

SYNERGOS

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INTRODUCTION

Synergos is a new business management simulation. Working in groups, participants analyse information, make decisions and receive results. Decisions are made over a number of quarters and the results include operational and financial outcomes. Background economic data and some performance data for other groups is also released each quarter.

Initially, group participants need to decide on the roles which each person will take. It is generally advisable for each person to take on a functional role, e.g. finance director, production director or marketing director. The group can decide whether individuals will take on the role which they already know something about through their work or their studies, or whether individuals want to maximise learning by taking responsibility for a function which is new to them.

The objective is to learn how operational decisions lead to performance outcomes. In particular, the simulation enables participants to further their understanding of how businesses operate and how to manage the finances of a company. In this version each competing company's share price is provided each quarter and the ultimate objective for the companies is to have the highest share price at the end of the final quarter. Healthy competition is thus engendered and this enhances the learning experience as groups strive to improve their performance.

BACKGROUND

Each company competes in three European countries, Belgium, Greece and the Czech Republic. The companies manufacture and sell a low price consumer item such as a smart phone. It is known as product 1. The industry has been going four years and initially there was great innovation in terms of new features, better screens, faster processors and new uses. Now, however, the innovative stages of product development are largely over. Consequently, the manufacturers product is almost identical and competition is through price and marketing spend rather than innovation. There is also no brand differentiation, but a degree of customer loyalty has emerged.

Table 1 gives some key economic data on population, GDP, inflation and unemployment for the last four years. It also includes information about the development of the smartphone market over the same period.

After four years the industry is still considered underdeveloped. Widespread predictions have been made on the potential size of the market. The consensus forecast is that at the end of year seven, 70% of Belgians and Czechs will have purchased a phone and 60% of Greeks, and that these figures represent the total achievable market. In subsequent years no new customers will purchase, but the industry will continue supplying the replacement market. The product has a short life and 70% of customers replace after one year.

Companies are starting to change the business model by selling direct over the internet. This has the advantage of opening up other countries as potential markets and sales can be captured without expensive Reseller costs. However, the upfront investment is considerable and competition is likely to drive the selling price of internet sales below the price of Reseller based sales.

TABLE 1
KEY ECONOMIC DATA

Panel A - Population

	2013	2014	2015	2016
Belgium	10,912,000	11,020,000	11,130,000	11,260,000
Greece	11,050,000	10,989,000	10,900,000	10,856,000
Czech Republic	10,380,000	10,440,000	10,467,000	10,535,000

Panel B - GDP per head - \$ Purchasing Power Parity

	2013	2014	2015	2016
Belgium	40,612	41,456	41,889	42,724
Greece	29,245	27,543	26,679	26,098
Czech Republic	28,432	29,134	29,890	30,444

TABLE 1 CONTINUED**Panel C - Unemployment rate (% of working age population)**

	2013	2014	2015	2016
Belgium	8.8%	9.1%	8.7%	8.4%
Greece	21.3%	24.1%	25.7%	24.1%
Czech Republic	7.2%	5.9%	5.1%	4.0%

Panel D - CPI annual inflation rate

	2013	2014	2015	2016
Belgium	2.80%	1.10%	0.30%	0.60%
Greece	1.50%	-0.90%	-1.30%	-1.70%
Czech Republic	3.30%	1.40%	0.40%	0.30%

Panel E - Annual country wide smartphone sales revenue (€m)

	2013	2014	2015	2016
Belgium	18	42	84	174
Greece	12	30	70	146
Czech Republic	12	36	79	156
Total	42	108	233	476

Panel F - Average smartphone Sales Price (€)

	2013	2014	2015	2016
Belgium	120.00	102.00	99.00	96.00
Greece	122.00	103.00	100.00	99.00
Czech Republic	122.00	102.00	100.00	97.00

Panel G - Annual country wide smartphone marketing spend (€m)

	2013	2014	2015	2016
Belgium	1.3	2.1	3.2	8.5
Greece	0.7	1.3	2.9	8.1
Czech Republic	0.9	1.6	3.0	8.3

Panel H - Average Smartphone Research and Development Expenditure per company across Europe (€)

2013	200,000
2014	275,000
2015	375,000
2016	450,000

The market in each country comprises of the actual groups running a company and 15 “passive” companies. These companies help to set prices and marketing spend across the industry. At the start there are only ten passive companies selling on the internet. It is likely that others will join and some of the actual companies may also join.

