
Value of **taxable** sales/ turnover including zero rated during last 12 months	16	Billions Millions Thousands 0 0 0 **CEDIS**
Describe your business activities	17	

CERTIFICATE

FULL NAME OF APPLICANT

18 ______ declare that the particulars given above are correct and complete

Signed ______

Position 19 ______ (State, Partner, Director, etc.)

Date 20 day / month / year

FOR OFFICIAL USE ONLY

Office Code 21 ______ Reg. Type 22 ______ Business Sector Code 23 ______

Date of Receipt 24 Day / month / year Effective Date of Registration (EDR) 25 Day / month / year

APPROVED BY Officer 26 ______

VAT Registration No. / TIN

Entered By 27 ______ 28 ______

VAT 1
FORM A (REGULATION 1)

Form A 1

VAT1 COMPLETION NOTES

If you need clarification or assistance in completing this form please contact your nearest VAT Office.

1 - Enter FULL NAME as follows

* **Sole Proprietor** - Title (Mr./Mrs./Dr.) followed by other name(s) and surname
* **Partnership** - Registered name of the partnership.
* **Company** - Name of company as entered on the Certificate of Incorporation

2 - If you have a trading name different from that at 1 above - enter here. If not leave blank.

3-6 - Enter details for your principal place of business - the address from which your day to day affairs are conducted.

7 - Give a telephone number at which you can be contacted.

8 - Enter the date that the business started trading.

9 - Enter Taxpayer Identification Number

10-14 Who owns the business?- Tick one box only for the legal entity. For "other" give further details at box 17 below.

15-16- Provide the total sales/turnover figure for the 12 month period prior to the month of completion of the Form VAT 1. Give the figures to the nearest Thousand Cedis and estimate if necessary. The figure entered in Box 15 should reflect all business activities - Box 16 should only be for supplies deemed to be taxable.

17 - Fully describe the main business activities and type of supplies

18-20- Certificate to be completed as follows:

* **Sole Proprietor** - only by the Sole Proprietor himself
* **Partnership** - one of the Partners
* **Company** - a Director or Company Secretary
* **SOE/Public Corporation** - a Director or Company Secretary

Please remember – If you do not apply for registration at the proper time you are committing an offence and may be liable to a penalty.

Form A 2