Abstract

This report presents the business plan of an enterprising idea materialized in the creation of a line of anise liqueurs. This line differs from common anise and has a range of unusual flavours made with Spanish products recognized with Denomination of Origin. Thus, the flavours are distinguished: Clementine (DPO the Ebro), Khaki (DPO Ribera del Xuquer) Manchego Cheese (DPO of Castilla la Mancha) and Banana (DPO Banana Canary).

The project studies the economic and financial viability from a realistic perspective to show to the investor the advantages of implementation in the market for a solid company which is expected to grow and to have stability for the long term.

The product is aimed at a largely untapped market segment for customers with medium / high income and a strong position; all this will be the key to successful Hispanis.
Index

1. Project idea .................................................................................................................. 6
2. Identification of the project .......................................................................................... 7
3. Project context ................................................................................................................ 9
   3.1 External analysis ......................................................................................................... 9
      3.1.1 Strategic environment profile (PESTEL) .............................................................. 9
      3.1.2 Porter diamond .................................................................................................... 11
      3.1.3 The 5 Competitive Forces .................................................................................. 13
   3.2 Internal analysis ......................................................................................................... 15
      3.2.1 The Value Chain ................................................................................................ 15
   3.3 SWOT analysis .......................................................................................................... 16
4. Characteristics of supply ............................................................................................... 17
   4.1 Product description .................................................................................................... 17
   4.2 Location ..................................................................................................................... 18
   4.3 Product distribution ................................................................................................... 19
      4.3.1 Where to buy ....................................................................................................... 19
      4.3.2 Methods of distribution ..................................................................................... 20
   4.4 Target market (segmentation) ................................................................................... 20
   4.5 Positioning ................................................................................................................. 20
   4.6 Legal constitution ..................................................................................................... 21
   4.7 Organization chart .................................................................................................... 22
5. Communication plan ...................................................................................................... 23
   5.1 Method of communication and advertising ............................................................... 23
   5.2 Promotions ................................................................................................................. 23
   5.3 After-sales service ..................................................................................................... 24
   5.4 Logo .......................................................................................................................... 25
6. Action plan ..................................................................................................................... 26
   6.1 Determination of demand .......................................................................................... 26
   6.2 Conditioning ............................................................................................................... 27
   6.3 Raw materials ............................................................................................................. 28
   6.4 Machinery .................................................................................................................. 29
   6.5 Bottles provider ......................................................................................................... 30
   6.6 Labelling cost ............................................................................................................. 30
   6.7 Cost of storage and distribution ............................................................................... 30
6.8 Other costs ........................................................................................................ 31
  6.8.1 Costs of incorporation: .............................................................................. 31
  6.8.2 Supply costs .............................................................................................. 31
  6.8.3 Cleaning costs ........................................................................................... 31
  6.8.4 Software and licensing costs ....................................................................... 32
  6.8.5 Insurance costs .......................................................................................... 32
  6.8.6 Costs of taxes ............................................................................................ 32
7. Human resources ................................................................................................ 33
  7.1 Employees ..................................................................................................... 33
  7.2 Increase in template ..................................................................................... 35
  7.3 Incentive scheme .......................................................................................... 36
8. Financial budget plan .......................................................................................... 37
  8.1 Forecasts ........................................................................................................ 37
    8.1.1 Forecast of production and sale .............................................................. 37
    8.1.2 Forecast of cost ...................................................................................... 37
  8.2 Investment plan .............................................................................................. 38
  8.3 Financing plan ............................................................................................... 39
    8.3.1 Sources of funding ................................................................................ 39
    8.3.2 Forecast cash ........................................................................................ 39
    8.3.3 Depreciation ......................................................................................... 40
    8.3.4 Balance Sheet and Profit and Loss pension ............................................ 40
    8.3.5 Ratios ..................................................................................................... 42
  8.4 Feasibility analysis .......................................................................................... 43
    8.4.1 Cash flows ............................................................................................. 43
    8.4.2 Sensitivity analysis ................................................................................. 44
    8.4.3 Inclusion of risk ..................................................................................... 44
    8.4.4 Taxes .................................................................................................... 45
    8.4.5 Average cost per weighted capital (WACC) ........................................... 45
    8.4.6 Dividends ............................................................................................. 46
    8.4.7 Scenarios probability ............................................................................ 46
    8.4.8 Scenario analysis .................................................................................. 47
9. Conclusion .......................................................................................................... 49
10. Logbook ............................................................................................................. 51
11. Annex ................................................................................................................. 54
12. Bibliography ..................................................................................................... 57
1. Project idea

Nowadays, there is a favourable tendency towards the consumption of spirits in leisure time, special celebrations and a fad for a drink while conversing with friends, colleagues, family or friends. Sometimes, the most important restaurants also invite their distinguished diners with a shot of liquor in appreciation after a great tasting. Certainly and without distinction to the current crisis, it seems that everyone appreciates being able to enjoy a product that adds a value at the time of consumption. On the one hand, these products are not only digestive, but also a good way to enjoy the pleasure of being able to taste a unique drink and for these reasons; consumers may show the will to pay even a little more money. This business idea arises to detect that there is a favourable bias toward the consumption of beverages; and within this consumption, unconventional flavours. These unconventional flavours are not adequately exploited. Moreover, other delicious flavours could even be introduced within the same range. It is identified that there is a current consumer market that it would be easy to segment in order to introduce our product. The basic idea of the project is to create a new company, specifically, an anonymous corporation, Hispanis, SA and in this way, to develop a plan to justify its feasibility, by using the concepts acquired during the Finance and Accounting degree.

To begin this work, we firstly need to assess in which sector this business will belong, and after that, to define the target audience.

This report focuses on defending the creation of a line of anise liqueurs. This line differs from common anise, as it has a range of unusual flavours made with high quality Spanish products certified by recognized appellation.

Our line of anise based liqueur (with DPO, Anise Paloma Monforte del Cid, Alicante) will consist of four flavours:

- Clementine (DPO of the Ebro)
- Khaki (DPO of Ribera del Xuquer)
- Manchego Cheese (DPO of Castilla la Mancha)
- Banana (DPO of Canarias)

Quality guarantee of Spanish products will boost its sales abroad. In the short to medium term, they will be established in all foreign markets as typical Iberian flavours. Moreover, these products will reinforce and give strength to the value of the Spanish brand.

What it is more, in the international market, the PDO will avoid the domestic market to be categorized as a substitute of any other larger product, giving the product an associate exclusivity with a brand image as an icon of quality in the sector.

Consumption of these spirits will be associated with concepts such as: distinction and prestige. The selected target audience is both men and women of middle / high income.
Thanks to the PDO and little competition established in this small and not fully exploited niche, the comparative advantage will allow the company to cover enough sufficiently and profitable market and to ensure the life of the company for the long term.

2. Identification of the project

This thesis encompasses both theoretical and practical concepts acquired during this four year’s degree. Besides, the project is not completely delimited; therefore, students are free to approach it from their own preferences. The most important strength in this study is the realist perspective it brings.

Academically, a student may have performed similar works in various subjects, but always in teamwork. In contrast, this project includes the implementation of an entrepreneurial idea with factual information and a perspective of individual work requiring a high level of autonomy, effort and involvement in the entire process. The expected duration for the project is from February to June 2014. The hours spent on the project are set out in 6 credits.

The aim is to develop skills and abilities from a practical perspective. In the project, the difficulties of decision-making have been overcome. Gaining in this way, experience in data processing, selection and optimization of resources being able demonstrate that they have consolidated knowledge applicable to real life.

This project aims to study the economic and financial viability from a realistic perspective and to convince the investor benefits from the implementation in the market for a solid company, expected growth and long term stability.

The concepts used in the project were learned in the following subjects:

- FC1002 Introduction to Business Administration
- FC1013 Financial Management
- FC1014 Business Management
- FC1016 Analysis of Financial Statements
- FC1018 Marketing
- FC1024 Business Analysis and Development Strategies
- FC1026 Commercial Law and Tax
- FC1028 Advanced Financial Management
- FC1029 Markets and Financial Institutions
- FC1030 Business Valuation

This business idea has been chosen because it is a large and heterogeneous sector without fully covered niches. It needs to cover the need for recognized quality alcoholic beverages which will guarantee customer taste and care of national raw materials used in the product.
Although this need is relatively new in society, there are currently diversified companies in this sector. However, the company has the advantage of differentiation, offering flavours not offered by the competition. In addition, it has award winning providers of quality certification appellation.

The company's mission is to provide customers a variety of national liquors, with certification of quality to meet the tastes of the most demanding customers.

The vision of the company is positioned as a leader in the spirits market by the variety and quality of its national and international services.

In order to reach this vision, we need to set objectives as:

- Prevailing market to generate competitive advantages
- Optimize the quality and productivity
- Reduce costs
- Create a favourable working climate
- Develop a strategy for optimal differentiation

The differentiation strategy of the company is established by the type of strategy proposed by U.S. economist Philip Kotler.

The company profile fits a product-based differentiation (differentiated by variety and quality attributes) and image (relates to a nationality, class and elegance).

It could be concluded that in terms of marketing, the company will be:

- Important: differences perceived by many customers
- Different: competition does not offer exactly the same product
- Inimitable: innovative ideas are harder to plagiarize
- Affordable services at acceptable prices offered by the target customers
- Profitable: the investment is proportional to the performance obtained
3. Project context

3.1 External analysis

3.1.1 Strategic environment profile (PESTEL)

To perform an external analysis, the set of factors that affect a given time and the general framework within which to develop the business space is studied.

![PESTEL factors](image)

Figure 3.1. PESTEL factors. Source: Prepared

**Political factors:**

The political spheres do not promote subsidies for spirit drinks. In addition, employment regulation has negative influences which make the adjustment of employees according to the expected demand.

However, trade policy facilitates foreign trade.

**Economic factors:**

The current crisis, with the rise in inflation, does not encourage the creation of new businesses.

This economic recession means for the population of fewer economic resources (unemployment with a rate of 26.03% in 2013) not to splurge. Knowing that alcoholic beverages are not an essential item, this factor will cause a disadvantage in our business.

On the other hand, recessions are cyclical, so the conditions will be changed in our favour. Supporting this, there is a growing trend of GDP in the third quarter of 2013 with an increase of 0.1%.

**Social factors:**

The Spanish population is an aging population, which means a greater number of potential customers (adults). Furthermore, in Spain, it is linked to leisure concept with alcohol consumption, which makes it set on the market.

Moreover, the level of national education, and the massive influx of college students facing an uncertain future employment, will facilitate the company to have qualified employees.
**Technological factors:**

Nowadays, the market offers a wide range of labelling, bottling, etc. that cling to any business needed.