MARKETING

Promoting the product is necessary to achieve strong sales. Three forms of promotion can be used, all of which tend to be largely an immediate form of promotion with little residual effect on consumers.

1. Television Advertising requires quite a large expenditure before results are seen.
2. Newspapers and Specialist Magazines are popular and effective advertising vehicles for the product. They are relatively low cost. Daily Newspapers however are experiencing a decline in readership.
3. Reseller incentives provide an opportunity to either incentivise the sales staff or offer small discounts to customers. Both are effective but can be expensive.
4. Marketing expenditure on its own will not achieve high sales levels. Price is important, particularly in the replacement market.

PRODUCTION AND INVESTMENT

When you takeover the company you have one factory, located in either Belgium, Greece or the Czech Republic. Groups with a group number 1, 4 or 7 have their factory in Belgium. Groups with a group number 2, 5 or 8 have their factory in Greece. Groups with a group number 3, 6 or 9 have their factory in the Czech Republic.

Direct costs of production are charged on a per unit basis. They vary according to both the level of production and the number of robots used. If more units are produced on the same number of robots direct cost rises. If more robots are used to produce the same number of units direct costs fall. The direct cost per unit is given by the formula

$$78 * 0.78^{\text{LN}(\text{Production} / 20,000)} * 0.71^{\text{LN}((\text{Robots} / (\text{Production} / 1,000)) / 8)}$$

For 80,000 production on 600 robots direct cost per unit is €56.50. 160,000 production on the same number of robots results in a direct cost per unit of €60.31. 160,000 production on 900 robots gives a direct cost per unit of €52.49.

The unit costs do not include disruption costs, depreciation or interest charges on investments.

You can order new robots for your factory (factories) at any time. The price of new robots in your first year is €26,000. This rises by the rate of inflation in subsequent years. You pay for the robots at the end of the quarter in which they are ordered. You can start to use them in the following quarter.

Your group cannot have more than one factory in each country. It can open a factory in either or both of the EU countries, which are not currently production centres. To do this, a group will need to order new robots and there is a lower limit to this of 500 robots. The new robots do not go into production in the same quarter that they are ordered. Instead, you can choose to start production in any quarter following the robot purchase.

Robots are subject to wear and tear. Consequently there is a physical reduction in the number of robots in a factory each quarter, and there is a resulting depreciation charge. The physical reduction and the depreciation charge are 4% of the robots owned at the start of each quarter. No further charge is made for maintenance costs. When production does start in a new factory, commissioning costs of €2.6 million are charged.

LEASING ROBOTS

Each quarter robots can be leased instead of, or in addition to, purchasing robots. There is a limit each quarter to the number leased and this is equivalent to a maximum of 25% of those owned in each factory. To lease you enter a number higher than the number you own on the decision form. Leases are not automatically renewed. Each leased robot costs €2,500 for the quarter.

DISRUPTION

Changes to production levels from one quarter to another can result in increases in the basic direct cost per unit. Disruption can take the form of industrial relations complications, materials shortages, and poor scheduling. When calculating the direct cost per unit note that no change in production from last quarter incurs no additional direct cost per unit. A 15% increase or decrease will raise the direct cost by 5%, whilst a 30% increase or decrease will raise the direct cost by 33%. These are just two examples. Intermediate points can be estimated. These additional disruption costs are applied after the production cost formula is applied.

RESEARCH AND DEVELOPMENT

Most of the companies in the industry recognise that Research and Development is necessary to enable new product development and to maintain a reputation as an innovator with an expected long-term future. All governments also recognise the importance of R&D. R&D expenditure therefore has favourable tax status. Companies can spend on R&D as much as they like, but the typical percentage of sales revenue is 5% and more than this leads to diminishing returns. R&D takes ten quarters or two and a

half years to achieve a new product capable of launching on the market. Also, to bring the new product to market requires a company to spend at least 5% of its total sales revenue in R&D expenditure over the whole quarter. If a company has not spent this amount, then it can invest further in the following two quarters to exceed the 5% requirement. Production costs for product 2 are identical to product 1. New product 2s can be sold in any country and over the internet, and typically sell at a price premium to the existing product 1 price of 20%. If your company invests in product 2 R&D your cash flow will be affected but your profit will not. The R&D expense is capitalised.

Producing product 2 and selling it requires a different decision form, so if your company decides to make product 2 then we will let you have the new decision form at the end of the quarter before you launch product 2.

CARRIAGE AND INSURANCE

Every unit of production needs to be insured and transported to a Reseller. The cost for this is €2 per unit at the time of production for units kept in the country of production. Units can be transferred to another country and an extra cost of €5 per unit is incurred for carriage and insurance.

