

Company Report

Containing Interim Accounts

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Young Enterprise; South East; South & Vale
Area
Company Number 4693699
Registered Charity Number 1097789

Strawberry Cow Company Report

Containing Interim Accounts

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B. Executive Summary

Company Name: The Strawberry Cow

Mission Statement: To provide a product or service the objectives of which is to satisfy a customer's needs and make a fair profit including value for money whilst using all resources material and people.

Service: Children's After-School Club

Summary of Financial Results: Current Income: £603.46¹
Current Expenditure: £234.09¹
Current Shareholders Funds: £293.23¹
Current Tax: £76.14¹

Summary Statement Of Company Performance: The Company are currently exceeding all expectations that the board had when the company was started. Our service has been an enormous success but is

constantly being improved to ensure maximum financial and educational success.

C. Formation Of Company

The company was formed officially on 29th October 2005. On this, our first meeting, we decided on a name. After a long discussion we chose the name Strawberry Cow as this name while catchy didn't commit us to any particular product or idea. Although this can be a bad thing we felt that it suited our purpose as throughout the year we could possibly be selling different products/services.

D. Organisation

Our first job after the formation of the company was to select the function directors. These were chosen on the strengths of each person within the young enterprise company.

D.1 Function Directors**D.1.1. Managing Director**

Chris Adams was chosen by the company to become managing director as he was felt to be able to cope with the responsibility. He was also chosen as he has good leadership skills and is able to lead and delegate. Additionally it was thought that he would be able to help to keep everyone on track and ensure that they were fulfilling their roles appropriately and to the best of their ability.

D.1.2. Administration (Secretary)

For this role Nicole Sileno was chosen as it was felt that she was very organised and able to write legibly and quickly. Additionally it was felt that she was able to fill in the forms and documents, which were required.

D.1.3. Finance Director

Craig Eastwood was chosen for this role, as he is very good at maths. It was also felt that he would be able to fill in documents and keep track of all the money. Additionally it was felt by the team that he would be able to produce accurate and realistic targets and reports and be able to report back to the board at regular intervals.

D.1.4. Marketing

Bess Lacey (director) and Frankie Barker were chosen for this role. This was because they are able to provide appealing advertising ideas. Additionally it was thought that they would be able to take on the major parts of PR within the company.

D.1.5. Operations

Sam Cook was chosen for this role as he was able to keep stock of equipment and he was also very able at ensuring that things were able to proceed at their given deadlines. In addition to this he was able to ensure that jobs were cost effective.

D.1.6. Sales

James Colvin-Jarvis and Jess Brooker were chosen for this role. This was because they are able to interact well with customers and also to develop product/services to the full potential. Additionally they were both able to motivate people and ensure that our product/service was being sold for the correct price.

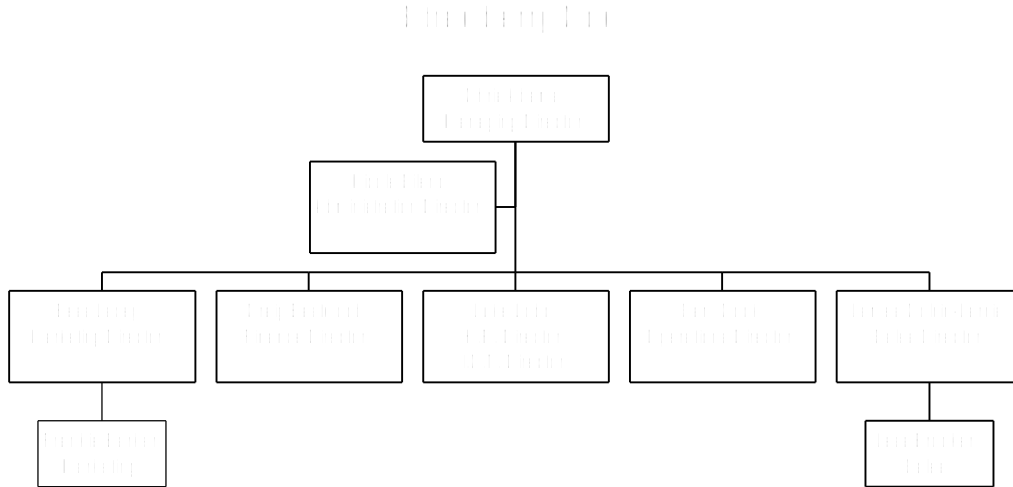
D.1.7. Information Communication Technology

Luke Lobo was chosen for these roles as he had good I.C.T skills.

