

INTRODUCTION

The Student Enterprise Awards is a national initiative organised by the County and City Enterprise Boards, which aims to foster an enterprise culture among second level students in Ireland. It offers you the opportunity to take a business from the idea stage, through market research to production, selling, record keeping, management and finally, to writing a comprehensive report on the activity.

The Student Enterprise Awards will enable you to:

- Build an entrepreneurial mindset.
- Learn valuable lessons from the experience of working in a team.
- Apply learning in a practical way.
- Explore possible career paths for your future.
- Consider becoming an entrepreneur in the future.
- Enhance your creativity.
- Improve your communication skills.

There are Three Categories in the Awards Scheme:

- **Senior Category:** Transition Year, 4th Year, 5th Year, 6th Year & Youthreach Students
- **Intermediate Category:** 2nd Year & 3rd Year Students
- **Junior Category:** 1st Year Students

The timetable of events; rules; judging criteria; marking scheme and advice from judges, along with registration details can be accessed at www.studententerprise.ie. You will also find more resources to help you make your business a success. You could win great prizes so log on regularly.

This workbook will help you progress through the various stages involved in establishing and running a successful enterprise. It is divided into various sections and we recommend that you work through each section in the order in which they are presented. It also contains nineteen worksheets that form an integral part of the workbook. The worksheets should be completed. They will be an invaluable aid when you are completing your Student Enterprise Award Business Report. Good luck with the enterprise and remember

A business has to be involving, it has to be fun and it has to exercise your creative instincts

- Richard Branson



SECTION ONE: GENERATING A BUSINESS IDEA

Here are some tips for you to help you get started.

1. What about your Hobbies as a Business?

Many people have hobbies and skills, which could be turned into worthwhile and profitable businesses. Make a list of your hobbies and brainstorm with your friends, family or group members on how any of these hobbies could be turned into a business e.g.

- Woodcraft/Metal craft – Making items from wood or metal for sale.
- Cooking – Baking cakes, savouries, or setting up a catering business.
- Sewing – Making soft furnishings and accessories for the home.
- Writing/Photography – producing calendars, short stories, magazines etc.
- Puzzles – Puzzle books for young children.
- Music – Providing classes, workshops, making CDs or forming your own band.

2. Are there any Gaps in the Marketplace?

Have you ever said to yourself “where can I buy.....?” or “why can’t I buy...?” in my local area or school. If so, a new business idea could be staring you in the face!

- **School:** does your school have a sandwich service, or a tuck shop?
- **Home:** Do people in your area find it difficult to find babysitters, children’s party planners, pet minders etc.?
- **Local Community:** Is there a scarcity of locally produced craft items, gift items or cards in your area? Could your local community benefit from a simple phrase book in, for example, Polish to enable better communications?

3. Use Ideas which have been used before. Maybe you can give them a New Twist.

Remember many successful companies do not try something completely new, they build upon ordinary ideas and make something special of them. Look around your local area, what kind of businesses exist? Could you offer something better? Remember you will be going into competition with these companies.

4. Use up Items lying around the Home.

In every home there are items lying around and of no use. These can provide a source of inexpensive raw materials, particularly, if you do not want to invest a lot of pocket money in setting up a business. Remember to get permission before you use anything.



IDEA GENERATION TECHNIQUES

There is a whole array of idea generation techniques which could be used in coming up with new ideas for businesses. One of these is brainstorming.

1. Brainstorming

Successful brainstorming generates massive quantities of diverse and sometimes fantastic ideas. Fantastic ideas are good during brainstorming, not bad. You want a high quantity of ideas during brainstorming, not quality. There will be plenty of time later to dissect and analyse.

Effective brainstorming can take place in groups or individually. Some of the ideas submitted to a brainstorming session may seem off the wall initially. After consideration these may turn out to be perfectly good business ideas.

Rules for Effective Brainstorming.

- Do a practice run to warm up the mind. For example, how many uses can you think of for a cardboard box?
- Assign one person in your group to write down ALL of the ideas that are generated by the group, no matter how wild or wacky they are.
- Remember that all suggestions, no matter how silly they may seem, should be included on the written list and members of your group should give their suggestions as they come into their heads.
- The quantity of ideas is better than the quality of ideas.
- The wilder and stranger the better.
- The whole group should let their minds flow and wander and come up with as many ideas as possible over a period of about 20 minutes – the aim is to generate as many ideas as possible.
- At the end of the brainstorming session:
 - go through the list.
 - identify which ideas may be possible and which ones are not possible to take further.
 - start to brainstorm the positives and negatives of each idea that you think you could take further.
 - then choose one idea (go to www.studententerprise.ie for some examples of possible ideas for products/services).

WORKSHEET NO. 2

IDEA GENERATION REPORT



1. Explain the process used to explore ideas for your product.

2. Why do you think the method chosen actually worked?

3. On what basis did you decide on the final product or service?

4. What challenges does your choice of product present to you and your team?

5. What skills did you learn in the process?

SECTION TWO: TEAMWORK

SELF ANALYSIS

Try this fun exercise to determine what sort of business person you are! Researchers have analysed hundreds of pig drawings and have discovered that the way you draw a pig can tell a lot about you.

Draw a picture of a pig on a blank sheet of paper. You should do this on your own initially and then you can compare your drawings and results with friends. Once you have drawn your pig, ask your teacher to analyse it to see what sort of business person you are.

Individual Business or Working as Part of a Team

When setting up an enterprise, you will need to consider whether you wish to work as part of a team or go it alone. There are advantages and disadvantages to both. Many entrepreneurs set up their enterprise as a one-person operation but gradually build a successful team around them as the business expands.

Working Individually	Working as Part of a Team
I get to make all the decisions	Decision making is shared
I get to keep all the profits	Profits are shared
I may lose money on the business	Losses are shared
I can work at my own pace	We can get more done together
I prefer to work alone	I enjoy working with others
I take all the responsibility	Responsibilities are shared
Feedback may be slow because I work on my own	Instant feedback from the team
I rely on my own skills	A range of skills from each member of the team

WHAT SKILLS ARE NEEDED IN YOUR TEAM?

Effective teams will have a blend of the following skills. You should reflect on your particular skills and abilities. Consider what skills are necessary in setting up your team.

Production Skills

The skills necessary to make the product. For example, woodwork skills, drawing skills etc.

Organisational Skills

Making sure that you are well organised, can get orders done on time, can arrange and run meetings etc.

Finance Skills

Have you the skills to cost and price a product or service? Can you complete a forecast and accounts?

Promotional Skills

Someone in your group should be skilled in promoting the product or service.

Sales and Marketing Skills

These are very important skills, as someone in your group needs to be able to market the product or service and sell it.

Management Skills

Someone in your group needs to take overall responsibility to ensure that the job gets done.

When the Necessary Skills have been identified, set Ground Rules for you and for the Team.

- Agree as to who will take on responsibility for each of the different tasks.
- Decide upon how much time you are each prepared to invest in the business.
- Decide on how you and the group propose sorting out problems/disagreements that may arise.

