

MASTER'S

THESIS

Studie proveditelnosti založení food trucku s burgery

Feasibility study of the food truck with burgers

STUDY PROGRAMME

Management of Development Projects

FIELD OF STUDY

Project Management of Innovations in a Company

SUPERVISOR

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ČVUT V PRAZE**

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Acknowledgment

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Abstrakt

Cílem této diplomové práce je provedení studie proveditelnosti food trucku s burgery a vyhodnocení životaschopnosti projektu. Práce je rozdělena na část teoretickou a praktickou. Teoretická část v sobě zahrnuje základní aspekty projektu a studie proveditelnosti, jako jsou obecné rysy, důležité procesy a metody hodnocení. Praktická část vychází z teoretické části a určuje základní rysy společnosti na bázi hodnocení jejího vývoje podle strategické a finanční analýzy. Na základě tohoto výzkumu umožňuje práce rozhodnout, zdali bude projekt implementován, či nikoliv.

Klíčová slova

Studie proveditelnosti, založení podniku, food truck, marketingová analýza, strategická analýza, finanční analýza

Abstract

The goal of master's thesis is to perform the feasibility study of the food truck with burgers and to evaluate project's viability. The thesis is divided into the theoretical and practical part. The theoretical part recognizes the basic aspects of the project and feasibility study, such as the general features, important processes and evaluation methods. The practical part is based on the theoretical part and determines basic features of the company, considers the evaluation of its development, according to strategic analysis and financial analysis. Based on a research, this thesis allows to conclude whether the project will be implemented or not.

Key words

Feasibility study, starting a business, food truck, marketing analysis, strategic analysis, financial analysis.

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Introduction

Aim of the Thesis

The aim of the master's thesis is to perform the feasibility study of the food truck with burgers, to describe, calculate and analyse all the points of feasibility study and, in the end, make a decision about the project's viability.

Brief

Currently, the rapid development of technology allows market for goods and services to grow faster than in the past. More and more people have opportunities to start a business and take an unoccupied niche. However, not many of them conduct a detailed analysis of their capabilities and requirements for their project, based on insufficient knowledge and inaccurate analysis of the environment.

For successful planning of your project, related to any field of activity, it is necessary to conduct a series of studies and analyze the main factors that will allow the project to be successful and well-planned.

Feasibility study is a document that contains the necessary analysis of the project, allows to determine the strengths and weaknesses of the project and the possibility of implementing. This feasibility study is divided into theoretical and practical part. In the theoretical part the main characteristics of the project are considered and the structure of the feasibility study is described in details. The description of the project consists of its definition, phases of life cycle, criteria for setting goals and characteristics of project risks. The structure of the feasibility study includes explanations of the factors which have an influence on the project, such as economic, technological, financial and legal factors.

The practical part is based on the theoretical part and describes the feasibility study of the concrete project. The objective of this project is to starting a business related to the sale of street food, namely burgers, performing operations from the food truck. This feasibility study analyzed the operating environment in accordance with this type of business. The most important types of analysis were carried out, such as the marketing analysis, the market research, the technological analysis and the analysis of suppliers. From the point of view of economic efficiency, financial indicators were calculated and analyzed. After the evaluation of these factors was made the conclusion whether the project will be implemented or not.

THEORETICAL PART

1 Project

1.1 Definition of a project

Every day we do a lot of different activities which we can call "a project". At work it could be development of new technology or marketing campaign. In personal life it could be planning a trip during the holidays or wedding organization. These examples have some common characteristics and some significant differences. Let's figure out what a project is?

There are several project definitions. According to Project Management Institute (Project Management Institute, 2017), project is "a temporary endeavor undertaken to create a unique product, service, or result. The temporary nature of projects indicates that a project has a definite beginning and an end. The end is reached when the project's objectives have been achieved or when the project is terminated because its objectives will not or cannot be met, or when the need for the project no longer exists". Another definition of a project is: "A number of individual steps, designed to achieve a specific goal, which require the existence of resources, under conditions of compliance with the time schedule, of the budget and the quality criteria of the system" (Vytlačil, 2008).

In other words a project is a complex of some relative measures with some limited restrictions aimed to create a unique product or service.

The main factors which characterize a project are:

- Originality;
- Existence of clear and measurable goals, principles and objectives;
- Restrictions related to time, budget, resources, logistics, ethics, laws and finance;
- Systematization;
- Documentation.

1.2 Goals of a project

At the end of project life cycle managers need to consider about success or failure of the project. These measures depend on different aspects which mostly have quantitative and qualitative characteristics, for example: efficiency, time milestones, investment costs or cash flow. To follow final results it is necessary to define goals in the beginning.

There is a system describing principles in the setting of objectives called SMART. It means that goals have to be:

- Specific – that is formulated with answers to these questions: “What should be attained?”, “Why is it necessary?”, “Who will be engaged?”, “Where is it situated?”, “Which restrictions must be met?”;
- Measurable – should be quantified and answer to the main question: “How much?”;
- Achievable – should be realistic, possible and sensible;
- Relevant – should determine what benefits the solution will bring;
- Timely – should define the priority of tasks and answer to the question: “When?”.

1.3 Four phases of a project life cycle

The project is a logical dynamic system which develops on the basis of a particular cycle. This cycle specifies a framework for management and correlates with time the basic elements of a project.

According to Project Management Institute (Project Management Institute, 2017), “the project life cycle is critical for any managers hoping to deliver projects to clients successfully”.

The project phases are divided into:

- Initial (pre – investment) phase;
- Investment phase;
- Operational phase;
- Evaluation phase;

Pre – investment phase

This phase is the most important in the project. At this stage, the reachable goal should be set and the project strategy, which subsequently leads to the achievement of this goal, should be determined. More than that, persons, involved in the project, should be determined with all the responsibilities that they will have.

At this stage, researches and analysis will be carried out and the technical project details can be interpreted. These and other activities describing the project will be reported in the feasibility study of the project. This document will summarize all important information about the project including objectives, researches, planning, risks and financial calculations.

Investment phase

The next stage of the project life cycle concerns activities in real life. At this stage, the following actions will be taken:

- Creation of a team;
- Preparation of all the documents of the project;
- Attraction of financial resources;
- Work area’s selection and preparation;
- Signing of contracts.

Professional managers are responsible for implementation of all of these activities because they depend on time and missing the deadlines could negatively affect the project, implying a loss of funding, employees and time frames.

Operational phase

On this stage the project is launched and all operations according to this are implemented. The important part of this phase is human resources, involved in the project. The actions should be carried out in accordance with the plan and the responsibilities defined at previous stages. It is necessary to follow not only short planning structure, but also the long-term development strategy of the project.

Evaluation phase

This phase can be characterized as the final project stage. The effectiveness of the project is assessed, both qualitatively and quantitatively.

Depending on the type of project, there is still a liquidation phase, where activities are carried out to complete the life cycle of the project and assess the liquidation expenditures.

1.4 Project risks

During the stages of the project lifecycle there are some factors, which could have essential influence for the planning project activities. "Risk is the possibility of loss or injury"(merriam-webster.com). According to Project Management Institute (Project Management Institute, 2017), "project risk is an uncertain event or condition that, if it occurs, has an effect on at least one project objective".

The reasons for its appearance are considered:

- The lack of information and the accumulation of incorrect facts that is used in planning;
- Using inappropriate sources of information;
- Formation of incorrect conclusions based on reliable information;
- Incorrect methods in activities aimed at reducing and preventing risks;
- Concatenation of circumstances.

According to Fotr and Souček (Fotr, Souček, 2005), project risks could be:

- Systematic and non-systematic – how often does the risk appear?
- Internal and external – where does the risk appear, inside or outside the company?
- With the possibility of preventing or without it - risks that could be influenced or which are constantly attached;
- Primary and secondary – the importance of risk influence.

There is a classification of risk types for any project:

- Financial risks related to sources of funding;
- Technical risks, accompanying production and materials;
- Management risks, related to human resources;
- Political risks, associated with changes in political situation;
- Legal risks, linked to new laws and restrictions;
- Environmental risk, related to changes in the environment.

Risk management is one of the most difficult and important part of every project.

Operations related to the risk management are very complicated and it can be entrusted only to professional employees. Usually, the following measures to manage risks are:

- Determination of the factors, which led to the emergence of risk;
- Perception of character and importance of risk;
- Risk evaluation;
- Planning risk elimination;
- Operations to reduce or prevent risks;
- Assessment of the reappearance of risks.

2 The main characteristics of a feasibility study

2.1 Definition

"The purpose of feasibility study is the detailed elaboration on the technical, economic, financial, managerial aspects of the project. This study should contain all the information that is essential for the overall evaluation of the project and allows to accept and implement the project or reject it." (Fotr, Souček, 2005). According to Behrens (Behrens, 1991), "a feasibility study consists of the following items:

1. Executive summary;
2. Project background and basic idea;
3. Market analysis and marketing concept;
4. Raw materials and suppliers;
5. Location, site and environment;
6. Engineering and technology;
7. Organization and overhead costs;
8. Human resources;
9. Implementation planning and budgeting;
10. Financial and investment appraisal".

All of these points must contain deep analysis and evaluation of actual project and have correlation between each other. As for the further project, described in practical part, the most important elements are market analysis, financial analysis and implementation.

2.2 Executive summary

At this step, we need to write the most important information about the project. It can consist of key summary points, analyzing in the project and a brief about the timeline of the study. The stage also includes financial data, such as total costs and some financial indicators, which show a profitability of the project. In the end there have to be a conclusion about the realization of the project. The basic view is to be short and informative.

2.3 Project background and basic idea

General information of this point contains a short summary of the project, the main goal and specification. Likewise, the questionnaire provides information about the history of the project, project requirements and funding information.

2.4 Market analysis and marketing concept

Depending on the essence of the project, this chapter could be one of the most important part of feasibility study. This phase contains analysis of factors which mostly pressurize the market. These are industry's type, price, product, customers, competitors, supply and demand. To examine these points global common tools could be used.

PESTLE analysis

PESTLE analysis could be used to analyze the state and development trend of the industry and external marketing environment. „PESTLE analysis, which is sometimes referred as PEST analysis, is a concept in marketing principles. PESTLE is a mnemonic which in its expanded form denotes P for Political, E for Economic, S for Social, T for Technological, L for Legal and E for Environmental. It gives a bird's eye view of the whole environment from many different angles that one wants to check and keep a track of while contemplating on a certain idea/plan“(pestleanalysis.com).

Among the other characteristics, political factors are considered on general political situation in operating location, taxation policy, level of corruption, labor legislation and the most likely political changes during next years.

Economic factors include total globalization level in operating location, economical ratios, such as interest rates, inflation rates, national currency exchange rate, the level of unemployment, the level of incomes of citizens and the retirement age.

Social factors consist of statistic information about population characteristics, such as structure, age group, gender ratio, lifestyle, etc., and more likely changes in several years.

Technological factors describe the development of the technology and IT market, evaluation of using devices, power of introduction.

Legal factors related to legal restrictions influence all sides of business: consumers, employees, health and operations.

Environmental factors, like climate and waste disposal, characterize the level of the environment.

Porter's Five Forces

Particular attention in market analysis needs to be given to assessments of competitors, who directly affect the long-term profitability of the project and allow to determine the development of strategy. For the competitors' research usually use Porter's analysis of five forces. These forces consist of:

- Competitive Rivalry;
- Supplier power;
- Buyer power;
- Threat of substitution;
- Threat of new entry.

After this analysis, it is possible to determine the demand and dynamics of its development, the market volume and distribution channels, the rate of competitors'

development and barriers for entry to the market, the number of competitors and substitutes, evaluation of the competitors' prices and the prices of substitutes.

Marketing Mix

Marketing mix is a useful tool to describe the product and connect it with customer preferences. Marketing mix allows to describe product with four main characteristics:

- Product – its quality, design, features, packaging, warranty service, etc;
- Price – its price policy, discounts, methods and terms of payments;
- Place – various distribution channels, transport conditions, delivery services;
- Promotion – advertising, marketing programs, public relations.

Usually, marketing mix divided into seven parts and points above are added for describing human resources involved in production, processes related to organization and product's physical evidence.

SWOT

According to Kotler and Keller (Kotler, Keller, 2013), "overall analysis of strength and weaknesses of the company, its opportunities and threats are called SWOT analysis. It is a tool for monitoring the external and internal marketing environment". Usually, companies operate not only with their own SWOT analysis, but also with SWOT analysis of competitors in total or competitors' goods and services. The main elements of SWOT analysis are:

- S = Strengths – strong sides of goods and services and more advantageous features compared to competitors;
- W = Weaknesses – weak points of goods and services that do not allow to break into the market leaders;
- O = Opportunities – positive factors which allow company to grow;
- T = Threats – negative factors that could reduce competitiveness on the market.

2.5 Raw materials and suppliers

At this stage it is necessary to consider the production plan of the project, divided into logical parts, find optimal and maximal capacity and determine materials and components. Typically, the choice of materials and suppliers should be based on many various factors. According to Fotr and Souček (Fotr, Souček, 2005), these factors are:

- Availability – basically, all materials and components should be available on the whole project lifecycle;
- Substitution – the opportunity to replacement goods, if some basic materials are missing at the moment;
- Quality – it is necessary to link quality with costs and additional operations depending on the quality;
- Geographic position – the possibility of delivering materials and the costs related to this;
- Risks – evaluation of risks accompanying the terms and conditions of storage, transportation and utilization;
- Financial expenditures relating to all factors above.

Moreover, one of the most important aspects in material's choice is relation between consumption of natural resources, such as water, energy, wood, coal, wind energy etc, and costs belonging to these items. For a more detail and accurate assessment, you can use the decomposition process, which means the splitting of the final material into constituent characteristics. It could be:

- Unit of measurement;
- Parts of unit;
- Consumption of one part;
- Consumption of one unit;
- Final quantity of the units;
- Cost analysis for each item.

2.6 Location, site and environment

Every project requires determination of location and place, where it will operate. The determination process could be divided into three parts: judgment about the most appropriate location, estimation of actual place and direct choice of physical object for project operations. For evaluation about the place it is necessary to study the infrastructure. The requirements that are imposed on the choice based on technical, economic and social factors.

According to Fotr and Souček (Fotr, Souček, 2005), infrastructure components are divided into:

- Transportation – different types of transport are considered, including railway, road, water and air transport. Availability and transport costs should be evaluated;
- Communications – include communication services and their attendance on the place;
- Energy sources – requirements of water, energy, electricity and other types of natural resources. Evaluation of quantity and costs of obtaining;
- Human resources – availability and cost of qualified workforces;
- Availability of building and repair resources;
- Existence of disposal of waste and costs, associated with this.

During the determination of the project location it is necessary to divide types of project into two categories: project oriented to the manufacture and project oriented to market selling. Place's characteristics depend on this rotation.

From the financial point of view according to Fotr and Souček (Fotr, Souček, 2005), it is important to estimate the place including following factors:

- Infrastructure;
- Economical and legal aspects (taxes, grants, banks' interest rates, etc.);
- Ecological requirements (restrictions, associated with the impact on the environment).

2.7 Engineering and technology

The choice of technology is one of the fundamental elements of preparation phase of the project, especially of big projects closely related to production or innovations. Selection of projects technology should be determined by some crucial factors. According to Fotr and Souček (Fotr, Souček, 2005), these factors are:

- Availability – the quality of general material should be considered. It is necessary to make a decision about using national or imported material. Evaluate its quality and costs;
- Availability of funding – sources in the beginning and during the whole process, including maintenance and spare parts;
- Accessibility of technology – not always the owner of technology wants to share facilities;
- Legal base – legislative restrictions in selected location;
- General characteristics of the site, especially of the area in which the project will be situated.

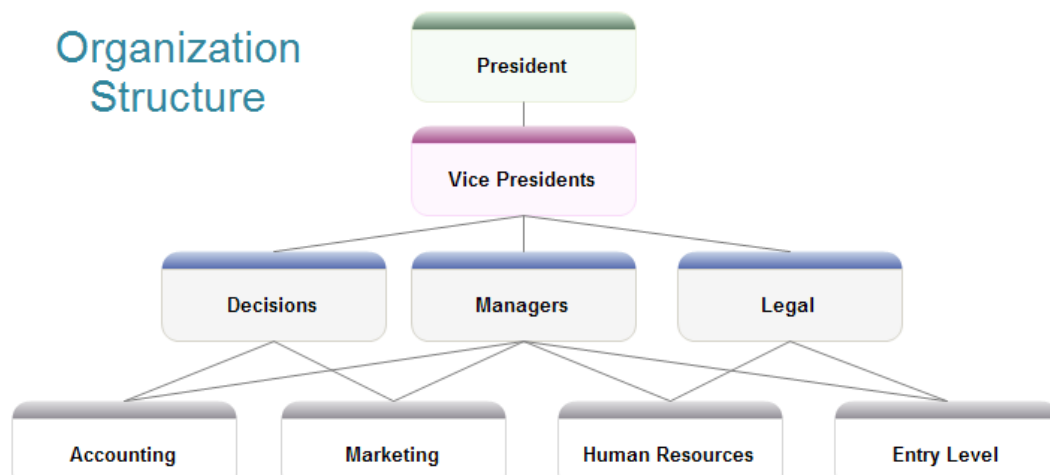
The choice of production facilities should be based on:

- The amount of investments;
- Costs related to equipment operation;
- Requirements to maintenance and repair;
- Human resources which will be involved in operational process.

2.8 Organization and overhead costs

2.8.1 Organization structure

Organization structure usually consists of detailed hierarchical description of persons involved into the project. This decomposition allows to visualize all the roles in the project, responsibilities and functions of participating persons and establish relations between them. An example of organization structure is given below:



Picture 1 Sample Organizational Structure (edrawsoft.com)

2.8.2 Overhead costs

Overhead costs related to ongoing expenses of the project. Overhead does not relate to expenditures associated with the production of goods, thus do not directly generate revenues.

“Overhead expenses include:

- accounting,
- advertising,
- depreciation,
- insurance,
- interest,
- legal,
- rent,
- repairs,
- office supplies,
- taxes,
- information and communications,
- utilities,
- research and development “ (investinganswers.com).

Overhead costs are necessary to maintain and support the project operations.

2.9 Human resources

For successful project operation it is necessary to create a good work team. Employees in the team should have perfect skills and be responsible for their actions. The process of labor search is sometimes very complicated and involves two following factors:

- Quantitative requirements;
- Qualitative requirements.

Quantitative requirements are based on skills, knowledge, experience, training quality and motivation factors. On the other hand, qualitative requirements are related to amount of wages, contributions, additional taxes and administrative charges.

According to Fotr and Souček (Fotr, Souček, 2005), “during the planning of recruiting operations these aspects should be analyzed:

- Supply and demand of employees in the selected area;
- Legal conditions for hiring, work period and dismissal;
- Number of working days per year”.

Employees with good professional skills contribute to the success and development of the project and company.