D.1.8. Human Resources

Luke Lobo was also chosen for this as he had access to the aspects of employment law associated with the chosen project. Additionally he was able to work with the finance director in order to work out salaries and bonuses.

D.2 **Organisation Chart**



E. **Company Ideas**

We went through many company ideas before we arrived on our final service. To raise our registration fee we sold sweets at the Henley-On-Thames late night shopping. This was a huge success and we made the £80 registration fee and administration costs in addition to the costs of obtaining the sweets. Sam Cook (Operations Director) brought the sweets and recouped his costs from the company. However we did have certain problems with people trying to steal stock and also people known to us trying to convince us to give them sweets for free. From this experience we decided that selling sweets probably wasn't a very good idea as there wasn't a huge amount of profit to be gained from selling sweets and we also wouldn't be able to provide a secure enough environment to sell them in.

After that we brainstormed product possibilities and discussed our favourite ones in detail.

These were:

- Selling Coffee Tables
- Selling in school House specific items such as scarves and hats
- Selling Charcoal
- Providing an after school club for the children of a nearby school

We went through each of these ideas and thought of the pros and the cons for each. We discarded the ideas which we felt wouldn't do very well. We decided that we wouldn't sell coffee tables as we only had one person within the group who was already able to manufacture them and we would be wasting valuable time in teaching everyone within the group how to make them. There wasn't really any enthusiasm within the group for selling house related goods so this too was dropped. This left us with selling charcoal and providing an after school club. We decided not to sell charcoal as people only really want to buy it during the summer months (June – September) for barbecues and as the final date for closing our bank account was 31st July we felt that we wouldn't be able to gain enough profit in the short space of time to justify the amount of organisation which would be required for us to be able to sell the charcoal. We also decided that selling a product would provide us with less profit, as we would have to make or buy these items before we could sell them on. Also, as mentioned above, we would be unable to provide a secure environment; leaving us open to people attempting to steal our product. We decided that in this respect it would be better if we sold a service; you can't steal a

service. This meant that we chose to provide an after school club for children at a local school. There were additional reasons for us choosing this service. We discussed the skills and interests that we had within our company of nine. These were creative and sport. We have all experienced clubs and groups involving these activities and thought it might be possible for us to actually run a club ourselves. From our preliminary market research we had found that there was a gap in the market for childcare, particularly during that time between the end of school and the end of work. From this we decided to run an after school club; supervised fun activities for groups of children in a safe environment.

Choosing to provide this service came at a price. We didn't (and still don't) have unlimited resources so by choosing to provide an after school club we were unable to provide any of the other ideas. This was our opportunity cost.

F. Choosing the School

There are several primary schools relatively close to our school. The next stage was to research. We had to be able to travel to the school quickly, easily and cheaply. We also had to find out which schools already ran clubs and which didn't. We also needed to know whether there would be an interest for the club within different schools. From this research we managed to create a shortlist of two schools. The two schools were Valley Road School and Peppard C. of E. School. Valley Road was the closest school and was very large. It was within walking distance but already had an after school club. Peppard C of E School is a short bus ride away but, after speaking to local children, parents and the head teacher we found out that they had no-one to run a club and wanted one. We had found our gap in the market.

We then addressed the problem of when to hold the club. As it was an after-school club we had to do it after school. However all of the primary schools finished 15 minutes before us and it would also take us around 15 minutes to get from Gillotts to Peppard. This meant that the children would have to wait around for half an hour on their own. We decided therefore that since we would be unable to provide a club every day we would provide a club once a week on a Friday. As we finished an hour earlier on Fridays we would be able to get to Peppard and set up before the children had finished school. We had already decided that we would get to the school by public bus although this caused some time problems as it meant that we had to wait 10 minutes to get the bus. This led to the 15 minutes to get from Gillotts to Peppard even though it only takes 5 minutes by bus.

G. Pricing

Having decided where the club was going to be situated we had to decide on a price. Certain members of the board (most notably the Managing Director) thought that we should charge £10 a session. However, although this was quite a good price for 2 ½ hours, the other members of the board felt that this was not a productive pricing plan. This was because it was felt that members of the public would not pay £10. Following discussions, and information presented by the Marketing, Sales and Finance departments, we decided that £4¹ was a reasonable amount to charge for the club. Sales liaised with marketing, who researched prices charged by other clubs.

