

# **Business Plan**

## **K-point Ltd**

### **1 Executive Summary**

K-point Ltd will start operating on 15th May 2008. The enterprise will be registered as a company with limited liability. That means, in case of bankruptcy the company is obliged to pay the debts in the amount of the capital it has owned.

Tanja Preskar, Borut Hollan and Martin Baškovč will be the owners. Each of us will pay a third to establish the company. Tanja Preskar is going to finish secondary school in spring 2008 and is going to start working as a secretary. Borut Hollan and Martin Baškovč are going to finish training course for leading boats on calm waters. They are going to organise tours and provide transportation, entertainment and food for customers.

The main objective of the company is to assure customers excellent services. We will design a variety of them but the most important for us is to be flexible and make customers' wishes come true. We would like to increase the number of customers who keep coming back and to encourage them to recommend our services to their friends.

The Slovenian Adventure Travel Industry has grown at the rate of 15% per year since 2000. The most developed area is along the Soča River. According to our estimation, in our region along the Krka River there is still much room for new enterprises, which will enrich the existing offer. The most outstanding product of our company is a three-day tour with camping or staying in floating apartments along the River Krka.

Net income is expected to increase from 14.700 euros in 2008 to 19.964 euros in 2009.

What distinguishes the K-point Kayak School from others is our resort home at Velike Malence, where we offer you a lot of challenge and excitement and good food, relaxation and good company. It's truly one of the few places you can go both for top-notch kayak instruction and well deserved vacation and enjoy in the beautiful nature.



Nature and its preservation are the most important tasks of our activities. People who will join us on tours have to consider this. Since we plan to organise a school of kayak for pupils we also expect more adults to join us. We plan to increase the awareness of taking care of the environment and to educate our participants how to change some

harmful tourist habits. Our business bases on sustainable development in tourist services.

## **2 Products in services**

### ***Vision and Mission Statement***

K-point Ltd. provides quality adventure services, accommodation on a three-day tour, safe school of kayak for different levels and renting canoe and kayak equipment. We will try to become the leading enterprise in this field along the River Krka

### ***Objectives***

Our main objectives for the first year are:

- to have about 120 kids of primary school and their parents in kayaking school, to attract about 500 local visitors and 1200 foreign;
- to obtain long-term loan of 24.800 € for the new equipment;
- to expand our product and service line so that our kayaking school and tours on Krka are strongly focused on education about nature and animals around Krka. This way we want to combine sport adventure with environmental ideas.
- to expand the target marketing effort.

### ***Ownership***

Tanja Preskar, Borut Hollan and Martin Baškovč will each own 33% of the company shares.

### ***Location and Facilities***

K-point Ltd. is located near the River Krka. The location is situated [on a sunny meadow](#) surrounded by [magnificent trees](#), giving a [relaxing shadow](#) to [visitors](#). [Location is accessible by cars](#) and is situated in the village Velike Malence along the River Krka, in the [municipality](#) of Brežice. Our location is at the end of kayaking adventures on the River Krka. K-point Ltd. offers lodging to its customers in bungalows. Bungalows aren't so big and luxurious so that the customers get the feeling of being in the nature. We have about 3 campgrounds for customers to camp outside in tents. All these facilities are settled along the River Krka. They are owned by locals.

### ***Description of Products and Services***

We will organise a kayaking school and guided tours on the River Krka. We will give a chance to our customers to camp outdoor or in our floating apartments. Some parts of the River Krka will be offered to active sportsmen, because the highest part of Krka is a bit extreme for kayaking. We will organize 3-day trips of kayaking and camping

with our skilled guides. We intend to organise camping on campground spots along the River Krka for one night and for the other two nights we plan camping in floating apartments above the river Krka. These facilities will be rented according to our costumers demand. Guides will be responsible for food and entertainment. We also supply our customers with all the equipment for kayaking and camping. We will provide transportation of the equipment and our customers to the starting point of each trip. A 3-day trip includes also a variety of education about the fauna and flora around the Krka River, possibility of fishing and observing animals in the nature.

### ***Key Features of the Products and Services***

All our services come in pre-package and customizable form to provide as much flexibility to the customer as possible. Combinations of our services are designed so that everyone should enjoy in it.

We offer our customers a package that contains 3-day trip of kayaking on the Krka River and one-night camping on the campground spot and 2-night camping in the floating apartments and education about the nature and animals around the Krka River. This package is meant for tourists who are not local. Our tutors are skilled for that kind of a tour and they know how to provide a variety of



education and entertainment.

Our second package is for locals and it is different since they are familiar with the sport and the river. It contains the whole day of kayaking on the River Krka. The price is charged according to hours of kayaking. However, the transport is additionally charged. They even don't need our tutors if they want to be alone on that tour. They can also have a picnic at the end of the tour on our land. We can prepare everything for the picnic including our equipment but the picnic is charged for additional 15 € per person in low season and 20 € per person in high season.

