

European Polytechnic Institute Ltd., Kunovice

Field of study: Finance and Taxes

Floatation of Coffee Bar FIONA project

(Bachelor Thesis)

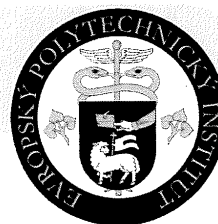
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2. Teorie založení nově vzniklého podniku
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
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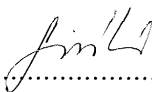
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I confirm that I am the sole author of this work under the supervision of Ing. Lydia Doležalová, DiS. and have stated in the bibliography all the literary and specialist sources that I have used.

Kunovice, April 2008

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Kunovice, April 2008

Naděžda Sivíková

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Introduction

I have worked in the Labour Office in Zlín almost since its foundation. It will be 18 years in December of this year. I often meet people – applicants for jobs who have lost their jobs and are recorded in the Labour Office. They do not want to resign themselves to this situation, therefore they decide, after unsuccessful attempts, to find a job starting a business in various areas of human activity. Not every business plan has a chance of success. The objective of my bachelor's thesis is to prepare a project for the establishment of a coffee bar which could possibly be implemented by a job applicant.

Entrepreneurs starting out in the Czech Republic are not looked at as a group, which deserves special attention and it isn't even the case concerning persons going into business for themselves as a solution to their own situation, a decision, whether or not to remain on the roster of the "unemployed." Even though it does not concern all cases, in many instances companies are incorporated by people who are so desperate, who have now been registered with the unemployment office for several months or are for some reasons so disadvantaged for any hope of a job that they have practically no other choice than try what entrepreneurship entails. If a job applicant considers going into business on his / her own, the employment offices have tools available to them for new business support in the beginning stages.

Employment offices, acting as tools for the state administration are the de facto implementers of state employment policy. This includes among others the implementation of active employment policy. This is in fact a summary of provisions aimed at a maximum possible employment levels. Among the tools of active employment policy, aimed at starting entrepreneurs are among others, a purposeful job with a bridge funding contribution. The employment offices implement the active employment policy in accordance with the true condition on the labour market. An active employment policy aims to help specifically those applicants who would be hard pressed to find a suitable employment on the present labour market. It is financed through the country's budget. Employment offices gain financial means to implement active employment policy based on a budget from the Ministry of Labour and Social Affairs of the Czech Republic as relates to the volume of monetary means, set aside in the country's budget for active employment policy and with regards to the actual situation on the labour market in the

given region. The set amount of budget then significantly impacts the extent of possibilities of the employment office in implementing an active employment policy.

Based on a given budget and with consideration of the situation on the labour market, the employment offices then prepare the so-called Active Employment Policy for individual calendar years, which closely specify the implementation conditions of individual tools of the active employment policy. For individual regions, there may be differences in amounts provided and the term for how long they are offered. An application for contributions for a purposeful employment created by the employment applicant for the purpose of independent entrepreneurial activity is submitted to the employment office with adequate time reserve before any entrepreneurial activity begins. The prescribed additions are an integral part of the application. One of these is a Business Plan.

Every person, who decides to go into business, must consider their own characteristics, personal abilities and professionalism and will begin asking a number of questions such as: am I able to go into a business on my own? What conditions must I meet in business I want to be in? What do I have to do before I begin any kind of work? What kind of government offices do I have to visit? What kind of documents do I need? What type of regulations must I observe? How am I going to finance the business? Where is my business going to be located? And I could go on and on listing all the questions...

It is abundantly clear that there is a lot to be taken care of before anyone can embark on the road to independent business and it just may be something that discourages some from the decision to go into a business, because they feel it is too complicated. I realize that knowing and understanding my profession or trade is not enough, that I must devote myself to marketing, advertising and must understand tax and accounting, as well as legal work provisions and know that I have to register "someplace."

It is therefore necessary to think things through, be self-critical in evaluating one's own abilities and prepare conditions, procedures, analyses of pro and con, be prepared for constant changes in the marketplace so that I can attain my goals. Only after evaluating these questions can I really think about going into any kind of business. It is therefore important to familiarize yourself with procedures that enable you to enter the business world and learn and study business. It is advisable to prepare an organized activity in preparation for going into business. Before starting the business itself, one has to have a

plan ahead of time, which will outline the gradual steps, what has to be decided on my own, whom do I consult, where can I get the necessary resources, can I get on my own and what will I have to have others find out for me.

The precondition for the successful start of a business is the preparation of a business plan which analyses all aspects of the planned project and will truly enable me to proceed with the future business. The business plan is a basic document for all entrepreneurs which describes in detail all important aspects of the business related to the establishment of a new enterprise. Its main content is the decision whether the planned project can fulfil our ideas. The business plan is the phase of planning because part of the logical and continuous process of our preconditions as a future entrepreneur.

To be able to ascertain my firm potential, I must truly answer the question: what investment I will need for the business, when the business fails, I need to know what are the options in the case that the business fails. I need to ensure that the business plan submitted in the practical part of the thesis is in practice. At the same time, I would like to verify that on the one hand the business will represent a contribution not only for its own sake.

The objective of the bachelor's thesis is the preparation of a business plan for a specifically established enterprise. I want to achieve this by a literature and an analysis of the theoretical initial points. The business plan will contain all important requirements.

plan ahead of time, which will outline the gradual steps, what has to be done, what can I decide on my own, whom do I consult, where can I get the necessary information, what can I get on my own and what will I have to have others find out for me.

The precondition for the successful start of a business is the preparation of a business plan which analyses all aspects of the planned project and will truly show if it make sense to proceed with the future business. The business plan is a basic written document prepared by entrepreneurs which describes in detail all important external and internal factors related to the establishment of a new enterprise. Its main contribution is helping us to decide whether the planned project can fulfil our ideas. The business plan may fail during the phase of planning because part of the logical and continuous planning process checks our preconditions as a future entrepreneur.

To be able to ascertain my firm potential, I must truly answer questions about the initial investment I will need for the business, when the business will start to be profitable and what are the options in the case that the business fails. I need to pay attention particularly to ensure that the business plan submitted in the practical part is realistic and applicable in practice. At the same time, I would like to verify that on the basis of this business plan, this business will represent a contribution not only for its owners.

The objective of the bachelor's thesis is the preparation of the business plan for a specifically established enterprise. I want to achieve it with the help of specialized literature and an analysis of the theoretical initial points for the preparation of the plan. The business plan will contain all important requirements.

1 Theory of the establishment of a newly established enterprise

1.1 Description of the term “business plan”

An enterprise is a system in which there is the creation of profit under certain conditions.

An entrepreneur is a legal subject who operates their activity independently, specifies the subject of business and accepts the business risk.

A business is an independent activity performed for the purpose of creating profit. The business plan represents the concept of the enterprise; at the same time, it enforces the company founders to take decisions regarding issues, objectives, measures and strategy. It is originated either during the foundation of the enterprise, or within an already functioning company as a tool helping to change the assortment or for the expansion of the enterprise.

The business plan is a tool for later comparison of the plan with reality and it should become a management tool.

As a concept of the enterprise, the business plan should primarily contain the following parts:

- objectives and strategy
- business intention
- specification of the market, target groups and competition
- consequent steps for the building of the enterprise
- planning of turnover, the economic result and financing.

The business plan is necessary not only for new entrepreneurs who are seeking the capital necessary for starting their own business, but also for well established companies who are seeking investors for their development.

The business plan is a document by which the financial sector is addressed in the case that the interest of an investor is sought or for taking finances from the bank for the purpose of

the development of the business idea. This is important because it helps to precisely state objectives and to consider barriers and difficulties which will be necessary to overcome.

The form of the business plan depends on the type of business, as well as the purpose for which the business plan is created. With the business plan the company should be presented in the best light and with maximum accuracy.

1.2 Features of the business plan

1.2.1 Characteristics of small and medium businesses

Small and medium enterprises are defined [13] according to the number of employees, economic power (turnover, assets and property) and the rate of independence. The Act defines small and medium sized enterprises, small and very small enterprises as listed in Table 1.

	<i>Number of employees</i>	<i>Balance sheet assets</i>	<i>Net turnover</i>
Small and medium enterprises	up to 250	no more than 980 mil.	max. 1,450 mil
Small enterprise	up to 50	no more than 180 mil.	max. 250 mil.
Very small enterprise	up to 10	no more than 180 mil.	max. 250 mil.