H. Shareholdings

The board of directors decided that we did not need to sell shares publicly. This was because we established enough profit from the sweet selling to provide us with enough money to spend on our first session and for subsequent sessions we would have a stash of money in our bank account. All achievers had a £10 share in the company; although each achiever put £12 into the original start-up costs.

I. The After-School Club

Within the after school club we decided to offer three different areas. These were art, music and drama. On our first session we split the 19 children attending into these three areas where they took part in themed activities. On our second session we had 20 children who attended. These children got to choose where they went and then took part in different activities. However only 3 children wanted to do music and it was felt that this wasn't enough children to run a session. These children split up and went to drama and art. In drama the children played some games, such as charades, to warm them up and then went on to perform "Little Red Riding Hood". This was a great success with the children thoroughly enjoying the experience. Art also had a great session creating presents for the children mothers, as that Sunday was Mothering Sunday. The children were able to paint a bottle for their mum and then put a few flowers into it. We provided the same service to Year 7's in our own school. Following each after school club we spent 15 minutes of feedback time at our weekly meeting on a Wednesday evening. This ensured that we could continually improve our service both for the parents and for the children. One of the ideas that came out of this was to ask people to pay in advance for the forthcoming term. This would help us by allowing us to purchase arts and crafts materials and because we would know the numbers who were going to attend. It would also help the parents, as they would not need to remember to bring money to each club when they came to collect their child. We also evaluated the activities that we were providing. Our activities did not always last long enough, or were not popular enough. To improve this we spoke to people with experience in these areas – teachers and parents.

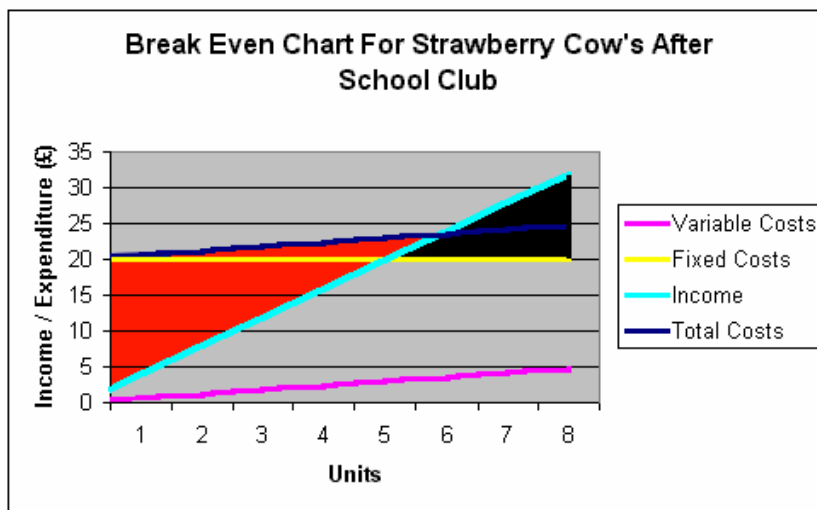
Materials were required for the Art activities, which Jess brought, as she would be running the Art sessions. They were purchased from Hobbycraft because we needed immediate availability. This is not the best value for money. Our research showed that buying mail order/online/ in bulk would be better value but involve delivery time and funding. Once people have paid in advance we would be able to buy art materials well in advance of the session and this would help us to find the best value.

J. Mother's Day Vases

As a Mothering Sunday special we allowed Year 7 pupils within Gillotts to come into one of the classrooms and paint a bottle for their mum. We charged £2.50 per person. This gained us a large amount of profit per person, as the only things that we had to pay for were the paints and the flowers. This was because we used old wine bottles for them to paint. 14 people came to this event, gaining us £35.

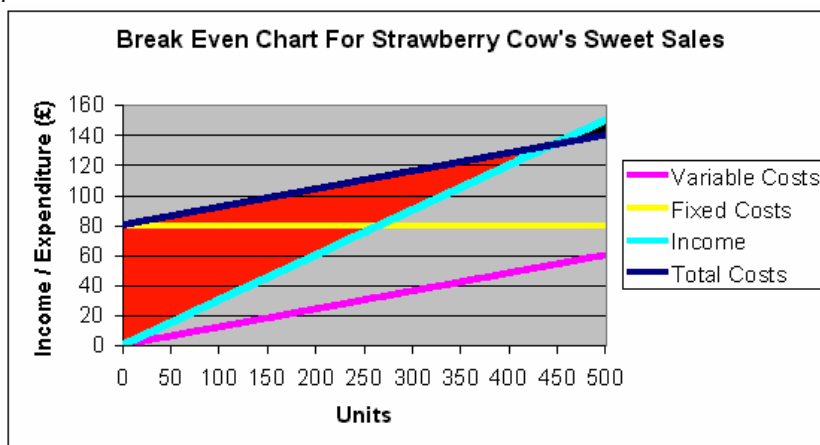
**K. Profit Forecast and Capital****K.1 After School Club**

