



Formula Student ATA

# BUSINESS PLAN

TEAM EPSA



Professionnal seminar organizer

# SUMMARY

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## I.

# Executive Summary

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Nowadays firms are looking to increase the productivity of their employees. To reach this goal, they had to motivate their teams to get the most of them. In this context, teambuilding becomes more and more a critical issue. Indeed, the incentive market is estimated at around 2,2 billion euros in France according to a study made by Omyague in 2009. This figure is rising year on year. As this market is growing, and teambuilding is at the heart of management thinking, we decided to target it by proposing an innovating offer.

Our Start-up, VULCANIX, offers an exceptional experience which guarantee a group cohesion during the whole seminar. We propose Vehicle Assembly Seminars for firms which seek to offer an original team building experience to their employees around the assembly and driving of a formula type vehicle.

These seminars combine workgroups, decisions taking and a common goal for all the participant which lead to concrete realization : a race car that they will drive at the end of the project. These seminars make the participant focus on tasks which impact directly the performance of the car in the short-term. By giving sense to the decisions they made, choosing different concepts, communicating and generating a strong team spirit, these seminars constitute excellent tools for team building.

To attract companies, we have several strategies. A salesman whose mission is to present our concept to the different companies, a website which explains the different steps of the seminars, shows some videos of the previous seminar and host a forum where the participant can give their opinion about it. In order to reach our target, we will use social network such as LinkedIn, so we can catch professional's attention. We will also participate to team building exhibition to attract clients. In a second time, we will create partnership with some event organizer company so they will be able to propose our seminars in their catalogue.



*Figure I. 1 : The team spirit*

## II. Presentation of the company

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### II. 1. Overview

VULCANIX is a start-up founded in January in Lyon, France. It aims to offer **incentive seminars** based on the race car vehicle : Vulcanix.

VULCANIX is a company led by four students at ECOLE CENTRALE DE LYON who are eager to be part of the great adventure of entrepreneurship. We are all passionate about the new technologies, cars, high sensations, but we are also very attached to safety and serious work. We have different profiles, binding management, finance, negotiation, marketing and engineering. We are the perfect team to grow this project and make it successful.

Antoine Maros	Steven Jones	Paulo Hernandez	Aurelie Biennier	Adrien de la Salle
 <ul style="list-style-type: none"><li>• CEO</li><li>• coordination</li><li>• representation of the company</li></ul>	 <ul style="list-style-type: none"><li>• Financial Director</li><li>• Funds managing</li><li>• Outcomes monitoring</li></ul>	 <ul style="list-style-type: none"><li>• Technical Director</li><li>• engineering</li><li>• car mechanics knowledge</li></ul>	 <ul style="list-style-type: none"><li>• Communication Director</li><li>• Organization</li><li>• Public speaking</li></ul>	 <ul style="list-style-type: none"><li>• Marketing director</li><li>• Creative</li><li>• Strategic thinking</li></ul>

Figure II.1 : Vulcanix team overview

Our team gathers both strengths and weaknesses that we are aware of. This makes us more likely to succeed because we know where to concentrate our efforts to overcome any kind of difficulty.

Ressources	Rating	How
Technical knowledge		<i>Passionate people with a high engineering training</i>
Marketing structure		<i>Strategy established with performant and accurate people</i>
Flexibility		<i>All car engineering devotees, but one single formation</i>
Quality focus		<i>Always listening to client and earn his/her loyalty</i>
Communication		<i>Dynamic people that favour oral and direct contact</i>
Brand image		<i>Newcomers in an established market but still increasing</i>
Profit margin		<i>Increased thanks to the development in Europe</i>
Functional costs		<i>Only need a small office for meetings with clients/partners, and a warehouse</i>

Figure II. 2: Our ressources

### III. Market analysis

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#### III. 1. Market Status

VULCANIX is trying to enter the teambuilding market, by organizing innovating seminars.

First, teambuilding is a growing market. Indeed, the model of a vertical hierarchy is obsolete. The fact that employees are more and more skilled make the companies reorganize the tasks. Nowadays, teamwork is the main tool for the companies. And the teambuilding market makes the most of this trend.

We noticed that most of the teambuilding seminars often consist in trips to sunny destination with some sensitization conferences and enjoyable activities. We wanted to change that by proposing an offer which give the participant the awareness of belonging to a single team even if people don't do the same tasks, just as in their daywork.

#### III. 2. Our position

*Companies send us their employees,  
we give them back a team !*

Therefore, we target companies who are looking for a new kind of experience for their employees which will impact efficiently on their productivity when they come back. Indeed, the fact that the participants are immersed in an environment that they are unfamiliar with will permit to reveal skills that they do not use in their all-day-life, and by doing so, making them more confident in their professional life, and valorizing them nearby their co-workers.

In short, companies send us their employees, we give them back a team.

The figure below provides the main benefits for the employees of our clients, and therefore, the reasons why they will choose our offer.



Figure III. 1: Pentagon of success

### III. 3. Internal and external analysis

SWOT diagram :



Figure III. 2 : SWOT diagram



#### Strengths

Our offer is original and stands out on the market of seminars. VULCANIX offers a unique experience, based on safety, originality and personalization, high sensation and fun. But overall our seminars strengthen the team spirit of the participants more than any other seminar by putting them in difficulties which force them to give their best as a team, and eventually appreciate the result of their efforts.



## Weaknesses

As a start-up offering a new type of seminars, we have a low brand recognition, in a society where people are used to regular seminars in sunny destinations. In addition, more and stricter environmental regulations (noise, pollution) are impacting our concept more than other seminars in a long term point of view.



## Opportunities

Our business idea allows our start-up to grasp - in the future - other market segmentations. With developing tendency of electric car there is a huge space for innovation. We can also export our concept all over the world by targeting international market.



## Threats

We are in direct competition with specialist of seminar organization that have a recognition on the market and in which firms trust.

## IV. Our business

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### IV. 1. Offers

#### IV.1.1 Overview

Thanks to our market analysis, we propose the following offer : a seminar for around 20 people focusing on teambuilding through the assembly of a race car.

In addition, we will offer the opportunity to drive the assembled vehicle (on race tracks with teaching from professional pilots either half a day or two hours) at the end of the seminar.



#### IV.1.2 Details

The seminar will take place in a warehouse where we store all the parts of the vehicle. It is divided into the following steps :

The whole group elaborates a quick specification note, that explains very global performances in a qualitative manner. Connoisseurs will be able to specify quantitative details, but the main purpose here is to focus on qualitative car behavior, such as comfort, acceleration or max speed specialization etc ...

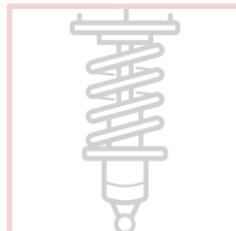
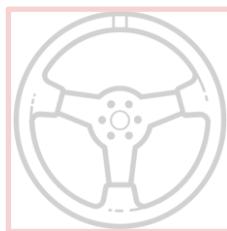


The 20 participants will be broken into small units to discuss and target one or several systems they would like to work on.

Given the team work is focused on the assembly of a single vehicle, the different units need to interact each other in order to reach the global performance that has been anticipated.



We have prepared different options for each systems in order to make them experiment the chose of design done by an engineer. For example, they will have the opportunity to chose between different steering wheels, brake discs or springs and dampers.



Eventually, the whole group assembles the car with all the chosen sub-systems, after checking the parts can be assembled together. To facilitate the assembly, and to ensure a lot of possibilities, we would buy standard parts and kits we already know are compatible.

The seminar ends with the driving of the unique vehicle that has been built during the three-day seminar.

## IV. 2. The reference car

The car that will be used to animate the seminars is a typical FSAE car. Here below are its basic characteristics :