RESELLERS

Except for sales that are made via the internet, your company sells its' product to Resellers who market to retail customers. Resellers can be hired in any quarter. They can only be sacked in the first quarter of each year. Resellers are remunerated with a fixed retainer fee of €10,000 per quarter and a variable fee of €5 per unit sold. They have a physical capacity constraint of 3,000 units maximum per quarter. So, if a reseller sells 500 in a quarter then their revenue is €12,500. If they sell 2,500 then their revenue is €22,500.

INTERNET SALES

In the first four years no sales were made over the internet. Companies believed that Resellers were necessary to help with marketing and giving technical advice to customers. Now that the market has evolved and significant replacement sales are occurring there is the opportunity for companies to sell direct to customers. These customers can be from any countries in the EU. Internet sales will coexist with "bricks and mortar" sales. They can be made from quarter 5 onwards. (Also known as year 6 quarter 1). The internet sales are additional sales and require additional production, which must be made in a new dedicated factory. The same rules and costs apply for an "internet factory" as for a dedicated country factory. Investment is needed to build the website and your company has decided to outsource this. Development has to start four quarters before going live and costs €500,000 per quarter. Maintenance of the website after sales start will also be outsourced and cost €500,000 per quarter. The website can therefore be up and running in the same quarter as production starts.

Internet sales do not incur Reseller costs. Carriage and Insurance costs are the same as for "bricks and mortar" sales.

INFLATION

Your company operates in a low inflation environment. Nevertheless, suppliers of all goods and services and robots put up their prices once a year once inflation for the previous year is known. Similarly, the cost of labour also increases by inflation. The increases take place in the first quarter of each year. Inflation is the simple average of inflation in the three EU countries. Last year's inflation is already incorporated into the prices for goods and services for the first four quarters under your management.

The unit cost of production is therefore a function of the direct production cost per unit (see page 4) times $[1 + \text{accumulated inflation}] * [1 + \text{the disruption factor (if applicable)}]$.

You choose the prices which resellers charge for your product and therefore decide whether to increase prices in line with inflation. When demand is strong the market is likely to bear price increases, whilst if demand is weak increasing prices is likely to lead to a reduction in sales volume.

STOCKS

In order to compute Cost of Goods Sold and to include stocks in the Balance Sheet, stocks are always valued at €52 per unit. Any group can seek to sell excess stocks to another group by negotiation. Both groups will need to agree the number of units involved and the price per unit. There is a constraint. The buying group can only buy units for delivery into an area in which it has a factory. Carriage and Insurance costs are payable.

FINANCE

CASH ITEMS

At the beginning of a quarter each company has an opening cash balance equal to the closing balance at the end of the previous quarter. This is referred to as New Cash Available in the Cash Flow Statement, Table 6. The cash amount would normally be positive, but can be negative. The total current expenditure itemised in note 1 of the profit and loss account is then incurred at the

**TABLE 2
SYNERGOS DECISION FORM**

	Quarter	0	Team	1	
	Belgium	Greece	Czech	Internet	Capital Issues
Production ,000's	70	0	0	0	New 1 year Bond 0 million
Robots Used	580	0	0	0	New 3 year Bond 0 million
Robots Ordered	38	0	0	0	New Shares 0 million @ €1.00
Carriage (+) or (-) , 000s	-46.66	23.35	21.31	0	Dividend (cents per share) 0%
Research and Development €, 000s	0				
Web Development €, 000s	0				New Overdraft Limit 5 million
Your TV Advertising €, 000s	60	60	60	0	
Your News and Magazine Ad €, 000s	30	30	30	0	
Your reseller incentives €, 000s	40	60	40	0	
Selling Price €	96	96	94	0	
Resellers	8	8	8	0	

start of the new quarter.

The opening cash balance may not be enough to meet all these costs, in which case your company goes into overdraft. Initially, you have an overdraft facility limit of €5 million, and if you borrow within this limit the interest charge is 2% per quarter. If you exceed this limit then the interest charge on the excess is 3% per quarter. If you have surplus funds after the above expenditures, then the bank will pay you at the rate of 1% per quarter.

You can increase your own overdraft facility any quarter by entering the new amount on the decision form. Your new overdraft limit must be no greater than the previous quarter's sales revenue (rounded down) and should be a multiple of €100,000. Please put the new total overdraft on the decision form rather than the extra overdraft. You can also reduce your overdraft limit if you wish by putting a lower figure on the decision form, and this will save the facility fee. The facility fee, payable each quarter, on the full amount of the facility, is 0.2%.

