



# TEAM INNOVATE



KING EDWARD VI SCHOOL  
Mr James Hunter  
Thomas Forsyth and Michael Reynolds  
Young Enterprise - South Warwickshire  
Interim Accounts

# CONTENTS

PAGE 2	EXECUTIVE SUMMARY
PAGE 3	HUMAN RESOURCES
PAGE 4	ADMINISTRATION AND IT
PAGE 5	MARKETING
PAGE 6	SALES
PAGE 7	OPERATIONS
PAGE 8	FINANCIAL REVIEW
PAGE 9	P & L ACCOUNT
PAGE 10	BALANCE SHEET



# EXECUTIVE SUMMARY

**COMPANY NAME** TEAM INNOVATE - A Young Enterprise Company

**MISSION STATEMENT** To invent, to inspire, to innovate; one tick at a time.

**PRODUCTS** As a team we decided that having just one product would not be in the best of our interests; in order to fully maximise our potential we concluded that a variety of products would allow us to reach further extents of our target market. The end result was our three main products; the typographic Shakespeare poster, retro vinyl clocks, and an artistic Guildhall poster. To supplement our main products we have professionally taken photographs of Stratford-upon-Avon and are considering the production of smaller Shakespeare merchandise.

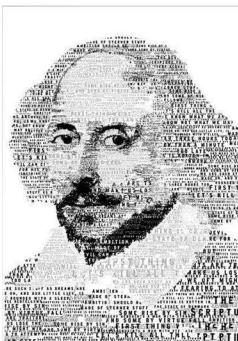
## FINANCIAL RESULTS

<b>SALES REVENUE</b>	£597.82
<b>TOTAL PROFIT AFTER TAX</b>	£157.84
<b>NET CASH GENERATED</b>	£782

(Please see pages 8-10 for further detail)

**COMPANY PERFORMANCE** We have developed strongly as a unit throughout the Young Enterprise process, forming new friendships and gaining valuable experience through so many ways. Our year has mainly consisted of valuable high points, with the rare low point here and there. Some of our greatest moments include the success of reaching out to numerous companies through the Warwickshire business conference we attended, giving us the opportunity to receive professional feedback on how to strengthen our team even further. We've also been able to make our products internationally known, as several of our posters were given to Chinese visitors by the local council as a gift. Some of our smaller accomplishments include developing the necessary skills to operate triumphantly within our designated roles, and to learn to communicate better with each other in order to produce results that will satisfy all. Some minor blips we faced included some staff shuffling which needed to occur for the greater good of the team, as well as having to deal with our excess of stock. In this particular example we were able to learn from our mistakes and move on, so as to not repeat the same error as before.