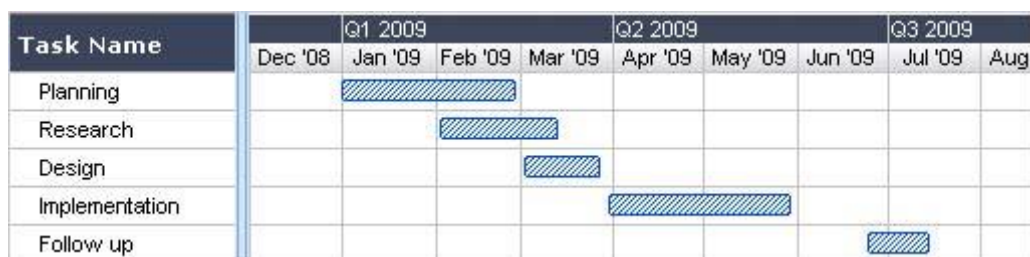
2.10 Implementation planning and budgeting

Implementation is a process which turns previous plans to activities in order to achieve the goal .After the implementation of the project, it is necessary to prepare a list of key activities that will be performed during the period of preparation for the start. The list

should include all the essential tasks, special attention should be given to processes that are difficult to evaluate in time and the likelihood of their shift in the timeline is high, that is signing contracts and obtaining certificates.

The results of implementation planning should be determined by the budget system. Budgeting solves the problem of distributing the economic resources at the disposal of the company and gives a quantitative description of the selected activities of the company.

In the modern world, there are several tools including computer software, which helps to connect planned operations and budgeting with the timeline. One of the methods for planning the project's implementation cycles is the Gantt chart. An example of the Gantt chart is given below:



Picture 2 Gantt chart (gantt.com)

"Gantt charts are most commonly used for tracking project schedules. For this it is useful to be able to show additional information about the various tasks or phases of the project, for example how the tasks relate to each other, how far each task has progressed, what resources are being used for each task and so on" (gantt.com).

What factors can be analyzed using a chart?

- The main factor illustrated on the diagram is the start or end date of the project, or preparation for the start of the project;
- Key tasks that need to be performed during the time period;
- The duration of each task as well as the start and end dates of each task;
- The most important item is the clearness, in other words what tasks should be unified, and which tasks, on the contrary, need to be divided into smaller ones;
- Who is responsible for concrete task?
- Budgeting of each task

Generally, mistakes at the implementation planning can become critical and have a serious impact on the timeline or costs of the project.

2.11 Financial and investment appraisal

2.11.1 Financial reports

Financial analysis presents the stability of the company, its conditions at the given moment expressed quantitatively. It is the fundamental factor for strategic decision which determine the viability of the company in the future. Financial analysis should be implemented using various financial indicators in pre – investment stage.

According to Karlik (Karlik, 2005), there are three main reports, "which are able to reflect all aspects of the company's activities":

1. Balance sheet is a report including information about financial resources of the company at a certain point in time which reflects the balance between assets and liabilities since the company was founded. It shows where the funding sources are currently invested.
According to Deakins (Deakins,1996), "the balance sheet is a statement of assets and liabilities at any particular period of time".
2. Profit and loss statement (income statement) "is an accounting document that demonstrates the results of economic activities of an entrepreneur" (Scholleová, 2012). In other words, this report shows the amount of the earned profit or the incurred loss for the reported period. An important point is that the report allows you to identify a problem unit incurring losses, and taking measures to prevent it. It shows in stages and details from where and how a profit or loss has appeared in the company.
3. Cash flow is a document that describes "results from the difference between actual cash receipts and cash payments" (Hisrich, Peters, 1998). Namely the report shows the flow of cash received and paid by the company. The profit received at the moment does not always mean a real cash profit from the company's funds.

2.11.2 Ratio analysis

Profitability ratios

There are three fundamental criteria which show how profitable is the company and its efficiency. In general, these coefficients are calculated by way of ratio from different types of incomes to assets, liabilities or revenues. It helps investors and owners to analyze the effectiveness of produced goods, total performance of the company and expediency of attracting additional funding.

These valuable ratios are:

- Return of equity (ROE) – "indicates the ability of the venture in generating a return to the stockholders" (Hisrich, Peters, 1998):

$$ROE = \frac{\text{Net Income}}{\text{Shareholder's Equity}}$$

- Return of assets (ROA) – "measures the profits of the company with the total invested funds" (Scholleová, 2012):

$$ROA = \frac{\text{Net Income}}{\text{Total Assets}}$$

- Return of investment (ROI) - "measures the ability of the venture to manage its total investment in assets" (Hisrich, Peters, 1998)

$$ROI = \frac{\text{Investment Revenue} - \text{Cost of Investment}}{\text{Cost of Investment}}$$

- Return of sales (ROS) – “represents the venture’s ability to translate sales into profits” (Hisrich, Peters, 1998)

$$ROS = \frac{\text{Net Profit}}{\text{Net sales}}$$

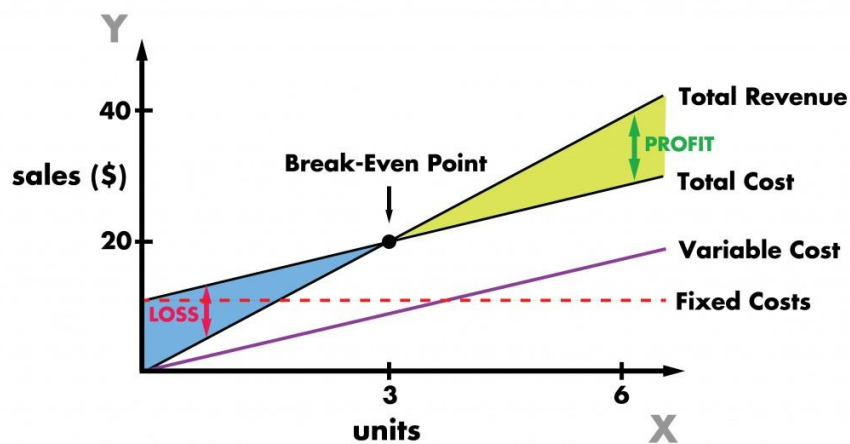
To sum up, these indicators could be used to follow the changing of company’s profitability, for comparing real results with planned ones as well as the ratios of competitors and for evaluation of attractiveness for investors.

Break-even point

Another important ratio used in financial analysis is break-even point. Break-even point is amount of sales at which the company has zero profit. In other words, how much product the company needs to sale in order to cover all of their expenses. Break-even point could be calculated for different periods and could be expressed in units or in money equivalents.

$$\text{Break-Even Point in Units} = \frac{\text{Fixed Costs}}{\text{Sales Price per Unit} - \text{Variable Cost per Unit}}$$

The picture below demonstrates break-even analysis:



Picture 3 Break-Even Analysis (toughnickel.com)

PRACTICAL PART

3 Feasibility study of the food truck

This feasibility study provides the values of a project related to launching a food truck selling the black bun burgers in Czech Republic. The study includes a detailed market research, evaluation of infrastructure of the project and a specific financial plan of operations for the next five years. The conclusion of the study allows us to evaluate the viability of the project and to decide if the project should be accepted.

3.1 Executive summary

The feasibility study has been conducted for the project focusing on starting business related to selling street food and providing catering services using a food truck.

The main selling product of the food truck is the black bun burger. The product is not new for the Czech food market, however, it is special considering the way of selling it using a food truck. This feasibility study includes market research where the target group of customers and possible places of operation are identified. The location of operations is the Czech Republic. The permanent vending location is Prague, but considering the project features, it should be noted that the food truck can operate in different parts of the city. The research also includes the estimation of average daily sales of our competitors. Based on these estimations, three possible scenarios of sales per day can be determined: realistic, optimistic and pessimistic. The amount of average daily sales of competitors can be taken as the realistic scenario. The optimistic scenario is determined by sales 20% higher than sales of our realistic scenario, pessimistic scenario – by 20% lower.

Table 1 demonstrates key characteristics of the project:

Key characteristics	Items
Name	Food Truck KZ
Location	Food Market near Roháčova str., Prague
Truck	Fiat Ducato
Employees	1. Chef 2. Seller
Menu	1. Black bun burger 2. Classic burger 3. Vegan burger 4. Beverages
Equity	500 000 CZK
Loan	500 000 CZK

Table 1 Key characteristics of the project (own source)

The initial budget of the project is 1 000 000 CZK. Two employees will be hired for a successful project operation. Financial ratios, such as earnings, expenses, cash flow have also been calculated in the feasibility study. Other financial indicators are displayed in Table 2:

	Realistic scenario	Optimistic scenario	Pessimistic scenario
Net Present Value (NPV)	1 480 CZK	1 149 680 CZK	-1 185 593
Internal Rate of Return (IRR)	8%	26%	Could not be evaluated
Payback Period	5 years	3 years	Could not be evaluated

Table 2 Economic evaluation of the project (from Table 31, 32, 33, 34)

These financial indicators meet the requirements. In the realistic and optimistic scenarios, the NPV indicator has a positive value. The approximate payback period in the realistic scenario takes 5 years and in the optimistic scenario - 3 years. Based on these factors and other evaluations, the project can be considered as reasonable and can be adopted for its' further implementation.

3.2 Background of the project

3.2.1 Project's history

The idea of launching a food truck with burgers was created by Konstantin Ivanov, who will be the investor of the project. The idea is based on market research about companies that provide services related to mobile street food. Usually, their products are not original and the quality leaves much to be desired.

The main advantages which should be offered to customers, are:

- The product should have the highest quality and should be different from others;
- The truck should have an attractive design and stand out among other food courts;
- The truck should have originality in service.

3.2.2 Main parameters of the project

- Name of establishment: Food Truck KZ
- Permanent vending place: Roháčova str, 145/14, Prague, Czech Republic
- Investor: Konstantin Ivanov
- Executor of feasibility study: Konstantin Ivanov

3.2.3 Goal of the project

The goal of the project is the launch of the Food Truck KZ specialized in selling burgers with black buns at the beginning of April 2020 and to return the invested funds within 2 years from the date of establishment.

3.3 Market analysis and marketing research

3.3.1 Estimation of the demand

An important part of each feasibility study is market research. This practical part is often called field research and is based on quantitative characteristics that are necessary to calculate monthly sales plans and the financial plan of the company at the end.

This research was based on observations of competitor's work and different interviews with owners and sellers of food trucks. More than five companies took part in our market research.

To conduct the final estimation of monthly sales we need to consider a lot of features based on the number of meals in menu, the scale of event, and seasonal prevalence. Firstly, we estimated the competitor's average daily sales in main and additional categories of meals. We took into account only food services that offer the same

product, grilled burgers and grilled sandwiches, and that are located at the places where we want to operate.

Name of service	Daily sales of main meals, [pcs]	Daily sales of extra meals, [pcs]
Pleskavice Food Court	180	60
Kaizer Franz Burger Court	140	70
Argument Burger Court	150	80
Podolka Burger Court	244	112
Take Eat EZ Sandwich Truck	208	98
Avocado street bistro	100	0
Dirty Dog Food Court	180	0
Crush Food Truck	150	100
Total average:	169	65

Table 3 Competitors' daily sales (own source)

Based on these facts, we can approximately estimate the average daily sales of the main meal as 169 pieces, and the average daily sales of extra meal as 65 pieces. For further calculations, we expect that in our case the extra meal is a beverage. An important part of working in mobile street food is the number of events in which our food truck can participate, and their seasonal correlation. The table below demonstrates the number of events corresponding to seasons:

	Season (Mar. - Nov.)	Mid-season (Dec.-Feb.)
Name of service	Events per month	Events per month
Pleskavice Food Court	10	7
Kaizer Franz Burger Court	10	6
Argument Burger Court	12	5
Podolka Burger Court	9	6
Take Eat EZ Sandwich Truck	12	6
Avocado street bistro	9	5
Dirty Dog Food Court	12	6
Crush Food Truck	11	5
Average events per month:	11	6

Table 4 Competitors' events per month (own source)

3.3.2 Scenario analysis

Our menu consists of the main meals (three types of burgers) and extra meals (three types of beverages). For a more accurate evaluation of the sales plan, it is assumed that the food truck will be selling cooked meals in approximately quantities, divided proportionally. Therefore, further calculations will be based on this fact.

Also, it is logical to consider scenarios with both an increase and a decrease in sales. This segmentation provides for a more simple and accurate assessment of variable costs and the amount of sales.

The realistic scenario for the daily demand and amount of sales is based on the field research, that is, 169 pieces of main meals and 65 pieces of extra meals.

Menu	Sales per event, [pcs]		
	Realistic scenario	Optimistic scenario	Pessimistic scenario
Black bun burger	110	132	88
Classic cheese burger	51	61	41
Vegan burger	8	10	7
Coca-Cola with lemon	39	47	31
Mint lemonade	13	16	10
Lemonade with lime	13	16	10
Total:	234	281	187

Table 5 Scenarios of sales (own source)

The values in Table 5 are rounded. The optimistic scenario is determined by sales 20% higher than sales of our realistic scenario, pessimistic scenario – by 20% lower. We believe these scenarios are equally likely to occur.

3.3.3 Marketing research

Marketing research is one of the most influential parts of a market analysis that is focused on understanding the behavior of customers, specification of the target group, and the general market's categories.

The following marketing research was performed using a questionnaire which was distributed near the place of competitor's vending on the weekend farmers' market near the Jiřího z Poděbrad Square in Prague. The research involved 110 users and received impartial responses. Afterwards, all the answers were processed to statistic elements which were summed up in the questionnaire's answers. You can see the results of this groundwork.

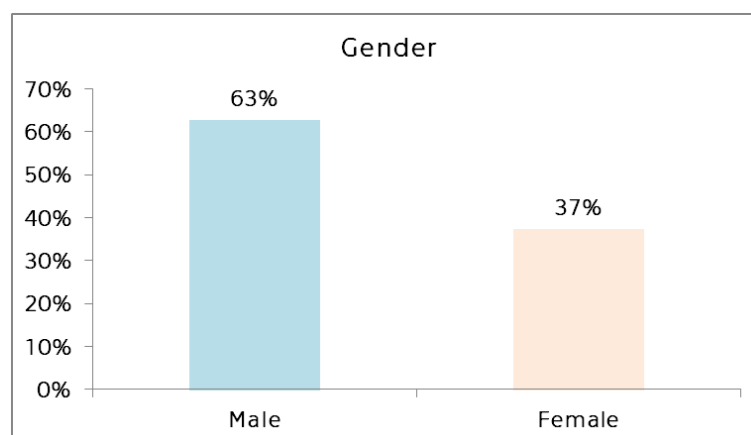


Chart 1 Gender segregation of respondents (own source)

There are 69 men and 41 women among the respondents of the questionnaire .There are two main age groups in our study: 52 people aged from 18 to 28, 34 people aged from 28 to 40. This factor shows that main category of visitors of the food markets are from 18 to 40 years old. We can assume that this category is our target group.

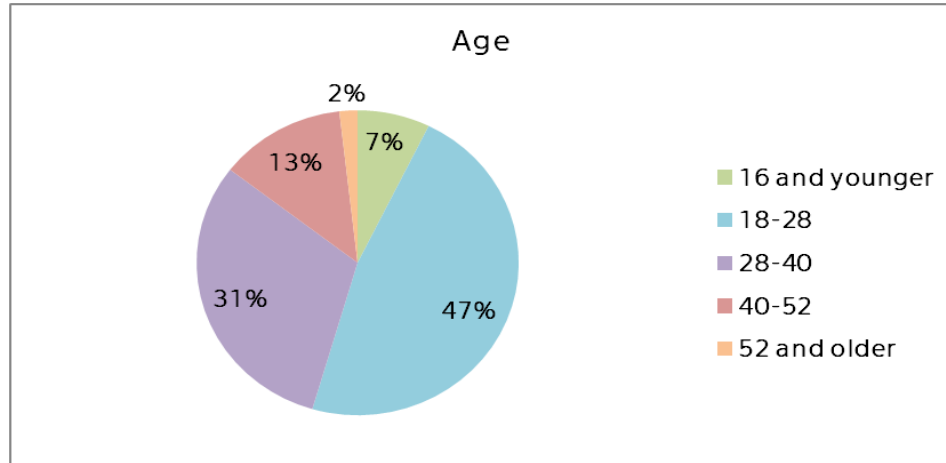


Chart 2 Age segregation of respondents (own source)

A great deal of responses to questions about occupation fall into three main categories: 55 people are employed, 27 people are entrepreneurs and 15 people are students. Other two categories are unemployed people – 10 people and pensioners – 3 people. We can assume that our target group consists of people from the three most numerous categories: employed, entrepreneurs and students. It means that we need to specify our products and services to the preferences of these three groups.

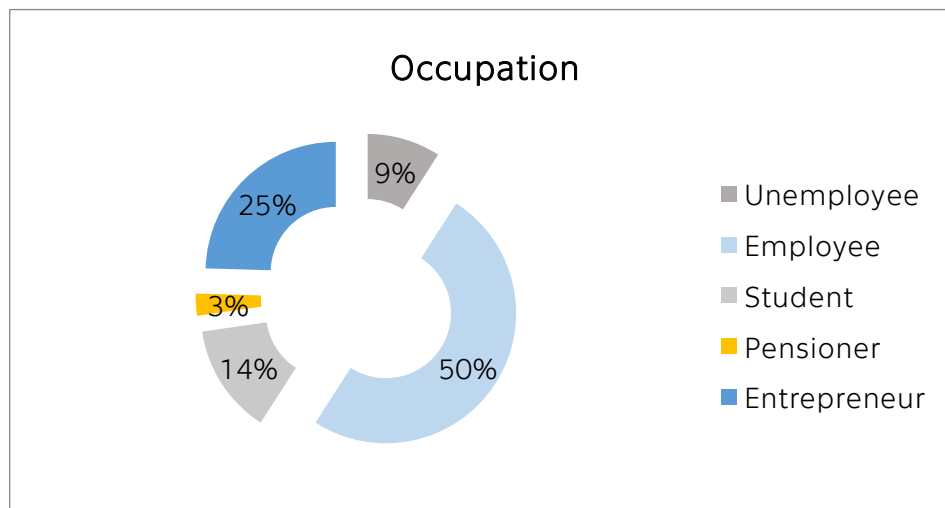


Chart 3 Occupancy of respondents (own source)

As we can see, 84 questionnaire respondents permanently live in the Czech Republic, other 26 - do not have permanent residence there. We suppose they are foreigners and stay in the Czech Republic as tourists.

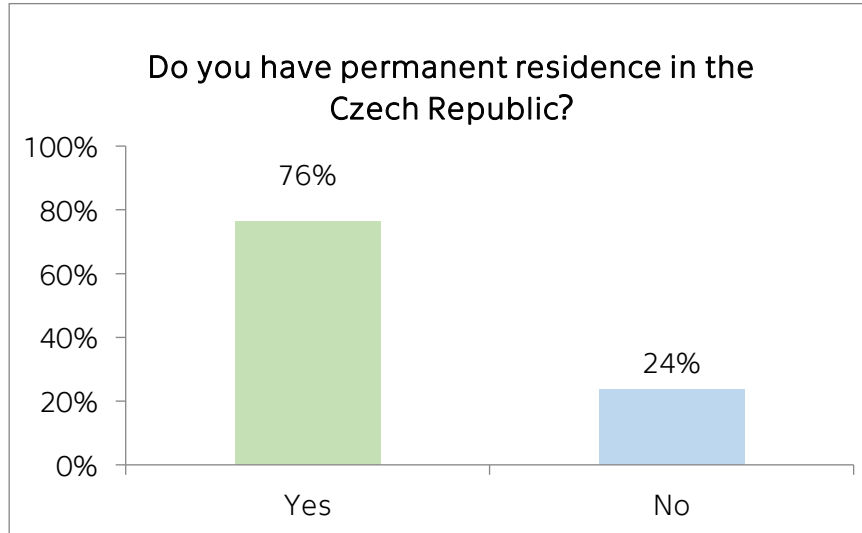


Chart 4 Place of residence of the respondents (own source)

Based on the results of the research, we can conclude that the most frequently used answer was "burgers", and the other answers can be divided into equal groups: "Chinese food", "Ice cream", "Coffee and beverages" and "Hot dogs and Pizza". We can suggest the substitutes of our product which are hot dogs, pizza and "Chinese" food.