From our market research we had discovered that there was a gap in the market for an after school club within Peppard C. of E. school. With this in mind we felt that it was almost certain that we would make a profit. We estimated a profit by using a break-even chart. From our preliminary planning work we had discovered that the variable costs were £0.60 per person. Our fixed costs included our registration fee (£80) however this was covered by our sweet sales (see below). This meant that our fixed costs came out as £20. This gave us a break-even point of 6 units. We felt that we would get about 20 people at each club. As we were going to have 9 clubs in total this meant that our estimated gross profit was £646.



K.2 Sweet Selling

We also used a break-even chart to estimate the success of our sweet stall at late night shopping in Henley. Our average costs were £0.12. Our average revenue per sweet was £0.30. Our fixed costs were £80 (the registration fee. From this we worked out that our breakeven point was after 445 units.



L. Financial Performance

Our current shareholders fund is £293.23¹, with 5 club sessions left to run. Our average expenditure per club is £6¹ and our average income is £75¹. This means that, with our current rate of income and expenditure, we will have an estimated shareholders fund of £530. We sold 180¹ shares so each share will be worth an estimated £2.90. Our shareholders will get an increase of approximately £2.40 on their shares from the 50p buy in price; an ROI (return on investment) of 580% (figures estimated). We currently owe the Young Enterprise Organisation £53.55¹ in YE VAT and this is likely to rise to an estimated £105 by the time of liquidation. Currently we also have £22.58¹ in YE Corporation Tax and this is likely to rise to an estimated £50 by the time our company liquidates. This means that currently we owe Young Enterprise £76.14¹, estimated to rise to £155. For a copy of current balance sheet please see Appendix 2. For a copy of current profit/loss account see Appendix 3.

M. Communications

Overall the company's communications have improved considerably. Originally the majority of communication was by word of mouth. This was very ineffective and led to people forgetting to do things. We now use a system of talking and using emails. Decisions and actions are decided at the board meetings and people are then reminded of what they have to do via a

system of email. This is much more effective and has led to the company being able to work more efficiently; jobs which at the start took 3 weeks to be done are now finished for the next meeting. As we were not creating a product we didn't really have a clear 'workforce' and 'management' split. Additionally as all members of the company attended board meetings we were able to feedback quite effectively. Furthermore as we, the achievers were the only shareholders it was very easy to provide regular feedback.

N. Company Administration

As we started our company relatively late during the year (beginning of November) we decided that it was not practical to re-elect the function directors. This was because our original function directors would not have experienced enough time within their role if not re-elected, but also because we felt that our selection of roles were quite sound. Our H.R. and finance directors are currently working out remuneration rates. These will be an hourly rate that will then be paid to achievers depending on time spent working for the company. Before running the after school club members of the company talked to Mrs Jarvis, the head teacher of Peppard C. of E. School, to discuss any possible health and safety issues there might be. She gave the company a lot of help on the matter. Some of her advice included ensuring that there was at least 1 achiever for every 5 pupils and ensuring that we had a competent first aider on the site during the time when the club was in action. For the majority of the clubs we had to first aiders, Miss Rice (our Link Teacher) and Mrs Jarvis. There was no real need to keep members motivated as all involved were enjoying the experience. This meant that we found it very easy to keep everyone involved. We experienced no personnel problems because there was enough of us to run the after school club. We did have several achievers friends who came to help; without being recruited. We allowed this as it helped us to keep up our achiever to pupil ratio. Our current averaged achiever to pupil ration is 1:3 (1 achiever to every 3 pupils). I.C.T was used within our company to help support the administration. Minutes are typed up onto a computer so that there is a digital copy that can be sent to all board members. We also have a company database that lists the details of all achievers. We have also used the forms provided by the Young Enterprise Corporation to great effect within our company. For an example of this see appendix 2 or appendix 3.