### ***Production of Products and Services***

Our company possesses a van for transport to the starting point of the tour and for transportation of equipment. The van is for 8 people and for the necessary equipment. If we need an additional van for more people or for more equipment, we can borrow/rent it from our friend that has a similar business. This van can be used for emergency during the tour. For transportation of kayaks we have a trailer. On that trailer, we can transport about 10 kayaks at once. For our packages, customers need to make an arrangement over the phone or over the internet.

Our experienced guides are required to ensure our customers safety and interesting tours. All our guides are proficient in kayaking skills. All the three guides have their licenses for the kayaking school. They are quite knowledgeable about the nature and the animals around the River Krka. They can explain something about local history,

native customs, geography and geology of the region. Our guides can speak English and Italian.

### ***Comparative Advantages in Production***

Our company and our services can be accessed over the local tourist agencies. The wide range of activities allows us to make fuller use of our equipment and facilities to achieve economies of scale.

Some of the local tour operators offer a wide selection of activities and we plan a partnership with them so that they can offer our tours. We want to retain our staff year after year, though they are not our employees but work for us on contracts, which will improve the quality of our services. We have chosen guides who have good personal skills and in-depth knowledge of the area, which can only be developed over the seasons and experiences. Wildlife and birds around the river Krka will attract more customers because of the beauty of the nature.

### ***Future Products and Services***

We plan to build five new floating apartments each year and expend our accommodation facilities. We will organise picnics and other environment preserving events.

## **3 Market research**

To analyse the market for adventure tourism we collected information from various sources. We talked to a number of people who are already involved in similar adventurous things. We also reviewed literature and market research reports covering the adventure travel industry. Sources included: statistics of Kayaking association Slovenia, statistics of spa and health resort Terme Čatež and interviews with members of the kayak club Razlag Čatež and with owners of enterprises.

Size of Slovenian adventure travel industry connected to water has increased for 40 % in the last three years. According to the statistics of the ŠRC Grič the visit of adventure industry has been increased for about 30 – 40 % by foreign tourists and 60 – 70 % by local tourists.

Unfortunately we can't find data about Slovenian water tourism, because the national statistics office does not collect this kind of data, but we are sure the potential of this kind of services is rising also in Slovenia according to the world statistics.

We expect our guests for canoeing will mostly come from Italy and Croatia. A lot of them will come from the spa and health resort Terme Čatež where they are accommodated.

## **Potential customers**

- 1) Primary schools – this group of guests consists of all the children over the age of 7 and all the children who can swim and who love nature, water and sport. Of course we will get their parents' agreement beforehand. All activities depend on parents' agreement. This market segment will present 30 % of all our activities.
- 2) Tourists from the spa and health resort Terme Čatež will be families and individuals interested in experiencing something new. They will represent 30 % of our services. These tourists come mostly from Croatia, Italy, Austria and they expect excellent services.
- 3) Families will take arrangements consisting of more days. We will offer them a possibility of a five-day canoeing on the river Krka and camping in the bungalows on the banks of the river Krka. This segment will represent 30 % of our services.
- 4) For active sportsmen we will prepare a more adrenalin adventure on the upper part of the river Krka, which will represent 10 % of our services. These guests expect more challenging sport activities and prefer rapids. Mostly, they come from the western part of Europe and want to visit our beautiful mountain river Soča.

We have considered that our customers come from big cities, and other urban areas.

We hope that people will find some information about us in different sport magazines and on different competitions which will be sponsored by us.

Our company will offer a range of products like:

- Renting a canoe on the river Krka – the offer includes a descent lasting from one hour to three hours.
- Renting a canoe for three days and sleeping in the floating apartments which give a great view over the river. The tourists will be able to discover all the interesting places along the Krka River by bicycle: they will admire the colourful nature and a variety of animals.
- We will have a school of kayak where our customers could obtain variety of different skills.

The major assets of our offer are canoeing and the floating apartments. Beside these main two elements we will try to offer a variety of products that will satisfy a range of abilities and time frames. The canoeing and kayaking is developing into a definable market segments. Six to seven years ago, this was a very young market but now it has matured and we can notice its further developing. The majority of canoeing clients are between 20–35 years old, with the average age of 28,5 years. There is a great interest for such offer by bigger groups (company tour, company picnic, parties, etc.).

We think that most tourist expect to be “roughing” for at least part of the time. We ensure that tenting or staying in bungalows on our canoe trips will be as comfortable as possible. Extra amenities such as gourmet meals, plenty variations of bungalows and communal tent/areas will provide a feeling of relative luxury.

The quality of the guides is very important. The guide must be technically competent while being knowledgeable, interesting and entertaining at different times. Cooking will also be guide’s responsibility. These factors can contribute to the customer’s decision to purchase. Word of mouth regarding past experiences often results in repeated reservations of our customers or in encouraging family and friends to try our services.