Table 1 – Classification of enterprise according to size

Source: [13]

The European Commission approved the changes in definitions

	<i>Number of employees</i>	<i>Turnover of the total balance up to</i>
Micro-enterprises	10	2 mil EUR
Small enterprises	50	10 mil. EUR
Medium enterprises	250	50 mil EUR (total balance up to 43 mil. EUR)

Table 2 – New definitions of the sizes of EU enterprises valid from 1st January 2005

Source: [13]

Another important criterion which currently defines small and medium enterprises is the so-called criterion for independence. This concerns part of the definition of small and medium enterprises according to the European Commission. Small and medium enterprises are defined as business subjects which:

- a) have more than 250 employees (full time),
- b) have either an annual turnover of up to € 40 mil., or a total balance of € 27 mil.,
- c) fulfil the criterion for independence.

The criterion for independence is fulfilled by enterprises for which 25 % or more capital or decision rights are not owned by one or more subjects which do not fulfil the definition of small and medium enterprises. There are many classifications of enterprises not only according to the size. For the purpose of this work we will use the above-mentioned definition. At present, small and medium size businesses are the subjects of attention mainly due to the fact that their role in the economy is specific mainly due to their flexible reaction to changes, the creation of new working opportunities and the speed of taking business decisions.

On the contrary, the disadvantage is the restricted access to capital and the related restricted funds for promotion and advertising and, last but not least, the restricted possibility of employing experts.

1.2.2 Features of the business plan

In terms of the features of the business plan for the foundation of a small or medium enterprise, it is possible to state that it is not too different from a standard business plan. It is good to direct it to the following aspects which, due to the size of the established enterprise, can represent a key factor. This mainly concerns the possibility to use the support of the state at the beginning of business.

The Czech-Moravian Guarantee and Development Bank, or CMZR Bank. CMZR Bank's long-term goals and primary business are focused on **providing assistance to small and medium-sized enterprises** (SMEs) with the aim to enable them an easier access to financial capital, share their business risk and reduce their project costs through different types of support tools as bank guarantees, preferential loans and financial subsidies.

Besides that, CMZR Bank also participates in the realization of state policy aimed at the support of financing specific projects helping to improve regional technical infrastructure and panel-block apartment houses reconstruction.

CMZR Bank is the only development bank in the Czech Republic with the mission to facilitate the implementation of the Government nation-wide economic strategy as well as the individual regions policy related to economic sectors, which require support of public finance.

Interest free credit under the START program

A person collecting unemployment benefits must meet conditions of a small entrepreneur – employing less than 10 people where his assets or gross income will not exceed CZK equivalent of 2 million EUR. This person must be a beginning entrepreneur at the same time.

An interest free credit for enterprising physical entity or a legal entity with one partner is provided in the amount of up to CZK 0.75 million; for enterprising legal entity with multiple partners or members is provided in the amount of up to CZK 1.5 million. Interest free credit is offered for up to 90% of estimated provable expenses of the project. The repayment period is a maximum 7 years. It is secured by a Bill of Exchange, issued by the

person collecting the unemployment benefits and co-accepted by one physical or legal entity.

The credit may be used only for these approved expenses:

- Acquisition and reconstruction of a long-term property (in case of unemployment benefits recipients in charge of accounting) or tangible real property or land (in case of unemployment benefits recipients in charge of accounting),
- Acquisition of long-term intangible assets,
- Acquisition of reserves, including small tangible asset, if it is not registered by the unemployment benefits recipient as long-term real asset or asset as such,
- Acquisition of small intangible assets, if it is shown as expense / cost by the unemployment benefits recipient.

Advantages:

The credit is interest free. The repayment period is relatively long. Security is via Bill of Exchange only.

Qualifying conditions:

The project must fall within legal economic activity and will take place on the territory of the Czech Republic, with the exception of the capital city of Prague.

Interest free credit is granted as a benefit De minimis.

M-WARRANTY for beginning entrepreneurs under the START program

The recipient must meet conditions of a small entrepreneur – employing less than 10 people and his assets / property or gross income does not exceed the CZK equivalent of 2 million EUR. The person must be a new entrepreneur.

The advantaged guarantee with financial contribution to secured credit (further only a guarantee) is provided to banks, which have an agreement with the ČMZRB about conditions for providing credit on simplified basis.

The guarantee is offered up to 80% of security of the guaranteed bank credit. Guarantees apply to loans of up to CZK 1.5 million with repayment period longer than 3 years. The cost of the guarantee is 0.1% p.a. (it is subsidized in the amount of 3% p.a.).

The warranty comes with financial contribution to the secured credit in the amount of 15% of the drawn guaranteed credit. The financial contribution to the guaranteed credit is paid if the employment benefits recipient delivers, within 2 years from the date the agreement came into full force and effect, a report to the provider about final implementation of the program.

Advantages:

Simple and fast way to get guarantee. The guarantee makes it possible to get the credit even in case of higher risk represented by the applicant. Using the guarantee increases the client's credit worthiness.

Qualifying conditions:

The project must fall within legal economic activity and will take place on the territory of the Czech Republic, with the exception of the capital city of Prague. Advantageous guarantee to the credit guarantee is granted as a benefit De minimis.

Provision of the contribution for a socially purposeful working position

Terms for the provision of the contribution for the creation of SÚPM by an applicant who starts a business.

The applicant must apply for a job; this is the basic condition for the provision of the contribution. This means that the applicant must be recorded in the Labour Office in the records of the applicants for jobs up to the date of starting a business which is stated in the agreement concluded between the Labour Office and the applicant.

The applicant submits at the respective Labour Office, the application for the provision of the contribution for SÚPM established by the applicant for a job for the purpose of the execution of independent earning activity, including the required appendixes.

Individual labour offices may condition the provision of the contribution with further terms – e.g.

- Passing of a re-qualification course for the starting of entrepreneurs.
- Certain length of registration at the Labour Office.
- Involvement of the applicant in a risk group of applicants on the labour market.

It is necessary to take into consideration that for the provision of the contribution within ensuring the active employment policy, there is no legal claim. Therefore, it is not possible to submit an appeal against the decision of the Labour Office or for not providing the contribution.

Level of the contribution for SÚPM

The level of the contribution provided for the applicant for the creation of a socially purposeful working place may differ according to individual labour offices. When specifying the level of the contribution provided, the Labour Office takes into consideration the real level of costs for the business. The Employment Act restricts only the maximum level of the contribution. It differs in individual districts depending on the rate of unemployment.

Submission of the application for contribution

The application for the provision of a contribution for SÚPM established by the applicant for work for the purpose of the execution of independent earning activity is submitted at the Labour Office where the applicant is registered as the job applicant on a special form. The application form is available for the applicant for the provision of the contribution at any Labour Office. The application form is also available on the Internet pages of the Ministry of Labour and Social Affairs (<http://portal.mpsv.cz>).

Costs for the creation of the working place and the possibility for their financing from APZ

The contribution provided by the Labour Office can be used only for costs which are necessary for the commencement of business. When specifying the costs for which the Labour Office provides a contribution, the business plan is taken into consideration which

contains the specification of the costs for the commencement of business. The appendix to the agreement is the list of costs for which the contribution is provided.

It is possible to use the contribution only for costs originated after signing the agreement and for the costs stated in the agreement. It is not possible to use the contribution for the purchase of goods for further sale and for the purchase of consumer material.

1.2.3 Legal forms of business

Due to the fact that each legal form of business has its features (an advantage in one kind of business can be a disadvantage in another business, and vice versa), the entrepreneur must think which legal form of business is the best for them – to select the correct form of business. The selection of the legal form is not irreversible, it is possible to change it later, but it does relate to certain costs and complications which can be prevented just by the selection of the correct legal form. When selecting the legal form, several criteria can be considered. Some of these are specific for the actual type of activities to deal in, the other are more general. Therefore, it is recommended to consider more criteria.

While performing the selection it is necessary to consider:

- the number of founders, whether you want to make business alone or with a partner,
- requirements for the minimum level of the registered capital – some legal forms of business have a legally stated minimum level of registered capital (i.e. the total level of investments – financial and non-financial).
- the manner and the scope of liability for commitments originated from business activity – the liability can be the so-called limited (entrepreneurs are liable only up to the level of unpaid investments) or not limited (they are liable with all their assets).
- administrative demands – the difficulty is the foundation and related expenses,
- authority for management, who will manage the company and who will represent it. This relates to the obligatory establishment of the bodies of the company which is required by law for some forms,

- financial possibilities, in particular the possibility to increase equity and have access to other capital (mainly bank credits),
- rate of legal regulation – requirements for book-keeping, obligation to perform audits, publication obligations (the obligation to publish data from the Financial Statement in the Commercial Register are on the part of subjects registered in the Commercial Register), the obligation to create a reserve fund etc. The highest rate of legal regulation is in the case of joint-stock companies, the lowest is with independent natural persons.

