

UNIVERSITY OF WALES SAINT DAVID LONDON CAMPUS

Module:

MANAGING ENTERPRISE IN THE 21ST CENTURY

Business Plan for Start of a UK based airline

BMSW4006

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- Introduction - to - Competitive Comparison

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- Management Summary - to - Conclusion

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- Economic Outlook - to - Sales Forecast

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INTRODUCTION

Here at Air Aston we strive to satisfy the needs of all those who love to travel. We are more than any ordinary low-cost carrier; we believe that we can provide a sense of comfort and luxury that is inclusive for everyone. With our used aircraft and our introduction of few used Airbus aircrafts we assure that our presence in the current aviation market will be significantly unique.

Aston Airlines Limited is a new UK Based consumer airline in its early stages. It is being organized to take advantage of a certain gaps in the short-haul domestic travel market. The gap exists in low cost service out of London Heathrow Airport (LHR). The gap in the availability of low-cost service in and out of the LHR according to demand for passenger travel on selected routes from LHR indicates that a new entrant airline could be expected to attract a portion of air travel business at that this airport.

Our research and projections indicate that air travel to and from LHR is enough to provide a new carrier with excellent revenues in its first full year of operations, utilizing six aircraft and selected short-haul routes. These sales figures are based upon load of only 55% in year one. Second year revenues are expected to more than double with additional aircraft and expanded routes. Load factors for year two are expected to be 62%.

These sales levels will produce decent net profit in the first operational year and further growth in flight-year two. Profits in year one will be slow in accordance with sales and will improve steadily with the economies gained in year two. The over-all operational long-term profit target will be 16% of sales as net profit in years four and five. The company's long term plan is part of the due planned strategy.

The first year of operations will use up the cash until revenue comes in. This is due to the organizational and laws of a new air carrier

The following chart shows the over-all highlights of our business plan over the first three years. Gross Margin here is quite high since the only costs included in this calculation are travel agent commissions, credit card discounts, and HMRC excise taxes. Travel agent commissions are calculated on 30% of sales even though management feels the actual number will not exceed 10% of sales. We have shown this in US Dollars.

OBJECTIVES

The Company has the following objectives and targets:

To obtain required CAA certifications on or before month eight.

To commence revenue service on or before the end of year one.

To raise enough capital in a timely fashion to financially enable these objectives.

To commence operations with two Airbus A320 series aircraft in month one, four by end of month four, and six by end of month six of flight operations.

To add one aircraft per month during year two for a total of 18 at year two end.

MISSION STATEMENT

Air Aston has a mission to provide safe, efficient, low-cost consumer air travel service. Our service will focus safety as its highest priority. We will operate the newest and best maintained aircraft available.

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We will focus on maintenance in any fashion whatsoever. We will do our best to operate our flights on time. We will provide friendly and courteous "no frill" service.

- Obtaining the required governmental approvals.
- Securing financing.
- Experienced management. (Already in place).
- Marketing: either dealing with channel problems and barriers to entry; or solving problems with major advertising and promotion budgets. Targeted market share must be achieved even amidst expected competition.
- Product quality. Always with safety foremost.
- Services delivered on time, costs controlled, marketing budgets managed. We will do our best to fix prices on growth at the expense of profits. Also, rapid growth will be in order to keep maintenance standards both strict and affordable.

Company Summary

Air Aston International Airlines is being formed in January 2020 as a Limited entity. Its offices will be based in LHR. The founder of Air Aston is Mr. KB Rafique, Mr. Kemi Banjo, Mr Arif Khan and Mr. Qaif Rafique

Market factors favour inauguration of a new airline to meet the demand for additional, higher-quality passenger and cargo service linking Western Europe with the rapidly expanding markets of South-eastern Europe and Turkey, and linking South-eastern European destinations, via Western European hubs, to trans-Atlantic and global destinations.

This new airline will base its business and marketing strategies on achieving high, and profitable, load factors through absorption of unmet demand in three key air-traffic categories: unserved and under-served routes on which high unmet demand currently exists or can be readily developed; serving key niche markets where demand is either unmet or poorly served; and meeting peak traffic demands on certain key regional, seasonal, and variable routes where very high load factors can be predicted despite existing but lower-quality competition, or where competition cannot meet the demand.

In addition, the proposed new airline will be designed around, and operated utilizing, the most up-to-date electronic, informational, and aviation technologies to ensure low operating and marketing costs, maximum efficiency in deployment of its resources, and a high level of customer service and convenience. And it is this final element - dedicating the airline, its staff, and its organization to providing a high level of customer service and convenience, and efficiently meeting the needs, wants, comfort, and safety of the passenger - that will assure the proposed airline's rapid acceptance in the marketplace and its long-term growth and success.

Particularly in the post-09/11/01 environment, experience in Europe has shown that those carriers which can maintain a "mean-and-lean" operation while still meeting the needs and desires of the traveling public, with the right fares, will not only survive, but can prosper.

The six key items we have considered are as below which will lead us to the success and profitability of this new carrier will be:

Provision of high-quality service on routes and in markets that currently are either unserved, poorly served, or under-subscribed by existing carriers, thereby setting both a new trend and a new pace in air service to and within the South eastern European region.

