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| --- | --- |
| Kuvimbika Financial Solutions (pvt) ltd. BUSINESS PLAN | Abstract  This document sets out to pursue opportunities identified in the micro lending space leveraging on technology to seamless integrate customer on boarding, application and scoring process, disbursement and collection methods. The abstract idea is premised on the notion to eradicate operational costs and human inefficiencies inherent in conventional microfinance loan application process. It critically examines the modus operandi to absolve any incremental risks possible and provide service to the general public and earn returns to investors and shareholders.  Tichavona Vakisai  Business Development Manager |

**Kuvimbika Financial Solutions Private Limited**

**April 2018**

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**PROJECT IDENTIFICATION**

**BUSINESS NAME: KUVIMBIKA FINANCIAL SOLUTIONS**

**PRIVATE LIMITED**

**PROJECT LOCATION: WATERFALLS HARARE**

**OWNERSHIP FORM: PRIVATE LIMITED COMPANY**

**PROJECT CLASSIFICATION: SERVICE INDUSTRY**

**BUSINESS ADDRESS: 3658 MAINWAY MEADOWS**

**WATERFALLS**

**HARARE**

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# 

# EXECUTIVE SUMMARY

Kuvimbika Financial Solutions Private limited Microfinance was formed on the 19th of July 2024. The company will be registered in line with the Zimbabwean laws, that is, the companies’ act chapter 24.03 as well as the banking act 24.18. The owners of the business shall be all members of Kuvimbika Financial Solutions Private limited.

Each shareholder will own a designated number of share based on the assumption that everyone will be able to pay his/her own subscription as required. However the founding members have more shares in company. The organisation was created with the need to resuscitate the local industry by focusing on four key pillars which are highlighted below;

* Employment creation
* Management, financing services and financial inclusion.
* Increasing capacity utilisation
* Increasing competitive advantage

It is against the prevalent massive retrenchments, a series of company closures, a persistent liquidity crisis, complicated downsizing procedures, flooding of foreign goods into the local markets, deteriorating standards of good corporate governance and economic swing, that we have identified business opportunities. At the heart and soul of our organisation we dream, believe and understand that effective utilisation of companies’ potential is a powerful tool for economic development.

The business idea has come in form of low cost micro loans meant to provide day to day critical funding solutions for all the problems cited above. After a meticulous study and projections of the economic outlook, we have no doubt that the business will bring solutions to our local populace of all colour, race and creed. The organisation is meant to bring life to the lifeless companies, hope to the hopeless workers and overall it will be a pillar for economic development.

Focusing on effects of unemployment which is looming against many countries, Kuvimbika Financial Solutions Private limited as a start-up business has also made it a priority to ensure that our business can compete effectively at national level and will be able to grab a fair share of the market.

# COMPANY BACKGROUND

Kuvimbika Financial Solutions Private limited will be offering micro-credit financing services to different customers in Zimbabwe. Our targeted market will be focusing on both formal and informal market.

Most of Zimbabwean population are currently engaged in formal or informal entrepreneurial ventures and commodity broking is the main source of livelihood for millions unemployed. According to a reputable source, CIA World fact book the unemployment rates in Zimbabwe has been increasing rapidly from about 50% in 2005 to about 75% in 2014 and now estimated over 85%.

With the limited access to credit lines from many Zimbabwean financial institutions due to high non-performing loans from year 2012, access to critical capital finance has been difficult as most financial companies have adopted a safe lending strategies restricting start-up capital ventures. Working capital financing is the main credit line available to well reputable companies who are able to offer high collateral for the credit.

After a thorough analysis of the above, Kuvimbika Financial Solutions Private limited team managed to identify many business opportunities which it can exploit. Kuvimbika Financial Solutions Private limited strives to improve and develop a new culture on how businesses can leverage on technology to propel growth through well spread risk exposure to increase viability.

