

# Solar Power Systems Inc

*Entrepreneurship & ethics*



*Our mission: Cleaner energy for a brighter future*



## Management Report for the past 6 months



**IBM Universities Business Challenge 2016**  
**Round One Company Management Report – START POSITION**

**The following company Management Report gives the financial performance of Solar Power Systems Inc and how the business has been managed during the 6 months before you start running the company.**

**All teams have the same financials at the start of the simulation which is why the Competitive Market Information and Balance Sheet for all 8 teams in the Management Report are the same.**

**Guidance on the various sections in the Management Report can be found in the Simulation Guide.**

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## Round One Company Management Report – START POSITION

Company Selling Prices	
<i>Product AW</i>	£52
<i>Product AI</i>	£46
<i>Product AC</i>	£0
<i>Product DI</i>	£78
<i>Product DC</i>	£0

Company Information		
	<i>Marketing</i>	<i>Product Devt</i>
<i>Product AW</i>	£200,000	
<i>Product AI</i>	£180,000	
<i>Product DI</i>	£300,000	
<i>Product Alpha</i>		£100,000
<i>Product Delta</i>		£300,000

Materials Bought and Stock			
	<i>Units</i>	<i>Cost</i>	<i>U.Cost</i>
B/Forward	113,000«	£963,000	
	PRTB1»		
Purchases	600,000	£5,010,000	£8.35
Sub Total	713,000	£5,973,000	£8.38
Used	550,000	£4,607,500	£8.38
C/Forward	163,000	£1,365,500	

Total Market Information		
	<i>Marketing</i>	<i>Product Devt</i>
<i>Product AW</i>	£1,600,000	
<i>Product AI</i>	£1,440,000	
<i>Product DI</i>	£2,400,000	
<i>Product A</i>		£800,000
<i>Product D</i>		£2,400,000

Finished Goods Production and Stocks - Product Alpha			
	<i>Units</i>	<i>Cost</i>	<i>U.Cost</i>
B/Forward	16,000	£422,950	
Production	300,000	£7,875,000	£26.25
Sub Total	316,000	£8,297,950	£26.26
Sold	270,930	£7,114,440	£26.26
C/Forward	45,070	£1,183,510	

Finished Goods Production and Stocks - Product Delta			
	<i>Units</i>	<i>Cost</i>	<i>U.Cost</i>
B/Forward	30,300	£1,599,470	
Production	125,000	£6,562,500	£52.50
Sub Total	155,300	£8,161,970	£52.56
Sold	75,200	£3,952,220	£52.56
C/Forward	80,100	£4,209,750	

Company Market Statistics					
	<i>Orders</i>	<i>Sales</i>	<i>Additional Sales</i>	<i>Total Sales</i>	<i>Sales Revenue</i>
<i>Product AW</i>	217,490	217,490	0	217,490	£11,309,480
<i>Product AI</i>	53,440	53,440	0	53,440	£2,458,240
<i>Product AC</i>	0	0	0	0	£0
<b>Total</b>	<b>270,930</b>	<b>270,930</b>	<b>0</b>	<b>270,930</b>	<b>£13,767,720</b>
<i>Product DI</i>	75,200	75,200	0	75,200	£5,865,600
<i>Product DC</i>	0	0	0	0	£0
<b>Total</b>	<b>75,200</b>	<b>75,200</b>	<b>0</b>	<b>75,200</b>	<b>£5,865,600</b>

Total Market Statistics		
	<i>Orders</i>	<i>Sales</i>
<i>Product AW</i>	1,739,920	1,739,920
<i>Product AI</i>	427,520	427,520
<i>Product AC</i>	0	0
<b>Total</b>	<b>2,167,440</b>	<b>2,167,440</b>
<i>Product DI</i>	601,600	601,600
<i>Product DC</i>	0	0
<b>Total</b>	<b>601,600</b>	<b>601,600</b>

Product/Market Key	
<b>AW:</b>	<i>Product Alpha Wholesale Market</i>
<b>AI:</b>	<i>Product Alpha Industrial Market</i>
<b>AC:</b>	<i>Product Alpha Contract Market</i>
<b>DI:</b>	<i>Product Delta Industrial Market</i>
<b>DC:</b>	<i>Product Delta Contract Market</i>

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## Round One Company Management Report – START POSITION

Profit and Loss A/C for Period	
Total Sales Revenue	£19,633,320
<i>Deduct Expenditure:</i>	
Cost of Goods Sold	£11,066,660
Production Fixed Costs	£3,300,000
Plant Depreciation	£357,500
Warehousing	£368,600
Carriage and Packing	£692,260
Cost Reduction	£0
Product Development	£400,000
Marketing	£680,000
Market Consultancy & Research	£0
Loan Interest	£960,000
Administration	£700,000
Bad Debts Written Off	£245,410
<b>Total</b>	<b>£18,770,430</b>
Profit before Tax	£862,890
Provision for Tax	£181,200
<b>Profit for Period</b>	<b>£681,690</b>

