

PROMOTING FEMALE ENTREPRENEURSHIP IN CAMEROON



PARTICIPANT'S HANDBOOK MANAGING INCOME GENERATING ACTIVITIES



Loans, Njangui, MFI, Taxes, SARL, Scoop, Marketing, Basic accounting

Published with the support of the Orange Foundation

SUMMARY

I. BASIC ACCOUNTING « MASTER YOUR BUSINESS! »

What does it mean to keep an account?

Why is accounting necessary?

Consequences of unaccountability

II. REGULATORY FRAMEWORK « STOP RUNNING AWAY FROM TAX OFFICIALS! »

Which legal status to choose for your company?

What criteria do you use in choosing the status?

Choose your legal status

III. MARKETING « BOOST YOUR SALES! »

What is Marketing?

How do we use Marketing?

Study your competition

Tips on boosting your sales

ANNEXES

I. BASIC ACCOUNTING « MASTER YOUR BUSINESS »

What does it mean to keep an account?

« Keeping accounts » Salient points:

- Income (money from sales);
- Expenses (money spent).

These two processes are bound to occur every time a business transaction is carried out, that is exchanging money for a product.

A company makes money mainly from selling goods or services
A company spends money to buy goods, raw materials, pay salaries, rents, electricity and all other charges.

Here are 4 simple examples illustrated in accounting books:

- **Audit your cash register** that is compare the amount on your books with the actual cash in the cash register.
- **Follow up on the state of the business** and identify problem areas (Increase in expenses, drop in sales) and by so doing find a timely solution to the problems
- **Consult your partners on your activities** while updating your accounting books which can be necessary for the acquisition of loan, payment of taxes, etc...
- **Do a financial forecast for your business :**

Accounting and financial records show the evolution of your business.

Identifying and capitalizing on its strengths and weaknesses helps you plan for future expenses.

Why is accounting necessary?

Some small business owners do not keep accounts of every business transaction, others do not use any accounting tools at all.

Whereas, it answers certain important questions:

- What are my expenses for the year?
- Did I make any profits this month, this year?
- How much raw material do I have in stock?
- Who are the customers owing me money, how much do they owe me?
- Are the amounts declared by my sales person correct?
- What is the profit margin from every product sold?
- What amount do I need in order to re-stock?
- Is the money available?
- How much do I actually have in hand?
- What is the actual worth of my small business?

You have to keep an accounting record every time you register a transaction in the account book or register.

Case Study 1

Place it next to the others!!!

Income, Expense, Stock... I didn't record my accounts, now it is impossible for me to calculate my profits

Case Study 2

2 baskets of tomatoes, 1 basket of yams, 2 bunches of plantains.

I made purchases worth 20 000F, transportation 2000F, I sold 35000F, so I have a profit of 13 000F... I will save 5000F

These documents and records could be:

	Accounting Documents	Reference Information
Supporting documents	Receipts and Invoices	Amounts and dates of payment
	Purchase order/Delivery Notice	Quantity, price, address and reference
Other tools	Budget	Projected revenue and expense distribution
	Cash register	Daily inflow and outflow cash registration
	Revenue and expenditure register	Daily recording of all revenue and expenses
	Credit management register	Amount of payment made, date, name of beneficiary
	Debt Management register	Amount to be received, date of payment, name of debtors
	Stock taking register	Daily recording of outgoing and incoming stock
	Savings Ledger	Amount and date of cash withdrawal and deposit
	Operating Account	Provides information on costs and products that can be used to appreciate the profitability of the business

For successful accounting, you must document and record all transactions carried out by your company in an organized manner. There will be times when you will have to prove that you have received or given out money.

There should be a paper trail in every transaction carried out, that is a written proof even for very minimal amounts e.g. the purchase of a pencil.

These written proofs contain accounting and legal evidence.

Calculating company's results

What is company's result?

Company result is the difference between actual receipts or the sum of goods on one hand and actual expenditures on the other hand.

Formula:

Net income = total product - total expenses

Analysis:

- If the result is greater than 0, it means we had a profit
- If the result is less than 0, it means we had a loss or deficit
- If the result is 0, then we had neither profit nor loss.

Consequences of unaccountability

Unaccountability in your business can cause direct impact on the management and the taxation plans. Such as a sentence of 3 months to 3 years imprisonment, a fine ranging from 500 000 to 5 000 000frs CFA.

When you do not keep accounting records, you will not be able to:

- Assess the state of your assets (your assets and your liabilities).
- See the movements of your heritage.

- Analyze and measure your results.
- Your customers will not be reassured of the continuity of your deliveries and your after-sales services.
- Your suppliers will not be able to reassure the respect of your deadlines.
- Your MFI and your other creditors will have difficulty granting you loan.
- The tax authorities (tax service) will have trouble to appreciate your tax base.
- You run the risk of paying more taxes than your business requires.

II. REGULATORY FRAMEWORK “STOP RUNNING AWAY FROM TAX OFFICIALS”

What is the legal status of a company?