WORKSHEET NO. 3

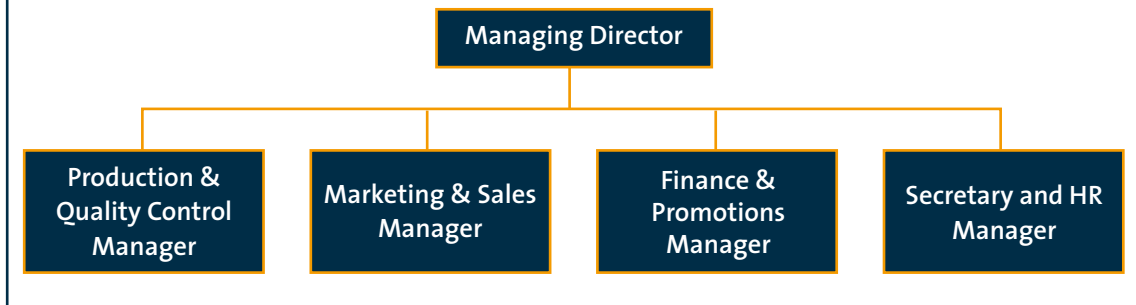
SELECTING AND FORMING OUR TEAM



Skills	Skills Needed	Team Member
Production Skills	<ul style="list-style-type: none"> • • • • • 	
Organisational Skills	<ul style="list-style-type: none"> • • • • • 	
Finance Skills	<ul style="list-style-type: none"> • • • • • 	
Promotional Skills	<ul style="list-style-type: none"> • • • • • 	
Sales and Marketing Skills	<ul style="list-style-type: none"> • • • • • 	
Management Skills	<ul style="list-style-type: none"> • • • • • 	

ORGANISATION CHART

When you have decided on a team formation, you should prepare an organisational chart. Depending on the different roles that you and the group have identified, you may decide upon something like this:



WORKSHEET NO. 4

TEAMWORK



1. Explain the process used to pick your team.

2. Was this a good method for picking teams? Why?

3. What difficulties did you encounter in the process?

4. How did you overcome these difficulties?

5. What did you learn about yourself in the process?

6. What did you learn about other members of your team in the process?

7. What skills could you or your team learn so that your team can work more efficiently?

Note: "Team meeting" worksheets are included in Appendix One. All team meetings need to be recorded in Appendix One and extra sheets need to be photocopied if more meetings are held by the group.

SECTION THREE: MARKET RESEARCH

The key to a good business is understanding what your customers want/need, and meeting those wants/needs in a way that is profitable for you. So before you begin producing anything, you need to do some market research.

What is Market Research and why is it important to carry it out?

Market research will give you valuable information from your potential customers so that you can make decisions about your product or service. Remember to use this information wisely to decide whether your business idea is viable.

Where do you start?

1. Look at other similar products that are out there: Can you learn from them? What do they do well? How could they be improved and how is your product going to be better than everything else that is available?
2. Secondly, look at your target customers: What are their needs? A questionnaire can be very helpful here but you might also consider talking to someone who is an expert in this area. For example, if you are producing a piece of craft, how about talking to a successful craftsperson in the area? You might learn many valuable lessons.

What are the different types of Market Research?

There are two main types of market research: Primary Research and Secondary Research. It is important that you carry out both types of research and to use the results of your research to determine if you have a viable business idea

Research Type	Details
Primary Research (Field Research)	This is information you gather yourself through field work such as questionnaires or conducting a mystery shopper report on your competitors by calling them or buying their product/service. You could also sit outside your competitors' premises and count the number of cars, customers and how often they receive deliveries.
Secondary Research (Desk Research)	This is a term that generally refers to the collection of secondary data or data that has already been collected/published. To most people it suggests published reports and statistics, that are either electronic or in hardcopy. Important sources include collection of potential competitors' brochures/price lists along with use of libraries, online databases, newspapers and the Internet. The advantages of secondary research are that it is quick and available and provides data that you may not be able to gather yourself. However check your source and check to ensure that the information is up to date.

WORKSHEET NO. 5

PLAN OF ACTION FOR MARKET RESEARCH



Primary Research:

Secondary Research:

Carrying out Field Research

The secret to getting answers to your market research is asking the right questions, so it is important to decide in advance what information you require. When conducting your survey, try to limit it to ten or twelve questions. Your survey should include a mix of 'closed questions' and 'open question'.

What is the difference between 'Closed' and 'Open' Questions?

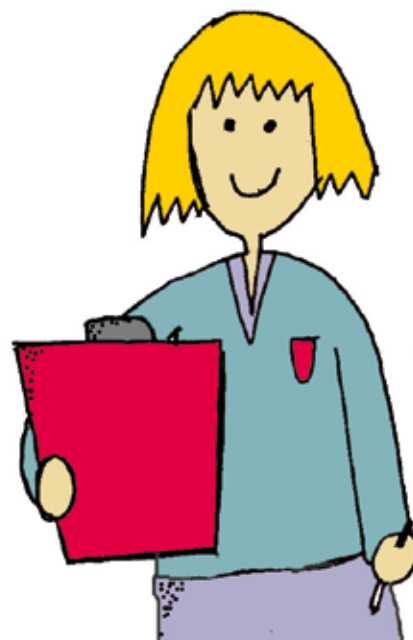
Closed Questions	Open Questions
Questions that ask for yes/no answers	Questions that leave room for opinion or allow the person answering the survey to voice their own opinion
The answers are factual	The answers are a collection of opinions
Answers are easy to count and the information can be used to make graphs and tables to show results	Answers are difficult to represent in graphs/charts as they are a collection of opinions
You can write explanations (e.g. 40% of people survey said...) This is Quantitative Research	There may be useful suggestions in these answers to help you with your business idea. This is called Qualitative Research.
Examples: <ul style="list-style-type: none"> • Would you buy this product? Yes/No? • Do you buy a new CD every week? Yes/No? 	Examples: <ul style="list-style-type: none"> • Would you pay for this product and if so why? • What price range would you be willing to pay?

If you are going to do a questionnaire, start by writing down what it is that you want to find out. Then write your questions. In your survey, the first few questions should be closed ones with yes/no answers or tick box answers. You should also ask one or two 'open questions' such as 'please explain' or 'comment on', in order to get a feel for what the customer or competitor really thinks. Your aim in doing all this is to find out what are the exact needs of potential customers.

Who can you Survey?

For the STUDENT ENTERPRISE AWARDS, conduct your primary research on forty or fifty people, both inside and outside your school (i.e. make sure that you talk to a wide sample of people so that you are getting the views of everybody and not just a small section of your overall market). You can start with your friends, teachers and family, however, you should also stop and ask people on the street and visit or phone local businesses. These people should be prospective customers or competitors. Remember to get permission if you want to survey people in shopping centres.

The most important thing of all is once you have conducted your market research, take on board the results, and if necessary, adapt your product/service. See sample survey/questionnaire in Appendix Two.



WORKSHEET NO. 7

RESEARCH FINDINGS



List five things that I have found out from my primary and secondary research:

1.

2.

3.

4.

5.

Draw a graph (possibly a bar chart) to illustrate the results of a 'closed' question from your questionnaire:

SWOT ANALYSIS

When you have completed your research you can then do your SWOT analysis.

What is a SWOT Analysis?

A SWOT analysis is used to let you know what potential problems you might have to deal with in your business and the things which will be of benefit to you if dealt with correctly. Carrying out a SWOT analysis involves looking at strengths, weaknesses, opportunities and threats.

- Strengths and Weaknesses usually relate to internal factors (things within your business) over which you have some control.
- Opportunities and Threats usually relate to external factors (things outside your business) over which you have limited or no control.

WORKSHEET NO. 8

RESEARCH FINDINGS



Identify STRENGTHS of your business?	Identify WEAKNESSES of your business?
1.	1.
2.	2.
3.	3.
4.	4.
5.	5.
Identify OPPORTUNITIES for your business?	Identify THREATS to your business?
1.	1.
2.	2.
3.	3.
4.	4.
5.	5.

SECTION FOUR: PRODUCTION

When the product or service is decided upon and the market research is complete, it is then time to commence production. It is important to carry out some product/service research to ensure that the project can be delivered upon.

