

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Diploma Thesis

Business plan for a new restaurant enterprise in *Almaty*

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

DIPLOMA THESIS ASSIGNMENT

Zarina Melordoyeva

Economics and Management

Thesis title

Business plan for a new restaurant enterprise in Almaty

Objectives of thesis

The aim of the Diploma thesis is to create a business plan for a new restaurant enterprise in Almaty.

The objectives of the thesis contribute to achieving these goals are as follows:

- 1) to identify and analyze the theoretical foundations of business plan processing;
- 2) to review the business environment in the Kazakhstan;
- 3) to evaluate the performance indicators of the planned activity and to develop measures for the organization of the restaurant business in Almaty city.

Methodology

The practical and theoretical methods widely practiced in the research process of a variety of science are used in the Diploma thesis, i.e. the study and analysis of scientific and methodical literature; the method of a formal logic, grouping method and benchmark method (coefficient, tabular and graphical ones), comparative analysis method (statistical and dynamic analysis). Historical and systematic approach is also used.

The proposed extent of the thesis

60 pages

Keywords

Business plan, establishment of a company, business corporations, small and medium-sized business, Republic of Kazakhstan, marketing analysis, SWOT analysis, financial plan

Recommended information sources

- ARMSTRONG, M. *Armstrong's essential human resource management practice : a guide to people management*. London: Kogan Page, 2010. ISBN 978-0-7494-5989-5.
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Declaration

I declare that I have worked on my diploma thesis, entitled "Business plan for a new restaurant enterprise in Almaty", by myself and I have used only the sources mentioned at the end of the thesis.

As the author of the diploma thesis, I declare that the thesis does not break copyrights of any third person.

In Prague, March 31st 2017

Bc. Zarina Melordoyeva

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Business plan for a new restaurant enterprise in Almaty

Summary

The Diploma thesis is devoted to the theoretical aspects of the business planning process and the situation in the business environment in the Republic of Kazakhstan. A good business plan will ultimately answer the question whether it is worth to invest in this business and whether it will yield profit which will cover all the expenses invested heavily. Theoretical part is based on literature review, concerning the business plan processing. There is information about the choice of legal business forms and about government programs for business support to small and medium-sized enterprises in the Republic of Kazakhstan.

The practical part is dedicated to implementing acquired information in the creation of the business plan of a new restaurant. The restaurant “Bosphorus” will be created in the Almaty city. The second part includes description of the company, offered services, marketing analysis, market research, possible risks and financial analysis, allowing to evaluate the profitability of investments.

Keywords

Business plan, establishment of a company, business corporations, small and medium-sized business, Republic of Kazakhstan, marketing analysis, SWOT analysis, financial plan

Podnikatelský záměr na založení restaurace v Almaty

Souhrn

Diplomová práce je zaměřena na teoretické aspekty procesu plánování podnikání a situace v podnikatelském prostředí v Republice Kazachstán. Dobrý obchodní plán bude na konci odpovídat na otázku, zda stojí investovat do tohoto podnikání a zda bude přinášet zisk, který pokryje všechny náklady. Teoretická část vychází z odborné literatury, týkající se zpracování podnikatelského plánu. V teoretické části je obsažena informace o vládních programech soustředěných na podporu podnikání pro malé a střední podniky v Republice Kazachstán.

Praktická část je věnována implementaci získané informací při vytváření obchodního plánu nové restauraci. Restaurace "Bosphorus", bude vytvořena v Almaty. Druhá část zahrnuje popis společnosti, nabízené služby, marketingové analýzy, průzkum trhu, možných rizik a finanční analýzy, která umožňuje vyhodnotit ziskovost investic.

Klíčová slova

Podnikatelský záměr, založení podniku, podnikání právnických osob, podpora malého a středního podnikání, Republika Kazachstán, marketingová analýza, SWOT analýza, finanční plán

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1. Introduction

The topic of the Diploma thesis is a «Business plan for a new restaurant enterprise in Almaty». The topic was chosen accordingly to the planned project for opening a private business in the field of food services. Any business organization starts with the preparation of the business plan. It reflects the problems entrepreneurs face in the process of achieving their objectives. Thanks to the business plan, the entrepreneur has an opportunity to look at his own business from the outside. The process of developing a business plan, including a detailed analysis of the economic and organizational issues therefore forcing to mobilise.

The restaurant is planned to open in the Almaty city, Republic of Kazakhstan. The opening of private business in the Kazakhstan doesn't require a large initial capital especially comparing to the competent businesses.

The organization of restaurant business is considered as one of the most attractive types of investments. The business plan of the restaurant with detailed calculations will help to effectively organize the activity. To a large extent, the success or failure of any business depends on business organization. First of all, the ability to identify the strategic business objectives and carry on the basic of the planning process is an important element among other management technologies. The science of entrepreneurship is a science, absorbed the fundamentals of economics, marketing and management. Entrepreneur makes a business plan in order to think through its ideas, plan his business carefully, and test its intelligence and realism, in order to understand its perspectives and objectives.

Business plan is a structured description of the principal business and development of the company, which response to its strategy. This is the development methodology and form of presentation of the specific perspectives, challenges and objectives of the company and the methods of problem solutions.

Correctly written business plan finally response on the question if it is worth to invest money in this business and whether it will bring the income, which will warrant all the resources and capabilities.

The purpose of the thesis is to give a basic understanding of establishing a business, specifically a restaurant in Almaty, and to provide a practical example of such a plan.

2. Objectives of the thesis and methodology

2.1 Research Question

Is it feasible and economically efficient to open a restaurant based on Eastern European cuisine in Almaty given the level of competition of restaurants already in the market?

2.2 Objectives

The **aim of the Diploma thesis** is to create a business plan for a new restaurant enterprise in Almaty.

The objectives to achieving the aim of the thesis are as follows:

- to analyze and to study the theoretical foundations of business plan processing;
- to review the business environment in the Republic of Kazakhstan;
- to evaluate the performance indicators of the planned activity and to develop measures for the organization of the restaurant business in the Almaty city.

2.3. Methodology

The Diploma thesis is divided into two parts – the theoretical and practical part. The theoretical part provides important information about the business itself, the business plan and the ways of its evaluation. This part of the work is created using scientific literature of starting up the business. These findings, professional opinions and recommendations were applied to the specific conditions arising from the establishment of the restaurant.