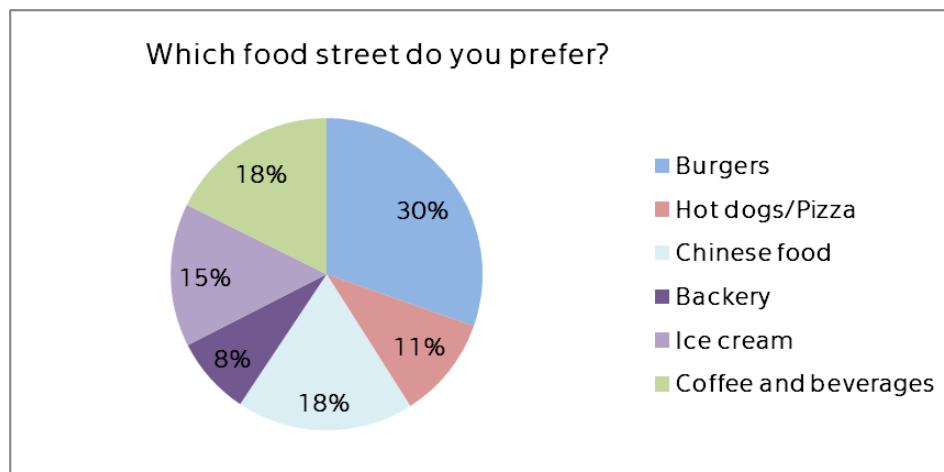


Chart 5 Preferences of street food purchasing (own source)

Based on the Chart 6 we can see that our respondents mostly buy street food at food festivals, music festivals, and in the city streets. So, if our food truck participates in these events, it can be a great opportunity to risen the sales as the demand for our products gets higher there.

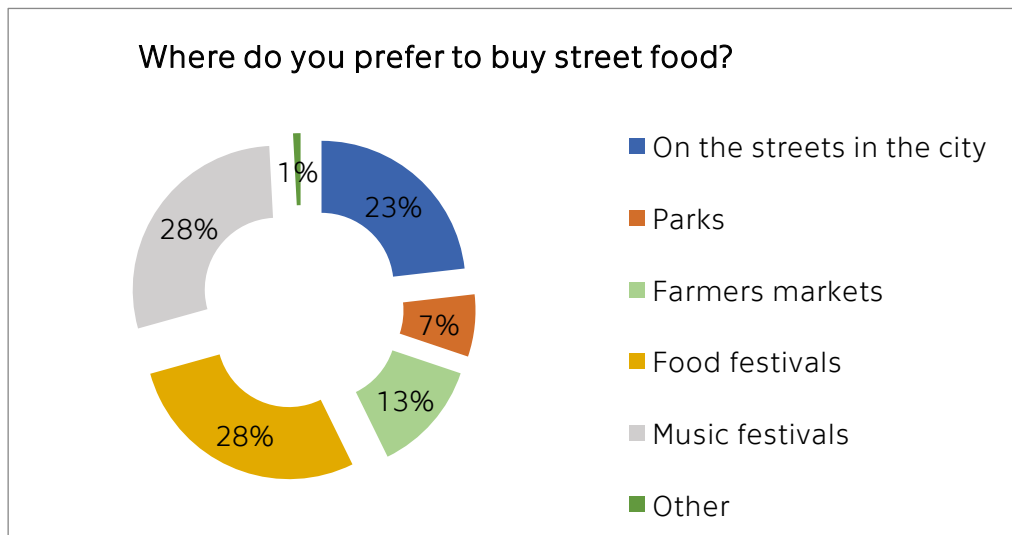


Chart 6 Locations of street food purchasing (own source)

Regarding money, 47 respondents spend from 100 to 150 CZK on a purchase, and 45 respondents spend from 150 to 200 CZK on a purchase. People rarely spend less than 100 CZK and more than 200 CZK. It shows that the amount of the average bill most of respondents is between 100 to 200 CZK.

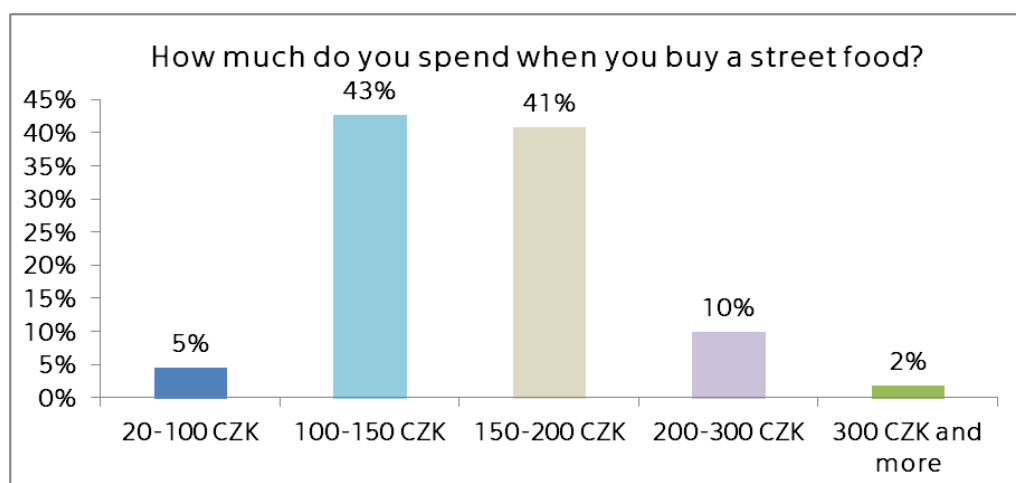


Chart 7 Amount of money spent on purchase (own source)

All the respondents usually visit some events where they can taste the different types of food. This questionnaire shows that people are interested in visiting these places.



Chart 8 Frequency of visiting (own source)

Most respondents do not prefer vegan food, but 6 out of 110 respondents still prefer it over other options. Despite the fact that only 5% of 110 respondents eat no meat, the number of followers of vegetarianism, veganism and other forms of meat-free food is growing all over the world, especially among people aged from 18 to 40, which is our target group. Therefore, in order to reduce the risk of falling their demand, we intend to produce vegan burgers.

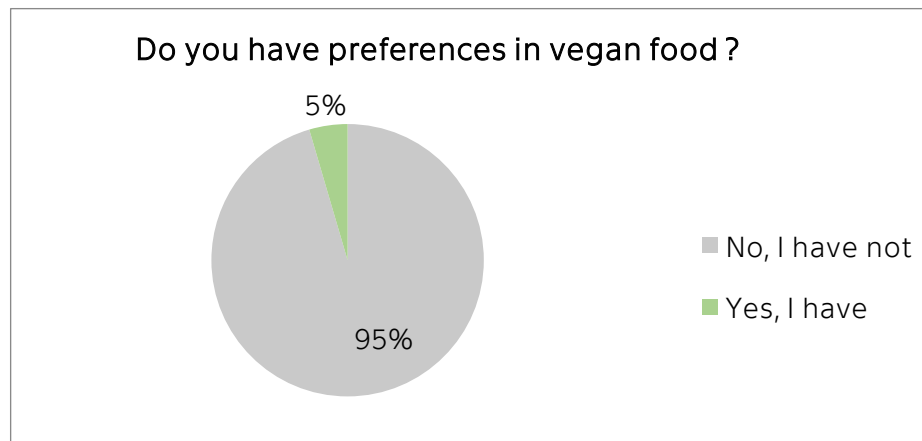


Chart 9 Preferences in vegan food (own source)

More than a half of the respondents have never tasted black bun burgers. We can suggest, that our product will be unusual and will have an advantage among the competitors.

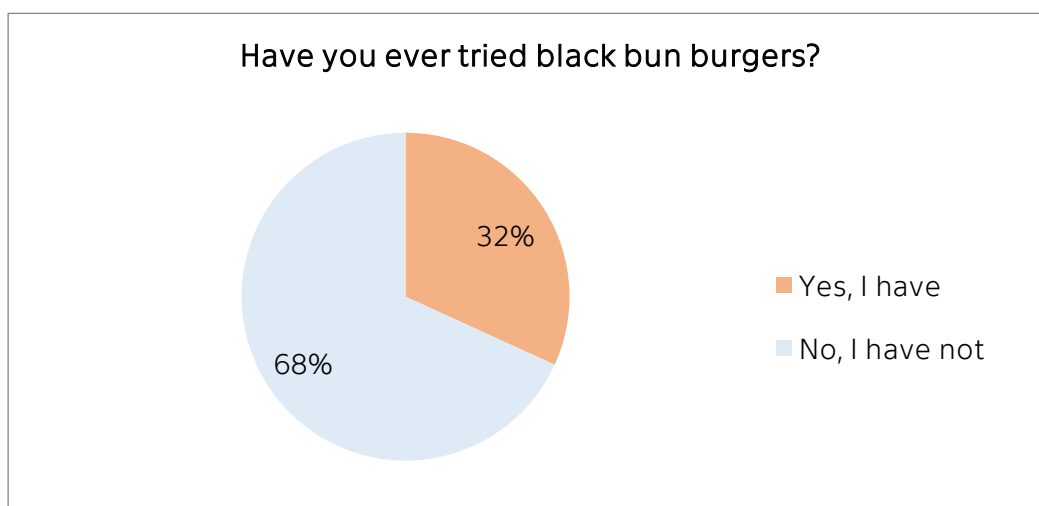


Chart 10 Experience in tasting of black bun burger (own source)

3.3.4 External analysis

3.3.4.1 PESTLE analysis

The PESTLE analysis deal with the outside elements and helps to understand, how the external factors and the macro environment can affect the strategic planning and the balance of the company. In general, it improves the vector of expansion of the company with regard to potential popular trends and possible restrictions.

The PESTLE analysis includes the following factors:

- Political;
- Economic;
- Social;
- Technological;
- Environmental;
- Legal.

Political Factors

The Czech Republic is a country with a politically stable environment in which changes in political leadership occur more than once in five years. According to statistics (transparency.cz), "the country's index of corruption has improved, and in 2017 the Czech Republic ranked 42nd among all countries, compared with 2014 – 53rd place". The tax system of the state has a fundamental influence on political factors. "The personal income tax is 15 %. For those individuals whose income exceeds the standard, the tax will be 7 % more" (podnikatel.cz). The corporate income tax is 19%. The basic rate of VAT has changed from 20 % to 21 % and reduce VAT rate has changed from 14 % to 15%. Since 2016, there is a law on electronic evidence of sales (EET). Since 2018, the law was amended and all of the entrepreneurs whose sales value exceeded 500 000 CZK were obliged to have EET. Because of this, our company decided to install

the EET system as we begin to operate. Our type of activity is food services, which together with the EET system lets us the reduce VAT rate of 15%, on all food buying and selling operations.

Economic factors

According to Czech Statistical Department (czso.cz), we follow the most important macroeconomic ratios, which are shown in the Table 6. These ratios have a direct impact on the way of choosing business. In the period from 2017 to 2019, we can see a downward trend of the gross domestic product. This is a slight decline, so it can be said that financial health and stability of the Czech Republic's economy are in a somewhat worse position compared with 2017. Anyway, the economy of the Czech Republic is still considered as a stable and pleasant environment for start-ups due to support from the government. The reduction of GDP ratio has a small impact on the indicators of production and sales of goods and the reduction in the number of workplaces and household consumption, therefore, we do not consider negative changes in this ratio as a threat to the selected type of business.

Next important ratio is the inflation rate. This indicator should be constantly followed because of its' huge influence on the volume of wages and the unemployment rate. The indicator was 2.8% in 2019, which is 0.7% higher than in 2018. In this case, we can expect some changes in the prices of goods and services, for example, the price of materials: bread, meat, vegetables, beverages and others. Concerning an unemployment rate, we do not see any significant changes and follow positive dynamics of the ratio. The average wage has been growing steadily since 2016. These factors mean that people may have more funds to spend their free time outside.

Rates/Years	2016	2017	2018	2019
GDP, %	2,3	4,6	2,9	3Q-2,5
Inflation rate, %	0,7	2,5	2,1	2,8
Unemployment rate,%	5,5	2,9	2,2	2,1
Average wage, [CZK]	27 589	29 504	31 885	3Q-33 697

Table 6 Macroeconomic ratios (www.czso.cz)

According to Czech Statistical Department (czso.cz), „ in total 236.6 thousands head of cattle (+4.0%) were slaughtered in abattoirs in 2018 and the beef production reached 71 579 tonnes (+5.7%). Imports of beef slightly increased to 37 987 tonnes (+1.8%) and its exports rose to 11 500 tonnes (+13.8%). Imported beef came mostly from Poland, the Netherlands and Germany“. Mainly, the consumption of meat is increasing.

Social factors

According to Czech Statistical Department (czso.cz), “the population of the Czech Republic was 10 681 161 people at 30 September 2019“. Since 2014, the population of the Czech Republic is in continuous growth. The group of people from 20 to 39 years old reaches approximately 23% of the total population.

In 2018, Prague was visited by 7,892,184 tourists. Compared to 2016 this indicator increased by 10,7 %. If we consider this growth in the Czech Republic, this ratio

increased by 15,5%. Praha is the most popular region that attracts 37,1 % of all tourists in the country.

Technological factors

Technology accounts for two main factors that affect our business. These are the development of payment methods and the progress in mobile technology. Different payment methods and methods of audit allow customers to conveniently pay for the products, and us to keep records. Since 2019, the Apple Pay technology is supported in the Czech Republic.

The tables below demonstrate the development of non-cash payments and an increasing amount of entrepreneurs who use it in the Czech Republic:

Year	2012	2016	2017
Total amount of transactions	308 186 163	683 831 908	811 893 348
Amount of contactless transactions	no information	492 810 129	637 749 491
Total amount of transactions (in billions CZK)	283	477	540
Amount of contactless transactions (in billions CZK)	no information	280	370

Table 7 Amount of operations with plastic cards (www.mesec.cz)

Year	2012	2016	2017
Total amount of companies	47 380	56 859	75 549
Total amount of cashless terminals at cashbox	110 308	159 405	219 899
Cashboxes, which have contactless terminals	72 132	114 928	161 926

Table 8 Amount of organizations using payment cards (www.mesec.cz)

Improvements in technology improve the quality of food and the quality of service in many ways. More and more people begin to use their mobile devices, which could help us to affect them through advertising and providing information about our activities. In other words, we could be always in touch with our customer.

Legal factors

All entrepreneurs are obliged to inform their clients about allergens contained in food and beverages. Every employee who handles food and beverages must have a health card, and some basic, but necessary knowledge about customers' health protection and comply with the norms of personal and operational hygiene. During catering activities, it is also necessary to comply with the laws and regulations related to the production and sale of food. We need to pay attention to the customer protection law, public health protection law and the food hygiene regulations. Also, it is important, that only a person who meet professional qualifications can be the owner of the business in the catering industry, so that would not be an option for myself. But the agreement with responsible representative, who fulfills the conditions, can be signed.

Environmental factors

According to statistics on portal.chmi.cz, in 2017 warm weather started in March (averages temperature over 7 degree) and ended in the end of November. Evaluating this information, we can consider a season from March to November as a favorable time for company's operations. In terms of waste disposal our type of business does

not have specific rules and permits. In terms of packaging, we use disposable burgers' paper and paper cups to serve beverages.

3.3.4.2 Porter analysis

Competitors

As we are a company, which can easily move from one place to another, in theory, all restaurants and food courts at these places are our competitors. Competitors can be identified according to various parameters, for example the type of goods, similar prices, and the type of vehicle. In general, we have direct and indirect competitors. The indirect competitors are the similar food trucks and food services with different food, but with the same price politics, which operate near our work places. What is more, the restaurants and cafes with different prices and a different level of service are also our indirect competitors, but they are oriented on a different target group.

For the research of direct competitors, we analyzed only the food services that have the same type of product, and that operated areas where we want to operate.

The list of direct competitors and possible work places are represented below:

Food Court "Podolka" on farmers' market near the Rašínově nábřeží

The "Podolka" food court is the additional sales point of the "Podolka" restaurant, which has two business establishments in Prague. The food court specializes mainly in burgers, which have 3 positions on the menu. The additional meals are one type of soup, risotto, and beverages. They have low prices and a large amount of sales per day, but the quality of their burgers is low. It is an ordinary product which you do not want to taste again. They offer traditional burgers with beef, cheese burgers, and vegan burgers. Average sale price for burgers is about 120 CZK. They have two workers and a well-located vending place. They serve their burgers into special craft paper.

Food truck "Take EAT EZ" on farmers market near the Rašínově nábřeží

This food truck is specializes in American grilled sandwiches with different fillings. They have a huge vehicle with attractive design, a branding flag, and music on board. On menu, they have 3 types of sandwiches, fries, and beverages. The amount of their daily sales shows us that their product is quite popular, despite the high prices for this type of food. Average sale price is more than 150 CZK, which is quite a lot for Czech market. They also have two workers in operation. The serving style is ordinary, offering nothing special for this market. The company has social media accounts, mainly on Facebook and Foursquare, which are constantly updated.

The "Dirty Dog" food court

This company operates from 2011. They specialize in catering services, and do not have a permanent vending place. Their menu consists of different types of food like burgers, hot dogs, sandwiches and salads. The quality of burgers is very high. They are delicious and fresh. They have attractive not original names like Kim Young Burger. The average price is more than 150 CZK. The company has an original name and a modern logo. They serve their burgers on red and white paper, with burgers fixed by little flags. The "Dirty Dog" has an attractive web page with links to their accounts on Instagram, Facebook and Twitter. A lot of media files, like photos and videos, are also posted there.

The market is evenly distributed amongst existing competitors, but the opportunities to enter are exist. An important detail that has to be emphasized is that no company has a non-cash form of payment, which is very comfortable and important payment opportunity, especially in operations in a tourist city.

Threat of new entrants

Most likely, the mobile food market in the Czech Republic is not yet fully occupied. The possibility of launching new businesses in this sphere is real. The initial investments are not very high, and the requirements to start are easy to meet. Due to the ability to be moved, there is a possibility to find a place with a high demand for the product. Also, the mobile cuisine allows you to rebuild and change the menu if something goes wrong.

Substitutes

If we consider the classic customer's preferences in fast food, the main substitutes are hot dogs, pizza and "Chinese" food. Most likely, there will be trucks with hotdogs, or some Chinese or Indian cuisines, which are gaining popularity nowadays. Customers like it because of large servings and original recipes that are difficult to be cooked at home.

There are two organizations which have substitutes at our permanent place. The first of them is "Samsarna Uzbek Food". They have an original menu of Uzbek cuisine, containing different types of Samsa (35,- CZK), the original Uzbek plov (120,-CZK), and Mastava soup (49,- CZK). The taste of product is normal. The level of service is very poor. Another company which sells fast food there is Asia Point Cuisine which specializes in Asian cuisine and offers spring rolls (25,- CZK), crab claws (25,- CZK), steamed buns (25,- CZK), shrimp crackers (20,- CZK), and other types of Asian food. The price level is medium, and the quality of the product is far from perfect. Also, the level of service is very ordinary.

Customers

In this chapter, it should be said that buyer power is strong. In reality, the number of customers is larger than sellers so they have enough power to make pressure on the prices and on the demand. Our business orients to B2C segment, we sell our product directly from the truck to the customer. The success of our business depends on the number of customers and if they buy a lot, it will make up a significant part of our income. Usually buyers are being very price sensitive, and the costs for communication are low. Customer segmentation is described more detailed in chapter 3.3.5.2.