It is essential to identify all of the components necessary including any essential equipment to deliver the product. It may be necessary to change some of the materials used at this stage if difficulties arise. Similarly, with a service business, it is essential to verify that all elements of the service can be delivered upon to the highest standard at the costs identified.

Carrying out research on the Internet, magazines, newspapers and in shops should give a clear indication of the types of product/service in demand in the marketplace. Consumer tastes change and these changes are generally reflected in the media.

Quality control is essential in all businesses to ensure that customers are satisfied. Appointing someone with responsibility for production and quality control is recommended.

A well-organised production system is necessary to ensure that orders can be delivered on time. In addition to this, there is a risk that too much or too little materials may be purchased causing future problems. It is advisable to take advance orders with a deposit in order to gauge the quantities required.

WORKSHEET NO. 9

THE FIVE QUESTIONS ON PRODUCTION



1. Where to produce the goods/provide the service?

2. Who will produce the goods/provide the service?

3. How exactly will the goods be produced? What steps are involved? /
What steps are involved in providing the service?

4. What way will tasks/jobs be organised?

5. How long will it take to make the goods/provide the service?

STOCK CONTROL

Managing the amount of stock is very important for business.

Stock includes:

- Raw materials
- Goods bought for re-sale but not yet sold
- Goods in the course of production but not yet complete (known as 'work-in-progress').
- Goods produced and awaiting sale (known as 'finished goods').
- Office stationary

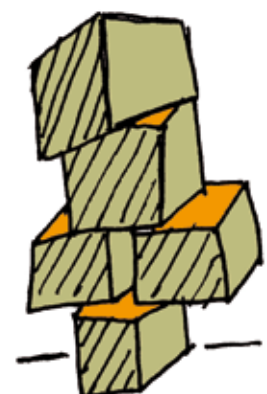
In order to control the amounts of stock it is important to know how much you need to produce or how often your service will be required. It is essential to know the amount of stock necessary for this. Running out of stock can cause big delays in meeting deadlines. On the other hand, carrying too much stock is expensive in terms of cashflow and also increases the risk of loss, as all stock may not be sold or may become obsolete (e.g. unsold cakes may go stale). Planning ahead will ensure that you carry the optimum levels of stock.

WORKSHEET NO. 10

STOCK CONTROL



How will I decide on the optimum stock level for my business?



WORKSHEET NO. 11

PRODUCTION



1. Explain the process used to produce your product/deliver your service.

2. What do you think was good/bad about the method chosen?

3. What difficulties did you encounter in the process?

4. What did you learn about yourself in the process?

5. What did you learn about your team-mates in the process?

6. What skills could you or your team learn so that your team can work more efficiently?

SECTION FIVE: MARKETING

What is a Market?

A market is a collection of all existing and prospective buyers of your product or service.

What is Marketing?

Marketing is concerned with satisfying the needs of your customers as best you can, while selling your product/service at the best price, anywhere you can, using suitable promotion or advertising and making a profit.

Basic Marketing Steps

1. Identify and anticipate a need.
2. Research the market.
3. Develop a product/service and a brand.
4. Price the product/service for the market.
5. Promote and sell the product/service to the market.
6. Distribute the product/service to the market.

The Marketing Mix

The **marketing mix** is probably the most famous phrase in marketing. The elements are the marketing 'tactics'. Also known as the '**five Ps**', the marketing mix elements are **product, price, place, promotion** and **packaging**.



Product...research competitors and what your customers' needs are. Adapt the product or service if required. Consider quality control and health and safety issues. Do you intend to provide after sales customer service? Do you need to patent your product/service to protect yourself and not allow others to copy it. It is important that you believe your product/service is viable.

Price...consider your labour costs and profit margins. They are not the same. Find out what your competitors are charging. Have you a unique product/service and can you charge more? Your customers want value for money therefore you must find out what they are prepared to pay and if this price is realistic for your business with you making a profit. You might also offer discounts or have special offers from time to time (e.g. for students or old age pensioners).

Place...location, location, location. Make it easy for your customers to buy from you. What type of places will you sell your products in, only in your school or will you venture outside your comfort zone? Do you have access to transport and will you make deliveries? Or perhaps will you use direct selling by mail order and internet e.g. eBay?)

Promotion...get attention for your business e.g. draw up posters, run a competition in your school or local paper. Be prepared. Get permission to talk to each class or make a presentation at lunchtime. If you are selling food, get people to taste it and compare your product to competitors. Give out samples. Brainstorm with your friends to come up with a great promotional idea to portray your image as giving value for money. Do you have a unique name or logo that others will remember and associate with you?

Packaging...remember your packaging is very important to promote your product. Judges have commented in the past that students often do not consider packaging their product. Consider the appearance of your packaging, the colour you choose, the image or logo which is your identity. It can say a lot about your business. Your customers may make a decision to buy from you based on eye-catching designs on your packaging.

Some Useful Marketing Definitions:

Market Segmentation... involves dividing consumers into different categories based on socio-economic class (with different disposable income levels); religion; geographic location; age; gender; etc.

Niche Market... involves finding a 'gap' in the market for a new product and developing a marketing mix especially for that market.

Networking... is a marketing method by which business opportunities are created through doing things like talking to neighbours; striking up a conversation with a stranger while in a waiting room; volunteering for a local park clean up day etc. It is a very effective and cost efficient method of spreading news about your product/service.

Marketing Plan

Produce a Marketing Plan for yourself to include a mission statement with your unique selling points and the needs and benefits of your business, together with the target market of your product/service. This plan should include details on your product, where your business will be established, what price you will charge and how you will advertise.

WORKSHEET NO. 12

MARKETING PLAN



Business Name:

Target Market (Consider Market Segmentation):

Mission Statement:

Price:

Unique Selling Point:

Advertising:

Needs of the Business:

Benefits of the Product/Service:

WORKSHEET NO. 13

MARKETING



1. Do you think you marketed your products successfully?

2. What would you have done differently?

3. What type of product/service can you offer potential customers?

4. What type of advertising works for your product/service?

5. List some places where you can sell your product/service?

SECTION SIX: COSTING AND PRICING

You will have considered price as part of the marketing mix and should have a good idea of the price that customers are willing to pay for the product/service. It is vital that you establish the total cost of producing a product or providing a service so that you know if the price you charge will cover all costs and maybe some extra for profit. After all, this is the reason for establishing a business in the first place.

How do you calculate the Total Costs for Making the Product?

It is vital that you know how much your product is going to cost you before you begin to sell. You need to break down the product into all its individual pieces and make sure you know exactly how much each little piece costs. Total costs are made up of variable costs and fixed costs.

FIXED COSTS + VARIABLE COSTS = TOTAL COSTS

What are 'Fixed Costs'?

Fixed Costs are costs that will remain the same regardless of the level of activity. In the real business world, rent, rates, and insurance are examples of fixed costs. However, you are unlikely to encounter these. It is important that you recognise all costs that you will incur and include them.

You will incur costs in promotion, for example, production of business cards and colour posters using a PC and printer. You should estimate the cost of paper and ink to be used in printing the posters, as it is important to realise that these are not free. You will also incur costs in phone calls to customers and suppliers and text messages between team members and an estimate for these should also be included. You will have travel costs associated with collecting materials from suppliers and delivering finished products to customers.



What are 'Variable Costs'?

Variable costs are costs that change with the level of activity. For example, labour costs, packaging etc. You should estimate the time that you are going to work on the business and put a price on your time. How much time does it take to make each product? Do some products take longer than others to make? If so, can you charge more for them?