Kuvimbika Financial Solutions Private limited can be successful by taking advantage of the poor performance in the Zimbabwe financial sector due to concentrated market risk. The business can become prominent and prosperous by offering innovative and affordable financial services. What makes Kuvimbika Financial Solutions Private Limited unique from all our competitors is that will become one of the first microfinance institution to offer realtime online loan application and disbursement. This will be achieved through adoption of end to end synchronised intelligent information technology systems that will enhance and automate customer application and on-boarding, scoring and rating, disbursement and collection activities.

## OBJECTIVES OF THE ORGANISATION

* To offer micro credit finance to both formal and informal market based on daily turnovers.
* To assist in liquidity improvement and management in the economy.
* To create business environment that increase the employment prospects.
* To promote transfer of resources from economic units of surplus to units of deficit.
* To foster financial inclusion.
* To foster ZIMASSET agenda.

## MISSION STATEMENT

To provide fast and easy microfinance loans to the Zimbabwean population of all race, colour and creed.

## COMPANY MOTTO

Spearheading the revolution of the world through creating an active business society. We dream and visualise the best of us in everything we do and offer

## COMPANY VALUES

Our goal is to work smart, think smart and pursue efficiencies offered by technology for win-win financial solutions. The ethos enshrined in our goal guide our value system summarised as follows;

* Innovation
* Teamwork
* Integrity
* Another
* Another

## COMPANY VISION

Our vision is to the preferred microfinance company in Zimbabwe by offering world class financial solutions fostering inclusivity and employment creation through technology.

# ORGANISATIONAL STRUCTURE

The question as to how the organisational structure is set answer much in determining whether the objectives of the organisation are attainable or not. In order to ensure that the organisational objectives are achievable, we have decided to set a structure that all members of the organisation can understand, also at the same time allowing all workers to know their duties, responsibility, authority and power

**KUVIMBIKA FINANCIAL SOLUTIONS PRIVATE LIMITED ORGANISATIONAL STRUCTURE**

## SHAREHOLDING STRUCTURE

|  |  |
| --- | --- |
| **Shareholders** | **Percentage held** |
| Decision Edge Consulting Private Limited | 75 |
| Silas Tinashe Mupure | 5 |
| Shame Banda | 5 |
| Tsitsi Musiwa | 5 |
| Tarisai Muchenje nee Musiwa | 5 |
| Moreblessing Hlanga | 5 |
| **TOTAL** | **100** |

# MARKET PLAN

## TARGET MARKET

**Who are the clients of the business?**

After a careful analysis of the market we managed to observe that we can yield positive returns if the target market is exploited fully and effectively. We are going to focus on the low income mass market, formal and informal business sectors.

## TARGET CLIENTS

The following are actual clients which Kuvimbika Financial Solutions (Pvt) Ltd. will be dealing with;

1. **WOMEN** -: Get the chance to start or expand their own business to increase the income of their households significantly. Through professional, innovative and low-cost operations in a network of small field officers and utilisation of electronic channels, we can serve women in high density urban, peri-urban and rural areas where essential financial services were previously not available or inadequately meeting the needs. We will continue to carefully track economic and social impact of the project in the coming years, to ensure that we keep learning and continue to maximise the beneficial effects of the project.
2. **CIVIL SERVICE EMPLOYEES**-: Who despite having numerous microfinance companies are still disadvantaged as some of the requirements, terms and conditions of existing MFIs are stringent and not accommodative for the segment. Leveraging on technology is envisaged to ease and expedite the application process without compromising security and risk mitigations measures required.
3. **STUDENT CIVIL FORCE**-: Despite being guaranteed a salary during their work related learning, they do not have any reliable line of credit. Given the prevailing economic conditions it leaves students stranded as they try to begin life away from home and they are forced to sacrifice a number of essentials during the 1st month. There is therefore a gap to provide this vulnerable minority with money to transition smoothly during their work related learning.
4. **FORMALLY EMPLOYED PRIVATE SECTOR**-: Despite being employed in the private sector, salaries are basically averaged out and this sector is as vulnerable as the marginalised civil service sector.
5. **INFORMAL SECTOR LOANS**-: These will be provided for the innovative Zimbabwean who has chosen to start and run their own entities. Lines of credit for the informal sector have sprouted but the sector is still under financed and there is room to serve marginalised businesses in this sector.