Suppliers

The role of suppliers in a mobile cuisine business is very important. The suppliers have a lot of power because, they have a direct impact on the quality and price of materials. The quality of the ingredients is our company's priority, so we are planning to make some agreements with well-known companies, which have impeccable reputation on the national market. A detailed description of the suppliers will be described in chapter 3.4.

3.3.5 Internal analysis

3.3.5.1 SWOT analysis

To better understand the internal and external processes in the company, we evaluate the internal ones by SWOT analysis. This type of analysis helps us to follow our strengths and weaknesses, to estimate the opportunities of the company, and to take control of risks.

<p>Strengths:</p> <ul style="list-style-type: none"> • High quality product; • Unusual product ; • Attractive design of the truck; • High management skills; • Multilingual menu; • Dining area around the truck. 	<p>Weaknesses:</p> <ul style="list-style-type: none"> • High-calorie food; • Lack of experience in entrepreneurship; • Limited capacity; • Limited types of food selling.
<p>Opportunities:</p> <ul style="list-style-type: none"> • Get permanent vending place with suitable demand; • Gain recognition; • Possibility of working in other EU countries. 	<p>Threats:</p> <ul style="list-style-type: none"> • Emergence of new competitors; • Problems with obtaining a place for vending; • Failing revenues according to seasonality; • New hygienic norms; • Income tax increase.

Table 9 SWOT analysis (own source)

Strengths

Above all, the quality of products selling on the farmers' markets is an attractive thing for customers. If this product is delicious and has a suitable price, customers will remember it. Moreover, the level of service is also an important thing which brings customer satisfaction. To realize these points, a professional chef will be hired. The employees will be trained to provide a pleasant communication with the customers. The black bun burger is not new for the Czech food market, however, it is special considering the way of selling it using food truck.

Another strength is an attractive design of the truck and activities during the time of vending. Our eyes love bright original things and it is not a rhetorical stand. Modern music, original serving and comfortable dining area would be the things to entertain customers.

Weaknesses

We have a product which contents a lot of calories, but we must focus on facts that our product is made of high-quality ingredients and does not contain any harmful chemicals. The major weakness is a risk related to the lack of experience in this type

of business. In other words, theoretical conclusions and calculations that were carried out on the paper, can differ in practice due to unexpected circumstances.

Another weakness concerns to the capacity of production. During the working day a limited number of ingredients can be stored and if the demand exceeds the number, the revenues will also be limited.

Opportunities

It is definitely possible to move from one event to another as the food truck concept involves its mobility. The main opportunity is to find the place with the best ratio of demand and rental price. We definitely need to participate in all the popular events where mobile food courts operate. These actions will increase our sales and awareness of customers. The more customers know about our activities, the more revenues we will get. Also, the possibility to work outside the Czech Republic is a fine opportunity to create a strong name abroad and gain better selling experience.

Threats

The main threat of small a business is the invasion of competitors. Especially the companies that have their unique or unusual products. It would be difficult to compete with them, if they will have the same type of products at the same selling area.

The second threat is the possible problems with applying for the participation in the event. The area for selling is always limited and managers prefer to cooperate with the well-known companies. Sometimes the events have limits for selling certain type of food. To prevent such a situation, we need to have an original product and high management skills to negotiate. The seasonality or bad weather is the huge factor which directly affects our sales and we cannot predict the weather forecast during the season or mid-season.

3.3.5.2 STP analysis

One of the modern approaches in marketing is the STP analysis – Segmentation, Targeting and Positioning. There are a lot of customers with different needs pursuing different goals, hence we need to target only those customers that we can best satisfy. Marketing research will help us to achieve this goal.

Segmentation

To segment our consumers we will use the common standard ways:

a) Geography

The company focuses on Czech Republic, mainly on Prague. In general it can be any place where a large event is held. The desired number of people at the event is more than 1000 people.

b) Demographics

According to the questionnaire, men comprise 63 percent of the total number of customers. There are two main age groups of clients: from 18 to 28, and from 28 to 40. Hence, the age of our target group is from 18 to 40 years old.

c) Lifestyle

Most customers have an active lifestyle. Most of this group are workers and entrepreneurs with average incomes more than 30 000 CZK monthly. At least a

couple of times a month they eat fast food, buying it in the street during work day, or at food markets, or music festivals during weekends. The most popular street food which they buy is burgers, Chinese food, coffee and beverages. They usually they spend from 100 to 200 CZK per one purchase. The customers are open-minded people, and they are ready to visit popular events and try something new both in terms of food and aspects of life.

Targeting

We can divide our target group into three categories. Firstly, the people who hold jobs in different areas. They have monthly incomes and can spend free time at food markets, festivals, and other events. They go there to relax, or to do shopping, mainly with their families and partners. They can also buy the product during lunch break at work.

The second group is tourists who want to spend their vacation actively. They are ready to spend money and to get new experiences. They always find something original with a view to be unusual and share their adventures with friends.

The last group is students, people aged from 18 to 23. They are active, cheerful, and have free time. They like fast food, music, festivals and low prices combined with high quality.

Positioning

In this chapter, we need to find our position among the competitors. Based on our predictions and market research, we can analyze the market using the positioning map.

As we have different products that belong to the same category of 'grilled burgers and sandwiches' on the menu, we will analyze the menu and the services provided by competitors as a whole. All their products and services have been tested. Since some criteria are individual, for example the taste of the product, they are based on personal impressions and sensations.

Eight competitors participated in the analysis, six of whom sell burgers, and the other two sell similar grilled products. On the first positioning map, we can evaluate how the products from the menus measure on the scale between Unusual and Ordinary, and Healthy and Unhealthy:

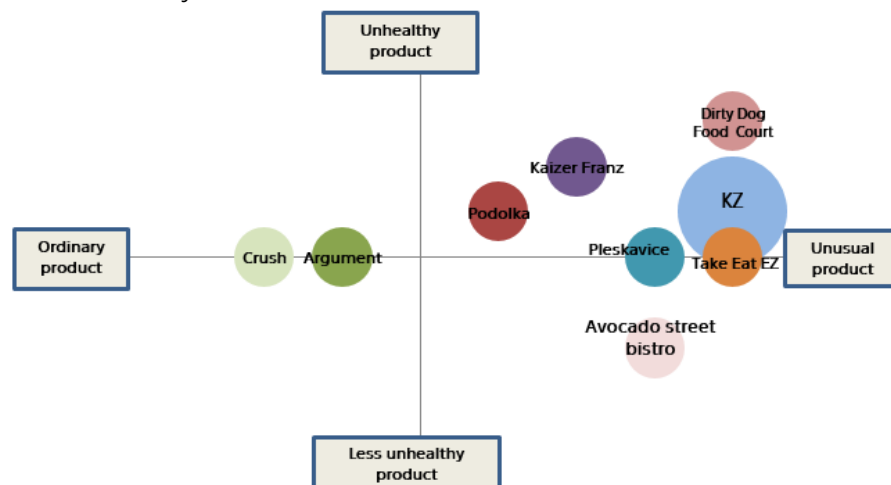


Chart 11 Positioning map "Unusual product/Unhealthy product" (own source)

We can place our product on the map, based on probable expectations. Our product is original compared with some competitors. Concerning health effects, we will have a middle position because, on one hand, we sell junk food like burgers, but on the other hand, our ingredients are high quality and we have a vegan menu.

The next positioning map relates to price segment and varied menu, taking into account the availability of another type of products like beverages.

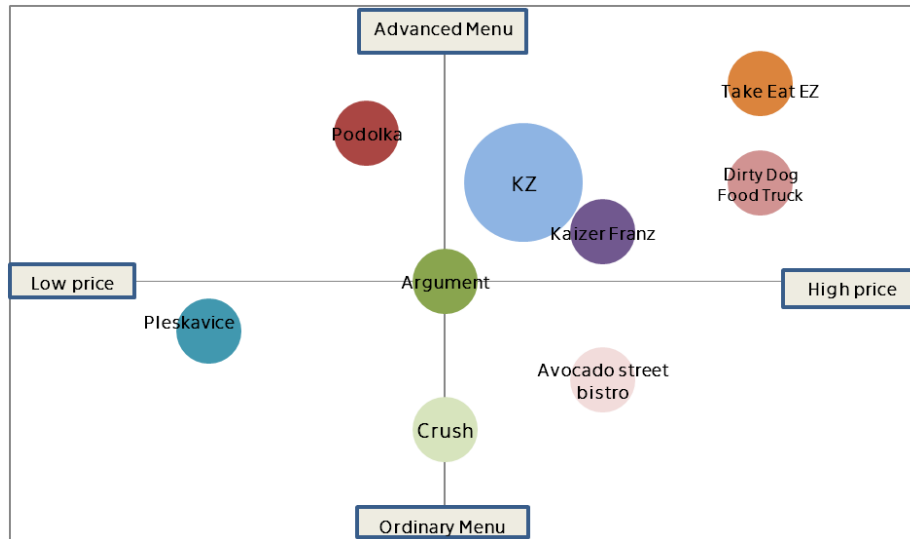


Chart 12 Positioning map "Advanced menu/Price policy" map (own source)

Based on our price politics, we will have the middle price segment on the market. Concerning the menu, we have three types of burgers and three types of beverages. For a main meal, three types of burgers is not a wide choice for customers, but we focus on our main product, which is the black bun burger, and have two additional types for different categories of clients.

The final positioning map gives us an idea of the taste and serving style. In fact, the taste of a product is a very specific and individual criteria, therefore, the evaluation was based on personal preferences.

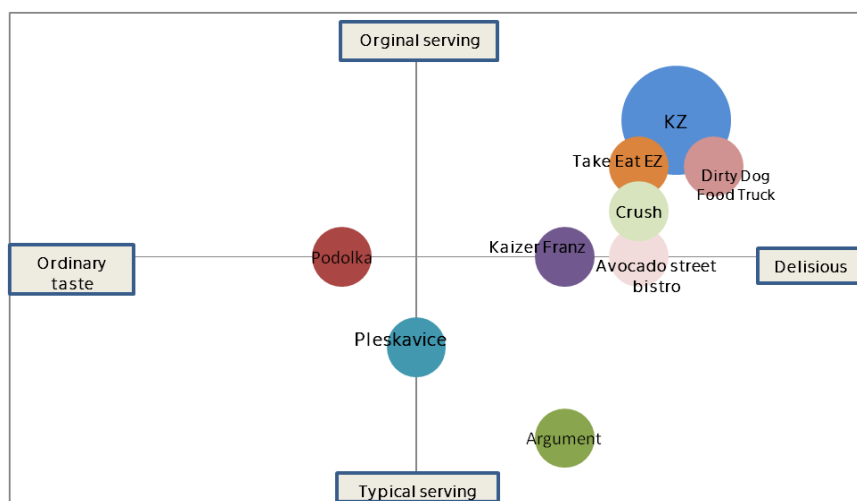


Chart 13 Positioning map "Delicious Taste/Original serving" (own source)

The serving style is an important characteristic in food business. Nowadays, when there is an abundance of products on the market, people are paying more and more attention to details.

3.3.6 Marketing mix

Marketing mix with the STP analysis forms the core of the marketing strategy. Through this tactical tool we can impact on the demand for a product or a service.

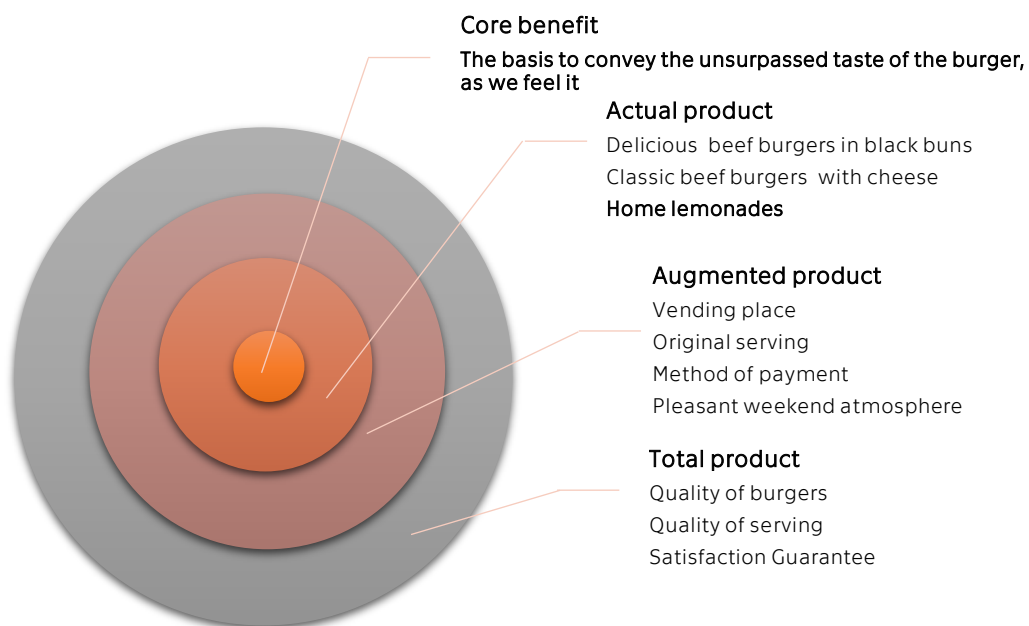
Since we have a typical food truck with burgers, we will consider performing the usual 4P marketing mix: product, price, place and promotion. As for the marketing strategy, we will follow differentiation strategy which is the way to differ our company from competitors. The excellent customer service, an unusual high-quality product and unusual way to package will distinguish our product. These components can help us to achieve the goals of the marketing strategy.

Product

Food Truck KZ offers the following product:

- High quality beef burgers;
- Vegan burgers;
- Non-alcoholic beverages;
- Original serving.

The marketing structure of the product is given below:



Picture 4 Marketing Mix Total Product (own source)

The new trend of 'food in black' that is now hitting social media has firmly entrenched in our lives. It can be applied to various products including burgers. These burgers have become popular for their visual appeal due to their deep black color. The buns are colored black using a bamboo charcoal in the recipe. The original burgers' paper will also be developed for our company. It will be made of eco-friendly materials and will be visual attractive.

Our food truck specializes in burgers with beef and vegan burgers. There are three types of burgers on our menu: burger with beef in black bun, classic burger with beef and cheese, and vegan burger.

The menu of non-alcoholic beverages consists of: lemonade with lime, mint lemonade and Coca-Cola with lime. We suppose that our mint lemonade will be replaced by a hot drink with cinnamon, lemon and honey in winter. This product will be in the same price category. Table 10 shows the menu of our company:

	Black bun burger	Classic cheese burger	Vegan burger	Coca-Cola with lime	Mint lemonade	Lemonade with lime
Price, [CZK]	145,-	125,-	105,-	49,-	45,-	45,-

Table 10 Menu of Food Truck KZ (own source)

Price

The price is depending on competitive prices. The price is also cost-oriented and depends on the quality of the ingredients provided by the suppliers. We classify competitors' burgers and beverages to price categories and set up our prices in the following table:

The name of the product	Price, [CZK]						
	Food Truck KZ	Dirty Dog Food Court	Podolka Burger Court	Crush Food Truck	Take Eat EZ Sandwich Truck	Kaizer Franz Burger Court	Argument Burger Court
The highest burger's price	145,-	180,-	135,-	140,-	170,-	140,-	180,-
The lowest burger's price	125,-	150,-	115,-	-	150,-	130,-	120,-
Price of vegan burger	105,-	-	100,-	-	-	-	-
Beverages	49,-	-	-	45,-	45,-	-	40,-

Table 11 Pricing policy (own source)

The competitors' menu vary. There can be 6-7 points on the menu or there can be 1-2 points. As to products, they are diverse too, and we cannot compare the one by one.

Place

Our company sales the product to individual people. It is not legal in the Czech Republic to park food truck anywhere and start vending. That is why we need to find permanent place, or move from event to another. Available locations can be different and depend only on the demand for our product. It could be parking inside the business districts or near large office buildings, farmers' markets, music festivals, events, sports venues, areas near the university. Everywhere, we need a permission to sell. To find the best place, we need to analyze the foot traffic, the existence of competitors, the laws preventing parking and accessibility for customers. More detailed place descriptions can be found in next chapters.

Promotion

Marketing is one of the driving factors in this modern world of selling goods. The basic way to keep our customers informed about our movements is to always be in touch with them through several different ways of marketing. As we cooperate with business-to-consumer marketing, the internet will be our main announcement and PR stage.

First of all, we will create an official web page for the food truck. The page will contain general information about our menu, the events in which we will participate, our working hours, our team, as well as attractive photos and videos about our work. As we have a young and modern target group, our web page has to be modern, original, and minimalistic. The web page needs to be supported by computer desktops, and surely to have mobile versions for Android and IOS devices. These functions can only be established by a professional outsource worker.

Moreover, it is important to keep customers engaged and to improve our business operations. Social media allows us to get feedback from clients and share recipes and photos with them. We will work with the three main social media in Europe, which are Facebook, Twitter and Instagram. An important thing is to keep all three pages regularly updated.

Regarding marketing at the vending place, we will have a menu board and a printed menu in three languages: Czech, English and German. The board menu will be visually attractive, with a large modern font, which will be seen from a distance. Our product will be packed in design branding paper made from the eco-friendly materials. With each purchase, we will give one wet wipe for free. Our vending place will be equipped by remote tables, near which customers can comfortably stay.

The place will also have a big branding flag with the name of our food truck, and modern music associating with our brand. The food truck will be painted in bright stylish colors.

3.4 Materials and suppliers

In this chapter, we will deal with two main factors: storage and food suppliers. Usually, we need to store our food ingredients before opening hours, and the leftovers after closing hours. That is why we consider signing a contract with the restaurant "U Hovrana" located at Hálkova,6, Prague. The contract will be signed for a year with monthly payments and will provide for renting a place for cutting and renting a refrigerator.

Our main food ingredient is beef. Our meat supplier will be the company "Naše maso s.r.o" that operates at the Czech market for more than 15 years and is famous for the quality and freshness of its products. The company operates in many cities including Prague, has many stores and warehouses, so a shortage of supplies is unlikely.

The second main ingredient is a bun. The company which is ready to cooperate is ALBI Česká republika a.s. which specializes in the production of bakery products and has bakeries named „ANTONÍNOVO pekařství“.

Other necessary ingredients will be bought before each event in usual shops.

The table below shows direct materials cost for each meal in menu:

Direct materials cost	Black bun burger	Classic cheese burger	Vegan burger	Lemonade with lime	Mint lemonade	Coca-Cola with lime
Material costs, [CZK]	45,40	39,00	35,70	9,30	11,70	16,80

Table 12 Direct materials cost (own source)

3.5 Location and place

3.5.1 Location

Above all, the choice of location depends predominantly on the owner's residence and on the place of the company's operation. The main location is Prague – the capital of the Czech Republic, a city with a population of over 1,2 million people. Compared with the other cities of the Czech Republic, Prague has the highest ratios related to summer festivals, food events and farmers' markets. What is more, Prague is the world's center of tourism. Over the past year, more than 7 million tourists visited Prague. Small business in Prague, such as street food vending, are very popular nowadays. The city organizes more and more events, concerts, exhibitions with a purpose to attract a lot of people relating to different social groups.

The key suppliers of the company are also based in Prague, which allows saving significantly on the delivery of goods. Also, the depot where we can prepare some food components and temporary store food is situated not far from the center of Prague.