**Mass :** 232 kg

**Gravity center height :** 300 mm

**Track (Front/Rear) :** 1276 mm / 1222 mm

**Wheelbase :** 1600 mm

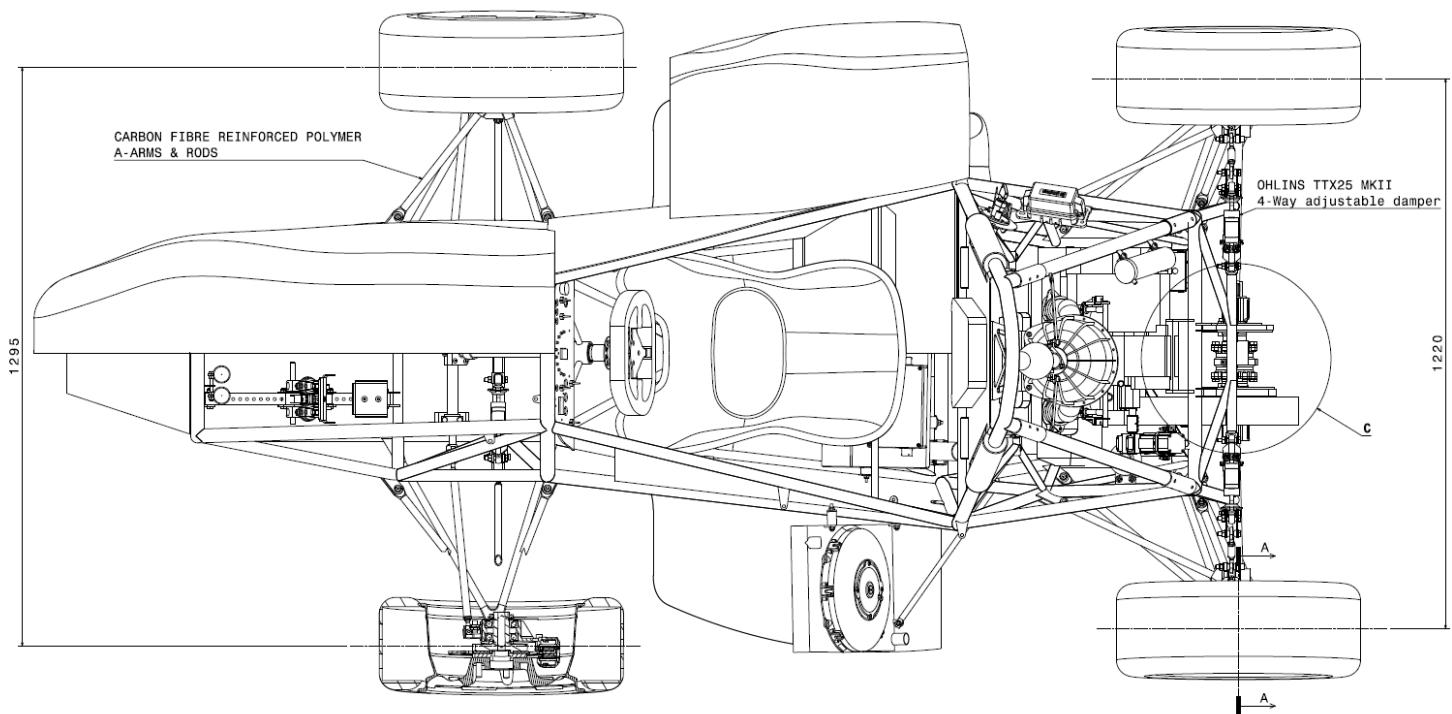


Figure IV. 1 : Reference car - top view

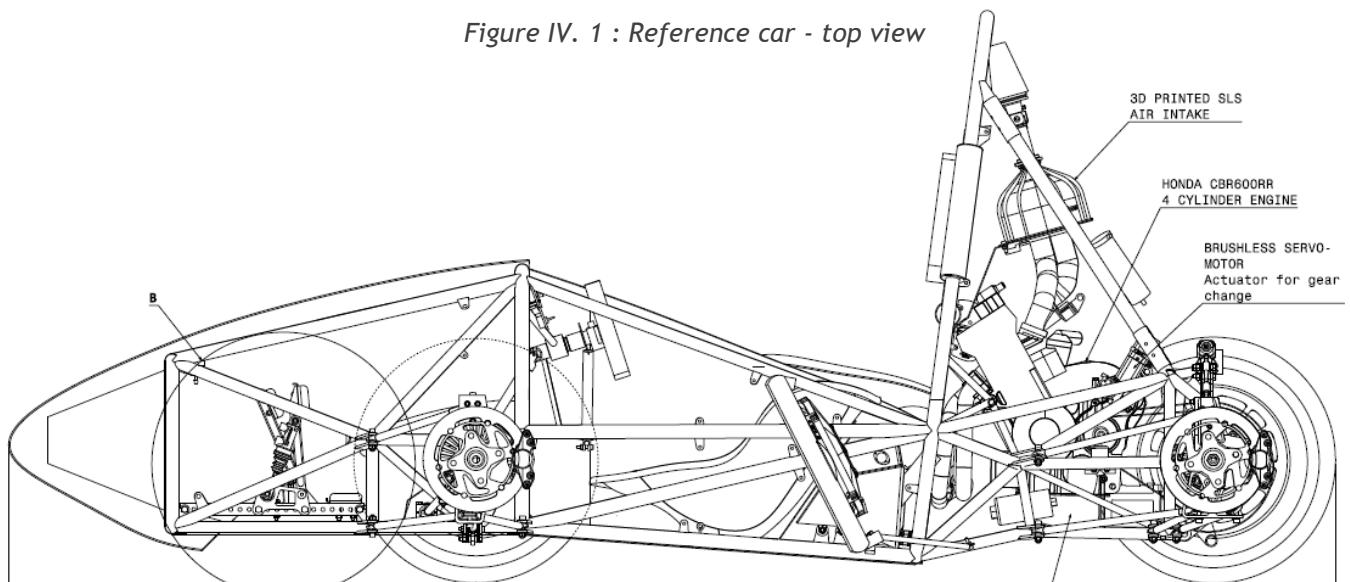


Figure IV. 2 : Reference car - side view

**Frame :** 40.5 kg SAE 4130 steel space frame



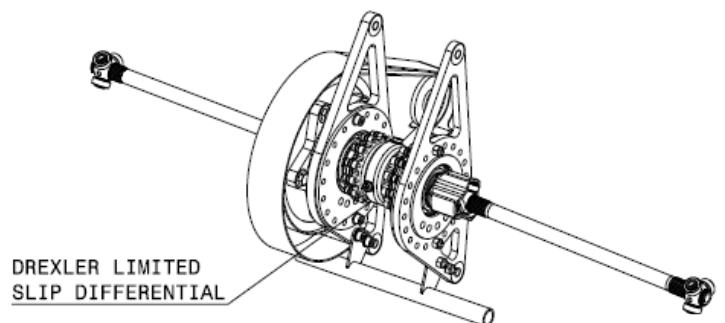
*Figure IV. 3 : The reference car on testing*



**Engine :** Honda CBR 600 RR

*Figure IV. 4 : The engine*

**Differential :** Drexler limited-slip differential



*Figure IV. 5 : The differential*

## V.

# Objectives and strategy

## V. 1. Objectives (What)

To make our work easier, we decided to define clear objectives on the long term. To make them clear we defined them according to two criteria: a qualitative criterion and a quantitative criterion. We have chosen reachable and challenging objectives to motivate our team to do its best and to make those objectives happen.

Qualitative	Quantitative
Becoming a reference among seminar organizers	Organizing at least 1 seminar every three weeks in the first year, and 1 per week after 3 years
Reach a point where firms are willing to work with us by themselves given our results	Get new clients every year and have all our sessions booked one year in advance
Internationalization of our concept	Reaching the European market within 5 years

Figure V. 1 : Our objectives

## V. 2. Strategy (How)

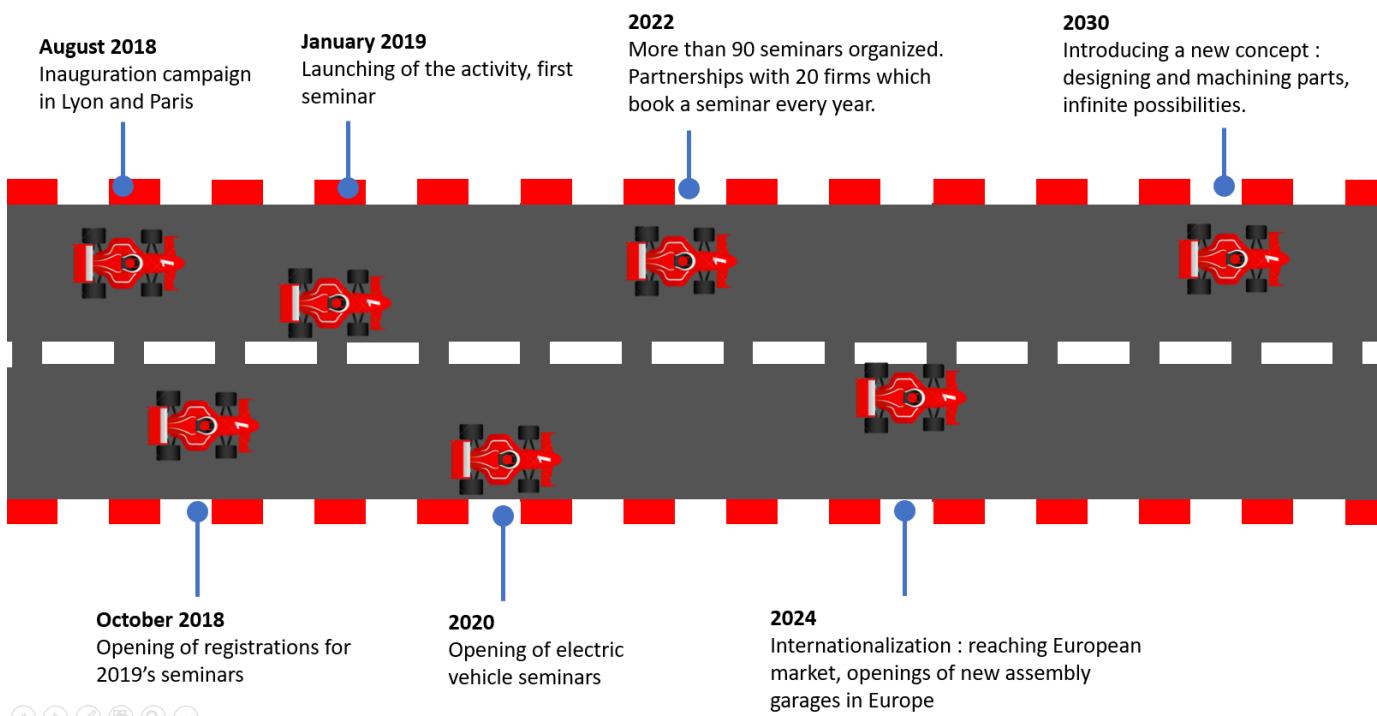


Figure V. 2 : Our strategy

## V. 3. Communication

### V.3.1 Social networks



Facebook is an appropriate tool to follow the news on our company, improve our notoriety and show a modern facet. But Facebook is also an easy-to-use tool to organize public events and to get known quickly.



