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Starting an enterprise in Finland from scratch: Business plan for a family café

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<p>The aim of this thesis is to introduce and describe the stages of making an adequate and coherent business plan, implementable for bringing into life. In particular, this plan is intended for a new small family café and hence, a related theory will be expounded on this matter.</p> <p>Firstly, the paper will give a general theoretical framework on what entrepreneurship and business plan are. The theory in it describes different common sections that a thorough business plan usually has to have. Then it gives the general information on what a basic financial planning is and how it supports the business idea.</p> <p>Secondly, the work gives brief description of the main highlights of this project's findings. The business plan is detailed enough to provide sufficient understanding of what it takes to open a new business in Finland. The SWOT analysis and estimation of costs will graphically indicate the project's possible challenges and difficulties.</p> <p>Thirdly, the paper will preliminarily estimate the financial credibility of the project. In the final, conclusive part of the thesis the overall feasibility of the business idea will be evaluated, as well as the personal readiness of the author and her family for opening and running a business.</p> <p>During the whole process the project was backed up by the relevant literature and consultation with the business advisor at Cursor Oy, Kotka-Hamina Regional Development Company.</p>	
Keywords entrepreneurship, business plan, financial planning	

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1 Introduction

The topic for this thesis was easy to pick, as the author, along with her family, have been thinking on starting their own business for quite a long time. The reason for that is the lack of fulfilment in their current occupations, standard blue- and white-collar jobs. Not that there is something inherently wrong with working for someone else, but the author's family have always been seeing themselves as owners of some small food & beverage establishment. Thus, all that has led the author to the idea of creating a business plan with an intention to use it at some point in the future.

As neither the author, nor her family have previously run a business, the main goal for the project is to find out, whether the initial business idea is feasible or not. In order to do that, the author first did a research on what entrepreneurship is exactly about and how to write a successful business plan. The information was mainly taken from various scientific literature. Besides, the author used informational materials from one of the Regional Development companies and a secondary data from the Statistics Finland.

The outcome of this project is the complete and ready to put to use business plan with financial calculations in the end of it. In order to estimate all the future costs as accurately as possible, the author uses an actual piece of property as an example. Additionally, the report includes an in depth examination of legal matters, that are closely related to establishing a new business. Particularly, the procedures that a citizen of a non-EU country must follow when establishing a company in Finland.

2 Entrepreneurship and small businesses

First, it is necessary to understand, what entrepreneurship is. Typically, many people imagine a relatively small business enterprise with a few people working in it. Although it can be not that far away from the truth, the author sought out a more specific definition in scholarly sources and in informational brochures.

For instance, one economist, Joseph Schumpeter, in the beginning of the twentieth century gave a modern definition of an entrepreneur. He described him as a person, who suggests completely new products or services, methods of their production, uses novel raw materials or invents new forms of organization and thereby causes a breakthrough in the existing economy. (William Bygrave, Andrew Zacharakis 2008, 1). As for the entrepreneurship itself, H. H. Stevenson and J. C. Jarillo define it as “the process by which individuals pursue opportunities without regard to resources they currently control.” (Bruce R. Barringer, R. Duane Ireland 2010, 30.)

However, more generally speaking, entrepreneurship is a venture, that in most cases follows its own business idea. Its main goal, of course, is to succeed and get profit. A person, who runs that venture, is considered an entrepreneur. What usually characterizes that person, it is the ability to recognize the risks and whether avoid them or utilize them for the benefit of the company. Besides, a good entrepreneur is differentiated from others by creativeness, determination, results oriented, educated in sales. Also, a successful entrepreneur is always ready to take a risk, relatively easy adapts to all the changes in the environment and simply loves what he is doing. (Perustamisopas alkavalle yrittäjälle 2015, 5.)

Further, the author had the objective to find out more about small enterprises. Particularly, what defines them and what challenges they might have in comparison to bigger companies?

Although there is no universal definition, it is generally believed that small enterprises are the ones that have a quite limited number of employees, one or two persons owning and running them and no apparent structure. A small turnover is also one of the distinctive feature of theirs and they quite often rely on some external support, while being autonomous. They have to be more careful about the risks, more attentive to the opportunities and carry the responsibility completely by themselves. On the bright side, small businesses are much closer to the customers, more adaptable to the changes and have more transparent organizational structures. (Bridge S., O'Neill K., Cromie S. 2003, 182-184.)

Although the economic and social impact of smaller enterprises can be seems rather insignificant in comparison to the bigger businesses, they do make their share of contribution to the community. Even if some particular company does not offer anything innovative, it still provides a few more work places in prospect and thus facilitates the healthy development of the community. (Bridge S., O'Neill K., Cromie S. 2003, 221.)

In conclusion, it is worth sorting out, why some people want to become entrepreneurs? There are three main reasons. The first and the most common one is being their own boss. This is due to either being too frustrated with a traditional job or being ambitious enough to own a company. In some cases, this might be the only way a person can fulfil his or her life's dream. The second reason is pursuing somebody's own ideas. A corporate entrepreneur can feel the need to be independent when it gets very difficult to push an innovative idea in a company that employs him or her. Also, any regular person can come up with a product or service that does not exist in the market yet and, if the idea is good enough, it can inspire a person to establish his or her own company. Lastly, the third most typical reason for starting a business is pursuing financial rewards. Although it is highly doubtful, that a new entrepreneur will make more money, than someone at a traditional job, it is always probable, that in the future the business will grow and start to make a good profit. (Bruce R. Barringer, R. Duane Ireland 2010, 31-33.)

According to the Federation of Finnish Enterprises, without agriculture, forestry and fishing industry sectors in 2013 there were 283 290 enterprises in Finland, of which 98,9 % employ less than 250 employees each. Such enterprises are classified as small and medium-sized. To be more accurate, SMEs per se make only 6,4% out of all enterprises in Finland. The rest of it, namely 93,4%, have fewer than 10 employees in each of them and thus classified as micro. In addition, another data shows that between 2001 and 2012 there was an increase in employment and 40% of all employees were hired by micro enterprises. All this data quite clearly indicates that micro-sized enterprises play a very big role in Finnish economy. The government understands it very well and provides all the support to start-ups in Finland. According to its own words, the Ministry of Employment and the Economy works on providing a favourable environment for entrepreneurs by the means of consulting services, financing, legislation improvements and development projects for the industries. The ministry manages Finnvera Oyj, a financing company, and Suomen Teollisuussijoitus Oy investment company, both owned by the government. Besides that, it controls regional development companies, which also provide informational support for aspiring entrepreneurs.

Thereby, it can be seen that regarding legal and financing support, various opportunities are found in Finland. However, some sectors of the service industry may experience difficulties with getting a loan from either those organisations and banks as well. The most common reason can be that there is a relative overcapacity and big competition in a specific sector. This concerns this particular business plan, which pursues the idea of setting up a café, the competition in the field may be quite tough. This topic is covered in the industry data analysis later on in this thesis.

Furthermore, bureaucracy and high taxation may scare away some potential entrepreneurs from setting their business in Finland. This thesis, though, does not cover these issues as the author does not regard them as major. The main goal of this thesis is not to find the cheapest country for setting up a business in, but to find out how to adapt to the existing conditions in one specific country of interest – Finland.

3 Business plan

The next step in the preparatory stage was to find out what a business plan is, what it consists of and why should a start-up company have it in the first place.