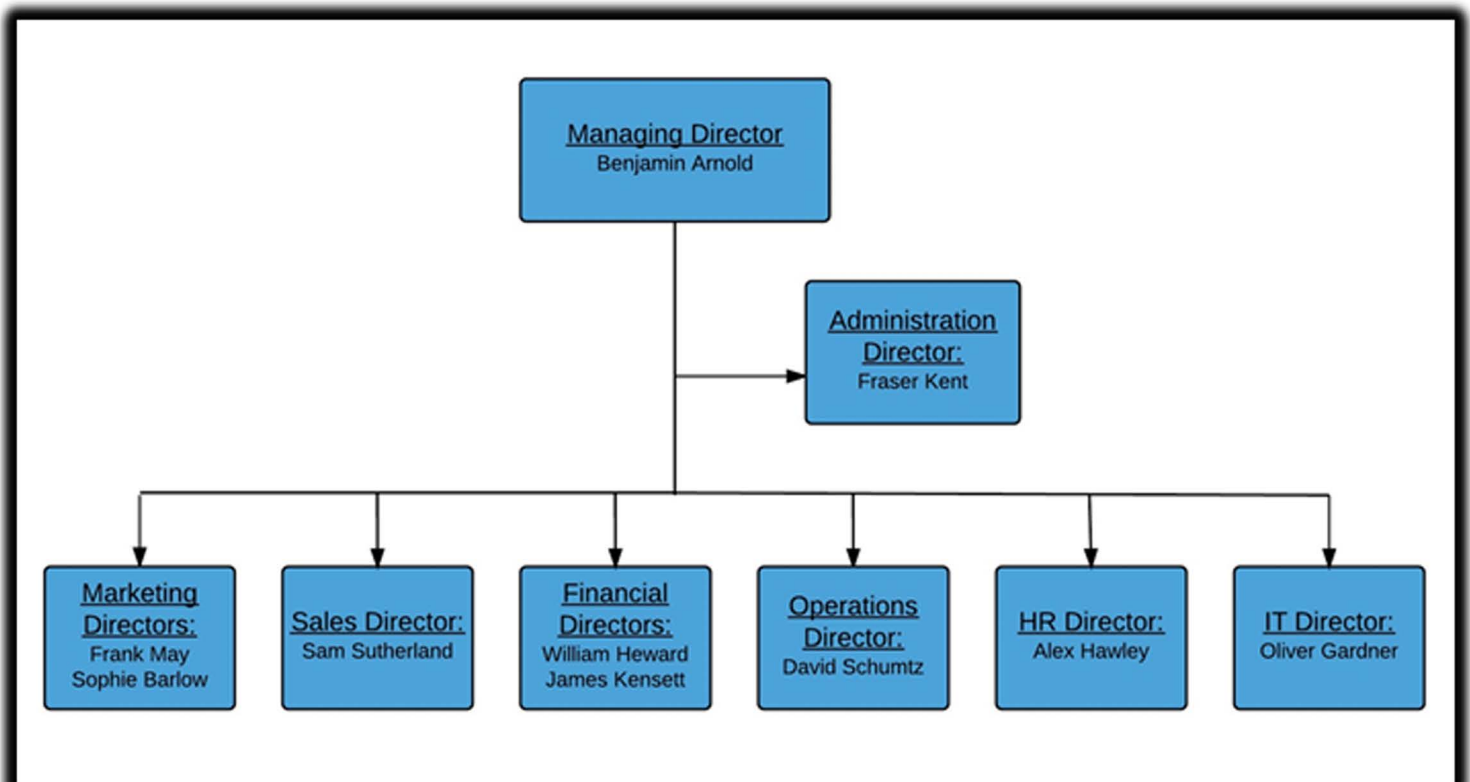
Overall, every single member of Team Innovate has grown during this process and has learnt valuable business skills and lessons which we will use in our future professions. These include how to meet deadlines, how to interact with professional businesses, knowledge of how a business generally begins, and insight into the business world. We thank Young Enterprise for the wonderful opportunity it has given us.



# HUMAN RESOURCES

Throughout the process our business has endured, we have strived to maintain a high quality standard of discipline and organisation. Due to our strong business ethos built on underlying friendship and trust, we were able to operate with few disagreements arising. Communication played a key role in the governing of our business. Methods of communication included a Facebook group chat which enabled us to make decisions outside of our business meetings. It was also important in reminding each director of the jobs that they had been assigned to for the week. We experienced very few problems with directors not performing their role to the best of their ability but a quick reminder was all that was required to solve the problem. However, some disciplinary actions were put in place at the start of the process such as fines for being late consecutively. Fortunately, they were never required.

We chose to reassign some of the director's roles during the process due to people being assigned to roles that did not best suit their skills. Such changes included the introduction of a new managing director, among others. The general impact on our company has been positive, showing the changes were necessary and effective.



# ADMINISTRATION AND IT

The Young Enterprise Website was a very useful platform with which we were able to circulate minutes from previous meetings whilst also allowing all board members to review agendas for the following week's meeting.

Innovate also used IT to buy materials online which we used to create our luxury posters and clocks. In addition to this, we effectively used our Company email account in order to contact prospective buyers that we met at Trade Fairs and this proved a very efficient method of communication with our clients and resulted in profitable sales.

Possibly the most important use of IT throughout our Young Enterprise process was the use of Adobe Photoshop with which we designed our unique Shakespeare poster - made out of some of his most famous quotes. This seemed very important to us as we felt we should capitalise on the history of our school.

In addition to this, we created a very dynamic website (<http://kesinnovate.myfreesites.net/>). Using our website, it allowed us to reach a larger audience and therefore boost sales when we launched it - half way through the process.



Without a doubt, the minutes of the meeting are one of the most important aspects of business. It allowed us to clearly map and structure our meetings to aid us in our effort to become a successful Young Enterprise business. Through the concise and effective minute taking by our Administrative Director, we were able to identify key goals for the coming week while also delegating tasks to be completed by each board member. We found out, as in any business, that the allocation of tasks to board members and their completion on time was vital to ensuring a successful company.

Furthermore, the agenda gave everyone an opportunity to plan for the coming events, giving people a chance to prepare their input for the meeting, whilst everyone understood their roles. Clear agendas each week allowed for very successful meetings which enabled us to proceed effectively and efficiently.