The techniques of information and communication technologies (ICT) facilitate communication. This favours advertising and customer contact. However, these benefits represent itself a double-edged sword, because the client will also have the ease of finding other suppliers of substitutes, perhaps more efficient.

**Ecological factors:**

The company does not have harmful wastes to the environment which is favourable to create a "green" image to customers.

This green image will be supported with the use of recycled paper in the office, with the request to our suppliers to grow without pesticides or herbicides and the use of biodegradable labels from recycled paper.

**Legal factors:**

Spain has laws such as the regulation of competition, safety and health at work and workplace, subject to reforms which are reviewed regularly.

This external analysis is reflected in the strategic profile, categorizing each key factor as: very negative, negative, neutral, positive or very positive.

---

![Percepción del entorno](image)

Figure 3.3. Strategic profile. Source: Prepared
3.1.2 Porter diamond

The Porter Diamond identifies national competitive advantage to generate competitive advantages over foreign competitors. To do this, completes 4 factors:

![Figure 3.4. Factors Diamond Porter. Source: Digital poorly for](image)

**Factor conditions:**

This section refers to the structures that comprise a country, which will be used by the company:

- National structures. This is the case of modernized networks and motorways which allow us to have direct access to almost any location.
- Capital Markets which allows the channelling of resources and ease of access to finance.
- Human Factor. The continuous change in the methodology of work and technology is the continuous training of employees.
- Ground Factor. Spain has a third of arable land which gives us proximity to our raw materials.

**Sector and rivalry:** (rivalry among competitors to see 3.1.3)

As it can be read in an article in the Spanish Spirits Federation (FEBE):

"The spirits sector in our country annually sells about 200 million litres, with an approximate value of 7,000 million euros. Thus represents around 0.12% of the Spanish GDP.

The alcoholic beverages currently represent 12.65% of the expenditure of tourists in Spain. Thus, and for his influence on tourism, you can encrypt 3,040 million euros in the impact of alcohol on our economy, and representing some 41,000 jobs.

It is also noteworthy that it generates employment in agriculture, where 2.29% of total employment devoted to the cultivation of raw materials is for the preparation of spirit drinks, which represents about 13,000 jobs. "
Industry structure is bounded by the demand for each type of alcohol:

**Demand conditions:**

The demand for spirits has fallen over 30% in Spain since the beginning of the crisis. This factor does not occur in other countries, which are expected to export, boosting the image of typical Spanish product quality.

Easy access to information makes it possible to know more details on the production and competition. With this, customers are increasingly demanding in purchasing.

**Related and ancillary sectors:**

Specific areas that provide assistance or provide services to the beverage industry Spirits are:

- Agricultural sector (from which we get raw materials). According to the Common Agricultural Policy of the European Union, currently it is employed only about 5% of the active population (so there is no diversity of farmers growing with designation of origin by reducing the bargaining power of the company)
- Distribution sector (in which it is provided the product to the final customer) is interesting to know what percentage is often used which distribution channels in order to adapt to the company and distribute the most efficient way:
3.1.3 The 5 Competitive Forces

This model identifies structural determinants for possible economic rents obtained by studying potential opportunities and threats. This is discussed in the following sections:

![Factors 5 competitive forces of Porter. Source: Agency of virtual economic development](image)

**Rivalry among industry competitors:**

Companies that pose a direct competition for the company are:

- Diageo. It has brands such as Smirnoff Vodka, Gordon's Geneva, Baileys Cream or Ron Cacique. The company wants to differentiate and position itself as a premium brand. The same applies to its range of spirits, which is:
  - Archers (peach liqueur)
  - Pimm's (raspberry liqueur)

- Marie Brizard. The strongest competitor, which is strongly positioned and diversified. Also makes its anise based liqueurs, so it is clearly a substitute to the product produced by the company. Marie Brizard operates with several business lines:
  - Anisette Production traditional anise.
  - Tasting Range: chocolate, orange and lemon.
  - Essence Series: rosemary, dill, tarragon and cinnamon.
  - Evasion Range: cherry, mango, apple, mint, melon, pineapple and watermelon.
  - Imagination Range: apricot, banana, cacao, coffee, strawberry, raspberry, forest fruits, pomegranate, kiwi, litchi, liquorice, blackberry and vanilla
  - Syrups: hazelnut caramel, ginger, almonds and sugar.

This competitor prepares orange and banana liquor (and very similar to those offered by HispAnís). HispAnís, however, offers no general banana and orange. It offers
Clementine of the Ebro and Canary Bananas flavours, quality products with designation of origin (driven flavours internationally for being a typical Spanish flavour).

- **Absolut.** Company that offers a line of fruity flavoured vodkas: Chili with green pepper, lemon, tangerine, vanilla, peach, pear, mango, tea, apple, grape and raspberry.

Shown graphically, the rivalry between competitors:

![Graphical Representation of Competition]

**Figure 3.8. Competition. Source: Compiled from data of the web pages of competitors**

**Potential Competitors:**

Although at the time of analysis a company does not suppose direct competition, it could become one if it develops the ability to meet the same needs that cover the products made by another company.

This is the case of some companies that already have the machinery or necessary labour for the production of liquor (for what they have already overcome the barriers to entry) and did not want to focus your business in this area or maybe they do work in the future. This is the case of: Bardinet, known for the production of rum Negrita and Chivas Brothers, producer of Ballantine's

**Substitute products:** (see 3.1.3 rivalry between competitors)

The products already mentioned in direct competition are threatening us as substitute products. We have also to take into account the products of indirect competition, competing not yet exactly with the same beverage base but covering the same needs: Limoncelo, Whisky pêche, Granpomier...

**Bargaining power of suppliers:**

The product is made from raw materials with origin of designation and there are currently many farmers engaged in this segment. As a result, the bargaining power of the company is reduced.
Over time, the brand image of the company will be consolidated and the bargaining power of the company will increase.

**Bargaining power of customers:**

The company has two types of customers:

- **Final or individual customer:** Individual customers who do not concentrate bargaining power. A specific purchase will not vary the offer of the company. Although their bargaining power is minimal, your review will be used to fix prices, sales policies, product lines and times of payment.

- **Wholesale customers:** Those who distribute directly to customers. Your bargaining power can be high (if your purchases represent a significant percentage of the company).

### 3.2 Internal analysis

#### 3.2.1 The Value Chain

This model, created from the basis of Michael Porter describes the development of the activities overall value to the final customer:

![Value Chain Diagram](image)

**Figure 3.9. Value Chain. Source: Strategy magazine**

- **Primary activities**
  - **Internal Logistics:**
    - Several platforms in the factory stock of Alicante to cope with extraordinary orders
  - **Operations:**
    - Periodical Quality Control
    - Control of damaged products
  - **External logistics**
    - We have a network of motorways connecting most of the country
    - Truck dealers who ensure effectively the manage process and get the products at an excellent quality throughout the country and abroad
• Marketing and sales (to see chapter 5)
  ➢ Product Line 4 typical flavours of Spanish origin designation
  ➢ Ad Campaigns
  ➢ Buying, volume discounts, rebates ...

• After-sales service:
  ➢ Telephone service and e-mail
  ➢ Suggestions box

• Support Activities

  o Purchases:
    ➢ Using storage buildings to inventory

  o Development of technology:
    ➢ Implementation of a Software and a database to create an ERP to manage different areas

  o HRM (to see chapter 7):
    ➢ Training and internal promotion.
    ➢ Incentive Program.

  o Infrastructure Company:
    ➢ Capital contribution by national partners
    ➢ Awareness of ethics, ecology and safety
    ➢ Effectiveness and efficiency in the management control

3.3 SWOT analysis

A SWOT analysis identifies the Strengths and Weaknesses (highlighted in the internal analysis) and the Threats and Opportunities (relevant in the external analysis) in a square matrix:

<table>
<thead>
<tr>
<th>Weaknesses</th>
<th>Strengths</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shortly bargaining power against suppliers</td>
<td>Wide variety of local distribution</td>
</tr>
<tr>
<td>Only one building of production</td>
<td>Low bargaining power of customers</td>
</tr>
<tr>
<td>High cost of raw materials</td>
<td>Quality product</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Threats</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do not subsidize the sector</td>
<td>Increased number of adult population</td>
</tr>
<tr>
<td>Current Crisis</td>
<td>Leisure related to alcohol</td>
</tr>
<tr>
<td>Greater competition</td>
<td>Advancement of ICT</td>
</tr>
<tr>
<td>Barriers to entry</td>
<td>Modern communication networks</td>
</tr>
<tr>
<td>Reduction of demand</td>
<td>Many gourmet shops</td>
</tr>
<tr>
<td>Existence of many substitutes</td>
<td></td>
</tr>
</tbody>
</table>
4. Characteristics of supply
4.1 Product description

HispAnís is dedicated to the production of spirits. These are prepared from anise (with designation of origin, Anise Paloma Monforte del Cid, Alicante); and differ from the competition by its unique use of traditional Spanish ingredients with PDO.

Four flavours of the products, ingredients and preparation are shown:

<table>
<thead>
<tr>
<th>Ingredients</th>
<th>Elaboration</th>
<th>Ingredients</th>
<th>Elaboration</th>
</tr>
</thead>
<tbody>
<tr>
<td>1kg of clementine</td>
<td>Peel the clementine</td>
<td>1 kg of persimmon</td>
<td>Drawn heart of persimmons</td>
</tr>
<tr>
<td>1/3 l from anise</td>
<td>Add the clementine peel and anise marinate 5 days</td>
<td>1/3 l from anise</td>
<td>Add persimmon (no heart) and lemon peel and anise marinate 30 days</td>
</tr>
<tr>
<td>½ kg sugar</td>
<td>Boil water, sugar and tangerine juice</td>
<td>Sugar 100 g</td>
<td>Boil water and sugar</td>
</tr>
<tr>
<td>½ l water</td>
<td>Filter the macerate</td>
<td>½ l water</td>
<td>Filter the macerate</td>
</tr>
<tr>
<td></td>
<td>Mix the filtered macerated with sugar water</td>
<td>Rind of 1 lemon</td>
<td>Mix the filtered macerated with sugar water</td>
</tr>
<tr>
<td></td>
<td>Let stand 6 days</td>
<td></td>
<td>Let stand 9 days</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ingredients</th>
<th>Elaboration</th>
<th>Ingredients</th>
<th>Elaboration</th>
</tr>
</thead>
<tbody>
<tr>
<td>100g of cheese</td>
<td>Cut the cheese into small cubes</td>
<td>6 bananas</td>
<td>Cut the banana into slices</td>
</tr>
<tr>
<td>1/3 l from anise</td>
<td>Add the cheese and anise marinate 40 days</td>
<td>1/3 l from anise</td>
<td>Add banana anise and marinate 15 days</td>
</tr>
<tr>
<td>Sugar 100 g</td>
<td>Boil water with sugar</td>
<td>½ kg sugar</td>
<td>Boil water, sugar and macerate Filter</td>
</tr>
<tr>
<td>½ l water</td>
<td>Filter the macerate</td>
<td>½ l water</td>
<td>Mix the filtered macerated with sugar water</td>
</tr>
<tr>
<td></td>
<td>Mix the filtered macerated with sugar water</td>
<td></td>
<td>Let stand 4 days</td>
</tr>
<tr>
<td></td>
<td>Let stand 2 days</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The product line will be known by the name of "Sabor Hispánis"

These spirits are packaged in glass bottles (with a unique and distinctive shape specially created by the company) with a capacity of 750ml.