Briefly, business plan is a document that describes in detail the goals of a new venture and the means of achieving them. It is very beneficial for a start-up company, as it helps create a clear picture of what the company should do and in what direction it should go. It allows detecting the flaws in the existing plan and improving them before the whole process is started. Moreover, it can help greatly in getting a funding by introducing the business idea to investors in the most clear and appealing way. (Bruce R. Barringer 2009, 1-2.)

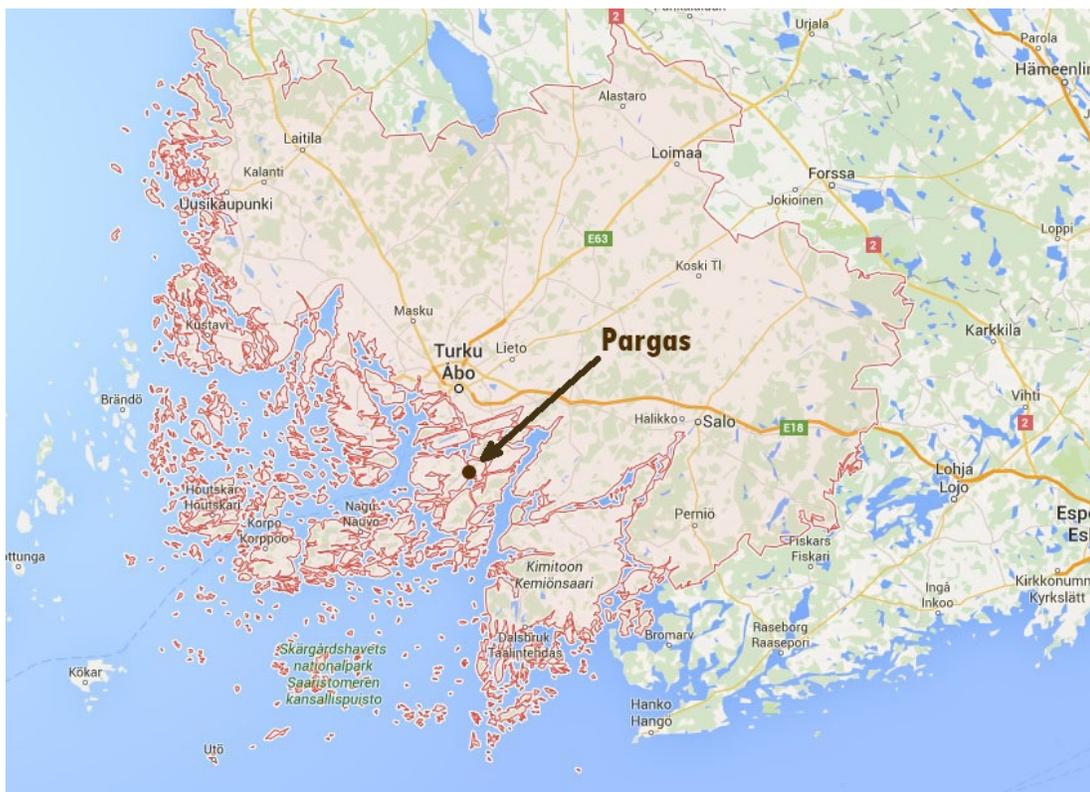
Typically, an average business plan describes the business idea, products and services, company structure, customer profile; it also contains an industry analysis, market analysis, and, most important, financial projections. Below all of these components are succinctly explained. It is worth noting that those elements can be named differently in various business plan templates, also their order can differ from one another, but the content in them is mostly the same. Thus, despite the divergence between the names and the order of described elements and the actual layout of the business plan the author uses, overall principles and rules of making a business plan are abode by.

3.1 Business idea

No company can come into existence without a business idea behind it. There are several possible sources of generating the business idea, the first one being changing environmental trends. For instance, any changes in the economy or society should be taken into consideration as they can potentially turn into opportunities and give a rise to a new business idea. The second and probably the most obvious approach to idea generation is discovering yet unsolved problems and trying to think of a solution. The third and the last most common way to new business ideas is recognizing the gaps in the marketplace and trying to cover them. (Bruce R. Barringer 2009, 22-31). All of these approaches can be quite helpful for those, who would like to start a business, but just does not have any business idea ready yet. In the author's case, she and her family has already had an idea in their mind long before the actual thesis started and although it was not based either on recognition of any particular

lacks in the chosen market or problem solving, the author believes that the idea itself is strong and convincing enough for being worth coming to life.

After going through several alterations, the final business idea took a form of a small, cosy café, where the customers can have a cup of coffee or tea and enjoy a delicious pastry. There is no definite theme for this café, but it is intended to offer pastries from Russian cuisine, such as blinis and pirogs. Those will be made with family recipes perfected through many years of practice. Besides, the other distinctive feature of this café will be that all the displayed decorative objects, such as curtains, napkins, figurines etc. will be possible to buy. This idea is very similar to one of some boutique hotels, which offer to their customers to buy any liked item from the hotel. Quite often, it refers to furnishing or decorating products. However, unlike boutique hotels, there is not going to be anything luxurious about this specific café, and selling items is merely seen as a way of getting good additional profit. Nevertheless, it will be beneficial to have an outlet where the owners could realize their small creative projects, mainly small textile items of interior. In the future, if reasonable, it will be possible to realize someone else's products through this retail outlet.



Picture 1 Southwest Finland region and Pargas municipality (image is taken from Google Maps)

The location for a new café was chosen to be Pargas (Finnish: *Parainen*), a small municipality in Southwest Finland. It should be noted though, that the choice is purely exemplary. The business idea itself is not tied to any specific location in Finland, Pargas was chosen only because at one time it had premises available for rent and suitable for running this type of business activity. In addition, having some business premises in mind makes the task of creating a business plan simpler in a sense that financial calculations will become less abstractive and more concrete. Besides, search for relevant information, such as industry data, becomes more complicated if there is no connection to some specific area.

Further, the reason why the author and her family intends to establish a new business in Finland, is because the conditions and the environment for running a business in their home country, Russia, are considered to be less favourable, than in EU countries. Although this evaluation is fully subjective, based on a collective experience of one family. It has, nonetheless, a big significance in deciding where to start a new business. Finland is chosen among all the other EU countries, because the family, for lack of a better word, has the strongest personal connection to it. In addition, as it was described earlier, Finland has a supportive environment for aspiring entrepreneurs in general.

3.2 Forms of enterprise

After describing his or her business idea, an entrepreneur should choose what form will his/her enterprise take. According to Finnish Law, an entrepreneur can choose any form of entrepreneurship, basing his or her choice on how much taxes, how many of business partners and how big of a capital for each particular form of entrepreneurship is required. For example, if the company has only one owner, then this form of entrepreneurship is called private. If there are two or more natural or legal persons forming a company, they create a partnership and it can be either general or limited. In a general partnership, each person can make decisions on behalf of the partnership, whereas a limited partner does not have the right to do so. Further, there is also a type of enterprise called limited company by shares. It can be either private or public, depending on the stock markets. Each of the business partner has his/her own share of the company's capital and his/her liability is limited by the size of it. Next, there is a type of commercial enterprise called cooperative. Several people own it and use its facilities and services. Finally, the last form of entrepreneurship is foundations and associations. Usually, they are not created to perform any type of business activity, but sometimes they do. (Aapo Surakka 2012, 90.)