Along with the quality of amenities and service, customers will buy adventure tours based on the quality of wilderness, scenery and wildlife they expect to see. In addition to views of water scenery, wildlife sitting and bird watching are two very important secondary activities within the adventure market.

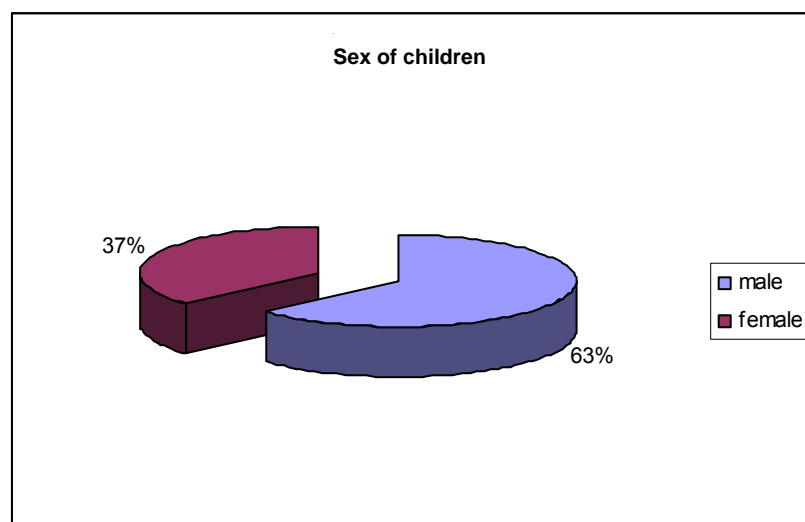
The promise of a sitting of a grey heron or swans is always a selling point. Fishing is also interesting activity, which could increase our sell.

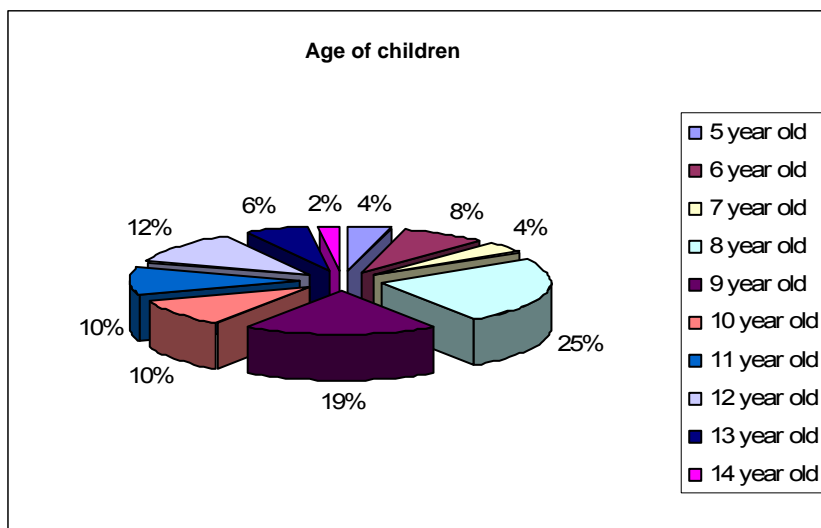
### **Survey about school of kayak**

We have carried out a survey among the pupils’ parents about their willingness to enrol their children in school of kayak. Our research has included 49 participants.

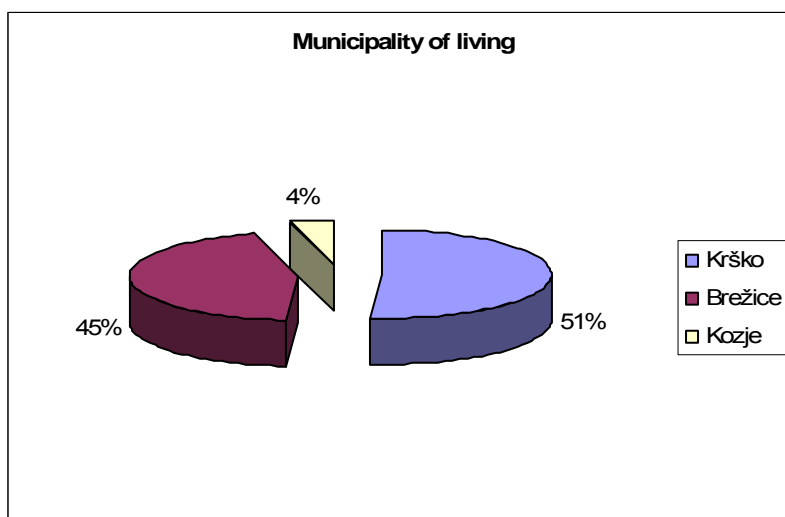
The results of our survey show that our kayak school would be more interesting for boys.