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Employment of cost-effective, up-to-date regional aircraft that will be sized right for the market and the route, leading to higher load factors, reduced costs, improved efficiency and flexibility, greater passenger comfort and satisfaction, and higher net profits. Outfitting these aircraft with the latest aviation technologies and navigational equipment will help ensure the highest level of reliability, punctuality, safety, and customer satisfaction.

Utilization of the latest electronic and informational technologies in sales and marketing; reservations, ticketing and check-in; scheduling and resource planning; cargo tracking; and operational oversight. Such techniques as internet marketing, reservations, and sales; electronic ticketing and check-in; online quality control, resource planning, operational oversight, cargo and baggage tracking, and customer service, all will reduce staffing requirements while offering ease-of-use and greatly enhanced access by, and convenience to, the customer.

Recognition that not everyone is geared for the electronic world, leading the proposed airline to provide a high level of non-electronic service as well, particularly to the many newer, less-experienced travellers - but future loyal customers - found in the region.

Ensuring a friendly, cooperative, enjoyable, yet highly professional face to the customer.

Development and implementation of corporations, associations, and partnerships with other larger, more established, and highly regarded airlines both within and beyond the region to provide an extensive range of connections, through fares, frequent-flyer mileage sharing, and other passenger and client advantages through interline arrangements and code shares.

Company Ownership

Air Aston International Airlines will authorize 20,000,000 shares of common stock. 1,000,000 shares are to be set aside as founder's stock to be divided among key management personnel. It is also expected that management stock options will be made available to key management personnel after operations commence. Company Ownership and Legal Entity as follows:

The company was founded in 2019 by 4 professionals all very highly skilled in their professions. Our founders are. Arif Khan, Kemi Banjo, Qaif Rafique, KB Rafique. All possess an 15% each stake in Air Aston. The company's ownership will be a partnership between our founders as well as three of the highest equity holders on our board of directors, JP Morgan, Abu Dhabi Investment Council and Kb Rafique & sons. The two investing banks have 20% each.

Location of Business

Located in the heart of central London. Our head office is situated at Unit 5 Wallbrook Business Centre Green Lane Hounslow TW4 6NW, stone throw away from Heathrow Airport. We are open to the public and have made it easily accessible with parking available however parking is only issued via visitors pass given at reception. Air Aston is currently only flying in and out of London Heathrow Airport we have been granted use of spaces in Terminal 4 of LHR such as a Check in Desk, Baggage areas and staff rooms. We have also been provided with a luxurious business lounge located in terminal 4 of London Heathrow Airport.

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Services Description

The following sections describe the description of service, competitive comparison, technology, fulfilment, and future services.

Air Aston is in the business of providing low-cost, "discount" air travel to selected destinations from the LHR hub. The service approach is "no frills" with emphasis on safe, courteous handling of domestic regional passenger travel.

All consumer surveys still indicate that the air travel customer's preference is for "low fares." However, he or she is not willing to compromise on issues of safety or on-time performance. Customers will, however, settle for lower levels of in-flight service in order to reduce the cost of travel.

Air Aston provides precisely the level of service today's air travel passenger expect.

Competitive Comparison

The primary competition in the LHR market is with British Airways (BA), BA accounts for 86% of the air travel volume in this market. This is as high a single market dominance that exists in any UK market. Also, this results in the highest fares in the nation for travel in-and-out of LHR. 0% of air travel is at discount fares in LHR.

Air Aston Management feels that we can obtain a significant portion of this business. Our costs will be lower than BA. BA is already in financial difficulty due to operational issues. Our costs will be significantly lower than "major" carriers such as BA. This identifies a gap for only a "hub-based" short haul carrier in the LHR market.

Operation of a single type of aircraft will have significant cost, maintenance, and training expense reduction. Our aircraft will operate out of this single hub with high utilisation based on price advantage. We will have an over-all competitive advantage since we don't have aircraft or operations outside of our limited focus.

Air Aston will achieve its target of 7 percent or less per available seat mile by a combination of cost saving measures. Savings will come in the areas of labour costs and from operational economies. Air Aston will utilize its flight crews significantly more than its competition. Flight crew utilisation will be 60% above industry average. Both pilots and flight attendants will be deployed an average of 85 hours per month vs. an industry average of 50-60 hours. The company will realize additional savings in the insurance and benefits areas by virtue of having fewer crew members.

Taking out the inflight meal service will save approximately £3.00 per seat per flight. This will also increase airplane utilisation due to no need for catering service while in port. It is Air Aston's goal to utilize its fleet an average of 11 hours per day, 7 days per week. All aircraft will be configured to a single coach seating capacity of 165 seats. This will maximize revenue on short-haul flights. A320 series will be the only aircraft operated by the company. We will eliminate the need to cross-train employees. We will also reduce the requirements for parts inventories.

Our state-of-the-art reservations system will save time, allow us to employ fewer reservationists, and save training costs for new reservation personnel. The reservations system is discussed further in the "Technology" section of this plan.

Qaif Rafique

Sales Advertising

All company literature is yet to be developed. This includes basic corporate identity material as well as advertising executions. First year projections include an expense item for this necessary development work.