None of the above-described forms of entrepreneurship, except for the limited company by shares, fit the author's situation, as they require EU or ETA citizenship or a special permission from the Finnish Patent and Registration office otherwise (Perustamisopas alkavalle yrittäjälle 2015, 28-30.) Thus, the author researched this particular form of enterprise only and described it in more details further in this chapter.

A limited company by shares is called "osakeyhtiö" in Finnish and it can be private (abbreviation "oy") or public (abbreviation "oyj"). The main difference between them is that a private company cannot trade its shares on a stock exchange. Also, the minimum share capital of a private company should be EUR 2,500, whereas for a public company the number is EUR 80,000. What they have in common is that shareholders have limited financial liability corresponding to the size of their shares in the company. All of the decisions are made at the company's general meetings. (Aapo Surakka 2012, 92.)

The procedure for establishing a limited liability company briefly consists of signing the Memorandum of Association by all the shareholders, where it includes their names, shares, how they are going to pay their subscription price and in addition to that, the names of the members of the Board of Directors. Besides, The Article of Association containing such information as company's trade name, its field of operation, as well as the name of the municipality in which the company will be operating in, must also be included or attached to the Memorandum of Association. After signing it, the owners should make notification for registration to the National Board of Patents and Registration of Finland within three months. Afterwards, every shareholder has the right to one vote at company's general meetings and any exception should be stated in the Articles of Association. An ownership of a shareholder can be confirmed by a document called share certificate. (Aapo Surakka 2012, 92-93.)

As it was said earlier, in the author's case, limited company by shares is the most suitable form of entrepreneurship for her family's new business. Detailed information on how to register a new business is available on the website of the Finnish Patent and Registration office, in the Trade Register section.

3.3 Industry analysis

Before moving to describing a target market, a business plan writer should first understand what the current situation with the industry is. Industry generally implies a group of companies producing or offering similar products or services. (Bruce R. Barringer 2009, 101).

The industry analysis is important, because it helps create a better understanding of the environment, in which the future business will emerge. Such information as the industry growth trends, seasonal economic trends and evolution of the industry will show the feasibility of the new venture and will help evaluate its potential. (Norman M. Scarborough 2011, 133.)

The industry analysis is an extremely useful tool for setting business goals and ambitions as realistic as possible. It shows how the average company performs in the given industry so that, for instance, an aspiring entrepreneur will not set his/her expectations too high. Thereby, it significantly affects the numbers and estimations in other sections of the business plan. (Bruce R. Barringer 2009, 119.)

Regarding this particular business, it belongs to the service industry. The author managed to find some sufficient statistics from Statistics Finland that are related to food and beverage service activities. Mainly all the data is from 2013, 2014 and, in some cases, first quarter of 2015. The results are presented later on in chapter 5, "Project execution and findings", in a form of a diagram along with the explanatory commentaries. The information was searched on the basis of relevance to the business idea in question. Thus, Southwest Finland was selected as region of interest and, when possible, Pargas was selected as municipality of interest accordingly.

3.4 Market analysis

Although the market and the industry analyses can be quite similar to one another, the main difference between them is that the market analysis concentrates on a more specific segment of the industry, namely the market. This means not only that the writer should concentrate on more specific segment of the company's operating environment; he or she should also include the description of the main target customers. Moreover, he or she should define the size and the extension of this targeted market. This is needed mainly for two reasons. First, it will define the nature of the business more clearly and thus will help setting specific objectives. For instance, sales projections that are usually included in the market analysis, directly affect other sections of the business plan, such as marketing strategy, human resource planning and financial projections. The second reason why a market analysis is important is that it will help creating a better understanding of the customers' needs, which is very beneficial for the entrepreneur in a way that it will support the development of better products and services and subsequently will lead to generating better profits for the company.

All that is very essential for the survival of the start-up and strengthening its positions in the face of competition. Also, if a company wants to get funding, it should show to its potential investors, that the business will pay off greatly in the future. (Bruce R. Barringer 2009, 123-124.)

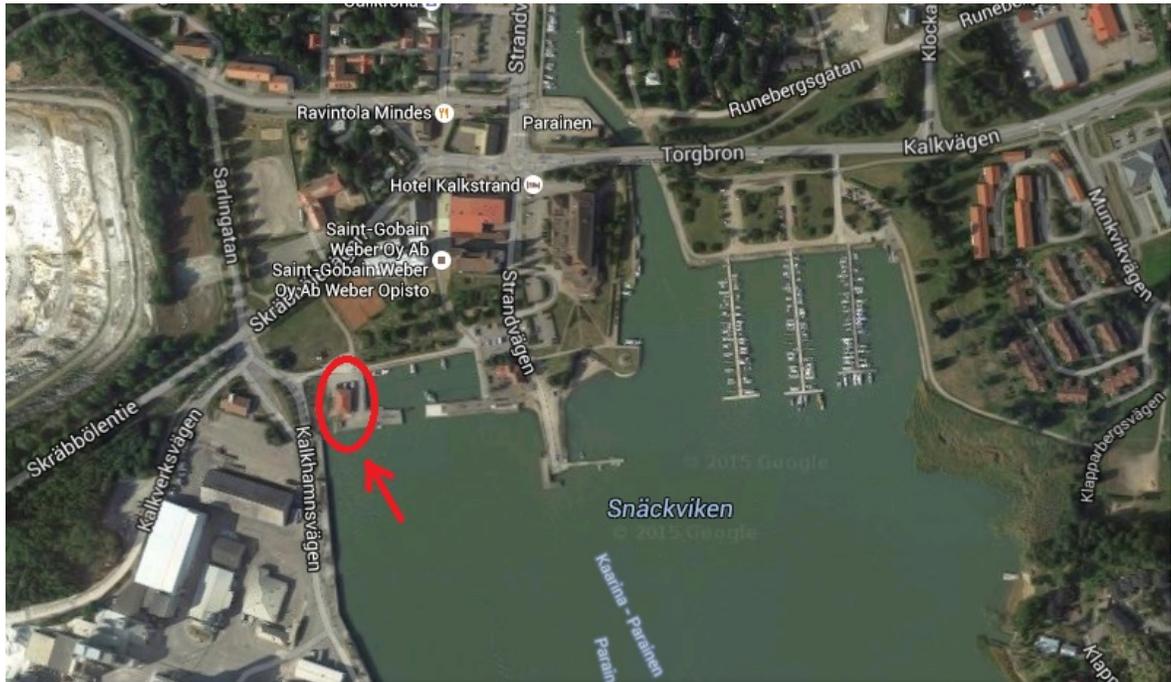
Based on geographical criterion, target market for this business is determined by town of Pargas. Since Pargas is quite a small place, there is no need to divide it into smaller areas. Besides, its market analysis will be very similar to the industry analysis. Therefore, at this stage the author decided to concentrate on the customer profile description. It is worth starting from the general information. According to Statistics Finland, in 2013 the population of Pargas was 15 507, 56,4% of which was Swedish-speaking. Age composition was as follows:

- 16,9% of <14 years-old;
- 60% of 15-64 years-old;
- 23,1% of >65 years-old.

Unfortunately, the author did not find any direct data on what are the dining out habits of people living in Pargas. However, according to the article on Statistics Finland, "The groups that eat out the most are young people in their twenties and thirties who live alone and childless couples, and the groups to eat out the least frequently are couples and those living alone aged 45 or over." Matching this information with the data provided earlier, it is quite safe to assume that a good part of the population in Pargas will most likely have a regular habit of dining out, which is very advantageous for this business.