Market Research will provide a good idea of the price that customers are willing to pay and will also allow you to estimate the number of items that you are likely to sell. You will now be able to calculate your variable costs per unit. When the total costs are known, it will be clear whether or not the business has potential to make profit. Use of pie charts, bar graphs etc. are recommended to improve the presentation of costings in the business report and possibly as part of your business display also.

WORKSHEET NO. 14 OUR BUSINESS COSTS



FIXED COSTS
(e.g. rent, stationary...)

VARIABLE COSTS
(e.g. wages, materials...)

WORKSHEET NO. 15

CALCULATING THE UNIT COST



A. Calculate your Fixed Costs

Fixed Cost	€
Total Fixed Costs	€
No of Units	
Fixed Costs per unit	€

B. Calculate your Variable Costs

Variable Costs	€
Total Variable Costs	€
No of Units	
Variable Costs per unit	€

C. Add 'Fixed Costs per unit' and 'Variable Costs per unit' together.
Do your calculation here:

€	+	€	=	€
---	---	---	---	---

PRICING YOUR PRODUCT

Once you have estimated your unit costs, you can start to decide how much you can sell your product for. This is called your pricing policy and there are several ways in which it can be done.

Cost Plus Pricing – here you add a percentage (e.g. 10%) to the unit price and that becomes your selling price. The percentage that you add is called a ‘Mark Up’ so you would have a 10% mark up. For example, if the unit price was €14 and you add a ‘mark up’ of 10% (i.e. €1.40), you would have a selling price of €15.40.

Competitive Pricing – here you set your price very near your competitor’s price. For example, if your competitors are charging €14.20, you might decide to charge €14.00. Think this one through very clearly, as this could limit the amount of your profit.

Loss Leaders – here prices are set at cost or even below cost so that you get customers interested quickly and you make your profit on something else they buy. You need to be careful not to put yourself out of business. An example of this could be a shop which sells newspapers below cost price because if somebody comes into the shop they will probably also buy sweets where the profit is higher. Remember, however, if you have nothing else to sell this is not appropriate.

Penetration Pricing – here your price is above cost but lower than your competitors, so you get customers from your competitors and then you have a choice later on to raise the price and so make more profit. An example of this could be where you offer the first edition of a magazine at a reduced price so that people start to look for it in the shops and then you charge full price for every other edition.

Price Leadership – here you make the price high because it has some unique feature and is considered a luxury. You have a chance to cover a lot of your costs quickly.

Price Discrimination – here you can charge different prices to different customers. For example, Old Age Pensioners and Students may be charged a cheaper price.

Break-even Pricing – the purpose of this method is to determine the level of sales at which your enterprise neither makes a profit or a loss, this level of sales being called the break-even point.

Break-even Point – $\frac{\text{Total Fixed Costs}}{\text{Selling Price/Unit} - \text{Variable Cost/Unit}}$ measured in units.

Margin of Safety – is the amount by which sales can fall before they reach break even point.

Sample Question on Break-even Analysis –

Question:

A student enterprise is about to manufacture wooden CD holders for the local market. It purchased a colour ink cartridge for €40; a black and white cartridge for €20; a box of A4 paper for €20 (all of which are going to be used to make business cards and colour posters to advertise the products), and also hired a special machine for the six month period of the student enterprise competition at a cost of €200 for the six months. Labour costs to produce each CD holder have been calculated at €3 and raw material costs amount to €2 per CD holder.

- (a) How many CD holders must be sold to break even if the enterprise plans to charge €12 for one CD holder?
- (b) If actual sales of CD holders are 60 CD holders, what is the margin of safety?

Solution

- (a) Fixed costs = stationary costs + special equipment hire =
 $€40 + €20 + €20 + €200 = €280$

Variable costs = labour costs + raw materials

= €3 + €2

= €5

Break even point = $\frac{\text{Fixed Costs}}{\text{Selling price/unit} - \text{Variable cost/unit}}$ = $\frac{€280}{€12 - €5}$
 = 40 CD holders.

- (b) Margin of Safety = Sales volume – break even point
 = 60 – 40
 = 20 CD holders.

This means the enterprise is making a profit on these 20 CD holders.

Remember: Check back on the results of your Market Research to see what price people are prepared to pay.

SECTION SEVEN: FINANCE

Finance is a key component of any business and it is important that you understand the various aspects of how finance impacts on businesses from the outset.

We will look at:

- Budgets.
- Record keeping.
- Preparation of accounts.

Preparing a Budget

A budget is an essential tool in planning for any business, as it will detail the expected financial performance of the business. Forward planning is an important method of reducing risk of business failure. It also enables you to calculate how much money is needed to start your business and will enable you to monitor business performance on an ongoing basis and take corrective action if targets are not being met.

The most appropriate format for a budget is a cashflow forecast (it can be weekly or monthly). **The results of market research and the work done on costs and pricing will help provide the figures for the cashflow.** It is best to do the cashflow initially on a cash basis (i.e. all goods required will be purchased for cash and sales will be on a cash basis only – no credit will be given). Most student enterprises operate on this basis and should a credit situation arise, it should be treated appropriately in the cashflow (see sample cash flow forecast on the next page).

Note: It is important to indicate the assumptions that your figures are based on. For instance, your sales figures will be estimated using results of market research and pricing.

A Sample Cash Flow Forecast for the Enterprise Selling CD Holders

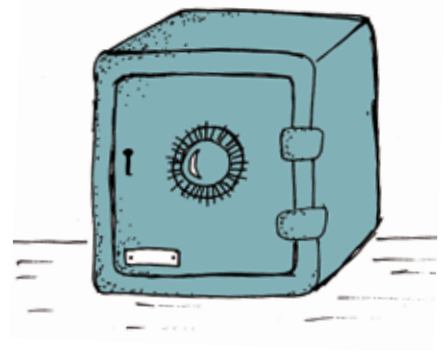
	Sept	Oct	Nov	Dec	Jan	Feb	Total
No of Items	0	6	10	25	5	14	
Income	€						
Sales Value	0	72	120	300	60	168	720
Investment							
Loans							
A. Total Income	0	72	120	300	60	168	720
Expenditure							
Labour		18	30	75	15	42	180
Admin Wages							
Business Cards							
Pens							
Posters							
Phone Calls							
Travel							
Ink Cartridges	60						60
Paper	20						20
Hire of Special Equipment	200						200
Materials		12	20	50	10	28	120
B. Total Expenditure	280	30	50	125	25	70	580
C. Income less Expenditure (A-B)	(280)	42	70	175	35	98	140
Opening Balance	0	(280)	(238)	(168)	7	42	0
Closing Balance	(280)	(238)	(168)	7	42	140	140

Note: Figures above assume that all CD holders were sold for €12 each; that students received €3 in wages for each CD holder manufactured; that materials purchased to make the CD holders cost €2 per unit and that all income came from sales with no loans or personal investments by the students. In reality, this business will need some form of personal investment by students in September, unless they can negotiate to get the ink cartridges, paper and special equipment on credit. No costs have been included for the other expenditure items above and while your student enterprise may encounter different expenditure items to the ones shown above, it should give you an idea of how to complete your cash flow forecast.

This sample cash flow forecast shows total expenses for September and also any income made from sales in September (zero in the above sample). When “total expenditure” is subtracted from “total income” for September, the resulting minus figure of €280 (called a ‘deficit’) indicates the amount of money needed to finance the start-up costs of the business. This leads us to look at **sources of finance for business**.