There are also other criteria and their consideration depends on you.

The most common form of conducting business in the Czech Republic is business by natural persons (self-employed). The commencement of the activity in the case of this form is simpler than in the case of a corporate body. It is often used by subjects who do not consider their business as the main source of their income. An entrepreneur (a natural person) mostly executes activities himself/herself (or with a silent partner) and also manages the enterprise himself/herself or may appoint a responsible representative. He/she often performs all the administration. In practice there is also a form of contractual business cooperation of natural persons stipulated by the Civil Code – the association of natural persons.

The form of business and the natural person has its advantages and disadvantages. The main advantages are:

- very low expenses for the foundation of the company
- it is possible to start a business immediately after the announcement (with the exception of a licensed trade requiring special permit),
- independence and freedom during making decisions,
- easy foundation, interruption and termination of activity,
- instead of double-entry book-keeping it is possible to maintain only tax recording (if the entrepreneur is not registered in the Commercial Register or he/she is not obliged to transfer to double-entry book-keeping).
- there is no investment obligation,

- if it is more advantageous, for the calculation of the tax basis it is possible to apply costs in the form of a flat amount of the achieved income.
- the whole profit from the business after taxation belongs to the entrepreneur,
- it is possible to involve a person living in the common household with the entrepreneur as a cooperating person, allocate to this person, in addition to working obligations, part of the income and expenses from the business and to use the possibility of tax saving.

The main disadvantages are:

- high risk resulting from unrestricted liability of the entrepreneur for the obligations of the company (it is possible to restrict the risk by the change of the ratio in the common property of married couple).
- restricted access to bank credits related for example, to the high interest rate,
- high requirements for the professional and economic knowledge of the entrepreneur (the entrepreneur mostly performs all administration concerning business),
- due to the size, the entrepreneur may act in business relations as a small, insignificant partner.

The form of individual business is a trade which is defined by the Trade Licence Act [14] as a permanent activity performed independently, in one's own name and under one's own responsibility for the achievement of profit. Therefore, as a sole trader, a person may act under their own name and be liable with the whole of their property.

Types of trade

- Declared trade
 - handicraft trade
 - regulated trade
 - free trade
- Licensed

Special terms for the origination of trade

Name of trade	Features
FREE	No special requirements for the fulfilment of qualifications are stated.
REGULATED	The entrepreneur must fulfil special terms for the operation of trade, the so-called qualification. The proving of the qualification can be, for example, the proving of a specialization in the specific field or the achievement of a secondary or university level education. It is possible to require experience in the area within the legally required length (for regulated trade, the requirements for qualification are stated for each such trade).
HANDICRAFT TRADE	The entrepreneur must fulfil special terms for the operation of trade, the so-called qualification. The proving of the qualification can be, for example, the proving of a specialization in the specific field or the achievement of a secondary or university level education. It is possible to require experience in the areas within the legally stated length (for the handicraft trade, a general apprenticeship or education in the respective field is required).
LICENSED	The entrepreneur must fulfil special terms for the operation of the trade to achieve the so-called licence authorizing the operation of the trade. An example of the licensed trade can be the operation of a firing range or taxi service. In general, this concerns trade where due to security reasons there is the strictest state supervision over the entrance into the industry.

Trading may be executed by a natural person or a corporate body if the terms stated by law are fulfilled. General terms for the operation of trade by natural persons are:

- achievement of the age of 18 years
- capability for legal actions
- integrity,
- the fact that the natural person, if making or has made business in the Czech Republic, does not have on his/her account any tax arrears from this business,

- the fact that the natural person, if making or has made business in the Czech Republic does not have any arrears in payments of social insurance or contributions to the state unemployment policy.
- the fact that the natural person, if making or has made business in the Czech Republic, does not have any arrears of public health insurance.

Special terms for the operation of trade are the professional or other capability if this Act or special regulations require such.

The entrepreneur can operate their trade also through an authorized representative. This is a natural person appointed by the entrepreneur who is responsible for the proper operation of the trade while keeping to the trade regulations and is in a contractual relation with the entrepreneur. This representative must participate in the trade operation within the necessary scope. The representative cannot represent more than two entrepreneurs. The representative must fulfil both general and special terms for the operation of the trade.

A natural person who wants to operate a licensed trade is obliged to apply for the issue of the licence to the Trade Licence Office locally competent according to the residence of the natural person in the territory of the Czech Republic. The corporate body which wants to operate a licensed trade is obliged to apply for the issue of the licence to the Trade Licence Office locally competent according to its registered office. Before the decision regarding the licensed trade, the Trade Licence Office ascertains whether the general and special terms for the operation of the trade are fulfilled and whether there is no obstacle for the operation of the trade. If any of the terms is not fulfilled, the Trade Licence Office will reject the application. The Trade Licence Office will decide regarding the application within 60 days from the date of submission of the application.

The Trade Licence Office will issue the Trade Licence for the entrepreneur within 15 days from the date of the decision coming into legal force. The law exactly defines the data which must be indicated in the Trade Licence.

The scope of authority to conduct business is evaluated according to the content of the Trade Licence.

Cancellation of the Trade Licence:

- the entrepreneur does not fulfil the general terms
- if there are obstacles due to bankruptcy and compounding or in the case that the court or another administrative body has issued prohibition of the activity concerning the operation of the trade.
- the entrepreneur breaches in a serious manner, the terms stated in the Trade Licence, the Trade Licence Act or special regulations,
- if the entrepreneur will apply for cancellation.

Expiration of the Trade Licence:

- upon the death of the entrepreneur if the inheritor or the administrator of the inheritance do not continue with the business,
- dissolution of the corporate body
- expiration of the period if the Trade Licence was issued for a certain period,
- cancellation of a foreign person or their subject of business from the Commercial Register
- if special legal regulations state such,
- by the decision of the Trade Licence Office regarding the cancellation of the Trade Licence.

The Trade Register is informative system of the public administration whose administrator is the Trade Licence Office of the Czech Republic and the operators are the municipal trade licence offices and regional trade licence offices, Data registered into the register is stated by this law. The record must be made within five working days from the date of the issue of the Trade Licence or its change or within five days from the date when the Trade Licence Office came to be aware of the change of the datum recorded in the Trade Register.

All these corporate bodies must be registered in the Commercial Register which is a public list in which the subjects are registered on the basis of the law. The Commercial Register is maintained by Commercial Court which is subordinated to the Ministry of Justice. Corporate bodies are originated on the date of registration in the Commercial Register or

any other register stated by law or a special law may stipulate establishment in another manner.

According to the Commercial Code a business company is a corporate body established for the purpose of conducting business unless the Law of European Communities does not stipulate otherwise. These are a limited liability company (s.r.o.), a joint-stock company (a.s.), a partnership (v.o.s.), a limited partnership (k.s.), a European company and a European economic interest association. The last two forms are stipulated by the Law of European Communities and special legal regulations.

A natural person or corporate body may be a member with unlimited liability only in one company. The scope in which partners are liable for the liabilities of the company is stipulated for individual companies. After dissolution of the company, the members are liable for the liabilities of the company as they were during its duration.

The company is established by the Memorandum of Association signed by all the founders. The authenticity of the signatures must be officially confirmed. If the company is established by a sole founder, the Memorandum of Association is replaced by the Deed of Foundation.

The registered capital is the financial expression of the sum of financial and non-financial investments of all members into the registered capital of the company. It must be in units of Czech currency. It is created obligatorily in k.s., s.r.o. and a.s. Its level is registered in the Commercial Register. The investment of the member is the sum of all financial funds or other values which can be valued by the money which a certain person undertakes to invest into the company for the purpose of acquiring or increasing their participation in the company.

The company originates on the date when it was registered in the Commercial Register. The proposal for registration in the commercial register must be submitted within 90 days from the foundation of the company or from the delivery of the trade licence or another licence. If during the foundation of the company there is no indication that it is stated for a certain period, it is valid that it was founded for an unlimited period.

Legal acts concerning the foundation, origination, changes, cancellation or expiration of the company must be in written form with officially verified signatures.

The reserve fund is obligatorily created by a limited-liability company and a joint-stock company from the profit of the ordinary accounting period after taxation. It may be used only to cover the losses of the company, unless stated by law otherwise.