To understand the potential customer better, it is important to consider the location of the café within Pargas. The premises are located close to waterfront, next to the quest boat harbour. In addition, there are dwelling houses, various enterprises and cement factory nearby. Thus, the clientele is quite diverse. Nevertheless, the author had defined three main customer segments that should be focused on in the first place. The first customer segment is the yacht owners, who come to the harbour. Their profile looks as follows:

- age 40-60;
- good level of income;
- they seek for quality and are ready to pay for it.



Picture 2 Location of the premises in Pargas (image is taken from Google Maps)

The second segment consists of young adults, age 18-30. Their main characteristics are:
limited income;
maintaining certain lifestyle through purchasing products and services as a way of self-expression;
often put price before the quality.

Finally, the third type of customers includes retired people over 65 years old, and their profile is:
they have much more free time;
highly appreciate peace and tidiness;
value price and quality equally.

The successful product development strategy for this business should combine the needs and expectations of all three segments and try to provide a product that will satisfy all of them.

3.5 Competitors

A new entrepreneur should know about his/her company's competition. Specifically, he or she should research competitors' market shares, products and marketing strategies. The main

goal here is to find what advantages a new venture has over its competitors. (Norman M. Scarborough 2011, 137.)

Finding the competitors may be not so easy. Besides the most obvious direct competitors, who offer a very similar product and target at the same customer market, there also indirect competitors, who offer not necessarily exactly the same product as the company in question, but they target at the same basic customers' need. Moreover, there are so-called future competitors, who are not yet in either of those categories, but can potentially transition into one of them. (Bruce R. Barringer 2009, 136.) Although, it is worth mentioning that not all the companies, who sell or will potentially sell a similar product or service can be count as a competitor, simply because they might operate in a completely different market. (Colin Barrow, Paul Barrow, Robert Brown 2009, 91.)

The author had carried out a competitor research and made a list of food and beverage service establishments that provide similar products, namely pastry and coffee, within the municipality of Pargas. In brief, all the cafés belong to the “direct competitors” category, while pizzerias and kebab restaurants go to the “indirect competitors”. The reason is that, judging by their nature and offered menus, they do not necessarily provide the same types of products as this café does, but quite possibly target the same types of customers.

3.6 Marketing plan

Once again, a business plan writer should come back to its target market and its characteristics. Now he or she should think exactly how the business will find the customers and how it will sell its products. To put it simply, the main role of the marketing plan is to show, how the company is going to make the target market aware of its existence. The marketing plan describes the company's marketing strategy, its positioning and how it is going to differentiate from its competitors and then explain how it will support all these aspects by its pricing strategy, promotion and distribution channels and sales process. (Bruce R. Barringer 2009, 145.)

All those aspects are more or less self-explanatory, but as for the pricing strategy, there are a few things worth mentioning. First, there are two ways of pricing: cost-based and value-based pricing. Cost-based pricing means the basic cost of the product plus the mark-up percentage, which can be standard for an industry or determined by an entrepreneur. The advantage of this method is that it is quite straightforward and the disadvantage is that sometimes it is very

hard to estimate the price of a product, especially if the business is new and it is quite often very hard to raise the price after it has already been set. In value-based pricing, the price is set judging by what the customers are willing to pay for the company's product and that number is determined by how the customers value this particular product and how many choices are available in the market. Despite what tactic the company chooses, it should not forget that the lower price is not always the best one, because customers quite often make what is called a price-quality attribution, where they automatically assume that the price of the product is directly proportional to its quality. (Bruce R. Barringer 2009, 151-153.)

Regarding the size of Pargas, it will be reasonable to use flyers at the beginning. Afterwards, it will be enough to rely on word of mouth as the main marketing communication tool. It is cheap and efficient. Regarding the pricing strategy, it will be rational to apply a cost-based pricing. Both marketing and pricing strategies are explained in more detail in the business plan.

3.7 SWOT analysis and risk management

SWOT analysis is a very popular supplemental method, which helps develop a good business strategy based on delineating company's Strengths, Weaknesses, Opportunities and Threats. This method is quite simple, effective and universal. It gives an entrepreneur the opportunity to see what parts of company's operational process need improvement, what weaknesses should be eliminated, which opportunities can be utilized and how to avoid the possible threats. (Perustamisopas alkavalle yrittäjälle 2015, 16.)

There are many potential risks for every company. Sometimes risks can be turned into opportunities. A business owner should always be ready to take any risk, only this way he or she can succeed. Such risks can be business risks, personal risks, production risks, risks connected to agreements, responsibility and mediation, environmental risks, accidents and so on. These risks should be recognized beforehand and be dealt with timely and effectively. This requires anticipation, consciousness, well-organized and systematic approach. (Perustamisopas alkavalle yrittäjälle 2015, 16.)

A method of SWOT analysis was implemented to this business idea as well. In brief, the strengths of this new café are in the cosy atmosphere, friendly service and real Russian foods. The company's main weakness is the lack of entrepreneurial experience from the owners. Regarding the external factors, namely, opportunities and threats, they are,

respectively, the growth in popularity of Russian cuisine and overall disadvantageous economic situation.

4 Financial planning

As a rule, the very last part of any business plan consists of financial calculations, namely, company's projected costs and incomes that are based on the plans the entrepreneur has described in the previous sections of the business plan. While doing these calculations, it may be that the business will show itself as unprofitable and in this case, it is clear that the business idea needs revising and some parts of it should be changed. In other words, the projected financial planning can show if the new business has the potential to succeed or fail. It is normal for a new business to lose money in the beginning of its launching and the main challenge here is to turn the things around and make this business actually profitable. (Bruce R. Barringer 2009, 209-210.)

Thereby, it is hard to overestimate the importance of realistic financial projections. They help design the ways of profit generation and without them the venture will inevitably fail. Moreover, it is very likely that investors will not even consider the possibility of giving their money to the business, if it does not seem to have good financial management. The company should not only track their numbers, but also know the reasons why the business may or may not be doing well. Smart entrepreneurs use financial statements as part of their decision-making process. (Norman M. Scarborough 2011, 346-347.)

4.1 Basic financial statements

First, this subchapter describes the very basic forms of financial reports that any start-up should be dealing with right from the moment of its launching. Then it will explain other, additional forms of financial reports. Since financial projections are, in essence, just pro forma statements that reflect the financial condition of a new venture in the future, it should be kept in mind that all of the below described forms of financial reporting can be both actual and estimated. The intention for preparing estimated documents is showing that a new business has a good potential of being profitable.

The first one is a balance sheet. It is usually prepared on the last day of the month and it shows the actual worth of the enterprise at a given point of time. In brief, it shows what assets the company has and the claims creditors and owners have against those assets. At the heart of this statement is a formula, which looks like this: $\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$. Any decrease or increase in one part of the equation should be compensated respectively in the other part of it. (Norman M. Scarborough 2011, 347-348.)