After studying the competition, margins, the study of the costs to assume (see section 8) and considering that it will be a distinguished line, this product will be offered with a price of about 10 €.

Although at the very beginning, the company only offers four flavours, this property in the future is expanded to stick to the new needs of the demand.

### 4.2 Location

The decisive factor for choosing the location was the proximity to suppliers and supply of industrial buildings at affordable prices to the budget:
The exact location is set to the t poe Pastor street in Alicante, where a warehouse of 300 m² whose acquisition is valued at 34,000 €.

Figure 4.3. Exact location. Source: Google maps

Figure 4.4. Building. Source: Idealista.com

4.3 Product distribution

4.3.1 Where to buy

The liquor is offered as a separate product. This is why, product sales (beyond supermarkets and hypermarkets) are driven in areas of culinary recognition and / or cultural and distinguished and specialized in this type of spirits:

- Sections gourmet supermarket
- Restaurants
- Speciality Liquor
- Business gifts (Christmas baskets, retirement gifts ...)
- Hotels
- Spanish food specializing points (in or abroad)

Although the products can be purchased at these physical locations, customers can also place your order via the internet.
4.3.2 Methods of distribution

Although the registered office of the company is placed in Spain; the goal is to meet the demand both nationally and internationally (Europe).

To do this, we have two truck dealers (used) totalling 32,500€

![Trucks. Source: Anuntis](image)

The trucks will be used exclusively for the distribution of the products. Therefore, after dealing with suppliers, we will be responsible for transporting the raw material to the factory (even if it involves a small extra charge). As it goes increasing the market share, a greater bargaining power will be purchased and costs will be reduced.

4.4 Target market (segmentation)

The product is aimed at both adult men and women, with a medium / high income (according to the Spanish legislation, access to alcohol is restricted until the age 18) as an innovative product features some costs in quality and price.

Mainly the target market is national, because in the beginning, the profits will be reduced by exporting.

From the point of view of marketing, the desired customer profile is a type of complex buying behaviour who has a high involvement in decision making to find a significant difference between brands.

4.5 Positioning

The goal is to differentiate the product. This (not as common as competition) typical Spanish flavours are developed, emphasizing its quality through certification appellation.

It is expected that customers cannot categorize any other product as a substitute. And because of the to create a brand image as an icon of quality and innovation within the sector. This liquor should be associated to concepts such as the distinction or elegance.
4.6 Legal constitution

HispAnís will be incorporated as a corporation, with limited liability, in which the capital is represented by shares in which ownership is separated from the management of the company.

The company should be registered in the Companies Register through a public deed at the address of the company.

Once the deed has been prepared (containing the statutes), it must be enrolled in the Commercial Register to the corporation in order to acquire legal personality as such.

HispAnís SA will have a registered capital of 430,000€, 280,000€ contributed by five partners aliquoted, and 150,000€ granted by a bank loan.

Note that the minimum capital required establishing an SA is 60,000€. This capital will guarantee to creditors and will be fully subscribed and paid at the time of incorporation.

It has been decided to set up as a corporation by the advantages that this entails:

- Limitation of liability of economic members
- Freedom of company name
- Great freedom of agreements between partners
- There is no minimum or maximum percentage of capital per partner
- Freedom to transfer the shares
- Ability to provide the capital goods or money
- No minimum or maximum limit of partners
- There is no minimum number of working partners
- Good image in the trade
- Not necessary deed for transfer of shares
- Ability to issue bonds
- You can go public
- There is no restriction to non-competence Administrator
- Lack of exercise activity is not due to dissolution
- Partners can be anonymous
- Interesting from a certain amount of profit taxation.

Moreover, the incorporation involves a series of steps:

1. Negative certification request name in the Central Commercial Register
2. Perform public deed before a notary, and the statutes and register in the Commercial Register
3. Pay the property transfer tax and stamp duty on the Ministry of Finance
4. Register the company in the Commercial Register
5. Request the tax identification number, to register the high tax and Economic Activities in the Census of entrepreneurs in the Inland Revenue

6. Territorial Treasury of Social Security:
   - Affiliation and Social Security number
   - Added to the Social Security System of the worker-members and / or administrators
   - Registration of the company, affiliation and registration of workers

7. Perform the notice of initiation of the workplace Working in counselling

8. Acquisition and legalizing guestbook at the Provincial Working

9. High in the property tax and business license council

10. Get the working calendar in the Provincial Labour

11. High of employment contracts in the Public Service of Employment

12. Check signs in Spanish Patent and Trademark Office

13. Registration of personal files on the Spanish Data Protection Agency

4.7 Organization chart

A flowchart is a graphical representation of the structure of a company.

Figure 4.6. Flowchart. Source: Adapted proposed by the Spanish Federation of Food and Drink Industries (IFLA)
5. Communication plan

5.1 Method of communication and advertising

Customers would be able to access the products in their retail locations. Besides, they also would be able to contact and place orders directly through the website: www.HispAnís.com (the keeping and updates of this website lead us a cost of 20 € per month).

Keep in mind that for a customer places an order, it must know the existence of the company previously. We will advertise for them by:

<table>
<thead>
<tr>
<th>Method</th>
<th>Description and cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newspaper/magazine ads</td>
<td>Announce in local magazines. The cost for an ad on a quarter page increase of 14 €. Given that we only announce in municipalities with over 200,000 habitants, we will announce in 29 municipalities, representing a monthly total of 406 €.</td>
</tr>
<tr>
<td>Radio</td>
<td>Advertising would be held in municipalities with more than 500,000 habitants. For example, an ad in the municipal Onda Cero (12:30 to 14:00 [M-F]) would cost about 44 €, considering 6 municipalities would sum 264€ per month</td>
</tr>
<tr>
<td>Social Networks</td>
<td>Create a profile on social networking sites is free</td>
</tr>
<tr>
<td>Online Ads</td>
<td>The management fee is 500 € per month (including banners and management assistance)</td>
</tr>
</tbody>
</table>

**Total annual cost in communication: 14,280€**

When the company has a presence in the market and will be known, it would get a larger market share and will be announced on television and billboards. It is estimated to develop in a short time a second advertising strategy which has been initially discarded (since it involves excessive costs for the company in the beginning)

5.2 Promotions

The following systems of promotion are used:

- **Prompt payment discount:** Initially, individual customers pay cash. However, wholesalers are granted with an extension of three months. If they also decide to pay instantly, they are given a cash discount, which may vary depending on the bargaining power of the parties.

- **Rebates for purchases:** only applies to wholesalers. It consists of making a discount for making a significant purchase (also vary depending on the bargaining power of the parties and the number of products purchased).
• Cross-selling Discount: loyal customers are offered a discount on the purchase of the liquors they do not usually consume.

• Gifts / seniority bonus: clients, both individuals and wholesalers, making major purchases (each level) over time are provided with these bonuses. For example, a bottle gift by consuming the product for a year.

• Sweepstakes entries: two baskets of product per year are circumvented. One between individual customers and another for wholesalers.

• Deals with time limit: it encourages the demand of the product at very a short time. It is intended for individual clients. E.g. taste 2x1 for a week.

• Collaboration with other non-competitor companies. Attaching a sample to any products related to the field of alcohol that does not involve competition. For example, give away free samples of small bottles of liquor along with a set of glasses or bottle rack.

Once HispAnís is established in the market and it shows the historical trends that are acquiring the discount rates offered to display, a written table bareme of future sales will be formalized.

In addition, it would be offered a membership card to loyal customers. This card will provide customers access to promotions, discounts and other offers that will vary over time depending on the level of production and demand.

5.3 After-sales service

Customers will have services such as:

• Warranty: It is shown the consumers’ concern for the excellent condition of the product before reaching the clients. That's why the company is responsible for the return of any defective or damaged merchandise.

• Customer Service: In addition to the availability of physical mail (to show the drawbacks found in the service of our product), customers will have an online complaint box.

• Suggestions: HispAnís is interested in knowing the ideas of customers. With this, we could detect the new needs of the demand. Suggestions will be accepted both: physical or online mail. In addition, older customers would be asked to confirm their satisfaction with the product by means of an annual survey.
5.4 Logo

From a marketing standpoint, it is advisable to associate a company (and its image) for a logo, because it will be what distinguishes them from other companies.

HispAnís logo is reflected in the products, in advertising, in the uniform of our delivery and distribution trucks.

The logo for which will be announced the company will be:

![Logo](image)

Figure 5.1. Logo. Source: Prepared

This image is to show the origin of the raw materials (with the form of the original) and aniseed-based drinks (in the name, such as showing, as a point of "i" dry flower plant).
6. Action plan

6.1 Determination of demand

According to a study by Business School (EAE) “Spending on snuff, alcohol and gambling 2013 in Spain's annual alcohol consumption per person is 675€”. Given that involve spirits 3% of the demand for alcohol, an estimated € 20.25 per person per year in liquor.

The advertising company takes in 29 municipalities, which includes a total of 12,188,325 inhabitants (probably not all of them will consume).

To establish the market share, it has been used as reference IBER LIQUOR SL, which is of similar size and activity as HispAnís. This company has achieved in 20 years a fee of 3% (which linearly an increase of 0.15 % annually). With this course as a limit, it will cover market share arising to buy the necessary raw materials that do not exceed the income of the previous year.

Once estimated the market share, it is possible to estimate what the population will consume in 29 municipalities, and thus what revenue forecast will be obtained.

It is to note that not all income produced will, as every year, a part of the production will be distributed as gifts, complimentary tasting products, or will be returned as defective. The percentage of these gifts (which will be considered as advertising costs), and defective products will be reduced as the company you gain greater market share.

Moreover, it needs to know the total produced bottles; many are controlled in each flavour, and determine the amount of raw materials needed.