Fulfilment

Aircraft will be obtained on a "dry lease" basis (without fuel) from one of several aircraft lessors at an approximate cost of £165,000 per month. Air Aston management has already been in contact with GE Capital Aviation Services.

Generally, first and last month's lease payments are required in advance. Lease is usually a five-year operating lease and most often qualifies as an expense item to the lessee. Terms of renewal are negotiable, and no buy-out provision is included. There may or may not be an additional deposit required by the lessor as a maintenance reserve. Air Aston management feels that this will not be a requirement but is prepared to make such a deposit if it becomes required to obtain necessary aircraft for operations.

Our reservations system will be obtained at a cost of £200,000 for the software license and approximately £1,000 each for 50 reservation stations.

Outsourcing of services are as follows

Maintenance:

All regular "A" and "B" maintenance will be performed by Air Aston personnel at our own leased facilities at each airport served. We will also have tools and parts inventory at each site. Air Aston management feels that it is both necessary and prudent in today's regulatory environment to perform this regular and routine maintenance "in house". Periodic "C" and "D" overhauls and major maintenance will be outsourced to British Airways LHR. Labour costs are budgeted at £32 per hour. It is common for many carriers in the aviation industry.

Ground Handling:

Airplane parking services, baggage loading and unloading, and baggage and freight handling services will be outsourced at all airports other than the LHR hub where these services will be performed by Air Aston personnel.

Food Service

All condiments and beverages served on Air Aston flights will be purchased from Alpha in-flight Services Ltd

Technology

All equipment and systems that will be utilized by Air Aston have been carefully evaluated. Management feels that it is an advantage to be starting an airline today vs. using many of the systems that burden even the largest domestic carriers with extra cost due to old technology. The technological advantages to management's choices are outlined below:

Qaif Rafique

Aircraft advantages:

The A320 series aircraft are both newer and more reliable aircrafts on the market.

In addition, the utilisation of A320 series aircraft will avoid additional CAA compliance requirements by the "Aging Fleet Program". These requirements apply to aircraft 20 years older or more. Since most aircraft to be used by Air Aston were built in the 1982 to 1985-time frame they will not be subject to these mandates during the full initial five-year term of their respective leases.

Since these aircraft were built in the 1980's parts are still being manufactured and are readily available.

Reservations advantages

The reservation system that Air Aston will use will be, "Sabre".

The Sabre reservations system that Air Aston will use has three main advantages that all contribute to cost savings: 1) Speed, 2) Learning Curve, and 3) Integration. Since today's PC's operate so much faster than earlier versions Air Aston's reservationists will be able to complete a typical reservation procedure up to 75% faster than industry averages. Most reservations will be completed in two minutes or less (as opposed to the frequent 8 to 10 minutes that almost everyone has experienced from time to time). The system simply searches and sends data so much faster. The result is not only higher levels of customer satisfaction but also substantial savings in communications cost to Air Aston.

Operational advantages

Over-all operations will be seamless from area-to-area of Air Aston's management information systems. Most systems utilized by the major carriers today were put in place more than 20 years ago. Therefore, there is a constant need for each operational area to "talk" or "re-transmit" essential data to one and other. Not only will Air Aston's information will systems operate "seamlessly" but they will also greatly enhance the ability to conform to all CAA compliance requirements.

Future Services

Service will be one-class with all aircraft configured for a seating capacity of 165. Travel will be ticketless. Reservations will be handled predominately by our own reservation system (even though we've budgeted travel agent commissions on 30% of sales). In-flight service will be on a pay-on-demand basis. Paid service will be for alcoholic beverages only. No meals will be served on these short-haul flights. A snack of soft drinks and peanuts will be included in the fare structure. Seating will be open with no reserved seats. No frequent flyer or travel incentives will be offered.

Market Analysis Summary

LHR is the best place to start an airline. Air Aston's management decision to do just that is based upon extensive research compiled from our own research and reports. This data provides a reliable source (based upon a compilation of actual airline arrivals and departures) of origination and destination demand by passenger, by day.

The other keys factors that resulted in the choice of LHR as a hub allocation from management's experience and knowledge in commercial aviation.

Qaif Rafique

Management is making the judgment that not only is the LHR market vulnerable to a new carrier, but also that the ability of BA to retaliate will be limited. Further, the chances of a major carrier to respond is unlikely. The only real threat would be another new entry.

Market Segmentation

The airline industry is dominated by the major carriers. Like so many other industries it has quickly evolved into an industry that has room only for major players and smaller participants. There are two specialty segments that have been exploited by new entrants. One is the "price" and the other is the "route". Our focuses on charging less and a more value for money.

Service Business Analysis

The CAA de-regulated the airline industry in 1978. Prior to that time the government virtually guaranteed the profitability of the airline industry, at the expense of the consumer. Routes were restricted. Fares were fixed. Costs got out of control.

The low-cost carriers have proven that they can operate profitably, can get market share, and have even increase in travel by luring those who would previously have travelled by bus, rail, or automobile or who would not have travelled at all.