Information and knowledge gained in the theoretical part were reflected in the subsequent practical section, where was applied for creation own business project including defining the services provided and detailed description, for development of marketing strategy and in defining the goals of the enterprise and ways to achieve them. A questionnaire was used to analyze the potential customers. For identifying strengths, weaknesses, opportunities and threats was used SWOT analysis. A financial analysis will show the estimated costs and profit.

2.4. Literature Review

One of the most important sphere of business of any company is the investment activities, namely operations related to the investment of money for project realization, which will provide benefits for the firm over a period for more than one year. The necessity of forecasting and planning of the business entities activity is one of the principles of organization of corporate finances. Namely the business plan determines the investment prospects of the project or the idea and is one of the main corporate planning instruments and means to achieve the welfare of economic entities.

The business planning process in the financial planning system is a system of reasoned exposition of the project realization, namely key aspects, assuring the investor or the partner in its profitability and additionality. It has an evidential character related to the project realization prospects and business development. Taking into account that there is an unclear characterization of business plan in the literature, here are the basic principles of its definition.

Professor, the Doctor of Economics Sciences B. A. Raizberg determines that business plan is the plan, the implementation plan of business operations, company actions, containing information about the company, the product, its production, market outlets, marketing, mounting the operations and their effectiveness. (Raizberg, 2009)

The sought-after specialist in the field of marketing and international management I. I. Ushakov notes that business plan is a document, that gives the description of the main aspects of the future development of the company, analyzing all risks which may face in the implementation process of the project, defining the ways of solving these problems. (Ushakov, 2009 p. 224)

According to the opinion of Doctor of Science Economics, Professor R. G. Manilovskij, business plan is a working document that is used in all business areas, capturing one part of the investment program, the implementation period of which is usually limited with few years, allowing to give a clear enough economic evaluation of the planned actions. (Manilovskij, 2004 p. 253)

The "Great encyclopedic dictionary of A. B. Borisov "gives the following definition: a business plan - a short, true, accessible and plain description of the proposed business. It is an important instrument by considering the large number of different situations, conduces to

the choice of the most advanced solutions and the means to achieve them. (Borisov, 2009 p. 864)

Common features can be identified in the above mentioned definitions:

- business plan is a base document that reflects the essence and peculiarities of actions expected for implementation in the commercial sphere;
- business plan is an implementation plan of the activities implementation process in the commercial sphere;
- business plan is necessary for the performance evaluation of the effectiveness of planned activities in the commercial sphere.

The major difference of proposed definitions lies in the accent of target function and the assignment of business plan.

In that way, according to B. A. Raizberg the purpose of a business plan is a description of planned business operations of existing companies, by I. I. Ushakov business plan is intended to describe the future development of the enterprise, according to I. I. Manilovskij - the purpose of the business plan is to describe one part of the company's investment program, I. A. Ivannikova notes that the purpose of a business plan is to present an investment project in the form of a compact instrument, according to the I. V. Lipsits, the business plan is intended to describe aspects of the future commercial enterprise.

In general, while agreeing with the points of view of different people it may be noted that business plan is a corporate planning instrument that allows you to capture the essence and features planned for the implementation of activities in the business sphere to provide the evaluation of their economic efficiency. Therefore, the quality of the developed business plans gets the great significance, because taking any given investment decisions depend on its level.

3. Theoretical part

3.1 The theoretical aspects of business planning processing

Business plan in the market conditions of the economy management business plan found its own place long ago in the different spheres and forms of entrepreneurship including the business case for engineering decisions, allowing to reveal problems connected with the variability, spottiness, uncertainty of market situations facing by enterprises or entrepreneurs.

Business plan is a short, true, accessible and plain description of the proposed business, the most important instrument by considering the large number of different situations, conduces to the choice of the most advanced solutions and the means to achieve them.

Business plan is a dynamic evaluation of the project (program) that distinguishes it from other methods, for example, static economic evaluation. If the evaluation of the project in technical and economic features of the system can be represented in the form of photos, then the blocks system of a business plan is in terms of video with various effects, approximating evaluated project to the maximum realistic form.

Business plan is not a single use document, but it is a permanent document, requiring a regular correction, adaptation to dynamic of internal and external environments. The most objective assessment of business is the business plan.

Business plan is a necessary document in market conditions, that describes all key aspects of future business enterprise, analyzes all problems, that it may face, and also identifies the solution of these problems.

Business plan is an instrument of technical, organizational, economical, financial and administrative business ground, including interrelations with banks, investments and marketing organizations, intermediaries and consumers.

Business plan is a base document on the basis of which partners and investors give money; entrepreneurial business plan of firm or enterprise.

Business plan has two essential directions:

1. Internal- to prepare for the customer the informative folder, sales program of business project proposal, with the assessment of results at each stage of its implementation;
2. External- to inform about the technical, organizational - economic, financial, legal

and others advantages (as well as about risks and problems), of the external investor and others interested organizations, municipal authorities, making decisions for example about the objection of the area, certification for the building, commercial banks, providing the credit.

Literally “business plan” is translated from English as a plan of business, entrepreneurship and involves at least two components: the business and plan.

Business plan is an objective assessment of their own entrepreneurial activity firms and at the same time an essential tool of production in accordance with market needs and the situation. It describes the main aspects of the future of business, analyzes the challenges that it will face in sufficient detail, and the most modern methods are determined to address these concerns.

Identification and grounds of the final goals of production and local objectives, program development of realization is the essence of crucial functions of business planning at the enterprise.

The content of the enterprise's business plan is the analyze of general state of affairs at the plan development and methods definition, ways and means to achieve that level of rates, which the company has decided to achieve. Business without a business plan - is a response rate of happened events. Schedule work is an opportunity to anticipate and if necessary - to prevent nature and content of imminent events.

The business plan is a qualitatively new business function level of the enterprise, a powerful tool whereby you can control and manage production.

The business plan is a document, corresponding to a result of comprehensive research of all aspects of production and commercial activities of the enterprise.

The development contractors of the business plan are firms, focused on marketing activity field, inventive entities, the individual authors. Consulting firms and experts are involved, if necessary.

