



# BRITISH CORNER

***BUSINESS PLAN OF BIO-TEA CAFÉ “BRITISH CORNER” IN THE FRAMEWORK  
OF BUSINESS ADMINISTRATION COURSE BY PROF. ULRICH DALDRUP***

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# STRUCTURE OF THE BUSINESS PLAN

- General description of the business idea
- Presentation of the service
- Description of products
- Market analysis
- Cost calculation
- Conclusion



# WHAT'S BEHIND THE IDEA?

- A growing number of people are looking for healthy, biologically natural food and drinks. Tea can be an ideal option to increase tonus, it is a completely natural product and has varieties of preparing recipes, for every taste.
- British tea, with its unique way of preparation and serving is very famous all over the world.
- Easy to prepare, yet delicious, the traditional, classical British tea can find its costumers also on European market.

## DESCRIPTION OF THE SERVICE

- *Tea- Café, located in Cologne Hauptbahnhof, one of the crowdest spots of North-Rhine Westphalia state.*
- *Offers biologicaly natural sorts of tea, popular in Britain and prepared in British manner.*
- *Tea-drinking in the Café can be accompanied by reading of books, devoted to the history of tea all over the world. The literature is provided by the administration of the Café.*

# THE COMPANY: FOUNDERS AND LEGAL FORM

- **Founders of „British Corner“**

1. Mr. Ahmed Ashraf

2. Ms. Ashkhen Nalbandyan

3. Mr. Vishnu Sapineni

- **Legal form**

Limited Liability Company (GmbH)

Minimum Capital (Mindeststammkapital) 25,000 EUR

Investments of founders

- 40 % of total minimum capital - 10,000 Euro

The remained 60 %

- Bank Loan

# MARKET ANALYSIS

A person's hand is pointing at a tablet displaying market analysis charts. The background is a blurred office setting with papers and a laptop. The overall color scheme is light blue and white.

- **Location**
- **Our customers**
- **Competition**
- **Advertising**

# LOCATION

- 1 min walk from Cologne Central Train Station
- Trankasse 12, 50667 Cologne



# OUR CUSTOMERS

- Passengers, travelling through Cologne central Train Station (Köln Hbf).
- People practicing healthy life style (preferring bio products)
- Everyone, who loves tea.



# OUR STAFF

- In the first year we are planning to have 6 waiters (waitresses), 4 cashiers, 4 cleaning staff members. As we are going to work 6 days per week (Mondays free), the shift for waiters will be 6 hours per day, then two days at home, for cashiers and cleaning staff members again 6 hours at work, then one day at home.
- Our staff members will be polite and competent. Knowledge of German will be mandatory, knowledge of English highly welcomed.

# COMPETITION

- Starbucks Coffee Company

Along with different types of coffee, Starbucks offers also several types of iced-tea, and black tea in menu. It is also possible to buy tea as raw product.

Cost per cup/ (depends on type of the tee) 1,45-5,95 Euro

- Coffee Fellows

Offers chai tea and tea with fruit flavor

Cost per cup /(depends on size) 3,5-4 Euro

- Disadvantages

Non of these places offers tea prepared in English manner, also, their tea is not specially marked as being bio. And, they are mainly known as coffee places and people who like tea, would prefer a special tea place.

# ADVERTISING

- English tea party on the opening day, with possibility to try all teas and cookies that are going to be sold at “British Corner”, and speech by managers.
- Pamphlets to be distributed in English and German.
- Advertising note in the touristic guides.

# FINANCIAL PLAN

- Calculation of investment and depreciation costs.
- Labor costs calculation.
- Total investment and financing.
- Interest paid on dept.
- Consumption costs calculation.
- Variable costs calculation.
- Self costs calculation.
- Turnover/ Revenue calculation.

# CALCULATION OF INVESTMENT AND DEPRECIATION COSTS (IN EURO)

Description	Investment	Depreciation %	Depreciation cost
<b>Building</b>			
Rent	2000	0	0
Renovation	5000	5	250
Additional	3000	5	150
<b>Furniture</b>			
Sofa (3)	3000	10	300
Chair (16)	640	10	64
Table (4)	480	10	48
Benches (2)	400	10	40
Lockers (5)	1000	10	100
Wall Mirror (4)	1000	10	100
<b>Electronics</b>			

# CALCULATION OF INVESTMENT AND DEPRECIATION COSTS (IN EURO)

Description	Investment	Depreciation %	Depreciation cost
Computer	800	25	200
Printer	80	25	20
Audio system	600	25	150
Internet devices	900	25	225
<b>Business specific</b>			
Coffee machine (2)	200	10	20
Refrigerator	900	10	90
Mugs & cup sleeves	100	10	10
Teapot (6)	450	10	45
Unexpected	40000	0	0
Circulating Capital	100000	0	0
<b>Total</b>	<b>160550</b>		<b>1812</b>

# LABOR COSTS (IN EURO)

<b>Job title</b>	<b>Number</b>	<b>Cost per year</b>
Cashier	4	110400
Waiter/Waitress	6	174000
Cleaner	4	96000
Total		380400

The plan is to work for two shifts, each shift will be 6 hours. Mondays are free.