3.5.2 Place

Since our business is mobile food cuisine, we are not tied to one place. In general, we could take part in all the events that will be held on the territory of the Czech Republic regardless of city's size and type of event.

It is in our interest to attend events with largest number of visitors. There is a list of some events and festivals, which we could participate in:

Name of the event	Probable location	Expected period	Expected amount of visitors
Let It Roll Open Air	Milovice	August 2020	> 10000 people
Colours of Ostrava	Ostrava	July 2020	> 10000 people
Rock for People	Hradec Kralove	July 2020	> 10000 people
Apokalypsa	Brno	November 2020	> 5000 people
Food festival near the Rašínově nábřeží	Prague	7-8 times per summer	> 2500 people

Table 13 Sample list of events (own source)

We consider that our permanent operation place will be on Tylovo square. There is a farmers' market which works from 8:00 till 18:00 six days a week. The rental cost is 5000 CZK per month, and we can only work once a week in the initial period.

The place was found based on these criteria:

- Not far from center of Prague;
- It is possible to sell there;
- Suitable rental price;
- Amount of visitors on Friday and Saturday more than 1000 people per day;
- Working hours of market is more than one day a week;
- A lot of office buildings near the market.

The market located at Roháčova str, 145/14:

There are three hotels near the square, a lot of offices, and one business center. The possibility of selling is important because the other farmers' markets in Prague already have some food courts with burgers, and our requests remained without answered. It is important to emphasize here, that this place was chosen as the first place where we can sell with the possibility get an experience. After the initial period of work, we will try to find a place, which will fully satisfy our needs in demand and meet other requirements.



Picture 5 Permanent vending place ([google.com/maps](https://www.google.com/maps))

3.6 Technology and equipment

3.6.1 The vehicle

Having analyzed and evaluated the main parameters of some vehicles, we decide to buy Fiat Ducato 2019 due to its attractiveness and capacity. The vehicle is available on the national car market. There is an opportunity to buy a used vehicle, but we decided to buy a new one because of the warranty period of 3 years, its cost of maintenance and insurance. The risk that a used vehicle will fail at the most inappropriate moment is more likely. Since the vehicle weighs 3.5 tons, we need a driver's license of category B. The use of this vehicle does not have any restrictions or permissions in the Czech Republic. The table below demonstrates costs of vehicle and equipment:

Items	Cost, [CZK]
Vehicle	492 000
FIAT Ducato, 2019, new	492 000
Other facilities	53 800
Fireproof material	10 000
EET terminal	12 000
POS system	20 000
Audio system	4 500
Extinguishers	4 800
Demountable flagpole and flag	2 500
Total:	545 800

Table 14 Cost of vehicle and equipment (own source)

The funds for buying will be available in January 2020, and we plan to buy the vehicle at that time. The vehicle will have the standard and the collision damage insurance. According to environmental, the vehicle will be equipped with a waste water tank. Other waste products will be disposed of in the usual way.

3.6.2 Kitchen equipment

The kitchen will be constructed from spare parts, using the plan of construction suitable for cooking burgers. The cooking technology is not complicated, but as quality is one of our priorities, a professional chef will cook the product. The kitchen equipment does not fall under any permits at this location. All equipment will be purchased from certified dealers, thus all certificates indicating that this equipment could be used in operations with food will be received.

In the table below it is possible to find the following kitchen units and the cost of them:

Kitchen equipment	Quantity	Cost, CZK
Two-level kitchen table 200x50sm	2	15 000
Grill cooking performance group	1	29 000
Refrigerator for meet	1	20 000
Refrigerator for vegetables and sauces	1	15 000
Refrigerator for drinks	1	10 000
Additional equipment	1	10 000
Ventilation kit and fan	1	15 000
Metal food boxes	5	2 400
Plastic chopping board	1	200
Squeeze bottles for sauce and oil	4	800
Grill spatula	2	870
Boxes for meet storage	2	1 200
Boxes for storage	3	700
Waste bins	3	1 200
Knives kit	1	1 000
Magnetic desk for menu	1	500
Magnetic desk for advertisement	1	700
Aprons	2	1 000
Remote demountable tables	2	1 200
Sink	1	4 000
Water pump system	1	12 000
Water drainage system	1	3 500
Total:		145 270

Table 15 Cost of kitchen equipment (own source)

3.6.3 Estimation of capacity

Let's consider about the maximum capacity of the equipment and whether it can meet the expected demand. Average cooking time for one burger is about five minutes. Grill cooking performance group can grill six pieces of meat simultaneously. Hence, the maximum capacity per working day is about four hundred pieces. Maximum storage capacity in the meat's refrigerator of Fiat Ducato is five hundred pieces of meat. All of these parameters meet the expected production capacity, which in the case of an optimistic scenario is 203 pieces of burgers per working day.

Daily capacity	
Pieces per hour	72
Minimum working hours per day	6
Pieces per day	432

Table 16 Daily capacity (own source)

3.7 Organization structure and human resources

At the operational stage, we need a team who will cook burgers, serve the product, and sell it to customers. At least two employees will be hired for the positions of a chef

and a seller. Since the quality of the product is our priority, for a chef's position we need to hire a professional chef. In the preparation stage, we need to train our staff in order to increase the speed of operations, to be able to excellently serve food and cook the best burgers, which could compete with our competitors. We also need to teach them how to communicate with customers and maintain personal hygiene.

The Table 17 shows the amount of salary and social and health insurance:

Season (Mar.- Nov.)					
Position	Working hours per week	Gross salary, [CZK]	Social insurance, [CZK]	Health insurance, [CZK]	Tax base, [CZK]
Chef	30	37 000	9 250	3 330	49 580
Seller	30	30 000	7 500	2 700	40 200
Total:		67 000	16 750	6 030	89 780
Off-season (Dec.-Feb.)					
Position	Working hours per week	Gross salary, [CZK]	Social insurance, [CZK]	Health insurance, [CZK]	Tax base, [CZK]
Chef	17	21 000	5 250	1 890	28 140
Seller	17	17 000	4 250	1 530	22 780
Total:		38 000	9 500	3 420	50 920

Table 17 Wages (own source)

We have two employees on their permanent positions. The amount of working hours during the season is approximately 30 hours per week. This amount is based on the statement that our food truck participates in 11 events per month. At mid-season there are 17 hours per week and the number of events is reduced to 6. The investor will manage the project and activities regarding marketing in social media will be fulfilled by him.

During the operational stage, we need two outsource employees: a bookkeeper, who will make out the reports once a month, and a system administrator, who will maintain the official page if we have any issues.

Organizational structure of the company is very simple:



Picture 6 Company's structure (own source)

3.8 Financial plan

This chapter is one of the most important parts of the feasibility study. It shows the most important financial ratios such as the initial budget of the project, expenses, revenues, planned volume of production. Having completed all the calculations, we will be able to determine whether the project can be implemented. There will be three scenarios that depend on our daily sales of each event which the food truck will participate in.

3.8.1 Initial budget

The initial budget shows the amount of money we need to spend before we proceed with the sale of our products. The following table demonstrates the initial budget and the items the funds will be spent on:

Items	Amount, [CZK]
Vehicle	545 800
FIAT Ducato, 2019, new	492 000
EET terminal	12 000
POS system	20 000
Other vehicle equipment	21 800
Kitchen equipment	145 270
Built-in kitchen	114 000
Other kitchen facilities	31 270
Initial expenses and services	106 500
Wall cladding by fireproof material	8 000
Car painting	32 000
Kitchen project	2 000
Kitchen equipment installation	18 000
Market research	15 000
Personal Training	12 000
Company registration	5 500
Fire safety certifications	2 000
Web page development	12 000
Monthly fixed costs	23 900
Reserve funds	178 530
Total:	1 000 000

Table 18 Initial budget (from Table 14, Table 15, own source)

The main category of the initial budget is the vehicle which we need to buy during the first month after the project launch. This vehicle will be ready for cooking and selling right after the kitchen equipment is built in. The cost of the vehicle is 492 000 CZK, and this amount account for biggest part of the budget.

For the following operations we need to install the EET and POS systems in our food truck. These systems require monthly maintenance fee. Other vehicle equipment includes an audio system, fireproof material, fire extinguishers and demountable flag's system. The kitchen facilities include sink, water systems, tableware, knives, food boxes, waste bins and magnetic desks for the menu. The personal training includes the work on the communications skills of our staff and learning to serve the product. The cost of market research is 15 000 CZK. The equity of the investor is 500 000 CZK and the total amount of the budget is 1 000 000 CZK, which means that the project requires additional financing by the loan capital.

The fixed costs differ during the year 2020 and 2021 because of number of working months. Sales operations of the project will start in April 2020 and will end in December 2020, which means 9 working months. Vending rental costs amount to about 1000 CZK per action at different events and 5000 CZK per month at our regular point of sale. These prices include the rent of area to sale and the electricity. The packing and hygiene items include burger's paper, wet wipes and cups. The Table 19 shows fixed costs during 2020-2024:

Items	Monthly, [CZK]	Year 2020, [CZK]	Year 2021-2024, [CZK]
Storage rental costs	3 500	31 500	42 000
Vending rental costs	12 000	108 000	144 000
Expenses for cleaning	400	3 600	4 800
Car insurance	2 000	18 000	24 000
Car parking	700	6 300	8 400
Web page maintenance	1 200	10 800	14 400
Accountant	3 000	27 000	36 000
Vehicle maintenance	500	4 500	6 000
POS service	300	2 700	3 600
EET service	300	2 700	3 600
Total:	23 900	215 100	286 800

Table 19 Fixed costs (own source)

The straight-line method of depreciation was choosing to depreciate the tangible assets. The vehicle and the built-in kitchen belong to the second group of depreciation. The Table 20 shows the prices and the items, which should be continuously depreciate during next 5 years:

Depreciation items	Price, [CZK]	Year 2020, [CZK]	Year 2021, [CZK]	Year 2022, [CZK]	Year 2023, [CZK]	Year 2024, [CZK]
FIAT Ducato, 2019	492 000	54 120	109 470	109 470	109 470	109 470
Built-in kitchen	114 000	12 540	25 365	25 365	25 365	25 365
Total:	606 000	66 660	134 835	134 835	134 835	134 835

Table 20 Depreciation policy (own source)

3.8.2 Loan capital

The chosen creditor is the bank named "Česká Spořitelna a.s." This bank has offered the most favorable conditions of all the considered banks. We have decided to take out a loan because the equity of 500 000 CZK was inadequate. The considered loan amount is 500 000 CZK for five years. Table 21 shows the terms of the loan:

Loan capital:	
Loan amount	500 000 CZK
Interest rate	5,8%
Loan term	5 years

Table 21 Loan capital (www.csas.cz)

The loan will be paid off by the monthly payments. All of these monthly payments can be followed in monthly cash flow statements which are given in the Appendix 5. Table 22 shows yearly schedule of payments:

Year	Beginning Balance	Interest	Principal	Ending Balance
2020	500 000	26 664	88 776	411 225
2021	411 225	21 378	94 062	317 162
2022	317 162	15 773	99 667	217 496
2023	217 496	9 835	105 604	111 893
2024	111 893	3 546	111 894	0

Table 22 Yearly schedule of payments (own source)

The yearly ending balance of the loan can be followed in balance sheets.

3.8.3 Cost calculation

Firstly, we need to pay attention to transport costs which can be calculated, based on seasonal prevalence:

Seasonal prevalence	Amount of liters	Price without VAT, [CZK]	Total per month, [CZK]
Season	300	26	7 800
Mid-season	163	26	4 238

Table 23 Transport costs (own source)

If we need to evaluate the variable costs, we need to take into account the direct materials costs for each item in our menu. There are three types of burgers and three types of beverages in the menu. The production plan was based on the scenarios of daily sales which were described in chapter 3.3.2. The separation between items in calculations proportionally divided by our evaluation, was based on expected popularity of the product. The ingredients for each product in our menu is demonstrated in Table 24:

Direct materials cost, [CZK]							
Material/Name of the product:	Black bun burger	Classic cheese burger	Vegan burger	Coca-Cola with lime	Mint lemonade	Lemonade with lime	
Beef Steak 'Aron'	32,00	0,00	0,00	0,00	0,00	0,00	
Beef Steak 'Sort'	0,00	28,60	0,00	0,00	0,00	0,00	
Vegan steak	0,00	0,00	22,00	0,00	0,00	0,00	
Black bun	6,00	0,00	0,00	0,00	0,00	0,00	
Vegan bun	0,00	0,00	4,00	0,00	0,00	0,00	
Classic bun	0,00	3,00	0,00	0,00	0,00	0,00	
Cheese	3,00	3,00	0,00	0,00	0,00	0,00	
Sauce 'BBQ'	0,70	0,70	0,00	0,00	0,00	0,00	
Avokado	0,00	0,00	6,00	0,00	0,00	0,00	
Red onion	0,30	0,30	0,30	0,00	0,00	0,00	
Basil	2,00	2,00	2,00	0,00	0,00	0,00	
Oil	1,40	1,40	1,40	0,00	0,00	0,00	
Ginger	0,00	0,00	0,00	3,00	3,00	3,00	
Mint	0,00	0,00	0,00	0,00	2,40	0,00	
Lime	0,00	0,00	0,00	2,50	2,50	2,50	
Coca-Cola	0,00	0,00	0,00	10,00	0,00	0,00	
Sparkling fruit water	0,00	0,00	0,00	0,00	2,50	2,50	
Ice	0,00	0,00	0,00	1,30	1,30	1,30	
Material costs, total	45,40	39,00	35,70	16,80	11,70	9,30	
Increase,%	278%	279%	256%	254%	334%	421%	
Price without VAT	126,09	108,70	91,30	42,61	39,13	39,13	
Material costs, %:	36,01%	35,88%	39,10%	39,43%	29,90%	23,77%	Total per event:
Planned production, realistic scenario, [pcs]	110	51	8	39	13	13	234
Sales per one event, [CZK]	13 851	5 511	772	1 662	509	509	22 812
Direct materials cost per one event, [CZK]	4 987	1 977	302	655	152	121	8 194
Planned production, optimistic scenario, [pcs]	132	61	10	47	16	16	281
Sales per one event, [CZK]	16 621	6 613	926	1 994	610	610	27 374
Direct materials cost per one event, [CZK]	5 985	2 373	362	786	183	145	9 833
Planned production, pessimistic scenario, [pcs]	88	41	7	31	10	10	187
Sales per one event, [CZK]	11 080	4 409	617	1 329	407	407	18 250
Direct materials cost per one event, [CZK]	3 990	1 582	241	524	122	97	6 555

Table 24 Amount of sales, material costs and amount of planned production (own source)

After that the packaging cost can be calculated:

Name of the product	Wet wipes	Burger's paper	Paper cups	Total per event, [CZK]
Price without VAT, [CZK]	0,40	0,50	0,50	
Planned production, realistic scenario, [pcs]	169	169	65	
Materials cost, [CZK]	68	85	33	184,6
Planned production, optimistic scenario, [pcs]	203	203	78	
Materials cost, [CZK]	81	101,5	39	221,7
Planned production pessimistic scenario, [pcs]	135	135	52	
Materials cost, [CZK]	54	67,5	26	147,5

Table 25 Packaging cost (own source)

After the cost calculation and the realization of our production plan, we need to consider our yearly amount of sales and total variable costs. There will be fewer working months (9 working months) in 2020 compared with the following years (12 working months). We assume that every following year the number of events participated by our truck will increase, so as our sales and variable costs will be increased by 5% each year.

The Table 26 shows the total sales and variable costs for the three scenarios:

Realistic scenario, [CZK]	Year 2020	Year 2021 (2020+5%)	Year 2022 (2021+5%)	Year 2023 (2022+5%)	Year 2024 (2023+5%)
Sales	2 144 327	2 802 454	2 942 576	3 089 705	3 244 190
Variable costs	854 260	1 116 414	1 172 235	1 230 847	1 292 389
Direct materials cost	770 269	1 006 677	1 057 010	1 109 861	1 165 354
Packaging	17 352	22 678	23 812	25 003	26 253
Transport costs	66 638	87 060	91 413	95 983	100 782
Optimistic scenario. [CZK]	Year 2020	Year 2021 (2020+5%)	Year 2022 (2021+5%)	Year 2023 (2022+5%)	Year 2024 (2023+5%)
Sales	2 573 193	3 362 944	3 531 091	3 707 646	3 893 028
Variable costs	1 011 801	1 322 307	1 388 423	1 457 844	1 530 736
Direct materials cost	924 323	1 208 012	1 268 412	1 331 833	1 398 425
Packaging	20 840	27 236	28 598	30 028	31 529
Transport costs	66 638	87 060	91 413	95 983	100 782
Pessimistic scenario, [CZK]	Year 2020	Year 2021 (2020+5%)	Year 2022 (2021+5%)	Year 2023 (2022+5%)	Year 2024 (2023+5%)
Sales	1 715 462	2 241 963	2 354 061	2 471 764	2 595 352
Variable costs	696 718	910 521	956 047	1 003 850	1 054 042
Direct materials cost	616 215	805 341	845 608	887 889	932 283
Packaging	13 865	18 120	19 026	19 978	20 977
Transport costs	66 638	87 060	91 413	95 983	100 782

Table 26 Yearly plan of sales and variable costs (from Table 23, 24, 25, own source)

3.8.4 Profit and loss statement

For the company's forecast of profitability, we need to look at the numbers in view of the profit and loss statement. The tables below show profit and loss statement for three scenarios:

Profit and loss statement, [CZK]. Realistic scenario					
	2020	2021	2022	2023	2024
Total sales	2 144 327	2 802 454	2 942 576	3 089 705	3 244 190
Direct materials cost	-770 269	-1 006 677	-1 057 010	-1 109 861	-1 165 354
Packaging	-17 352	-22 678	-23 812	-25 003	-26 253
Transport costs	-66 638	-87 060	-91 413	-95 983	-100 782
Gross profit	1 290 068	1 686 039	1 770 341	1 858 858	1 951 801
Additional expenses	-7 500	0	0	0	0
Cost of initial services	-106 500	0	0	0	0
Fixed costs	-215 100	-286 800	-286 800	-286 800	-286 800
Wages and salaries	-574 000	-717 000	-717 000	-717 000	-717 000
Social and health Insurance	-195 160	-243 780	-243 780	-243 780	-243 780
Depreciation cost	-66 660	-134 835	-134 835	-134 835	-134 835
Total operating expenses	-1 164 920	-1 382 415	-1 382 415	-1 382 415	-1 382 415
EBIT	125 148	303 624	387 926	476 443	569 386
Interest expenses	-26 664	-21 378	-15 773	-9 835	-3 546
EBT	98 484	282 246	372 153	466 608	565 840
Taxes (19%)	-18 712	-53 627	-70 709	-88 656	-107 510
EAT	79 772	228 619	301 444	377 953	458 330

Table 27 Profit and loss statement, realistic scenario (own source)

Profit and loss statement, [CZK]. Optimistic scenario					
	2020	2021	2022	2023	2024
Total sales	2 573 193	3 362 944	3 531 091	3 707 646	3 893 028
Direct materials cost	-924 323	-1 208 012	-1 268 412	-1 331 833	-1 398 425
Packaging	-20 840	-27 236	-28 598	-30 028	-31 529
Transport costs	-66 638	-87 060	-91 413	-95 983	-100 782
Gross profit	1 561 392	2 040 637	2 142 669	2 249 802	2 362 292
Additional expenses	-7 500	0	0	0	0
Cost of initial services	-106 500	0	0	0	0
Fixed costs	-215 100	-286 800	-286 800	-286 800	-286 800
Wages and salaries	-574 000	-717 000	-717 000	-717 000	-717 000
Social and health Insurance	-195 160	-243 780	-243 780	-243 780	-243 780
Depreciation cost	-66 660	-134 835	-134 835	-134 835	-134 835
Total operating expenses	-1 164 920	-1 382 415	-1 382 415	-1 382 415	-1 382 415
EBIT	396 472	658 222	760 254	867 387	979 877
Interest expenses	-26 664	-21 378	-15 773	-9 835	-3 546
EBT	369 808	636 844	744 481	857 552	976 331
Taxes (19%)	-70 264	-121 000	-141 451	-162 935	-185 503
EAT	299 544	515 844	603 029	694 617	790 828

Table 28 Profit and loss statement, optimistic scenario (own source)

The additional expenses we can see in the tables above are the expenses for parking and car insurance in first three months in 2020. These expenses for other months are included into fixed costs. As we can see, earnings after taxes have positive value in the realistic and the optimistic scenarios. There is a big difference between year 2020 and year 2021 due to the date of the project launch.