The legal status of a company is the standing of an entity in the eyes of the law

Which legal status to choose for your company?

Companies taxed at the individual level	Companies taxed separately
-Sole proprietorship (Commercial or craft) -Non-profit organization/Civil Society -Economic Interest Groups -Corporation -Common Initiative Group/Cooperative	-Private Limited Company (Ltd) -Limited liability Company(LLC) -Public Limited Company (PLC) -Single Shareholder Limited Company

Ltd..., PLC... LLC.... Which do I choose?

Administrative formalities, dues and taxes..., registering, how do they go about it?

CHOOSE YOUR LEGAL STATUS
Commonly used legal statuses

Ask yourself these questions	Sole Proprietorship
Will I be able to run the business if I am alone?	Yes, it is the best and easiest type of business to run single handedly
Is there a minimum financial requirement?	No
How is the business managed?	By the entrepreneur himself
What is your responsibility	undefined
What is the tax regime of your business?	Income tax by category: BIC for commercial and craft work BNC for a liberal business Withholding tax for small businesses making less than 10 million net annual revenue
How is your profit determined?	Either by a standard rate from the tax authorities or by keeping your accounting records yourself.
What are the main advantages?	<ul style="list-style-type: none"> • Easy to set up. • Simple to operate. • No minimum capital. • Flexibility and speed in decision making. • No profit sharing. • Full control of the business. • Difficulty of growth through self-financing. • Low credibility vis-a-vis partners

<p>What are the major inconveniences?</p>	<ul style="list-style-type: none"> • Unlimited liability for debts incurred. • Limited capacity for growth, in case of death, the business might die with you.
---	--

PRIVATE LIMITED COMPANIES	LIMITED LIABILITY COMPANIES
No, at least two people are needed	Yes, it is a Ltd with only one partner
Yes: 1 000 000 FCFA	Yes: 1 000 000 FCFA
By one or many managers; partners or non-partners	By its managing partner or by an assigned non-partner
As a mere partner, your liability is limited to the amount of your contributions.	If you are a manager , you will be personally responsible for your mismanagement if it is at the origin of the company's difficulties
Corporate tax	<p>- As a mere partner, your liability is limited to the amount of your contributions.</p> <p>-Income tax</p>
It is mandatory, so you must keep accounting records	It is mandatory, so you must keep accounting records
<p>-Limited liability of partners</p> <p>-Credibility vis-a-vis partners</p> <p>-Developing structure</p> <p>-Possibility for the company to survive if one of the partners dies.</p>	<p>-Limited liability</p> <p>-Possibility to choose your tax regime</p> <p>-Developing structure</p> <p>-Minimum capital required :1 000 000FCFA</p>

<p>-Minimum capital required: 1 000 000FCFA. -The constitution and functioning is formalized - No possibility of issuing securities to make a public offering.</p>	<p>The constitution and functioning is formalized</p>
--	---

Some Selection Criteria:

- The risk limit
- The minimum capital and release of inputs
- The functioning of the company
- Decision making
- The possibility of selling all or part of the company
- The tax regime of the company;
- The nature and size of the business;
- The willingness to stand alone or with others;
- The birth of the company (constitution) ;
- Business development opportunities ;
- The possibility of access to good relations with certain partners (Bankers , suppliers, customers ...)

The obligations of the company vis-a-vis of the tax and social administration

- Acquisition of a taxpayer identification number;
- Payment of taxpayer's card;
- Declaration and payment of withheld wages in taxation offices and to the NSIF.
- Registration of the lease if the company does not own commercial building;

- Declaration of the 10% withheld tax on the rent if the company lease;
- Payment of property tax of 0.11% if the company owns the ground supporting the commercial building;
- Declaration and payment of value added tax (value added tax) if the company
- belongs to the real regime;
- Advertising tax if the company has advertising plates;
- Payment of license or withholding tax;
- deposit reporting 1.1% (actual earnings), 5.5% (simplified regime) or 3.3% (merchant importer) on the HVAC;
- Tax Declaration on Companies (I.S.) or physical income tax on personnel;
- The provision of required financial statements, DIPE (documented Information on personnel) for companies of a particular status.
- For cooperatives: Every year, you must present your balance sheet registry, your annual report, your operating account and some of your plan of action for the future. In addition to this, the name of the cooperative must accompanied by the words "SCOOP-S" or "SCOOP-CA."

III.MARKETING “BOOST YOUR SALES”

What is marketing?

Marketing is the set of techniques and approaches you put in place to identify your customers, know their needs and preferences in order to better satisfy them.

Why integrate marketing into your business?

To make customers know you.

If people do not know you, they will not buy from you.

Things to pay attention to?

You must pay attention to:

- Your products: they must satisfy the customer as much as possible in quantity and quality.
- Your price: your price must be competitive.
- The promotion and publicity: publicity will make your products known to consumers and push them to buy.
- Your distribution system: choose the right place to exhibit your products.