The balance sheet consists of two major sections. The first one lists the business's assets that can be divided into two categories. The first one is called the current assets. They are the company's cash, accounts receivable and inventory. The second category are the fixed assets, such as land, buildings, equipment, furniture, etc. The second section of the balance sheet shows the liabilities, namely the creditors' claims against the company's assets. The liabilities can also be divided into two categories: current liabilities and long-term liabilities. Current liabilities are the debts that should be paid within approximately one year or within one normal operating cycle of the company. Such liabilities are accounts payable, salaries, interest payable and so on. Long-term liabilities come due after one year, such as loans and mortgage. (Norman M. Scarborough 2011, 348.)

Next basic financial report is the income statement, also known as profit and loss statement. It shows the business's net profit or loss over the fiscal or calendar year. In brief, an entrepreneur calculates the company's gross profit by subtracting the cost of sold goods out of the company's net sales revenue. Obviously, gross profit number is a very useful indicator of whether the business is doing well or not, but there is one, even better indicator called gross profit margin. It is a ratio, which is calculated by dividing the gross profit number by net sales revenue and the bigger the resulting number is, the better the business is doing. Therefore, this method of monitoring the company's performance is one of the most important tools of the decision-making process. (Norman M. Scarborough 2011, 348.)

The last basic financial statement is a cash flow. To prepare this statement, an entrepreneur combines balance sheets and income statements in order to summarize company's activities in the present year (Norman M. Scarborough 2011, 350). The content of the final document can be divided into three main categories: operating activities, investing activities and financing activities. Operating activities mean net income or loss, depreciation, and changes in current assets and current liabilities other than cash; investing activities include purchases, sales, or investment in fixed assets; and financing activities list money borrowings, payments on loans, dividends. Describing these activities altogether represents changes in the company's cash balance from the beginning of the year. (Bruce R. Barringer 2009, 222.)

In addition to the above-described basic financial statements, there are other forms of financial reports. The more of those documents will be included in the financial planning, the more thorough and expository the business plan will be. For example, source and use of funds statement explains how much money the start-up will need, where it will take that

money from, and how it will utilize them. Also, in order to add more credibility to the financial projections, it may be better to explain the grounds, on which those financial calculations are based. That is where the assumptions sheet come in handy. The entrepreneur explains his/her assumptions about the environment in which the business is going to operate in the future and provides the sources of information that can prove those assumptions. (Bruce R. Barringer 2009, 210-212.)

Although financial statements are very important per se, it is also very critical to know how to interpret the numbers in them. That is why it is advisable to perform a ratio analysis. There are different types of ratios, for example, such as profitability ratios, liquidity ratios, and overall stability ratios. All of them show from different perspectives what the potential of a new business is. Briefly, numbers are taken out of the financial statements and ratios are formed with them. (Bruce R. Barringer 2009, 231-232.)

4.2 Sales projections

It is important to have good and realistic assumptions as the basis for the sales projections and there are several methods for estimating the sales of a new business. It is possible to use one of them, but it is better to use them combined. The first method is to ask for the sales data from the trade association. Either they can provide the sales numbers for the companies that are in the same industry, or other types of data that can help estimate the sales. The second method is to find a similar company or a product that are not in the same competitive area and ask for the information from the owner of this business. The third method is to search on the Internet articles about the industry. The last possible method is simply determining how many customers is expected and how much each of them will purchase. The number, of course, should be reasonable. (Bruce R. Barringer 2009, 138.)

As it was explained earlier in this thesis, for the purpose of the business plan, the author had found a real available business premises and thus based all her financial estimations on this example of a real estate object. Some estimations, though, such as fixed costs, were made based on assumptions, created by an aggregate of information, collected from different property advertisements found on different web resources such as Oikotie.

4.3 Financing for a new enterprise

To start a new business, the owner must have some initial financial base. If his or her own capital is not enough, he/she can get an additional financing by applying for a loan from a bank or from state-owned specialised financing company Finnvera. Additionally, it is possible to apply for a start-up grant from the Employment and Economic Development Office. Each of these foundations have their eligibility requirements, which everyone can get themselves acquainted with on their official web pages. One more way of getting a funding is finding investors. Concerning this specific business idea, when the author was consulting with the business expert from Cursor Oy, she learned that businesses from certain industries, such as, for instance, accommodation and food service activities, quite often have troubles with getting a loan. Apparently, the reason for that is an overcapacity or big competition in the industry. Although, as it is seen from the industry analysis in the chapter 5, Pargas still has plenty of room for a small café as this one to come into being. This, together with the thorough calculations provided in the business plan, can convince potential investors or a bank to give funding to this business (Enterprise Finland, 2015.)

4.4 Pension insurance and taxation

In Finland, a self-employed person, as well as partners in a general or a limited partnership, can reckon on a pension insurance under YEL (the Self-Employed Person's Pensions Act). Besides old-age pension, it also gives the security in cases of a weaker capacity or incapacity to work. It makes up is about 24% of the confirmed income and it is taken out after four months of self-employment. The Finnish Centre for Pensions is responsible for supervising this pension insurance. It checks the confirmed income, determines the pension contribution and takes care of collecting the payment (Enterprise Finland, 2015.)

Furthermore, an entrepreneur must pay various taxes. First, a value-added tax on sales, which standard rate is 24%, but for the foodstuffs and restaurant and catering services, the rate is reduced to 14%. A personal income tax from his/her wages and dividends and it varies from 20% to 30%, depending on the level of income. Next, a company's income tax is based on the profit and its rate for a limited liability company is 20%. And last, if an entrepreneur hires an employee, he/she must withhold, account for and declare the employee's taxes. All of the taxation information must be submitted to the Finnish Tax Administration (Enterprise Finland, 2015.)

5 Project execution and findings

First thoughts about starting own business appeared about three years prior to thesis. The initiative came from the author's family, as they had ideas on what products and services they would like to provide. Finland was chosen to be the most preferred country for operating a business. First, when the initial business idea was the hotel in Kymenlaakso region, the author had turned to Cursor Oy, Kotka-Hamina regional development company in July 2014. There she had received a sufficient information on what is the best possible way for a citizen from outside of EU to start a business in Finland. A suitable real estate object was found in a form of an old hotel-restaurant in Virojoki and in October 2014 the author contacted the real estate agency to retrieve more information on fixed costs that go with the selected premises. In March, April and May of 2015 the author's family visited the hotel and spoke with the owner. In the end of June 2015, almost one year later, the family had a meeting with the Cursor's business expert once again, presented their business idea and got more detailed consultancy. The same day they paid the visit to the hotel once again and, after having another conversation with the owner, decided, that further cooperation is not possible. Thus, the need for reconsidering the business idea became quite apparent. After some deliberation, it was changed to only a café and appropriate premises were immediately selected from the range of those that were kept in the author's mind for a while. The location changed to Pargas in Southwest Finland. Although, the premises in this project serve only as an example to make the writing process for the business plan a little less presumptive.

Further in this chapter the author included all the additional results and information that she found useful for this business plan.

5.1 Industry data

As can be seen in the figure 1, the number of food and beverage service enterprises in Pargas had slightly declined over the last couple of years. Additionally, according to Statistics Finland, the number of accommodation and food service enterprises, with size category of personnel not more than 4 employees, in all Southwest went down from 1 065 in 2013 to 1 019 in 2014. Unfortunately, there was no more detailed information provided, thus, it is not possible to estimate, how many of them were accommodation establishments and how many – food and beverage. Also, there was no separate data provided for Pargas alone. Nevertheless, judging by the data presented here, it is probably safe to say, that overall tendency is such, that the food and beverage establishments' activity is slowly decreasing in

Southwest Finland and hence, in Pargas. This may be due to overall stagnation that Finland's economy is experiencing over the last few years.