63 % of parents are willing to enrol their male children. The age of children would range between 6 and 13 years, but the majority of them would be between 8 (24,49 %) and 9 years (18,37 %).

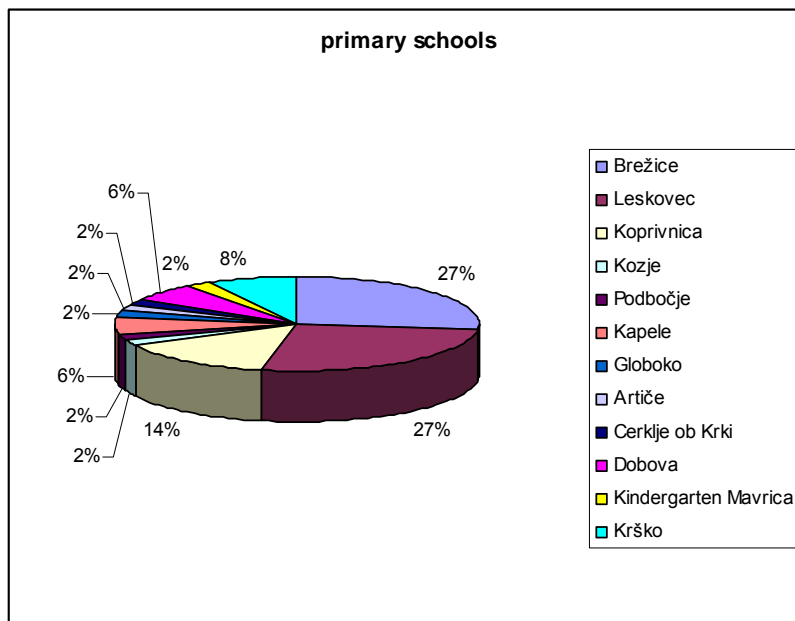




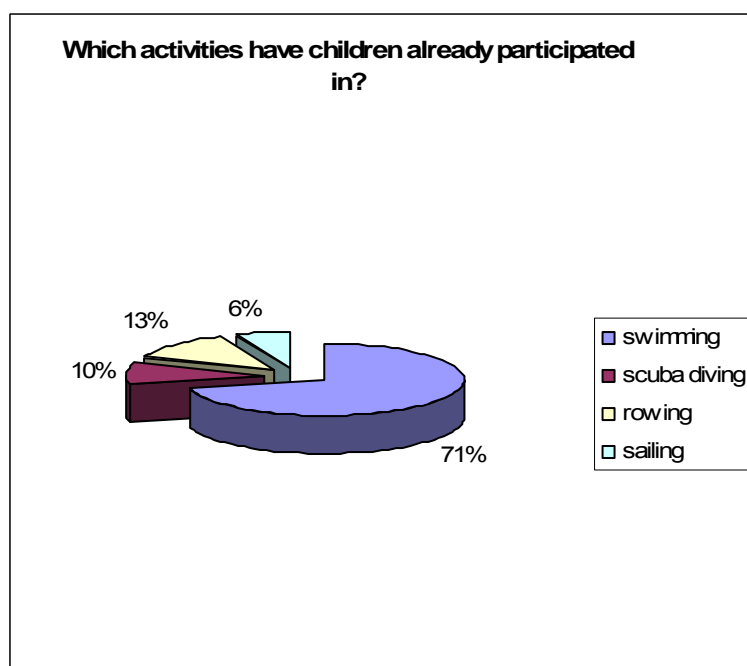
The majority of them will come from the municipality of Krško (51,02 %) and Brežice (44,90 %).



Most of the children will come from primary school Brežice (26,53 %) and primary school Leskovec (26,53 %), other schools, which follow are: Koprivnica (14,29 %), Krško (8,17 %), Kapele (6,12 %), Dobova (6,12 %), Kozje (2,04 %), Podbočje (2,04 %), Globoko(2,04 %), Artiče (2,04 %) and Cerklje ob Krki (2,04 %).