To build my business, I placed four pillars that will lead me to an ever satisfied clientele: product, distribution, price, promotion! These are the four pillars of Marketing

How to use marketing?

Find out who your customers and competitors are.

- What types of clients do I deal with?

- What products and services do they want? Why do they want them?
- What prices are they willing to pay?
- Where are the customers and where do they normally shop?
- When do they shop?
- What is the frequency and amount of their purchases?
- Who are my competitors? Are they effective?

To find answers to these questions, we must study the market.

I love fat tomatoes, sold under very clean conditions

Good tomato is that which is grown without fertilizers

The best tomatoes are those that are very red

Know your customers' needs.

Identify your customers:

Take into account the psychology of the people to whom you want to sell. Some would just have a cheap product, others are ready to buy very expensive products to show their social supremacy.

The new hair dressing salon is very clean, they have good prices and make reductions for Women's Day

“NEW LOOK”
HAIR DRESSING SALOON

-MANICURE
-PEDICURE
-FACIALS

Analyze your competition

For your business to succeed, you must know all your competitors, the prices they charge, the benefits they offer to their customers

Case study 1

Cheat!!!!

Cheat!!!

100F/heap

100F/heap

Case study 2

To satisfy my customers, I keep my fruits fresh and very clean.

Win your customers' loyalty

The goal of every seller is to have maximum number of customers and to keep them as long as possible. In this light, you have to be courteous, polite and customer oriented.

First serve and then sell. It is important to win back lost customers and know how to manage difficult ones.

Mami makala, does her puff-puff well, she is clean and sometimes gives extra.

That is the reason why I have asked my children to always buy from her.

Increase your potentials in trade negotiations:

- Remember that the customer is king.
- Guide the customer in choosing the product.
- Learn to listen (customer / supplier).
- Take criticisms into account for improvement.
- Always try to achieve the win-win result.

Going to the market is a pleasure to me, I like when the seller calls me “asso”, sometimes you create friendship and it is always a pleasure to come back.

Some tips to increase sales!

- **Group your goods.**

Put identical products together, to enable customers to quickly find what they seek. For example: group all cleaning products in one place.

- **Make sure your shelves appear well arranged.**

Do not store a lot of goods in your counter. Put a considerable quantity in a place where customers can easily see and purchase them. Do not wait for your shelves to look empty before refilling. Empty shelves make your counter appear ill stocked. Put the goods at the front of the shelves.

- **Place the packets by exposing the front to customers.**

Generally the front face of the packets is the most colorful and attractive part.

This permits customers to easily find their usual products and also to be attracted by new ones.

- **Clearly display the price.**
- **Put the goods where they can easily be seen.**
- **Place the goods at the level of people's eyes.**

Customers will see and buy goods that are at their eye levels. It is more difficult to see the goods on the ground than on the shelf. If you want, put only products that are well known, and that customers buy all the time.

Some tips for sales promotions

- **Make your customers try your new products.**

The bakery "Warm bread" make customers try out the new products to entice them to buy.

- **Organize contests.**

The "Grand Magasin du Mfoundi" increases its sales by organizing competitions and offers prizes to the winners.

- **Do demonstrations.**

Show customers how to use products that have a special handling technique or difficult to understand. When customers know how to handle a product, they are more interested in buying it.

- **Sell complementary goods.**

Flashlights and batteries go together. To sell more, place products that go together next to each other. Remind customers to buy them together.

There are no rules for promotional sales, but remember:

- Be creative, use your own ideas and try something different;
- Arouse customers' interest. Change your promotional sales technique often and use for a short period;
- Do not do too many promotional sales at the same time. Customers might think that you are forcing them to buy.

ANNEX 1 : CREDIT MANAGEMENT REGISTER

BUSINESS MONTH :Address

CONSUMER CREDIT REGISTER OR CREDIT REGISTER

DATE	REFERENCE	NATURE OF THE CREDIT	AMOUNT	AVANCE/PAYMENT RECEIVED	BALANCE	REMARKS
TOTAL						

ANNEX 2: SUPPLIERS' DEBT REGISTER OR DEBT REGISTER

BUSINESS MONTH: Address:

DATE	REFERENCE	NATURE OF THE DEBT	AMOUNT	AVANCE/PAYMENT RECEIVED	BALANCE	REMARKS
TOTAL						

ANNEX 4: Cash Register

BUSINESS MONTH.....ADDRESS.....

Date	Description	Inflow	Outflow	Balance	Remarks
Cash balance For the month of:					
TOTAL					

ANNEX 5: Revenue and Expenditure Register

Business MonthAddress.....

Revenue and Expenditure Register

	Date	Details	Revenue	Expenditure	Balance
Cash balance for the month of:					
Total					

ANNEX 6: Income Statement

INCOME STATEMENT			
From----- to -----			
Products		Cost	
Details	Amount	Details	Amount
Total products		Total cost	
Net Income:			