According to our own adaptation of the data (highlighting only really involved) offered by the National Association of Soft Drink Manufacturers, the real demand for flavours is:

![Demand for Flavours](image)

Figure 6.1. Demand for flavours. Source: Compiled from Anfabra
With this, HispAnís produce at this rate:

![Producción por sabores](image)

<table>
<thead>
<tr>
<th>Conditioning of the local: <strong>10,795.91€</strong></th>
<th>Furniture: <strong>5,243.67€</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Painting facade</td>
<td>593.91€</td>
</tr>
<tr>
<td>Billboard ceiling with company logo included</td>
<td>2,500€</td>
</tr>
<tr>
<td>Interior painting and varnishing doors</td>
<td>1,322€</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 6.2. Production by flavours. Source: Compiled from Anfabra

6.2 Conditioning

The home purchased by HispAnís (see chapter 4.2) requires preparation for commissioning. In addition, the company will incur other costs of fittings like the trucks, furniture and uniforms for employees:
It will also be used 2,000€ for costs such as lamps, bulbs, outdoor tarps ... etc.

6.3 Raw materials

Wholesale prices offered by suppliers:

<table>
<thead>
<tr>
<th>Precios de los proveedores a clientes individuales</th>
<th>Precios de los proveedores a clientes mayoristas</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 l Alis Paloma Montforte del Cid</td>
<td>9,95 €</td>
</tr>
<tr>
<td>1 Kg Clementina de las tierras del Libro</td>
<td>2,69 €</td>
</tr>
<tr>
<td>1 Kg Caqui ribera del Xiquet</td>
<td>1,99 €</td>
</tr>
<tr>
<td>1 Kg Queso Manchego</td>
<td>22,48 €</td>
</tr>
<tr>
<td>0,5 Kg Plátano de canarias</td>
<td>0,95 €</td>
</tr>
<tr>
<td>1 Kg Azúcar</td>
<td>0,75 €</td>
</tr>
<tr>
<td>1 Kg Agua</td>
<td>0,63 €</td>
</tr>
<tr>
<td>1 Kg Limón</td>
<td>1,55 €</td>
</tr>
</tbody>
</table>

(Supongamos un 10% de descuento por ser compra mayorista, con costes de transportes incluidos)

Figure 6.3. Rates suppliers. Source: Compiled from Carritus.com

The cost of raw material per bottle is established from the above data:

<table>
<thead>
<tr>
<th>Botella licor de clementina</th>
<th>Botella de licor de queso</th>
<th>Botella licor de plátano</th>
<th>Botella licor de caqui</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 kg de clementinas</td>
<td>1,49 €</td>
<td>100 g de queso</td>
<td>2,03 €</td>
</tr>
<tr>
<td>1/1 l de anís</td>
<td>2,99 €</td>
<td>1/1 l de anís</td>
<td>2,99 €</td>
</tr>
<tr>
<td>1/5 kg de azúcar</td>
<td>0,34 €</td>
<td>100 g de azúcar</td>
<td>0,34 €</td>
</tr>
<tr>
<td>1/5 l de agua</td>
<td>0,05 €</td>
<td>1/5 l de agua</td>
<td>0,05 €</td>
</tr>
<tr>
<td>4,25 €</td>
<td>5,99 €</td>
<td>4,22 €</td>
<td>5,17 €</td>
</tr>
</tbody>
</table>

Figure 6.4. Cost of raw materials per bottle. Source: Prepared
### 6.4 Machinery

Machinery listed in order of use:

<table>
<thead>
<tr>
<th>Description</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cold-rooms and installation 35m²</td>
<td>6,541€</td>
</tr>
<tr>
<td>1 Peelers / Industrial Cutters</td>
<td>1,050€</td>
</tr>
<tr>
<td>6 conveyor belts</td>
<td>960€</td>
</tr>
<tr>
<td>30 Macerators 80l</td>
<td>8,190€</td>
</tr>
<tr>
<td>1 Industrial shredders</td>
<td>1,000€</td>
</tr>
<tr>
<td>10 kettles refilling 38l</td>
<td>6,800€</td>
</tr>
<tr>
<td>2 Mixers 75l</td>
<td>2,400€</td>
</tr>
<tr>
<td>1 Industrial Strainer 57Kg</td>
<td>2,617€</td>
</tr>
<tr>
<td>1 palletizing robots</td>
<td>6,000€</td>
</tr>
<tr>
<td>Triblock (rinse, filler, capper) 1000 bottles / h</td>
<td>23,000€</td>
</tr>
<tr>
<td>Electrical labelling 100bot/min</td>
<td>15,000€</td>
</tr>
</tbody>
</table>

It is estimated 5,000 € for auxiliary machinery, pallets, delivery hoses, buckets, boxes, etc...

It is estimated that the established demand from Year 5 will only increase the square footage of the cold room and the amount of maceration.
6.5 Bottles provider

The producer of bottles will be Juvasa, which uses a collection of customers within 90 days.

It has set the price of the bottle as the one with the most similar to those sought by HispAnis features. Juvasa offers a pack of 25 units 750ml bottle Standard Ecova Bordeaux priced 8.25 €. This price has estimated the costs of this provider, allowing for a CPI increase of 2.8%.

6.6 Labelling cost

First Store Company will be the provider of stickers (which will be used by the labeller machine acquired). The cost per label represents € 0.09

6.7 Cost of storage and distribution

The storage cost of the raw materials includes the cost of the refrigerator (see chapter 6.4) and the light it consumes (see chapter 6.8).

Moreover, the storage of finished inventory does not cost anything because they can be stored without any special treatment. They will be simply stacked in a room in the company.

The distribution is done by HispAnis trucks (see chapter 4.3.2). As they are from a second hand, they will be renovated in 3 years. Once known the cost, we have to estimate the fuel that they will use.

The image shows the regions in which the company is announced and therefore, their distribution points:

![Figure 6.5. Distribution Points. Source: Prepared](image)

To set delivery routes is necessary to estimate the mileage:
It is assumed that a truck consumes 20% more fuel than a car. Being the current prices of the fuel very high, and as it is unpredictable the price of the fuel for the long term, we assume that current prices represent the average price in 10 years.

Fuel costs arising from foreign distribution will be borne by the customer.

6.8 Other costs

6.8.1 Costs of incorporation:

We estimate that the costs of formalization of the constitution are made by:

• Deed: 240.40€
• Tax Clearance constitution: 1% of the capital
• Join the Provincial Trade Register 180 €.
• Initial Legal Advice (80 € x 8h lawyer salary): 640 €

6.8.2 Supply costs

We assume that the cost of supplies (water and electricity) is linked to the number of Production Company. We will estimate this cost as 8% of sales.

6.8.3 Cleaning costs

Hispanís hire company BN Group, which will develop technical services for industrial cleaning and basic cleaning for a monthly fee of 1,030 €
6.8.4 Software and licensing costs

The company will need to export license, license to sell alcoholic beverages, and a production license. Given the difficulty of assessing these licenses economically, it estimates a value of 1500 euros. Your renewal is every 3 years.

The company will use the basic software already installed on computers, and will additionally buy the annual subscription of the Basic ContaPlus Flex Standard support estimated at 81.81€.

To protect the operation of the product by others, we have decided to patent the product by a PCT (International Preliminary Examination without phase) at a cost of 2,610 € including procedural costs, validation and translation.

6.8.5 Insurance costs

With reference to the policies of other companies, it is estimated the combined procurement of an industrial policy with Mapfre 5,300 € per year.

6.8.6 Costs of taxes.

The Company shall bear costs for taxes:

• Tax on alcohol: 7.39% of the value of hl

• Customs Tax: We will assume that 1% will export production, increasing the cost by 38.74% customs governing law.

• Income tax: The Company is fiscally categorized as a small sized company (ERD) during operation because the turnover is less than 10 million euros.

The company can enjoy tax deductions in accelerated depreciation of certain property including low-value, impairment losses on loans for possible bad debts and depreciation of assets subject to reinvestment. Keep in mind the average growth of the template for it.

This regime has different tax rates to the general system, so it applies to the portion of taxable income between 0 and 300,000 € a rate of 25% and 30% to the remaining part.
7. Human resources

7.1 Employees

Initially, the company requires few employees. At the start of the business, one employee may perform various activities as long as they are not incompatible.

The General Directorate shall be borne by the founders who conducted the performance without compensation.

We will consider the minimum and maximum foundation established by the Social Security (extra payments already included) to set the salary of employees and the cost to the company:

![Bases quote](image)

To select the company staff, partners met with several candidates and selected the most appropriate. The positions filled were:
### Employee 1

<table>
<thead>
<tr>
<th>Position:</th>
<th>Director of administration</th>
</tr>
</thead>
</table>
| Tasks              | • Preparation and review of accounting (budgeting, financial statements ...)  
|                    | • Cash management and financial analysis  
|                    | • Responsible for business taxation  
|                    | • Investment studies |
| Schedule           | Monday - Friday 09:00 h - 14:00 h and 15:00 h - 18:00 h |
| Wage               | 1,051.50€ |
| Comment            | Although the wage is 1,051.50€ for the cost of the worker assumes 1,299.65€, as you must pay the withholding by the finance company. (We estimate 23.6%). The salary will be adjusted each year according to the CPI increase. |

### Employee 2

<table>
<thead>
<tr>
<th>Position:</th>
<th>Commercial Director and Director of HR</th>
</tr>
</thead>
</table>
| Tasks              | • Sales Plan  
|                    | • Pricing, customer segmentation and advertising  
|                    | • Interviews and recruitment |
| Schedule           | Monday - Friday 09:00 h - 14:00 h and 15:00 h - 18:00 h |
| Wage               | 1,051.50€ |
| Comment            | Total cost for the company € 1,299.65. Although serves 2 activities will not be problem in future operational internal audits, since they are independent functions. The salary will be adjusted each year according to the CPI increase. |

### Attendant 3

<table>
<thead>
<tr>
<th>Position:</th>
<th>Purchasing Manager and hazards</th>
</tr>
</thead>
</table>
| Tasks              | • Control of Storage and supply  
|                    | • Treatment and providers search  
|                    | • Prevention and awareness of risks |
| Schedule           | Monday - Friday 09:00 h - 14:00 h and 15:00 h - 18:00 h |
| Wage               | 1,051.50€ |
| Comment            | Total cost for the company 1,299.65€. Although occupational hazards you should be treated s by the HR director is not well established because it would be available to control the entire cycle control, and could lead to "agency costs". The 2 tasks occupying commercial director n or become an issue in future operational internal audits. Exercise receptionist of the company if necessary. The salary will be adjusted each year according to the CPI increase. |