The cash flow statement shows costs and the resulting overdraft level. Subsequently, at the end of the quarter sales revenue is received. Also, at that time, overdraft interest and fee, new capital investment (including R&D & Web Development expenditure) and dividends (if you declare one) are paid and any funds from new share or bond issues are received.

Although bond interest and tax are charged each quarter in the profit and loss account, the actual cash outflow for these items are only paid at the end of each financial year.

RAISING LONG TERM CAPITAL

ISSUING NEW BONDS.

Expansion of the physical or virtual assets (capital expenditure) might require new shares or new bonds or both to be issued. There are two fixed rate bonds which can be issued. The one year bond will be redeemed after 4 quarters and the three year bond will be redeemed after 12 quarters. Both issue and redemption are at par, i.e. 100% of nominal value. So, if you decide to issue €5 or €6 million you will receive €5m or €6m in cash. The interest rate charged on the three year bond is 0.5% per quarter more than the interest charge on a one year bond. Interest on the bonds is charged per quarter in the profit and loss account, with the actual cash payments to the investor rolled up and occurring at the end of each year.

Bonds can only be issued in multiples of €100,000. The maximum level of bonds at any time is limited to a gearing ratio of 100%. The gearing ratio is calculated as Issued Debt / Market Capitalisation of Equity. Gearing ratios can and do change each quarter, meaning that different bond issues can have different coupons (interest rates). If at the time of issue the gearing ratio is less than 60% (including the new issue) then 1% per quarter is charged on the one year bond. If the gearing ratio is between 60% and 100% then 1.5% per quarter is charged on the one year bond.

Bonds can be redeemed early if a group wish. Investors require cash equivalent to the bond issue price which is 100% of nominal amount.

One year ago your company issued €6.5 million of 3 year bonds and this is shown in the balance sheet.

EQUITY

Every company issued 10.4 million of new shares during the first four years. The nominal price of shares is €1.00. When you take over management of the company the share price is €1.20. The share price will change each quarter, depending upon a number of factors of which the most important is the net profits of the company. Dividends can be paid in any profitable quarter. There is likely to be a small benefit to the share price if your company pays growing dividends over a period of time, and the share price will probably suffer if you decide to cut the dividend.

Extra shares can be issued to raise or help raise additional capital. These new shares will be issued at a discount to the share price at the end of the previous quarter. The computer will calculate the issue price and your company will be credited with the cash value at the end of the quarter in which the share issue occurs. By way of example, suppose the company has 12 million shares, valued at €2.00 per share, and decides to issue 2 million new ones. The price might be €1.90, a discount of 10 cents or 5 per cent, because of the size of the issue. The cash received would be €3.80 million (1.90 * 2 million). If, however, the new issue was 4 million, then the price would be less. If it is €1.80, then the cash raised would be €7.2 million (€1.80 * 4 million)

Shares cannot be issued at a price below the nominal value of €1.00.

REPURCHASES

Bonds or shares can be repurchased provided the company has the cash available at the end of the quarter in which the repurchase is attempted. The closing cash bank balance has to be positive.

Issue prices and repurchase prices change each quarter.

CORPORATE TAX

Overdraft interest, bond interest and depreciation are all charged to profits before corporate tax is levied. In addition, capital expenditure on new robots, new factories, research and development and web development costs are totalled and a 15% first quarter investment allowance is deducted from taxable profit.

Tax is charged at 25% on the taxable profits after non-taxable allowances have been deducted.

There is no tax on dividends paid.

THE DECISION FORM

Each quarter each team needs to complete a spreadsheet decision form. Table 2 (overleaf) is a copy of the form. Please fill in the form carefully, and bear in mind the following points

1. You must get your team number and the quarter right.
2. Production is in thousands, so 60.8 means 60,800 units. You only produce where you have a factory!
3. Robots used means the number of robots to use this quarter. If you put in a higher number than you own then the computer will automatically lease extra robots subject to the 25% limit.
4. Robots ordered should be the number to order this quarter and these robots cannot be used this quarter.
5. Carriage is in thousands of units. A positive number in a cell means that you are moving goods into a country and a negative number is required if you are moving goods out of a country. Importantly, collectively, carriage units must sum to zero. -25.0 means that you want 25,000 units moved out of the country.
6. The marketing and R&D expenditures are in thousands, so for example €80.2 equals €80,200.
7. All internet decisions are captured in the single column marked internet