# MARKETING

We conducted several market research techniques to uncover the best possible way of appealing to the masses. Initially we analysed various aspects of local firms selling products similar to ours to discover the markets targeted by them, as well as the methods used to raise awareness for their shops. Respective target markets were relatively simple to deduce (all genders and demographics between 20 and 60), but the marketing techniques used mainly hinged around their reputation, as opposed to something physical (although some did use signs outside their shops). With the unique position as Shakespeare's school, indeed we did have a somewhat reputable base, however we did not want to rest on our laurels and advertised at all of the trade fairs we attended with someone spreading the word of our unique products. We also asked questions to leading CEOs around the South Warwickshire area at the business breakfast hosted by the Stratford Manor Hotel. Here we were advised on fully understanding the price willing to be paid by the majority of customers and being able to match this as best possible.

A key philosophy held at Innovate, is that quality talks. We maximised this in our superior standard products, as well as the facets at which we sold. This was evident at our recent trade fair with our stall being recognised as both sleek and minimalist. This was reflected in the sales at the stall, which were extremely strong compared to the competition. This stall was organised by both marketing directors Sophie and Frank, with all the materials being sourced locally. As well as quality, as many people still remember the space vinyls occupied in their early life, we used nostalgia, using the sentimental value held by an entire generation to market our vintage clock.



# SALES

Our sales team has experience many shifts throughout the year in order to make sure we have had everybody working in the position that works most effectively for the team. At the start of the year the sales team didn't have as much to do due to the lack of products so teamed up with the marketing team to help find out more about the products and markets that we were trying to work with.

Before Christmas we managed to start the sales of our products, debuting at our school Christmas fayre. Here we sold our posters for a respectable £5 and the vinyl clocks for £7. Throughout the morning we noticed how the demand for our products was larger than we expected especially seeing as though the only people coming into the fayre were from the school. For this reason we decided it would be a good idea to go into town and see if there is any interest in local stores. Whilst we made no sales on the day, we were able to find out vital information regarding prices and deals that the shops would be interested in. This enabled us plan thoroughly in the next meeting for which shops we wanted to make some deals with. Since then we have sold just under 100 posters to Shakespeare's Birthplace Trust making us £350 from this one shop alone.

As well as the school Christmas fayre we also attended the Christmas market at waterside in Stratford Upon-Avon. However, here we found that sales were not quite as high, we noticed that the majority of people going through the market were more interested in looking at the products at different stalls instead of actually purchasing. Despite this we received great interest from a local business man called Jonathan Smith, he invited us to a breakfast meeting in the Stratford Hotel. This meeting allowed us to present to over one hundred local and national business talking about our products. This was another good day for sales as we managed to sell a handful of posters on the day as well as getting many orders for more posters and clocks. We also got more deals from local cafes and shops who offered to stock our posters or clocks and sell on our behalf.

Between Christmas and the national trade fayre we had reasonable success with more posters going out to Shakespeare Birthplace Trust every month. We also completed a deal of 10 posters which we sold to Stratford District Council, these posters were going to be given and sent out to their contacts all over the planet from USA to China. At the trade fayre we managed make £100, much higher than previously expected. However, for now we are focusing our attention on the opening of the Guild Hall (Shakespeare's school room) as we are working with the retail manager and will have some new products in the gift shop when it opens. With our deal with Shakespeare Birthplace Trust and the Guild Hall continuing into the future we are predicting revenue to reach far above £1000.

# OPERATIONS REPORT

After we decided to manufacture vinyl clocks, we sought to find reliable suppliers to source the necessary materials at a low cost whilst maintaining high quality. We sourced vinyl's for the clocks from a variety of local places; including charity shops quality – which we believed was an ethical business decision. This was at a very low cost and due to the locality at a minimal time lag. We ordered clock mechanisms from an overseas vendor and we felt that the 300% saving on the product was worth the 2 week delay in receiving them. These mechanisms were high quality quartz movements with a smooth second hand. Once we had materials we mastered the art of quickly and efficiently manufacturing the clocks, each clock requiring approximately twenty minutes of labour, including rigorous quality control inspections. In order to protect the clocks in storage as well as providing a sturdy transportation mechanism, we ordered pizza boxes in which to store them. This proved excellent at preventing the vinyl's from becoming scratched, which was one of the issues raised by our quality control.

Our IT director designed our posters using computer software after a design consultation brainstorm with the board of directors. Once the poster had been designed we researched printing and delivery options, we settled on a UK based internet printing company as local printers could not print in a sufficient quantity or quality. Once we took delivery of the first batch of posters from this company we were very impressed with the quality. Once demand for the posters picked up we felt confident in making a quick turnaround on new posters, so we decided to make a large order in order to benefit from purchasing economies of scale, thereby reducing our cost and increasing our profit margin.