The Company plans to build the portfolio of 2**50 loans for each quarter** starting in the last quarter of **2024**. **The microfinance sub-sector business environment was considered operationally sustainable with an average OSS ration of 213.83% against an international benchmark of 100% as at 30 September 2023 according to the RBZ MFI quarterly report of September 2023. T**here is a strong base for substantial improvements in the near future as evidenced by reduction of loss making institution and also the general proliferation of mobile based applications is positive for the envisaged company strategy to leverage this technology.

Our firm believes that by providing lines of credit to the marginalised sectors through employed mobile phone based technology, the people of Zimbabwe will have the possibility to improve their lives and leverage the growth possibilities currently available in Zimbabwe.

## MARKET SIZE

With the current liquidity crunch we are experiencing in Zimbabwe it has created a stumbling block for many Zimbabweans to access lines of capital to start small business ventures to support daily livelihood. Recently, we have noticed a series of microfinance companies coming up with conventional processes hinged on human efficiencies and defined business hours. However, the market dynamics have also shifted due to the covid-19 pandemic and also as trading business times in the commodity broking informal sector spans way into the night.

Basing on the observations that was carried out in more than 8 major cities and towns it has been noted that average trading time for commodity broking spans from 08:00hrs to 21:00hrs daily. This dynamic requires firms to look at salvaging funding gaps outside normal working hours. Many of the transactions are done through electronic money and most deals are made to hold until next business day to allow sourcing for funds. This is limiting the business activity in the informal sector.

Many Zimbabweans even those in formal employment are also engaging in extra activities to increase monthly disposable income. Due to their accommodative price negotiation and longer operating hours the commodity brokers are poised generated more business from volume comparable to conventional service providers. The proliferation of smart phones in Zimbabwe has been outstanding and an exponential growth is still being experienced. As of 30 September 2023, mobile banking subscribers increased from 7.96 million as at 30 June 2023 to 8.14 million.

This provides a sterling opportunity for smart phone mobile applications. The phone has since become a household most important communication device. Leveraging on such technology will ensure easy adoption and habit forming adoption of product.

In light of the above scenario, as Kuvimbika Financial Solutions will be offering overnight gap bridging finance on 24 hours turnaround basis. This will be attained through a fully integrated mobile phone compatible system to undertake automated loan application, customer on-onboarding, scoring and rating, disbursement and collections. Thus, from a phone application customers will be able to complete a loan application and submit required light KYC (Know Your Customer) documentation. Once received at the backoffice servers, account creation will be done. This will invoke the scoring and credit rating through transaction history and behaviour on integrated platforms such as mobile wallet, linked cards and bank accounts. A loan amount within set micro limits will be automatically disbursed to chosen platform and collection will on credit on any linked channels after 24hours. The business is hinged on ability to attract volumes and solve funding needs especially after normal business hours. The process flow is envisaged to be habit forming in order to ensure all day turnovers.

Our revenue from the target market segment will be in form of a margin interest 20% up to 6 months tenure, 18% for tenure beyond 6 months and upfront fees of 4% of principal value. The targeted average loan value per applicant will be USD $50.00 to bridge pressing financial needs payable within 6 months. For ZiG loans, tenure will be restricted to short terms up to 4 months with a differential marginal rate of 3% above USD applicable rate.

**How do clients reach the decision to accept our services?**

As many companies are fairly involved with the services that Kuvimbika Financial Solutions will be offering and there is no great difference in our financial packages services as compared with those of our competitors. The company’s main source of competitive edge will be derived from the technology employed to provide seamless integrations and automation of process for unmatched customer experience. The compatibility of service to everyday gadgets by way of smart phone driven application will also enhance adoption and unparalleled competitive edge.

In order of all our service to quickly penetrate the local market, innovation has to be substantiated by above the line advertising. Therefore the business call for extensive or mass advertising in all forms of media and the other way is to offer loyalty programmes, promotions and partnerships with established company that have a high clientele base like insurance companies.