The dissolution of the company is as of the date of its deletion from the Commercial Register. Before deletion there is the cancellation of the company with liquidation or without liquidation (if its assets are transferred to a legal successor). The liquidation is also not required if the company is cancelled due to the last two reasons and it does not have any assets.

The company is cancelled:

- a) by expiration of the period for which it was founded,
- b) by the achievement of the purpose for which it was founded,
- c) as of the date stated in the decision of the members or a body of the company regarding the cancellation of the company, otherwise by the date when such a decision was adopted, there is the cancellation of the company with liquidation,
- d) on the date stated in the decision of the court regarding the cancellation of the company, otherwise by the date when this decision will come in to legal force,
- e) on the date stated in the decision of the members or the body of the company if there is the dissolution of the company due to merger, transfer of assets to a member or due to splitting, otherwise by the day when such a decision was taken.
- f) cancellation of the bankruptcy after the fulfilment of the schedule resolution or cancellation of the bankruptcy for the reason that the assets of the bankruptcy is insufficient for payment of the costs for the bankruptcy proceedings, or
- g) rejection of the proposal for the declaration of bankruptcy due to the insufficiency of assets.

Methods of changes of a company:

- 1) fusion (merger or splitting)
- 2) transfer of assets to a partner

3) division

- a) division with the foundation of new companies,
- b) division and merger,
- c) division by separation with the foundation of new companies,
- d) division by separation and merger, or
- e) combinations of the forms mentioned under letters a) and b), or by the combination of the forms mentioned under letters c) and d),

4) change of the legal form of the company

The company enters liquidation by the date on which it was cancelled. Entrance of the company into liquidation is registered in the Commercial Register.

Legal forms of business for business companies are defined in the Commercial Code [15].

There are four types of companies' s.r.o., a.s., v.o.s., k.s. and cooperative.

- Limited liability company – s.r.o.

Establishment: natural persons or corporate bodies (also one person)

Registered capital: minimally CZK 200,000

Liability by property: the company is liable with all assets; the member is liable up to the level of unpaid investment

Bodies: General Meeting – the highest body, statutory body – Executive or Executives

- Joint stock company – a.s.

Establishment: one founder (only for a corporate body) or more founders

Registered capital: divided into a certain number of shares with a certain nominal value (capital stock at the public offer of shares minimally CZK 20,000,000, capital stock without the public offer of shares, minimally CZK 2,000,000)

Liability by property: whole assets, shareholders are not liable for the commitments of the company

- Public limited company – v.o.s.

Establishment: minimally two persons

Registered capital: not stated

Liability by property: persons are liable by their property (jointly and severally)

Origination: registration in the Commercial Register

- Special partnership – k.s.

Establishment: two or more members

Registered capital: deposits of a limited partner in a minimum amount of CZK 5,000

Liability by property: limited partners are liable up to the level of investment; a general partner is liable with the whole of their property

Bodies: the company is managed by general partners

- Co-operative

Establishment: minimally five natural persons or minimally two corporate bodies

Description: association or unlimited number of persons established for the purpose of business or for ensuring the economic, social or other demands of its members

Liability by property: a cooperative is liable by its property; members are not liable for the commitments of the cooperative.

1.2.4 Criteria for the selection of a legal form of business

Each legal form is subordinated to further legal forms which influence business decisions. The selection of the legal form of business is a decision which acts in the long-term and, therefore, it is necessary to pay close attention to this choice. The legal form is selected according to the following criteria:

- manner and scope of liability
- authority for management
- number of founders
- demands for initial capital
- administrative demand for the foundation of the enterprise and the scope of expenses related to the foundation and operation of the enterprise
- participation in profit
- tax loading.

1.2.5 Legal and tax aspects of the business plan

In terms of the establishment of the enterprise and creation of the business plan, it is necessary to consider various legal and tax aspects. Before taking each important decision it is recommended to contact experts – legal advisors. In terms of legal aspects, it is necessary to consider not only the legal form of business, but also trademarks, licences and copyrights. The entrepreneur must ensure the safety and responsibility for the products. Concerning taxes, it is necessary to consider the rate of taxation in relation to the individual forms of business for the intended enterprise. The level of registered capital and income tax is stated in the following Table 3.

	<i>Registered capital:</i>	<i>Income tax</i>
natural person	not applicable	15 %
s.r.o.	200 000	21 %
a.s.	2 000 000 without public funds offers 20 000 000 with general public offer	21 %
Co-operative	50 000	21 %

Table 3 – Registered capital and level of income tax

Source: [18]

In terms of tax it is necessary to know the possibilities for a decrease in the tax obligation and its combination with the application for legal procedures. For all subjects there is the possibility of the application of a tax discount in the case of employment of a health handicap in the amount of CZK 18,000 or in the case of a heavy health handicap, CZK 60,000.

1.2.6 Requirements of the business plan

In the interest of success of the business plan it is very important that all parts in the general terms are understood, brief, logical and true. The scope of the business plan should not be more than 50 pages and should not deal with details. Investors appreciate a market-oriented business activity and the preparation of a prognosis. The business plan should be credible and real with an open evaluation of the competition which ensures its credibility.

It is not necessary to cover weaknesses and the risks to the project; this could lead to a loss of credibility. It is recommended to prove the ability of the company to pay interest and repayments and to assure the provider of the capital about the fact that in the form of participation they will receive their invested capital back.

In the conclusion of this chapter it is necessary to state that the quality of the business plan is principal and it is necessary to pay appropriate attention to it. It is necessary to consider that after some time, the conditions can change and it is necessary to react to these changes with a revision of the plan. The business plan is considered as a permanently developing document.

1.3 General structure and form of business plan

1.3.1 Description

The description part of the business plan must contain basic data about organisation, its brief development, evaluation of existing situation, planned activities, strategy for the achievement of planned objectives, estimates and evaluation of risks. Important points of the business plan are description of strategies for creation of competitive advantages or data about existing specific advantages, then about existing and future customer segments and supplier sources. The plan also includes information about internal organisation and division of work.

1.3.2 Economic calculations

Economic calculation should contain detailed calculations and numerical data. It is recommended that numeric data is derived from documented parameters is created on the basis of justified estimates completed by comments. Results should be in the form of standard accounting reports which in our case is the Balance Sheet, Profit and Loss Statement and Cash Flow Statement.

1.3.3 Form

The form is important factor of business plan. The scope of the plan should be approximately between 40 and 50 pages and Appendixes with the same number of pages. The elaborated parts are subject of permanent process of changes which requires re-writing. On the first page of the business plan there is some important information. Some of them are the name of organisation and its address, name and telephone number of the contact person. It is recommended to place on the title page logo of organisation.

1.4 Requirements for business plan

The content and requirements of the business plan are not stated in advance and there is no required form. It is mainly stated by the fact that organisations producing it are different, as well as plans. Due to features of the respective organisation and its structure, certain chapters are elaborated in details and the other only partially. Organisations which start their activities by business plan prepare and implement in most cases only one project.

Requirements for the business plan are:

1. Title page and contents
2. Summary
3. Analysis of industry
4. Description of the enterprise
5. Trade plan
6. Marketing plan
7. Organisational plan
8. Evaluation of risks
9. Financial plan

Individual business plans are in some points more concrete and the other need not be indicated at all.

1.4.1 Title page and contents

The title page indicates the basic content and concept which the entrepreneur wants to develop. On the title page the following information should be mentioned:

- name and registered office of the company
- name of the entrepreneur and contact
- brief description of the company and the nature of business
- amount necessary for financing and its structure
- declaration on confidentiality of report is integral part of business plan

The importance of the contents is the matter of course, in most cases it is omitted and the business plan is hard to orientate in it.

1.4.2 Summary

Summary is not introduction of the business plan it is brief extract of the most important issues which is described in the following chapters in detail. It is elaborated after the preparation of the whole business plan and it should assume the reader to consequently read it the whole.

1.4.3 Analysis of industry

Analysis of industries should inform in which competitive environment the entrepreneur will act. It contains basic information about historical results of industry, its prospects, including development trends. It is necessary to add analysis of competitive environment, to include into it all important competitors, including their strengths and weaknesses and possibilities how they could negatively influence possible market successfulness of new enterprise. It is necessary to identify the client. On the basis of segmentation target market for new enterprise should be selected.

1.4.4 Description of the enterprise

The content of this part of the business plan should be detailed description of new enterprise so to have idea about its size and scope of activity. In this relation the key elements are products and services, location and the size of the enterprise, staff and necessary office equipment, background of the entrepreneur and history of the enterprise.