3.2 Types and models of business plan

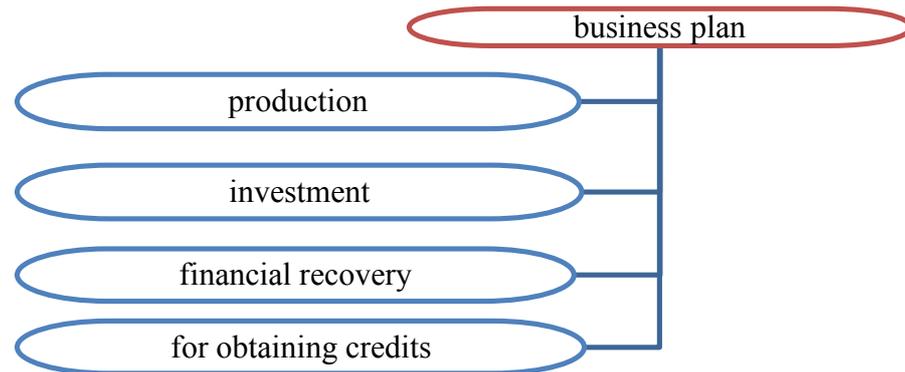
Any enterprise, company, or entrepreneur should always conduct their activities on a premeditated program, namely in terms of a business plan.

There are several types of business plans in a practice planning, depending on the scope of

functions that should be decided by the company.

The following types of the business plans can be distinguished as production, investment, financial recovery and for borrowings.

Figure no. 1 Types of business plan



Source: own processing

Production (internal) business plan is necessary for planning and forecasting enterprise activity; to determine the development goals in upcoming schedule date for problems solution that the company faces by the implementation of its objectives and routing the ways of their negotiating at least costs. Production business plan make it possible to ensure that everything is carefully planned in terms of financial, material assurance as well as employment relations taking into account the last activity and market conditions.

Investment business plan is an instrument for attraction of investors. It provides the construction (implementation of investments), technology change, everything that is connected with such economic category as investments (capital investments).

Primary interests of creditors must be taken into account by the investment plan as much as possible – repayment of credit implementation and prompt payment of interest for its use. Many banks and investment vehicles have developed appropriate standards, forms of investment business plans.

Financial recovery business plan is made by the enterprise in a state of insolvency and supposed the financial recovery of enterprise usually in the control period or external control of its property.

This business plan takes quite a long and difficult period of coordination with creditors, with the owners of the enterprise in default.

Business plan for borrowings is developed for working capital financing of the enterprise or for the high-profile projects of existing industry development.

The successes of business and operations of enterprise depends largely on quality of the industrial business planning that includes definitions of long-range objectives, the ways to achieve them and resources provision. Each enterprise should solve three problems: “what”, “how” and “for whom”.

Productional business planning is a development process and follow-up control for the progress of the project implementation, the development and operation of the enterprise.

Productional business planning is a premeditated system of measures, providing the objectives, the content, balanced interrelation of resources and the amount of work and also the methods, terms of works on production and product realization or services.

Productional business planning gives the base for decision-making process. The knowledge what the enterprise wants to achieve, helps to specify the most relevant ways of activities.

Productional business planning is based on complex analysis of enterprise activity results for the previous periods of time and directed on effective use of physical, labor, financial and other enterprise resources.

To compete effectively in the market economy, the enterprise should constantly collect and analyze a raft of information about the branch, business competition and take into account all the development of the production business plan whereby raising the reality of achieving its goals. In the production business planning a great significance have not only the initial level, present base, settled development tendencies but also an active search of alternative solutions, the choice of best of them and the definition in terms of general development tendencies, the mechanism development of their realization.

It may be concluded that production business planning takes into account both internal and external factors, providing conducive conditions for the proper functioning of business development. The model of the business plan is determined by the implementation of a plan to a particular or other type and also the peculiarities of the enterprise.

Business plan by definition is:

- Statement of an evidence system, ensuring the investor of the project advantages:
- The determination of vitality degree and the enterprise stability:

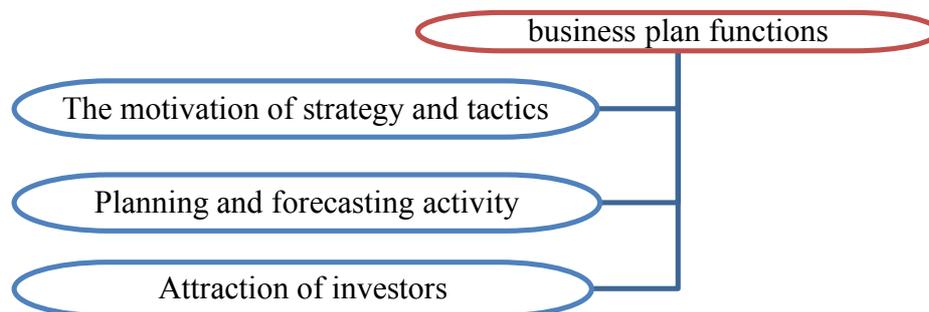
- Risks prediction of business function:
- Specification of the business prospects in the form of a system of quantitative and qualitative indicators of development;
- The formation of long-range (strategic) look at the company and its operating environment based on the valuable experience of the planning.

3.2.1 The functions of business planning

The functions of business planning are the following:

- the motivation of strategy and tactics of economic conduct, that is very necessary for newly established enterprises, and also operating enterprise by their development of new business lines.
- planning and forecasting activity of the activity results in the traditional for the domestic economy comprehension (as the development of the more complete program of the activity) and the determination of the development goals in the part of indicative methods realization of the planning, business development plan.
- The attraction of investors which is especially important for high-priced, large-scale, fundamental projects.

Figure no. 2 Business plan functions



Source: own processing

In making an assessment of business plans effectiveness a distinction is made between:

- commercial or financial effectiveness;
- budget effectiveness that reflects the financial consequences of the project in terms of its influence on the formation of the federal, regional or local budget;
- socio-economic efficiency that evaluates the costs and benefits associated with the project implementation.

In addition, internal and external business planning function are also distinguished.