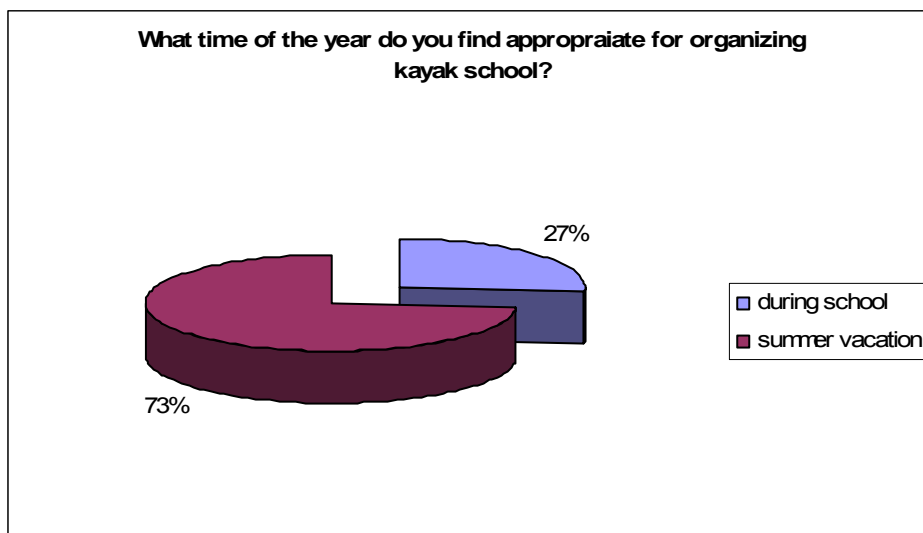


The children have already participated in the following activities: swimming, scuba diving, rowing and sailing, but the most of them participate in swimming (91,84 %).

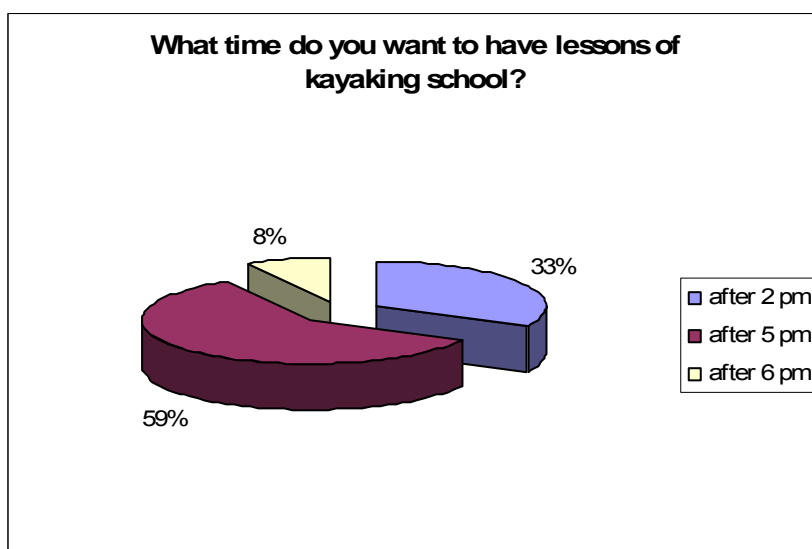


In our survey, we have asked the parents how they are satisfied with the safety of kayaking. They could mark it from 5 (not satisfied) to 1 (very satisfied). The average mark was 2,90. This means parents are worried about safety of this sport. They are not worried about the price. The amount of 40 euro seems to be reasonable. The average mark for price was 1,80. They are more worried about transportation to the river Krka where school of kayaking will take place. The average mark about transportation was 2,10. However, one of the parents thinks that the age of children is not appropriate for this kind of sport.





Most of the parents would like to have activities in the time of summer vacation (73,47 %), after 5 pm (59,18 %) and after 2 pm (32,65 %).



The majority of parents trust us the transport of their children to the certain spot (89,90 %) and many parents would also take part in activities in kayaking school themselves (51,02 %).

## ***Analyses of competitors***

We have recognized five more important competitors.

- Gimpex Straža has rafting trips, which attract a lot of customers from Slovenia and abroad. Their prices are reasonable; they have a lot of sponsors. It is established as a club (that means it is a non-profit organization).
- Kajak rafting Žužemberk – is far from our company. This is an advantage for us because of organization of one-day tours and shorter tours. They don't provide any guides for tours.
- Jamnik – it offers renting a canoe to large groups of visitors and to school for excursions. It also provides a guide, but it doesn't have good advertising.

- CARPE DIEM kayak adventures organises kayak trips and canoe trips down the river Krka. They have a long trip, which starts in Lese and ends in the village Šmihel, but their short trip is from the village Lese to Zagradec. The greatest disadvantage of their offer is high prices for trips and kayak school, which turns into our advantage. But they have some advantages too. The first one is that they have a lot of sponsors and that they are well known in Slovenia.
- ŠRC Grič has kayak trips and since last year also a kayak school. Their prices are acceptable for all.

All our competitors have advantages and disadvantages, but we will compete with them with reasonable prices of our tours, discounts, better quality and variety of offer, safety, with school, extra equipment and a good marketing strategy.

We are also afraid that the Government of Slovenia will regulate this industry in the future. If this occurs, adventure tour operators will have to meet standards set in the legislated code of standards. However, we will try to keep the high standards of conduct and safety in the future.