The location of the enterprise can be principal aspect mainly in cases when it concerns retail sale shop or provision of services. During the evaluation of building or premise it is necessary to take into consideration accessibility in term of clients, suppliers and distributors, in particular accessibility, parking places, accessibility of city transport, etc. It is recommended to insert into the plan magnified plan which would display the location in the surrounding, including roads. It is also possible to indicate location of clients, competition or alternative location of new enterprise.

1.4.5 Production (trade) plan

It concerns enterprise of production character where it is necessary that the plant describes the whole production process. In such business plan it would be necessary to include production strategy, production methods and the type of production. It is recommended to mention characteristics of employees in production and demands for their training, including their experiences, number of such persons and qualification preconditions. The indication of production capacities is very important in term of recipient of the business plan.

In the case of retail-sale shop or provision of services, we speak about trade plan. This plan should include information about purchase of goods, inventory system and premises necessary for the storage of goods.

Enterprises providing services these which deal with production of material performances. Some of them are business enterprises dealing with collection and distribution of material assets, enterprises providing bank and insurance services, transport, school, health and other enterprises. This category also includes enterprises providing catering services.

1.4.6 Marketing plan

This plan is in fact, the strategic plan of the enterprise which indicates in which manner the enterprise wants to enforce itself on market compared with the competition. The plan may take in to consideration the different marketing period for the entrance of the enterprise on its establishment on the market and consequently the marketing for the successful functioning of an already established enterprise and the respective market from the long-term viewpoint. The fulfilment of both tasks may use and often uses, different marketing tools. Typically these concern the introduced price policy which is different from the later “standard” prices of enterprise products and services applied after a certain functioning of the enterprise on the market.

Of course, it is not possible to omit the demand for internal sources, financial sources and mainly human resources, i.e. employees who in most cases will influence the quality, efficiency and results of the marketing plan. The marketing plan should not be oriented only to the existing and near future. In general, the success of the marketing enterprise will ensure its own “fresh” character and the creativity of the owners in relation to the permanent monitoring and evaluation of the market. The marketing plan within the business plan in fact explains in which manner the products or services will be distributed, evaluated and promoted.

Marketing plan in the business plan in fact explains in which manner products or services will be distributed, evaluated and promoted. Potential providers of capital often consider marketing plan the most important part of the whole business plan. At the same time, such plan is for entrepreneurs certain guide during short-term decision. The business plan should mainly contain information about marketing environment of the enterprise. Marketing micro-environment consists of two elements, factors which can be easily influenced (marketing mix) and factors which are hardly influences (people, employees). Marketing mix is in fact set of marketing tools using which the firm achieves its marketing objectives.

Marketing macro-environment consists of six groups of factors which influence the firm from outside and directly or indirectly affect all its activities. They are demographic environment, economic environment, natural, technological, political and cultural environment.

Both partial environments of the enterprise can be summarized in the analysis of marketing environment which can be part of so-called SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats).

FACTORS inside and outside	OPPORTUNITIES Opportunities	THREATS Threats
Strengths	Offensive strategy	Light offensive strategy
Strengths	“SO”	“ST”
Weakness	Defensive strategy	Residual (retreat) strategy
Weakness	“WO”	“WT”

1.4.7 Organisational plan

The organisational plan characterizes several important topics and activities which should be cleared in the business plan and which consequently influence the long-term productivity and profitability of the enterprise.

The plan should start by composition of members of the management team, information about their background and tasks which were assigned to them in new enterprise. The management team is key personalities of the organisation. The organisational chart of the enterprise should be simple. It may happen in small enterprises that all organisational functions are executed by the entrepreneur himself.

- The organisational structure of the enterprise defines working classification of members of the organisation, linkage and relations between their functions.
- Methods of planning, measurement and evaluation – in all enterprise activities would reflect objectives and intentions of the enterprise. The entrepreneur must state the manner of the achievement of objectives (plans), statement of the manner of measurement and evaluation of successfulness of these plans.
- Methods of remuneration – remuneration should be in responsibility of the entrepreneur or some of key managers.

- Selection criteria – it is necessary to create set of criteria according to which selection of people for all positions in the enterprise will be performed.
- Training – it is necessary to develop program of education within the enterprise and outside it.

Not understanding of the task of marketing within the organisation structure is often error of entrepreneurs. Marketing is often ignored and all efforts are directed to the production and sale. Entrepreneurs often confuse sale with marketing, however it is not the same. Sale rather relates to demands of the enterprise, whereas marketing is principally oriented to the client and his demands.

The analysis of activities should be derived from tasks or professions without which the enterprise could not function properly. It is necessary to elaborate the list of activities and skills which are necessary for this purpose. The business plan also includes description and specification of activities. The description of activities should contain information about tasks which is necessary to ensure, about their importance and meaning and about the time which is necessary for their solution. At the same time, description of activities should inform the applicants for job what it is expected from them.

Decision about location is principal for the entrepreneur and significantly differs if it concerns location of enterprise providing services or production enterprise. In the case of service, it is necessary to consider issues related to the level of rent, transport load, accessibility by city transport or suburb transport, parking, distance from the competition and the profile of the market environment. It is recommended to ascertain demographic composition of population and the profile in the respective area.

The entrepreneur must take into consideration all positive and negative issues related to legal form in which the enterprise can be established. It is necessary to take decision before starting to produce business plan and before he asks for risk capital.

1.4.8 Evaluation of risks

Each new enterprise meets certain possible risks which are occurred in the respective industrial competitive environment. It is necessary for the entrepreneur to know risks and prepare suitable strategy for managing. Risk may result, for example, from reaction of

competitors or from insufficient marketing. Technological progress may be another risk. If there is no any risk for enterprise, it is necessary to explain it why it is so. The entrepreneur should have some alternative plan, i.e. some kind of alternative strategies which can be used in the case that some risks are occurred.

1.4.9 Financial plan

The basic objective of the financial planning is to show the development of financial situation of the organisation if it achieves all planned objectives. The financial plan states volumes of investments which the new enterprise needs and shows how the business plan is economically real as a whole. The content of financial plan is not stated in advance, but in general, it is possible to divide it into three basic parts:

1. estimate of profit and loss statement
2. estimate of cash flow
3. planned Balance Sheet

The financial plan is elaborated approximately for period of about 5 years.

Sales are the main source of income and the other operating activities and costs are related to them. It concerns an item which must be defines as the first. During the estimate of Profit and loss statement, first of all, it is necessary to calculate sales in particular months. The estimate also includes all operating costs in each month of the first year. In addition, the plan should include estimate of profit and loss in the second and third year. The percentage of sales is calculate for the first year and serves as aid during the estimate of costs in the second and the third year.

The estimate and planning of cash flow represents an integral part of the business plan. The plan of cash flow is the summary of all future incomes and costs of the firm. The enterprise is solvent only in the case that the sum of initial financial assets and incomes is higher than all expenses.

The estimate of the Balance Sheet shows the status of the enterprise by the end of the first year, summarizes its assets and liabilities. Each trade transaction influences the Balance

sheet but with respect to the time, costs and business demand, such report is prepared periodically, in most cases quarterly or annually. The Balance Sheet provides an image of the enterprise in certain time period. The Balance Sheet consists of analysis of property (assets and liabilities) of the organisation.

2 Practical part

2.1 Description of coffee bar

Decision about establishment of coffee bar is a result of ascertainment that in spa town Luhačovice there are many hotels, restaurants, confectioneries, but less similar facilities. During season period or on Saturdays it is very difficult to find quiet place where you can drink excellent coffee and to eat some sweet. The founders of the coffee bar will be Nad'a Sivíková and Andrea Sivíková. The coffee bar will provide for visitors not only high-quality coffee, but also possibility to read daily newspapers and to drink high-quality espresso in a quiet and pleasant place. Internet connection will be available in the coffee bar.

The enterprise will be small and will employ in the beginning two persons. The opening hours will be proposed in such a manner that both persons can perform this activity. The coffee bar will be located on the ground floor of the poly-functional building and in last three years several such buildings were constructed in Luhačovice. It is possible to suppose that just owners of flats in these buildings welcome possibility to have their cup of coffee in almost home environment. As I mentioned Luhačovice is spa town and the number of inhabitants in the season period is increased several times. People visit this time not only for treatment, but also for vacation or business strip.

The interior is very important for operation of the coffee bar. The necessary condition for the client to return to the coffee bar is pleasant environment, as well as the quality of provided service. The role of the staff is very important here because it is in direct contact with clients and will provide data mainly about future wishes of clients on which we will try to react.