Table no. 1 External functions of business plan

Business plan functions	Content
Macroeconomic analysis of the appropriate means of production	Determination of the strategic business trends
The development of information base for the macroeconomics policy	Development and implementation of state policy; Development and implementation of regional policy
Attraction investments	Real investments: centralized investments (state, regional programs); governmental grants, subsidies; Financial investments: the preparation of capital stock issues and their realization on the stock market.
Raise debt capital	Borrowed money, credits
Establishment of a business connection, participants study purposes	Management and conduct of negotiations, bidding, contracting
Foundation of selling destination	Privatization of public (municipal) enterprises; Foundation of coproduction with other enterprises; Foundation of outside capital use; Foundation of financial industrial groups development or investment in them.

Source: own processing

Table no. 2 In-house functions of business plan

Manufacturing control functions	Business plan function	Content
Planning and assessment of activity	<ol style="list-style-type: none"> 1. Long-terms strategies (conceptions) development; Specific line of business foundation, its short-term objectives; Tactics development of their achievement; performance results forecasting. 2. Scientific – technical, industrial potential evaluation 	<ol style="list-style-type: none"> 1. The provision of system and pervasive character of planning and forecasting activity. 2. Evaluation of the exiting potential use, Identification and the assessment of reserves; elaboration of the measures for research and technology advancement.
Management	<ol style="list-style-type: none"> 1. The definition of responsibility center for the performance results. 2. Correspondence analysis of stuff composition. 3. System analysis of payment for labor. 	<ol style="list-style-type: none"> 1. Foundation of responsibilities of the organization departments and individual performers. 2. Reeducation (mid-career education); recruitment. 3. Assessment of the specific remuneration system
Control, production records	<ol style="list-style-type: none"> 1. Control of performance results, their accounting. 2. Risk factors determination. 3. Reporting to the owners; liability production project, preparation for sudden changes. 	<ol style="list-style-type: none"> 1. The deviation from a plan accounts and their analysis. 2. The elaboration of measures on risk reduction. 3. Stabilization and project vitality.

Source: own processing

3.3 Business plan development methodology

In general terms, in accordance with the current recommendations business plan should consist of the following sections:

1. Summary

There are following points are reflected in the summary:

- to provide new project with the resources;
- the description is that by which means and mechanisms a new business project will be realized;
- the calculation of the amount that is necessary to pull from a third-party investor;
- calculations showing the estimated sales of the new product (service), as well as the amount of future profits;
- terms and mechanism of loan debt repayment;

2. Types of goods (services)

- this section of business plan reflects:
 - product name;
 - area of application and intention of the product (services);
 - data summary and description;
 - comparison with current products on the market;
 - upon the existence the available patents are describing as well as said who has the copyrights of the product;
 - how the product is ready to market penetration;
 - if it is necessary the information is said on obtaining various kinds of authorizations and certificates;
 - reflected characteristics revealing the environmental product profile and its safety level;
 - it is described in detail, which reassurance will be provided, as well as how the support service will be carried out.
 - operating rules of the production are prescribed as well as appropriate the processes associated with the product utilization.

3. Market for the goods (services)

In this section of presented business plan, it is necessary to detail about the market outlets of new product line or service. To define the intended users including retail consumers of retail trade system and wholesale customer of a new product.

4. Market outlets competition

The competitor analysis and their production are given. Determination of advantages and disadvantages of competitor production, strengths and weaknesses of competitor's sales policy, etc.

5. Marketing plan

There are given the result of the investigation of the consumer market, reflecting particular characteristics, interesting and important for the promotion of a new product. In addition, the candidate for outside financing should show his skills and abilities in the sphere of merchandising and new product sale.

6. Organization plan

Rates and terms during which it is planned to implement the presented project are also pointed out.

7. Risk estimation

This section specifies which guarantee of the funds has the investor. These guarantees may have a very different character. This could be an insurance, deposit of assets variety, guaranteed by third parties etc. In addition, this section describes potential risks for this project implementation.

8. Financial plan

This section of the business plan should contain the following:

- the analysis of tax liability payments;
- costs associated with the preparation of project implementation;
- the analysis of other possible cash expenditures;
- data of losses and gains;
- the analysis of financial benefits.

3.4 The analysis of business environment in Kazakhstan

3.4.1 Forms of organization of business activity in Kazakhstan

By the term “business activity” in the Republic of Kazakhstan means the enterprising activity of citizens and legal entities, irrespective of the form of ownership, aimed to net out by meeting demand for goods (works and services), based on a private ownership.

The state guarantees the liberty of business activity and provides its protection and support. The business activity is carried out on behalf of the entrepreneur for the risk and his property accountability (art. 10 of the Civil Code of the Republic of Kazakhstan). Depending on an average annual number of employees the business entities refer to the following categories (art. 24 of the Commercial Code of the Republic of Kazakhstan)

- “Small business” enterprise including self-employment enterprises;
- medium-sized enterprises;
- large-sized entities.

The “Small business” enterprises are self-employed entrepreneurs without the company formation and legal entities that carry out business activity with an average annual number of employees no more than 100 employees and with the average annual income not above the 300 000-fold monthly calculation index that is effective on January 01 of the corresponding financial year.

The large-sized entities are self-employed entrepreneurs and legal entities that carry out the business and meet the one or two of the following criteria: Average annual number of employees more than 250 employees and an average annual income above the 3 000 000-fold monthly calculation index.

The medium-sized enterprises are self-employed entrepreneurs and legal entities that carry out the business unrelated to “Small business” enterprises and large-sized entities.

The “Small business” enterprises are legal entities that could exist only in the following procedural and institutional forms:

- Full partnership
- Limited partnership
- Limited liability partnership
- Additional liability partnership
- Production cooperative

Production cooperative is a voluntary association of citizens on the basis of the membership for joint venturing, based on their personal labor participation and association by its members of asset contribution. There should be no less than two members of cooperative. The members of production cooperative take additional (subsidiary) responsibility under commitments of cooperative. The first four forms are within the scope of the term “business partnership.

The business partnership is a commercial organization with the share (contributions) of the founders (participants) of authorized capital. The poverty developed on account of contributions of the founders (participants), as well as produced and acquired by the business partnership in the course of its activities belongs to the partnership on the right of ownership. A business partnership can be created by one person, who becomes its sole member.