**TABLE 3
TEAMS WITH A FACTORY IN BELGIUM**

Robots and Production

	Belgium	Greece	Czech Republic	Internet
Opening Robots Owned	580	0	0	0
Own Robots Used	580	0	0	0
Leased Robots Used	0	0	0	0
Robots Purchased	38	0	0	0
Closing Robots Owned	589	0	0	0
Units Produced	70,000	0	0	0
Direct Cost Per Unit	56.45	0	0	0

Marketing and Selling

	Belgium	Greece	Czech Republic	Internet
Your price per unit €	96	96	94	0
Average Market Price €	96	96	94	0
Your TV Advertising €	60,000	60,000	60,000	0
Your News and Magazine Advertising €	30,000	30,000	30,000	0
Your reseller incentives €	40,000	60,000	40,000	0
Average Market Marketing €	130,000	130,000	130,000	0
No. of Resellers	8	8	8	0
Opening Stock	110	2,205	3,083	0
+ production	70,000	0	0	0
+ Stock Transfer	-46,660	23,350	23,310	0
- Sales	20,050	22,155	22,993	0
Closing Stock	3,400	3,400	3,400	0

8. For new bonds enter a positive amount, e.g. 3.1. To redeem bonds enter a negative amount, e.g. -3.1.
9. To issue new equity enter a positive amount. To repurchase your own shares enter a negative amount. For instance, 2.5 means 2.5 million new shares at a price determined by the computer.
10. If you want to change your overdraft limit then put in the new limit you want, not the change in overdraft.

Please See Table 2

RESULTS

After all active teams have submitted their decision, results are computed and returned to the teams. Results have 3 sections. Table 3 shows production, marketing and selling results for a company with a factory in Belgium. Table 4 gives the same for a company with a factory in Greece and table 5 is for a company with a factory in the Czech Republic. Table 6 gives the financial results (profit and loss and cash flow statement) for the corresponding teams. Table 7 provides share prices for each active company, information on the capital structure of each company, the number of Resellers they use, and some important information on the economy.

The numbers in each table represent the activity of teams in the last quarter before you take over. Your results each quarter will contain the same information, with different numbers!

Please see tables 3-7

**TABLE 4
TEAMS WITH A FACTORY IN GREECE**

Robots and Production

	Belgium	Greece	Czech Republic	Internet
Opening Robots Owned	0	580	0	0
Own Robots Used	0	580	0	0
Leased Robots Used	0	0	0	0
Robots Purchased	0	38	0	0
Closing Robots Owned	0	589	0	0
Units Produced	0	70,000	0	0
Direct Cost Per Unit	0	56.45	0	0

Marketing and Selling

	Belgium	Greece	Czech Republic	Internet
Your price per unit €	96	96	94	0
Average Market Price €	96	96	94	0
Your TV Advertising €	60,000	60,000	60,000	0
Your News and Magazine Advertising €	30,000	30,000	30,000	0
Your reseller incentives €	40,000	60,000	40,000	0
Average Market Marketing €	130,000	130,000	130,000	0
No. of Resellers	8	8	8	0
Opening Stock	2,205	110	3,083	0
+ production	0	70,000	0	0
+ Shipments	23,350	-46,660	23,310	0
- Sales	22,155	20,050	22,993	0
Closing Stock	3,400	3,400	3,400	0

UNFORESEEN EVENTS

In common with the real world unforeseen events might occur during the course of the simulation. These include

1. Factory fire
2. Customer Bankruptcy
3. Supplier shortages
4. Unforeseen Recession
5. A takeover threat
6. Change in interest rates

If any of these events do occur every company will be informed, and the consequences / opportunities for each company will be the same, ensuring a level playing field.

SUBMITTING DECISIONS AND GETTING RESULTS

VIA THE INTERNET

A version of the simulation runs in Google Sheets. The file sharing facility enables quick transfer of decisions to Controllers and results to participants. Details of how the procedure works are given out at team briefings or via video.

USING A USB STICK

Each team will be supplied with their unique USB stick which will contain numbered decision forms. The stick is submitted to the Simulation Controllers at pre-arranged times and the stick is returned to the team with a copy of the results for the period on it.