The main objective of the enterprise is creation of profit which will be used exclusively for further investments and innovation of the enterprise. The objective of the coffee bar FIONA is to achieve firm position on the market and winning of maximum possible permanent and satisfied clients

2.2 Analysis

Region

The town Luhačovice is located in the south-east part of the Czech Republic, in Zlín region. It is surrounded by hills which are part of Vizovice highland and Bílé Karpaty.

Horní Olšava River passes through Luhačovice valley. In 1928 on its flow, about two kilometres from the centre of the spa, valley dam was constructed. Each hour 15 thousands litres of mineral water flows on the surface which contains high volume of dissolved mineral elements, in particular, sodium, calcium, magnesium, iodine, etc. The temperature of water varies between 10 to 12 °C. The most known springs which is the place of walking of many tourists and obligatory stop for spa visitors are *Vincentka*, *Aloiska*, *Ottovka*, *Spring of Dr. Šťastný* and *St. Joseph*.

The number of inhabitants of Luhačovice is almost 6,000.

Market

The overall market in our case is provision of café bar services. Within the market analysis, using the segmentation, it is recommended to define target market. In our case it concerns provision of coffee bar services. It is very difficult to search definition of coffee bar; we will use our ideas and tradition. Sitting with coffee is offered by many enterprises in the near surrounding; either it concerns sweet shops or restaurants. For the future success of the enterprise the high quality and perfect service will be necessary.

Clients

Some of possible clients will be residents of surrounding houses, employees of near city office, but mainly guests and tourists. Sufficient accommodation capacity in the town with possibility of series various rehabilitation trainings, massages and baths are used by educational institutions, enterprises and other organisations for organisation of trainings, seminars and conferences which invites more clients into the town.

Despite this fact we want to direct to local clients. We want to offer various cultural events, like exhibitions, authors' readings, meeting interesting people and lectures with various topics. We want to offer for permanent clients some benefits, which will be interesting. It

[illegible]

last but not least, brand wine.

Competition

In Luhačovice there are many restaurants, bars, style pubs and coffee bars. They are 6. The sweet shop and coffee bar Myslivna in Lázeňském náměstí is rather confectionery than coffee bar. The price level is not high and by its orientation is rather day bar. By its equipment it does not look like coffee bar. The theatre coffee bar and the coffee bar in the hotel Litovel look like restaurants, similarly like Coffee bar Dům B. Smetany or coffee bar U Sedlářů. The close competitor is Mozart coffee bar located in the near distance which started its operation this year. Pleasant environment provides visitors with sufficient comfort, but the quality is not at such level as we want to have.

Despite the fact that in the surrounding there are several facilities offering similar services, it is not possible to characterize them as direct competition. By their orientation it rather concerns confectioneries, day bars or traditional restaurants.

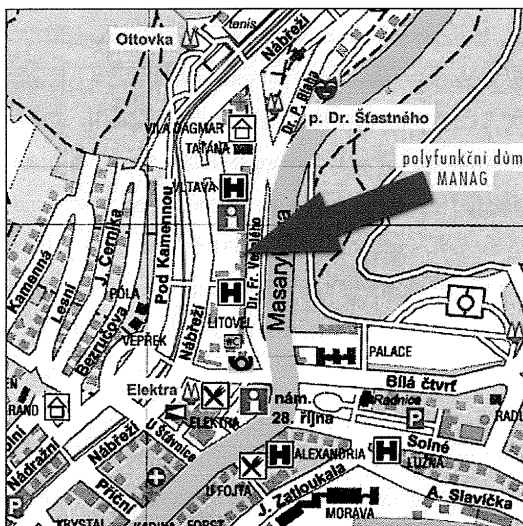


Image 1 - Map Surroundings Company

Source: [19]



Image 2 - Interior coffee bar (proposal)

Source: personal

2.3 Trade plan

As the area for business we selected the room in the poly-functional house in the street Dr. Fr. Vesely. We want to lease these premises for minimum period of 5 years from the owner of the building. The rent will be CZK 10,000 per month. The premise is accessible from the street which is part of zone for pedestrians. To ensure the operation of the coffee bar it will be necessary to spend funds for purchase of inside equipment, like tables and chairs with the respective design, area for service – bar, cooling box, large volume refrigerator and high-quality coffee machine. The inside equipment includes decoration of walls with the connection to the Internet and other items, like dishes, knives, forks and spoons.

In term of delivery the situation is not complicated. In the near Zlín there is wholesale shop with food which delivers goods up to the operating unit. Goods of principal character will be delivered directly by selected suppliers. Delivery of fresh sandwiches and sweet products will be ensured by local delicatessen shop and bakery.

In term of sales the coffee bar will fully depend on the number of clients who visit the bar. It is very difficult to estimate their number. More clients will be in the case of single event organised in the premise of the coffee bar. They can be private or public events in the form of exhibitions, lectures, cultural and social events, discussion about certain topics. We want to offer regular tasting of domestic and foreign wine, cheese or competition of young barmen for the best drink. We suppose to organize smaller fashion exhibitions, meeting with fashion designers and other interesting events with orientation to women.

2.4 Organisational plan

The founders are important persons in the intended enterprises. We decided to establish limited liability company Kavárna FIONA. Its founder and at the same time the only members will be:

- Nad'a Sivíková – 50 % and
- Andrea Sivíková – 50 %.

Both members will be Executives of the company and they will participate in the management of the company without demand for remuneration. Their remuneration will be ratio in the profit of the company. During the first 5 years the profit will be exclusively used for further investments into the enterprise for the purpose of the improvement of environment or improvement of services.

The most important persons in relation to clients will be employees, i.e. servicing staff. We consider employing two employees who will mutually alter in the initial phase. Within their duties they should manage either servicing, as well as the operation of the coffee bar during the day. The advantage will be skilled in the area of waiter – waitress. Employees will pass social training to operate coffee machine and technical preparation and servicing coffee and tea. High attention will be paid about the quality of servicing in relation to serving and the quality of coffee. The supposed salary will be CZK 15,000. The requirement will be high standard and the quality during servicing, ensuring of the operation, including ordering and ensuring deliveries of goods.

The expected opening hours of the coffee bar will be:

Monday – Sunday: 10 a.m. – 6 p.m.

The opening hours can be consequently changed according to the experience with operation and on the basis of ascertained time with the highest interest of clients. In the case of organisation of cultural or social event, the opening hours will be agreed on the basis of demands of the client or the event.

During the first days our clients will be mainly employees of surrounding enterprises, students. During weekend, visitors of the town and mainly spa visitors. The coffee bar wants to be the place with permanent clients.

2.5 Marketing plan

2.5.1 SWOT analysis

We mention SWOT analysis as the summary of macro and micro environment of the enterprise. It concerns specification of strengths and weaknesses in term of micro environment and opportunities and threats of the established enterprise in term of macro environment.

Analysis of strengths

- position of the coffee bar in the centre of the town in the zone for pedestrians where high number of people are present
- quality of offered drinks
- modern environment
- fast servicing and other services
- image of the enterprise

Analysis of weaknesses

- the enterprise is not known for clients
- higher process of offered goods and services
- higher price of equipment
- insufficiency in qualification of persons, responsibility
- opening hours
- nonsmoking environment

Analysis of opportunities

- clients have more interest in wider assortment and the quality of offered services
- growth of incomes of inhabitants
- possibility of presentation of the firm of mass media
- access to the internet

Analysis of threats

- strong domestic competition
- more strict EU standards in food industry
- price increase of raw materials.

2.5.2 Assortment

Coffee bar FIONA will offer for its client's mainly hot and cold beverage and toasts, French stick loaf, rolls and desserts. Hot meals will not be offered. In particular, it will concern coffee, tea, chocolate and other hot beverages. Concerning soft drinks it will be lemonades, water and mixed or energy drinks. Concerning alcohol, beer will be offered from domestic and foreign production. Concerning wine the offer will include Czech and Moravian wines, as well as Italian, Spanish and French wines.

The other alcoholic beverages will be offered according to the season, but in basic offer there will always be high-quality vodka, Irish and Scotch whisky, bourbon, brandy, Metaxa, fruit distillates. Then Becherovka, Fernet stock, Griotka, Jagermeister, etc. Baguettes will be offered – several types, cold toasts, rolls, appetizers and sweet cakes.

There will also be high-quality cheese which will be served together with wine. On request of clients fresh roasted almonds will be served.