The participants of full partnership and full partners in limited partnership could be only the citizens. A general partnership is the partnership whose participants by the deficit of property of general partnership are jointly and severally responsible under its commitments by all vested interests to them. The participants of full partnership develop the authorized capital the amount of which should be not less than twenty-five sizes of the calculated rate, statutorily prescribed in the Republic of Kazakhstan at the time of paying up to contribution to the full ownership by the participants.

The **limited partnership** - is a partnership, which includes along with one or more participants who are liable for additional responsibility under the partnership debts with all its property (full partners), as well as one or more participants, whose liability is limited by the amount of their contribution to the partnership's property (investors) and who are no party to business activities by the partnership. The authorized capital of limited partnership is made up of full partnership contributions and investors and should be not less than fifty sizes of monthly calculation index, statutorily prescribed in the republic of Kazakhstan at the time of paying up of contribution to the full ownership by the participants.

Limited liability partnership - is an established partnership by one or more partners, the authorized capital of which is divided by shares with the certain amount, specified in basic documents; the participants of limited liability partnership are not liable for obligations and bear the risk of loss, related to the partnership activity within the value of their contribution. The number of limited liability partnership participants shouldn't be above the hundred. The limited liability partnership couldn't have by way of sole participants another business partnership consisting of one person. The original size of authorized capital of LLP is equal to a number of founder's contributions and couldn't be less than the amount equivalent to the hundred sizes of monthly calculation index at the date of document representation for the official registration of partnership.

The additional liability partnership is a partnership whose members are liable for debts with their contributions to the authorized capital, and if these amounts are not sufficient to additionally vested interests in the amount of their multiplied contributions.

The size limit of participant's liability is provided in the regulations. In case of bankruptcy of one of the participants, its liability for the obligations of partnership is distributed among other participants proportionally to their contribution, if another order of distribution is not provided for basic documents. Otherwise, the rules of this Code on limited liability

partnership are applied to the additional liability partnership, unless otherwise provided by this article. The average annual number of employees of “Small business” enterprise is determined by taking into account all employees, including contractually employed and contractual agreements, on part-time basis employees, employees of branches, agencies and other separate subdivisions of this entity. In case of overdraft by “Small business” enterprise, it will be deprived of benefits as stipulated by current legislation of the Republic of Kazakhstan. The legislation of the Republic of Kazakhstan has also stipulated the term individual enterprise, namely the initiative activity of private individuals, aimed to income provision, based on the property of private individuals themselves, for their risk and under property responsibility.

Individual enterprise entities are the private individuals that conducting a business without company formation and the lack of attributes of a legal entity.

Individual enterprises types are private and joint enterprises (Art. 30 of the Commercial Code of the Republic of Kazakhstan).

Private enterprise is carried out by one citizen independently on the base of property; belong to him on the basis of the right of ownership as well as under the authority of another right allowing to use and (or) to dispose of property.

Joint enterprise is carried out by the group of citizens (individual entrepreneurs) on the base of the property, belonging to them on the right of common property, as well as under the authority of another right allowing joint use and dispose of property.

Therefore, legal entity form established in Kazakhstan depends on the form of activity that entrepreneurs are intended to carry out in Kazakhstan.

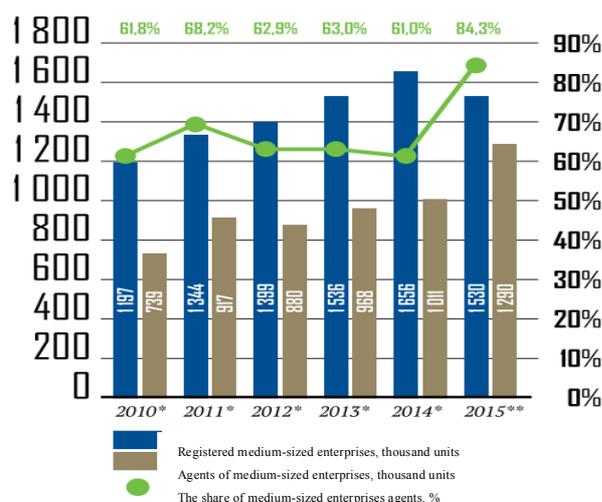
3.4.2 The state estimation of business activity in Kazakhstan

As a whole, the 2015th year for Kazakhstan economy was difficult, which also had its effect on the business activity development in the country.

The specificity of the developing business sector in Kazakhstan is the dependence on imports and thus the sensitivity to the national currency exchange rate hikes relative to the currencies of other countries where the settlements with foreign partners are conducted. Therefore, 2015 was the year of Kazakhstan's transition to a floating exchange rate and, as a consequence, the devaluation of the national currency reached 100% in 2015.

Under the influence of these factors, the rates of growth of the business sector have decelerated, but the positive dynamics on the key figures remained in the sector. In spite of the reduction of registered business entities number in 2015 the sectors contributions keep growing to the economy development. The employment in the sector increased and reached 36,5%, the flow of output of small and medium-size enterprises increased to 9% in 2015 in comparison to 2014. This gives the reason to believe that in the enterprise sector there are positive qualitative changes. The number of registered business entities in Kazakhstan decreased to 1530 thousand in 2015, which amounts 92,4% of the 2014th rate. However, according to estimates of “Damu” the share of business entities in the total amount of economic entities in the country increased and reached 96,2% in 2015. The reduction of business entities number occurred mainly by means of quantity reduction of individual entrepreneurs in the country. In turn, the reduction of registered individual entrepreneur number in the country could be related to that the simplified procedure of individual entrepreneur liquidations has come into effect since 2015. In the sectoral context the largest reduction of the business entities number is observed in the trade sector and in the agricultural sector. The moderate increase in 2015 demonstrates only the construction sector, the number of registered business entities here increased to 0,8%. The dynamics of registered and acting business entities number in 2015 has changed due to the contemporary reduction in the number of registered growing individual entrepreneurs.