### ***SWOT analyse***

We have anticipated the following:

- **STRENGTHS:**
  - ~ wide range of our services
  - ~ we will try to meet our customers' needs individually
  - ~ possibility to rent all the equipment
  - ~ guided tours available
  - ~ environmental and cultural education
  - ~ well accessible location
- **WEAKNESSES:**
  - ~ we don't have any experience
  - ~ our name isn't recognisable
- **OPPORTUNITIES:**
  - ~ cooperation with schools
  - ~ cooperation with environmental organizations
  - ~ a bigger number of shorter vacation and prolonged weekend arrangements
  - ~ connecting with remaining bidders
  - ~ connecting with remaining bidders of sustainable tourism
- **TROUBLES:**
  - ~ competition (easy entry of new rivals)
  - ~ weather conditions
  - ~ destruction (flood, theft, equipment problems...)

## **4 The river Krka**

Krka river is one of the most typical streams in Dolenjska region and is the only Slovene river that forms tufa in its riverbed. The valley of Krka river is a unique

symbol of Dolenjska with its inseparable intertwining of natural and cultural heritage. It is emphasized by the disappearing legacy of bygone water-mills, preserved wooden bridges, numerous castles and settlements on its banks. The river is distinguished by natural conservation as it provides refuge for numerous animal and herbal species. Of special importance are karst springs which contain endemic species of subterranean animal life, in addition to that Krka is among richest Slovenian rivers [fish](#) wise. Great diversity is also distinctive of amphibious animals and aquatic bird species. There are many affluxes of Krka in vicinity of Novo mesto. The most dynamic and picturesque of streams are the ones that flow from Gorjanci, especially Klamfer stream that outfalls into Težka voda; on the right bank there is Lešnica, which forms an interesting breakthrough gorge just below Stari grad castle. There are also many smaller streams like Rateški potok, Toplica and Žerjavinski potok which carry great habitual importance due to their state of natural preservation. Local community is aware of significance of Krka river and its preservation and thus it was protected by law in 1969. Tours: pathways along the streams are in abundance and easy to find, Krka is suitable for boating.



### ***Spring and waterfalls of Krka***

The river Krka has very high percentage of carbonate dissolved in water. Although the water drop of river is just 140 meters, there is some tufa jumpers or almost waterfall. The first jumpers are at Žužemberk with height of 5 meters. The next one is at hamlet "Budganja vas" with height of one meter and old mill. The most beautiful waterfalls or cascades are at the Dvor. There are two complex of waterfalls and cascades with height 2 and 5 meters. The altogether length of the Krka River is 111 kilometres.



### ***Access to the river Krka***

To the spring of the Krka river go from Muljava toward "Krška vas". In Krška vas there are sign boards which direct you toward the spring of the Krka River (Izvir Krke). Waterfalls at Žužemberk are very difficult to miss. Just go by road from Žužemberk toward Stranska Vas. The best view is from the bridge over the Krka River. For Budganja vas just go further toward Stranska to Budganja Vas. In Budganja Vas descent toward the river. To the waterfalls at Dvor go on the bridge over the Krka River in Dvor. At the bridge go along the path on the left bank of the river. There is a wooden bridge. The upper waterfalls are above the wooden bridge, the lower ones are below the wooden bridge.

### ***Advantages of the River Krka***

Remarkably, the Krka River is probably the warmest river on the continent in summer. Contrasted with the ice cold rivers of the west of Slovenia, the River Krka is just perfect for beginner paddlers who spend more time in the water as part of the learning cycle.

## **5 Pricing strategy**

Our tour prices are based on our market research and our costs, targeting to cover our costs and salaries.

### ***Prices for renting and guiding***

The prices include all the equipment needed for kayak or canoe trip (kayak or canoe, paddles, waterproof bags, helmet, life jacket, tent, sleeping bag, neoprene trousers, wind jacket) and transport to the start point.

	<i><b>ADULTS</b></i>	<i><b>CHILDREN(12 &gt;)</b></i>	<i><b>GUIDE</b></i>
<b>One-hour tour</b>	9,00	5,00	15,00
<b>Three-hour tour</b>	20,00	10,00	30,00
<b>Five-hour tour</b>	30,00	15,00	40,00

<b>Whole-day tour (10h)</b>	35,00	20,00	70.00
<b>3-day tour**</b>	200,00	150,00	200,00
<b>Family Pack(3h)*</b>	65,00		FREE

*All prices in €*

*\*\* At least 2 adults and 2 children*

*\*\*\* It includes food and camping*

*The whole-day tour includes the minimum of four people.*

The prices above apply for the high season (15<sup>th</sup> June–15<sup>th</sup> August). The prices in the middle season (15<sup>th</sup> May–14<sup>th</sup> June and 16<sup>th</sup> August–15<sup>th</sup> September) include a 10 % discount and the prices in the low season (15<sup>th</sup> April–14<sup>th</sup> May and 16<sup>th</sup> September–15<sup>th</sup> October) include a 30 % discount. Food is extra charged.