**Projected advertising costs in the first year of operation**

|  |  |
| --- | --- |
| **Quarter of the year** | **Advertising cost financial allocation** |
| First | $ 3 500 |
| Second | $ 1 000 |
| Third | $ 1 000 |
| Fourth | $ 1 000 |

## MARKET SHARE

The business’ main aim is to start with a market share of 2 percent in the target market with a goal of achieving 15 per cent market share in the next five years. In order to achieve that targeted market share, the business will adopt the following strategies:

* Advertising the microfinance services in all media forms
* Ecommerce on the internet
* Conducting of marketing campaigns
* Running promotions and loyalty programs to encourage referral business

**Projected market share growth rate**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Year** | **1** | **2** | **3** | **4** | **5** |
| **Market share** | **2%** | **4.5%** | **7.5%** | **11%** | **15%** |

On average, Kuvimbika Financial Solutions expects its market share to increase by 2.6% yearly during its first five years of operations. The projected growth can be achievable because the organisation will be taking advantage of a calm competitive environment in the financial sector.

## MARKET TRENDS

In Zimbabwe with the growing need for survival have set an unprecedented commerce trajectory in which most individuals are involved in commodity broking due to high unemployment and acute liquidity. Companies have either downsized or wound up creating high need for financial mediation. Major players have stringent qualification criteria, longer and/or inflexible tenure making the services highly unattractive. After a close analysis of the performance of many businesses in the target market, the market for finance gap bridging services in Zimbabwe is expected to grow since the need to revitalise the economy through financial inclusion is an inevitable event.

In addition, financial services has become one of the most critical component for business success, the demand for these services in the market will fairly grow in the future in Zimbabwe. With the current poor performance of many banks which has seen some closing down, there is a possible market gap that can be hugely exploited by offering quality, reliable, innovative and world class financial services.

**Projected revenue growth**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Year** | **Volume of Loans** | **Value of loans** | **Interest** | **Commission** |
| 1 | 4,000 | $50,000 | $101,925.27 | $12,000.00 |
| 2 | 9,000 | $120,000 | $240,660.00 | $27,000.00 |
| 3 | 15,000 | $300,000 | $594,461.54 | $60,000.00 |
| 4 | 22,000 | $742,500 | $1,448,040.00 | $132,000.00 |

The projections can be attained since there is funding gap to breach short term small fast loans and is exponentially growing by each day due to need by general populace to escape unfortunate circumstances and venture in some entrepreneurial economic activities.

## MARKETING PLAN

In order to realise our targeted revenue in the segmented market, effective marketing strategies are necessary if the company projections are to be achieved. Advertising campaigns will go a long way to ensure that the company’s services are known and accepted to the market. The following strategies will be implemented;

* Direct Marketing: we will personally market (sell face to face) through sales agents.
* Website Marketing: we will implement our web plan and review the outcome to determine the efficiency it has on our customer base.
* Event Marketing: we will visit business events for example trade fair to hand out flyers, business cards, and service catalogues, and to meet potential customers face to face.
* Costumer after sale service: after offering financial services to many companies, our after services will be in form of management services. With the growing concerned of good costumer-business relationship the after sale facility will help to create a competitive advantage of the company.

Through the marketing of our services in these ways highlighted above, we are confident that Easycash microfinance will almost expand its services into new markets within its first 5years of operations.

**5.1 PRICING STRATEGIES**

As a start-up business that is not yet known to the market. The pricing strategies that will be adopted by Easycash microfinance are aimed at ensuring that business offering more acceptable, recognisable and appreciable by the targeted market.

At the first launch of our services the pricing strategies that the organisation will be using will be mainly competitive pricing and penetration pricing. However as our market share increases new pricing strategies will be adopted so that will increase revenue base.