Many major airlines today are experiencing significant losses. The management of Air Aston feels that these losses can be traced directly to the high cost of labor, operational inefficiency, and poor management. Management further believes that the major carriers cannot profitably compete against start-up carriers with limited and specific market focus and lower over-all cost structures.

Distributing a Service

Sales of airline tickets have historically been either direct from the airline itself or through various travel agents. Modern computer technology and communications capability are changing the mix dramatically. Travel agents once accounted for 80% of ticket sales. This channel of distribution has been one of very high cost to the airlines. Travel agent commissions at one time became the highest individual cost item to an airline.

The physical cost of printing and distributing tickets is also substantial. Travel agents estimate that it costs them an average of £30 in total cost to originate an airline ticket. Many of them have begun to add their own service fees to the actual cost of a ticket.

Available technology has now afforded the opportunity both to sell one's own tickets and to eliminate the physical ticket altogether. The critical element for both strategies to be successful for an airline is simply to create the demand for travel on one's airline. If the airline makes it desirable for the consumer to want to fly it then it is just as easy to order tickets directly from the airline as it is from any other source. Air Aston will have fifty of its own reservation's agents available via an 800 number. In addition, we will have an Internet site where schedules are available, customers can book their own reservations and buy tickets via credit card.

Air Aston expects to sell as much as 90% of its air travel "direct" and "ticketless." Even so, we have budgeted 30% of sales as subject to agent's commission. "Ticketless" travel has an additional advantage since Air Aston will not wait 30 days for collection of clearinghouse funds from other airlines on combined-carrier tickets. Also, it is not expected to be a competitive disadvantage for Air Aston's passengers to connect to other airlines. They will want to fly

Qaif Rafique

Air Aston to available destinations to save money even if they need to buy a paper ticket on another airline. Air Aston flights will be listed in all available flight information systems.

Competition

The most critical factor for Air Aston or any new airline to overcome is the issue of brand awareness and name recognition. Customers prefer to fly with carriers they know and trust. There is little doubt that Air Aston will need to spend heavily and frequently to advertise and promote its product. The needed amounts are budgeted in this plan. The advantage is that local media can be utilized which is more cost effective on a per-impression basis. It can also be highly targeted. It has been proven in the past that market share can be achieved for a new airline.

At LHR Air Aston expects to appeal to a mix of business-oriented travellers and personal travellers. One issue is whether "frequent flier miles" are needed to compete and sell tickets, but management feels this is not the case. Industry estimates show that as many as 10% of occupied seats on domestic flights are currently "no revenue" as a result of redemption of premiums earned. It is also very expensive for an airline to administer its frequent flyer program. Air Aston feels that our cost advantage in LHR will outweigh the lack of "incentive" rewards. We expect that casual and personal travellers don't fly often enough for "points" to be significant. At the same time Air Aston will initiate a concerted sales effort directly to all major corporations in the LHR market. We hope to have business travel mandated by these corporations on a cost basis alone. Air Aston concludes that the LHR opportunity is likely to be free from imposing competition unless it comes from another start-up. If we can attack the market first with sufficient capitalization, we feel Air Aston will be difficult to overcome and should be able to build critical mass within two years.

Distribution Strategy

In addition to other marketing programs outlined the company will also market via the World Wide Web. We will establish our own website with reservation, purchase, and payment capability.

Due to its low-cost operating structure Air Aston will be able to offer service at less than 50% of the competitive airfares to our selected destinations from our LHR hub. Projected fares are as follows:

Promotion Strategy

Promotion will be primarily outdoor advertising, radio and TV targeted at the LHR business and leisure traveller. In addition, the company will employ a public relations firm for both consumer and financial purposes. The combined amount budgeted for advertising, public relations, and reservations will be held under 15% of sales. Therefore, the first-year expenditure in these categories is expected to be £5.5 million. Experience with Private Jet has demonstrated that this expenditure is enough to launch airline service in a single hub.

Sales Strategy

In order to attract the LHR business traveller without the use of frequent flyer miles, the company will make direct sales contacts with the travel departments of LHR based corporations and businesses. It is expected that our cost structure will be attractive to these businesses. LHR is now the third largest banking centre in the U.S. and the LHR area economy in general is growing faster than the national average. We expect business travel to amount to at least 50% of our over-all revenue. The sales personnel and salaries required to execute the direct sales strategy are included in these projections.

Economic Outlook

This section of the analysis will detail the economic climate, the airline industry, the customer profile, and the competition that the business will face as it progresses through its business operations. Currently, the economic market condition in the United States is sluggish. This slowdown in the economy has also greatly on all business, which has halted to historical lows. Many economists expect that this sluggish will continue for a significant period of time, at which point the economy will begin a prolonged recovery period.

Industry Analysis

In the UK, there are approximately 4,000 businesses that operate in an airline or single plane air travel capacity. Each year, these businesses generate more than £49 billion of revenues per year while providing jobs to more than 1,000,000 people. Annual payrolls in each of the last five years has exceeded £10 billion. The growth of the industry has increased significantly over the last five years as the price of fuel has increased significantly. The industry has experiences approximately 2% growth each year as a result of new market supplies.