### Employee 4 and 5

<table>
<thead>
<tr>
<th>Position:</th>
<th>Carrier</th>
</tr>
</thead>
</table>
| Tasks              | • Review and verify goods in the delivery and reception  
|                    | • Transporting the product to the customer  
<p>|                    | • Responsible for ensuring the proper use of the truck |</p>
<table>
<thead>
<tr>
<th>Employee 6</th>
<th>Employee 7</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Position:</strong></td>
<td>Director and computer production</td>
</tr>
</tbody>
</table>
| **Tasks:** | • Technical planning  
• Accounting Cost  
• Review, update and security of computer and database | • Assistant production manager  
• Implementation and support in developing  
• Review of finished products (To verify compliance with quality, temperature, taste, quantity, weight and labelling) |
| **Schedule:** | Monday - Friday 09:00 h - 14:00 h and 15:00 h - 18:00 h | Monday - Friday 09:00 h - 14:00 h and 15:00 h - 18:00 h |
| **Wage:** | 758,70 € per carrier | 1,051.50 € |
| **Comment:** | Total cost for the company 937.75€.  
The salary will be adjusted each year according to the CPI increase. | Total cost for the company 1,299.65€.  
No problem in future internal operational audits.  
The salary will be adjusted each year according to the CPI increase. |

### 7.2 Increase in template

The expansion of the company begins to be realized from the fifth year. It is then that the template will be expanded with an administrative assistant, a new HR director, a production worker and a new carrier.
7.3 Incentive scheme

The company will distinguish between monetary and non-monetary incentives:

Non-monetary incentives:

- After evaluating employees' Employee of the Month "will be decided
- Greeting and birthday cards and important dates
- Communication of important achievements of the company by e-mail or team meetings
- Attending conferences
- Christmas baskets, gifts ...

Monetary incentives:

- The "Employee of the Month" will get an extra 2% of their salary
- An employee or department that exceeds the target return, production, efficiency ... set by the company will credit the 1% of the salary. (The company objectives are attainable goals for the employee to not demotivate)
8. Financial budget plan

8.1 Forecasts

8.1.1 Forecast of production and sale

Once the expected demand is determined (see section 6.1), it can be estimated the number of bottles we have to produce to cover this demand. The estimated demand means 246,813€ to spend on our products (20.25 € per person, with a market share of 0.1% from 12,188,325 people who know their existence), so with sales of 10€ per bottle, it corresponds an initial production of 24,681 bottles. The production will increase at the same time as market share (0.05% per year).

As it is a new company, and therefore, unknown in the market, the company will spend part of their production to advertise free samples. The distribution policy of these samples is set on an allocation of 10% in the first year with a tendency to 1% in year 15.

![Figure 8.1. Production. Source: Prepared based on Figure 1 of Annex](image)

Knowing the number of bottles to be produced and intended for sale, and setting the price of each unit in 10 €, we can find the expected revenue.

8.1.2 Forecast of cost

To address these production levels, we estimate the costs to take (see paragraph 6). To do this, we base them on INE forecasts. About 2.8% of CPI.
These costs represent an average value of 76.27% on the selling price per bottle. So the profit margin will be 23.73%.

8.2 Investment plan

Next, the costs shown in the previous section (see section 6) are synthesized:

Figure 8.3. Total Costs. Source: Prepared
8.3 Financing plan

8.3.1 Sources of funding

Faced with the need to cover these costs is used as both a self or other-funded employee.

Partners bring €280,000 compared to €150,000 funded by the Official Credit Institute (ICO) as part covered by each financing would be:

<table>
<thead>
<tr>
<th>Concept</th>
<th>Importe</th>
<th>Cubierto</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aport. Socios</td>
<td>280000</td>
<td>65.12%</td>
</tr>
<tr>
<td>Prestamo</td>
<td>150000</td>
<td>34.88%</td>
</tr>
<tr>
<td>Total</td>
<td>430000</td>
<td>100%</td>
</tr>
</tbody>
</table>

Figure 8.4. Financing. Source: Prepared

After consulting ICO conditions and considering the suitable company for the request, a quarterly French loan is set at a nominal rate of 7.413%, repayable in 10 years. (See Figure 3 in the appendix)

Given the fact that there are no commissions and expenses to third parties amounted to 900 €, the actual cost of the operation is of 7.55% as provided by ICO.

8.3.2 Forecast cash

Although the investment results may seem profitable, there may be liquidity issues that impede its continuity over time.

To study this section, we should evaluate all receipts and payments (excluding income and expenses not involving cash flow) made by the company, including financial expenses.

| Efectivo inicial | 0  | 1  | 2  | 3  | 4  | 5  | 6  | 7  | 8  | 9  | 10 | 11 | 12 | 13 | 14 | 15 |
|------------------|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|
| Efectivo inicial | 420000 |
| Cobros por ventas | 222212 | 233219 | 244428 | 255285 | 265101 | 275025 | 284957 | 294897 | 304845 | 314795 | 324749 | 334703 | 344657 | 354612 | 364567 |
| Pagos por costes fixes | 52631 | 53623 | 54615 | 55607 | 56599 | 57591 | 58583 | 59574 | 60566 | 61557 | 62548 | 63539 | 64530 | 65521 | 66512 | 67502 |
| Pagos por costes variables | 37931 | 38933 | 39935 | 40937 | 41939 | 42941 | 43943 | 44945 | 45947 | 46949 | 47951 | 48953 | 49955 | 50957 | 51959 | 52961 |
| Términos amortización | 21841 | 21841 | 21841 | 21841 | 21841 | 21841 | 21841 | 21841 | 21841 | 21841 | 21841 | 21841 | 21841 | 21841 | 21841 | 21841 |
| Impuesto a pagar | 1129 | 1237 | 1335 | 1433 | 1531 | 1629 | 1727 | 1825 | 1923 | 2021 | 2119 | 2217 | 2315 | 2413 | 2511 | 2609 |
| Flujos de efectivo | 450000 | 207536 | 188480 | 169425 | 150370 | 131315 | 112260 | 93205 | 74150 | 55095 | 36040 | 17485 | -19565 | -38520 | -57475 | -76430 |

Figure 8.5. Treasury. Source: Prepared

By not be given any negative number, it is observed that there are no liquidity problems.

It is included in the loan, the costs to others for the company to really get the €150,000 needed so that the nominal loan amount increases to €150,900.
8.3.3 Depreciation

Although depreciation does not involve an actual cash flow, it should be taken into account in the calculation of taxable income.

It has been incorporated in the assets’ value to repay the preparation. Thereof, the expansion and improvement is assumed.

It is estimated an indefinite profitable life of the patent (so it will be repaid) and consequently, zero residual value.

It is established a profitable life of 30 years for local, 15 for furniture and equipment and 5 to set the trucks as they are second hand. (See Figure 4 in Annex)

Straight-line depreciation is used so that the variation in the value is due to the renewal of trucks, purchase of furniture for new workers and new machinery to increase capacity.

8.3.4 Balance Sheet and Profit and Loss pension

After analysing the financial status of the company, it could be made a synthesis balance and a profit and loss account.

We will use that initial balance of the year of incorporation.

<table>
<thead>
<tr>
<th></th>
<th>Patrimonio Neto y Pasivo</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Activo No corriente</td>
<td>151,389 €</td>
</tr>
<tr>
<td>Inmovilizado Bruto</td>
<td>127,136 €</td>
</tr>
<tr>
<td>Amortización Acumulada</td>
<td>0 €</td>
</tr>
<tr>
<td>Activos intangibles</td>
<td>4,192 €</td>
</tr>
<tr>
<td>Activo Corriente</td>
<td>258,451 €</td>
</tr>
<tr>
<td>Tesorería</td>
<td>256,451 €</td>
</tr>
<tr>
<td>Clientes</td>
<td>0 €</td>
</tr>
<tr>
<td>Existencias</td>
<td>0 €</td>
</tr>
<tr>
<td>Total Activo</td>
<td>429,940 €</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Pasivo Corriente</td>
<td>10,617 €</td>
</tr>
<tr>
<td>Proveedores</td>
<td>0 €</td>
</tr>
<tr>
<td>Préstamos a corto plazo</td>
<td>19,617 €</td>
</tr>
<tr>
<td>Total Patrimonio Neto y Pasivo</td>
<td>429,940 €</td>
</tr>
</tbody>
</table>

Figure 8.6. Balance. Source: Prepared

We observe negative reserves, since the accounting expenses are charged to this account. From this reference, the following can be constructed in time.

When calculating the inventories, we have taken into account that at the end of Year 1 there were left in stock free samples. From this year on, the ending stocks of each year
account for 10% of the samples accumulated over the year (difference between purchases and sales).

In addition to the calculation of the Net Asset Value, it has been taken into account the distribution of benefits.

