



# **Business Plan for a Motorcycle Company**

Case: Brothers Auto Pvt. Ltd.

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Bachelor's Thesis

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<p>Abstract</p> <p>The success of any business depends upon its nature of business, place, customer preferences and ability to purchase, and its own good business plan. Understanding the current business trends, competitors and customers are key challenges of any business these days. It requires a strong business plan that helps to analyze its current market, its key challenges and opportunities and make a future business strategy.</p> <p>The purpose of this thesis was to make a business plan for Brother`s Auto. The company is a medium sized company that sells new motorbikes, spare parts and provides maintenance service of HH Bajaj brand in Gongabu, Kathmandu, Nepal.</p> <p>This thesis will give detailed information about business of Brother`s Auto Pvt. Ltd. and provides an analysis of Brother`s Auto business and raise awareness of the risks. This thesis will also give ideas on how to sustain and improve its business quality on the motorbike sector in Kathmandu, Nepal.</p>			
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## 1 INTRODUCTION

Planning is the time management technique that prepares us to take action to achieve certain goal. Effectively designed plan reduce time and effort to achieve goal. Business plan includes all the information about the company, its mission, vision, operations, its market, competition, possibility of future growth and challenges, management, and finance in detail. It is a map that can always be matched to analysis where the company is, where to go and what needs to be done to achieve its projected goal. Business plan also prepare the company for the uncertain risk and challenges and help the management to take necessary action to overcome those risk and challenges. (Burns-Millyard, 2015)

A good, carefully crafted business plan helps to increase efficiency, reduce business-related risk, helps to coordinate properly between management and staff, provides right direction to the company, helps to keep control over its action and activities, helps to achieve company objectives, motivates the staff, encourage creativity and innovation, and helps in making decision. (Akrani, 2012)

The researcher doing this research has had internship in the case company (Brothers Auto Pvt. Ltd.) in 2013. Working with the case company in past, provides the depth knowledge about the case company and its business. Thus, this Business Plan will reflect his first hand experience which adds value to this business plan report.

The case company, Brothers Auto Pvt. Ltd. was established in July 2007 AD. It is located in the heart of Kathmandu (Gongabu), the capital city of Nepal. The owner of the company is Mr. Suman Sapkota and he had experience of more than 10 years in Automobile industry with the business degree prior to open his own business. Also, the Manager of the company Mr. Binod Chaulagain had business degree with more than 5 years of experience prior joining the company. Both the owner and manager are young, energetic, career focused that has driven the company toward success. Brothers Auto Pvt. Ltd. main business is automobile business. The main business activity of this company is to sell new Bajaj motorcycle in its location premises. The other business of this company is that it provides Bajaj motorcycle exchange services, repair services to its customer, sales of Bajaj motorcycle spare parts, and re-sale old motorcycle. (Sapkota, 2014)

This report includes mainly three sections: The first section describes Theory on Business Planning (Executive summary, Background, Mission, Vision, Objectives and

Action plan, Organization plan, Operation plan, Market analysis, Marketing and Marketing Strategy, Financial Plan and Risk management), Second section is case business plan for Brother's Auto Pvt. Ltd. where all the theory apply in practice to make real sound business plan. The final section includes conclusion of the report and summary which is expected to provide the information about the business plan to the reader.

## 2 BUSINESS PLANNING

A business plan is a written plan for a business that describes how a business idea will be put into use. It is a roadmap for the business that outlines goals and details the plan to achieve those set goals. It describes what we plan to do and how we plan to do. It helps management to understand the current situation of the business and make plan for the future. Business plan helps to understand weather the business is profitable or not that helps to make the future strategy in order to make it profitable and also helps to increase the achievement possibility. It can be updated when need-ed. (Zwilling, 2015)

A business plan is a formal document that describes the goal of a business and plan to achieve it. A startup plan includes executive summary, management team, company description, product or service description, mission statement, market analysis, marketing plan, financial plan. It describes what the business is, objective of business, location of business, when and how it operates, and possible risks. A good business plan provides the means that can determine the sustainability of business idea. It also helps to raise funds for the business, explain the value of the company and the growth plan. It explains where the business is heading, methods to achieve set goals, necessity of product and services in the market. Most importantly, it is the only document that can be presented to the potential investor and banks to get capital investment, not only in the early stages but also when expanding the business. A business plan plays vital role on showing paths to tackle the problem if it arises in the future. (Cost Effective solution, 2013)

The following components should be includes and explain in a business plan.

### 2.1 Executive summary

The executive summery is the most important part of a business plan. It tells what the business is about, when the business formed and the founder information and their role in business, location and employee information, information about the product and services that the business provides, information about the bank and investors, where the business is, where we want to take it and why it will be successful. It should also highlight the strength of the overall business plan. (Small Business Administration USA, 2012)

## 2.2 Background, Mission, Vision, Objectives and Action plan

The **background** contains the basic details of a company such as history, product and services, location, target segment etc. it also includes the mission statement and details of startup expenses. (Master plans, 2015)

**An organization's mission statement is** a statement that tells the purpose and the reason for the company's existence. To achieve the company's overall goal it provides the context & framework. It helps guide decision making internally. It is designed carefully to articulate the goals and philosophies of a company. A mission statement helps to keep the company on track. Purpose of the organization must be expressed that inspires support and ongoing commitment. It should motivate to those that are connected to the organization and to those that the organization hopes to influence. (Fallon, 2015)

A **Vision** statement helps to communicate a company goal to its employee and management in a sentence or in a paragraph. It is a tool that inspires product development and strategic decision making. It tells where the company is and on that basis it is easy to make intermediate and long term plan. (Arline, 2014)

An **objective** is one of the important parts of business plan. An expected result and activities are specified so that it can be tracked easily. Objectives can be performance of staff, business performance, customer satisfaction, profit and so on. It should also be defined the measurement method. (Yahoo small business, USA, 2014)

An **action** plan is a document which has a list of steps to achieve a specific goal. It clarifies what resources are needed to achieve the goal, formulate the timeline for the task that need to be completed and determines the resources that can be used. It breaks down big project or job into small part that is easy to manage. (Rouse, 2013)

## 2.3 Organization plan

A Formal Structure of an organization is the type of planned structure adopted by an organization. It defines the roles of each individual in the workplace. It also divides the role of an individual in a hierarchical manner, from top to bottom. Organization uses chart to simplify the structure that displays official lines of authority and communication within an organization. In an organization plan it is also important to select



the business structure, what legal form it will be using such as sole proprietorship, partnership, limited liability Company and corporation. (Conjecture Corporation, 2014)