One-hour tours start at Bušeča vas. Here you can see a small private spa centre. During our trip you will enjoy seeing wooden bridges, water mills and villages with traditional customs. Flora and fauna will charm you to repeat the trip.

Three-hour tours start at Podbočje. The village is known by storks, which breed their young ones every summer in the nests built on electric poles and chimneys of abandoned houses.

Five-hour tours start at small town Kostanjevica, which is situated on an island. There we can see a monastery. Beautiful hills surrounding Kostanjevica (named by chestnut) are full of vineyards. the authentic Slovenian wine Cviček is produced here. Our guides will tell you more about the history of the town.

One-day tours will start at Otočec castle. It is a Middle Age castle, which is now used in tourist purpose. It is settled on the island surrounded with the river Krka. You will enjoy in fishing and observing beautiful nature. Our guides will tell some legends, jokes and make you cheerful all trip long.

Three-day tours will start at Žužemberk. We will spend the end of the first day in Straža in floating apartments, at the end of the second day we will sleep in tents near the castle Otočec and the last night we will spend in floating apartment in Kostanjevica.

## ***School of kayak***

The Kayaking School includes 6 ×1.5 hours of kayaking with an instructor. We will teach people basic kayaking skills, rolling, good paddling technique and river reading skills, which will develop your independence on the river. We have prepared some offers.

<b>PRICES FOR SCHOOL OF KAYAK</b>		
	<b>ADULTS</b>	<b>CHILDREN</b>
<b>Meet the river</b>	100,00	40,00
<b>Catch the wave</b>	110,00	50,00

<b>Make the move</b>	120,00	60,00
<b>3 RD point</b>	150,00	75,00
<b>West</b>	180,00	90,00

All the prices are for a group of four people. For a smaller group we will make extra offer.

### 1) MEET THE RIVER

#### Intro to White-water Kayaking

In this four-day course you will be immersed [literally] in the river. We'll teach you basic white-water kayaking skills, rolling, good paddling technique and river reading skills, which will develop your independence on the river. If you've never paddled before or are a beginner seeking help, this course will help move you forward. We use pool sessions, video and Zen-like concentration to develop and enhance your skills.



### 2) CATCH THE WAVE

#### Intermediate White-water Kayaking

If you already know that kayaking is life and the rest is detail, this course has some great hints for a long and happy life on the river. We'll set you on course for a 100 % roll and teach you to "power up the blade" for improved boat placement. More advanced river reading and picking the right trip for you are also covered. We aim to see you becoming independent, confident river runners; out there having a blast - surfing the wave.



### 3) MAKE THE MOVE

#### Advanced White-water Kayaking

This course is about making the move consistently, having a bombproof roll, hole-playing in control, and confidently running harder white-water. Take on the key skills that will help you make the move to higher grades.

### 4) 3RD POINT

#### Rodeo Skills, Freestyle Kayaking

Screw ups, barrel rolls, the elusive third point, controlled flat spins - it's all in your head! To get the most from this clinic you need a solid roll [preferably both sides] and the right tool for the job. Plug in [ears and nose] to our instructors' groove as they urge you to the next level of boat control.

## 5) WEST

### Instructional Guiding

Advanced river reading, "boofing" safely and rescue skills are covered as we brush up your skills. This course will help you get the most from the challenge presented by the world class rivers.

## 6 Promotion Strategy

Advertising using brochures and flyers in travel agencies and tourist agencies will be our primary objective.

We will advertise in various magazines targeted specifically to water sports, preferably canoeing and kayaking (Kajak & Kanu).

We will work on including our ads and references into travel guides and ensure accurate updates. In order to be included in these guides we are going to offer familiarization tours.

We also have a website where people can sign up and are always up to date with our special offers. They can find all the offers and prices there, including some photos from the past tours.

The site will be registered on all major search engines and the link will be included in the brochures and ads in the travel guides.

We will perform as sponsors on all kinds of sporting competitions and tournaments and any other sport activities.

### ***Distribution Strategy:***

Customers will be able to book with us through our website, telephone/fax, or email. They could make a reservation by support of tourist agencies and tourist operators.

We will use direct promotion in companies and schools with sending them our brochures, visiting them and presenting our products.

### MANAGEMENT & STAFFING:

### ***Organizational Structure***

***K-POINT*** is co-owned by Martin Baškovč, Tanja Preskar and Borut Hollan. Tanja will work in the office. She is going to accept our customers, issue bills, manage phone calls and she will manage the paperwork; while Baškovč and Hollan will work

on the field as guides, entertainers, cooks. They will take care of the equipment and transport of the customers to the starting point.

### ***Management Team***

For now, none of us has any practical experience, but we will all work very hard to gain them.