Profit and loss statement, [CZK]. Pessimistic scenario					
	2020	2021	2022	2023	2024
Total sales	1 715 462	2 241 963	2 354 061	2 471 764	2 595 352
Direct materials cost	-616 215	-805 341	-845 608	-887 889	-932 283
Packaging	-13 865	-18 120	-19 026	-19 978	-20 977
Transport costs	-66 638	-87 060	-91 413	-95 983	-100 782
Gross profit	1 018 743	1 331 442	1 398 014	1 467 914	1 541 310
Additional expenses	-7 500	0	0	0	0
Cost of initial services	-106 500	0	0	0	0
Fixed costs	-215 100	-286 800	-286 800	-286 800	-286 800
Wages and salaries	-574 000	-717 000	-717 000	-717 000	-717 000
Social and health Insurance	-195 160	-243 780	-243 780	-243 780	-243 780
Depreciation cost	-66 660	-134 835	-134 835	-134 835	-134 835
Total operating expenses	-1 164 920	-1 382 415	-1 382 415	-1 382 415	-1 382 415
EBIT	-146 177	-50 973	15 599	85 499	158 895
Interest expenses	-26 664	-21 378	-15 773	-9 835	-3 546
EBT	-172 841	-72 351	-174	75 664	155 349
Taxes (19%)	0	0	0	14 376	29 516
EAT	-172 841	-72 351	-174	61 288	125 833

Table 29 Profit and loss statement, pessimistic scenario (own source)

After the second year of work in a realistic scenario earnings after taxes should increase by approximately 25% yearly. The EAT value in the optimistic scenario is higher than in realistic scenario, but the annual increase is about 15%. In the pessimistic scenario the positive value of EAT is reached only by the fourth year.

3.8.5 Cash flow

There are yearly cash flow statements. The item "Cost of initial assets" includes the expenses for vehicle and kitchen equipment, described in Table 18.

Realistic scenario, [CZK]	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024
Earnings	+2 465 977	+3 222 822	+3 383 963	+3 553 161	+3 730 819
Direct materials cost	-885 810	-1 157 678	-1 215 562	-1 276 340	-1 340 157
Packaging	-20 996	-27 441	-28 813	-30 253	-31 766
Transport costs	-80 632	-105 342	-110 609	-116 140	-121 947
Fixed costs	-215 100	-286 800	-286 800	-286 800	-286 800
Wages and insurance	-769 160	-960 780	-960 780	-960 780	-960 780
Cost of initial services	-106 500	0	0	0	0
Cost of initial assets	-691 070	0	0	0	0
Loan	+411 224	-94 062	-99 667	-105 604	-111 894
Additional expenses	-7 500	0	0	0	0
VAT	-188 471	-246 322	-258 638	-271 570	-285 148
Interests	-26 664	-21 378	-15 773	-9 835	-3 546
Taxes	-18 712	-53 627	-70 709	-88 656	-107 510
Cash flow	-133 414	269 392	336 612	407 184	481 271
Initial Cash	500 000	366 586	635 978	972 590	1 379 774
Final cash	366 586	635 978	972 590	1 379 774	1 861 045

Table 30 Yearly cash flow, realistic scenario (own source)

The amount of initial cash is 500 000 CZK which equals the equity after the registration of the company. More detailed monthly cash flow statements can be found in the Appendix 6 to 10.

Optimistic scenario, [CZK]	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024
Earnings	+2 959 172	+3 867 386	+4 060 755	+4 263 793	+4 476 983
Direct materials cost	-1 062 972	-1 389 214	-1 458 674	-1 531 608	-1 608 188
Packaging	-25 216	-32 955	-34 603	-36 333	-38 150
Transport costs	-80 632	-105 342	-110 609	-116 140	-121 947
Fixed costs	-215 100	-286 800	-286 800	-286 800	-286 800
Wages and insurance	-769 160	-960 780	-960 780	-960 780	-960 780
Cost of initial services	-106 500	0	0	0	0
Cost of initial assets	-691 070	0	0	0	0
Loan	+411 224	-94 062	-99 667	-105 604	-111 894
Additional expenses	-7 500	0	0	0	0
VAT	-228 960	-299 238	-314 200	-329 910	-346 405
Interests	-26 664	-21 378	-15 773	-9 835	-3 546
Taxes	-70 264	-121 000	-141 451	-162 935	-185 503
Cash flow	86 358	556 617	638 197	723 848	813 769
Initial Cash	500 000	586 358	1 142 975	1 781 172	2 505 021
Final cash	586 358	1 142 975	1 781 172	2 505 021	3 318 790

Table 31 Yearly cash flow, optimistic scenario (own source)

Pessimistic scenario, [CZK]	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024
Earnings	+1 972 781	+2 578 257	+2 707 170	+2 842 529	+2 984 655
Direct materials cost	-708 648	-926 142	-972 450	-1 021 072	-1 072 126
Packaging	-16 777	-21 926	-23 022	-24 173	-25 382
Transport costs	-80 632	-105 342	-110 609	-116 140	-117 030
Fixed costs	-215 100	-286 800	-286 800	-286 800	-286 800
Wages and insurance	-769 160	-960 780	-960 780	-960 780	-960 780
Cost of initial services	-106 500	0	0	0	0
Cost of initial assets	-691 070	0	0	0	0
Loan	+411 224	-94 062	-99 667	-105 604	-111 894
Additional expenses	-7 500	0	0	0	0
VAT	-147 981	-193 405	-203 076	-213 229	-223 891
Interests	-26 664	-21 378	-15 773	-9 835	-3 546
Taxes	0	0	0	-14 376	-29 516
Cash flow	-386 027	-31 578	34 994	90 519	153 690
Initial Cash	500 000	113 973	82 395	117 389	207 908
Final cash	113 973	82 395	117 389	207 908	361 598

Table 32 Yearly cash flow, pessimistic scenario (own source)

The corporate income tax is 19%. The negative ratio of cash flow shows that volume of payments exceeds the volume of revenues. After the calculations of the cash flow statements we can consider our balance sheets determined for every scenario.

3.8.6 Balance sheet

In this chapter, we will consider our balance sheet for a realistic scenario calculated for the following five years. The initial balance sheet can be calculated after the purchase of the vehicle and the kitchen equipment. We can see that the amount of equity and loan is enough to cover the cost of tangible assets. The current assets consist of money on the bank account which will be needed to pay for initial and fixed costs.

January, 2020			
Assets,[CZK]		Liabilities, [CZK]	
Tangible assets	691 070	Equity	500 000
Fiat Ducato	492 000	Long-term loan	500 000
Built-in kitchen	114 000		
Low-value tangible assets	85 070		
Current assets			
Cash	308 930		
Total	1 000 000	Total	1 000 000
Realistic scenario, end of 2020			
Assets, [CZK]		Liabilities, [CZK]	
Tangible assets	624 410	Equity	500 000
Fiat Ducato	437 880		
Built-in kitchen	101 460	Retained earnings	79 772
Low-value tangible assets	85 070	Long-term loan	411 224
Current assets			
Cash	366 586		
Total	990 996	Total	990 996
Realistic scenario, end of 2021			
Tangible assets	489 575	Equity	500 000
Fiat Ducato	328 410	Cumulative retained earnings	308 391
Built-in kitchen	76 095	Retained earnings, 2020	79 772
Low-value tangible assets	85 070	Retained earnings, 2021	228 619
Current assets			
Cash	635 978	Long-term loan	317 162
Total	1 125 553	Total	1 125 553
Realistic scenario, end of 2022			
Tangible assets	354 740	Equity	500 000
		Cumulative retained earnings	609 835
Fiat Ducato	218 940	Retained earnings, 2020	79 772
Built-in kitchen	50 730	Retained earnings, 2021	228 619
Low-value tangible assets	85 070	Retained earnings, 2022	301 444
Current assets			
Cash	972 590	Long-term loan	217 496
Total	1 327 331	Total	1 327 331
Realistic scenario, end of 2023			
Tangible assets	219 905	Equity	500 000
		Cumulative retained earnings	987 788
Fiat Ducato	109 470	Retained earnings, 2020	79 772
Built-in kitchen	25 365	Retained earnings, 2021	228 619
Low-value tangible assets	85 070	Retained earnings, 2022	301 444
		Retained earnings, 2023	377 953
Current assets			
Cash	1 379 774	Long-term loan	111 891
Total	1 599 679	Total	1 599 679
Realistic scenario, end of 2024			
Tangible assets	85 070	Equity	500 000
		Cumulative retained earnings	1 446 118
Fiat Ducato	0	Retained earnings, 2020	79 772
Built-in kitchen	0	Retained earnings, 2021	228 619
Low-value tangible assets	85 070	Retained earnings, 2022	301 444
		Retained earnings, 2023	377 953
Current assets		Retained earnings, 2024	458 330
Cash	1 861 045	Long-term loan	0
Total	1 946 115	Total	1 946 115

Table 33 Balance sheet for realistic scenario, year 2020-2024 (own source)

Due to the balance sheet, we can follow our assets and liabilities every five years. As this is not a standard balance sheet of a big corporation, we consider that all the payables have been paid before the balance sheet was calculated, we also have no

capital funds and goodwill. In this way we can follow our depreciation values, final cash at the end of the year, retained earnings, and yearly payments for the loan. The balance sheet of the optimistic and pessimistic scenarios can be found in the Appendixes 2-3.

3.8.7 Financial ratios

In order to evaluate the project by dynamic methods, we need to estimate WACC – Weighted Average Cost of Capital. This task is very complicated for entrepreneurs who have small companies in the initial stage of operations. That is why we have consulted with a professional manager who works at a company that specializes on financial risks analysis. For small business the WACC was evaluated as 8%. The amount of the initial investments is 1 000 000 CZK.

To determine the NPV rate we need to calculate discounted cash flow and discounted cumulated cash flow for estimation of payback period.

The tables below demonstrate these indicators for three scenarios:

Payback period, Realistic scenario, [CZK]					
Year	2020	2021	2022	2023	2024
Cash Flow	-133 414	269 392	336 612	407 184	481 271
Discounted CF	-123 532	230 961	267 213	299 292	327 545
Disk. Cumulated CF	-1 123 532	-892 571	-625 358	-326 065	1 480

Table 34 Payback period, realistic scenario (own source)

Payback period, Optimistic scenario, [CZK]					
Year	2020	2021	2022	2023	2024
Cash Flow	86 358	556 617	638 197	723 848	813 769
Discounted CF	79 961	477 209	506 622	532 050	553 838
Disk. Cumulated CF	-920 039	-442 830	63 792	595 842	1 149 680

Table 35 Payback period, optimistic scenario (own source)

Payback period, Pessimistic scenario, [CZK]					
Year	2020	2021	2022	2023	2024
Cash Flow	-386 027	-31 578	34 994	90 519	153 690
Discounted CF	-357 432	-27 073	27 779	66 534	104 599
Disk. Cumulated CF	-1 357 432	-1 384 505	-1 356 726	-1 290 192	-1 185 593

Table 36 Payback period, pessimistic scenario (own source)

The payback period of 5 years is taken to cover the return on investment in our realistic scenario. If we consider the optimistic scenario, the payback period goes down to 3 years. The pessimistic scenario does not allow to cover the cost of investment during the next five years.

After the calculation of previous indicators, we can easily evaluate the following ratios: the Net Present Value and the Internal Rate of Return.

These indicators are shown in Table 37:

	Realistic scenario	Optimistic scenario	Pessimistic scenario
NPV, [CZK]	1 480	1 149 680	-1 185 593
IRR	8%	26%	Could not be evaluated

Table 37 NPV, IRR for three scenarios (own source)

In the realistic and optimistic scenarios, the NVP ratio has a positive value, it shows that the investment is suitable for the realization. In the pessimistic version, we can see the negative value of this ratio. It is worth considering the IRR ratio: in the first two scenarios these indicators are 8% and 26% respectively. In the third version, it cannot be evaluated because of the negative value of NPV.

3.9 Risk analysis

In any project that is being prepared for implementation, we need to take into account possible risk factors and think about the measures that could help to prevent or reduce these risks. The table below shows the main risk factors, the probability of the occurrence and its impact to the project:

Name of the risk/Ratios	Probability of the occurrence	Impact to the project	Evaluation of the risk
The risk related to the illness of the employee	4	5	20
Risks associated with vehicle	3	5	15
The risk of quality of delivered goods	3	5	15
Increase in prices of raw material	2	3	6
Demand reduction	2	5	10
New legislation regarding farmers' markets	2	3	6
The risk of equipment damage	2	2	4
Rising expenditures	1	2	2

Table 38 Risk analysis (own source)

The risks related to illness of the employee

There are the situations related to the health of our staff. If something happens, we may lose someone from the staff for upcoming activities. That is why the owner will take part in all personnel training that will be conducted during the preparation stage. If something occurs and we do not have enough time to find a replacement, the owner will work as a substitute.

Risks associated with vehicle

Since we have a vehicle involved in all operations, the risk of a car accident is very high. If it happens, despite the fact that the vehicle will be insured, we will lose money waiting for the repair and elimination of defects.

The risks related to quality of delivered goods

The quality of supplied goods is a powerful factor of success of our operations and competitive advantages. To ensure an excellent taste and freshness, we need to keep

an eye on the received ingredients and also comply with all storage recommendations.

Increase in prices of raw material

Usually, the price of raw materials increases constantly influenced by inflation. To prevent the risk of an unexpected price rise, we can form long-term contracts and relationships with suppliers. If a sudden increase appears we can consider an ingredient substitute without losing a quality.

Demand reduction

The fast food market is continuously developing, causing and a lot of new products to appear every year. New players take part in markets' sales thereby reducing a demand on exciting products. We must always provide the high- quality products, follow the trends and be able to make a change in our products.

New legislation regarding farmers' markets

It is hard to evaluate the impact of this risk, because we do not know about all the ongoing and possible changes of the farmers' markets legislation sphere. Perhaps, it may entail higher expenses than before. Finding a permanent place to sell outside the farmers' markets with the same demand, can eliminate this risk.

The risk of equipment damage

Our kitchen has a lot of equipment which has a limited lifetime. For one reason or another, the equipment can go out of service. To prevent these risks, we have a warranty service agreement with the company that has installed the equipment. After the end of its validity period, regular maintenance and support will help us minimize the risk of equipment failure.

Rising expenditures

The planned funding may be insufficient due to the fact that additional costs may appear during the preparation process. This usually happens because of some unforeseen circumstances, mistakes in research and incorrect calculations. To minimize this risk, we can make a reserve fund.

3.10 Implementation

3.10.1 Key activities

Implementation plan is one of the most important stages of project for investors and managers. It shows a set of key activities needed to be implemented for a successful project realization. Project launch should be in April 2020, since our sales depend on a season. If we accept the business plan, the beginning of implementation will be in January 2020.

The list of key activities:

- A) Market research
- B) Company registration;
- C) Buying a truck ;

- D) Project for the kitchen and for the truck painting;
- E) Picking the equipment;
- F) Truck adoption and equipment installation;
- G) Inspection of the truck;
- H) Elimination of defects;
- I) Compiling a menu;
- J) Searching for suppliers;
- K) Signing agreements with suppliers;
- L) Signing contracts with event organizations;
- M) Getting government permits;
- N) Searching for staff and staff hiring, setting up staff instructions;
- O) Staff training;
- P) Testing the operations;
- Q) Opening.

3.10.2 Terms of implementation

There is a Gantt chart below. This chart shows the terms of implementation and list of main activities.

Activities	2020			
	January	February	March	April
1) Market research				
2) Company registration				
3) Buying a truck				
4) Project for the kitchen and for the truck painting				
5) Picking up the equipment				
6) Truck adoption and the equipment installation				
7) Inspection of the truck				
8) Elimination of the defects				
9) Compiling a menu				
10) Searching for the suppliers				
11) Signing the contracts with the suppliers				
12) Signing the contracts with the event organizations				
13) Getting government permits				
14) Searching for staff and staff hiring, setting up staff instructions				
15) Staff training				
17) Testing the operations				
18) Opening				

Chart 14 Gantt Chart (own source)

Conclusion

The goal of the diploma thesis was to perform a feasibility study of the project related to starting a business in the street food industry, namely a food truck with black bun burgers, and also to evaluate the economic efficiency of the project afterwards.

The main objective of the project was to launch the operation of Food Truck KZ at the beginning of April 2020 and to return the invested funds within 2 years from the date of establishment.

A lot of analysis has been conducted in this thesis. First of all, the macro environment analysis, which began with PESTLE analysis, was provided. This analysis revealed a few factors worth paying attention to. One of most important factors was a slight growth of the final product price offered by our company due to VAT tax increase and introduction of the Electronic Registration of Sales law, bringing additional costs related to equipment and its installation.

Inflation rate is a very important factor from the economic perspective. Because of the last years inflation rate increase, the prices of materials and services also tend to rise. Also, the analysis showed an unemployment level drop and average wage grow. These two factors are the markers of a positive dynamic in our target customers' purchasing power. Social factors could be represented by the Czech Republic continuous population growth combined with an increasing number of tourists in the country especially in Prague. Technological factors indicated the necessity of using commonplace technology and, at the same time, making products closer and more barrier-free to any client. For instance, accomplish modern communication channels with the customer by contactless payment, social media etc. As for an environmental analysis, the time of work was divided into two seasons: from March to November and a mid-season from December to February. The legal factors showed a need for a company to follow the food staff law and wage rights of employees.

As part of the macro environment analysis, the Porter five forces analysis was conducted. Out of its five forces it was a competitive rivalry that drew most of the attention. There were many competitors in the chosen niche, but only few of them showed a high quality of their products, that is what could make our company a respectable competitor on the market, introducing an original high-quality product with reasonable price. There were also substitutes on the market found that should be observed and paid attention to. As we considered the customers' analysis, a questionnaire research was performed. After that research it was clearly approved that our target group was people from 18 to 40 years old with a stable monthly income, who tend to spend their free time in various places, including food markets and different festivals. The target group could also be divided into three subgroups: workers, students and tourists. As we put our quality first, our possible suppliers play a crucial role because the quality of a raw material used in our products, depends on them directly.

Afterwards, the SWOT analysis was conducted. This analysis showed a large number of uncontrollable threats associated with the macro environment, and also a great potential thanks to the company strengths. A constant work on the weaknesses should improve the operations quality.

The STP analysis studied our product from different perspectives: price, health, service, and originality. Then these criteria were compared to competitors. Due to marketing mix, our potential product was detailed based on the studies, then the possible product prices were summed, studied the places and the ways of successful product selling.