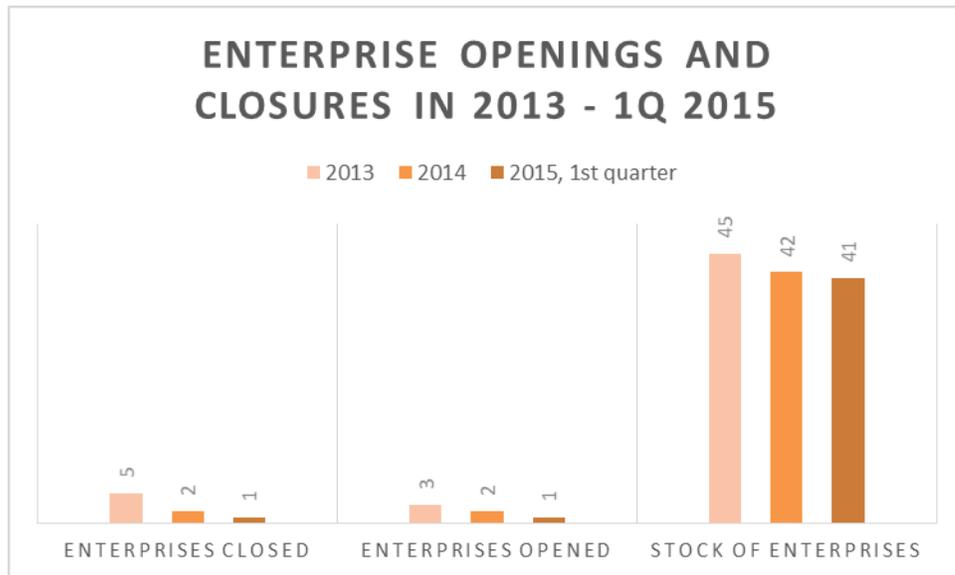


Figure 1 Number of food and beverage service enterprises opened and closed in Parainen in year 2013, 2014 and 1st quarter of 2015, (Statistics Finland, information compiled by the author)

Further, even by roughly dividing the number of all the existing food and beverage service establishments by the number of people from age 15 until the age 64, the most probable potential customers, the author got an approximate result of 1 establishment per 227 people. This shows that the market in Pargas is not that oversaturated with such enterprises. This is very good news for this particular business, as it leaves more space for it to get up and more chance for it to flourish.

5.2 Permits

All licenses and permits, required for this café to operate, are listed in the table below. Since the café does not plan to sell alcohol and tobacco, there is no need for those permits. It is not decided yet, whether our café will have a terrace or play music/video or not, so those related permits might be needed.

Table 1 Permits and licences required for a café (information is taken from Oma-Yritys Suomi, compiled by the author.)

Permit/notification	Responsible party
<p>Premises</p> <p>The premises must be approved as catering premises (restaurant, cafe, bar, etc.).</p>	<p>Building supervising authority of the location</p>
<p>Notification for food premises</p> <p>A written notification has to be made on food premises that will house restaurant or cafe business activities.</p>	<p>Food control authority of the municipality where the site is located.</p>
<p>Hygiene passport</p> <p>Employees who handle perishable, unpackaged foodstuffs must have a hygiene proficiency certificate, i.e. a hygiene passport.</p>	<p>Evira</p>
<p>Notification of catering premises</p> <p>A written notification must be made on catering premises (restaurants, cafes, etc.).</p>	<p>Police and rescue authority of the location</p>
<p>Quarterly notification</p> <p>The licence holder must inform on a quarterly basis the Regional State Administrative Agency of sales and personnel information.</p>	<p>Regional State Administrative Agency of the location</p>
<p>Terrace permit (possibly)</p> <p>If a restaurant has an outdoor serving area, such as a terrace, a permit must be obtained for this purpose.</p>	<p>Building supervising authority of the location</p>
<p>Music and videos (possibly)</p> <p>If music is played or videos are shown in a restaurant, a copyright compensation regarding them will be paid to the copyright associations.</p>	<p>Teosto, Gramex</p>

6 Conclusion

The final results of the work done and the conclusions drawn from it are presented in the following part. The overall feasibility was tried to be estimated based on the financial calculations provided in the end of the named business plan.

Shortly, the general impression is that the business idea is valid and the financial projections support this conclusion. The business plan is quite plausible for a start-up project and contains all the sufficient information, required a loan application. Even though there are quite many licences and documents to be taken care of, all the instructions are there and it will not be a problem to get everything done.

Although, there is one aspect that needs to be taken into consideration. The language skills of the owners need to be improved, both English and Finnish.

This project is planned to be implemented in about 4 years. By that time the author and her family will most likely be morally and financially ready for actually starting and running their own business. Surely, the market research and legal issues will need to be updated constantly as the situation changes.

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Appendices

Appendix 1. Business plan

-Confidential-

Business plan

Kahvila ja Myymälä Siili

Date: 04.06.2016

Version: Business plan

Created by: Mariia Kornei

1. Summary of the Business Plan

We are planning on setting up a cafe in Finland and at the moment the most suitable premises were found in a small municipality of Pargas in southwest Finland, not far away from Turku. These premises were chosen so that it would be easier to draft a financial plan, but the location of the future business is actually undefined.

Everybody will be welcomed in our cafe/souvenir shop and offered a good variety of Russian types of pies called pirogs (piirakat in Finnish), as well as blinis, accompanied by coffee and tea. Also, we are planning to sell hand-made decorative items, such as curtains, napkins, figurines etc. that will be a part of a cafe's interior decoration. Thus, the overall business concept will be a cafe/souvenir shop.

For making our pirogs we will use a recipe, passed on in our family from generation to generation. The selected premises are completely suitable for cooking, so everything will be baked inside the cafe itself. The same is true for our decorative items; the premises are suitable for producing any kind of textile products. We will be using the design of our own, create and realize these items by ourselves in our cafe.

All the products will be realised through our cafe. In the beginning it will make sense to advertise our cafe by spreading out the flyers and afterwards it will be enough to rely on just a word of mouth, because Pargas is quite a small place and no additional means of marketing will be needed.

We will do everything by ourselves, including the production of our textile and souvenir items, as well as making purchases and transporting goods from a grocery store to our cafe.

SWOT

Strengths Special atmosphere Friendly service Real Russian cuisine Interesting business concept (cafe+ souvenir shop) Unique range of hand-made textile items	Weaknesses Lack of personal entrepreneurial experience Low replaceability of personnel members (as the total number of personnel will be small, it can be quite hard to find someone to replace a sick person, if needed) Lack of language skills (Finnish, Swedish)
Opportunities Possible growth of popularity of Russian cuisine Other cafes and shops can become interested in selling our products	Threats Overall disadvantageous economic situation Competition may become more tough Disadvantageous changes in the legislation

2. Expertise

Our cafe's future personnel pool will consist of only our family - the daughter as an owner of the business, and the parents as employees. Neither of us have an entrepreneurial experience per se, but in total we have enough of competence to run this particular business. Nevertheless, the cafe's owner possesses the skills of English and Finnish languages, she had also lived in Finland for quite some time and is familiar with the Finnish culture and people. Both of parents have various skills ranging from financial management to the household maintenance. However, they do not have certification allowing them to do these kind of activities in Finland, so this problem must be taken into consideration and dealt with in the future. For more detailed information, further are described our work experience and educational background.