Figure no. 3 The dynamics of business entities and their shares in the total amount of registered entities in Kazakhstan



Source: <https://www.damu.kz/22790>

The growth number of acting individual entrepreneurs comes against the background of favorable developments under the conditions of business operations, which are noted in the World Bank's rating «Doing Business», in particular, major improvements

In 2015 there is a significant growth of the share of acting business entities in comparison to the previous year in the total number of registered SMEs (from 61% to 84%) that is illustrative of acting business entities. In the structure of acting business entities, business legal structure are dominated by entities that carry out the entrepreneurial activities without company formation - these are individual entrepreneurs, the number of which as of January 01, 2016 amounted to 930 thousand units, the number of peasant farms was 181 thousand, and legal entities - enterprises of SMEs - 179 thousand subjects.

The dynamics of entrepreneurship agents in terms of business legal structure in the period since 2010 to 2015 the following trends are observed:

1. The number of individual entrepreneur in the country over the last 6 years increased to 124%, that had led to the noticeable change in the structure: the growth of the share of the acting individual entrepreneurs – from 56,3% in 2010 to 72,1% in 2015;
2. The number of peasant (farm) economy remains at maintenance level, but due to the increase in the number of individual entrepreneurs the share of peasant farm enterprise reduces: if in 2010 it was 23%, then in 2015 it was 14%;
3. The number of SMEs enterprises has increased by 39% since 2010, but the share of SMEs enterprises decreased almost by 7 percentage points since 2010 to 13.8% in 2015 (Figure 6).

The analysis of employee's number characterizes the growing importance of Kazakhstan's entrepreneurship in solution to the employment problem. The proportion of the population actively engaged in entrepreneurship as on 2016.01.01 amounted to 36.5% of the total number of employed in the economy.

Business entities structure in the context of economic sector is an important factor of the qualitative development of the business sector and the economy in general. Industry enterprises first of all in the manufacturing sector, providing the diversity economic development as well as over half of tax revenues.

3.5 Government programs for business support

The development strategy of Kazakhstan provides for bringing the share of SME in the economy from the current 25,6% to 50% till 2050. Therefore, the Government of the Republic of Kazakhstan carries out a purposeful work for improving the business climate and supporting the native enterprisers.

The results of this work are reflected in international ratings. In the Global Competitiveness Index of 2015 – 2016 of World Economic Forum, Kazakhstan took the 42nd place, raising its position by eight points.

In the Worlds Bank Doing Business rating of 2015, Kazakhstan took 41st place among 189 countries of the world. There are the top results of the country's history. In the new rating of business activity for Kazakhstan the Global Entrepreneurship Monitor ranks 29th place among 60 countries. When it comes to measures of government support for enterprises it is necessary to note the program "Business Route Map 2020", which has been successfully implemented for more than 6 years. At the beginning of 2016 under this program more than 6,700 projects at the cost of 1,3 trillion tenges have been subsidized, over 1,600 loan guarantees for a total amount of 65 billion KZT were issued. Emergent entrepreneurs received 869 grants for more than 2.3 billion tenges. Emergent entrepreneurs received 869 grants for more than 2.3 billion tenges.

In April of 2016 the government program "Business Route Map 2020" was transformed into the Single Business Development and Business Support Program "Business Route Map 2020". Financial instruments became more accessible for the entrepreneurs, because the program allows getting funds on more preferable terms:

- subsidies in an amount of 10% for new business ventures of single-industry enterprises, small towns and rural settlements, as well as for entrepreneurs conducting in priority manufacturing sectors
- loans guarantee in the amount up to 85% of the loan amount for start-ups

In total over 2,500 projects were supported with the use of subsidy and guarantee instruments for 2015 only, more than 8,700 provided new employment opportunities, and tax revenues in the amount of about 115 billion tenges were provided.

Within the infrastructure development program "Nurly Zhol", 200 billion tenges were allocated to finance the SME. At the cost of these funds, entrepreneurs receive loans at the

rate of 6% per annum and for the period until 10 years. At the beginning of 2016, 1,221 projects of native producers were provided by financing in the amount of 223,5 billion tenges. “Damu” Entrepreneurship Fund is expanding its product line to support the native business. Since 2016, SMBs have been provided with factoring loans for providing current assets. SME development in Kazakhstan depends significantly on access to financing and their effective use. In that matter the financing disadvantage is one of the principal difficulties faced by Kazakhstan’s entrepreneurs. SME financing is considered by banks as a big risk that obliged them to set high requirements to the cost and liquidity of guarantees, as well as to increase the cost of financing.

Under the conditions of bank crediting runoff, requirement strengthening of banks to mortgage security and the growth of rates of remuneration under credits it becomes more difficult for entrepreneurs to receive the credit to replenish current assets. Most often, the refusal caused by banks, in spite of the presence of a positive credit reputation, business reputation and significant trade turnover, may be the illiquidity or low liquidity of pledged assets. As the result of this the SMEs are losing the opportunity of working capital financing for cash deficiency closing that has a negative impact on their current activity. In the world's practice in order to solve such problems is commonly used the factoring – the provision of financing for the client under the client's concession of a monetary claim to a third party.

There is a high potential for the development by the factoring in Kazakhstan, but there is a variety of limiting factors, including the lack of funding. In this case the government support could play an important role in development stimulation of the given type of financial services. “Damu” Fund is planning to cooperate with Kazakhstan factoring companies in order to solve the problem of current capital lack for SMEs. Already in 2016 one billion tenges was allocated for these purposes.

One of the least risky options for start-up business development is a business with the use of franchise scheme. The annual world turnover of franchising exceeds 2,3 US Dollars Trillion. There are more than 29 thousands of franchise networks all over the world, which are providing work for more than 33 billion people.

The absolute global leader on a scale of franchising is the restaurant business: 35% of all full service restaurants and 60% of fast food restaurants are working on the franchising scheme. Franchising development in Kazakhstan gives the extra pulse for the SME development in the country and will boost the employment of population by means of new job formation as

well as the provision of foreign investment inflow. Taking into account all the advantages of franchising development, the “Damu” Fund has begun the work on franchising projects financing of small and medium-sized business entities through banks in 2016.