Twitter is a real time news tool we will use to give updates on our events, but it is also a way for our clients to talk about their experience with our seminars and advertise our service to other companies.



Instagram is a social network gaining a strong influence among the youth and young professional people. We will use it to post pictures of our seminars, the performances of the ephemeral cars, and of course to encourage more and more people to try our seminars and thus earn public credibility.



We will also use YouTube for the same purposes we will use Instagram. Besides, videos make it possible to show in detail what we propose to our clients, in an attractive form.



LinkedIn allows companies to catch professionals's attention with very efficient and dynamic tools such as Sponsored Content, Sponsored InMail, Display Ads, etc ...



A clear website, designed by professionals, advertises and sells our offers.



Of course, intensive mailing is part of the online communication as it reaches many potential clients at once.

### V.3.2 Off-line communication

#### *Canvassing new clients*

The most important aspect of our communication policy is canvassing new companies by meeting managers and directors, convincing them that our product would bring self-confidence, teamwork improvement, work happiness and love for their company to their teams.

#### *Participating to car exhibitions*

Another aspect of our off-line communication is our participation to car exhibitions to build our brand image among any company and race car amateur. Indeed, car amateurs will recognize our professionalism and the highly performant car our clients will work on and assemble. That is why our notoriety and our credibility relies on this class of persons.

#### *Communication kit*

A communication kit has been designed to be used for those occasions and during any business canvass.



#### *Launching party*

When launching, we will organize a launching party gathering companies and race tracks' representatives and managers so as to initiate the acquisition of future clients and partners. This is an effective way to prepare future negotiations with clients and to start creating our brand image.

## VI.

## Planning stage

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Our first logistic step is to launch our communication. The inauguration in Lyon and Paris will permit to gain some recognition in the sector of seminar organization. We decided to do a wide communication campaign in order to attract potential clients and to create partnerships in the long term with firms which send their employees at seminars every year and of course race tracks's representatives.

Then we can book our first race tracks for the 2019 year, while having already started canvassing for clients. We will have to fill every race track booking with seminars, that is why a strong communication campaign is absolutely crucial.

Once a client finds a date available on our schedule he can book the seminar. Then we take care of everything thanks to our partnerships with the hotels in the area. We can also propose a transportation service between the company's office and our garage where the seminar take place but only as extra, and we will charge the client for it.

When our company will be known enough, instead of booking rooms in hotels we will secure regular time slots with them. This should be possible within 3 years and it would help us increase the strength of our community.

## VII.

# Financial aspects

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### VII.1. General course of action

All we planned here above with accuracy permit us to have a precise idea of the financial resources we will need. But inevitably, there is also some uncertainty about sells volume, that is why we based all our predictions on two hypotheses : the high hypothesis – where we are very successful – and the low hypothesis – where the company has more difficulties to shine at start. All the explanations about our approach will be illustrated by tables **from the high hypothesis**. Tables from the low hypothesis are included in the appendix, page [38](#).

Obviously, all the costs associated with the launch of the company are the same, regardless of the assumption considered.

### VII.2. Fixed costs

#### VII.2.1 Marketing and communication

We decided to consider the creations of previous companies and to ask around us to set a budget of around €100,000 for the first year, to give us the opportunity to develop and improve our brand image and brand recognition. The following years will have a budget of €50,000, which is consistent for maintaining a good notoriety after the start spike.

We decided in the first year to allocate a large part of our budget to the launch of our brand. the objective is creating expectations among future customers and stand out immediately in a very competitive sector. The rest of the budget should be allocated to various promotional methods, by advertising or by placing the assembled car in race circuits.

Our goal as noted above, is to limit the cost of the department related to our business. On marketing and creating partnerships, we expect to benefit from commercial advantages so as to considerably reduce variable costs, as we will see further.

## VII.2.2 Real estate

### *Headquarters*

Our office is located in Lyon - France. We rent it every month for €710 (charges included). It is a 26 squares meters office, and is divided into two rooms. It is enough for two computers and for having meetings with potential clients or partners.

### *Warehouse/Assembly garage*

We rent a warehouse which is used as an assembly garage. This is the main place for the seminars. Its surface is 100 squares meters which will permit to store all our tools and to set different workshops for the different part of the vehicle. It represents a cost of €560/month (taxes and charges included).

### *Insurance*

We chose Matmut Insurance Pro entrepreneur with maximum guarantees for €8,400:

- Liability (Break of the screen of a computer assigned to repair …)
- Legal protection (Delay of a supplier to deliver the goods essential to our business)
- Local and business property (fire, explosion, glass breakage, water damage, theft …)
- Financial protection (if damage, while electricity-type loads continue to be paid)
- Vehicle

### *Electricity*

We will have €200 annual subscription with EDF, the French electric service company corresponding to 12kWh. We also plan to have a phone and an Internet subscription for our office which costs €85 per month.

## VII.2.3 Wages

Wages are significantly the biggest part of our fixed costs. Here are the different employees we will pay, in addition to the CEO and the marketing director :

- Engineer : Its role is to seek for kits that are more or less easy to assemble on the vehicule. He is an expert on the assemble process, security rules, skill and time requirement for the integration. We employ 1 engineer for the first year, that we pay €34,000 net.
- Commercial : Its role is to sell our innovative concept to potential customers. He is extremely mobile and knows perfectly well the service we propose, and how it will

certainly help the client to improve its executives productivity and engagement. We employ 1 commercial for the first year, that we will pay €32,500 net.

- Animator : Its role is to take care of the whole customer's group during the 3-day seminar. He is able to understand the persons' will, and propose different solutions to lead them to the vehicle they eventually want to build. He is very sociable and careful. Animators are the basis of our concept, as a teambuilding service, that's why they represent a large majority of our employees. We will employ 1 animator for the first year, that we will pay for €20,000 net.

According to the hypothesis considered, wages are increasing in diverse ways, as well as employment policy.

#### VII.2.4 Reference car

We will assemble ourselves the reference car, with parts and kits we will buy on the market. We evaluate this cost at €50,000.

#### VII.2.5 Furniture

We will buy desks, computer hardware, shelves and racks for headquarters (administrative and design department) and warehouse (the seminar). We will also buy a TV on the fifth year, to improve our welcoming ability and the efficiency of meetings.

Furniture quantity in high hypothesis					
Furniture	Y1	Y2	Y3	Y4	Y5
desk	4	1	0	2	6
printer	1	0	0	1	1
computer	4	1	0	2	6
screen for computer	4	1	0	2	6
shelf (for the headquarter)	2	0	1	2	3
rack (for the warehouse)	2	1	1	1	2
TV	0	0	0	0	1

Furniture depreciation				
Furniture	Unit price	Number of years	Salvation value	cost/years
desk	200	10	30	17
printer	225	3	0	75
computer	600	3	0	200
screen for computer	100	3	0	33,33333333
shelf (for the headquarter)	150	10	30	12
rack (for the warehouse)	400	20	40	18
TV	800	3	50	250

Figure VII. 1 : Furniture costs

## VII.2.6 Company car for commercials

As said previously, it is important to have very mobile commercials, because we will need first to meet our clients by ourselves, giving our low recognition. We will purchase a company car on the second year for this purpose, and other cars later.

## VII.2.7 Additional parts and kits

Our concept relies on the various possibilities of vehicle one can build from the reference car. That is why we plan to get a considerable stock of parts and kits that we can set in place and remove easily. Each year this stock will increase, so we will expand our offer. We will start with a €20,000 worth stock.

## VII.2.8 Toolings

Some toolings will be also necessary for the assembly, such as toolboxes etc … We will assign a tooling budget of €1000 for the first year, and more for the next years so as we can adapt our means to the new kits we will get.

## VII.2.9 Website

We will charge a professional firm for the development of our website. Its aim is to explain who we are, what is our concept, how to contact us, and to show some pictures and features that will spotlight the benefits of our product for companies, so it is mainly a showcase. Such a development usually represents a €12,000 investment. We will also pay €500 per year for its maintenance.

## VII.2.10 Accounting

We will charge a professional firm for accounting, as well, for €400 per month. We plan to implement our own accounting service in the future, for more autonomy, but it is not a priority, since wage expense will be far higher than the price of a professional firm.

## VII.2.11 Brand protection

### Register the trademark of VULCANIX

According to the website of the INPI (National Institute of Intellectual Property), the trademark VULCANIX is available. We want to register the trademark because many companies are currently doing business around race cars and it will be an asset for us in the future to have the monopoly on this brand, which also will serve as a trade name. The cost of a trademark registration is €200.