Customer Profile

Management expects that it will have two primary customer bases: individuals and large corporate organizations. Among individuals, Management expects that these clients will be searching for a business that can provide them with reasonably priced flights to and from any destination leaving from LHR. Among these clients, Management has outlined the following demographics: • Has an annual income exceeding £50,000 • Will spend approximately £300 to £500 • Lives within the New York metropolitan area. Among the Company's corporate clients, Management has outlined the following data: • Has gross revenues in excess of £20 million dollars • Is seeking a completely private flight for executives • Will spend approximately £10,000 to £150,000 for arranged flights Management intends to use these demographics to develop the airline's marketing and public relations campaigns.

Competitive Analysis

This is one of the sections of the business plan that you must write completely on your own. The key to writing a strong competitive analysis is that you do your research on the local competition. Find out who your competitors are by searching online directories and searching in your local Yellow Pages. If there are a number of competitors in the same industry (meaning that it is not feasible to describe each one) then showcase the number of businesses that compete with you, and why your business will provide customers with service/products that are of better quality or less expensive than your competition.

Marketing Plan

Air Aston intends to maintain an extensive marketing campaign that will ensure maximum visibility for the business in its targeted market.

Marketing Objectives

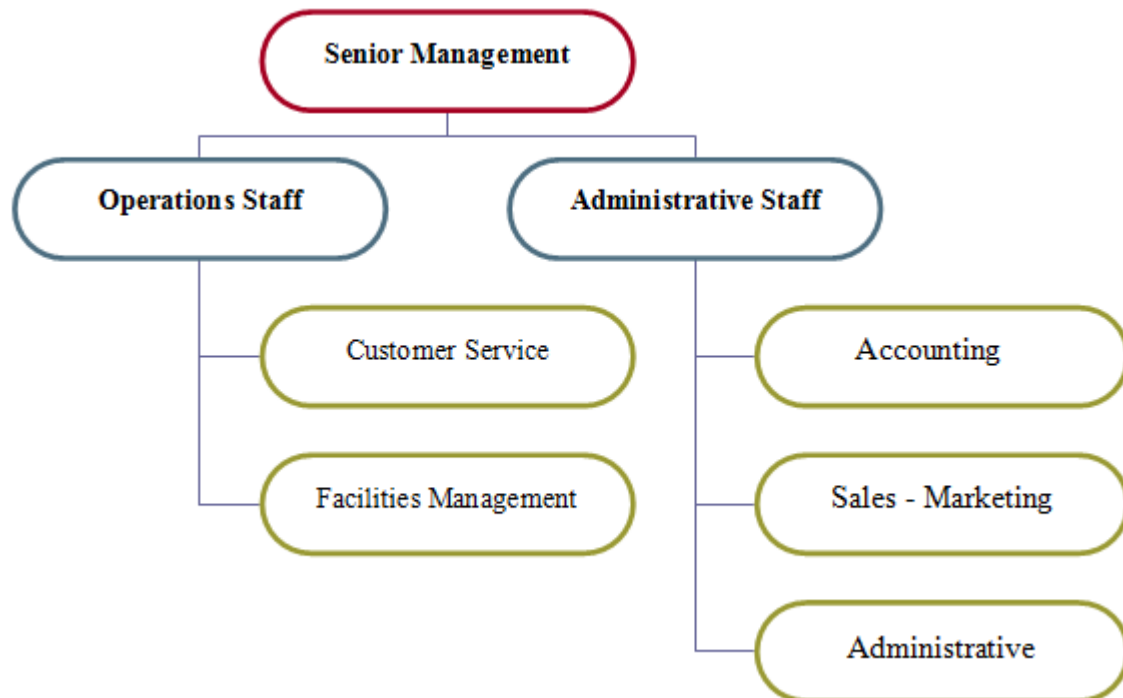
- Establish relationships with corporate services within the targeted market.

KB Rafique

- Implement a local campaign with the Company's targeted market via the use of flyers, local newspaper advertisements, and word of mouth advertising.
- Develop an online presence by developing a website and placing the Company's name and contact information with online directories.

Marketing Strategies

As Air Aston. is targeting a highly broad demographic of businesses and people, Management feels that the best way to develop its marketing campaign is via a public relations and marketing firm. Management intends to use this firm to handle all traditional print and media advertising on the behalf of the Company. The advertisements placed by the Company need to be in very specific industry journals, magazines, and newspapers that are regularly read by the Company's demographic. Airline, Inc. also intends to use an online based marketing campaign to develop its sales. Primarily, the Company will use search engine optimization techniques that will increase the Company's visibility when selected key words are used among major search engines. For instance, when a person does a Google search for flights, the Company will appear on the first page of the search. This strategy is technically complicated, and the Company will use a search engine optimization firm to develop the Company's visibility on a non-paid basis. Management expects that a SEO firm will place large amounts of linking data and text specific keywords into the business's website. A majority of web portal and search engine companies use very complicated algorithms to determine a website's relevance in relation to a specific keyword. SEO firms place text and tags on the website to increase the rank of a specific website.



Market Potential

The London-Dublin route is the busiest route with over 3.8 million passengers carried in 1999. The Civil Aviation Authority (CAA) estimates that approximately 30 percent of passengers were business travellers (1.14 million passengers).