**Sole proprietorship** is the most common form of starting a new business. An individual own the business and the owner is the only decision maker of the business. The person is liable for all the action and debts of the business and single beneficiaries of the profit generated from the business. (State of California Franchise Tax Board, USA, 2015)

A **partnership** is a business form that has two or more than two owners. Each partner contributes in all the aspect of business such as money, work or skill, property and shares the profit or loss from the business. There are three types of partnership, general partnership, limited partnership and joint ventures. (Small Business Administration, USA, 2015)

There are two types of **limited company** by the nature of its investment. Private company limited by guarantee is the business where shareholders back the organization financially up to specific amount. A company that issue share publicly to raise funds and its shares are traded publicly on share market is public limited company. (Government of UK, 2015)

A **corporation** is an entity that is owned by shareholders and a corporation itself is liable for all the debts and action. It is the complex business structure that has costly administrative expenses and complex tax and legal requirements. (Small Business Administration, USA, 2015)

## 2.4 Operation plan

Operation plan describes the physical requirements of the business such as business location, facilities and equipments. It may also include the information about inventory requirement and suppliers. Well organized operation plan help to run business smoothly. (Ward, 2015)

**Location** is the most important factors for the business. Various factors needs to be considered while selecting the business. In order to select the location, it is wise to assess the cost and benefits. Factors that need to be considered while selecting the location are market, transportation cost, land, labour, safety. (Business studies, UK, 2015)

Facilities and equipments: It is wise to make a list for the possible material, equipments and facilities that is required to run the business. For example, computer, software, phone, fax, vehicle, what kind of office design is suitable for its kind of business etc. (Business department, Australia, 2015)

**Inventory and cost:** Every organization holds stocks in some way. Organization has its own policy and strategy about the inventory management. To ensure regular flow of materials, it needs to forecast the demand as well. There should not be fewer inventories as it will not meet the demand and not more than needed as it will cost a lot for the company and causes damages. Organization input, output and stock in hand is very challenging task that company has to do. These day company stocks decline steadily as the inventory management is improving gradually. However, it is not the only reason for the declination of stocks. Various factors such as inflation, economic condition, currency value and competition have impact on it. In some cases companies over estimate demand and increase the stocks and will have to lower it upon realizing the fact. (Walters, 2003, 252)

It is essential to know the answer of the following question:

1. What to stock: organization should know what kind of materials or items it needs in future and stock to meet those needs. There are many options to make the decision such as quality of products or materials, price, durability etc. the information should be updated frequently to minimize the risk factors and take the advantage from it.
2. When to order: Inventory level should not be less or excess. Hence, it is wise to order in a systematic way. Forecasting the necessity using various methods is helpful. When making an order, companies should also consider value of the item, lead time, how reliable supplier is etc.
3. How much to order: should company order in a large amount or small. If company orders large, it will cost a lot for the material at once but low administrative cost and handling cost, and if company orders low then low cost for material and high administrative and handling cost.

(Walters, 2003, 256)

Operation plan also includes all information about the **supplier**. Having good supplier and maintaining good relationship with supplier is one key reason of business suc-

cess. Operation plan also includes trading hours, communication channels, payment methods credit policy and quality control. (Business department, Australia, 2015)

## 2.5 Market analysis

Business environment is the set conditions for the business where the business has to conduct. It is the combination of internal and external factors that can influence business performance. (Muhlbacher, Dahringer, Leihs, 2002, 50)

Business environment is the most important part of the economy as well as the society. It helps to gain the economy growth, creates job opportunities and provides goods and services for the consumption to the society. Business environment functions in an environment. The company has to constantly revise its policies to adapt with the new market environment. Business has to understand the relationship with the environment. If understand the environment correctly it can be an advantage or vice-versa. (Krishna Kanta Handiqui State Open University, India, 2011)

Market analysis is divided into two different segments which are micro and macro environment.

### 2.5.1 The Micro environment

The micro environments of businesses are competitors, customers, suppliers and public.

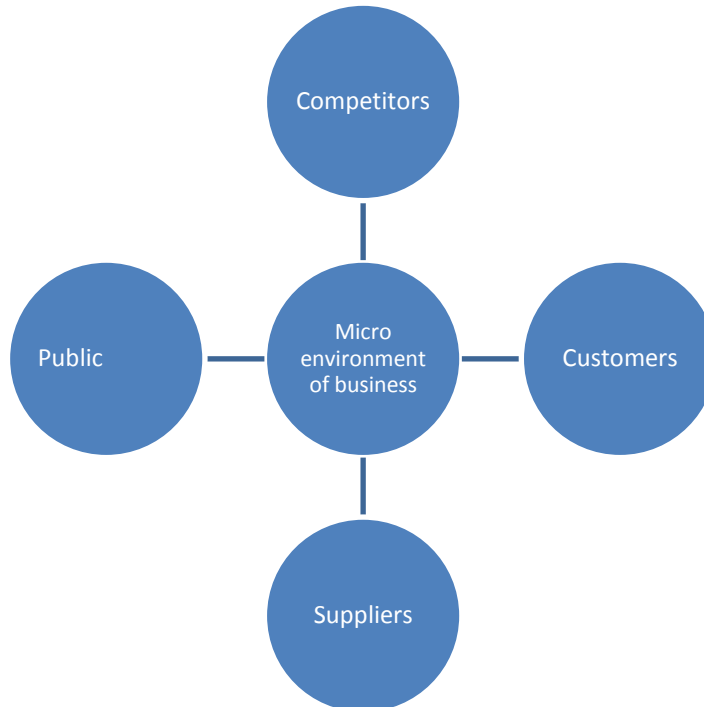


FIGURE 1: Micro environment of Business (Smriti, 2014)

**Competitors** are those who offer similar product or services to the consumer. In order to become successful, a company must provide better value and services improving label of customer satisfaction than its competitors. In general, a company is aware of current competitors and their strategy. However, there can be broader range of potential competitors that can hurt the company in future. The company must gain competitive advantage to win its competitors. (Kotler, Kelle, Mairead, Goodman & Hansen, 2009, 304-305)

There are different types of market competition. Pure competition means many companies competing with no significant advantage in the market. In an oligopoly, few company or organization controls the market of its kind. In oligopoly, market players are big and well known companies so that due to many barriers new company can't enter the market. Even though they enter into the market, it's really hard to survive in the oligopoly market for new business. In monopoly one single company control the whole market and there is no close substitute or alternatives. Monopolistic competi-

tion is the competition where one big firm or organization controls the most of the market share and the rest are by other small firms or business organization. (Richardson, 2014)