**Stage of business growth pricing strategies adopted**

|  |  |
| --- | --- |
| **Start-up phrase( year 0-5)** | **Penetration pricing, competitor pricing , cost based pricing(here we match our cost of acquiring finance and how much will should charge to get a profit)** |
| **Growth stage(year6-10)** | **Skimming pricing(in the case of new financial services), target returns pricing, demand oriented pricing** |
| **Future stage (year 11 going forward)** | **Neutral pricing (in relation to economic outlook)** |

**5.2 INDUSTRY ANALYSIS**

Easycash microfinance will be operating in the service industry. The growth of microfinancial services is likely to raise the industry by approximately 6.2% on average in the next four years.

**The projected growth rates in the financial and insurance industry. (Source Ministry of Finance and Economic Development)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Year** | **2015** | **2016** | **2017** | **2018** |
| Projected growth rate | 6.1 | 6.1 | 5.8 | 7.1 |

**5.3 NATIONAL EVENTS**

Currently, the government of Zimbabwe is conducting an affirmative action of empowering the youth. The empowerment programs are aimed at promoting the economic and social beneficiation of all the citizen of Zimbabwe in all sector of the economy.

Through such initiatives from the Zimbabwe government these will help create an easy avenue for the business to penetrate into the market and an opportunity for Easycash microfinance to quickly register its presence in the Zimbabwean business world.

Zimbabwe International Trade Fair is also another program which Easycash microfinance can use to showcase its financial products and services. This program runs every year. The organisation will utilize this opportunity to create awareness for its services. This will increase the demand for its services and eventually increase its customer base.

**6.0 PRODUCTION PLAN**

Easycash microfinance will be microlending financial services to all financially sound formally and informally employed individuals and companies. The aim is to afford all sectors of the economy access to critical financing gaps to help cash flow management and enhance liquidity to ventures with potential to grow in the future.

The approach which the company will be using is totally a new concept on it is on which will be combined in form of what is known as Easycash app, which will ease strain of loan application.

**The organisation critical inputs will be in form of**

* Quality and competent workforce
* Information systems
* Financial resources

**The following is a simple diagrammatic presentation of the provision process of the services which EASYCASH MICROFINANCE will be offering**.

**6.1 BRIEF EXPLANATION OF EACH STAGE**

**Customer on-boarding**

Information management has become an important aspect in the business world as many systems, departments and processes of various organisations are coordinated and managed through information sharing and gathering. The process is customer initiated by download of the secure Easycash microfinance mobile application from the application stores. The customer applies for an account and complete the electronic application form, create a digital signature and link all alternative active accounts (bank, mobile and prepaid cards. Using the camera of the phone the customer will scan their KYC documentation including their selfie photo and send together with application form through the application. The documents will be relayed to our backoffice and data encryption is ensured at all times. Once received, a supervisor will receive a request for authorisation. The supervisor will verify documentation to their satisfaction, authorise and activate account. Notification of process outcome is sent back to applicant.

It is once this initial account application is approved now the customer can have additional menu options on mobile application to perform other activities like;

* Loan application within preset amount and tenure limit
* Loan application above preset amount and tenure limit
* Account services which include
  + Enquiries
  + Statements
  + Electronic signature change
  + Update account information
* Loan drawdowns
* Set favourites
* Repay loan (before due dates)
* Promotions and loyalties
* Tell a friend

**Loan application, customer credit scoring and rating**

This processed is invoked on three mutually exclusive events as follows;

* When a customer applies for account.
* When a customer applies for loan amount or tenure beyond preapproved limits.
* When a customer updates their profile

The process basically looks at ascertaining the riskiness of any given customer through set computer algorithms. The system will consider transaction history and customer behaviour based on linked accounts, financial clearing systems and conduct history in our database. All linked accounts (Bank, mobile wallets, prepaid cards) are requested for transaction behavior history which will be analysed by the system to set customer loan limit based on average balance, deposit amount and frequency and account operation period. Any revolving application within pre-set limits are automatically approved until customer breaches contract.

**Offer letter generation and agreement signoff**

Once application is approved, an electronic agreement requiring an electronic signature is generated and notification is sent to customer. They will be able to access it on from their application. If agreeable the customer signs up agreement and endorses by an electronic signature. This stage also allows for rejection of loan should a customer no longer need the same.