O. Customer Focus, Marketing and Sales

We have attempted to customise our service as much as possible to help maximise the take up for our product. As a company, and with the help of our advisor, we tried to work out what we would look for when buying a product. We then used our own experience to try to make the after school club perfect. Once the club had started we continued to try and improve. We tried to ensure that we were providing the service that both the parents, and the children, wanted. One of the ways we did this was by talking to parents when they came to pick their children up. This helped us to make sure that the parents would agree with what we were providing. We then tried to adapt our service to suit our target audience. However from this feedback we found out that on the whole we were providing the service that the parents, and the children, wanted. Our main marketing technique was sending out letters and flyers via the school. We wrote a letter to the Peppard parents giving details of the new club. The school distributed the letters for us and collected replies. We then liased with their office. There was a good response from the first week onwards. We also relied quite heavily on word of mouth; children would tell their friends how much they had enjoyed the club and these children would then use pester power to convince their parents to let them come.

P. Personal Evaluation

I had a number of roles within the business. As I.C.T. director it was my job to assess the I.C.T needs of the company. I decided that it would not be cost effective to go out of our way to bring I.C.T. into the company. This meant that the only need of I.C.T. was for the production of company reports such as this one. It was also decided that I should create reports and presentations needed by the company. One such report, the basis for this coursework, was

used within the Young Enterprise Achiever Competition. As Human Resources director I also had jobs that must be carried out. One of these roles was to keep an attendance record in order for the company members to gain their achiever award from the Young Enterprise organisation. A copy of our current achiever attendance record is appendix 1. Currently all but two members of the company are meeting the 80% attendance required to gain the award from Young Enterprise. Of the two who are not one has left the company while the other has been away from school for long periods of time due to illness.

If I were to run the business again then I would ensure that the clubs were more organised. When running the clubs we were very un-organised and sometimes the activities did not last long enough. If it were to run again then we would need to plan well in advance what we were going to do on each of the days¹.

Appendices

A. Appendix 1 – Attendance Record

Advisers	Mr Selway	91 %
Achievers	Tom Baker	4%
	Chris Adams	96 %
	Luke Lobo	96 %
	Craig Eastwood	96 %
	Jess Brooker	96 %
	Nicole Sileno	91 %
	Frankie Barker	13 %
	Bess Lacey	96 %
	Sam Cook	96 %
	James Colvin-Jarvis	96 %

¹ The Company is still running and will do so until the 31st of July or until it liquidates, whichever occurs first.

B. Appendix 2 – Balance Sheet

Balance Sheet



Company Name: The Strawberry Cow

A Branch of Young Enterprise

As at: (Date) 17 April 2006

		£
Current Assets:		
Stock		£0.00
Debtors		£0.00
Cash at Bank		£68.00
Cash in Hand		£301.37
TOTAL A		£369.37
<i>Less:</i>		
Current Liabilities:		£
Bank Overdraft	£0.00	
Loans	£0.00	
Creditors	£0.00	
YE Corporation Tax	£22.58	
YE VAT Due	£53.55	
TOTAL B	£76.14	
BALANCE (C)		£293.23
Represented by:		
Issued Share Capital:		
_____ shares at 50p		£90.00
Profit & Loss Account		£203.23
Shareholders' Funds		£293.23

C (A - B)

D

Note: The total at C should equal the total at D

If the company has not liquidated at the time of the Company Report, this document must be signed by a third party, such as an Adviser, certifying the accuracy of the figures

I have examined the accounts of the company and agree that the above figures are an accurate representation of the company's position.

Signed: _____ (Adviser)

Date: _____

Print Name: _____

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C. Appendix 3- Profit and Loss Account

Profit and Loss Account



Company Name: The Strawberry Cow

A Branch of Young Enterprise

For Period Ended: 17th April 2006

Current Rate of Corporation Tax	10%
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	£	£
A Sales		£411.46
B Purchases	£117.86	
C Production Wages	£0.00	
D Closing Stock	£0.00	
E Cost of Sales (B + C - D)		£117.86
(A - E)		£293.60
Gross Profit		
F Salaries, commissions and Bonuses	£0.00	
G Stationery	£0.00	
H Rent & Hire	£0.00	
I Miscellaneous Expenditure	£13.29	
J Registration Fee	£80.00	
Total Expenses (F + G + H + I + J)		£93.29
Gross Profit Less Total Expenses		£200.31
Operating Profit (or Loss)		
Miscellaneous Income		£15.30
Net Profit (or Loss)		
		£215.61

For Final Period Only

	£
Net Profit Brought Down	£215.61
LESS Corporation Tax Payable to Young Enterprise	£21.56
Profit after Tax	£194.05
Appropriations of Profit: Dividends Donations: (a) Young Enterprise (b) Other	
Balance (should be nil)	
	£194.05

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¹Financial figures correct at time of printing (17th April 2006)