**Customers** are the most important part of the business. They determine the success or failure of the business. The main purpose of any organization is to fulfil and satisfy the need of its customer and the organization does not exist without customer. Customer needs are changing over time and company has to identify the trends of their customer to become a successful and to survive in the market. Every company has its own targeted or segmented customer and the company need to keep an eye on them. (Business case studies LLP, 2014)

**Suppliers** provide the resources that the company needs to produce goods or services. Thus the relation between supplier and the company is very important as it can directly affect the company outcome and determine its success. The more quality product with less price suppliers offers to the company, the more cheap and high quality of goods and services that company can offer to its customer. It is very important that the company maintain good relationship with its supplier as their bad relation can have direct affect to the company business. These days, companies are treating their suppliers as a partner and willing to have a long term relationships. (Board of trade of metropolitan Montreal, Canada, 2015)

**Publics** are any group or numbers of individuals having interest or impact in an organization's ability to achieve its goals and objectives. The company environment includes various types of public. **Financial public** might influence the company's ability to get and invest its fund. Such groups are banks, stockholders etc. A group which carry news, features, opinion for the company such as newspapers, magazines, TV station, internet media, and social media are **media publics**. **Government publics** refer to the administrating department of the states that set rules and regulation for running business and maintaining public faith. A company must be in contact to be updated with the changes. **Citizen-action publics** are those who often question the company about their action and decision. Those groups are consumer organizations, environmental groups, minority groups and other groups. **Local publics** are the neighbourhood residents and organizations. Usually a company has department or staff that deals with local publics issues. **A general public attitude for the company activities and product creates** an image of the company in a society and it can influence the buying decisions of customer. **Internal publics** are the group that are inside the company. Internal publics are workers, managers, board members etc.

A company uses various means of communication method to inform and motivate its internal publics. Motivated internal publics spread the positive image of the company outside as well. (Kotler & Armstrong, 2013, 97)

### 2.5.2 Macro environment

The macro environment includes broad environmental factors such as demographic, economic, natural, technological, political and cultural factors that are not in control of the company. These bring both opportunities and threats to the company. Company cannot change these factors rather needs to understand these factors and adapt into it. (Peter & Olson, 2005, 264-265)

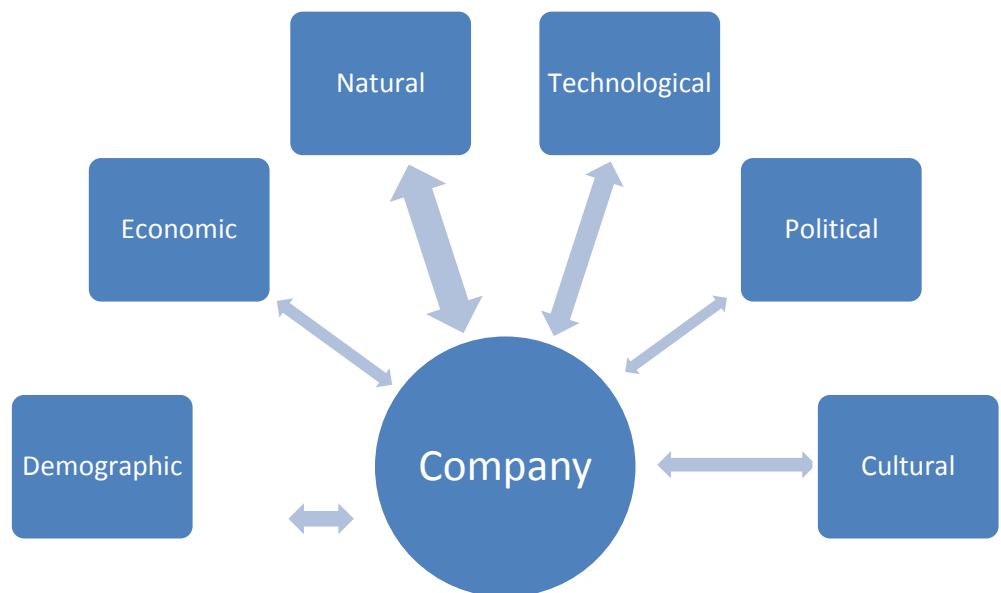


FIGURE 2: Major Forces in the Company's Macro environment (Armstrong & Kotler, 2013, 98)

**Demography** is the study of human that includes the size of population, density, location, age, gender, race, occupation. The market structure and size changes parallel with the demographic changes. Thus, to fit in the new market a company also changes its strategy. The changes pose both challenges and opportunities to the business. Buying behaviour could be changed when the age and family structure, migration, educational characteristics and the diversity of population changes. The company should be familiar with those changes to make the right business strategy to fit for the changing business trend and to survive in the new situation. (Armstrong & Kotler, 2013, 98)

**Economic** environment refers to the purchasing power of the customers that depends on their income level, prices, savings and credit availability. The company must be aware of the economy and the trends that have impact on people's purchasing power within their markets. Every nation has its own economic and income distribution level. Some countries have rich economy and some have moderate and poor economy. Rich economic countries provide high level of per capita with great purchasing power where as poor economic countries have low per capita income with unequal distribution of income and developing countries have moderate income distributions that underlie various opportunities to the marketers. For example, companies with expensive and luxurious products can focus those rich economic countries and the high income level people from developing countries. Changes in economic variables have a big impact on the market and companies need to watch these variables by using economic forecasting module to take advantage of changes in the economic environment. (Kotler, et al, 2009, 163)

Everything depends on the **natural environment**. Changes in the nature, its resources can have effects to the business. Business operation can pose threat to the nature and government passes law and control business activities to prevent any natural damages to the society. Business has to follow certain standard so that it won't impose any threat to nature and surrounding. Because of the government restriction or limitation, company operation may be affected and to ensure smooth operation of a business a company must look after alternatives such as moving to the country where no such laws are enforced for the business or reinvent its business with new resources that meets the set standards by the government. Natural resources are limited and scarcity of such material is serious issue these days. At the same time consumers are also aware of the effect of the product to the environment. People want environmental friendly product that has less or no impact on the nature and can be contaminated or destroyed with no hazard to the nature after use. Those companies with eco friendly features are likely to win consumers perception or those not complying eco friendly features are likely to lose their customers. Company which creates solution of environmental protection are the winner in the market. (Walker & Mullins 2011, 94-95)

**Technological environment** is such factor that might create new technologies and offer new product to market. Technology touches and shapes human life almost everywhere. New technology offer great opportunity to the company. Technological environment changes rapidly and new technology replace old ones. Ignoring new technology, the business can be down or lose the whole market. Marketers should watch

technological changes closely to keep up with the changes so that their products are not going outdated. To gain competitive advantage company must increase its R&D activities to bring innovation to its product and services and capture the new markets or keep its existing market share in the market. (Kotler, et al, 2009, 170)