Sources of Finance

Basically, there are two sources of money – **1)** your own and **2)** somebody else’s. Your money, when invested in business is known as **equity investment** and other people’s money is generally in the form of a **loan**. Sponsorship can be a relevant source of finance for some types of enterprises such as magazines and calendars. In some cases, you might actually undertake an initial enterprise to raise the finance needed to start your main enterprise. You could, for instance, wash cars to raise finance.



WORKSHEET NO. 16

HOW WILL I/WE FINANCE MY/OUR BUSINESS?



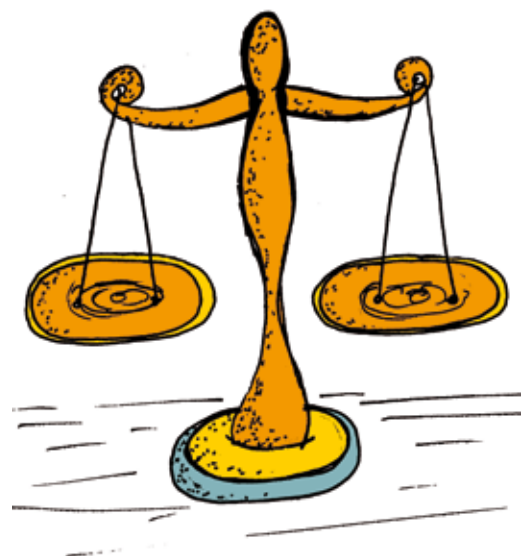
My/Our Sources of Finance will be:

1. _____
2. _____
3. _____
4. _____
5. _____

Receipts and payments can be totalled on a regular basis and this will let you know how the business is progressing. You will also have recorded the information that you need for the preparation of accounts for the business.

However, if some analysis of receipts and payments is included in the cashbook, it will make it much easier to compile accounts later. On the next double page there is a sample analysed cash book that could be used for your student enterprise.

It will be important to differentiate transactions that are appropriate to the profit and loss of the business and those that are not. In general, transactions that will be used to calculate profit or loss are sales and the costs incurred in making sales. Materials are bought to make finished goods that will be sold. Printing, telephone and travel costs are examples of costs associated with sales along with advertising, which is essential to generate sales. Another name for these types of costs is 'overheads'. Loans and investments by students/parents are items that would be included in a balance sheet and not the profit and loss account.



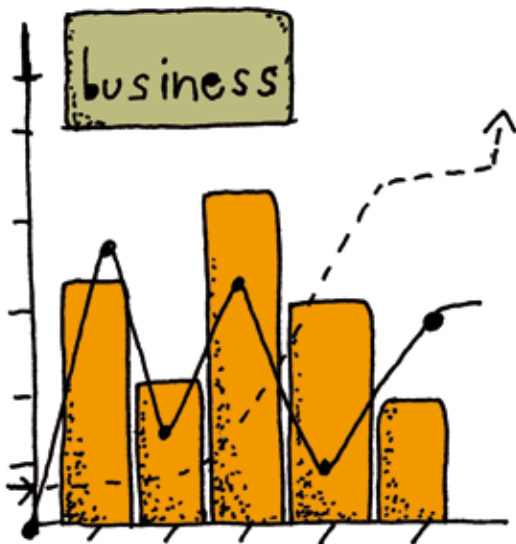
PREPARATION OF ACCOUNTS

Accounts are prepared by businesses in order to show how the company has performed financially for any specified period. For the purpose of the Student Enterprise Awards, it is sufficient to complete a Trading and Profit and Loss Account for the period from commencement of the business to a date prior to the deadline for submission of reports.

Accounts for a business would also include a Balance Sheet but this is not considered necessary for this competition as the student enterprises will not normally have assets or debtors/creditors to any significant extent. However, a Balance Sheet can be included if considered appropriate and students that demonstrate that they prepared and reviewed accounts on a regular basis will certainly create a better impression when it comes to the competition. As participation is considered to be more important than competition, the type of accounts required is kept to a minimum.

The Trading and Profit and Loss Account is the normal format for manufacturing and retail businesses with an Income and Expenditure Account generally used by service businesses.

A Trading and Profit and Loss Account, as the name clearly implies, will tell what profit (or loss) a business made on its activities during a period. The account starts with a trading account, which shows the income from sales and the direct (variable) costs of making the items actually sold. It might be a good idea here to construct a pie chart/ bar graph showing the level of sales month by month or possibly to show sales of different product lines. This could be included in your business report and/or used as part of your business display on competition day.



SAMPLE TRADING & PROFIT & LOSS ACCOUNT FOR PERIOD ENDING 28/2/09

Sales			X
Less Cost of Sales			
Opening Stock		X	
Add Purchases of Raw Materials		+ X	
Add Labour Costs to Make Products		+ X	
Goods Available for Sale		X	
Less Closing Stock *		X	
Cost of Sales			- X
Gross Profit			X
Less Expenses			
Stationery		X	
Telephone		X	
Postage		X	
Wages		X	
Advertising		X	
Delivery Costs (Carriage Out)		X	
Travel Costs		X	- X
Net Profit**			X

Notes:

- * The closing stock figure should be used in the Balance Sheet
 - ** Loans (and repayment of loans) and investments by students/parents do not go into the Trading & Profit & Loss Account (they go into the Balance Sheet but this is not necessary for the Student Enterprise Awards).
- X = the column into which you should enter your figures for each entry.

SAMPLE INCOME & EXPENDITURE ACCOUNT FOR PERIOD ENDING 28/2/09

Income			
Sales			X
Less Expenditure			
Stationery		X	
Telephone		X	
Postage		X	
Wages		X	
Advertising		X	
Delivery Costs (Carriage Out)		X	
Travel Costs		X	- X
Excess Income (Net Profit)**			X

Notes:

- ** Loans (and repayment of loans) and investments by students/parents do not go into the Trading & Profit & Loss Account (they go into the Balance Sheet but this is not necessary for the Student Enterprise Awards).

SECTION EIGHT: EVALUATION AND REVIEW

WORKSHEET NO. 17 EVALUATION AND REVIEW



This should give you an opportunity to reflect on what you have achieved and learned during the Student Enterprise Awards experience. Remember to include everything you have learned no matter how small. Consider the benefits mentioned in the Introduction when completing this worksheet.

Questions to Consider

1. What did you learn from working in a group or working as an individual?

2. What did you expect to achieve by participating in the programme?

3. What were the highlights/successes of the programme for you?

4. What obstacles/difficulties did you encounter?

5. Which of the following skills did you develop? (Tick all that apply).

- | | |
|---|---|
| <input type="checkbox"/> Communication Skills | <input type="checkbox"/> Decision Making Skills |
| <input type="checkbox"/> Analytical Skills | <input type="checkbox"/> Problem Solving Skills |
| <input type="checkbox"/> Planning Skills | <input type="checkbox"/> Creative Skills |
| <input type="checkbox"/> Teamwork Skills | <input type="checkbox"/> Report Presentation Skills |
| <input type="checkbox"/> Finance Skills | <input type="checkbox"/> Risk Assessment |
| <input type="checkbox"/> Production Skills | <input type="checkbox"/> Sales and Marketing Skills |

6. Which of the following qualities did you develop? (Tick all that apply).

- | | |
|--|---|
| <input type="checkbox"/> Motivation | <input type="checkbox"/> Confidence |
| <input type="checkbox"/> Determination | <input type="checkbox"/> Initiative |
| <input type="checkbox"/> Responsibility | <input type="checkbox"/> Perseverance |
| <input type="checkbox"/> Coping with Uncertainty | <input type="checkbox"/> Attitude to Risk |

7. Would you consider entrepreneurship as a career option for your future? Why?

SECTION NINE: WRITING THE STUDENT ENTERPRISE AWARDS BUSINESS REPORT

The following Guidelines should assist you in preparing your Report for the Student Enterprise Awards.