In 1999, over 2.65 million passengers in LHR's catchment area travelled to the USA. Given that no airline currently serves the North Atlantic route from LHR, Air Aston will be uniquely positioned to take advantage of the unserved demand that exists.

LHR is the fastest growing airport in Europe with 9.9 million passengers for 1999. It is the hub of low-cost airlines Go Fly, Ryanair, and Buzz, all of which are experiencing tremendous growth and an increase in business travellers. They claim that as many as 40 percent of their passengers are travelling on business.

LHR benefits from an Open Skies Agreement with the USA. This enables Air Aston to operate flights to any city in the USA without having to obtain special rights under the Bermuda II Bilateral Agreement which apply to Heathrow and Gatwick.

Air Aston has already obtained landing and take off slots at LHR and JFK airports for its initial flights.

Total traffic from U.K. airports to the USA amounted to 16.2 million passengers in 1999. After launching the JFK route, Air Aston will then be able to expand by targeting other attractive markets in the USA (Boston, Chicago, Washington, D.C., etc.) as well as other continents depending on the regulatory environment. With a break-even point of 40 passengers per flight, Air Aston will also be able to target medium and low-density routes offering an enormous potential for growth and an important competitive advantage.

Key Success Factors

We at Air Aston believe that the following factors will be key to the company's success:

Management and Culture

Air Aston has hired experienced airline professionals in order to ensure the operations are well managed. Blending experienced airline professionals with a young creative management team will be a successful combination which will continuously look for innovation while maintaining a high level of professionalism. Getting the right combination will be key in executing this venture successfully. The company will also focus on building a strong corporate culture that will help to differentiate itself from the competition and sustain a high level of motivation while maintaining cost control.

More than just an airline, a lifestyle

Air Aston will differentiate itself as much as possible from the traditional airlines. Air Aston will be to the airline industry what the boutique hotels (Royalton, W Hotel, Mercer Hotel, etc.) are to the hotel industry. Passengers flying on Air Aston will identify to a lifestyle. Air Aston has hired industrial designer Ric Sloan to work on the interior of the aircraft. Ric Sloan is one of the leading contemporary industrial designers and is viewed by many as one of the world's most fashionable.

Superior Product and Service

KB Rafique

With an 80-passenger configuration, the cabin of the Boeing 757 will look more like a private jet than like a large mass transportation aircraft. Boarding and disembarking will be much faster given the low number of passengers. Air Aston will reduce the overall travelling time by at least 1 hour and 30 minutes for passengers flying to and from the city of London, Canary Wharf, and the fast growing Cambridge area. Providing a personalized and comfortable experience is key in retaining customers and getting repeat business. A strong emphasis will be placed on this aspect of the business: attention will be paid to the design of the cabin, the technology available, efficiency of processes, and quality of service offered by the cabin crew. Air Aston will continuously innovate and can introduce new products to market in a shorter timeframe than its competitors.

Strong Sales team

Air Aston will market its services to companies directly. Its ability to acquire corporate clients will be extremely important to the success of the venture. Air Aston will offer discounts for volume travel and will also partner with select hotels in order to offer all-in packages.

Low Cost Operation

As a new airline, Air Aston will have a significant cost advantage over the existing airlines that have large overhead expenses. By focusing on a single type of aircraft, a single class of travel, and initially a single route, systems will be simple, and costs will be kept to a minimum. Air Aston will continuously focus on maintaining a low-cost base in order to keep this advantage.

Low Break-Even Point

By operating the Airbus, Air Aston will have lower operating costs and a low break-even point (40 passengers/50 percent load factor) significantly reducing the risks associated with traditional airlines. With such a low break-even point, Air Aston will be able to make it through economic downturns with less pain than its competitors. It will also enable Air Aston to consider medium and low density routes on a long-haul basis offering more point to point services.

The Internet

Maximizing the potential of the Internet will be key in keeping low distribution and administrative costs. Air Aston will have a strong Internet presence and will use the Internet for customer interaction as well as internal functions.

Services/Products

Air Aston will introduce a single class concept to long-haul air travel. The newly designed class will provide a "high tech," spacious, and comfortable environment. In many ways, Air Aston aims to create a "boutique" airline which replicates the concept of boutique hotels and targets the same type of customers.

Air Aston' primary target will be young executives (25-45) that are lifestyle driven.

Comfort

In addition to a standard airline four abreast seating configuration, Air Aston will also offer a unique meeting room environment enabling passengers to conduct business in an office setting while travelling.

KB Rafique

Seats will have a 52-inch pitch and will recline at least 150 degrees, very similar to the current business class of traditional carriers. Air Aston will make a special effort to offer good lighting for passengers, something which is lacking in today's airlines. Given the number of proposed seats, each passenger will enjoy considerable improvement in air quality over the established operators, an issue that is attracting increasing attention in the media.