Mariia Kornei - the owner

Educational background:

Bachelor of Tourism (3,5 years of education)

Certification in Hotel Industry Analytics, hygiene passport

Work experience:

About a year of total work experience in customer service and restaurant industry

The mother of the family

Educational background:

The specialist degree of Economics (5 years of education)

Work experience:

1 year as a Decoration designer

16 years as a Bank teller

3 years as a Head of the Bank branch

4 years in a HR department

1 year in a Purchasing department

2 years as an Accounting Assistant

The father of the family

Educational background:

A Bachelor of Technical operation, maintenance and repair of electrical and electromechanical equipment (3 years of education)

Work experience:

23 years of Technical operation, maintenance and repair of electrical and electromechanical equipment

As for our personal strengths, the most distinctive one is perseverance and generally positive, but realistic outlook on the things. If we have any questions or problems related to our business, we will turn to the Regional Development company or to a business expert.

3. Products and services

Our cafe will mostly offer Russian pies and blinis, accompanied by coffee and tea, as well as other possible pastries. Also, it will sell hand-made decorative items, such as curtains, napkins, figurines etc.

Generally, prices for pastries in Finland vary from 2-4 EUR per piece, prices for coffee and tea are about 2,5 and 2 EUR respectively. As for the textile items, they tend to be quite pricey, namely from 30 to 50 EUR per tablecloth, depending on the size and the quality of the work, and about 3 EUR per a napkin.

We will be using a cost-based pricing model, meaning that the selling price will be calculated by adding the markup percentage to the basic cost of each product.

Your most important products, prices, and margin structure

Russian pie with cabbage/apple

Short description

A traditional Russian dish in a form of baked case of dough with sweet apple jam or fried cabbage inside of it.

A more precise description (strengths and argumentation)

Traditional dish prepared to the family recipe that has been perfected through several generations.

Tax free price in euros: 2.50
-Costs in euros: 1.50
=Sales margin in euros: 1
Share of overall sales: 20%

Russian pie with fish

Short description

A Russian pie with a savory filling made of mashed fish and hard boiled eggs.

Tax free price in euros: 4.50
-Costs in euros: 3
=Sales margin in euros: 1.50
Share of overall sales: 20%

Blinis

Short description

Thin Russian pancakes that can be served with either sweet or savory toppings, or eaten just like that.

A more precise description (strengths and argumentation)

Very delicious, traditional Russian thin pancakes with various toppings or fillings.

Tax free price in euros: 4
-Costs in euros: 2
=Sales margin in euros: 2
Share of overall sales: 20%

Tea and coffee

Short description

Warm cup of a freshly brewed coffee or tea will nicely accompany our freshly made pies.

Tax free price in euros: 2
-Costs in euros: 1
=Sales margin in euros: 1
Share of overall sales: 20%

Embroided tablecloth 140x250

Short description

Hand-made tablecloth with different types of embroidery.

A more precise description (strengths and argumentation)

A unique and beautiful tablecloth with floral pattern, hand sewn to the original design made by us, will surely draw attention and make a really nice decoration first for our cafe and then for the house of anybody who buys it.

Tax free price in euros: 30
-Costs in euros: 18
=Sales margin in euros: 12
Share of overall sales: 10%

Napkins 33x33

Tax free price in euros: 10
-Costs in euros: 2
=Sales margin in euros: 8
Share of overall sales: 10%

4. Customers and markets

Whenever a customer would want to taste an authentic Russian cuisine in the form of real blinis and pirogs (piirakat), our cafe will be the one to come to. Besides, it will have a particularly cozy interior and a very friendly service, which can nicely complement a cup of tea or coffee. Apart from that, it will offer unique, hand-made items, produced by the owners themselves.

Customers will choose us over other cafes because of a nice variety of offered food and souvenirs at reasonably moderate prices. Additionally, our cafe will be located in the walking distance from the residential houses, which will be quite convenient for the residents. It is also located close to the waterfront of the guest harbour, which gives it a direct access to one particular segment of potential customers, the guests coming to Pargas by yachts.

Regardless of the type of the customer segments described further, all of them will have more or less similar criteria and factors, affecting their buying choice. The main are: close proximity, reasonable prices, exclusiveness of the food and items offered.

Customer groups

Guests coming to Pargas

A more precise description. Whom and why? Which actions will be taken?

First distinct customer segment is the yacht owners, coming to the guest harbour next to the cafe. They are aged probably between 40 and 60 years-old, have a good level of income, and they always seek for quality and are willing to pay for it.

A customer example

Yacht owners

Allocation of resources

33%

Young adults

A more precise description. Whom and why? Which actions will be taken?

Young adults, aged between 18 and 30 have quite a limited income, thus often put price before the quality. Nevertheless, they still want to maintain certain lifestyle through purchasing certain products and services.

A customer example

Students

Allocation of resources

33%

Retired people

A more precise description. Whom and why? Which actions will be taken?

Retired people over 65 years-old constitute the third customer segment. They have much more free time, value both price and quality and highly appreciate peace and tidiness.

A customer example

Pensioners

Allocation of resources

33%

5. Markets and competition

The selected market for this business is a municipality of Pargas located in the Southwest Finland. However, the location is exemplary and this cafe can potentially exist in any part of Finland, with the market analysis appropriately re-conducted.

It is a little bit hard to find any statistic data for Pargas, as it really is quite a small place. But judging by the data available on Southwest Finland, it is quite safe to say that the number of food and beverage establishments' is slowly decreasing there in the last couple of years. This is most likely due to the overall

decline of Finnish economy in the recent 5 years or so.

Also, since the market of Pargas is quite small and there is not that much information available on it, it does not allow us to speculate on what this market is going to be like in the future. However, we can soundly assume that the popularity of home-baked pastries and hand-made items will be gradually growing in years to come.

Although this is a very small family cafe without any particular ambitions, we, as owners, nevertheless have an idea of cooperating with the local craftsmen in the near future. The idea is that we could purchase their products and realise them through our shop.

We will be using flyers and word of mouth as our main marketing communication tools. It is quite cheap and at the same time efficient.

Competitors

Café AXO

Description

In this cafe you can buy fresh and delicious pastries and sweets both for a special occasion, as well as just on a regular day.

Their range of selection include breads, rolls, buns, gateaux, cakes, gingerbread, biscuits and meringues. They also offer a cup of coffee along with the pastry.

Competitors' strengths

It has been there for a long time, thus well-known among the locals.

How do you differentiate yourself from your competitor?

Although the bakery and cafe concept is very close to ours, we will differentiate from this particular competitor by additionally offering hand-made items at our shop. Besides, the our menu will consists of mainly Russian foods, which is also quite a distinctive feature.

Café Marissa

Description

Lunch cafe with home cooking also offers freshly baked bread rolls and tasty pastries.

It is also possible to rent their premises for a small event.

Competitors' strengths

Provides not only pastries with coffee but also lunches.

Competitors' weaknesses

Although it can be quite nice and cozy, it most likely does not have a unique feeling or value to its products.

How do you differentiate yourself from your competitor?

Again, the concept of a cafe and shop with hand made items offered in there makes our place quite unique and stand out from other competitors, this one included. Plus, we can also potentially provide other meals at our cafe, the premises are quite suitable for that.