The PURPOSE of the Report is to:

- Demonstrate to others what your business is all about.
- Encourage you to evaluate your enterprise.
- Enhance your learning experience.
- Acquire and develop report writing skills.

When EVALUATING your Enterprise you should consider the following:

- Was your choice of product/service good? Why?
- Would you choose it again?
- Is there anything you would do differently?
- Were there hidden costs?
- Who were your target customers?
- Who actually bought your product/service?
- Did you make a profit or loss?
- Did you learn from the experience?

It is important to demonstrate to others what your Business is all about.

ASK YOURSELF:

- Does my report make it clear to all exactly what I am doing?
- Have I included pictures, sketches, graphs etc to demonstrate?
- Does my report indicate clearly my total understanding of the enterprise?
- Is it easily read?
- Is it free from spelling mistakes?

Your Student Enterprise Awards Business Report should include the following as a front cover:



STUDENT ENTERPRISE AWARDS
The Business Report

Business Name
Business Description
School Name
School Address
Category (Junior/Intermediate/Senior) Delete as appropriate
Student Names
Evening/Mobile Telephone Number
Teacher's Name

The Main Body of the Report should include the Following Headings

1. Introduction **In this section you should outline the:**

- Name of the enterprise.
- The Business Idea.

2. Summary **This section should give a summarised version of your business including:**

- Was your choice of product/service a good one?
- Where did you get your idea from?
- What skills you had, what skills you had to learn?
- Who were your customers?
- How did you promote your product/service?
- What risks, if any, did you take?
- What difficulties did you have to overcome?
- Did you make a profit or loss?

Note: It is probably best to do this section last (but insert it as the second section).

3. Business Structure **In this section you should:**

- Identify all the members of your enterprise team.
- Indicate who was responsible for what.
- Have you included an organisational chart?

4. Products/ Services

- Describe your product/service (include photographs etc.).
- What was innovative about your product or service?
- Did you have to make any adjustments as a result of the market research?
- Describe how you produced the product/service, using sketches if necessary.
- Describe any difficulties you encountered with, for example, design, supply of materials, meeting deadlines etc.
- Demonstrate what was good, unique or innovative about your product/service.
- How did you arrive at a price for your product/service? (Remember to include a costing for your own time).
- What were the unit prices for each product?

Note: Consider using a SWOT analysis here.

5. Marketing/ Promotion

- Describe the customers you were targeting.
- Did these customers actually purchase the product/service?
- Did you have to make any adjustments to meet customer requirements?
- What market research did you carry out? Include graphs of your findings.
- Include your marketing plan in this section.
- Who were your competitors?
- How did you promote your enterprise?
Give examples of your promotional materials (e.g. posters, business cards).
- Did you use networking as a means of getting customers?

6. Finance

- How did you finance the set up of your enterprise?
- Have you included cashflow forecasts?
- Have you included details of your pricing?
- Include a Trading and Profit and Loss Account.
- Include details of stock on hand, orders prepaid.
- Include pie charts or graphs in this section to demonstrate, for example, the level of sales achieved at different times and/or sales for different product lines.

7. Review/ Conclusion

This is an opportunity to express what you learned from running your enterprise

- How did you get on as a team?
- Did you have to overcome any difficulties while working as a team?
- How did you resolve any conflict that may have arisen?
- Did you develop new skills? Give examples.
- Will your business continue trading?
- What is the best advice you were given during the enterprise activity?
- What advice would you give to other students thinking of starting an enterprise?



APPENDIX 1

WORKSHEET NO. 18 TEAM MEETING



Team Name: _____

Date of Meeting: _____

Teams Members Present	Team Members Absent

What was discussed at the meeting:

Topic	Discussion	Action to be Taken	Person Responsible	Deadline
1.				
2.				
3.				
4.				

Details of Next Meeting

Date:

Time:

Items to be discussed:

- 1.
- 2.
- 3.
- 4.
- 5.

Signed: _____ Date: _____

WORKSHEET NO. 18

TEAM MEETING



Team Name: _____

Date of Meeting: _____

Teams Members Present	Team Members Absent

What was discussed at the meeting:

Topic	Discussion	Action to be Taken	Person Responsible	Deadline
1.				
2.				
3.				
4.				

Details of Next Meeting
<p>Date: _____</p> <p>Time: _____</p> <p>Items to be discussed:</p> <p>1. _____</p> <p>2. _____</p> <p>3. _____</p> <p>4. _____</p> <p>5. _____</p>

Signed: _____ Date: _____

WORKSHEET NO. 18

TEAM MEETING



Team Name: _____

Date of Meeting: _____

Teams Members Present	Team Members Absent

What was discussed at the meeting:

Topic	Discussion	Action to be Taken	Person Responsible	Deadline
1.				
2.				
3.				
4.				

Details of Next Meeting
<p>Date: _____</p> <p>Time: _____</p> <p>Items to be discussed:</p> <p>1. _____</p> <p>2. _____</p> <p>3. _____</p> <p>4. _____</p> <p>5. _____</p>

Signed: _____ Date: _____

WORKSHEET NO. 18

TEAM MEETING



Team Name: _____

Date of Meeting: _____

Teams Members Present	Team Members Absent

What was discussed at the meeting:

Topic	Discussion	Action to be Taken	Person Responsible	Deadline
1.				
2.				
3.				
4.				

Details of Next Meeting
<p>Date: _____</p> <p>Time: _____</p> <p>Items to be discussed:</p> <p>1. _____</p> <p>2. _____</p> <p>3. _____</p> <p>4. _____</p> <p>5. _____</p>

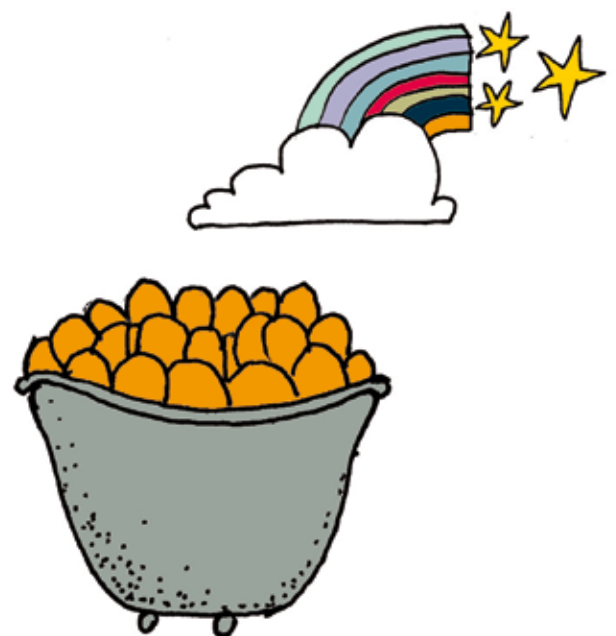
Signed: _____ Date: _____

APPENDIX 2

PRACTICAL EXAMPLE OF A STUDENT ENTERPRISE CALLED 'POT LUCK'

Kate is the Marketing Manager of 'Pot Luck' and together with her friends Robert, Financial Manager and Jane, Production Manager, they set up a business hand painting ceramic bowls. She conducted her primary research by distributing a questionnaire to 50 potential customers and competitors both inside and outside her school. She started with her friends, teachers and family; however, she also stopped and asked people on the street. She visited some local craft shops in her area and got permission to survey people in a local shopping centre.