In the permanent assortment there will be several kinds of coffee within the price range of CZK 25 to 30, e.g. espresso, piccolo, cappuccino, double espresso, etc. Coffee will be prepared on high-quality brand coffee machine exactly according to rules and properly trained servicing. Glass of non-sparking water will be served together with coffee and necessary sweet (chocolate, biscuit).

Coffee:

Espresso piccolo	CZK 25
Espresso without caffeine	CZK 20
Cafe Latte Macchiato	CZK 30
Capuccino	CZK 30
Turkish coffee	CZK 15
Viennese coffee	CZK 22
Algerien coffee	CZK 25
Irish coffee	CZK 30
Hot chocolate	CZK 30

For tea lovers there will be black tea (Darjeeling, English breakfast), green tea and fruit tea. The price is CZK 25. Honey and various kinds of sugar will be served together with tea. Tea will be served with empty cup and small can with hot water. Each bag will be packed individually.

Tea:

Black Darjeeling Godl	CZK 20
Earl Gray	CZK 20
Classic	CZK 20
Green tea	CZK 20
Fruit tea	CZK 20
Mint tea	CZK 25

Herb tea	CZK 25
Jasmine tea Classic	CZK 25

The most popular soft drinks are Coca – Cola, Sprite, Fanta, Kinley Tonic, and Cappy – orange, peach, multivitamin, pear, apple, and black currant. The price of these offered products will be CZK 25. The offer will be completed by small package of water Bon Aqua – sparkling, light sparkling and non-sparking at the price of CZK 20. Soft drinks will be served in bottles with the volume of 0.2 or 0.33 litres.

Soft drinks:

Bonaqua sparkling	CZK 15
Bonaqua no sparkling	CZK 15
Bonaqua gently sparkling	CZK 15
Cappy cherry-wood	CZK 25
Cappy peach	CZK 25
Cappy pineapple	CZK 25
Cappy strawberry	CZK 25
Tonik classic	CZK 25
Tonik grapefruit	CZK 25
Tonik lemon	CZK 25
Tonik ginger	CZK 25
Nestea lemon	CZK 20
Nestea peach	CZK 20
Nestea green	CZK 20
Coca – cola	CZK 25
Fanta	CZK 25
Sprite	CZK 25

The price of alcoholic drinks will vary from CZK 25 (beer 0, 5 l), wine about CZK 40 (0.2 l), wine in bottle CZK 170. Alcoholic drinks – distillates will be served in the respective glasses and their prices will be stated according to individual kinds and branches.

The offer of cold meal will depend in period and offer of local bakeries and confectioneries. Dressed baguette will cost CZK 35, rolls from CZK 15 to CZK 25; toast

CZK 30, cake within the range CZK 10 – CZK 20. Only fresh food from local suppliers will be served.

Of course, the mentioned list is not complete. It only serves for better orientation in the product and price levels of Fiona coffee bar. The firm wants to direct to high-quality products and services and the price is derived from this fact.

Alcoholic drinks:

Grog	CZK 30
Welded wine red	CZK 30

Beer

Pilsner Urquell 12 °	0,5 l	CZK 25
Pilsner Urquell 12 °	0,3 l	CZK 18
Non alcoholic beer Radegast	0,3 l	CZK 20
Wine	0,2 l	CZK 20

Meals

Sweet	CZK 15 – 20
Toast	CZK 35
Sandwich	CZK 15 – 20
Chips Bohemia	CZK 25
Caseous dish	CZK 50

2.5.3 Price

Prices of most offered products are mentioned in the previous chapter. When stating process we used the analysis of the prices of competitors and offer of individual possible suppliers. The higher price is derived mainly from unique orientation to the quality and people are ready to pay for such quality.

2.5.4 Distribution

Goods will be delivered in to the coffee bar by local a supplier who offers their goods together with transport. The price corresponds to costs related to the transport of the transport is free of charge in the case that the order is perform at certain amount. The other suppliers have their own routes in individual days in a week when products are delivered free of charge. All services and goods will be offered for clients exclusively only in premises of the coffee bar. The expected number of seats will be 26. It will be possible to book the place through the telephone and in the future through the Internet.

2.5.5 Promotion

The promotion of comprehensive process called marketing communication. It is important that it must be performed in both directions, from us to the client and from the client to us. We consider in our plans to perform single promotion event in the nearest period after the opening the coffee bar. It will concern advertisement of mass media – local newspaper, spot in radio broadcasting. Both events will be directed mainly to local inhabitants with the aim to create knowledge about our coffee bar.

Today, presentation of the firm on the Internet is the matter of course. When creating Internet pages it is necessary to take care of easy orientation. Pages should contain important contact information- They will be gradually completed with information about coffee, wine, planned events and information from region. In the future we want to enable our clients to book their place through the booking system. On the basis of electronic book of wishes we will react on wishes of clients and to expand our assortment according to their interest.

We want to establish close cooperation with the operator of Internet portal and to place advertisement with the reference to our own Internet pages. We will support visiting of the coffee bar mainly on the part of tourists and spa visitors.

Our objective is to build from the coffee bar the space which offers only high-quality products and services. The best form of cooperation is good reputation which we want to build from the first moment.

2.6 Financial plan

2.6.1 Costs

Entering

Capital expenditure is mostly by a single application expended on costs that are in project in the long term fixed investment. Awards arrangement, that are part of tables are orientation. Especially in one's own line interior coffee bars.

Supposed seating capacity wills 26. Of course will possibility reserve place on the telephone and in future also over internet.

<i>Sum</i>	<i>Numer</i>	<i>Total price (net of VAT)</i> <i>CZK</i>
Coffee machine	1	85 000
PC	1	35 000
Coolroom	1	40 000
Freezing box	1	15 000
Cash desk	1	13 000
Chair (CZK 1 800)	26	46 800
Table (CZK 5 700)	10	57 000
Night – club bar	1	36 000
Plate, set		45 000
Decoration interior		35 000
Other		50 000
Washer		20 000
QUITE		477 800

Table 4 – Input costs

Source: personal

General input costs does CZK 477 800. These costs constitute amount to which is necessary for reservation opening coffee bars. Bis entries other include definite reserve, in case that, when will necessary bis - buy bis coffee bars equipment. Before himself opening

coffee bars it is necessary purchase goods and here we are counted with amount CZK 30 000.

Labour costs

In coffee lounge will work two staff, whose gross wage will do CZK 15 000. Labour costs then will do CZK 30 000 and to those amount is necessary score up levy on social and health insurance in general height 35 %, whence followsthat the general height wage load of does CZK 40 500.

Spending on hire

Hire does monthly CZK 10 000. This amount is not much high, withdraw from- if in consideration that the acts about premises in new – built house.

Marketing costs

Parts of load of firm are also ad expenditures. Their survey and height features following tables.

	<i>I./2009</i>	<i>II./2009</i>	<i>III./2009</i>	<i>IV./2009</i>	<i>2010</i>	<i>2011</i>
Zlínský deník	5 000	5 000	5 000	5 000		
www prezentation		15 000				
www.zlin.cz	2 000	2 000	2 000	2 000	8 000	8 000
QUITE	7 000	22 000	7 000	7 000	8 000	8 000

Table 5 – Marketing costs

Source: personal

2.6.2 Financing

After careful contemplated of all possibility we're arbitrated for Limited Liability Company. Capital stock is totalled deposits companieswhich does CZK 350 000, that's on the whole CZK 700 000. This amount basic capital will cast over completely input costs.

Active capital		Debts	
Long-term possession	0	Basic capital	700 000
Bank account	600 000	Strong resources	0
Cash – desk	100 000		
Active capital	700 000	Debts on the whole	700 000

Table 6 – Discretion

Source: personal

2.6.3 Profit and loss statement

So that could put together return gains and wastes it is necessary set out implied trust incomes. Suppose that the biggest visit rate will in summer. On the contrary in first quarter year we're set out paucity consumers namely also on that account that the acts about initial period and in addition except main season. In the second quarter is judgment sanguine, because acts about spring months and it are possible count young tourist stir. In winter on the contrary number consumers will go down.