The **Political environment** consists of laws, government agencies, and pressure groups that influence or limit various organizations and individuals in a given society. Many free market advocates also agree that the system works in its best when there is presence of at least some regulation. Well addressed regulation encourages fair competition and fair market for the goods and services. That is why government sets the regulation for the business and almost all the business activity is subjected to laws and regulations. There are many reasons for enacting the business regulation. Protecting companies from each other is the primary goal that prevents unfair competition. Another reason is to protect customer from unfair business practices and misguide customer through advertising, and protecting customer privacy. Another purpose is to protect the interest of society from unethical business behaviour. Business activity always does not guarantee the quality of life and such regulations ensure that the company take responsibilities for causes created by their business. Laws are changing rapidly and the company must be aware of those changes. Many actions that were legal previous year could not be legal anymore and many previous restrictions might be already lifted in a current situation or in the future. Knowing and adapting those changes might bring opportunities to the business for the long run in the market. However, laws and regulations always do not necessarily cover everything. Thus, businesses are also governed by social codes, rules. They should be protecting the long run interest of the customer and environment. Creating positive image of the company is vital and it can be done through exercising social responsibility, for example some portion from sales to the donations for the people who are facing shortage of food, providing education to the poor people, offering scholarship etc. (Armstrong & Kotler, 2013, 108-111)

**The cultural environment** deals with the values, attitudes, and behaviour of individuals in a given society. People carry values for a life time which they grow up with and that can have effects on markets. It defines the consumer preferences. A company need to understand people emotions, values, norms and behaviour to win customer perception and to offer friendly product or services that complies with their beliefs. This can be religion, tradition, language, style, dress. Respecting people in their own way brings respect back to the company and give positive image about the com-



pany which leads customer to buy products of such companies. (Kotler, et al, 2009, 164-165)

### 2.5.3 SWOT Analysis

A SWOT analysis helps to determine the future risks and potential opportunity for the business. The SWOT analysis stands for strength, weakness, opportunity and threat analysis of a business. The analysis can help to understand the challenges and help to find the opportunity the market has. It is crucial to know business strength that tells how the business can gain competitive advantage over its competitors in the market. Every business has its own weakness as well. It is vital to understand the weakness of a business so that the improvement can be made through changes and restructuring the business. Also, SWOT analysis provides the clear picture of opportunities that are arising in the market and threats from present competitors and emerging competitors in the market. (Berry, 2008)

<b>SWOT Analysis example</b>	
<p><b><u>Strengths</u></b></p> <ul style="list-style-type: none"> <li>- Good customer service reputation/creative solutions</li> <li>- Quality product</li> <li>- USP/Competitive edge</li> <li>- Strong team capability</li> <li>- Good database of prospect/customers</li> <li>- Clear niche</li> </ul>	<p><b><u>Weakness</u></b></p> <ul style="list-style-type: none"> <li>- Cash flow</li> <li>- Not enough sales staff</li> <li>- Suppliers unreliable</li> <li>- Small marketing budget/lack of experience</li> <li>- Technology/system need updating</li> <li>- No biz plan/goals/lack of direction</li> </ul>
<p><b><u>Opportunities</u></b></p> <ul style="list-style-type: none"> <li>- Competitors weak in a particular area</li> <li>- New niche markets</li> <li>- Fusion partners</li> <li>- New product development</li> <li>- Additional income stems</li> <li>- Could extent to new geographical area</li> </ul>	<p><b><u>Threats</u></b></p> <ul style="list-style-type: none"> <li>- New competitors</li> <li>- Seasonality</li> <li>- Future demand</li> <li>- Economy</li> <li>- Key staff leaving</li> </ul>

TABLE 1. SWOT analysis example (Business Coaching Insights, 2014)

## 2.6 Marketing and Marketing Strategy

Customers are essential part of business. In order to succeed the business, every business need to reach to the people with its product and services and satisfy their needs by providing what they need. Marketing includes all the activities that help to place company product or services to the potential customer hand. All the activities such as sales, public relation, pricing, packaging, distribution are part of marketing activities. (tenonline.org, 2014)

The official academic definition from The Chartered Institute of Marketing is “Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitability”. (The chartered institute of marketing, 2012)

Marketing mix are the components that are designed to capture a product or service selling points, which differentiate from its competitors. The components of marketing mix are Product, price, promotion and place. **Product** can be tangible or intangible which can fulfill a need and wants of customers. **Price** is the amount that customers pay in return for the product or services. Determination of a price has direct impact on profit margins, demand and supply. **Promotion** is wholesome action of advertising, public relations, social media marketing; email marketing etc that helps to spread information on company products or services to its potential customer. **Place** is the ideal location where maximum potential clients can convert into actual client. (Cleveland web design company, 2015)

## 2.7 Financial Plan

Finance is the most important part of every business. Financial matter is requiring for all purposes in business weather it is start up business or established one. Every business requires well backed finance to run the business. Financial plan shows the required investment, fund sourcing, estimation of cost and revenue. In order to make the financial plan clear, it should include estimated purchase and sales, profit and loss account, balance sheet, breakeven point (BEP) analysis. (Greene 2005, 12-13)

Profit and loss account: It is a summary of financial performance of a business over time for example monthly, quarterly and yearly that explain how business is performing. (Small Business Development Corporation, 2015)

Break even analysis: Break even analysis help to figure how much sales company needs to make in order to cover the cost. It is also helpful to set the price of products and services. To do this analysis, information required is fixed cost per unit, variable cost per unit, Average price per unit. (Debare, 2010)

Balance sheet: It is a financial statement that shows how much business worth at a time point. A standard balance sheet consists of asset, liability and owners equity. It provides information about what company own and owes. (e-economic, 2015)

## 2.8 Risk Management

Risk is everywhere in everything. We must tackle the risk to achieve the goal in life and in business. Risk management is the process of understanding the risk, evaluating the risk and addressing it in a proper manner to minimize the damages. There must be a rescue plan for any probable risk that comes in the near future. (The Institute of Risk Management, 2015)

### 3 BUSINESS PLANNING FOR BROTHER'S AUTO PVT. LTD.

The following business plan for Brother's Auto is for 2015. The business plan aim to provide all the information about its business, current situation, future goal to its management team and staff.