Kate drew up a survey with 7 questions comprising both closed questions with yes/no answers or tick box answers and some open questions to get a feel for what her customers or competitors really think (see Kate's Questionnaire on the next page for Pot Luck). Her aim with customers was to find out what their needs were. The most important thing for Kate is once she conducted her market research she took on board the results and where necessary, the team adapted their product.



SAMPLE QUESTIONNAIRE FOR POT LUCK

1. How many times a year do you buy gifts? (please tick)

0-5 5-10 10 or more

2. Would you buy hand painted ceramic bowls as a gift or for yourself?

Yes/No

3. How much would you pay for our hand painted ceramic bowls? (Please tick)

€15 €18 €20

4. What size bowls would you prefer? (please tick)

Small Medium Large

5. What are your favourite colours?

6. Are you interested in personalised hand painted ceramic bowls and if so what design/theme would you like?

7. How many ways do you intend to use these bowls?

Thank you for taking the time to complete this questionnaire

When Kate completed her Research she then did a SWOT Analysis

She used her SWOT analysis to discover potential problems they might have to deal with in their business and the things which will be of benefit to them if dealt with correctly.

Strengths.....Pot Luck's products are very popular as they are hand painted and are very unique. They are not perishable, therefore, they have a long shelf life and will not go out of date. Seasonal bowls for Christmas or Easter can be stencilled and painted in advance by Jane thus reducing delivery times to customers.

Weaknesses.....Some of Pot Luck's bowls are hand painted individual designs which are time consuming to paint. However, as a result of market research, non personalised bowls are also offered to customers. Bowls with acrylic paint can be used for decorative purposes only but bowls with glazed finishes can be used for foodstuffs.

Opportunities.....Pot Luck availed of a local potter to give their business any cast-offs which were surplus to his requirements as well as purchasing plain ceramic bowls. A friend of Kate's mother has a local craft shop where their products can be displayed and sold. This opportunity provided the team with experience of selling somewhere other than school and it gave them a chance to learn about trading with the general public.

Threats.....Pot Luck has competition from other shops in the area where lighter, less expensive mass produced coloured bowls are on sale taking some of their market share, however, the group examine their products constantly for quality and regularly review their designs as sale trends dictate. They managed to find a niche in the market.

'Pot Luck' will need to be satisfied that:

- they can get a supply of ceramic bowls at the identified costs.
- they can get appropriate paints and varnish at the correct price.
- they have access to facilities to carry out their work.
- the paints used are suitable and will not wash off.
- the paints are non-toxic.
- the ceramic bowls are suitable for use in a dishwasher.

Marketing Mix – Pot Luck

Product... Pot Luck decided to purchase plain ceramic bowls and add value by hand painting individual designs on these bowls. Kate researched the market and found that her potential customers buy at least 10 gifts a year. She also discovered that to make the business viable they had to sell non personalised products as well as commissions. The group do examine their products constantly for quality and regularly review their designs, shapes and sizes. It is clear from comments and compliments received that their product appeals to a wide customer base. Pot Luck believes their bowls are excellent quality and are very unique. They have found a niche in the market.

Place... location, location, location. Kate and her team sold their products at lunchtime in school and took part in school trade fairs initially. However they decided to step outside their comfort zone and got permission to set up a stall and sell in a local shopping centre. They also sold their bowls in a shop belonging to a friend of Kate's mother. They paid her mum to drive and collect them from the craft shop and shopping centre. The team provide after sales customer service as they are interested in feedback from their customers and their customer base has expanded through word of mouth.

Price... Through market research Kate has considered labour costs, materials and profit margins and that the breakeven price is close to €14 to make personalised individual hand painted bowls. She has checked out their competitors and found that as 'Pot Luck' has a unique hand painted product they can charge more. Their competitors' products are priced less expensively but are mass produced and weigh less. Pot Luck can only offer discounts or have special offers from time to time on non personalised bowls.

Promotion... Kate drew attention to their business by printing business cards to hand out to family, friends and customers and by putting up posters in her school. She got permission to talk to each class and made a presentation bringing along samples of their products. This helped the students and teachers to become familiar with 'Pot Luck' and what they were selling. Kate also made announcements on the intercom informing their potential customers which days they were selling their product in school. Kate also had some pens printed with their name, address and contact telephone numbers to inform the public at large they were open for business.

Packaging... The team members of Pot Luck got together and had brain storming sessions on packaging their ceramic bowls. After much discussion and soul searching on their favourite colour combinations and designs they decided on a colourful blue made-to-measure folding gift box. These unique gift boxes combine economy and luxury and promote an attractive and upmarket look to their business. The durable boxes store flat, are strong enough to contain their ceramic bowls and are complimented with a classic silver label imprinted with company name and logo, enhancing the packaging and sealing the box.

Kate produced a Marketing Plan for the team, which included a mission statement with their unique selling points highlighted business needs, benefits of the business and an indication of the target market for their product. This plan included details on their product, where their business is established, what price they charge and how they advertise.

What would you do?

Jane is artistic and the Team decided to use her talents in the business. They are going to purchase plain ceramic bowls and add value by hand painting individual designs on the bowls. They can buy the bowls for €4 each and a friend of Jane's mother has offered to buy 20 bowls from Pot Luck at €10 each. Should they accept the offer?

Another way of putting the Question is:

Will Pot Luck cover all their costs and make a profit by selling the bowls at €10 each? We can't really answer this question until we look at what the 'total costs' for the bowls will be.

Fixed costs are for the entire period of the business and are not dependent on the number of bowls sold. However, in order to calculate the total cost of each bowl it is important to assign a portion of the fixed costs to each bowl. To do this the Team will have to estimate the number of bowls that they think they will sell. They can use the results of their market research to do this and they should also take account of the number of bowls that Jane is going to have time to produce.

Pot Luck – Estimating Fixed Costs per Bowl

Fixed Costs (for 6 months)	€
Admin Wages	150.00
Business Cards	20.00
Pens	10.00
Posters	5.00
Phone Calls (€4.17 * 6)	25.00
Travel Costs (€3 * 6)	18.00
Total Fixed Costs	228.00

Kate/Marketing Manager has estimated that they will sell 60 bowls during the period of the project. Fixed costs as shown above are divided by 60 to give the fixed cost per bowl as follows: $€228.00/60 = €3.80$ fixed costs per bowl.

Jane will be paid for her time working on production of the bowls and Kate and Robert will have to be paid for their time working on marketing and managing the finance of the business. It has been agreed that they will be paid €75 each. This €150 would normally be referred to as administrative wages and is a fixed cost.

Pot Luck – Estimating Cost of Time per Bowl

In Pot Luck's case Jane can find out the time it takes to paint a bowl by actually painting one. Say she finds that it takes her 30 minutes to paint each bowl and the Team have decided her pay should be €10 per hour. The variable cost of labour per bowl is $30\text{minutes}/60\text{minutes} \times €10 = €5.00$

Pot Luck – Estimating Cost of Paint per Bowl

Jane can also estimate the cost of paint, taking account of the number of colours she will use and how many bowls she can paint from a tube of paint. Assume paint costs work out at €0.25 per bowl, the boxes costs €1.00 each, the variable costs can now be summarised as follows:

Variable Costs	€
Purchase bowl	4.00
Paint per bowl	0.25
Labour per bowl	5.00
Box and label	1.00
Total Variable Costs per Bowl	10.25

Pot Luck - Cost per Bowl

Fixed Cost + Variable Cost = Total Cost

i.e. €3.80 + €10.25 = €14.05 per bowl.

To Conclude:

If Pot Luck sell the bowls at €10.00 each they will actually make a loss of €4.05 per bowl (see calculation below).