Supposed average value purchase was set out on CZK 50. Acts about payment consumer behind one coffee (CZK 25) and fruit drink (CZK 25). A moon receipt is then set out set in a way:

Number consumers per day x average price Purchas x number day

	1.čtvrtletí 2009	2.čtvrtletí 2009	3.čtvrtletí 2009	4.čtvrtletí 2009
Consumers	25	65	150	50
Incomes	112 500	292 500	675 000	225 000

Table 7– Supposed number consumers

Source: personal

	I./2009	II./2009	III./2009	IV./2009
Incomes	112 500	292 500	675 000	225 000
Spending on goods	30 000	145 000	260 000	120 000
Expendable property	120 000	0	0	0
Phone	6 000	6 000	6 000	6 000
Energy	6 000	6 000	6 000	6 000
Rent	30 000	30 000	30 000	30 000
Labour costs	121 500	121 500	121 500	121 500
Emblements quite	112 500	292 500	675 000	225 000
Cost quite	313 500	308 500	423 500	283 500
Economic result	-201 100	-16 000	251 500	-58 500

Table 8 – Planned statement profit and damage

Source: personal

	2009	2010	2011
Incomes	1 300 000	1 400 000	1 500 000
Input expenses			
- equipment	600 000		
- purchase goods	600 000	600 000	700 000
- services	211 000	176 000	176 000
- pay - roll	486 000	486 000	486 000
ON THE WHOLE	1 897 000	1 312 000	1 362 000
Cash – flow	-597 000	88 000	138 000
Condition financial means	700 000	103 000	191 000
Final flow financial agents	103 000	191 000	329 000

Table 9 – Planned flow financial agents 2009 - 2011

Source: personal

3 Estimation contribution work

Strategic aim of each of entrepreneurial intention is achievement gain. Achievement hereof strategic purposes necessarily suppose existence favourable conditions for realization entrepreneurial intention. Their part of is also ability impletion partial developing aims. Achievement gain is contingent difference among yields (revenue) and costs. Positive difference these roadsings presents profit on entrepreneurial activities, negative difference would on the contrary meant waste.

Height incomes is substantial gauge swayed position enterpriser in the marketplace. This market position is reflection competitive capacity enterpriser. Competitive capacity enterpriser is last but not least swayed level coming services. Offered service must be attractive, must match the requirements consumer on quality. Enterpriser must continuously keep track of possibility his next development so, to be able to permanent argue his competitive advantage. Must therefore be able to use also specific occasion which him offer. K repair position enterpriser in the marketplace is able to significant in a way contribute by his behaviour in the marketplace, above all his terms consumer, customer and supplier, his access to generation working environment, access to protection life environment and his incidence at point, where performs his entrepreneurial activity - cooperation with local organizations, associations and institutions. Voluntary authority focus appropriate subjects and responsible access to surroundings which company encompass, administer to to good name company thereby also to repair his competitive advantage.

Within a few years will get to expressive growth persons in highers age, whereas seniors will much lustier and will manage highers revenue. Thanks this trend will overgrow demand tourists after quality and comfort. More adept tourists will more and more interlock roads ourselves according to his needs and will lay big emphasis on quality and her relation to price. Will overgrow preference regions which offer wide and various conception. Experience will stimulate tourist to visitors already visited seats, which were satisfied - pleasant personnel, communication in some from world's languages. Will overgrow run on smaller housing periods (family hotel, farm) and hence also after "family atmosphere" hostessy services. More and more will prefer trend turning back to "simple" - local foods and drinks.

Gain will in first five years intended entirely on next investment in company. Last but not least will for us valuable source information communication consumers. Shall respond on their wish and adapt course coffee bars. Suppose next dissemination services namely above all in the area administration catering. Coffee lounge finds in proximity town office, where there are centennial caucus, conference, seminars and get - togethers. Suppose offer reservation treatment in terms of these actions. In the event of initial failure entrepreneurial intention shall also further search possibilities, how in the area administration hostessy activities are a success.

3.1 Rights and obligations of the business subject

For the activity in the area of restaurants, it is necessary to have a trade licence. This announces a trade – professional, the requirement for this trade is also a professional qualification, practice in the field and the capability of working with foodstuffs documented by a valid health card. The subject of business is the preparation of food, including beverages related to the sale with the aim of their consumption in the operating unit in which they are sold.

The professional qualification for the mentioned trade is documented by the certificate of apprenticeship in the respective area, the leaving examination certificate in the respective study field or a diploma for passing a bachelor or magister study program at the respective university and a document regarding having one years experience.

The above-mentioned documents for the professional qualification may be replaced at the respective level of education by a document regarding the completion of education in a similar field and a document regarding practice in the field, a certificate on re-qualification and a document regarding four years of practice in the area or a document regarding passing of a qualification exam before a commission and a document regarding passing of four years of practice in the field.

The law provides a series of opportunities for how to improve professional qualifications. If I want to conduct business and do not have the professional qualification, I have to appoint a responsible representative.

3.2 Layout solution

When establishing the operating unit in the area of a restaurant, it is necessary to consider which services will be provided and in which manner and at what level. The orientation to the service should be the result of a well-thought out business concept based on market surveys and the respective locality. For a high-quality decision it is necessary to have information about the development of the travel industry and the purchasing power of the population. It is necessary to consider the following factors.

- size of the operating unit
- form of sale and provision of services (with servicing, without servicing)
- penetration on the market with new services and new offers
- favourable location.

3.3 Hygiene regulations

I will mention the basic hygiene regulations for the activity in the operating unit. In the operating unit there must not be any excessive production of heat, condensing of vapours and origination of dust. To achieve this, it is necessary to ensure a sufficient exchange of air by natural or forced ventilation or the air must be treated by air conditioning. It is necessary to ensure sufficient natural and artificial lighting. The heating must ensure acceptable temperature conditions. During the operation on the area of restaurants, a high volume of waste originates, in particular, biological which must be stored and economically and purposefully liquidated. The coffee bar should have a cloak-room or space used for the placement of overcoats and according to the Civil Code the coffee bar bears full liability for any items placed in these areas. On the request of consumer, the seller is obliged to issue a document regarding the provision of service.

An activity in the area of restaurants is a service and should offer for clients the respective conditions for their stay and the assortment which will correspond to their requirements and demands for health nutrition and a healthy life style. Employees of the restaurant must have the necessary knowledge and skills for their work and must fulfil the basic requirements for the operation of restaurants. In particular, service employees who are in contact with guests should behave as professional hosts.

Conclusion

Starting of business is not easy. It requires much time and effort, as well as detailed planning and answering many questions. What is my business intention: What is necessary to do before starting business? How to gather the necessary finance?

In my bachelor thesis I wanted to find, at least, the answers of the above mentioned questions. My objective was not to quote legislative requirements, but on the contrary, using a brief and understood form to familiarize the reader with the process of starting business mainly in terms of trade. After reading one will get an overall summary about the steps take the future entrepreneur should not forget to take.

Besides a number of publications concerning compiling a business plan and a number of internet links, where a ton of information can be had, there are a number of advisory bodies in the Zlin region. One of the strongest ones on the entrepreneurial market for business people in the Zlin region is JVM – RPIC, s.r.o.

In October of last year, The Centre for New Entrepreneurs was open under the auspices of JVM – RPIC s.r.o. According to the company statistics, the programs for new entrepreneurs are taken by some 70 persons, of which approximately one half will truly start their own business. The principal activities of the centre are not only instructions and advisory work, aimed at limiting risk and promoting greater certainty of participants but also instructions leading to advisory work in schools. The general aim is to create such conditions in the Zlin region that will support the process for incorporation of new enterprises, which is presently more and more difficult.

The most important role during the preparation of business is played by the entrepreneur. There are many activities and processes between the ideas stage of business and actually starting a business – gathering information, settlement of formalities, elaboration of analyses and, of course, a business plan.

The elaboration of a business plan should be one of the main activities of the entrepreneur before the foundation of the intended company. The business plan then serves for internal and external purposes. It is internal document of the firm which is the basis of the

management of the firm. The external task is based on the fact that the plan becomes the source material of the entrepreneur for discussion with their banker's reprovision of loans for planned investments. The business plan should take into consideration all internal and external factors related to the foundation of the firm. It provides a summary about the future development of the enterprise in term of organisation, personnel and finances. The business plan should also show the entrepreneur whether the business is feasible.

The objective of the bachelor thesis was to prepare a business plan for establishis an enterprise. There are more detailed business plans which are prepared, e.g. by financial experts. The submitted plan is realistic and usable in practice. It will be used only for internal purposes of the enterprise.

I am sure that the business according to the submitted plan will bring results.

Summary

The aim of the thesis "Floatation of Coffee Bar FIONA project" is the elaboration of a bussines plan on establishment of the real small company in an appropriate range. In the theoretical part of this thesis author deals with a structure, the belongings and aspects of the bussines plan in relation to small and medium entrepreneurship. In the practical part you can find bussines plan on establishment of a concrete small bussinec, which will run a coffee-house.

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