Balance Sheet	Company No. 1
Share Capital	£15,000,000
Loans	£12,000,000
Profit & Loss A/C	£5,681,690
Total Capital Employed	£32,681,690
<i>Represented by:-</i>	
Plant at Net Book Value	£2,535,000
Stock - Materials	£1,365,500
Stock - Finished Goods	£5,393,260
Debtors	£4,662,920
Cash	£20,306,210
Total Assets	£34,262,888
<i>Deduct:-</i>	
Creditors	£1,400,000
Taxation Reserve	£181,200
Total Current Liabilities	£1,581,200
Net Assets	£32,681,690

Data for Next Period
Unit Labour Cost - Product Alpha: £17.87
Unit Labour Cost - Product Delta: £35.74
Materials Buying Price £8.35 per unit
Above is after Cost Reduction of: 0.0%
Capacity Units Available: 550,000
Production Fixed Costs: £3,300,000
Product Development Product Alpha: 0.0%
Product Development Product Delta: 5.0%
Contract - Product Alpha: 0 units
Contract - Product Delta: 70,000 units
Maximum Loan: £25,000,000
Balance now available: £13,000,000
Pay £0 Tax next period
Tax on Losses Carried Forward £0
Product Image - Product Alpha: 1.00
Product Image - Product Delta: 1.00
Competitor Info price per category: £10,000

**See Company Management Report Comments:**

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**Round One Company Management Report – START POSITION**

**COMPETITIVE MARKET INFORMATION**

Market Selling Prices								
COMPANY	1	2	3	4	5	6	7	8
<i>Product Alpha (Wholesale)</i>	£52	£52	£52	£52	£52	£52	£52	£52
<i>Product Alpha (Industrial)</i>	£46	£46	£46	£46	£46	£46	£46	£46
<i>Product Alpha (Contract)</i>	£0	£0	£0	£0	£0	£0	£0	£0
<i>Product Delta (Industrial)</i>	£78	£78	£78	£78	£78	£78	£78	£78
<i>Product Delta (Contract)</i>	£0	£0	£0	£0	£0	£0	£0	£0

Market Statistical Data								
COMPANY	1	2	3	4	5	6	7	8
<i>Market Costs/Unit Alpha</i>	£1.40	£1.40	£1.40	£1.40	£1.40	£1.40	£1.40	£1.40
<i>Market Costs/Unit Delta</i>	£3.99	£3.99	£3.99	£3.99	£3.99	£3.99	£3.99	£3.99
<i>Orders Filled AW</i>	217,490	217,490	217,490	217,490	217,490	217,490	217,490	217,490
<i>Orders Filled AI</i>	53,440	53,440	53,440	53,440	53,440	53,440	53,440	53,440
<i>Orders Filled DI</i>	75,200	75,200	75,200	75,200	75,200	75,200	75,200	75,200
<i>Product Image this Period A</i>	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<i>Product Image this Period D</i>	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<i>Prod Devt % Next Period A</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Prod Devt % Next Period D</i>	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
<i>Production Capacity</i>	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000

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**BALANCE SHEETS FOR ALL COMPANIES**

<b>COMPANY</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
Share Capital	£15,000,000	£15,000,000	£15,000,000	£15,000,000	£15,000,000	£15,000,000	£15,000,000	£15,000,000
Loans	£12,000,000	£12,000,000	£12,000,000	£12,000,000	£12,000,000	£12,000,000	£12,000,000	£12,000,000
Profit & Loss A/C	£5,681,690	£5,681,690	£5,681,690	£5,681,690	£5,681,690	£5,681,690	£5,681,690	£5,681,690
Total Capital Employed	£32,681,690	£32,681,690	£32,681,690	£32,681,690	£32,681,690	£32,681,690	£32,681,690	£32,681,690
<i>Represented by:-</i>								
Plant at Net Book Value	£2,535,000	£2,535,000	£2,535,000	£2,535,000	£2,535,000	£2,535,000	£2,535,000	£2,535,000
Stock - Materials	£1,365,500	£1,365,500	£1,365,500	£1,365,500	£1,365,500	£1,365,500	£1,365,500	£1,365,500
Stock - Finished Goods	£5,393,260	£5,393,260	£5,393,260	£5,393,260	£5,393,260	£5,393,260	£5,393,260	£5,393,260
Debtors	£4,662,920	£4,662,920	£4,662,920	£4,662,920	£4,662,920	£4,662,920	£4,662,920	£4,662,920
Cash	£20,306,210	£20,306,210	£20,306,210	£20,306,210	£20,306,210	£20,306,210	£20,306,210	£20,306,210
Total Assets	£34,262,890	£34,262,890	£34,262,890	£34,262,890	£34,262,890	£34,262,890	£34,262,890	£34,262,890
<i>Deduct:-</i>								
Creditors	£1,400,000	£1,400,000	£1,400,000	£1,400,000	£1,400,000	£1,400,000	£1,400,000	£1,400,000
Taxation Reserve	£181,200	£181,200	£181,200	£181,200	£181,200	£181,200	£181,200	£181,200
Total Current Liabilities	£1,581,200	£1,581,200	£1,581,200	£1,581,200	£1,581,200	£1,581,200	£1,581,200	£1,581,200
Net Assets	£32,681,690	£32,681,690	£32,681,690	£32,681,690	£32,681,690	£32,681,690	£32,681,690	£32,681,690