#### 3.1 Brother's Auto now

Brother's Auto Pvt. Ltd. was established in July 2007. The founder of Brother's Auto is Mr. Suman Sapkota who holds 100% share of this company. Mr. Suman Sapkota has had Bachelor Degree and 10 years of working experience prior to open his own business in the Automobile field. The owner is the final decision maker, who is also responsible for making strategy. The owner also involves in daily operation of the business. Location of the company is Ward no. 4, Gongabu, Kathmandu, Nepal. In 2015, 35 peoples are working in the company. All the staffs are specialized in related field of business. (Sapkota, 2014)

Main product of the Brother's Auto are: New motorbike under HH Bajaj brand, repair service of HH Bajaj motorbike, sales of spare parts of HH Bajaj motorbike, buying & reselling of used HH Bajaj motorbike. (Sapkota, 2014)

Initial investment from the owner was Fifty thousand euro and loan from Bank was Hundred thousand euro. In 2015, there is only Thirty thousand euro loan left to pay to the Bank. (Sapkota, 2014)

The business of Brother's Auto is much matured and is running with its 100% capacity. The company wishes to maintain the same situation during the year. Professional staff, quality and prompted services, one stop solution for the HH Bajaj motorbike brand, major location, and good brand dealership are the main reason for the company success. (Sapkota, 2014)

The overall business plan comes from the real situation with past experience that assures its success in applying in future as well.

Mr. Suman Sapkota who is the owner of the company has had 10 years of working experience in Automobile field. In 2007 he got accepted to run HH Bajaj dealership in Gongabu, Kathmandu, Nepal. HH Bajaj was already established brand in Nepal and motorbike business was booming in Kathmandu that inspire Mr. Sapkota to invest in

and have his own business that he can apply his knowledge and experience to establish himself as a successful business person while serving its best to its customer. Brother's Auto started to do business since July 2007 and the main business was to sell new HH Bajaj motorbike. Later, the business was expanded to maintenance service, sales of parts and exchange HH Bajaj motorbike. Showroom and maintenance facility are in centre of Gongabu and it is accessible from any part of Kathmandu within one hour. (Sapkota, 2014)

### 3.2 Plan for 2015

**Mission** of Brother's Auto is to provide best selling and maintenance services to its customer with reasonable price. To be a number one seller and maintenance service provider in the country (Nepal) is the **vision** of Brother's Auto.

The main **objectives** of Brother's Auto are smooth operation, Friendly environment, Professional attitude, High sales. Minimum 10% higher sales and profit than last year, Attract new customer, good relation with existing customer, Good relation with supplier and banks. After sales services, Friendly environment, immediate action for any customer problem relates with its product issues to satisfy its customer. An expected sale for year 2015 is 2 Million Euro and 4 hundred thousand profits.

#### Action Plan:

Strategies	Action plan	Responsible
Sales increase	Attract more customer by being presence in local happening, more active in social media, interact with existence customer, update website, Promotions and offers	Manager
Happy staff	Lunch facility, training, gifts, vacation package for best staff, better working environment	Management
Happy customer	Ask customer to know what makes them happy from the company, what change customer want from company, apply if possible	Management

TABLE2. Action plan for Brother's Auto

Brother's Auto is Sole Proprietor Company. The organizational chart of the company is as mention below.

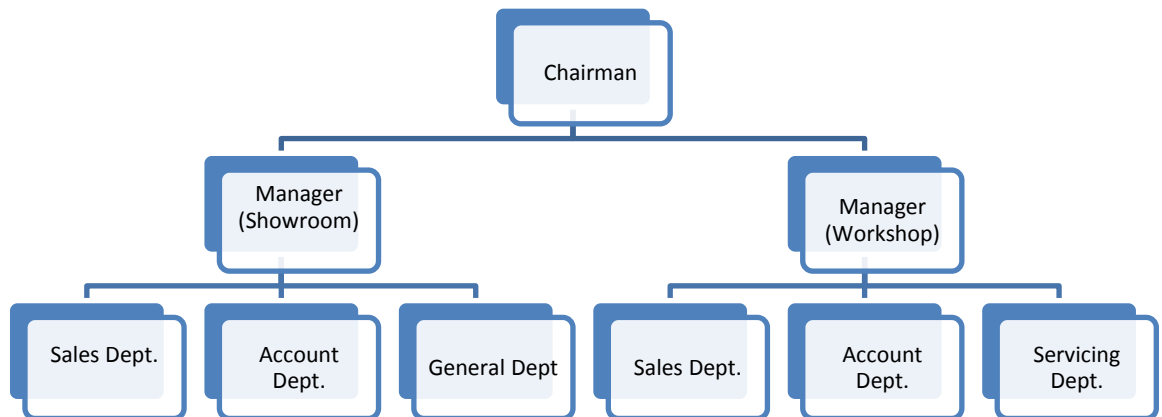


FIGURE 3: Brother's Auto organizational chart (Sapkota, 2014)

**Chairman** is responsible for whole business and is also final decision maker. **Managers** are responsible for the business operation and also for making strategies plan with Chairperson and applying them into business. Staffs in **sales department** are responsible in day to day sales operation, logistics management, sales report, sales forecast. **Account Department** is responsible for handling all the finance related matter (purchase, payment, receivable from customer, dealing bank, account record, account report for the manager). **General Department** provides assistance wherever needed in the company. An Engineer, mechanics, and helper who provides servicing and maintenance services work under servicing department.

Location of Brother's Auto is Gongabu ward no. 4, Kathmandu Nepal. Opening hours of company from 10 AM to 5 PM (Sunday to Friday) except public holiday. 35 people works for the company and it has planned to hire five more people in servicing department in near future as its business is expected to increase in 2015. (Sapkota, 2014)

Company has 6 computers out of which 2 need to replace urgently. It has 2 landline phone, 2 motorbikes and one fax machine. Account software Tally is used to record accounting matters. However, software for customer database need to be purchased.