<table>
<thead>
<tr>
<th>Active</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active No corriente</td>
<td>151,198 €</td>
<td>137,009 €</td>
<td>112,822 €</td>
<td>108,637 €</td>
<td>108,204 €</td>
</tr>
<tr>
<td>Inmovilizado Bruto</td>
<td>161,198 €</td>
<td>161,198 €</td>
<td>161,198 €</td>
<td>161,198 €</td>
<td>161,198 €</td>
</tr>
<tr>
<td>Maquinaria</td>
<td>73,558 €</td>
<td>73,558 €</td>
<td>73,558 €</td>
<td>73,558 €</td>
<td>73,558 €</td>
</tr>
<tr>
<td>Mobiliario</td>
<td>5,244 €</td>
<td>5,244 €</td>
<td>5,244 €</td>
<td>5,244 €</td>
<td>5,244 €</td>
</tr>
<tr>
<td>Elementos de transporte</td>
<td>37,600 €</td>
<td>37,600 €</td>
<td>37,600 €</td>
<td>37,600 €</td>
<td>37,600 €</td>
</tr>
<tr>
<td>Construcciones y terrenos</td>
<td>44,796 €</td>
<td>44,796 €</td>
<td>44,796 €</td>
<td>44,796 €</td>
<td>44,796 €</td>
</tr>
<tr>
<td>Amortización Acumulada</td>
<td>14,267 €</td>
<td>18,513 €</td>
<td>42,800 €</td>
<td>57,067 €</td>
<td>72,315 €</td>
</tr>
<tr>
<td>Activos Intangibles</td>
<td>4,267 €</td>
<td>4,267 €</td>
<td>4,267 €</td>
<td>4,267 €</td>
<td>4,267 €</td>
</tr>
<tr>
<td>Active Corriente</td>
<td>46,300 €</td>
<td>33,638 €</td>
<td>38,918 €</td>
<td>89,829 €</td>
<td>104,334 €</td>
</tr>
<tr>
<td>Caja y bancos</td>
<td>21,554 €</td>
<td>31,071 €</td>
<td>1,661 €</td>
<td>45,212 €</td>
<td>51,957 €</td>
</tr>
<tr>
<td>Clientes</td>
<td>5,922 €</td>
<td>8,883 €</td>
<td>11,943 €</td>
<td>14,969 €</td>
<td>18,160 €</td>
</tr>
<tr>
<td>Existencias</td>
<td>18,825 €</td>
<td>21,648 €</td>
<td>25,413 €</td>
<td>29,649 €</td>
<td>34,167 €</td>
</tr>
<tr>
<td>TOTAL ACTIVO</td>
<td>197,498 €</td>
<td>170,647 €</td>
<td>161,740 €</td>
<td>198,467 €</td>
<td>212,527 €</td>
</tr>
<tr>
<td>Patrimonio Neto y Pasivo</td>
<td>197,498 €</td>
<td>170,647 €</td>
<td>161,740 €</td>
<td>198,467 €</td>
<td>212,527 €</td>
</tr>
<tr>
<td>Fondos Propios</td>
<td>52,826 €</td>
<td>30,917 €</td>
<td>36,288 €</td>
<td>83,896 €</td>
<td>108,793 €</td>
</tr>
<tr>
<td>Capital</td>
<td>252,450 €</td>
<td>44,012 €</td>
<td>25,773 €</td>
<td>32,473 €</td>
<td>32,473 €</td>
</tr>
<tr>
<td>Reservas</td>
<td>46,450 €</td>
<td>8,804 €</td>
<td>5,155 €</td>
<td>5,495 €</td>
<td>5,495 €</td>
</tr>
<tr>
<td>Resultado</td>
<td>-216,113 €</td>
<td>-31,899 €</td>
<td>3,361 €</td>
<td>44,928 €</td>
<td>70,821 €</td>
</tr>
<tr>
<td>Pasivo No Corriente</td>
<td>118,859 €</td>
<td>110,765 €</td>
<td>103,341 €</td>
<td>89,111 €</td>
<td>73,799 €</td>
</tr>
<tr>
<td>Préstamos a largo plazo</td>
<td>118,859 €</td>
<td>110,765 €</td>
<td>103,341 €</td>
<td>89,111 €</td>
<td>73,799 €</td>
</tr>
<tr>
<td>Pasivo Corriente</td>
<td>15,813 €</td>
<td>18,956 €</td>
<td>22,111 €</td>
<td>25,461 €</td>
<td>28,936 €</td>
</tr>
<tr>
<td>Proveedores</td>
<td>4,839 €</td>
<td>6,664 €</td>
<td>8,885 €</td>
<td>11,230 €</td>
<td>13,624 €</td>
</tr>
<tr>
<td>Prestamos a corto plazo</td>
<td>11,424 €</td>
<td>13,792 €</td>
<td>14,326 €</td>
<td>14,231 €</td>
<td>15,312 €</td>
</tr>
<tr>
<td>TOTAL P. NETO Y PASIVO</td>
<td>197,498 €</td>
<td>170,647 €</td>
<td>161,740 €</td>
<td>198,467 €</td>
<td>212,527 €</td>
</tr>
<tr>
<td>Pardidas y Ganancias</td>
<td>221,132 €</td>
<td>333,198 €</td>
<td>376,106 €</td>
<td>451,974 €</td>
<td>545,120 €</td>
</tr>
<tr>
<td>Ventas</td>
<td>222,132 €</td>
<td>333,198 €</td>
<td>376,106 €</td>
<td>451,974 €</td>
<td>545,120 €</td>
</tr>
<tr>
<td>Costos v.o.l. Explotación</td>
<td>379,251 €</td>
<td>393,359 €</td>
<td>376,206 €</td>
<td>451,974 €</td>
<td>545,120 €</td>
</tr>
<tr>
<td>Compras</td>
<td>252,466 €</td>
<td>261,925 €</td>
<td>334,172 €</td>
<td>409,297 €</td>
<td>409,297 €</td>
</tr>
<tr>
<td>Otros Costes</td>
<td>171,971 €</td>
<td>12,900 €</td>
<td>28,825 €</td>
<td>24,812 €</td>
<td>40,531 €</td>
</tr>
<tr>
<td>Salarial</td>
<td>85,556 €</td>
<td>87,993 €</td>
<td>90,456 €</td>
<td>92,989 €</td>
<td>95,993 €</td>
</tr>
<tr>
<td>Costos fijos explotación</td>
<td>106,858 €</td>
<td>45,909 €</td>
<td>51,167 €</td>
<td>53,433 €</td>
<td>54,230 €</td>
</tr>
<tr>
<td>Amortizaciones</td>
<td>14,267 €</td>
<td>14,267 €</td>
<td>14,267 €</td>
<td>14,267 €</td>
<td>15,269 €</td>
</tr>
<tr>
<td>Otros</td>
<td>92,632 €</td>
<td>35,645 €</td>
<td>36,901 €</td>
<td>39,167 €</td>
<td>38,981 €</td>
</tr>
<tr>
<td>EBIT</td>
<td>-214,047 €</td>
<td>-1,070 €</td>
<td>16,891 €</td>
<td>56,094 €</td>
<td>81,555 €</td>
</tr>
<tr>
<td>Intereses</td>
<td>10,928 €</td>
<td>9,924 €</td>
<td>8,820 €</td>
<td>7,315 €</td>
<td>7,315 €</td>
</tr>
<tr>
<td>EBT</td>
<td>-224,975 €</td>
<td>-10,091 €</td>
<td>7,683 €</td>
<td>47,774 €</td>
<td>74,241 €</td>
</tr>
<tr>
<td>Impuestos</td>
<td>1,139 €</td>
<td>1,708 €</td>
<td>2,277 €</td>
<td>2,846 €</td>
<td>3,416 €</td>
</tr>
<tr>
<td>EAT</td>
<td>-226,113 €</td>
<td>-12,899 €</td>
<td>5,361 €</td>
<td>44,528 €</td>
<td>70,825 €</td>
</tr>
</tbody>
</table>

Figure 8.7. Balance sheets and P & L. Source: Prepared
8.3.5 Ratios

The most significant ratios are studied when it comes to project the image of the company. As several of the ratios are calculated by estimating averages and year zero only serves as a short reference, we estimate relevant data from the second year.

### Figure 8.8. Ratios. Source: Prepared

Positive working capital fund is observed. Therefore, a portion of current assets is financed with the long-term resources. Although this indicator is above zero, indicating solvency, we must not forget that these figures should not be overly positive, as it indicates inefficiencies in management and these amounts could be reinvested to provide higher returns.

Regarding to the leverage degree, it is shown as a part of a stable range and grows at an exponential rate. This is because the accounting profit destabilizes negative equity, which resumes its trend from year 6.

If the assets debt ratio is evaluated, stability is shown since at all times the amount of liability is outweighed by the asset. This shows an efficient debt management.

The Current Ratio shows the ratio of current assets against current liabilities. In this case, it is always greater than unity. Note that for accounting the stock account, which is affected in current assets, it lends itself to manipulation because with a simple evaluation criterion (FIFO, PMP ...) it could change in value. That is why; they resort to Quick Ratio where stocks are removed to achieve a better indicator of this relationship. In this case it is also favourable.

Economic profitability is the ratio of earnings before the interest and taxes and the average asset. It can be taken as a measure of return on assets. It is noted that this performance is increasing. This means that an extra unit of assets will increase profit by that percentage.

The cost of debt, ratio of interest and the level of debt are stable.
The financial return is the one that involves shareholders and shows the relationship between net income and the value of the company. Although initially profitability is negative, it increases over time. It can be seen that both the economic efficiency and economic financial tend to exceed the cost of debt.

Evaluating breakeven, it appears that the company initially misses the optimal production for the profit to be zero. As the company is established in the market, the profitability threshold decreases and sales units required for this purpose are lower. Thus, the medium-term objective is covered.

Finally, the payment period to suppliers and customer collection is studied. The company has established a policy of charging as if an individual customer or wholesaler. While individual customers pay the product instantly, wholesalers are granted within 3 months. Assuming that 10% of our customers are wholesalers, it arises within a week term. Both average terms.

Regarding the suppliers, the company pays cash fixed costs as they are posing a sum amount, and agree with the suppliers of variable costs to pay 90% cash and 10% at 3 months. With this, the average payment period is set to 85 days. The difference between the term customer collection and payment to suppliers means to the enterprise the availability for short-term financing.

8.4 Feasibility analysis

8.4.1 Cash flows

Cash Flow is defined as the difference between the cash flows of inputs and outputs in a given period.

It is considered all the money that the company deposits for its productive activity and as an output, all the money spent by the company and the one that it is necessary to carry out the production activities regardless of financial costs.

Nonetheless, it should be clarified that although there is depreciation because the movement of cash is not includible. The interest should not be included either by definition. It must be taken into account when calculating the tax base. So, we can correctly estimate taxes, which are considered cash outflow.

With all this, we get the cash flows of the company.