			€
To produce 20 bowls	=	20 * 14.05 per bowl	= 281.00
To sell 20 bowls at €10 each	=	20 * 10.00 per bowl	= 200.00
Total Loss			= 81.00
Loss per bowl (€81/20)			= 4.05

Having taken everything into consideration, the Pot Luck team has decided to introduce the bowls to the market at a price of **€17.50 each**.

PREPARING A CASHFLOW FORECAST FOR POT LUCK

In the case Pot Luck, Kate, the Marketing Manager has estimated that she will sell 60 bowls during the six month period, September – February.

- Having completed the pricing exercise, Pot Luck decided on a selling price of €17.50 per bowl. Costs have also been identified. The timing of sales and purchases must also be estimated.
- Kate has assumed that no sales will be made in September and that there will be an increase in sales in December because of the Christmas Craft Fair and in February following increased promotion.
- For September, they have decided to purchase 6 bowls at a cost of €4 each and 4 tubes of paint at a cost of €7.50. Robert, the Finance Manager, thinks that they will spend approximately €20 on getting business cards printed; €10 for promotional pens and another €5 on posters, which Pot Luck will use to promote their products.
- Estimation of expenditure on phone calls is €4.17 and €3.00 on travel per month.
- Wages for Kate and Robert have been set at €75 each, taking account of the time they will spend working on the business.

The expenditure figures for September should now be entered on a cash flow forecast/budget – it is best done on a spreadsheet.

The Format for the Cashflow Forecast/Budget will be as follows:

	Sept	Oct	Nov	Dec	Jan	Feb	Total
No of Items	0	6	10	25	5	14	60
Income	€						
Sales	0						
Investment							
Loans							
A. Total Income	0						
Expenditure							
Labour	0						
Bowls	24.00						
Boxes	6.00						
Paint	7.50						
Admin Wages	0						
Business Cards	20.00						
Pens	10.00						
Posters	5.00						
Phone Calls	4.17						
Travel	3.00						
B. Total Expenditure	79.67						
C. Income less Expenditure (A-B)							
Opening Balance							
Closing Balance							

This shows total expenses for September of €79.67 before any income is made from sales. This indicates the amount of money needed to finance the start-up costs of the business.

SOURCES OF FINANCE

In Pot Luck's case the team has decided to invest €30 of their savings and Jane's parents have agreed to loan the other €50 to them. These figures should now be entered under income.

It is only money that is actually received or paid out that is entered in the cashflow. There is €0.00 entered for labour even though an allowance for labour is included in the costing of the item, it will only be entered in the cashflow in the month that it will be paid out.

Cashflow Statement for Pot Luck

	Sept	Oct	Nov	Dec	Jan	Feb	Total
No of Items	0	6	10	25	5	14	60
Income	€						
Sales	0						
Investment	30.00						
Loans	50.00						
A. Total Income	80.00						
Expenditure							
Labour	0						
Bowls	24.00						
Boxes	6.00						
Paint	7.50						
Admin Wages	0						
Business Cards	20.00						
Pens	10.00						
Posters	5.00						
Phone Calls	4.17						
Travel	3.00						
B. Total Expenditure	79.67						
C. Income less Expenditure (A-B)	0.33						
Opening Balance	00.00						
Closing Balance	0.33						

For October, Pot Luck estimates that they will first sell the six bowls that Jane has painted and then purchase a further 10 bowls from the shop. They will not need to buy paint this month. The figures can be inserted accordingly. All three team members have decided not to take any wages out of the business at present, in order to keep money in the business to purchase materials and repay loans.

Cashflow Statement for Pot Luck

	Sept	Oct	Nov	Dec	Jan	Feb	Total
No of Items	0	6	10	25	5	14	60
Income	€						
Sales	0	105.00					
Investment	30.00						
Loans	50.00						
A. Total Income	80.00	105.00					
Expenditure							
Labour	0	0					
Bowls	24.00	40.00					
Boxes	6.00	10.00					
Paint	7.50	0					
Admin Wages	0	0					
Business Cards	20.00	0					
Pens	10.00	0					
Posters	5.00	0					
Phone Calls	4.17	4.17					
Travel	3.00	3.00					
B. Total Expenditure	79.67	57.17					
C. Income less Expenditure (A-B)	0.33	47.83					
Opening Balance	00.00	0.33					
Closing Balance	0.33	48.16					

WORKSHEET NO. 19

CASHFLOW FOR POTLUCK



Using the accompanying notes below, complete the Cashflow for Pot Luck

	Sept	Oct	Nov	Dec	Jan	Feb	Total
No of Items	0	6	10	25	5	14	60
Income	€						
Sales	0	105.00					
Investment	30.00						
Loans	50.00						
A. Total Income	80.00	105.00					
Expenditure							
Labour	0	0					
Bowls	24.00	40.00					
Boxes	6.00	10.00					
Paint	7.50	0					
Admin Wages	0	0					
Business Cards	20.00	0					
Pens	10.00	0					
Posters	5.00	0					
Phone Calls	4.17	4.17					
Travel	3.00	3.00					
B. Total Expenditure	79.67	57.17					
C. Income less Expenditure (A-B)	0.33	47.83					
Opening Balance	00.00	0.33					
Closing Balance	0.33	48.16					

The exercise can be completed based on the number of sales indicated for each month and the following:

- It had been agreed to repay the loan of €50 in December.
- Robert proposes to repay their own investment of €30 in December and also intends to pay Jane €300 in wages as she needs money for Christmas Holidays.
- Another €7.50 will be spent on paint in December.
- Robert's and Kate's wages will not be paid until February.
- The bowls and packaging to be sold in any month will need to be purchased in the proceeding month.

(The figures for sales could be varied – what happens if they only achieve sales of 15 bowls in December? In each case, the consequences for cash should be examined and corrective action taken if negative cashflow results).

Transactions for October would be entered as follows:

CASH BOOK/RECEIPTS & PAYMENTS ACCOUNT

Date	Details	F. Total	Loan	Investment	Sales	Other	Date	Details	F. Total	Purchases Other	Wages	Print/ promo	Phone	Travel
1/10	Balance	0.33												
3/10	B. Smith	17.50			17.50		20/10	Bowl Makers	40.00	40.00				
5/10	A. O'Brien	17.50			17.50		20/10	Box Supplies	10.00	10.00				
10/10	Cash Sale	35.00			35.00		29/10	J. O'Shea	4.17				4.17	
15/10	J. Curtin	17.50			17.50									
22/10	T. Mahoney	17.50			17.50		30/10	A. Jones	3.00					3.00
							31/10	Balance	48.16					
TOTAL		105.33			105.00				105.33	50.00			4.17	3.00
1/11	Balance	48.16												

When you have completed the cash book for the full period of the business a Trading & Profit & Loss Account can be prepared, see example on page 68.

TRADING & PROFIT & LOSS ACCOUNT

Trading & Profit & Loss Account for the x months ended on DD/MM/YYYY				
		€	€	€
Sales Income (57 bowls @ €17.50)				997.50
Less cost of Sales				
Opening Stock		0.00		
*Cost of Production:	Materials	315.00		
	Labour	300.00	615.00	
**Less closing stock: 3 Units	Materials	15.75		
	Labour	15.00	30.75	
Cost of Goods Sold				584.25
Gross Profit				413.25
Less Expenses				
Admin Wages			150.00	
Printing, Production			35.00	
Telephone			25.00	
Travel Costs			18.00	
Total Expenses				228.00
Net Profit				185.25

- * If your student enterprise manufactures a product as opposed to buying a product and selling it on at a profit, you must then include a cost for labour involved in making the product as part of your cost of sales.
- ** The Closing Stock Figures would be used in the Balance Sheet if one is being prepared.