Technology

Air Aston will ensure that the aircraft is equipped with the amenities business travellers need in order to continue working while travelling. Again, Air Aston will aim to provide these services at a fair price in order to stimulate their use rather than high prices which are prohibitive. Air Aston aims to create a business centre in the aircraft where passengers will be able to use telephone, fax, and printer. Each seat will be equipped with a laptop power supply. Air Aston will also provide e-mail access and use of a personal mobile phone for each passenger.

Convenience

Air Aston will focus on offering a high-quality service from the time of booking right to the time at which the passenger arrives at hotel/home in the destination city. Passengers will have the choice of booking a seat through the Internet, a call centre, or a travel agency.

Sales Forecast

The company is forecasting very encouraging annual sales in year one of flight operations. Year two of flight operations sales are forecasted to more than double. Assumptions made for load factors are: 55% in year one, 62% in year two. The year two numbers are based upon adding more flights and more airplanes to the routes already served. This will enable us to maximize profits within the market we have created without incurring the additional expense of opening new markets. It also allows for more controlled growth and eliminates the risks, early on, of the loss of control of operational procedures that can occur either with de-centralization or growth that is too rapid.

The company has also prepared five-year projections that are based upon expanded service to additional market areas. This five-year plan is a part of our due diligence package. Direct costs of sales are not included here but are instead reflected as a revenue discount in the projected P&L statement. These sales costs consist of travel agent commissions, credit card discounts, and federal excise taxes.

Kemi Banjo

Management Summary

The management of Air Aston is highly experienced. There is no one on the management team who has not already performed his or her function for another airline. We are not in the business of training key people. We intend to hit the ground running with a highly qualified and experienced management team. Some of the individuals profiled are currently with other airline companies.

Our team is both known and respected by the CAA and its officers in LHR. The management of Air Aston is well versed in all governmental approval procedures, having traversed them in the past to a full approval and operational status. We feel that the resumes of the key people enclosed here will only enhance our ability to obtain required approvals. It is expected to be a necessity from this point forward to have such a management team assembled in order to obtain the government charters from the CAA.

Organizational Structure

The company will be organized into five major operational areas:

Flight Operations.

Maintenance.

Financial.

Marketing Customer Service.

Financial management in business plan

The role is to overview the summary of the organisation and also to oversee the accounting department of the organisation budgeting develop internal accounting control the instrumental position in the financial future of the organisation monitor the general accounting analysis of the financial management in business organisation is to get the starting capital and plain within the range and determine the cost of the product at profit margin also detailed the cash flow forecast that will help to estimate cash available at every month plan the profit and loss forecast help to estimate when your business will start to make profit which is good to determine the long duration of the business, a balance sheet fore provide the forecast to provide the snapshot of the trading position of the business either the business is in right position or not you also need to prepare your department budget and provide for other departmental budget, providing financial solution for the organisation, decision maker the organisation managers with the information they need to perform their managerial roles you will assist in budgeting for training cost in cash flow forecast you also draw the plain to convince the investor to invest in the organization.

Investors

Air Aston will be funded in the following manner, 40% of the organisation will be allocated to JP Morgan and Dahbr Investment Council for £4'000 000, leaving the remaining five members of the organisation with 60% sharing among themselves at the range of 15% each the members are KB Rafique, Kemi Banjo, M. Arif Khan and Qaif Rafique the investors are putting money while other five members are putting services and commitment for the success of the organisation the business is on aviation passengers Airbus aircraft wish cost two hundred and fifty million pounds for one with 300 passengers at once because of the high cost of the air craft we decided to lease on monthly operating six days in a week which show that in a month we have twenty four days in a month to operate the

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aircraft other things we need are as follows office rent, utility van, printing of invoices and receipts, cost of office equipment, ground rates of the aircraft, fuel cost, insurance, advertisement cost wages/salaries, cleaning of the aircraft, provision for catering department and drinks and make provision for training of staffs

STARTING UP COST

Lease of (2) aircraft cost per month at £1 million pounds each total cost

£2,000,000

Ground rent/rates at £250,000 x 2 per month

£500,000

Fuel cost per month £60,000x2 aircraft

£120,000

Office rent for six months at £5000x6

£30,000

Insurance for two aircraft at £50,000x2 per month

£100,000

Advertisement/promotion cost £200,000 per month

£200,000

Cost of office equipment example computer/software, furniture, telephone/communication

£80,000

Wages/salaries for other four staffs £8000 per month by 6 months the total is

£48,000

Cost of utility van and maintenance for six months

£20,000

Cost of food and drinks per month on the aircrafts

£200,000

Maintenance of two aircrafts per month is £50,000 each multiply by two

£100,000

Miscellaneous allowances training, bonuses and other unexpected expenses including departmental allowances