<table>
<thead>
<tr>
<th>Year</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
<th>15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colocas por ventas</td>
<td>22232.22</td>
<td>33358.33</td>
<td>44416.45</td>
<td>55530.00</td>
<td>66610.40</td>
<td>77730.21</td>
<td>88810.00</td>
<td>99900.00</td>
<td>109900.00</td>
<td>119900.00</td>
<td>129900.00</td>
<td>139900.00</td>
<td>149900.00</td>
<td>159900.00</td>
</tr>
<tr>
<td>Pagos por controles fijos</td>
<td>2342.79</td>
<td>3542.62</td>
<td>4642.45</td>
<td>5742.28</td>
<td>6842.11</td>
<td>7942.04</td>
<td>9042.00</td>
<td>10142.00</td>
<td>11242.00</td>
<td>12342.00</td>
<td>1342.00</td>
<td>1452.00</td>
<td>1562.00</td>
<td></td>
</tr>
<tr>
<td>Pagos por controles variables</td>
<td>33932.37</td>
<td>25932.96</td>
<td>37932.57</td>
<td>49932.18</td>
<td>61932.79</td>
<td>73932.40</td>
<td>85932.01</td>
<td>97932.00</td>
<td>109932.00</td>
<td>121932.00</td>
<td>133932.00</td>
<td>145932.00</td>
<td>157932.00</td>
<td></td>
</tr>
<tr>
<td>FCN antes impuestos</td>
<td>129.79</td>
<td>4512.62</td>
<td>4612.45</td>
<td>4712.28</td>
<td>4812.11</td>
<td>4912.04</td>
<td>5012.00</td>
<td>5112.00</td>
<td>5212.00</td>
<td>5312.00</td>
<td>5412.00</td>
<td>5512.00</td>
<td>5612.00</td>
<td></td>
</tr>
<tr>
<td>Amortización</td>
<td>12476.64</td>
<td>12476.64</td>
<td>12476.64</td>
<td>12476.64</td>
<td>12476.64</td>
<td>12476.64</td>
<td>12476.64</td>
<td>12476.64</td>
<td>12476.64</td>
<td>12476.64</td>
<td>12476.64</td>
<td>12476.64</td>
<td>12476.64</td>
<td></td>
</tr>
<tr>
<td>Intereses</td>
<td>10921.15</td>
<td>10921.17</td>
<td>9753.51</td>
<td>8593.92</td>
<td>7434.33</td>
<td>6274.75</td>
<td>5115.17</td>
<td>4055.59</td>
<td>3002.02</td>
<td>2048.45</td>
<td>1094.88</td>
<td>683.30</td>
<td>209.72</td>
<td></td>
</tr>
<tr>
<td>Impuesto a pagar</td>
<td>1.09</td>
<td>1.09</td>
<td>1.09</td>
<td>1.09</td>
<td>1.09</td>
<td>1.09</td>
<td>1.09</td>
<td>1.09</td>
<td>1.09</td>
<td>1.09</td>
<td>1.09</td>
<td>1.09</td>
<td>1.09</td>
<td></td>
</tr>
<tr>
<td>Rdo contable tras impuestos</td>
<td>213.88</td>
<td>19.00</td>
<td>6.22</td>
<td>5.34</td>
<td>6.46</td>
<td>7.58</td>
<td>8.70</td>
<td>9.83</td>
<td>10.96</td>
<td>12.09</td>
<td>13.22</td>
<td>14.35</td>
<td>15.48</td>
<td></td>
</tr>
<tr>
<td>Pago desglosado impuestos</td>
<td>390.91</td>
<td>390.91</td>
<td>390.91</td>
<td>390.91</td>
<td>390.91</td>
<td>390.91</td>
<td>390.91</td>
<td>390.91</td>
<td>390.91</td>
<td>390.91</td>
<td>390.91</td>
<td>390.91</td>
<td>390.91</td>
<td></td>
</tr>
</tbody>
</table>

Figure 8.9. FNC. Source: Prepared
After studying these flows, you get an NPV of 341,707.18€ with inflation. This indicates that the investment is viable because it is a positive number.

![Table](image)

Figure 8.10. Net profitability. Source: Prepared

However, against this measure in absolute numbers, it is more meaningful insight into integers, so that the internal rate of return is calculated. The TIR operation is 14.36% including the effect of inflation. With all this, we can conclude that the given CMPC net profitability of the operation is 5.32%

### 8.4.2 Sensitivity analysis

#### 8.4.2.1 Change of the both update

Van is a decreasing function of both updating, so there is a value that cancels it. That value marks the border between the option to accept and reject.

For the company, the investment will be accepted in a range of both update [0; 14.3874%] (See Figure 5 of Annex)

#### 8.4.2.2 Variation of the initial outlay

We study which is the maximum value that could have the down payment with the condition of VAN cancelled.

For the company, this figure is represented by the interval [0; € 771,707]

### 8.4.3 Inclusion of risk

To include the risk estimation, we have had to deal with certainty equivalent adjustment. In this method, flows are altered by adjusting volatility rate as a modification that increases the cost by a both risk premium.

![Table](image)

Figure 8.11. FNC risk adjusted. Source: Prepared
With these new flows is estimated NPV with inflation of € 261,826.42, with an IRR of 13.33% inflation and a net return of 4.28%

![NPV calculation]

Figure 8.12. Net adjusted return. Source: Prepared

8.4.4 Taxes

The company is mainly affected by three taxes (see section 6.8.6), the effect will be:

![Tax calculation]

Being a small sized company, the law allows the tax to 25% while not exceeding 300,000 € profit. This shall apply until year 12, after which it will be taxed at 30%. It takes into account the compensation of previous negative bases, so the impact of corporation tax will not be reflected until year 7.

All these tax effects are on average a pay-out percentage of 29.81% of the tax base.

8.4.5 Average cost per weighted capital (WACC)

In this section the overall cost of the various sources of funding is calculated.

First, the cost of equity is evaluated. With a beta of 0.91 spirits sector, a risk-free asset as the treasury of 5.56% and the current economic situation with a market risk 6% (estimated from the paper by Pablo Fernandez "Market Risk Premium used in 82 country clubs in 2012 "), the cost of equity is estimated at 11.02%

Note that this high cost is due to the beta risk which includes this value in the high volatility of the sector since a small variation in the factors get a large variation in the results (next beta 1)

Moreover, the cost of external financing has been established in the previous section by 7.55%. Note that this is not the determining cost of capital, reflecting the impact of tax payments generated by the same debt. That is why eliminating the effect of taxes, the cost of external financing is set to 5.298%.

With all this and using a weighted average method of calculation, the CMPC is 9.023%.
For further calculations, this cost will insert the value of inflation (0.02% today according to the newspaper *El Mundo*) with a score of 9.045%. To be more restrictive in calculating and collecting the risk, additionally a risk premium of 1% is added. So, finally the cost is set to 10.05%

### 8.4.6 Dividends

The dividend policy is established based on the expected future of business needs and the availability of cash in that period.

The percentage reduction in dividends over the years is because of the company increase on social capital and equipment. It will be necessary to renew in the year 16 when the own 100% this redeemed.

This distribution of dividends to shareholders is assumed (who contributed € 280,000) as a return of 19.58% compared to 11.02% of expected cost. This is why the net shareholder return will be 8.56%

### 8.4.7 Scenarios probability

In order to calculate the probability of NPV, and thus, to simplify and facilitate the investor decision making, appropriate estimates are made assuming that the net cash flows (including the initial will be constant) are independent of each other. If not, we could not make statistical inference.

- Different evolutions of cash flows according to the statistical distribution conforming to arise (see Figure 6 in the appendix): deterministic variables with probability of occurrence; assuming a variation in the flow of 20% and a probability of occurrence of 20% optimistic and 30% for the pessimistic scenario. We obtain a probability that NPV is greater than € 230,000 98.88%

- Uniform distribution. Following this a probability distribution of NPV is obtained € 230,000 more than 56.27%

- Triangular distribution. As a probability greater NPV is obtained € 230,000 100%
These results show that regardless of how flows are distributed, the company recovered 80% of the amount contributed by the partners (230,000 €) with a 56.27% chance at least.

8.4.8 Scenario analysis

2 stages complied: The pessimist with adverse conditions aggravated and upbeat, driving conditions favourable

8.4.8.1 Optimistic scenario

They have varied the following factors in calculating the new scenario:

<table>
<thead>
<tr>
<th>Factor</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activ libre de riesgo</td>
<td>5.06%</td>
</tr>
<tr>
<td>Riesgo de mercado 100%</td>
<td>6%</td>
</tr>
<tr>
<td>Elipse</td>
<td>9.51%</td>
</tr>
<tr>
<td>GMPC</td>
<td>8.11%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mejora de las ventas:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.50%</td>
</tr>
<tr>
<td>2</td>
<td>0.50%</td>
</tr>
<tr>
<td>3</td>
<td>1.50%</td>
</tr>
<tr>
<td>4</td>
<td>2%</td>
</tr>
</tbody>
</table>

Flows will rise against the improvement of the economic situation and the consequent increase in sales by the maintenance of inflation and reducing the IPC.

With all this, the cash flow of this scenario (see Annex Figure 7) include an NPV of €643,648.57, an IRR of 17.28% and a net return of 9.15%
8.4.8.2 Pessimistic scenario

Factors to consider include:

![Table](image)

Figure 8.16. Terms pessimistic. Source: Prepared

This deterioration of the flow (see Figure 8 in Annex) implies an NPV of 64,480.93€, an IRR of 10.95% and a net profit of 1.17. In this case, although the net return is low, it is still positive so theoretically it is still profitable to invest. However, the profitability of state bonds would be six times more profitable; in addition to guarantee payment so the bonds would be the best option for the company to not capture any partner.
9. Conclusion

The objective of the project is the creation and implementation of a company whose activity is addressed to the spirits sector. Through a comprehensive analysis of real data, the possibility of realizing the opportunity of an untapped niche market and therefore, the idea of creating the company **Hispanis S.A.**, is validated.

The sustained growth of the company is driven by favourable aspects such as: outstanding product quality, innovation in flavours, little bargaining power of customers, the variety of suitable locals for distribution, the aging of the population, the consequent increase of target customers and the current trend of linking leisure with alcohol which is a high expectation of growth in the market share.

The project also has a simple production low-cost process. The largest proportion of these expenses corresponds to variable costs allowing flexible adjustment of production to meet changes in demand.

Moreover, the choice of an adult medium / high income target customer and the symbolism of elegance and distinction that has been given to the brand brings added value to the different product that gets the customer not to categorize any other product as a substitute.

The chosen legal form (SA) not only limits the liability of the partners, but also provides reliability and transparency to the market to be a must to audit. These aspects stabilizes the expectations of investors by giving them confidence.

Regarding the financial economic plan, the expectation of increasing trend (0.05%) of the market share hints at the feasibility of the project.

The need for initial funding is covered by 280.000 € provided by the partners and 150,000 € funded by the Official Credit Institute which is used to provide better financial conditions for the entrepreneurial company. The ICO offers loans to new businesses at a lower cost (7.55%) than conventional banks (10.15%); it also has no arrangement fees.

With a weighted average cost of capital of 9.05%, inflation included, the company estimates an expected net return of 5.32% for the company and 8.56% for shareholders.

The possibility of borrowing illiquidity has been evaluated. However, after studying the situation, the company does not need to access a credit because there is sufficient cash to meet payments of the company in the short term.

Without liquidity problems in the short term and the growing trend of benefits which is close to 13%, we guarantee long-term solvency.

Significantly, it is not only necessary to have sufficient cash, but to manage it efficiently. What proves this is; the adjusted working capital which indicates the reinvestment of idle cash excess in the same company and improves the quality and quantity of the production process.
It could be concluded that the company, even in adverse situations such as the current economic crisis, is projected as a profitable investment with stability over time and efficient management of its resources. All this will take us to expand the market share of the loyalty of its customers and achieve the vision to grow. In the long term, the market will be settle down in a leadership position.
10. Logbook

Project Idea and Identification

The key to start developing this project was to find an innovative pillar idea. This idea was selected after a thorough period of investigation by looking at different original concepts that would offer a world of possibilities in real implementation feasibility.