High hypothesis						
Fixed Costs	Y1	Y2	Y3	Y4	Y5	
<b>Communication</b>	€ 100 000	€ 50 000	€ 60 000	€ 40 000	€ 50 000	
<i>Car exhibition</i>	€ 30 000	€ 20 000	€ 20 000	€ -	€ -	
<i>Direct marketing</i>	€ 20 000	€ 20 000	€ 30 000	€ 30 000	€ 40 000	
<i>Inauguration Day</i>	€ 30 000	€ -	€ -	€ -	€ -	
<i>Webmarketing</i>	€ 20 000	€ 10 000	€ 10 000	€ 10 000	€ 10 000	
<b>Real Estate</b>	€ 23 640	€ 23 945	€ 24 256	€ 24 573	€ 32 170	
<i>Office rental</i>	€ 8 520	€ 8 690	€ 8 864	€ 9 041	€ 9 222	
<i>Warehouse rental</i>	€ 6 720	€ 6 854	€ 6 991	€ 7 131	€ 14 548	
<i>Insurance</i>	€ 8 400	€ 8 400	€ 8 400	€ 8 400	€ 8 400	
<b>Wages (*)</b>	€ 297 570	€ 403 767	€ 514 093	€ 834 364	€ 1 060 859	
<i>Net annual wages</i>	€ 163 500	€ 221 850	€ 282 469	€ 458 442	€ 582 890	
<i>Employee contribution (28% of net)</i>	€ 45 780	€ 62 118	€ 79 091	€ 128 364	€ 163 209	
<i>Employer contribution (54% of net)</i>	€ 88 290	€ 119 799	€ 152 533	€ 247 559	€ 314 760	
<b>Reference car</b>	€ 50 000	€ -	€ -	€ -	€ -	
<b>Furniture (*)</b>	€ 6 061	€ 2 705	€ 1 985	€ 3 769	€ 9 851	
<i>Furniture on purchase</i>	€ 4 925	€ 1 300	€ 550	€ 2 725	€ 7 275	
<i>Depreciation</i>	€ 1 136	€ 1 405	€ 1 435	€ 1 044	€ 2 576	
<b>Company car for commercials</b>	€ -	€ 22 714	€ 2 714	€ 25 429	€ 51 000	
<i>Car on purchase</i>	€ -	€ 20 000	€ -	€ 20 000	€ 40 000	
<i>Depreciation (salvation value = 1000€)</i>	€ -	€ 2 714	€ 2 714	€ 5 429	€ 11 000	
<b>Parts &amp; kits</b>	€ 20 000	€ 10 000	€ 20 000	€ 30 000	€ 50 000	
<b>Toolings</b>	€ 1 000	€ 1 000	€ 2 000	€ 3 000	€ 5 000	
<b>Website</b>	€ 12 000	€ 500	€ 500	€ 500	€ 500	
<b>Others</b>	€ 6 270	€ 6 095	€ 6 121	€ 6 148	€ 6 175	
<i>Office electricity</i>	€ 250	€ 255	€ 260	€ 265	€ 271	
<i>Telephone + Internet</i>	€ 1 020	€ 1 040	€ 1 061	€ 1 082	€ 1 104	
<i>Accounting firm</i>	€ 4 800	€ 4 800	€ 4 800	€ 4 800	€ 4 800	
<i>Brand deposit</i>	€ 200	€ -	€ -	€ -	€ -	

Figure VII. 2 : Global fixed costs

### VII. 3. Variable costs

Our variable costs are due to circuit booking + pilote teaching (€1,180 per seminar), delivering people + the car on the circuit (€850 per seminar) and provide rest and food to our customers (€750 per person). We believe that on being a regular client to hotels in the area, we will manage to lower that latter cost at €600 on the fourth year. In order to keep a regular final price growth, and counting on our well-established notoriety a this time, we will increase more significantly the margin we make to compensate the reduction for our clients, because that is not what we want, for now.

Decomposition of costs	Year 1	Year 2	Year 3	Year 4	Year 5
Circuit and teaching	1 180	1 192	1 204	1 180	1 192
<i>circuit rental (circuit, rooms, insurance)</i>	600	612	624	600	612
<i>professionnal pilote</i>	360	360	360	360	360
<i>security pack</i>	130	130	130	130	130
<i>staff</i>	90	90	90	90	90
Delivering on the circuit	850	867	884	902	920
<i>car transportation (people &amp; vehicle)</i>	450	459	468	478	487
<i>car insurance</i>	400	408	416	424	433
Hotel (3 days rest and food) per person	750	750	750	600	600

Number of participant	Total variable cost				
	Year 1	Year 2	Year 3	Year 4	Year 5
12	11 030	11 059	11 089	9 282	9 312
13	11 780	11 809	11 839	9 882	9 912
14	12 530	12 559	12 589	10 482	10 512
15	13 280	13 309	13 339	11 082	11 112
16	14 030	14 059	14 089	11 682	11 712
17	14 780	14 809	14 839	12 282	12 312
18	15 530	15 559	15 589	12 882	12 912
19	16 280	16 309	16 339	13 482	13 512
20	17 030	17 059	17 089	14 082	14 112
21	17 780	17 809	17 839	14 682	14 712
22	18 530	18 559	18 589	15 282	15 312
23	19 280	19 309	19 339	15 882	15 912
24	20 030	20 059	20 089	16 482	16 512
25	20 780	20 809	20 839	17 082	17 112

Figure VII. 3 : Variable costs

Number of participant	Margin				
	Y1	Y2	Y3	Y4	Y5
12	10 000 €	11 000 €	12 100 €	15 125 €	18 150 €
13	10 833 €	11 917 €	13 108 €	16 385 €	19 663 €
14	11 667 €	12 833 €	14 117 €	17 646 €	21 175 €
15	12 500 €	13 750 €	15 125 €	18 906 €	22 688 €
16	13 333 €	14 667 €	16 133 €	20 167 €	24 200 €
17	14 167 €	15 583 €	17 142 €	21 427 €	25 713 €
18	15 000 €	16 500 €	18 150 €	22 688 €	27 225 €
19	15 833 €	17 417 €	19 158 €	23 948 €	28 738 €
20	16 667 €	18 333 €	20 167 €	25 208 €	30 250 €
21	17 500 €	19 250 €	21 175 €	26 469 €	31 763 €
22	18 333 €	20 167 €	22 183 €	27 729 €	33 275 €
23	19 167 €	21 083 €	23 192 €	28 990 €	34 788 €
24	20 000 €	22 000 €	24 200 €	30 250 €	36 300 €
25	20 833 €	22 917 €	25 208 €	31 510 €	37 813 €

Number of participant	Final price				
	Y1	Y2	Y3	Y4	Y5
12	21 030	22 059	23 189	24 407	27 462
13	22 613	23 726	24 947	26 267	29 575
14	24 197	25 392	26 705	28 128	31 687
15	25 780	27 059	28 464	29 988	33 800
16	27 363	28 726	30 222	31 849	35 912
17	28 947	30 392	31 980	33 709	38 025
18	30 530	32 059	33 739	35 570	40 137
19	32 113	33 726	35 497	37 430	42 250
20	33 697	35 392	37 255	39 290	44 362
21	35 280	37 059	39 014	41 151	46 475
22	36 863	38 726	40 772	43 011	48 587
23	38 447	40 392	42 530	44 872	50 700
24	40 030	42 059	44 289	46 732	52 812
25	41 613	43 726	46 047	48 592	54 925

Figure VII. 4 : Margin and Final Price

## VII. 4. Profit and losses

Our turnover and expenses highly depends on our sales volume, so we introduced 2 scenarios. In the high hypothesis, it is described here below :

Seminar type	Volume				
	Y1	Y2	Y3	Y4	Y5
12 to 14 people	7	10	16	18	21
15 to 19 people	8	12	17	19	24
20 to 25 people	10	15	22	27	35
Total	25	37	55	64	80

Figure VII. 5 : High hypothesis sales volume

These sales volumes are the very cause that made us adjust our expected expenses such as fixed costs, and financial parameters, to keep being profitable. In the low hypothesis, sales volumes are described on page 39.

	Sales revenues				
Seminar type	Y1	Y2	Y3	Y4	Y5
12 to 14 people	169 377	253 923	427 284	506 301	665 428
15 to 19 people	256 907	404 708	603 448	711 169	1 013 990
20 to 25 people	416 133	655 885	1 013 032	1 311 996	1 922 360
Total Sales Revenue [A]	842 417	1 314 516	2 043 764	2 529 466	3 601 778
	Cost of sales				
Seminar type	Y1	Y2	Y3	Y4	Y5
12 to 14 people	87 710	125 590	201 417	188 676	220 753
15 to 19 people	106 240	159 708	226 756	210 559	266 690
20 to 25 people	140 300	210 885	309 949	315 415	409 922
Total Cost of Sales [B]	334 250	496 183	738 122	714 650	897 365
Gross Profit [C=A-B]	508 167 €	818 333 €	1 305 642 €	1 814 817 €	2 704 413 €
	Operating Expenses				
Sales and Marketing	Y1	Y2	Y3	Y4	Y5
Car exhibition	30 000 €	20 000 €	20 000 €	0 €	0 €
Direct marketing	20 000 €	20 000 €	30 000 €	30 000 €	40 000 €
Inauguration Day	30 000 €	0 €	0 €	0 €	0 €
Webmarketing	20 000 €	10 000 €	10 000 €	10 000 €	10 000 €
Total Sales and Marketing Expenses [M]	100 000 €	50 000 €	60 000 €	40 000 €	50 000 €
Research and Development	Y1	Y2	Y3	Y4	Y5
Technology licenses	0 €	0 €	0 €	0 €	0 €
Brand deposit	200 €	0 €	0 €	0 €	0 €
Total Research and Development Expenses [N]	200 €	0 €	0 €	0 €	0 €
General and administrative	Y1	Y2	Y3	Y4	Y5
Wages and salaries	297 570 €	403 767 €	514 093 €	834 364 €	1 060 859 €
Electricity	250 €	255 €	260 €	265 €	271 €
Rent	23 640 €	23 945 €	24 256 €	24 573 €	32 170 €
Phone + Internet	1 020 €	1 040 €	1 061 €	1 082 €	1 104 €
Website	12 000 €	500 €	500 €	500 €	500 €
Furniture	6 061 €	2 705 €	1 985 €	3 769 €	9 851 €
Reference car	50 000 €	- €	- €	- €	- €
Parts & kits	20 000 €	10 000 €	20 000 €	30 000 €	50 000 €
Toolings	1 000 €	1 000 €	2 000 €	3 000 €	5 000 €
Company car for commercials	- €	22 714 €	2 714 €	25 429 €	51 000 €
Total General and Adminstrative Expenses [O]	411 541 €	465 926 €	566 869 €	922 982 €	1 210 756 €
Total Operating Expenses [P=M+N+O]	511 741 €	515 926 €	626 869 €	962 982 €	1 260 756 €