**TABLE 5
TEAMS WITH A FACTORY IN CZECH REPUBLIC**

Robots and Production

	Belgium	Greece	Czech Republic	Internet
Opening Robots Owned	0	0	580	0
Own Robots Used	0	0	580	0
Leased Robots Used	0	0	0	0
Robots Purchased	0	0	38	0
Closing Robots Owned	0	0	589	0
Units Produced	0	0	70,000	0
Direct Cost Per Unit	0	0	56.45	0

Marketing and Selling

	Belgium	Greece	Czech Republic	Internet
Your price per unit €	96	96	94	0
Average Market Price €	96	96	94	0
Your TV Advertising €	60,000	60,000	60,000	0
Your News and Magazine Advertising €	30,000	30,000	30,000	0
Your reseller incentives €	40,000	60,000	40,000	0
Average Market Marketing €	130,000	130,000	130,000	0
No. of Resellers	8	8	8	0
Opening Stock	3,083	2,205	110	0
+ production	0	0	70,000	0
+ Shipments	23,310	23,350	-46,660	0
- Sales	22,993	22,155	20,050	0
Closing Stock	3,400	3,400	3,400	0

TABLE 6
FINANCIAL STATEMENTS (ALL TEAMS) QUARTER 0

Profit and Loss Statement	€	Cash Flow Statement	€
Sales Revenue	6,213,022	Opening Cash	4,214,300
- Cost of Sales (Note 1)	-5,295,996	-Current Expenditure	-5,015,300
Operating profit	917,026	Bank (Cr [+] or OD [-])	-801,000
- Depreciation	-754,000	-Overdraft Interest & Fees	-26,020
Net Trading Profit	163,026		
Net Financing Costs (Note 2)	-156,020	+Sales Revenue	6,213,022
Profits before tax	7,006	-New Investment	-988,000
Tax (Note 3)	0	-Dividend	0
Profit after tax	7,006	-Bonds Interest	-520,000
Dividend	0	-Tax paid	0
Retained profit	7,006	+New Bonds	0
		+New Equity	0
		=Net cash Flow	-336,298
Tax Allowance Carried Fw.	141,194	New Cash Available	3,878,002
Note 1		Note 2	
Production Costs	-3,951,500	Overdraft Interest and fees	-26,020
Carriage and Insurance	-373,300	Bonds Interest	-130,000
Marketing Cost	-410,000	Net Financing Costs	-156,020
Reseller Cost	-280,500		
Robot Lease Cost	0	Note 3	
Total current Expenditure	-5,015,300	Tax Allowances B/F	0
+Value of Stock Change	-280,696	New tax allowances	148,200
Cost of Sales	-5,295,996	Total tax allowances	148,200
		Profit before tax	7,006
Debt and Equity Accounts		Tax	0
No. of shares (m) end of period	10.4		
Bonds (nominal) end of period €m	6.5		
Overdraft limit at end of period €m	5		

**TABLE 7:
ECONOMIC NEWS AND FINANCE**

		Belgium	Greece	Czech Republic
Variable (in last / next year)				
Actual GDP growth		0.60%	-0.40%	0.60%
GDP growth forecast		1.50%	0.20%	2.10%
Actual CPI inflation		0.60%	-1.70%	0.30%
Forecast CPI inflation		1.00%	0.40%	1.30%
			Resellers	
Team		Belgium	Greece	Czech Republic
1		8	8	8
2		8	8	8
3		8	8	8
4		8	8	8
5		8	8	8
6		8	8	8
Team		Share Price	Nominal Shares	Nominal Bonds
1		1.2	10.4	6.5
2		1.2	10.4	6.5
3		1.2	10.4	6.5
4		1.2	10.4	6.5
5		1.2	10.4	6.5
6		1.2	10.4	6.5
Indicative 1 year Bond Rate next period			1.50%	
Indicative 3 year Bond Rate next period			2.00%	
Maximum Equity Issue Next Period (millions)			3.9	
Maximum Bond Issue Next Period (millions)			5.9	
Maximum Equity + Bond Issue Next Period (millions)			13.3	
Message				
Your next decision is due on				

**APPENDIX 1
BALANCE SHEET ALL TEAMS END OF YEAR 4**

Balance Sheet	Quarter	0
Fixed Assets		15,314,000
Current Assets		
Stocks	530,400	
Debtors	0	
Cash at Bank	3,878,002	
		4,408,402
Current Liabilities		
Creditors	0	
Overdraft	0	
Taxation	0	
Interest c / f	0	
		0
Net Current Assets		4,408,402
Total Net Assets		19,722,402
Bonds		6,500,000
		13,222,402
Capital and Reserves		
Called Up Share Capital	10,400,000	
Premium Account	2,700,000	
Retained P&L	122,402	
Shareholders Funds		13,222,402