Entrepreneurs planning to open a franchise business, with a guarantee requirement of up to 20 million tenges, will be able to guarantee 70% from the credit amount, with a guarantee requirement of more than 20 million tenges, the amount of the provided guarantee will be 50%. Micro lenders, by virtue of their small sizes, individual approach and mobility, with the use of the Fund's resources can support micro and small enterprises, especially in rural areas. Entrepreneurs have limited access to the financing, namely in rural areas and in distant regions. Microlenders, by virtue of their small sizes, individual approach and mobility, with the use of the Fund's resources can support micro and small enterprises, especially in rural areas. Entrepreneurs have limited access to the financing, namely in rural areas and in distant regions.

The microlending development in the regions will allow not only to develop entrepreneurship in the rural regions, but also to balance the regional development of the country. The total amount of financing for them was about 783 million tenges.

Public private partnership. There is a work on new instrument development, which will promote further growth of entrepreneurship sector. One of such instruments is public private partnership (PPP). PPP is an organizational union of states and business (entrepreneurship), which is aimed at general purposes achievement, on current social and economic objectives solution. The main objective of PPP development is the national, international, large-scale and local, important social projects implementation in different spheres of activity.

Previously it was assumed that PPP is applicable only in respect of large projects, aimed to strategic important industries development. However, the possibility of using the PPP mechanism is considered today in regard to SME.

By the implementation of such scheme the risks upon the project are distributed between the state and the entrepreneur. As a rule, the entrepreneur takes on the economic and financial risks and the state takes on the political and legal risks.

In the PPP scheme a crucial role is assigned to the entrepreneur, particularly the entrepreneur should be interested in development and implementation of innovations at its enterprise for the efficiency improvement and thereof the profitability.

New sources of SME financing. Preferential funds procurement from the International

Financial Organizations (IFO) will be continued. About 130 billion tenges were raised from the Asian Development Bank and the European Bank for Reconstruction and Development during the period since 2011 to 2015. As a result, about 2 000 entrepreneurs had the opportunity to get the financing by the aid of MFO.

In the period since 2016 to 2018, it is planned to attract more than 200 billion tenges from the Asian Development Bank, European Bank for Reconstruction and Development, World Bank and European Investment Bank.

4. Practical part

4.1 Front Page

Figure no. 4 – Logo of the restaurant



Source: own processing

Title: Bosphorus Restaurant & Cafe

Address: Al-Farabi Avenue, Almaty

Phone number: +7 727 261 1661

Email: info@restaurantbosphorus.kz

4.2 Executive Summary

The aim of the project is the successful return on investment through effective organization of the restaurant "Bosphorus". The establishment of restaurants subsequently gives the opportunity to expand and diversify the investment portfolio. The project is expected to create maintenance and operation of the restaurant as well as production, realization and organization of consumption of foodservice. Expanding the range and improving the quality of catering products.

Restaurant "Bosphorus" focuses on the dishes of Eastern European cuisine. In the area of the restaurant there are no institutions that meet the criteria for high-quality cuisine and personalized service. However, there is a demand for this type of service. The restaurant's space is divided into several zones, allowing the guests enjoy private tables in a quiet and separate area. Summer terrace where guests can dine al fresco and drink tea, has a spectacular view of the beautiful Almaty sunsets. The interior of "Bosphorus" is the qualitatively new and modern interpretation of the East. The design of the restaurant is impeccably stylish and laconic. It harmoniously combines modern European and Oriental flavor: patterned chairs and sofas, wicker baskets of fruits, handmade ethnic dishes, hand-carved decorations, Oriental lamps, brought from Istanbul. Traditionally for Eastern restaurants, the kitchen is open, so it can be seen as a team of chefs frying meat on the grill or gets bread from the tandoor. Furthermore, in the restaurant "Bosphorus", guests can cook meat on the grill for themselves, friends and family personally. The restaurant is designed for sophisticated clients expecting individual approach, for which the restaurant "Bosphorus" will be an element of the lifestyle. The concept of the restaurant is to maintain traditional Oriental dishes in combination with modern trends of gastronomy.

Socio – economic importance of the project for the district.

The opening of the restaurant will lead to a significant socio – economic outcomes for the region's, namely:

- New workplaces;
- The expansion of the competitive environment;
- Infrastructure development in the district;
- Improvement the quality of care to the surrounding areas;
- The aesthetics of the area through landscape design-site restaurant.

4.2.1 General description of the company

The opening of the restaurant "Bosphorus" is planned for May 2018, in the city of Almaty, Kazakhstan. The restaurant focuses on people aged 23 to 65 years. The restaurant is located in the ecologically clean area of the city, with a beautiful view of the mountains gorge, a fifteen-minute drive from the city center. In this area is an active construction of business centers and residential complexes. Long-term lease of the space will be considered as a part of this business plan and it is intended to cover ground floor with a total area of 250 m². According to the legislation of the Republic of Kazakhstan for one visitor must be planned not less than 5 m², the dining room will be 150 m² (30 seats), the remaining area will be arranged under kitchen and utility room. The initial investment will make 56 050 dollars. The restaurant is open from 12:00 pm until 23:30 pm during the week. Friday and Saturday will be the busiest days as we expect a greater number of customers, so the restaurant will work until 2:30. Moreover, on these days, there will be live music and also various special offers for guests, as well as discounts and gifts for companies. In the future it is planned to serve the Eastern hookahs in a separate area, without interference for others to enjoy cocktails and steam without tobacco mixtures. The opening hours are captured in table no.3