**Disbursement and drawdown**

After the loan agreement is signed off the customer will have an option to immediately drawdown to a nominated linked disbursement account. An option exist to drawdown on a later date and amount act as buffer for rain days. However there will be a limit the funds will be available before the loan offer expires.

**Collections**

The last process will be collection of repayment and necessary upfront fees. This process is invoked on;

* Loan drawdown
* Loan repayment and liquidation for short tenure loans
* Specific instalment dates for loans with tenure of more than one month.

It is an automated process that pushes a debit to linked accounts in order of set priority until required instalment is fully recovered. This facility allows for partial repayment of loans from all accounts. It eases the need to consolidate balances from various accounts held by the customer.

**Loan products offered**

* Overnight funding gap cover
* Pay day loan (Loan payable on the next monthend)
* School fees loan (Payable direct to educational institutions and payable over three months.
* Microfinance loan up to 6 months tenure.

**Processes used to monitor all debtors**

* System automatic tracking and performance reports
* System automatically generated reminders of all due repayments
* Referral of missed payments to branch relationship officer through system notifications
* Overdue debtors are black listed.

**Company’s performance**

It is essential that the operations and performance of the company be regularly monitored, assessed and controlled to ensure that the organisation is progressing in a direction aligned to strategic set objectives. All business units will have performance targets and performance reviews will be tracked daily, weekly, monthly, quarterly, half yearly and yearly. Internal audit will be instrumental in yearly review of performance and variances explained.

**In the first five years of start-up projected workforce will be summarised as follows.**

|  |  |
| --- | --- |
| **Department** | **Number of workers** |
| Management | (1-6) |
| IT, Operations & Business Development | (1-15) |
| Finance | (1-5) |
| Internal Audit | (1-3) |

**Projected salaries for the first month of operation**

|  |  |  |  |
| --- | --- | --- | --- |
| **Department** | **Average Number of workers** | **Average salaries per worker** | **Average total salaries monthly** |
| Management | 6 | 500.00 | 3,000.00 |
| IT and Operations | 15 | 350.00 | 5,250.00 |
| Finance | 5 | 380.00 | 1,900.00 |
| Internal Audit | 3 | 415.00 | 1,245.00 |
| Total salaries |  |  | 13,545.00 |
|  |  |  |  |

**Projected total salaries per year in the first year of operation**

|  |  |  |
| --- | --- | --- |
| **Average total salaries per month** | **Number of months per year** | **Average total salaries per year** |
| $11,395 | 12 | $136,740 |

Since we do not have enough financial resources to purchase our own company’s premises during our first five years of operation we will be renting a building on which our business activities will be conducted.

**Projected rental payments for the first year**

|  |  |
| --- | --- |
| **Month** | **Average Rental payment** |
| January | $2000 |
| February | $2000 |
| March | $2000 |
| April | $2000 |
| May | $2000 |
| June | $2000 |
| July | $2000 |
| August | $2000 |
| September | $2000 |
| October | $2000 |
| November | $2000 |
| December | $2000 |
| Total rental payments | $24,000 |

**6.2STAFFING**

Easycash microfinance is going to employ the following employees in its first year of operation

* Finance manager
* IT and operations manager
* Database administrator
* Technical lead developer
* Human resource manager
* Branch manager
* Loan Officers

**Roles of the employees**

**Finance manager**

The finance manager is responsible managing the funds of the company, raising funds for the company and investing excess funds, managing the liquidity of the company. He or she will be responsible for controlling the finance department as a whole.

**IT and Operations Manager**

The IT and operations manager is responsible for mapping business modus operandi and ensuring information systems achieve required efficiencies. Their duty is to ensure operational efficiencies of processes and system to result in reduced operational costs.

**Database administrator**

The database administrator will be responsible for keeping all the business records relating to the company’s clients, performance and financial statements. His /her duties are to oversee all activities which are carried out by I.T department.