As for the permanent selling place, it came clear that it would be really hard to predict real amount of sales there. But there also were found some possibilities to increase the value, which can be achieved by food truck's participation in different events and choosing the best permanent vending place.

As for the marketing strategy, we chose to follow differentiation strategy, based on distinguishing our company from the possible competitors. Its marketing activities include active work with social media such as Facebook, Twitter and Instagram. Attractive packaging, music and a flag with a modern design can help attract customers at the selling area.

The financial part of the thesis started from initial budget. It showed that our food truck would need 1 million CZK for the project launch. This amount included the food truck purchase, its remodeling and tooling it up with the modern kitchen equipment and installation of some additional components, such as audio system, EET system and POS terminal. At this point it came clear that 500 thousand CZK of invested money was not enough and the bank loan should be taken. Also, in our financial part the costs related to production and selling, employees' wages and other necessary expenses were calculated.

The financial part was based on three possible scenarios. They all were related to the amount of daily sales of our competitors. The amount of sales of our company in realistic scenario was considered equal to average daily sales of competitors. The values in the optimistic scenario would account to 20% more than of a realistic scenario, and the values in the pessimistic scenario would be calculated as 20% less. Also, the seasonality was considered in calculations.

In the thesis it is estimated that the project could be implemented in cases of realistic or optimistic scenarios of sales. The ratio of the net present value would be positive and in this case we would be able to fulfil a return on investments. In case of a realistic scenario, it would take 5 years to cover the cost of investments. In case of an optimistic scenario, the payback period would be 3 years. In case of a pessimistic scenario the project could not be implemented. As a negative conclusion of calculations, it can be said that the amount of annual earnings may not be high enough and would not exceed 1 million CZK in the next five years. The project was referred to a small type of business. So, there were not many possibilities to expand a business. The payback period for this type of business can be considered as very long. Also, it is necessary to keep in mind that calculations regarding to next years were carried out without

including possibly increasing costs of payrolls and other services, which would entail additional expenses. The amount of sales during the events depends on more additional factors than we have predicted, such as weather that could nullify our profit at the event, the price of participation tickets, etc.

In my opinion, the goal of the diploma thesis has been achieved. All the points of the feasibility study were described in details and financial analysis was carried out. The points of feasibility study showed the possibility of the project implementation.

As we considered the project's goal, it can be launched in April 2020 if the company is properly registered and all the necessary components are acquired on time. It should be mentioned, that the company would not be able to return the invested funds within 2 years from the date of its establishment. If there is a will to make an investment to the project it is necessary to consider and compare it with some other projects before the implementation.

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Appendix 1 Competitor's Menu

Pleskavice Food Court		Kaizer Franz Burger Court	
Main course menu	Price, CZK	Main course menu	Price, CZK
Pleskavica	100,-	Bacon Cheese burger	130,-
Cevapi	100,-	Lamb burger	140,-
Burek	25,-	Inca burger	140,-
Roast Peppers	20,-	Breakfast Sandwich	65,-
Beverages	Price	Beverages	Price
-	-	-	-
-	-	-	-
Take Eat EZ Sandwich Truck		Avocado street bistro	
Main course menu	Price, CZK	Main course menu	Price, CZK
Notorious Beef sandwich	170,-	Avocado beef burger	145,-
Cheese Father sandwich	150,-	Guacanole beef burger	145,-
Miss Piggy sandwich	150,-	Avocado hummus bread	139,-
Fries	50,-		
Beverages	Price	Beverages	Price
Water	30,-	-	-
Coconut water	60,-	-	-
Argument Burger Court		Podolka Burger Court	
Main course menu	Price, CZK	Main course menu	Price, CZK
Beef burger with bacon	120,-	Beef burger	115,-
Double beef wtij bacon and c	180,-	Beef cheese burger	135,-
Caeser salad	135,-	Vegan burger	100,-
		Soup	40,-
Beverages	Price	Risotto	95,-
Home ice tea	40,-		
Home lemonade	40,-	Beverages	Price
-	-	-	-
Dirty Dog Food Court		Crush Food Truck	
Main course menu	Price, CZK	Main course menu	Price, CZK
Texas burger	180,-	Angus burger	140,-
Philly burger	180,-		
Bacon cheddar	150,-	Beverages	Price
Kim Young	150,-	Lemonade	45,-
OMGWTF burger	299,-	-	-
		-	-
Beverages	Price	-	-
-	-	-	-

Appendix 2 Balance sheet calculated for over the next five years, Optimistic scenario

January, 2020			
Assets,CZK		Liabilities,CZK	
Tangible assets	691 070	Equity	500 000
Fiat Ducato	492 000	Long-term loan	500 000
Built-in kitchen	114 000		
Low-value tangible assets	85 070		
Short-term assets			
Cash	308 930		
Total	1 000 000	Total	1 000 000
Optimistic scenario, end of 2020			
Assets,[CZK]		Liabilities, [CZK]	
Tangible assets	624 410	Equity	500 000
Fiat Ducato	437 880		
Built-in kitchen	101 460	Retained earnings	299 544
Low-value tangible assets	85 070	Long-term loan	411 224
Current assets			
Cash	586 358		
Total	1 210 768	Total	1 210 768
Optimistic scenario, end of 2021			
Tangible assets	489 575	Equity	500 000
Fiat Ducato	328 410	Cumulative retained earnings	815 388
Built-in kitchen	76 095	Retained earnings, 2020	299 544
Low-value tangible assets	85 070	Retained earnings, 2021	515 844
Current assets			
Cash	1 142 975	Long-term loan	317 162
Total	1 632 550	Total	1 632 550
Optimistic scenario, end of 2022			
Tangible assets	354 740	Equity	500 000
		Cumulative retained earnings	1 418 417
Fiat Ducato	218 940	Retained earnings, 2020	299 544
Built-in kitchen	50 730	Retained earnings, 2021	515 844
Low-value tangible assets	85 070	Retained earnings, 2022	603 029
Current assets			
Cash	1 781 172	Long-term loan	217 496
Total	2 135 913	Total	2 135 913
Optimistic scenario, end of 2023			
Tangible assets	219 905	Equity	500 000
		Cumulative retained earnings	2 113 035
Fiat Ducato	109 470	Retained earnings, 2020	299 544
Built-in kitchen	25 365	Retained earnings, 2021	515 844
Low-value tangible assets	85 070	Retained earnings, 2022	603 029
Current assets		Retained earnings, 2023	694 617
Cash	2 505 021	Long-term loan	111 891
Total	2 724 926	Total	2 724 926
Optimistic scenario, end of 2024			
Tangible assets	85 070	Equity	500 000
		Cumulative retained earnings	2 903 863
Fiat Ducato	0	Retained earnings, 2020	299 544
Built-in kitchen	0	Retained earnings, 2021	515 844
Low-value tangible assets	85 070	Retained earnings, 2022	603 029
		Retained earnings, 2023	694 617
Current assets		Retained earnings, 2024	790 828
Cash	3 318 790	Long-term loan	0
Total	3 403 860	Total	3 403 860

Appendix 3 Balance sheet calculated for over the next five years, Pessimistic scenario

January, 2020			
Assets,CZK		Liabilities,CZK	
Tangible assets	691 070	Equity	500 000
Fiat Ducato	492 000	Long-term loan	500 000
Built-in kitchen	114 000		
Low-value tangible assets	85 070		
Short-term assets			
Cash	308 930		
Total	1 000 000	Total	1 000 000
Pessimistic scenario, end of 2020			
Assets,[CZK]		Liabilities, [CZK]	
Tangible assets	624 410	Equity	500 000
Fiat Ducato	437 880		
Built-in kitchen	101 460	Retained earnings	-172 841
Low-value tangible assets	85 070	Long-term loan	411 224
Current assets			
Cash	113 973		
Total	738 383	Total	738 383
Pessimistic scenario, end of 2021			
Tangible assets	489 575	Equity	500 000
Fiat Ducato	328 410	Cumulative retained earnings	-245 192
Built-in kitchen	76 095	Retained earnings, 2020	-172 841
Low-value tangible assets	85 070	Retained earnings, 2021	-72 351
Current assets			
Cash	82 395	Long-term loan	317 162
Total	571 970	Total	571 970
Pessimistic scenario, end of 2022			
Tangible assets	354 740	Equity	500 000
		Cumulative retained earnings	-245 366
Fiat Ducato	218 940	Retained earnings, 2020	-172 841
Built-in kitchen	50 730	Retained earnings, 2021	-72 351
Low-value tangible assets	85 070	Retained earnings, 2022	-174
Current assets			
Cash	117 389	Long-term loan	217 496
Total	472 129	Total	472 130
Pessimistic scenario, end of 2023			
Tangible assets	219 905	Equity	500 000
		Cumulative retained earnings	-184 078
Fiat Ducato	109 470	Retained earnings, 2020	-172 841
Built-in kitchen	25 365	Retained earnings, 2021	-72 351
Low-value tangible assets	85 070	Retained earnings, 2022	-174
Current assets		Retained earnings, 2023	61 288
Cash	207 908	Long-term loan	111 891
Total	427 813	Total	427 813
Pessimistic scenario, end of 2024			
Tangible assets	85 070	Equity	500 000
		Cumulative retained earnings	-58 246
Fiat Ducato	0	Retained earnings, 2020	-172 841
Built-in kitchen	0	Retained earnings, 2021	-72 351
Low-value tangible assets	85 070	Retained earnings, 2022	-174
		Retained earnings, 2023	61 288
Current assets		Retained earnings, 2024	125 833
Cash	361 598	Long-term loan	0
Total	446 668	Total	446 668

Appendix 5 Monthly payments on a loan

Year	Month	Beginning Balance	Interest	Principal	Ending Balance
2020	1	500000	2417	7203	492797
	2	492797	2382	7238	485559
	3	485559	2347	7273	478285
	4	478285	2312	7308	470977
	5	470977	2276	7344	463634
	6	463634	2241	7379	456255
	7	456255	2205	7415	448840
	8	448840	2169	7451	441389
	9	441389	2133	7487	433903
	10	433903	2097	7523	426380
	11	426380	2061	7559	418821
	12	418821	2024	7596	411225
2021	1	411225	1988	7632	403593
	2	403593	1951	7669	395923
	3	395923	1914	7706	388217
	4	388217	1876	7744	380473
	5	380473	1839	7781	372692
	6	372692	1801	7819	364874
	7	364874	1764	7856	357017
	8	357017	1726	7894	349123
	9	349123	1687	7933	341191
	10	341191	1649	7971	333220
	11	333220	1611	8009	325210
	12	325210	1572	8048	317162
2022	1	317162	1533	8087	309075
	2	309075	1494	8126	300949
	3	300949	1455	8165	292784
	4	292784	1415	8205	284579
	5	284579	1375	8245	276334
	6	276334	1336	8284	268050
	7	268050	1296	8324	259725
	8	259725	1255	8365	251361
	9	251361	1215	8405	242956
	10	242956	1174	8446	234510
	11	234510	1133	8487	226024
	12	226024	1092	8528	217496
2023	1	217496	1051	8569	208927
	2	208927	1010	8610	200317
	3	200317	968	8652	191665
	4	191665	926	8694	182972
	5	182972	884	8736	174236
	6	174236	842	8778	165458
	7	165458	800	8820	156638
	8	156638	757	8863	147775
	9	147775	714	8906	138870
	10	138870	671	8949	129921
	11	129921	628	8992	120929
	12	120929	584	9035	111893
2024	1	111893	541	9079	102814
	2	102814	497	9123	93691
	3	93691	453	9167	84524
	4	84524	409	9211	75313
	5	75313	364	9256	66057
	6	66057	319	9301	56756
	7	56756	274	9346	47410
	8	47410	229	9391	38019
	9	38019	184	9436	28583
	10	28583	138	9482	19101
	11	19101	92	9528	9574
	12	9574	46	9574	0

Appendix 6 Monthly Cash Flow for three scenarios, year 2020

Realistic scenario, [CZK]	2 020												2 020 Total:	
	January	February	March	April	May	June	July	August	September	October	November	December		
Earnings	0	0	0	288 572	288 572	288 572	288 572	288 572	288 572	288 572	288 572	288 572	157 403	2 465 977
Direct material cost	0	0	0	103 659	103 659	103 659	103 659	103 659	103 659	103 659	103 659	103 659	56 541	885 810
packaging	0	0	0	2 457	2 457	2 457	2 457	2 457	2 457	2 457	2 457	2 457	1 340	20 996
Transport costs	0	0	0	9 438	9 438	9 438	9 438	9 438	9 438	9 438	9 438	9 438	5 128	80 632
Fixed costs	0	0	0	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	215 100
Wages and insurance	0	0	0	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	50 920	769 160
Cost of initial services	106 500	0	0	0	0	0	0	0	0	0	0	0	0	106 500
Cost of initial assets	691 070	0	0	0	0	0	0	0	0	0	0	0	0	691 070
Loan	492 797	7 238	7 273	7 308	7 344	7 379	7 415	7 451	7 487	7 523	7 559	7 596	7 596	411 224
Additional expenses	2 500	2 500	2 500	0	0	0	0	0	0	0	0	0	0	7 500
VAT	0	0	0	22 055	22 055	22 055	22 055	22 055	22 055	22 055	22 055	22 055	12 033	188 471
Interests	2 417	2 382	2 347	2 312	2 276	2 241	2 205	2 169	2 133	2 097	2 061	2 024	2 024	26 664
Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	18 712
Cash Flow	-309 690	-12 120	-12 120	27 663	27 663	27 663	27 663	27 663	27 663	27 663	27 663	27 663	-20 792	-133 414
Initial Cash	500 000	190 310	178 190	166 070	193 733	221 397	249 060	276 724	304 387	332 051	359 714	387 377	387 377	500 000
Final cash	190 310	178 190	166 070	193 733	221 397	249 060	276 724	304 387	332 051	359 714	387 377	387 377	366 586	366 586
Optimistic scenario, [CZK]	2 020												2 020 Total:	
Earnings	0	0	0	346 286	346 286	346 286	346 286	346 286	346 286	346 286	346 286	346 286	188 883	2 959 172
Direct material cost	0	0	0	124 390	124 390	124 390	124 390	124 390	124 390	124 390	124 390	124 390	67 849	1 062 972
packaging	0	0	0	2 951	2 951	2 951	2 951	2 951	2 951	2 951	2 951	2 951	1 610	25 216
Transport costs	0	0	0	9 438	9 438	9 438	9 438	9 438	9 438	9 438	9 438	9 438	5 128	80 632
Fixed costs	0	0	0	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	215 100
Wages and insurance	0	0	0	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	50 920	769 160
Cost of initial services	106 500	0	0	0	0	0	0	0	0	0	0	0	0	106 500
Cost of initial assets	691 070	0	0	0	0	0	0	0	0	0	0	0	0	691 070
Loan	492 797	7 238	7 273	7 308	7 344	7 379	7 415	7 451	7 487	7 523	7 559	7 596	7 596	411 224
Additional expenses	2 500	2 500	2 500	0	0	0	0	0	0	0	0	0	0	7 500
VAT	0	0	0	26 793	26 793	26 793	26 793	26 793	26 793	26 793	26 793	26 793	14 618	228 960
Interests	2 417	2 382	2 347	2 312	2 276	2 241	2 205	2 169	2 133	2 097	2 061	2 024	2 024	26 664
Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	70 264
Cash Flow	-309 690	-12 120	-12 120	59 414	59 414	59 414	59 414	59 414	59 414	59 414	59 414	59 414	-55 025	86 358
Initial Cash	500 000	190 310	178 190	166 070	225 484	284 898	344 312	403 727	463 141	522 555	581 969	641 383	641 383	500 000
Final cash	190 310	178 190	166 070	225 484	284 898	344 312	403 727	463 141	522 555	581 969	641 383	641 383	586 358	586 358
Pessimistic scenario, [CZK]	2 020												2 020 Total:	
Earnings	0	0	0	230 857	230 857	230 857	230 857	230 857	230 857	230 857	230 857	230 857	123 922	1 972 781
Direct material cost	0	0	0	82 927	82 927	82 927	82 927	82 927	82 927	82 927	82 927	82 927	45 233	708 648
packaging	0	0	0	1 963	1 963	1 963	1 963	1 963	1 963	1 963	1 963	1 963	1 071	16 777
Transport costs	0	0	0	9 438	9 438	9 438	9 438	9 438	9 438	9 438	9 438	9 438	5 128	80 632
Fixed costs	0	0	0	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	215 100
Wages and insurance	0	0	0	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	50 920	769 160
Cost of initial services	106 500	0	0	0	0	0	0	0	0	0	0	0	0	106 500
Cost of initial assets	691 070	0	0	0	0	0	0	0	0	0	0	0	0	691 070
Loan	492 797	7 238	7 273	7 308	7 344	7 379	7 415	7 451	7 487	7 523	7 559	7 596	7 596	411 224
Additional expenses	2 500	2 500	2 500	0	0	0	0	0	0	0	0	0	0	7 500
VAT	0	0	0	17 317	17 317	17 317	17 317	17 317	17 317	17 317	17 317	17 317	9 449	147 981
Interests	2 417	2 382	2 347	2 312	2 276	2 241	2 205	2 169	2 133	2 097	2 061	2 024	2 024	26 664
Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow	-309 690	-12 120	-12 120	-4 087	-4 087	-4 087	-4 087	-4 087	-4 087	-4 087	-4 087	-4 087	-4 087	-386 027
Initial Cash	500 000	190 310	178 190	166 070	161 983	157 895	153 808	149 721	145 634	141 546	137 459	133 372	133 372	500 000
Final cash	190 310	178 190	166 070	161 983	157 895	153 808	149 721	145 634	141 546	137 459	133 372	133 372	113 973	113 973