# TOTAL INVESTMENT AND FINANCING (IN EURO)

<b>Total Investment</b>	<b>160550</b>
Own capital (40%)	64220
Outside financing (60%)	96330

A bank loan will be needed to finance 60% of the total investment. We assume a bank loan over a period of 5 years with constant annual loan redemption and a 7% interest rate.



# INTEREST PAID ON DEPT

<b>Year</b>	<b>Balance of dept</b>	<b>Interest rate %</b>	<b>Interest costs</b>	<b>Refunding loan</b>
1	96330	7	6743.1	19266
2	77064	7	5394.48	19266
3	57798	7	4045.86	19266
4	38532	7	2697.24	19266
5	19266	7	1348.62	19266
Total interest			<b>20229.3</b>	
Total repayment				96330

# CONSUMPTION COSTS

<b>Expandable material</b>	<b>Consumption per cup (except water)</b>	<b>Costs per cup (except water)</b>
Ingredients (in grams)		
Tea	25 (tea bag)	0.875
Sugar	30	0.18
Honey	30	0.18
Milk	50	0.2
Utilities		
Water		0.32
Energy		0.1
Maintenance		0.002
Administrative costs		0.015
Total/ cup		1.872

# VARIABLE COSTS (IN EURO)

Utilities						
Water	Heat	Electricity	Rent	Insurance	Marketing	Food (cookies,..etc)
250	350	300	2000	400	200	150
Other						
Reads	Office	Internet	Music devices			
400	200	50	300			
Total	Monthly					4600
	Yearly					55200

These values are the variable costs per year (in euro)

# SELF COSTS

<b>Costs</b>	<b>Year (1)</b>	<b>Year (2 )</b>	<b>Year (3)</b>	<b>Year (4)</b>	<b>Year (5)</b>
Depreciation	-1812	-1812	-1812	-1812	-1812
Financing	-6743.1	-5394.48	-4045.86	-2697.24	-1348.62
Labor costs	-380400	-380400	-380400	-380400	-380400
Utilities&other	-55200	-55200	-55200	-55200	-55200
Total	-224955.1	-223606.48	-222257.86	-220909.24	-219560.52
Self cost/ product	-2.45	-2.40	-2.35	-2.33	-2.30

# TURNOVER/ REVENUE CALCULATION

Year	Quantity served	Price per cup	Turnover
1	230400	2.45	564480
2	230400	2.45	564480
3	230400	2.45	564480
4	230400	2.45	564480
5	230400	2.45	564480

We decided to sell (one) British Tea Cuppa for 2.45€ in the first year.

# CASH FLOW (IN EURO)

	<b>Year (1)</b>	<b>Year (2)</b>	<b>Year (3)</b>	<b>Year (4)</b>	<b>Year (5)</b>
Sales profit	-564480	-564480	-564480	-564480	-564480
Depreciation costs	-1812	-1812	-1812	-1812	-1812
Labor costs	-380400	-380400	-380400	-380400	-380400
Utilities	-55200	-55200	-55200	-55200	-55200
Financing costs	-6743.1	-5394.48	-4045.86	-2697.24	-1348.62
Loss carried forward	0	0	0	0	0
Profit before tax	120324.9	121673.52	123022.14	124370.76	125719.38

# CASH FLOW (IN EURO)

Profit after tax (40%)	48129.96	48669.4	49208.85	49748.3	50287.75
Cash flow (net profit+depreciation)	49941.96	50481.4	51020.85	51560.3	52099.75
Repayment credit	19266	19266	19266	19266	19266
Dividend	30675.96	31215.4	31754.85	32294.3	32833.75

The total dividend over 5 years is 158,774€

# IN CONCLUSION

- As Germany is a pretty safe country, but in business there is always a risk, we decided the plan over five years period.
- In the future we plan also to sell more varieties of cookies and tea, and start selling loose tea.
- A typical English will dunk cookies in the tea cup which is by the way a habit for some countries that have a common history with England (such as Egypt).
- We hope people will like the ancient tradition of British Tea Drinking.



Thank  
You