**Technical lead developer**

The technical lead developer will be responsible for in house IT system developments and integrations with other synchronised system. They build application system that align to business specification requirements. Their duty is to ensure they give the company a strategic advantage through adoption of technology to solve customer pain points.

**Human resources manager**

The human resources manager will be responsible for recruiting employees, selection, training and development of staff and managing their salaries and pension benefits. He or she will be responsible for controlling the workforce

**Branch Manager**

The branch manager will be responsible for branch customer acquisition strategy and ensure compliance with regulatory framework in place. They will ensure authorisations of customer account creation and activation during on-boarding. They are responsible for growth of the branch, staff motivation, and morale and customer service excellence.

**Loan officer**

The loan officer will be responsible for company products marketing and documents validation on customer on-boarding, attending to exceptions on notifications and outstanding loans recovery. Their jobs also involves managing agents recruited by the organisation. They are responsible for growth of the branch customer loan book, customer service excellence and first line customer support.

**7.0 FINANCIAL PLAN**

As a start-up business most of our financial resources will be provided through our own savings and other short term projects which we will be undertaking particularly agriculture which has the potential to yield positive returns.

Starting business with our own saving is the essence of the capitalist idea. Financing the business in such a way is advantageous in that we do not worry about loan repayments and will also enhance the company borrowing capacity in the future. In order to boost our financial base so that we effectively carry out our main project we will seek financial assistance from the following sources

* Financial institutions
* Wealth and prominent business people
* Government financial support

**Start-up resources:** Assets required by the company

* Five motor vehicles
* 10 Desktop computers
* Office furniture
* Land and Premises
* Bank balance

**Balance Sheet for year 1**

|  |  |  |
| --- | --- | --- |
| Assets ($)  30 000  8 000  6 000  44 000 | Depreciation ($)  6 000  2 000  1 200  9 200  20 000  25 000  40 000  5 000 | Net book value ($)  24 000  6 000  4 800  34 800  20 000  80 000  114 800  60 000  25 000  39 800  114 800 |

Non-current asset

Motor vehicles

Office furniture

Computers

Total

Intagible Asset

Goodwill

Current assets

Debtors

Cash at bank

Cash in hand

Total assets

Financed by

Ordinary share

Loan

Net profit

Total

Assumption on depreciation rates

* Motor vehicles 20%
* office furniture 25%
* Computers 20%

**CASH FLOW STATEMENT (PROJECTED**)

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Year 1** | **Year 2** | **Year 3** |
| Cash flow from operating activities |  |  |  |
| Operating profit | 39 800 | 90 000 | 135 000 |
| Less interest paid | (2 500) | (4 000) | (8 000) |
| Profit after interest | 37 300 | 86 000 | 127 000 |
| Adjustment to non-cash items | 9 200 | 14 000 | 18 000 |
| Net cash inflow from operating activities | 46 500 | 100 000 | 145 000 |
| Cash flow from investing activities |  |  |  |
| Acquisition of assets | (44 000) | (60 000) | (70 000) |
| Net cash out from investing activities | (44 000) | (60000) | (70000) |
| Cash flow from financing activities |  |  |  |
| Acquisition of loan | 25 000 | 40 000 | 55 000 |
| Issue of shares | 50 000 | 50 000 | 60 000 |
| Net cash flow from financing activities | 75 000 | 90 000 | 115 000 |
| Net increase in cash and cash equivalent | 77 500 | 130 000 | 190 000 |
| Add opening cash and cash equivalent | 20 000 | 97 500 | 227 500 |
| Closing balance of cash and cash equivalent | 97 500 | 227 500 | 417 500 |

**Cost statement of general expenses during the first year of operation**

|  |  |
| --- | --- |
| **Expenses** | **Cost** |
| Salaries | 136,740 |
| Rentals | 24,000 |
| Water and electricity | 10,000 |
| Installation costs | 1,500 |
| Operating licence fee | 500 |
| Guards (2) | 4,800 |
| General workers (2) | 3,600 |
| Motor vehicle and computer repairing cost | 12,000 |
| TOTAL | 193,140 |