The company has web access in office, WIFI. It has its own website which needs to update urgently. The company need to presence in social media like Facebook, Twitter, and Instagram etc to reach to more people and to communicate effectively. (Sapkota, 2014)

The company has plan to maintain its re-order level, at least two motorbikes each model, 10 times all the parts. Stocks will be stored inside the office premises. HH Bajaj is the sole supplier for Brother's Auto. (Sapkota, 2014)

Brother's Auto uses many **channels of communication** to communicate with its customers and suppliers. Methods used to communicate with its **customers** and potential customers are Person to person, telephone (in future email, social media) communication and with **supplier** using telephone, company email, meetings etc. (Sapkota, 2014)

Brother's Auto uses various **payment methods** to facilitate payment to its supplier and from its customer. Most common payment methods to pay to its supplier are cash, bank guarantee and local letter of credit. It accepts cash, cheque and delivery letter from Finance or Bank (in case of Financing) from its customers. (Sapkota, 2014)

Brother's Auto does not provide credit facility to its customers. All the transaction need to be in cash, bank cheque and delivery note from Finance or Bank. (Sapkota, 2014)

Technical **quality assurance** from original company, Brother's Auto will be mediator for any problem occurs with machines; chairman and managers often discuss with customer about the company performance and satisfaction and take action for improvement if necessary. (Sapkota, 2014)

Automobile business has pure **competition** in Nepalese market. The main competitors for Brother's Auto are dealers from others Motorbike brand or company that sell new motorbike and provide maintenance services, sales of parts in Kathmandu re-

gion of Nepal. Other motorbike company that has showroom in Kathmandu is Yamaha, Suzuki, Honda, Hero and Hartford. (Sapkota, 2014)

**Customers** are the most important part and heart for Brother's Auto business. Ensuring best services to the customer by providing good service, friendly environment, best possible low price, immediate action for complaints to resolve the problem, good maintenance possibility are the main strategy to win customer perception for Brother's Auto. Main customers for Brother's Auto are local residence of Kathmandu who likes to use motorbike with style and comfort. The customers are mainly 18 to 60 year old men. As per the company record, more than 15000 unit's of HH Bajaj motorbikes sold in Kathmandu last year, where Brother's Auto sold around 1100 units. (Sapkota, 2014)

HH Bajaj is the authorized dealer for Bajaj motorcycle in Nepal and sole **supplier** for Brother's Auto. The company was founded in 1998 under Golchha organization flagship. Golchha organization is the leading business organization in Nepal. The company has 81 distribution networks throughout Nepal with more than 220 staff. The company not only provides quality product and services but also offers varieties of sales offers, availability of spare parts in all corners of Nepal with the best after sales services. The company offers easy financing schemes and other services to its customers to boost the growth of motorcycle sales. (HH Bajaj,2014 )

**HH Bajaj** Nepal provides new motorbikes, spare parts. It also responsible transporting vehicle and spare parts to its dealer location and for setting the maximum retail price that includes commission. HH Bajaj also handles all the marketing activity such as advertising in TV, radio, magazines, newspaper, offers and discounts. HH Bajaj frequently trains Brother's Auto staff to keep them up to date for any new products and services it has for the brand. (Sapkota, 2014)

As per the 2011 census total **population** of Nepal was 26.6 million and the population of Kathmandu was 1.74 million. (Kantipur news, 2011)

Making good image of the company with Kathmandu residence is very important for Brother's Auto. HH Bajaj is responsible for informing about any news relating with the brand. However, Brother's Auto also deals with all concerns party very carefully in order to maintain good and fruitful relationship. Brother's Auto respect and apply laws and orders from the government, sentiment of people. Brother's Auto continuously improve its communication method, tools and channels to improve its relation with



Banks, publics, media, its staff. The main company (HH Bajaj) takes part in social activity as well. From every sale of new motor bike, Rs. 100 (1 euro) is donated for educational purpose to create better society. (HH Bajaj, 2015)

Kathmandu is a Valley and is highly dense. Density of Kathmandu was 4408/sq km in 2011. Population of Kathmandu has grown up 60.93 percent over ten years. It has brought more opportunities for the company. Motorbike is easily accessible anywhere even with the small road. Since the city is highly dense at the moment, if it decline in future, it could be effecting company sales growth. (Kantipur news, 2011)

Nepal is developing country and its **economic condition is** improving every year. Improvement on economic conditions improves people income which is good for the company. More and more people afford to buy motorbike than previous year. Motorbike is also necessary transportation method for individuals in Nepal. It is the most famous transportation method in the country. According to Department of Transport management (Government of Nepal) during 15 years 755546 vehicle are registered in Nepal where motorbike registration is 601951 that is 79.67% of overall vehicle. It clearly proves that people are more attracted to use motorbike than any other vehicle. (Department of Transport management, Nepal)

Competitors are constantly updating their product through innovation. **Technology** is changing rapidly which is the most challenging factor of business these days. Bajaj brand also update its product and service to fit in the market and maintain its current position in market. (HH Bajaj, 2015)

<b>Strengths</b>	<b>Weakness</b>
<ul style="list-style-type: none"> <li>- Good brand</li> <li>- Good reputation in market</li> <li>- Good cash flow</li> <li>- Skilled Manpower</li> <li>- Good infrastructure</li> <li>- Good location</li> <li>- High resale value of motorbike</li> </ul>	<ul style="list-style-type: none"> <li>- Proper lacking system for customer record</li> <li>- All the data are kept manually</li> </ul>
<b>Opportunities</b>	<b>Threat</b>
<ul style="list-style-type: none"> <li>- Increase in sales</li> <li>- After sales revenue (maintenance)</li> </ul>	<ul style="list-style-type: none"> <li>- New model from competitor</li> <li>- More and more competitor in the market</li> </ul>

TABLE3. SWOT analysis of Brother's Auto (Sapkota, 2014)

Brother's Auto staffs are well educated, trained, and professional and have better knowledge about automobile business and the location is excellent. Those are key strength of Brother's Auto business success. However, all the data are kept manually and there is no proper system to track customer record that is weak part of the company which needs to be addressed in the near future. (Sapkota, 2014)

Since, the sales of motorbike are increasing; there is better opportunity for Brother's auto to increase its sale by reaching to more people. All the motorbike that are sold need to be repaired in the future. Growth in maintenance revenue has high potentiality.

Motorbike models are changing over time and more competitors are arising in the market which is clear threat to Brother's Auto business. In order to tackle this potential threat, the company needs to be more innovative to grasp people attention.

Brother's Auto sells following new motorbikes of HH Bajaj brand from its showroom. It also provides maintenance service and spare parts sell for all these motorbike in its workshop. The range of motorbikes is targeted from 18 to 65 years old people and the aim is to cover those customers from budget rider to riding for passion. (Sapkota, 2015)

Product name		Price
Model	Capacity (cc)	In Euro
<b>Avenger DTSi</b>	220	2362.00
<b>Pulsar</b>	135 LS	1604.00
	150	2005.00
	180	2121.00
	200 NS	2486.00
	220 F	2406.00
<b>Platina</b>	100	1194.00
	125	1194.00
<b>Discover</b>	100 T	1390.00
	100 4G	1274.00
	125 T	1559.00
	125 (DISC Brake)	1524.00
	125 ST	1630.00
	150	1541.00
Spare parts: HH Bajaj sets price for spare parts.		