£502,000

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Total

£4,000,000

The total investment is £2 million

What we expect from the business is for making profit and give the public value for their money and make them comfortable and cheaper for them we then charge one hundred and twenty pounds flat rate to go to Belfast including returns, the aircraft takes three hundred people at a time and go to Belfast returns three times a day, if we go three times a day and charge one hundred and twenty pounds per passenger multiply by three hundred people it will give us thirty six thousand per trip multiply by three that means each aircraft will make one hundred and eight thousand pounds in on day and each aircraft will work for six days in a week and work twenty four days in a month if we multiply one hundred and eight thousand pound by twenty four days it will give us total of two million hundred and five hundred and ninety two thousand pounds multiply by two because we are operating two aircrafts at the same time the total for each month will be five million one hundred and eighty four thousand pounds that will be the total expectation each months before the expenses deductions we discover that other aircrafts are charging minimum of one hundred and fifty pounds per passenger for the same trip we are charging one hundred and twenty pounds, we believe the investors need to see balances and able to provide essential elements of business managements which responsibilities are delegated among the five partnership of which am in charge of the accounting and we employed other four staff to do other jobs like clerical officer, cleaner, driver, security, these people are in charge of those departments and they are being paid on monthly bases, as the chief financial manager am in charge of preparing wages and salaries, allocation of funds to each department, payment of government taxes, paying the investors their percentage, paying the partnership percentage all these on monthly bases, doing payments of the following aircrafts rental, commissions, payment for buying food and drinks on the air crafts, payments for insurance, ground rates, office space, also payment for fuelling of the aircrafts, the managements arrangement by (Covello and Hazelgren, 1995) which details duties and responsibility. We are starting the business with four million pounds from two investors with the hope that is going to be a successful business with the plan above it will be successful one because we are making the cost of the flight to be cheaper than the other competitor it will be thirty pounds cheaper at all flat rate we are also using new aircrafts which people are eager to fly with, it will be convenient and value for their money there will be promotions on the aircraft every month for the first six months of operation

Income Statement on monthly basis

YEAR 2019

1stMONTHJAN

2ndMONTHFEB

3rd MONT10H MARCH

Grose sales

£5,184,000

£5,190,000

£5,190,000

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Commissions

£50,000

£50,000

£50,000

Net sales

£5,134,000

£5,090,000

£5,088,000

Salaries/wages

£8000

£8,000

£8,000

Professional services

£25,000

£25,000

£25,000

Marketing/advertising

£200,000

£200,000

£200,000

Aircraft/office rents

£2,005,000

£2,005,000

£2,005,000

Insurance

£100,000

£100,000

£100,000

Utilities/ground rents/fuel

£640,000

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£640,000

£640,000

Cost of food/drinks

£200,000

£200,000

£200,000

Training/bonuses

£500,000

£500,000

£500,000

Taxes deduction 20%

£290,800

£291,600

£291,600

Investors 60%

£697,920

£699,840

£699,840

Co-partnership 40%

£465,280

£466,560

£466,560

Total

£5,184,000

£5,190,000

£5,190,000

The figures shown above represent how the sale for the organisation for three months was distributed the months are for Jan, Feb, Mar 2020, These figures show the sales for each month and the distributions and the expenditure the taxes for government are also deducted the investors 60% are also deducted including the deduction for five co partnership which are 40% distributed among the

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partners, the figure shown above show that the company had sales of (£15,564,000) for the first three months and the investors will receive the sum of (£2,097,600) for the first three months which is over the half of what they have invested and the co partnership will receive the sum of (£1,398,400) for the first three months, the other four staff will receive the sum of (£24,000) for the first three months which shows that the business is lucrative, even though the business is not for profit making alone but to give people value for their money and make it (£30) cheaper than other airline we still make profit because is cheap and comfortable, reliable, efficient, meet all the demand of the people, the statements gives us balance sheet, statement of the account, profit and loss balances, cash flow account, all the shareholders most understand how the account is prepared, (Lasher 1994) believe that financial forecast in business plan has to be conservative, client demographic information, realistic, the fact of financial planning the pounds projection should follow physical activity.

The final thought on business plan is avoiding problem and delay rejection from investors that is why we need to present good plan to the investors and make it factual an account that we show the financial statement which shows the profit and loss the project the future of the business , also shows the personal cost and the tax consideration that can also be evaluate by the lawyer because of the legal implication, the report should be standard, computerized spreadsheet, good business idea demonstrate the business competent through, it is not what you write and forget, it must be use by the organisation on daily bases it make the organisation have a focus on the growth of the business, it should also be review every month or every quarterly or annually depends on the nature of the business a proper business plan gives the organisation the ability to manoeuvre more efficiently and improve when necessary you provide unfinished business plain, the organisation should be able to anticipate every situation, plan to offer real strategic advantages by (Abrams R.M 2010) the most successful business plan is to meet long term goal and archiving success, the investor on this business plan will recover all the fund provided in six months with some profit.

Conclusion

Business plan accounting management is to make sure we get the investors believe in our business plan and be able to fund the business with good business plan proposal that will convince the investors that our aim and objectives of the business is to bring value to the society and be a long time business venture, the business that will be more attractive to the customer and be a profit making business you have to make sure that the investors see all these in the business plan if they did not see it you might be turn down, we also show them how the business going to kick start with the fund they are going to give out the overhead has to be shown to them, the amount to be spend on the aircraft lease, the office rent price, the ground rates, salaries/wages, utilities bills, our expectations from the business on weekly bases or monthly bases, all these has to be shown to the investors, the profit margin, what will go out to the investors, and what will go out to the five co-partnership, payment of insurance because if any problem arises so that all the investment will not go to drains, this method is by (Gray, D.A 1995)