Appendix 7 Monthly Cash Flow for three scenarios, year 2021

	2021												2021 Total:
	January	February	March	April	May	June	July	August	September	October	November	December	
Realistic scenario, [CZK]													
Earnings	165 273	165 273	303 000	303 000	303 000	303 000	303 000	303 000	303 000	303 000	303 000	303 000	3 222 822
Direct material cost	59 368	59 368	108 842	108 842	108 842	108 842	108 842	108 842	108 842	108 842	108 842	108 842	1 157 678
Packaging	1 407	1 407	2 580	2 580	2 580	2 580	2 580	2 580	2 580	2 580	2 580	2 580	27 441
Transport costs	5 384	5 384	9 910	9 910	9 910	9 910	9 910	9 910	9 910	9 910	9 910	9 910	105 342
Fixed costs	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	286 800
Salary and insurance	50 920	50 920	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	960 780
Cost of initial services	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost of initial assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan	7 632	7 669	7 706	7 744	7 781	7 819	7 856	7 894	7 933	7 971	8 009	8 048	94 062
Additional expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
VAT	12 635	12 635	23 157	23 157	23 157	23 157	23 157	23 157	23 157	23 157	23 157	23 157	246 372
Interests	1 988	1 951	1 914	1 876	1 839	1 801	1 764	1 726	1 687	1 649	1 611	1 572	21 378
Taxes	0	0	0	0	0	0	0	0	0	0	0	0	53 627
Cash Flow	2 038	2 038	35 212	35 212	35 212	35 212	35 212	35 212	35 212	35 212	35 212	-51 589	269 392
Initial Cash	366 586	368 624	370 662	405 874	441 086	476 297	511 509	546 720	581 932	617 144	652 355	687 567	366 586
Final cash	368 624	370 662	405 874	441 086	476 297	511 509	546 720	581 932	617 144	652 355	687 567	721 144	635 978
Optimistic scenario, [CZK]													
Earnings	198 327	198 327	363 600	363 600	363 600	363 600	363 600	363 600	363 600	363 600	363 600	363 600	3 867 386
Direct material cost	71 242	71 242	130 610	130 610	130 610	130 610	130 610	130 610	130 610	130 610	130 610	130 610	1 389 214
Packaging	1 690	1 690	3 098	3 098	3 098	3 098	3 098	3 098	3 098	3 098	3 098	3 098	32 995
Transport costs	5 384	5 384	9 910	9 910	9 910	9 910	9 910	9 910	9 910	9 910	9 910	9 910	105 342
Fixed costs	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	286 800
Salary and insurance	50 920	50 920	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	960 780
Cost of initial services	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost of initial assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan	7 632	7 669	7 706	7 744	7 781	7 819	7 856	7 894	7 933	7 971	8 009	8 048	94 062
Additional expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
VAT	15 349	15 349	28 132	28 132	28 132	28 132	28 132	28 132	28 132	28 132	28 132	28 132	299 238
Interests	1 988	1 951	1 914	1 876	1 839	1 801	1 764	1 726	1 687	1 649	1 611	1 572	21 378
Taxes	0	0	0	0	0	0	0	0	0	0	0	0	121 000
Cash Flow	20 223	20 223	68 550	68 550	68 550	68 550	68 550	68 550	68 550	68 550	68 550	-100 778	556 617
Initial Cash	586 358	606 581	626 804	695 354	763 904	832 453	901 003	969 553	1 038 103	1 106 653	1 175 203	1 243 753	586 358
Final cash	606 581	626 804	695 354	763 904	832 453	901 003	969 553	1 038 103	1 106 653	1 175 203	1 243 753	1 312 253	1 142 975
Pessimistic scenario, [CZK]													
Earnings	132 218	132 218	242 400	242 400	242 400	242 400	242 400	242 400	242 400	242 400	242 400	242 400	2 578 257
Direct material cost	47 494	47 494	87 073	87 073	87 073	87 073	87 073	87 073	87 073	87 073	87 073	87 073	926 142
Packaging	1 124	1 124	2 061	2 061	2 061	2 061	2 061	2 061	2 061	2 061	2 061	2 061	21 926
Transport costs	5 384	5 384	9 910	9 910	9 910	9 910	9 910	9 910	9 910	9 910	9 910	9 910	105 342
Fixed costs	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	286 800
Salary and insurance	50 920	50 920	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	960 780
Cost of initial services	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost of initial assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan	7 632	7 669	7 706	7 744	7 781	7 819	7 856	7 894	7 933	7 971	8 009	8 048	94 062
Additional expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
VAT	9 921	9 921	18 182	18 182	18 182	18 182	18 182	18 182	18 182	18 182	18 182	18 182	193 405
Interests	1 988	1 951	1 914	1 876	1 839	1 801	1 764	1 726	1 687	1 649	1 611	1 572	21 378
Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow	-16 146	-16 146	1 873	1 873	1 873	1 873	1 873	1 873	1 873	1 873	1 873	-16 146	-31 578
Initial Cash	113 973	97 827	81 681	83 554	85 428	87 301	89 174	91 048	92 921	94 795	96 668	98 541	113 973
Final cash	97 827	81 681	83 554	85 428	87 301	89 174	91 048	92 921	94 795	96 668	98 541	82 395	82 395

Appendix 8 Monthly Cash Flow for three scenarios, year 2022

	2 022												Total:
	January	February	March	April	May	June	July	August	September	October	November	December	
Realistic scenario, [CZK]													
Earnings	173 537	173 537	318 150	318 150	318 150	318 150	318 150	318 150	318 150	318 150	318 150	318 150	318 150
Direct material cost	62 337	62 337	114 284	114 284	114 284	114 284	114 284	114 284	114 284	114 284	114 284	114 284	114 284
packaging	1 478	1 478	2 709	2 709	2 709	2 709	2 709	2 709	2 709	2 709	2 709	2 709	2 709
Transport costs	5 654	5 654	10 405	10 405	10 405	10 405	10 405	10 405	10 405	10 405	10 405	10 405	10 405
Fixed costs	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900
Salary and Insurance	50 920	50 920	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780
Cost of initial services	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost of initial assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan	8 087	8 126	8 165	8 205	8 245	8 284	8 324	8 365	8 405	8 446	8 487	8 528	8 567
Additional expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
VAT	13 267	13 267	24 315	24 315	24 315	24 315	24 315	24 315	24 315	24 315	24 315	24 315	24 315
Interests	1 533	1 494	1 455	1 415	1 375	1 336	1 296	1 255	1 215	1 174	1 133	1 092	1 052
Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow	6 362	6 362	43 137	43 137	43 137	43 137	43 137	43 137	43 137	43 137	43 137	43 137	43 137
Initial Cash	635 978	642 340	648 703	691 840	734 977	778 114	821 251	864 388	907 526	950 663	993 800	1 036 937	1 080 074
Final cash	642 340	648 703	691 840	734 977	778 114	821 251	864 388	907 526	950 663	993 800	1 036 937	1 080 074	1 123 211
Optimistic scenario, [CZK]													
Earnings	208 244	208 244	381 780	381 780	381 780	381 780	381 780	381 780	381 780	381 780	381 780	381 780	381 780
Direct material cost	74 804	74 804	137 140	137 140	137 140	137 140	137 140	137 140	137 140	137 140	137 140	137 140	137 140
packaging	1 775	1 775	3 253	3 253	3 253	3 253	3 253	3 253	3 253	3 253	3 253	3 253	3 253
Transport costs	5 654	5 654	10 405	10 405	10 405	10 405	10 405	10 405	10 405	10 405	10 405	10 405	10 405
Fixed costs	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900
Salary and Insurance	50 920	50 920	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780
Cost of initial services	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost of initial assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan	8 087	8 126	8 165	8 205	8 245	8 284	8 324	8 365	8 405	8 446	8 487	8 528	8 567
Additional expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
VAT	16 116	16 116	29 539	29 539	29 539	29 539	29 539	29 539	29 539	29 539	29 539	29 539	29 539
Interests	1 533	1 494	1 455	1 415	1 375	1 336	1 296	1 255	1 215	1 174	1 133	1 092	1 052
Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow	25 456	25 456	78 142	78 142	78 142	78 142	78 142	78 142	78 142	78 142	78 142	78 142	78 142
Initial Cash	1 142 975	1 168 431	1 193 887	1 272 029	1 350 171	1 428 314	1 506 456	1 584 598	1 662 741	1 740 883	1 819 025	1 897 168	1 975 310
Final cash	1 168 431	1 193 887	1 272 029	1 350 171	1 428 314	1 506 456	1 584 598	1 662 741	1 740 883	1 819 025	1 897 168	1 975 310	2 053 452
Pessimistic scenario, [CZK]													
Earnings	138 829	138 829	254 520	254 520	254 520	254 520	254 520	254 520	254 520	254 520	254 520	254 520	254 520
Direct material cost	49 869	49 869	91 427	91 427	91 427	91 427	91 427	91 427	91 427	91 427	91 427	91 427	91 427
packaging	1 181	1 181	2 164	2 164	2 164	2 164	2 164	2 164	2 164	2 164	2 164	2 164	2 164
Transport costs	5 654	5 654	10 405	10 405	10 405	10 405	10 405	10 405	10 405	10 405	10 405	10 405	10 405
Fixed costs	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900
Salary and Insurance	50 920	50 920	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780
Cost of initial services	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost of initial assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan	8 087	8 126	8 165	8 205	8 245	8 284	8 324	8 365	8 405	8 446	8 487	8 528	8 567
Additional expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
VAT	10 417	10 417	19 092	19 092	19 092	19 092	19 092	19 092	19 092	19 092	19 092	19 092	19 092
Interests	1 533	1 494	1 455	1 415	1 375	1 336	1 296	1 255	1 215	1 174	1 133	1 092	1 052
Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow	-12 732	-12 732	8 132	8 132	8 132	8 132	8 132	8 132	8 132	8 132	8 132	8 132	8 132
Initial Cash	82 395	69 663	56 932	65 064	73 196	81 328	89 460	97 592	105 724	113 856	121 988	130 120	138 252
Final cash	69 663	56 932	65 064	73 196	81 328	89 460	97 592	105 724	113 856	121 988	130 120	138 252	146 384

Appendix 9 Monthly Cash Flow for three scenarios, year 2023

	2 023												2 023
	January	February	March	April	May	June	July	August	September	October	November	December	Total:
Realistic scenario, [CZK]													
Earnings	182 213	182 213	334 058	334 058	334 058	334 058	334 058	334 058	334 058	334 058	334 058	182 213	3 553 161
Direct material cost	65 453	65 453	119 998	119 998	119 998	119 998	119 998	119 998	119 998	119 998	119 998	65 453	1 276 340
packaging	1 551	1 551	2 844	2 844	2 844	2 844	2 844	2 844	2 844	2 844	2 844	1 551	30 253
Transport costs	5 936	5 936	10 926	10 926	10 926	10 926	10 926	10 926	10 926	10 926	10 926	5 936	116 140
Fixed costs	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	286 800
Salary and insurance	50 920	50 920	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	50 920	960 780
Cost of initial services	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost of initial assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan	8 569	8 569	8 610	8 652	8 736	8 778	8 820	8 863	8 906	8 949	8 992	9 035	105 604
Additional expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
VAT	13 930	13 930	25 531	25 531	25 531	25 531	25 531	25 531	25 531	25 531	25 531	13 930	271 570
Interests	1 051	1 010	968	926	884	842	800	757	714	671	628	584	9 835
Taxes	0	0	0	0	0	0	0	0	0	0	0	0	88 656
Cash Flow	10 902	10 902	51 459	51 459	51 459	51 459	51 459	51 459	51 459	51 459	51 459	-77 752	407 184
Initial Cash	972 590	983 493	994 395	1 045 854	1 097 313	1 148 772	1 200 231	1 251 690	1 303 149	1 354 608	1 406 067	1 457 526	972 590
Final cash	983 493	994 395	1 045 854	1 097 313	1 148 772	1 200 231	1 251 690	1 303 149	1 354 608	1 406 067	1 457 526	1 379 774	1 379 774
	2 023												2 023
Optimistic scenario, [CZK]													
Earnings	218 656	218 656	400 869	400 869	400 869	400 869	400 869	400 869	400 869	400 869	400 869	218 656	4 263 793
Direct material cost	78 544	78 544	143 997	143 997	143 997	143 997	143 997	143 997	143 997	143 997	143 997	78 544	1 531 608
packaging	1 863	1 863	3 416	3 416	3 416	3 416	3 416	3 416	3 416	3 416	3 416	1 863	36 333
Transport costs	5 936	5 936	10 926	10 926	10 926	10 926	10 926	10 926	10 926	10 926	10 926	5 936	116 140
Fixed costs	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	286 800
Salary and insurance	50 920	50 920	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	50 920	960 780
Cost of initial services	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost of initial assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan	8 569	8 610	8 652	8 694	8 736	8 778	8 820	8 863	8 906	8 949	8 992	9 035	105 604
Additional expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
VAT	16 922	16 922	31 016	31 016	31 016	31 016	31 016	31 016	31 016	31 016	31 016	16 922	329 910
Interests	1 051	1 010	968	926	884	842	800	757	714	671	628	584	9 835
Taxes	0	0	0	0	0	0	0	0	0	0	0	0	162 935
Cash Flow	30 951	30 951	88 214	88 214	88 214	88 214	88 214	88 214	88 214	88 214	88 214	-131 983	723 848
Initial Cash	1 781 172	1 812 123	1 843 074	1 931 288	2 019 503	2 107 717	2 195 931	2 284 146	2 372 360	2 460 575	2 548 789	2 637 004	1 781 172
Final cash	1 812 123	1 843 074	1 931 288	2 019 503	2 107 717	2 195 931	2 284 146	2 372 360	2 460 575	2 548 789	2 637 004	2 505 021	2 505 021
	2 023												2 023
Pessimistic scenario, [CZK]													
Earnings	145 771	145 771	267 246	267 246	267 246	267 246	267 246	267 246	267 246	267 246	267 246	145 771	2 842 529
Direct material cost	52 363	52 363	95 998	95 998	95 998	95 998	95 998	95 998	95 998	95 998	95 998	52 363	1 021 072
packaging	1 240	1 240	2 273	2 273	2 273	2 273	2 273	2 273	2 273	2 273	2 273	1 240	24 173
Transport costs	5 936	5 936	10 926	10 926	10 926	10 926	10 926	10 926	10 926	10 926	10 926	5 936	116 140
Fixed costs	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	286 800
Salary and insurance	50 920	50 920	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	50 920	960 780
Cost of initial services	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost of initial assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan	8 569	8 610	8 652	8 694	8 736	8 778	8 820	8 863	8 906	8 949	8 992	9 035	105 604
Additional expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
VAT	10 938	10 938	20 046	20 046	20 046	20 046	20 046	20 046	20 046	20 046	20 046	10 938	213 229
Interests	1 051	1 010	968	926	884	842	800	757	714	671	628	584	9 835
Taxes	0	0	0	0	0	0	0	0	0	0	0	0	14 376
Cash Flow	-9 146	-9 146	14 704	14 704	14 704	14 704	14 704	14 704	14 704	14 704	14 704	-23 521	90 519
Initial Cash	117 389	108 242	99 096	113 800	128 504	143 207	157 911	172 614	187 318	202 022	216 725	231 429	117 389
Final cash	108 242	99 096	113 800	128 504	143 207	157 911	172 614	187 318	202 022	216 725	231 429	207 908	207 908

Appendix 10 Monthly Cash Flow for three scenarios, year 2024

2 024												2 024	
Realistic scenario, [CZK]	January	February	March	April	May	June	July	August	September	October	November	December	Total:
Earnings	191 324	191 324	350 761	350 761	350 761	350 761	350 761	350 761	350 761	350 761	350 761	350 761	3 730 819
Direct material cost	68 726	68 726	125 998	125 998	125 998	125 998	125 998	125 998	125 998	125 998	125 998	125 998	1 340 157
Packaging	1 629	1 629	2 987	2 987	2 987	2 987	2 987	2 987	2 987	2 987	2 987	2 987	31 766
Transport costs	6 233	6 233	11 472	11 472	11 472	11 472	11 472	11 472	11 472	11 472	11 472	11 472	121 947
Fixed costs	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	286 800
Salary and Insurance	50 920	50 920	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	960 780
Cost of initial services	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost of initial assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan	9 079	9 123	9 167	9 211	9 256	9 301	9 346	9 391	9 436	9 482	9 528	9 574	111 894
Additional expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
VAT	14 627	14 627	26 808	26 808	26 808	26 808	26 808	26 808	26 808	26 808	26 808	26 808	285 148
Interests	541	497	453	409	364	319	274	229	184	138	92	46	3 546
Taxes	0	0	0	0	0	0	0	0	0	0	0	0	107 510
Cash Flow	15 669	15 669	60 197	60 197	60 197	60 197	60 197	60 197	60 197	60 197	60 197	60 197	481 271
Initial Cash	1 379 774	1 395 443	1 411 113	1 426 782	1 442 451	1 458 120	1 473 789	1 489 458	1 505 127	1 520 796	1 536 465	1 552 134	1 379 774
Final cash	1 395 443	1 411 113	1 426 782	1 442 451	1 458 120	1 473 789	1 489 458	1 505 127	1 520 796	1 536 465	1 552 134	1 567 803	1 861 045
2 024												2 024	
Optimistic scenario, [CZK]	January	February	March	April	May	June	July	August	September	October	November	December	Total:
Earnings	229 589	229 589	420 913	420 913	420 913	420 913	420 913	420 913	420 913	420 913	420 913	420 913	4 476 983
Direct material cost	82 471	82 471	151 197	151 197	151 197	151 197	151 197	151 197	151 197	151 197	151 197	151 197	1 608 188
Packaging	1 956	1 956	3 587	3 587	3 587	3 587	3 587	3 587	3 587	3 587	3 587	3 587	38 150
Transport costs	6 233	6 233	11 472	11 472	11 472	11 472	11 472	11 472	11 472	11 472	11 472	11 472	121 947
Fixed costs	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	286 800
Salary and Insurance	50 920	50 920	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	960 780
Cost of initial services	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost of initial assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan	9 079	9 123	9 167	9 211	9 256	9 301	9 346	9 391	9 436	9 482	9 528	9 574	111 894
Additional expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
VAT	17 768	17 768	32 567	32 567	32 567	32 567	32 567	32 567	32 567	32 567	32 567	32 567	346 405
Interests	541	497	453	409	364	319	274	229	184	138	92	46	3 546
Taxes	0	0	0	0	0	0	0	0	0	0	0	0	185 503
Cash Flow	36 720	36 720	98 790	98 790	98 790	98 790	98 790	98 790	98 790	98 790	98 790	98 790	813 769
Initial Cash	2 505 021	2 541 741	2 578 461	2 615 181	2 651 901	2 688 621	2 725 341	2 762 061	2 798 781	2 835 501	2 872 221	2 908 941	2 505 021
Final cash	2 541 741	2 578 461	2 615 181	2 651 901	2 688 621	2 725 341	2 762 061	2 798 781	2 835 501	2 872 221	2 908 941	2 945 661	3 318 790
2 024												2 024	
Pessimistic scenario, [CZK]	January	February	March	April	May	June	July	August	September	October	November	December	Total:
Earnings	153 059	153 059	280 609	280 609	280 609	280 609	280 609	280 609	280 609	280 609	280 609	280 609	2 984 655
Direct material cost	54 981	54 981	100 798	100 798	100 798	100 798	100 798	100 798	100 798	100 798	100 798	100 798	1 072 126
Packaging	1 302	1 302	2 386	2 386	2 386	2 386	2 386	2 386	2 386	2 386	2 386	2 386	25 382
Transport costs	6 233	6 233	10 926	10 926	10 926	10 926	10 926	10 926	10 926	10 926	10 926	10 926	117 030
Fixed costs	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	23 900	286 800
Salary and Insurance	50 920	50 920	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	89 780	960 780
Cost of initial services	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost of initial assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan	9 079	9 123	9 167	9 211	9 256	9 301	9 346	9 391	9 436	9 482	9 528	9 574	111 894
Additional expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
VAT	11 485	11 485	21 048	21 048	21 048	21 048	21 048	21 048	21 048	21 048	21 048	21 048	223 891
Interests	541	497	453	409	364	319	274	229	184	138	92	46	3 546
Taxes	0	0	0	0	0	0	0	0	0	0	0	0	29 516
Cash Flow	-5 381	-5 381	22 150	22 150	22 150	22 150	22 150	22 150	22 150	22 150	22 150	22 150	153 690
Initial Cash	207 908	202 526	197 145	219 295	241 445	263 595	285 745	307 895	330 045	352 195	374 345	396 495	207 908
Final cash	202 526	197 145	219 295	241 445	263 595	285 745	307 895	330 045	352 195	374 345	396 495	361 598	361 598

Evidence výpůjček

Prohlášení:

Dávám svolení k půjčování této diplomové práce. Uživatel potvrzuje svým podpisem, že bude tuto práci řádně citovat v seznamu použité literatury.

Jméno a příjmení: Vaše jméno ...

V Praze dne:

Podpis:

Jméno	Oddělení/ Pracoviště	Datum	Podpis