TABLE4. HH Bajaj product and price list (HH Bajaj, 2014)

Exchange rate between euro and Nepalese Rupees is 112.18 per euro on 26<sup>th</sup> February 2015 according to Nepal Rastra Bank. (Nepal Rastra bank, 2015)

Feature of **Avenger** motorbike includes low slung cruiser with a flamboyant chrome outlook to make it attractive. It provides comfortable ride with wider seat, special back rest, lowest center of gravity, engine is equipped with Bajaj patented DTSi technology which is known for optimum combustion and better performance. **Pulsar** motorbike series are mainly focus for youngsters which have strong wheels. It has stylist head-lamp, sharp tail and digital tachometer. **Platina** motorbike has various colors with chrome graphics. It is economic bike that gives high mileage. **Discover** motorbike series has great looks, stylist, graphics and contours, good looks and good mileage. (HH Bajaj, 2015)

HH Bajaj is responsible for all the **advertising and marketing** for the brand. For promotional reason Brother's Auto participate in local happening (sponsorship in local festival, tournament, advertise in local newspaper), paints of company in bus & taxi to become more visible in the local market. Brother's Auto informs customers about sales and offers through its own website and social media. Provide discount to those who buy new motorbike with Brother's Auto and to its repeat customer for mainte-

nance. Handover Company's leaflet to people in the area. Invite its customer and potential customer to join them in social media so that company can inform them about the offers and discount.

Be active in **social media**. Primary goal is to communicate with its existence and potential customer for all the offers, sales and happening of Brother's Auto. Also, provide expert advice to people who are curious about motorbikes or answering any question relates to Bajaj brand motorbikes.

People should be aware of Brother's business. By advertising in local media such as local news paper, FM can help Brother's Auto to reach more people. People those are in need of motorbike are the targeted people in advertise. Advertise includes business features of Brother's Auto and contact details that help people to understand what Brother's Auto does and can contact easily.

Participating in **local happening** by sponsoring can make the company more visible to people. It also proves that the company is socially responsible and helps to win people trust.

Marketing people can **visit** companies, offices; colleges where more people are tend to use motorbike. Introducing about Brother's Auto, its business, invite them for test drive so that people can feel the comfort of using Bajaj brand bikes can help company to turn them into their future customer.

People are delighted when they receive **gifts** and feel important. Any new bike purchaser get gift voucher that offers certain discount on maintenance, gift voucher that can be used in future purchase of motorbike parts, monthly withdraw to select lucky customer and offering a vacation package. Such gifts encourage people to use Brother's Auto service in future and also make the relationship strong between company and customer that are beneficial for both parties in long run.

Inviting customer for **tea/coffee gathering** and share their experience and feelings about its product and services help Brother's Auto to improve its services. Advice and opinion from customer plays very important role. It can also help company to know people perspective and help to make strategies for future.

Brother's Auto business **situated** in Gongabu ward no. 4, Kathmandu, Nepal. Brother's Auto deal with its customer in its own premises. The location is excellent that is accessible with reasonable time from anywhere in Kathmandu. Place where the

company showroom and its workshop is, is in excellent place. Nearby, there are banks and finance offices, shopping centre, restaurant, corporate offices etc. Since the place is business hub, many people passes by everyday and they get to know Brother's Auto as well. Anyone can come easily and discuss with Brother's Auto staff about motorbike.

Owner has invested 50,000 euro initially and took 100,000 euro **loan** from bank with 7.5% interest rate. It has already paid 70% of its loan which is 70,000 and each year Brother's Auto pays 10,000 euro and its interest. The loan will be settled by the end of 2017 completely.

The **income statement** shows in detail the revenues and expenses in year 2015 and the totals for 2016 and 2017. Most of the revenue comes from selling bikes and spare parts; partly revenue comes from service revenue. Service revenue also includes revenue from selling parts of motorbikes. The revenue is calculated on the basis that they would be able to sell around 130 motorbikes each months, provide maintenance service for 200 bikes, and sale spare parts for 500 bikes.

There are many source of expenditure. The biggest part of expenditure is purchase of bikes & parts, and staff salary. Total annual cost of Brothers Auto is 70714 Euro. Average contribution margin ratio of Brother's Auto is 7.43%. (Contribution margin ratio = Income before tax / total revenue). Hence, in order to make 70714, it should make sales of 990392 euro. It takes four months to make the **break even sales**.

**Sales and inventory** are calculated that Brother's Auto will purchase about 1500 motorbikes in 2015 and sale all of it in the same year. 10% increment on sales and purchase of motorbikes are expected for the following year. The company will invest more in purchasing equipment in the following year.

Brother's auto pays 10,000 euro installment to the bank in 2015 and the rest 20,000 euro will be paid in following two year gradually.

Brother's Auto constantly analyzes market and its business performance and takes necessary action to improve its performance. The entire brother's Auto property such as office and equipment, motorbikes are insured with insurance company. For any financial crisis, company is well prepared with having good amount of cash at bank.

#### 4 SUMMARY AND CONCLUSIONS

There are many things that company need to consider while running business. The better plan company has for all its activities, the easier it is to follow and is easy to find if something is not going as planned. The company has great opportunity to be successful as the motorbike business is booming. Its owner and manager have good knowledge of automobile business for a long time that can also help company to achieve its success. Its location is prime, staffs are well educated and trained, the company has good financial resources and infrastructure, and supplier is very supportive that will lead Brother's Auto toward success. The main focus of Brother's Auto is to increase its sales by 10% than previous year while maintaining at least its previous business performance. Following this business plan, Brother's Auto will meet its Financial and marketing goal.

This business plan was written while Brother's Auto had already been in automobile business for more than seven years. All the information that is used in this business plan is as realistic as possible. All the information comes from real experience of researcher and from interview with the company CEO.

Brother's Auto should focus on its marketing communication to reach many people in the area to inform about their business. It should also focus on maintaining good relationship and constant communication with its existing customer. Brother's Auto can use several communication tools for that reason. The company should have computerized system so that it can store all the customer information and its business activities. It gives easy access to customer information and helps to make better analysis as well. Even though the business is already successful, there is still possibility to expand. It can expand its capacity in repair service so that the service can be available for more people in short time.