Initially, we started looking for companies that posed a market innovation. What I wanted to achieve was to seek the offer of a new product. However, after detecting an unmet need within the framework of booze; I did not hesitate to exploit this possibility offered by the idea of spirits.

Since the beginning of the project, I faced forward thinking of real planning. Although I found some difficulties, such as: the valuation of machinery to be used, the decision of the optimal number of employees, the estimation of the cost of debt, the calculation of the demand of our customers or the establishment of a proper price to the product among others; I'm definitely focusing the project as on behalf of a young entrepreneur who can go all the way, putting at stake for the first time, the knowledge and skills acquired. In this work, autonomous tasks are integrated as during the four year degree, I never faced such an integration of different related concepts of the different subjects in the context of the immediate reality.

In my opinion, the most interesting part of the project is to be able to carry out a plan both consistent and supported by actual data, and to realize that our new company could overcome the difficulties raised from the valuation and estimating viability in a real environment.

Project context

Contextualization is the first step to understand the environment in which the company would find to start trading.

This item of work is very broad. The difficulty lies in the capacity for synthesis and maintenance of a hierarchy of importance of issues, because without this, the result would be an excessively lengthy analysis with very little relevant information.

The attractiveness of this section is to give an approach to the current situation, short, simple, consistent and objective.

Although this thesis belongs to the Finance and Accounting degree, it is emphasized that this part has been developed with concepts learned in courses that have commonly studied by students of Business Administration.

Perhaps this section does not adhere precisely to the completed degree. Thus, it is not exciting at all. However, this does not imply that it is important or essential to lay the groundwork for the project.

We look forward to start developing other points from a financial perspective.
To be able to overcome the difficulties encountered in this paragraph supposed me to gain experience in this field which can be useful in my future career.

Characteristics of supply

In this section, the main problem has been to give a real focus to some sections:

- Location: To display an actual location, there have been searched several offers sales taking into account variables such as price and the square footage. Perhaps, this last factor (m2) is the relative as it is difficult to identify how many square meters will be required for the company.
- Recipes of preparation of liquors: It wanted to show a feasible recipe whose outcome was truly a liqueur. This recipe was checked several times.
- Purchase of distribution vehicles: following actual consultation sale ads is another factor concerning as for example, the number of trucks needed. Finally, it was decided by the acquisition of two in order to have at least two distribution routes.

This section is provided to introduce excessive theoretical materials which can be inconvenient because it would not be very specific information provided for the firm.

Besides, using concepts from subjects in the area of Business Administration and other concepts from Commercial Law and Tax (FC1026)

Communication plan

The difficulty in this section is to find the real prices to quantify the cost of communication and the development of creativity to create a logo that fits the image and production of our company.

Moreover, I have also found some difficulty in calculating the monetary cost of a tender and after sales service (which has not been referred to in the report). At the time of a more precise calculation, a small portion of our proceeds will be used (assuming 0.7% of production costs) to cover these costs.

Overall, this item of work is supported in Business Administration courses, more precisely those related to Marketing.

Action plan

The major difficulty encountered was finding data to support estimates and provide accuracy to the study.

This point is based on concepts of the subject Financial Management; to this section, there was only worked with concepts of Business Administration. To develop the numerical part, the student has relied on the use of an Excel spreadsheet.

The costing will be used as the basis for the following chapters 8 and 9.
Human resources

The difficulty of estimating the number of employees has been overcome by using as a basis the organization chart in chapter 4.7.

To develop this section, I used concepts from Financial Management, Business Administration and Audit Work.

Financial budget plan

The difficulty of this section lies in the supporting and estimation data. Although we try to project a realistic image, it is difficult not to introduce subjective data.

The effort of this section, in addition to the application of knowledge and skills, is in the search of information and the attempt to get a numerical approach with a global consistency with the rest of the sections.
11. Annex

**Figure 1: Demand**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcohol</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Milk</td>
<td>123456</td>
<td>78901</td>
<td>234567</td>
<td>890123</td>
<td>456789</td>
<td>123456</td>
<td>78901</td>
<td>234567</td>
<td>890123</td>
<td>456789</td>
<td>123456</td>
<td>78901</td>
<td>234567</td>
<td>890123</td>
<td>456789</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bread</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Figure 2: Costs**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Figure 3: Loan**

<table>
<thead>
<tr>
<th>Period</th>
<th>Termine</th>
<th>Capitalamortiz.</th>
<th>Intereses</th>
<th>Capitalamortiz.</th>
<th>Capital Pendiente</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>150000.00</td>
<td>150000.00</td>
<td>150000.00</td>
<td>150000.00</td>
<td>150000.00</td>
</tr>
</tbody>
</table>
Based unknown interest rate or the initial payment

$$VAN = C_0 + \frac{C_1}{(1+r)^1} + \frac{C_2}{(1+r)^2} + \ldots + \frac{C_i}{(1+r)^i} = 0$$

### Figure 4: Depreciation

### Figure 5: Sensitivity analysis

### Figure 6: Probability Scenarios
### Figure 7: Optimistic Scenario

<table>
<thead>
<tr>
<th>EVAN</th>
<th>VAM (VAN)</th>
<th>Dev (VAN)</th>
<th>P(VAN &gt; 0)</th>
<th>P(VAN &gt; 20000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>332.159</td>
<td>363.048</td>
<td>363.048</td>
<td>-14.3329</td>
<td>100%</td>
</tr>
</tbody>
</table>

### Figure 8: Pessimistic Scenario

<table>
<thead>
<tr>
<th>EVAN</th>
<th>VAM (VAN)</th>
<th>Dev (VAN)</th>
<th>P(VAN &gt; 0)</th>
<th>P(VAN &gt; 20000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>241.707</td>
<td>256.868</td>
<td>256.868</td>
<td>-16.0368</td>
<td>100%</td>
</tr>
</tbody>
</table>

DISTRIBUCIÓN TRIANGULAR

<table>
<thead>
<tr>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
<th>15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimista</td>
<td>-400000</td>
<td>-160735</td>
<td>1991</td>
<td>23105</td>
<td>82017</td>
<td>112066</td>
<td>104051</td>
<td>174359</td>
<td>192634</td>
<td>219290</td>
<td>249474</td>
<td>280014</td>
<td>321829</td>
<td>334305</td>
<td>344690</td>
</tr>
<tr>
<td>Neutral</td>
<td>-400000</td>
<td>-100945</td>
<td>2105</td>
<td>28653</td>
<td>85154</td>
<td>39369</td>
<td>80708</td>
<td>134259</td>
<td>158312</td>
<td>182789</td>
<td>207805</td>
<td>238945</td>
<td>268192</td>
<td>277857</td>
<td>287742</td>
</tr>
<tr>
<td>Pessimista</td>
<td>-400000</td>
<td>-241102</td>
<td>2967</td>
<td>34657</td>
<td>54011</td>
<td>74711</td>
<td>69267</td>
<td>116219</td>
<td>120895</td>
<td>146217</td>
<td>166136</td>
<td>180867</td>
<td>214552</td>
<td>222270</td>
<td>229794</td>
</tr>
</tbody>
</table>

EQI

| 0 | -200892 | 2489 | 28881 | 6714 | 93339 | 56703 | 142289 | 163619 | 182783 | 207805 | 238945 | 268192 | 277857 | 287742 | 295455 |

VANQ

| 0 | -269121967 | 41798 | 3566019 | 30736745 | 51842756 | 50123805 | 140746068 | 178474665 | 227213919 | 238123542 | 37020725 | 479069076 | 514624805 | 550813534 | 543356995 |

DesvStanD:

| 0 | 264025 | 203 | 2583 | 9112 | 7612 | 7600 | 11266 | 13599 | 14924 | 16975 | 19287 | 21891 | 22685 | 23643 | 23310 |

Antes de VAR:

| 0 | 256247365 | 28259 | 3397286 | 38199731 | 24457280 | 17731353 | 43872978 | 46862070 | 50983022 | 55178180 | 60005935 | 54395925 | 46846308 | 44454364 |

<table>
<thead>
<tr>
<th>EVAN</th>
<th>VAM (VAN)</th>
<th>Dev (VAN)</th>
<th>P(VAN &gt; 0)</th>
<th>P(VAN &gt; 20000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>526.596</td>
<td>556.596</td>
<td>556.596</td>
<td>-5.88798</td>
<td>100.000</td>
</tr>
</tbody>
</table>
12. Bibliography

http://anis.uvinum.es/anis-salas-dulce-1l


http://es.wikipedia.org/wiki/Agricultura_en_Espa%C3%B1a

http://es.wikipedia.org/wiki/Anexo:Municipios_de_Espa%C3%B1a_por_poblaci%C3%B3n

http://kakifruit.com/category/actualidad-persimon/

http://noticias.juridicas.com/base_dados/Fiscal/rdleg4-2004.t7.html#c12


http://people.stern.nyu.edu/adamodar/New_Home_Page/datafile/Betas.html

http://ropapersonalizada.spreadshirt.es/

http://sergiocuenca.mex.tl/

http://spanish.alibaba.com/p-detail/la-m%C3%A1quina-de-etiquetado-300000178236.html


http://tienda.sage.es/6-contabilidad?gclid=CN60x-2R57wCFZMbtAodhkcAdQ


http://tumanitas.com/precios-de-reformas/bano

http://www.abc.es/economia/20130723/abci-tabaco-alcohol-consumo-201307221944.html


http://www.anuncios-radio.com/publicidad/index.php?cPath=33&osCsid=21bc8db6564ed89f3268592610c3ea19

http://www.anyoneforpimms.com/

http://www.barbusiness.info/publicaciones/barbusiness/2013/junio/files/assets/basic-html/page50.html

http://www.bardinet.es/esp/empresa/bardgrup.html

http://www.bellaidea.es/servicios_hogar/pintar-fachada/


http://www.camarasfrigorificass.es/camaras-frigorificas-refrigeracion-S265945-P1-E3

http://www.carritus.com/producto/15406204-sin-marca-pesa-azucar


http://www.descuadrando.com/Incentivo_laboral


http://www.edenarius.com/informacion%C2%BFcuanto-cuesta-montar-una-empresa/


http://www.elmundo.es/economia/2014/01/03/52c670aa268e3e652d8b4571.html


http://www.febe.es/contenidos/bebidas/datos.asp


http://www.ftspuso.es/subido/pdf/tablas%202013%20FTSP%20USO.pdf

http://www.gondoladigital.com/portada.php?ID_PORTADA=70

http://www.grupobn.es/limpieza/servicios-de-limpieza-la-industria-alimentaria

http://www.ico.es/web/ico/ico-empresas-y-emprendedores