Valintotalo Parainen

Description

This specific Valintotalo has a bakery that partially provides the same products as our future cafe.

Competitors' strengths

Well-known brand, easy access.

Competitors' weaknesses

No special feeling to this bakery for sure.

How do you differentiate yourself from your competitor?

This bakery hardly comes close to being a serious competitor for us, but nevertheless it should be considered too.

6. Your company

As it was mentioned earlier in the business plan, the location for the business was chosen to be Pargas, a tiny municipality near Turku in Southwest Finland. It was one of the options available at a time that was the most suitable for embodying the business concept. The premises in there are spacious enough, well-lit and suit for various types of entrepreneurial activity, including baking and sewing.

The initial name for this company is Kahvila ja Myymälä Siili. The image of siili (hedgehog) has a special meaning to our family, so we would like to bring in up in this business in one way or another.

There are several production tools needed for our business, and the most obvious ones are a sewing machine and an oven. We will do everything by ourselves, including the production of our textile and souvenir items, as well as making purchases and transporting goods from a store to our cafe. As only we ourselves will be working at this cafe, there will be no problem with providing an occupational healthcare and pension insurance for so few people.

7. Financial administration and accounting

The owners themselves have a substantial educational and professional background to take care of bookkeeping, however, the insufficient language level, namely Finnish language, can make the bookkeeping more difficult, so it is worth hiring a Finnish accountant for that purpose.

Likewise, our family have enough knowledge for how to administrate the business fully by ourselves. There is some software available that can help us conduct these activities and keep the records organized.

In case there are some negative factors or scenarios are taking place, we consider countermeasures that will help to mitigate their effects. For example, if the sales are too low, we will revise our price strategy or range of products offered.

Seeing that it is extremely difficult to get a funding from a bank or Finnvera, we are planning on using mainly our personal funds and additionally use crowdfunding resources, the most famous of them being Kickstarter or Indiegogo.

Funding

CAPITAL REQUIREMENTS

INVESTMENTS			
Immaterial goods	Registration costs	380	
	other		
Machinery and equipment	IT	150	
	Production equipment acquisitions	200	
	Assets, in kind	7000	
	Vehicle	0	
	Furniture	500	
	phone/fax/Internet including installation	70	
	Installation of machinery and equipment	0	
	Renovation of premises	500	
Movables of the company	Office supplies	0	
	Other devices	0	
Working capital	6month Initial advertising/brochures	100	
	Costs of the premise	Rent and rent deposit	2480
	Equipment costs	Equipment rental/leasing costs	0
	Salaries	Personnel costs	0
	Entrepreneur s personal living costs		1500
Sales and	initial inventory	1060	
Financial assets	Cash reserve	300	
CAPITAL REQUIREMENTS IN TOTAL		14240	

CAPITAL SOURCES		
Equity	Share capital	2500
	Personal funds invested	8240
	Personal production tools and equipment	7000
	other	
Equity loan	Shareholder loan	0
	Bank loan	0
	Finnvera loan	0
	other	
	Supplier loan	0
Other sources of financing	Crowdfunding	1500
Difference		5000
SOURCES OF CAPITAL IN TOTAL		19240

Profitability

Comp. form: ▼

Num. of Entrepreneurs: 3

			Per month	Per year
= TARGET NET RESULT			1500	18000
+ Loan amortisements	Years	Ammount	0	0
= INCOME AFTER TAXES			1500	18000
+ Taxation	community tax	% 20	375	4500
= CAPITAL REQUIREMENTS			1875	22500
+ Company loan Interests		%	0	0
A = OPERATING MARGIN			1875	22500
+ Fixed costs (excl. VAT)				
+ YEL %	25	Income level 18000 Sale % 22	293	3510
+ other insurances			750	9000
+ salaries			1500	18000
+ salary related		% 13.35	200	2400
+ entrepreneur salary			1500	18000
+ entrepreneur salary related		% 13.35	200	2400
+ Company premises			1640	19680
+ leasing payments			0	0
+ communication			0	0
+ accounting, tax declaration etc.			50	600
+ office expenses			0	0
+ travel, vehicle etc.			210	2520
+ marketing			0	0
+ education, books, magazines			0	0
+ Fixing and maintenance			150	1800
+ unemployment fund			0	0
+ other expenses			0	0
B = TOTAL FIXED COSTS			6493	77910
A+B = SALES MARGIN REQUIREMENT			8368	100416
+ purchases (excluding VAT:)		Margin % 25 or EUR	25104	301248
= NET REVENUE REQUIREMENT			33472	401664
- other net income			0	0
+ VAT		% 24	8033	96396
= TOTAL SALES / INVOICING REQUIREMENT			41505	498060

By selecting the suitable alternative, you can estimate your minimum target invoicing level, or the ratio between price/quantity.

			Excluding tax	Including VAT
Monthly invoicing target	months/year	12	33472	41505

Sales

	Product/product group 1	Product/product group 2	Product/product group 3	Product/product group 4	Product/product group 5	Product/product group 6	EUR/month Excluding VAT						
Products' / product group's name	Russian pie with cabbage/apple	Russian pie with fish	Blinis	Tea and coffee	Embroided tablecloth 140x250	Napkins 33x33							
	unit price 2.50	unit price 4.50	unit price 4	unit price 2	unit price 30	unit price 10							
	- costs 1.50	- costs 3	- costs 2	- costs 1	- costs 18	- costs 2							
	=margin 1	=margin 1.50	=margin 2	=margin 1	=margin 12	=margin 8							
Customer /customer group	pcs	Total	pcs	Total	pcs	Total	pcs	Total	pcs	Total	pcs	Total	Total
Guests coming to Pargas	350	350	200	300	400	800	500	500	30	360	100	800	3110
Young adults	350	350	200	300	400	800	500	500	30	360	100	800	3110
Retired people	350	350	200	300	400	800	500	500	30	360	100	800	3110
		0		0		0		0		0		0	0
		0		0		0		0		0		0	0
		0		0		0		0		0		0	0
		0		0		0		0		0		0	0
Sales margin total:		1050		900		2400		1500		1080		2400	9330
Total sales of the product:	1050	2625	600	2700	1200	4800	1500	3000	90	2700	300	3000	18825
											month	per year	
Net revenue (excluding VAT):											18825	225900	
Total costs:											-9495	-113940	
Sales margin total:											9330	111960	
Sales margin requirement from the profitability calculation:							months/year	12			8368	100416	
Difference (possible need of additional sales)											962	11544	
Difference -% (target is to obtain difference -% <80%)											90%	90%	

3 years performance plan

Annual growth percent

	Year 2	Year 3
Income	15%	10%
Costs	10%	5%

	Year 1	Year 2	Own estimate	Year 3	Own estimate
Sales proceeds	280116	322132		354344	
- VAT	54216	62348		68582	
Net revenue (turnover)	225900	259784		285762	
- Total costs (material and supplies costs)	113940	125334		131600	
- Staff costs	44310	48741		51178	
- Company premises /rents	19680	21648		22730	
- Marketing	100	110		115	
- Other operating costs	13920	15312		16077	
Operating margin (profit)	33950	48639		64062	
- Financing costs	0	0		0	
- Taxes	6369	9412		12575	
Financial performance	27581	39227		51487	
- Depreciation	2105	1578		1184	
Profit	25476	37649		50303	