Figure VII. 6 : Operating expenses

<b>Income from Operations [I=C-P]</b>	<b>-3 575 €</b>	<b>302 407 €</b>	<b>678 773 €</b>	<b>851 834 €</b>	<b>1 443 657 €</b>
<b>Taxes</b>					
<b>Taxes</b>	<b>0 €</b>	<b>100 802 €</b>	<b>226 258 €</b>	<b>283 945 €</b>	<b>481 219 €</b>
<b>Total Taxes [S]</b>	<b>0 €</b>	<b>100 802 €</b>	<b>226 258 €</b>	<b>283 945 €</b>	<b>481 219 €</b>
<b>Net Profit [T=I-S]</b>	<b>-3 575 €</b>	<b>201 605 €</b>	<b>452 515 €</b>	<b>567 890 €</b>	<b>962 438 €</b>

Figure VII. 7 : Net profit

## VII. 5. Financial analysis of the company

### VII.5.1 Input data

For this analysis, we need the information in the table right :

High hypothesis	Y1	Y2	Y3	Y4	Y5	Tax rate	33,3%
Turnover	842 417 €	1 314 516 €	2 043 764 €	2 529 466 €	3 601 778 €		
Cost of sales	334 250 €	496 183 €	738 122 €	714 650 €	897 365 €		
Depreciation	1 136 €	4 119 €	4 149 €	6 473 €	13 710 €		
Operating expenses (cash)	510 605 €	511 807 €	622 720 €	956 510 €	1 247 579 €		
Fixed assets investment	4 925 €	21 300 €	550 €	22 725 €	47 675 €		
Working capital requirement (days)	23	21	18	13	8		
Circuit reservation	23	21	18	13	8		
Supplier delay of payment	7	7	7	8	8		
Delay for finding a customer	15	14	12	9	5		
Client delay of payment	15	14	13	12	11		
						Days for WCR calculation	365,25

Figure VII. 8 : Input data

Over time, we believe that we will manage to reduce the client delay of payment and negotiate a higher supplier delay of payment. We also assume that our success will make it possible to find a client more quickly, 5 days for instance at the 5<sup>th</sup> year. All these reasons lead to a decreasing working capital requirement (= change in working capital), which is very positive for flexibility and quick reaction to the market.

To launch our company, we will do a large communication campaign and buy a lot of assets and products. All the glorious years in the future rely on our first breakthrough, so to ensure this, the members of the team will bring €110,000 and investors should bring €90,000. In addition, we will make a loan of €75,000, and then the activity will start efficiently.

### VII.5.2 Statement of income

In the high case, we have a slightly negative NOPAT on the first year, which become positive on the second year, and keeps growing exponentially :

Statement of Income	Y1	Y2	Y3	Y4	Y5
Turnover	842 417 €	1 314 516 €	2 043 764 €	2 529 466 €	3 601 778 €
- Sales & operating expenses (cash)	844 855 €	1 007 990 €	1 360 842 €	1 671 159 €	2 144 945 €
- Depreciation	1 136 €	4 119 €	4 149 €	6 473 €	13 710 €
= Operating income	- 3 575 €	302 407 €	678 773 €	851 834 €	1 443 124 €
- Financial expense	4 500 €	3 600 €	2 700 €	1 800 €	900 €
= EBT (Earning before taxing)	- 8 075 €	298 807 €	676 073 €	850 034 €	1 442 224 €
- tax	- €	99 602 €	225 358 €	283 345 €	480 741 €
= Net income	- 8 075 €	199 205 €	450 715 €	566 690 €	961 482 €
<b>Nopat (net operative profit after taxes)</b>	- 2 383 €	201 605 €	452 515 €	567 890 €	962 082 €

Figure VII. 9 : Statement of income

Therefore, our NOPAT breakeven will happen early in the second year

### VII.5.3 Cash flow statement

Cash flow statement	Y1	Y2	Y3	Y4	Y5
NOPAT	- 2 383 €	201 605 €	452 515 €	567 890 €	962 082 €
+ Depreciation	1 136 €	4 119 €	4 149 €	6 473 €	13 710 €
- Change in Working capital	53 047 €	75 578 €	100 719 €	90 029 €	78 889 €
Operating Cash Flow (1)	- 54 294 €	130 146 €	355 945 €	484 333 €	896 903 €
Cash flow from investing (2)	4 925 €	21 300 €	550 €	22 725 €	47 675 €
Free Cash flow (3) = (1) - (2)	- 59 219 €	108 846 €	355 395 €	461 608 €	849 228 €
Capital increase	200 000 €	- €	- €	- €	- €
- Dividends	- €	79 682 €	225 358 €	340 014 €	673 038 €
as percentage of Net Income	40,00%	40,00%	50,00%	60,00%	70,00%
+ New loan	75 000 €	- €	- €	- €	- €
- Loan repayment	15 000 €	15 000 €	15 000 €	15 000 €	15 000 €
- Interest charge	4 500 €	3 600 €	2 700 €	1 800 €	900 €
+ Tax shield on interest charge	1 500 €	1 200 €	900 €	600 €	300 €
Cash flow from financing (4)	257 000 €	- 97 082 €	- 242 158 €	- 356 214 €	- 688 638 €
Cash beginning of year	- €	197 781 €	209 545 €	322 782 €	428 176 €
+ Change in cash position (3) + (4)	197 781 €	11 764 €	113 237 €	105 394 €	160 590 €
Cash end of year	197 781 €	209 545 €	322 782 €	428 176 €	588 767 €

Figure VII. 10 : Cash flow statement

We can see that our cash at the end of the year is always positive. We do not expend it during the five first year (although we distribute 70% of our net income as dividends to shareholders like investors) because we plan to get machines and other sites in Europe, thanks to this provision.

### VII.5.4 Balance sheet & and indicators

Balance sheet	Beginning	End Y1	End Y2	End Y3	End Y4	End Y5
Fixed assets (net)	4 925 €	3 789 €	20 970 €	17 371 €	33 623 €	67 589 €
Cash	195 075 €	197 781 €	209 545 €	322 782 €	428 176 €	588 767 €
Working capital (€)	195 075 €	250 828 €	285 123 €	423 501 €	518 205 €	667 656 €
Capital employed	200 000 €	254 617 €	306 092 €	440 872 €	551 828 €	735 244 €
Equity	200 000 €	191 925 €	311 448 €	536 806 €	763 482 €	1 051 926 €
Share capital	200 000 €	200 000 €	200 000 €	200 000 €	200 000 €	200 000 €
Retained earnings	- €	8 075 €	111 448 €	336 806 €	563 482 €	851 926 €
Financial Debt	- €	60 000 €	45 000 €	30 000 €	15 000 €	- €
Total CE financing	200 000 €	251 925 €	356 448 €	566 806 €	778 482 €	1 051 926 €

Figure VII. 11 : Balance sheet

Financial analysis	Y1	Y2	Y3	Y4	Y5
Fixed assets as % of sales	0,4%	1,6%	0,8%	1,3%	1,9%
Working capital as % of sales	23,2%	19,1%	14,0%	16,7%	14,4%
Capital productivity (turnover/capital employed)	3,31	4,29	4,64	4,58	4,90
Operating margin (operating income/turnover)	-0,4%	23,0%	33,2%	33,7%	40,1%
ROCE end of year, before tax	-1,4%	98,8%	154,0%	154,4%	196,3%

Figure VII. 12 : Financial analysis

Thus a financial analysis shows that our capital is well used since it reaches a highly positive return on capital employed on the second year : 98.8%, and 196.3% for the fifth year.