We realised that it was counterproductive to have large amounts of our capital tied up in stock that was not immediately generating any profit. We therefore aimed to sell any stock as quickly as possible to have as much available cash as possible for use in other areas of the business. In order to tackle this problem it was essential to know where all of our stock was at all times, and when any ordered stock was due to arrive. Our Operations Director delivered a detailed report on this at each meeting to ensure any issues on the supply side could be dealt with quickly.



# FINANCE REPORT

The financial team's first task was to collect shares, which came to a value of £250. The opportunity to buy these shares was only open to members of the team, with the exception of our YE adviser, with all members of the team choosing to buy 20 shares each. Now that we had raised capital for company. This allowed for vital purchases and spending to pay the registration fee and get the business up and running. From this point on we were able to produce forecast sales and profits for potential products as well as running break even analysis on them. We then compiled spread sheets detailing the current financial situation of the company, Innovate, and were able to forecast any upcoming expenditure/costs. We based this information on answering four questions from the MD at the start of each meeting:

**How much money do we have and where is it?**

**How much do we owe?**

**How much are we owed?**

**How much do we forecast to spend in the near future?**

The main problem that we encountered this year was the time in which it took for the bank to be set up was longer than expected meaning we had to find other methods in which to store and receive and finance. We did this with a large money box which held receipts and cash until the bank opened. We recorded transactions in cash book with the headings 'money in' and 'money out' and later on this split into both, money in and out of the bank and money box. Furthermore, the delay in the setting up of the bank led to an unexpected cost of a postal order, for our registration fee. After the bank was set up we obtained a cheque book and paying in book which allowed more professional and efficient transactions within our business. This is a prime example of some of the problem solving that we had display while being in the finance department this year. We had to show persistence and improve our organisation in order to overcome other issues, like not fully recording the amount of sales at trade fairs. However, we managed to succeed in dealing with other minor setbacks quickly and were able to provide extensive financial reports and information required for a well organised and efficient team.

In this report we include details of only our interim accounts as we intend to maximise our sales and profits by continuing until the opening of the Guildhall in Stratford-upon-Avon on April 23rd.

## FINANCIAL SUMMARY INTERIM ACCOUNTS 20th MARCH

<b>SALES REVENUE</b>	£597.82
<b>TOTAL PROFIT AFTER TAX</b>	£157.84

# P AND L ACCOUNT

CORPORATION TAX	10%
-----------------	-----

	£	£
A SALES		597.82
B PURCHASES	445.35	
C PRODUCTION WAGES	0.00	
D CLOSING STOCK	200.00	
E COST OF SALES (B + C - D)		245.35
GROSS PROFIT (A - E)		352.47

F SALARIES, COMMISSIONS AND BONUSES	0.00	
G STATIONERY	0.00	
H RENT AND HIRE	32.00	
I MISCELLANEOUS EXPENDITURE	101.76	
J REGISTRATION FEE	80.00	
TOTAL EXPENSES (F + G + H + I + J)		213.76
OPERATING PROFIT (Or LOSS) (Gross Profit Less Total Expenses)		138.71
MISCELLANEOUS INCOME		36.67
NET PROFIT (Or LOSS)		175.38

		£
NET PROFIT BROUGHT DOWN		175.38
LESS Corporation Tax Payable To Young Enterprise		17.54
PROFIT AFTER TAX*		157.84

# BALANCE SHEET

<b>CURRENT ASSETS:</b>		<b>£</b>
STOCK		200.00
DEBTORS		0.00
YE VAT Owed*		0.00
CASH AT BANK		308.00
CASH IN HAND		54.51
<b>TOTAL A</b>		<b>562.51</b>

<b>LESS:</b>		
<b>CURRENT LIABILITIES:</b>	<b>£</b>	
BANK OVERDRAFT	0.00	
LOANS	0.00	
CREDITORS	0.00	
YE Corporation Tax	13.87	
YE VAT Due	40.80	
<b>TOTAL B</b>	<b>54.67</b>	
<b>BALANCE (C)</b>		<b>507.84</b>

<b>REPRESENTED BY:</b>		
<b>ISSUED SHARE CAPITAL:</b>		
250 Shares at £1		250.00
Profit and Loss Account*		257.84
<b>Shareholders' Funds (D)</b>		<b>507.84</b>

# TEAM INNOVATE



Team Innovate  
King Edward VI School  
Church Street  
Stratford-Upon-Avon  
Warwickshire  
CV37 6HB