Martin and Borut have both been canoeing and kayaking before, so gaining some extra experience won't be a problem. They will visit the kayaking school to get the license for guiding on the calm waters.

Tanja is also working hard with the management issues like booking, organizing trips and tours, organizing special offers...

### ***Staffing***

The club currently requires 2 guides and a manager for the five month season. In Slovenia we have a special form of student work, from which the agent gets a commission if the pay reaches a set amount. All three of us will work in that fashion.

## **7 Risks**

We know that problems and risks will occur, because we are starting out of nothing.

The anticipated risks and problems are that we do not know if we will have enough customers and if we will be able to pay back the loan. If we do not pay back the loan, the bank may close our business and we lose everything. So we have to do our best to attract a lot of customers to operate without problems and to pay back the loan.

But we are aware we won't be able to operate in winter time between November and March due to weather conditions. So we need to have enough customers from the 21<sup>st</sup> March to 28<sup>th</sup> October in order to earn the money also for the dead season in winter. It is necessary to take this into consideration at creating the price list of our offer.

Another problem could appear with new competitors who may have a more interesting offer or more discounts. We need to stay alert and monitor the activities on the market to react promptly by introducing some new offers, discounts and new promotions to keep our buyers.

## **8 Financial plan**

Balance sheet made on the starting day of company operation.

ASSETS	euro	LIABILITIES	euro
<u>Current assets</u>			
Cash	3.078	Obligations to supplier of means	5.000
<b><u>Total</u></b>	3.078	<b><u>Total</u></b>	5.000
<u>Non-current assets</u>		<u>Capital</u>	
Property	/	Founder capital	8.764



Buildings	4.000	Shareholders equity	/
equipment	31. 260	Long-term debt	24.800
License	226	<b><u>Total</u></b>	33.564
<b><u>Total</u></b>	35.486		
<b><u>Total assets</u></b>	38.564	<b><u>Total assets</u></b>	38.564

Current assets contain cash in the amount of 3.078 €. Non-current assets contain property, buildings, equipment, license in the amount of 35.486 €.

Total assets of the company are 38.564 €.

Liabilities include 5.000€ owed to suppliers. The capital includes founder capital, shareholders equity and long-term debt in the amount of 33.564 €. The total amount of liabilities is 38.564 €.

We have calculated costs for the first three years.

<b>Costs</b>	<b>The first year</b>	<b>The second year</b>	<b>The third year</b>
Salaries	18.800	22.400	24.000
Commission	2.000	3.000	3.800
Marketing/Promotion	4.560	4.700	5.500
Rent	4.200	4.200	4.200
Advertising	1.200	1.250	1.550
Insurance	1.680	1.700	1.780
Payroll Taxes	13.540	16.180	21.380
Phone	500	660	890
Utilities	670	760	970
Depreciation	5.000	5.200	5.400
Interests on debt	886	886	24.800
<b>Total Costs</b>	<b>53.036</b>	<b>60.936</b>	<b>94.270</b>

All costs are in euros.

Our revenue projections for the first three years.

<b>Products</b>	<b>The first year</b>	<b>The second year</b>	<b>The third year</b>
One hour tour	6.000	7.600	9.900
Three hour tour	8.900	10.200	12.000
Five hour tour	11.300	13.000	15.000
Day tour	12.500	15.000	18.500
Three-day tour	14.600	16.800	25.000
Family pack	8.700	11.900	15.600
Kayaking school	5.700	6.400	10.900
<b>Total</b>	<b>67.700</b>	<b>80.900</b>	<b>106.900</b>

Revenue projections for 2008 total 67.700 €. Projections for years two and three show a steady growth in revenue, mostly due to our better recognition and higher sales.

We have designed our Profit account.

	<b>The first year</b>	<b>The second year</b>	<b>The third year</b>
Sales Revenue	67.700	80.900	106.900
Cost of Sales	26.530	31.520	35.160
Gross Profit	41.170	49.380	71.740
General and Administrative Expenses	7.080	7.150	7.530
Earnings before Interest and Tax	34.090	42.230	64.210
Interest expenses and depreciation	5.886	6.086	30.200
Earnings before Tax	28.204	36.144	34.010
Tax	13.540	16.180	21.380
<b>Net Profit</b>	<b>14.700</b>	<b>19.964</b>	<b>12.630</b>

We have estimated our company will be profitable within the following three years. The second year shows the great profit in the amount of 19.964 euros. Net profit will decline in the third year due to debt payment. All the profit will be invested in building new floating apartments and buying necessary items such as boats, paddles, helmets, life jackets and appropriate clothes. This kind of spending net profit will increase sale and total revenue in the future.

We have calculated profitability as return on assets. It measures how efficiently the company assets are being used to generate profits. For the first year we have estimated 38 % of net profit on assets, for the second year 37 % and for the third year 17 %. These results show us a very good investment decision.

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