### VII.5.5 Graphs

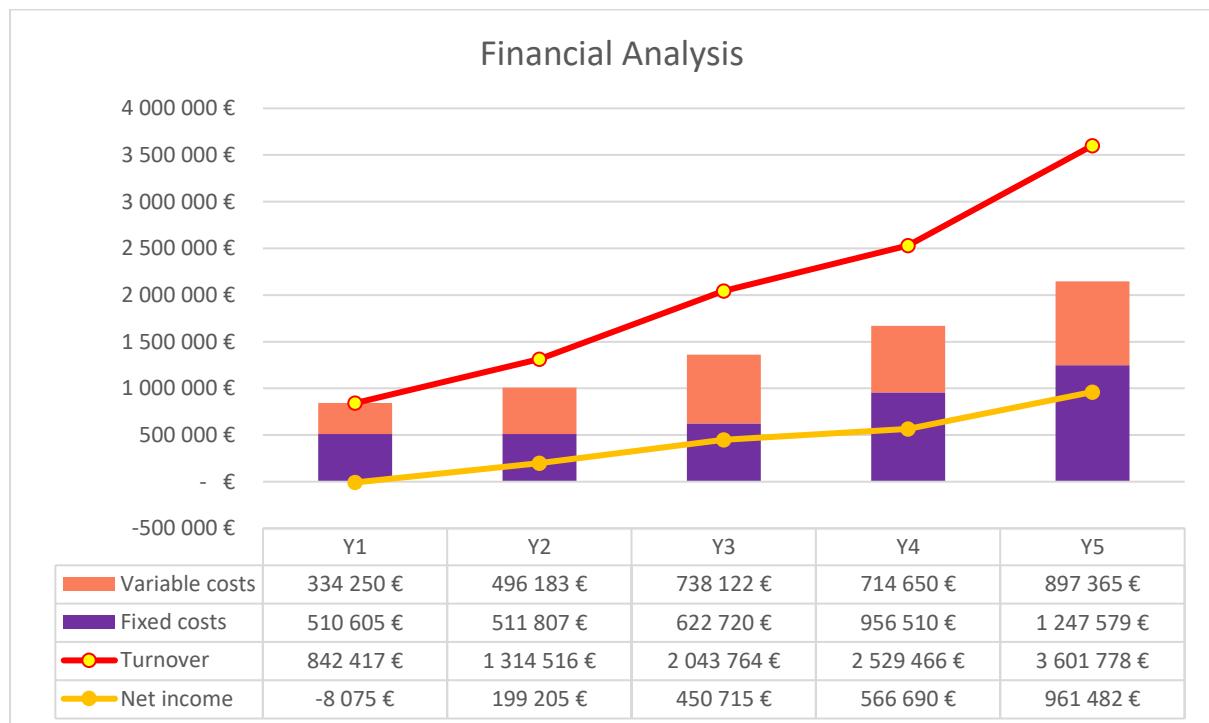


Figure VII. 13 : Financial overview

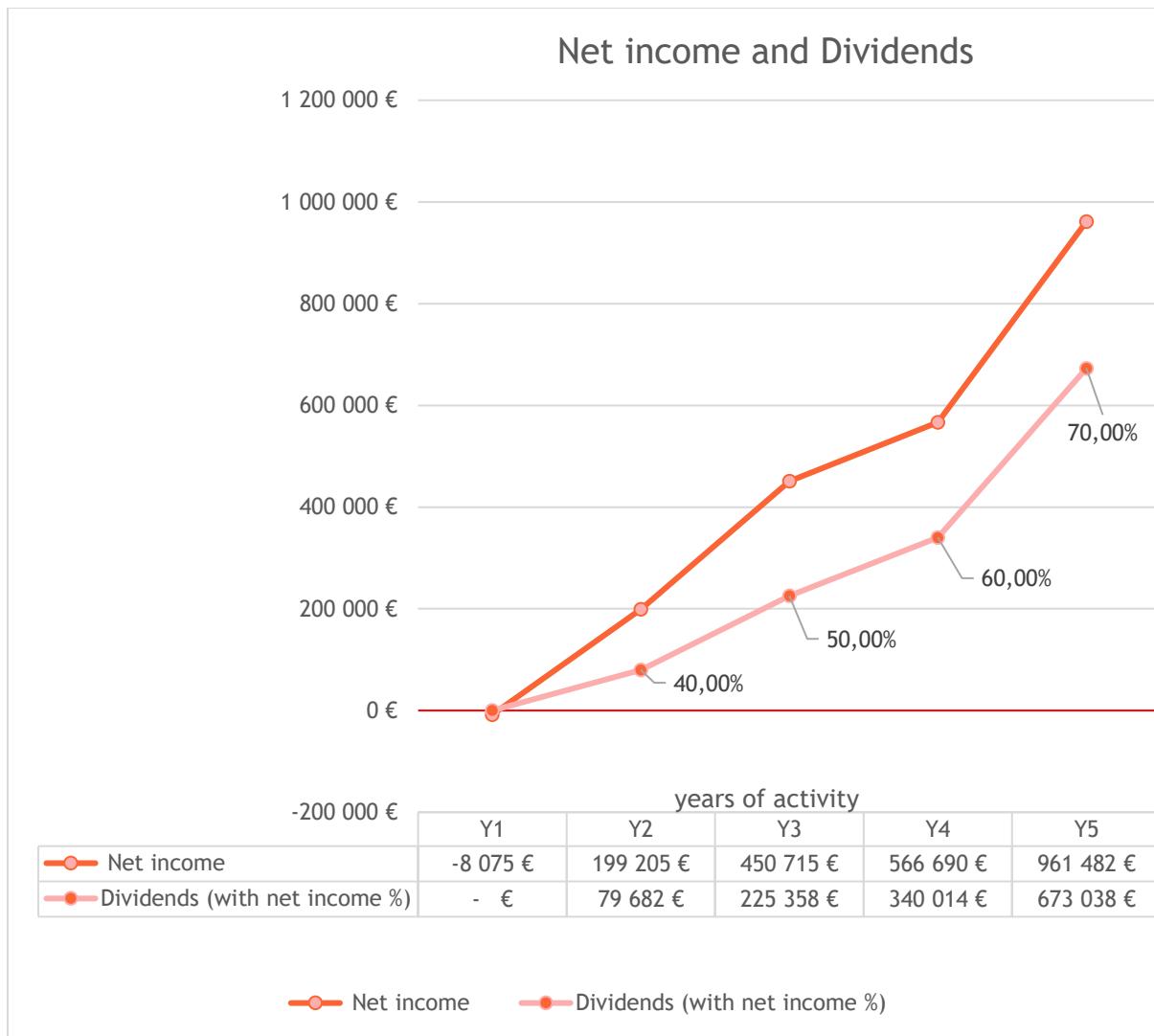


Figure VII. 14 : Net income and dividends

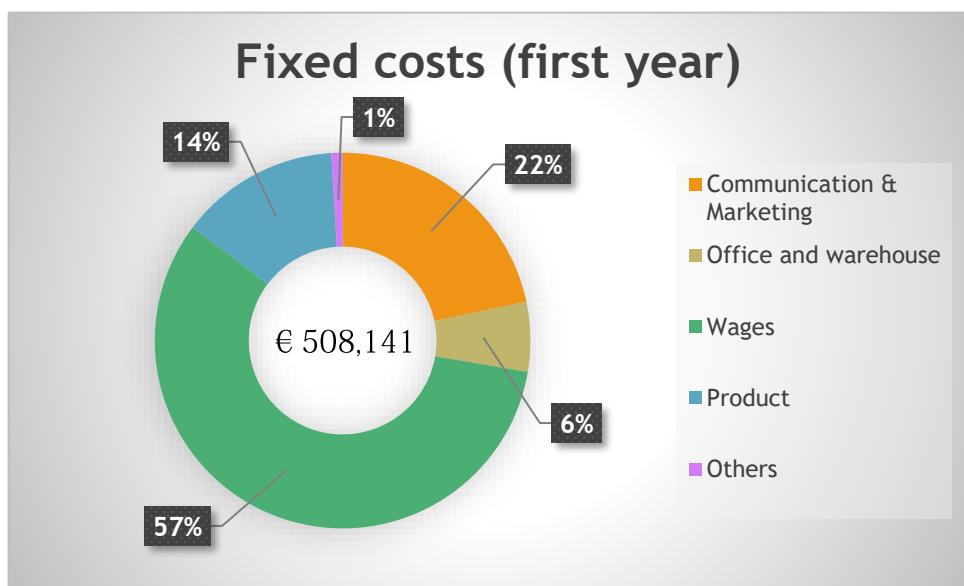


Figure VII. 15 : First year fixed costs distribution

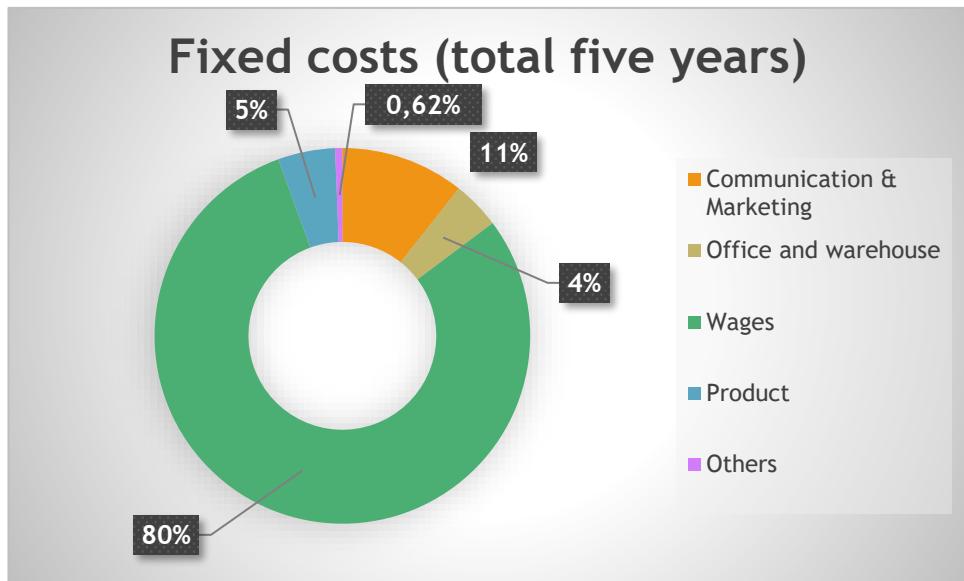


Figure VII. 16 : Fixed costs distribution over the five first years

### VII.5.6 Financial summary

Investors will help the company to start on the right way, by providing the key support for intense communication campaign and fixed assets that are necessary. In return, VULCANIX will pay them on an increasing percentage of the net income, making their initial invested money back within 2 years and 1 month.