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## APPENDICES

## Appendix 1. Balance sheet (Assets)

Assets (All figures are in Euros)														
	Year 2015												2016	2017
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec		
Current Assets														
Cash/Bank	12266	15366	15366	10366	10966	10866	10866	9866	11366	16366	16366	17366	162580	182630
A/R														
Inventory	8000	8000	8000	8000	8000	8000	8000	8000	8000	8000	8000	8000	100000	110000
<b>Total current assets</b>	<b>20266</b>	<b>23366</b>	<b>23366</b>	<b>18366</b>	<b>18966</b>	<b>18866</b>	<b>18866</b>	<b>17866</b>	<b>19366</b>	<b>24366</b>	<b>24366</b>	<b>25366</b>	<b>262580</b>	<b>292630</b>
Fixed Assets														
Long term investment	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000
Property, plant & equipment	29750	29500	29250	29000	28750	28500	28250	28000	27750	27500	27250	27000	40000	45000
Intangible assets														
<b>Total fixed assets</b>	<b>79750</b>	<b>79500</b>	<b>79250</b>	<b>79000</b>	<b>78750</b>	<b>78500</b>	<b>78250</b>	<b>78000</b>	<b>77750</b>	<b>77500</b>	<b>77250</b>	<b>77000</b>	<b>90000</b>	<b>95000</b>
Other assets														
Deferred income tax	792	234	234	1134	1026	1044	1044	1224	954	54	54			
Other														
<b>Total other assets</b>	<b>792</b>	<b>234</b>	<b>234</b>	<b>1134</b>	<b>1026</b>	<b>1044</b>	<b>1044</b>	<b>1224</b>	<b>954</b>	<b>54</b>	<b>54</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total assets</b>	<b>100808</b>	<b>103100</b>	<b>102850</b>	<b>98500</b>	<b>98742</b>	<b>98410</b>	<b>98160</b>	<b>97090</b>	<b>98070</b>	<b>101920</b>	<b>101670</b>	<b>102366</b>	<b>352580</b>	<b>387630</b>

## Appendix 2. Balance sheet (Liability)

<b>Liability (All figures are in Euros)</b>														
	Year 2015												2016	2017
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec		
Account Payable	11583	12097	12547	12939	13278	13567	13811	14015	14180	14311	14410	14480	149264	177873
Short-term loans	9167	8403	7703	7061	6472	5933	5439	4985	4570	4189	3840	3520		
Income tax payable												126		
Current Portion of long term debt														
Unearned revenue														
<b>Total current liabilities</b>	<b>20750</b>	<b>20500</b>	<b>20250</b>	<b>20000</b>	<b>19750</b>	<b>19500</b>	<b>19250</b>	<b>19000</b>	<b>18750</b>	<b>18500</b>	<b>18250</b>	<b>18126</b>	<b>149264</b>	<b>177873</b>
<b>Long term liabilities</b>														
Long term debt	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	10000
Deferred Income Tax														
Other														
<b>Total long term liabilities</b>	<b>20000</b>	<b>20000</b>	<b>20000</b>	<b>20000</b>	<b>20000</b>	<b>20000</b>	<b>20000</b>	<b>20000</b>	<b>20000</b>	<b>20000</b>	<b>20000</b>	<b>20000</b>	<b>20000</b>	<b>10000</b>
<b>Owners Equity</b>														
Owners Investment	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000
Net Profit	10058	12600	12600	8500	8992	8910	8910	8090	9320	13420	13420	14240	133316	149757
Retained Earnings														
<b>Total owners equity</b>	<b>60058</b>	<b>62600</b>	<b>62600</b>	<b>58500</b>	<b>58992</b>	<b>58910</b>	<b>58910</b>	<b>58090</b>	<b>59320</b>	<b>63420</b>	<b>63420</b>	<b>64240</b>	<b>183316</b>	<b>199757</b>
<b>Total Liabilities</b>	<b>100808</b>	<b>103100</b>	<b>102850</b>	<b>98500</b>	<b>98742</b>	<b>98410</b>	<b>98160</b>	<b>97090</b>	<b>98070</b>	<b>101920</b>	<b>101670</b>	<b>102365</b>	<b>352580</b>	<b>387630</b>

## Appendix 3 Income statement

Income statement (All figures in Euro)														
	Year 2015												2016	2017
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec		
<b>Revenue</b>														
Sales	200000	200000	200000	150000	150000	150000	150000	140000	160000	200000	200000	200000	2200000	2400000
Service revenue	1000	1000	1000	1000	1600	1500	1500	1500	1000	2000	2000	3000	20000	25000
<b>Total revenue</b>	<b>201000</b>	<b>201000</b>	<b>201000</b>	<b>151000</b>	<b>151600</b>	<b>151500</b>	<b>151500</b>	<b>141500</b>	<b>161000</b>	<b>202000</b>	<b>202000</b>	<b>203000</b>	<b>2220000</b>	<b>2425000</b>
<b>Expenses</b>														
Purchase	180000	180000	180000	135000	135000	135000	135000	126000	144000	180000	180000	180000	1980000	2160000
Internet	10	10	10	10	10	10	10	10	10	10	10	10	120	120
Advertisement	200	200	200	200	200	200	200	200	200	200	200	200	2800	3000
Phone	50	50	50	50	50	50	50	50	50	50	50	50	800	1000
Electricity	100	100	100	100	100	100	100	100	100	100	100	100	1500	1750
Insurance	2000												2500	3000
Rent	500	500	500	500	500	500	500	500	500	500	500	500	6600	7200
Salary	4167	4167	4167	4167	4167	4167	4167	4167	4167	4167	4167	4167	55000	58000
IT & software	1100													
Office supply	50	50	50	50	50	50	50	50	50	50	50	50	800	1000
Transport	100	100	100	100	100	100	100	100	100	100	100	100	1500	1700
Interest	187.5	187.5	187.5	187.5	187.5	187.5	187.5	187.5	187.5	187.5	187.5	187.5	1500	750
Water	20	20	20	20	20	20	20	20	20	20	20	20	300	350
Depreciation	250	250	250	250	250	250	250	250	250	250	250	250	4000	4500
<b>Total cost</b>	<b>188735</b>	<b>185634.5</b>	<b>185634.5</b>	<b>140635</b>	<b>140635</b>	<b>140635</b>	<b>140635</b>	<b>131635</b>	<b>149635</b>	<b>185634.5</b>	<b>185634.5</b>	<b>185634.5</b>	<b>2057420</b>	<b>2242370</b>
Income before tax	12266	15365.5	15365.5	10366	10966	10865.5	10865.5	9865.5	11365.5	16365.5	16365.5	17365.5	162580	182630
Income tax expenses 18%	2207.8	2765.79	2765.79	1865.8	1973.8	1955.79	1955.79	1775.79	2045.79	2945.79	2945.79	3125.79	29264.4	32873.4
<b>Net Income</b>	<b>10058</b>	<b>12599.71</b>	<b>12599.71</b>	<b>8499.7</b>	<b>8991.7</b>	<b>8909.71</b>	<b>8909.71</b>	<b>8089.71</b>	<b>9319.71</b>	<b>13419.71</b>	<b>13419.71</b>	<b>14239.71</b>	<b>133315.6</b>	<b>149757</b>