In the low case, this duration is only 2 years and 11 months.

Furthermore, we keep a positive cash at the end of each year, and a good ROCE, which make our company not only safe, but also extremely profitable.

According to the low hypothesis, our cash is also always positive (page 42). And because we have less capital employed, we have a better capital productivity (although turnover is lower), and our ROCE even gets higher than in the high case, reaching more than 350% after 5 years.

Thus, we verified the viability of our project, while considering a fall-back scenario.

## VIII. Legal aspects

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### VIII. 1. Setting up a private limited company

The most appropriate legal status for a company like VULCANIX is the SAS, Société par actions simplifiées, or in English, Simplified Limited Liability Company.

A major advantage of SAS is its flexibility and the emphasis placed on freedom of contract, which allows us to write custom statuses. The SAS can be created by several partners who freely define the shared capital of the company. The capital contribution can be made either in cash (money) or in kind (real or personal property).

Shareholders are liable for debts to the extent of their contributions. As for the leaders, they may have their civil and criminal liability in case of serious mismanagement. Since Law No. 2008-776 of August 4, 2008 of the modernization of the economy, the legal system of SAS was relaxed. The requirement for a starting capital of € 37,500 has been removed, and there are now no more minimum capital to have. Pursuant to Article L. 227- 2 of the Commercial Code, it now belongs to the founding partners of SAS to freely determine the amount of capital in the statutes. Moreover, the presence of an auditor became optional in SAS.

Besides, all the executives are assimilated as employees, and thus, benefit from social welfare planned by the general social security system.

For all these reasons we have chosen to create a SAS rather than a company with a different legal form.

### VIII. 2. Ownership

The company has members (people) who own the company through shares.

Directors are responsible for running the company. However, owning company shares is not mandatory for these executives.

The responsibility of the company lies in its shares. It means that the shareholders's responsibility for the company's financial liabilities are limited by the value of the shares they own.

Every financial year, the company has to put together statuary accounts, send an annual report to Greffe au tribunal de Commerce (Registry at the Commercial Court).

### VIII. 3. Profit and tax

When the company is making profit, after the corporate tax is paid, the company can share its profits.

#### VIII.3.1 Registering a limited company

It is possible to register a private limited company online on the following website: <http://www.cfenet.cci.fr/>. One needs the company's name and address, as well as the directors's names and addresses, the various shareholders's positions and the required capital.

#### VIII.3.2 Filing the company's accounts tax return

One may complete the company's accounts tax return online: [www.impots.gouv.fr](http://www.impots.gouv.fr). In order to do so, it is required to register by using the SIREN code supplied by the Chambre des Métiers (Chamber of Trade) in our case: the SIREN number is your unique French business identification number. This 9-digit number will be requested by all French administration when dealing with you. Complete company accounts and the corporations complete tax calculations are required.

### VIII. 4. Authors's rights

“Author’s rights” is used in European Union Law, and is only part of copyright law. Authors’ rights are internationally protected by the Berne Convention for the Protection of Literary and Artistic Works.

### VIII. 5. Trademark

A logo makes a brand recognizable. Anyone who wants to trademark a logo needs to apply through the Institut national de la propriété industrielle (National Institute of Industrial Property) (INPI). If a trademark is granted, it will be added to the INPI database.

The trademark registration is valid for 10 years in the countries where it is registered. The trademark can be renewed every 10 years for the same period.

## VIII. 6. Employed staff

To spread our workload, expand production and take advantage of skills and expertise, the following must be taken into account :

The salary that the company wants to pay must respect the national minimum wage and must be written in the employment contract.

Employees must be legally allowed to work.

## VIII. 7. Register employees with Work inspection

We must send job specifications to employees that include terms and conditions.

We will constitute a unique employees register that gives for each employee : Name, nationality, date of birth, gender, work position, qualification, hiring date.

## IX.

## Conclusion

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This project has got ambition and a lot of guts. Nowadays, participating to incentive seminars is getting very common for modern companies, but thanks to our market analysis, we targeted a new way of doing it : by combining pondering, handcraft, and of course sensation, we can offer the most complete teambuilding experience. We strongly believe in the viability of our project : the benefit expectations for the first years and the many possibilities we identified to expand our market are proofs of a serious company that could be launched right away.

VULCANIX is the perfect balance between high sensation and an affordable budget (around €2,000 per person). Our customers will discover something new, something original, something sensational they will talk about. VULCANIX vocation is to create a striking experience into people's head to gain their loyalty and trust.

The association where this project comes from, EPSA, has always had a politic opened to educational profit and being the first step for its members to launch a company is the ultimate step. Its members are used to work together and to be efficient, no matter what are the obstacles. This is a strength that will help our team launch this company and make it successful.

To make this dream possible, we need investors's support. This document precisely showed how their money will be used and why it is worth it to become a shareholder. So why not join the adventure, and make money in the same time ?

# X. Appendix

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## X.1 Financial aspects : the low hypothesis

### X.1.1 Fixed costs

Furniture	Furniture quantity in low hypothesis				
	Y1	Y2	Y3	Y4	Y5
desk	4	0	0	2	3
printer	1	0	0	0	1
computer	4	0	0	2	3
screen for computer	4	0	0	2	3
shelf (for the headquarter)	2	0	0	1	2
rack (for the warehouse)	2	0	1	1	1
TV	0	0	0	0	1
Low hypothesis					
Fixed Costs	Y1	Y2	Y3	Y4	Y5
Communication	€ 100 000	€ 50 000	€ 60 000	€ 40 000	€ 40 000
Car exhibition	€ 30 000	€ 20 000	€ 20 000	€ -	€ -
Direct marketing	€ 20 000	€ 20 000	€ 30 000	€ 30 000	€ 30 000
Inauguration Day	€ 30 000	€ -	€ -	€ -	€ -
Webmarketing	€ 20 000	€ 10 000	€ 10 000	€ 10 000	€ 10 000
Real Estate	€ 23 640	€ 23 945	€ 24 256	€ 24 573	€ 32 170
Office rental	€ 8 520	€ 8 690	€ 8 864	€ 9 041	€ 9 222
Warehouse rental	€ 6 720	€ 6 854	€ 6 991	€ 7 131	€ 14 548
Insurance	€ 8 400	€ 8 400	€ 8 400	€ 8 400	€ 8 400
Wages (*)	€ 297 570	€ 333 970	€ 400 482	€ 666 023	€ 812 145
Net annual wages	€ 163 500	€ 183 500	€ 220 045	€ 365 947	€ 446 234
Employee contribution (28% of net)	€ 45 780	€ 51 380	€ 61 613	€ 102 465	€ 124 945
Employer contribution (54% of net)	€ 88 290	€ 99 090	€ 118 824	€ 197 611	€ 240 966
Reference car	€ 50 000	€ -	€ -	€ -	€ -
Furniture (*)	€ 6 061	€ 1 136	€ 1 554	€ 3 027	€ 6 220
Furniture on purchase	€ 4 925	€ -	€ 400	€ 2 350	€ 4 425
Depreciation	€ 1 136	€ 1 136	€ 1 154	€ 677	€ 1 795
Company car for commercials	€ -	€ 22 714	€ 2 714	€ 25 429	€ 5 429
Car on purchase	€ -	€ 20 000	€ -	€ 20 000	€ -
Depreciation (salvation value = 1000€)	€ -	€ 2 714	€ 2 714	€ 5 429	€ 5 429
Parts & kits	€ 20 000	€ 10 000	€ 10 000	€ 20 000	€ 30 000
Toolings	€ 1 000	€ 1 000	€ 1 000	€ 2 000	€ 3 000
Website	€ 12 000	€ 500	€ 500	€ 500	€ 500
Others	€ 6 270	€ 6 095	€ 6 121	€ 6 148	€ 6 175
Office electricity	€ 250	€ 255	€ 260	€ 265	€ 271
Telephone + Internet	€ 1 020	€ 1 040	€ 1 061	€ 1 082	€ 1 104
Accounting firm	€ 4 800	€ 4 800	€ 4 800	€ 4 800	€ 4 800
Brand deposit	€ 200	€ -	€ -	€ -	€ -

Figure X. 1 : Global fixed costs (low hypothesis)

## X.1.2 Variable costs

Variable costs are exactly the same as in the high case.

## X.1.3 Profit and losses

Seminar type	Volume				
	Y1	Y2	Y3	Y4	Y5
12 to 14 people	4	7	10	13	15
15 to 19 people	6	9	13	16	21
20 to 25 people	8	12	18	21	30
Total	18	28	41	50	66

Figure X. 2 : Sales volumes (low hypothesis)

Seminar type	Sales revenues				
	Y1	Y2	Y3	Y4	Y5
12 to 14 people	84 120	154 413	231 886	317 291	411 931
15 to 19 people	154 680	243 531	370 027	479 812	709 791
20 to 25 people	269 573	424 708	670 594	825 098	1 330 862
Total Sales Revenue [A]	508 373	822 652	1 272 507	1 622 201	2 452 584

Seminar type	Cost of sales				
	Y1	Y2	Y3	Y4	Y5
12 to 14 people	44 120	77 413	110 886	120 666	139 681
15 to 19 people	70 680	106 281	153 902	158 112	208 153
20 to 25 people	100 240	150 708	226 594	220 123	315 362
Total Cost of Sales [B]	215 040	334 402	491 382	498 901	663 196

Gross Profit [C=A-B]	293 333 €	488 250 €	781 125 €	1 123 300 €	1 789 388 €
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Figure X. 3 : Sales profit (low hypothesis)

	Operating Expenses				
Sales and Marketing	Y1	Y2	Y3	Y4	Y5
Car exhibition	30 000 €	20 000 €	20 000 €	0 €	0 €
Direct marketing	20 000 €	20 000 €	30 000 €	30 000 €	30 000 €
Inauguration Day	30 000 €	0 €	0 €	0 €	0 €
Webmarketing	20 000 €	10 000 €	10 000 €	10 000 €	10 000 €
Total Sales and Marketing Expenses [M]	100 000 €	50 000 €	50 000 €	40 000 €	40 000 €
Research and Development	Y1	Y2	Y3	Y4	Y5
Technology licenses	0 €	0 €	0 €	0 €	0 €
Brand deposit	200 €	0 €	0 €	0 €	0 €
Total Research and Development Expenses [N]	200 €	0 €	0 €	0 €	0 €
General and administrative	Y1	Y2	Y3	Y4	Y5
Wages and salaries	297 570 €	333 970 €	400 482 €	666 023 €	812 145 €
Electricity	250 €	255 €	260 €	265 €	271 €
Rent	23 640 €	23 945 €	24 256 €	24 573 €	32 170 €
Phone + Internet	1 020 €	1 040 €	1 061 €	1 082 €	1 104 €
Website	12 000 €	500 €	500 €	500 €	500 €
Furniture	6 061 €	1 136 €	1 554 €	3 027 €	6 220 €
Reference car	50 000 €	- €	- €	- €	- €
Parts & kits	20 000 €	10 000 €	10 000 €	20 000 €	30 000 €
Toolings	1 000 €	1 000 €	1 000 €	2 000 €	3 000 €
Company car for commercials	- €	22 714 €	2 714 €	25 429 €	5 429 €
Total General and Adminstrative Expenses [O]	411 541 €	394 561 €	441 828 €	742 899 €	890 838 €
<b>Total Operating Expenses [P=M+N+O]</b>	<b>511 741 €</b>	<b>444 561 €</b>	<b>491 828 €</b>	<b>782 899 €</b>	<b>930 838 €</b>

Figure X. 4 : Operating expenses (low hypothesis)

Income from Operations [I=C-P]	-218 408 €	43 689 €	289 297 €	340 401 €	858 549 €
	Taxes				
Taxes	0 €	14 563 €	96 432 €	113 467 €	286 183 €
Total Taxes [S]	0 €	14 563 €	96 432 €	113 467 €	286 183 €
Net Profit [T=I-S]	-218 408 €	29 126 €	192 865 €	226 934 €	572 366 €

Figure X. 5 : Net profit (low hypothesis)

#### X.1.4 Fiancial analysis : Input data

low hypothesis					
	y1	y2	y3	y4	y5
Turnover	508 373 €	822 652 €	1 272 507 €	1 622 201 €	2 452 584 €
Cost of sales	215 040 €	334 402 €	491 382 €	498 901 €	663 196 €
Depreciation	1 136 €	3 851 €	3 869 €	6 105 €	7 723 €
Operating expenses (cash)	510 605 €	440 710 €	487 959 €	776 794 €	923 615 €
Fixed assets investment	4 925 €	20 000 €	400 €	22 350 €	4 425 €
Working capital requirement (days)	23	21	16	11	6
Circuit reservation					
Supplier delay of paiement	23	21	16	11	6
Delay for finding a customer	7	7	8	9	9
Client delay of paiement	15	14	12	9	5
Days for WCR calculation					
					365,25

Figure X. 6 : Input data (low hypothesis)

### X.1.5 Statement of income

Statement of Income	Y1	Y2	Y3	Y4	Y5
Turnover	508 373 €	822 652 €	1 272 507 €	1 622 201 €	2 452 584 €
- Sales & operating expenses (cash)	725 645 €	775 112 €	979 341 €	1 275 695 €	1 586 811 €
- Depreciation	1 136 €	3 851 €	3 869 €	6 105 €	7 223 €
= Operating income	- 218 408 €	43 689 €	289 297 €	340 401 €	858 549 €
- Financial expense	4 500 €	3 600 €	2 700 €	1 800 €	900 €
= EBT (Earning before taxing)	- 222 908 €	40 089 €	286 597 €	338 601 €	857 649 €
- tax	- €	13 363 €	95 532 €	112 867 €	285 883 €
= Net income	- 222 908 €	26 726 €	191 065 €	225 734 €	571 766 €
Nopat (net operative profit after taxes)	- 145 605 €	29 126 €	192 865 €	226 934 €	572 366 €

Figure X. 7 : Statement of income (low hypothesis)

### X.1.6 Cash flow statement

Cash flow statement	Y1	Y2	Y3	Y4	Y5
NOPAT	- 145 605 €	29 126 €	192 865 €	226 934 €	572 366 €
+ Depreciation	1 136 €	3 851 €	3 869 €	6 105 €	7 223 €
- Change in Working capital	32 013 €	47 298 €	55 743 €	48 855 €	40 289 €
Operating Cash Flow (1)	- 176 482 €	- 14 322 €	140 991 €	184 184 €	539 301 €
Cash flow from investing (2)	4 925 €	20 000 €	400 €	22 350 €	4 425 €
Free Cash flow (3) = (1) - (2)	- 181 407 €	- 34 322 €	140 591 €	161 834 €	534 876 €
Capital increase	200 000 €		- €	- €	- €
- Dividends	- €	10 690 €	95 532 €	135 440 €	400 236 €
- as percentage of Net Income	40,00%	40,00%	50,00%	60,00%	70,00%
+ New loan	75 000 €			- €	- €
- Loan repayment	15 000 €	15 000 €	15 000 €	15 000 €	15 000 €
- Interest charge	4 500 €	3 600 €	2 700 €	1 800 €	900 €
+ Tax shield on interest charge	1 500 €	1 200 €	900 €	600 €	300 €
Cash flow from financing (4)	257 000 €	- 28 090 €	- 112 332 €	- 151 640 €	- 415 836 €
Cash beginning of year	- €	75 593 €	13 181 €	41 440 €	51 634 €
+ Change in cash position (3) + (4)	75 593 €	- 62 412 €	28 258 €	10 194 €	119 039 €
Cash end of year	75 593 €	13 181 €	41 440 €	51 634 €	170 673 €

Figure X. 8 : Cash flow statement (low hypothesis)

## X.1.7 Balance sheet & indicators

Balance sheet		Beginning	End Y1	End Y2	End Y3	End Y4	End Y5
Fixed assets (net)		4 925 €	3 789 €	19 938 €	16 469 €	32 714 €	29 916 €
Cash		195 075 €	75 593 €	13 181 €	41 440 €	51 634 €	170 673 €
Working capital (€)		195 075 €	107 606 €	60 480 €	97 183 €	100 488 €	210 962 €
Capital employed		200 000 €	111 395 €	80 418 €	113 652 €	133 203 €	240 878 €
Equity		200 000 €	- 22 908 €	- 6 872 €	88 660 €	178 954 €	350 484 €
Share capital		200 000	200 000	200 000	200 000	200 000	200 000
Retained earnings		- /	- 222 908 /	- 206 872 /	- 111 340 /	- 210 461 /	150 484 /
Financial Debt		- €	60 000 €	45 000 €	30 000 €	15 000 €	- €
Total CE financing		200 000 €	37 092 €	38 128 €	118 660 €	193 954 €	350 484 €

Figure X. 9 : Balance sheet (low hypothesis)

Financial analysis		Y1	Y2	Y3	Y4	Y5
Fixed assets as % of sales		0,7%	2,4%	1,3%	2,0%	1,2%
Working capital as % of sales		38,4%	13,1%	4,8%	6,0%	4,1%
Capital productivity (turnover/capital employed)		4,56	10,23	11,20	12,18	10,18
Operating margin (operating income/turnover)		-43,0%	5,3%	22,7%	21,0%	35,0%
ROCE end of year, before tax		-196,1%	54,3%	254,5%	255,6%	356,4%

Figure X. 10 : Financial analysis (low hypothesis)