Table no. 3 Opening hours

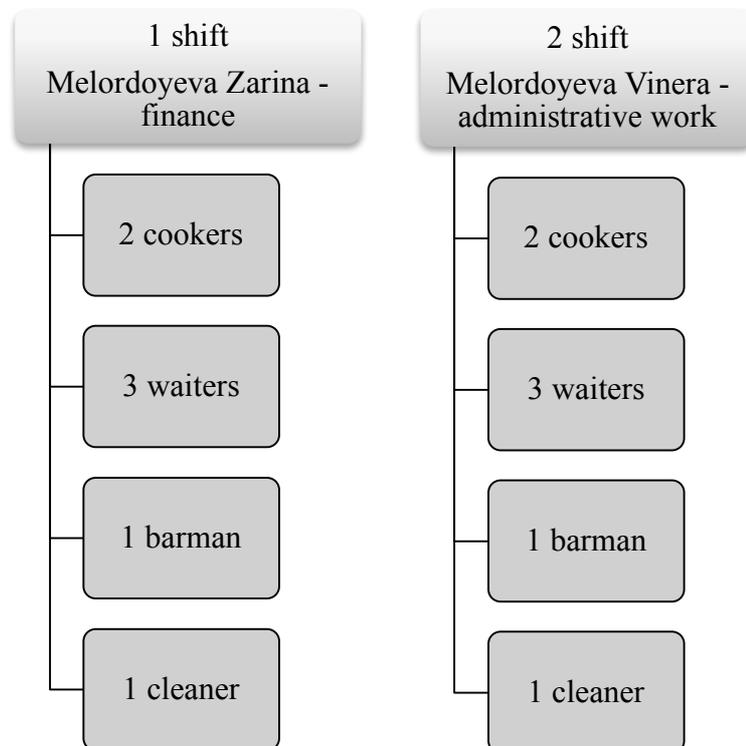
Day	Opening hours
Monday	12:00 – 23:30
Tuesday	12:00 – 23:30
Wednesday	12:00 – 23:30
Thursday	12:00 – 23:30
Friday	12:00 – 02:30
Saturday	12:00 – 02:30
Sunday	12:00 – 23:30

Source: own processing

4.2.2 The organizational structure of the company

The restaurant is established by two founders. The owners are Melordoyeva Zarina and Melordoyeva Vinera respectively. Melordoyeva Vinera is responsible for administrative work, while Melordoyeva Zarina is responsible for the financial matters of the company. The team is consisting of 14 employees. They work in two shifts 2 Days/2 Days, 7 persons in one shift. One shift will consist of two chefs who will take turns each two days, three waitresses, from which we will require a pleasant and proper behavior, one barman and one cleaner. Staff of the restaurant is a deciding factor in choosing a restaurant for many customers. Ability to work in a team and be polite and friendly, responsible and competent are the main criteria in the selection of staff. Employees will be entitled to special uniform in order to maintain the style of the restaurant. The organizational structure is captured in the figure no 5.

Figure no. 5 The Organizational structure of the restaurant "Bosphorus"



Source: own processing

4.2.3 Offered services

The restaurant's menu contains all the most famous dishes of Oriental cuisine: khachapuri (cheese-filled bread) and qutabs (thinly rolled dough with meat or herbs), khinkali (dumpling) and chakhokhbili (dish of a tarragon-infused spicy beef soup and stewed chicken with fresh herbs), kharcho (Georgian soup) and lobio (dish of various kinds of prepared beans, containing coriander, walnuts, garlic and onion), shashlik (grilled meat) and saj (fried meat of lamb with eggplants, tomatoes, paprika and potatoes in a frying pan named “Saj”). Special attention should be paid to the food on the grill and tandoor. No need to go out of town if kebab and leg of lamb are prepared here in the open kitchen. In the section “on the coals”: kebab of chicken and lamb, skewers of veal liver, grilled pork, lamb, sea bass and salmon; for vegetarians – potatoes, tomatoes, peppers, eggplants. Meat is served on wooden plates and desserts are served in an exquisite dish with carved Oriental patterns. As mentioned above, in the restaurant "Bosphorus", the guest can prepare meat for himself, family or friends. In some tables, an electric grill installed on which visitors can fry the meat until desired condition. It is ideal for those who want to treat a family and spend a cozy evening. Also, the restaurant serves Central Asian dishes such as pilaf and popular specialty. All the desserts in the restaurant "Bosphorus" chefs prepare themselves, for example, traditional baklava and kunefe. The restaurant also has a banquet menu for events. The authenticity of the dishes ensures that many ingredients and spices delivered from Turkey and Azerbaijan. The final touch to any meal will be traditional Turkish tea and coffee. It should be mentioned that in the restaurant to the main-course, tea is served for free in unlimited quantities.

For a better idea menu of the restaurant is attached in the appendices no 1.

5. Marketing analysis

Kazakhstan has embarked on an intensive program in the development of public catering. This process affects almost everyone as consumers of commercial catering substantially both inhabitants and visitors alike. Modern life is inconceivable now without rest in a cozy cafe or restaurant. The staff of many commercial enterprises now use the services of restaurants and cafes, during the working day for lunch. In recent years an increasing number of people choose restaurants of various levels and not just for banquets on the occasion of festive or extravagant events.

Restaurants are one of the few spheres of domestic economy, in which practically from the very beginning of economic reforms the market relations were fully shown and today is the most dynamically developing and highly profitable and consequently, perspective for investments and attractive to businessmen segment of the Kazakhstan market of services.

The shares of trade services, which include also the sphere of public catering, in a total amount of GDP of the Republic of Kazakhstan in 2015 have made 13,2%.

The activity of restaurants in Kazakhstan for years of formation of the market economy has also undergone considerable changes. The growth of the standard of living of the population has influenced an increase in demand for services of the sphere of culture and leisure character, that promoted the increase in a number of cafe, restaurants, night clubs. Differentials of the products, services and the prices, the competition, high-quality changes in preferences of consumers, which are differentiated not only in social and economic, but also on a regional basis are characteristic of the market of services of public catering.

In Kazakhstan according to official statistics, in the structure of catering establishments the share of restaurants occupies only 4,5%, cafe, bars – 50%, and canteens – 44,5%.

The restaurant is created for the demanding clients expecting personal approach for whom visit to “Bosporus” restaurant will become a lifestyle element. The target group of the restaurant is people by age from 23 to 65. Residents of the capital will be the main consumers of the offered services of the enterprise.

The population of the city of Almaty on January 1, 2016, according to the current account, has made 1713,2 thousand people.

In comparison with the beginning of the year 2015, the total number of the population of the

city of Almaty has increased by 160 thousand people.

The restaurant is located in economically pure zone of the city, with a beautiful view of the mountains of Medeo, in fifteen minutes of driving from the downtown.

For today there are 270 restaurants with various cuisines and price levels in Almaty. The analysis of the prices cuisines is presented in Table 4.

Table no. 4 Distribution of the restaurants under prices and cousins

Average bill	Number of the restaurants	Type of cuisine	
		European	Eastern
5-10 USD	9	1	3
10-15 USD	88	49	20
15-23 USD	96	67	25
23-33 USD	47	31	8
30-50 USD	22	18	3
50-83 USD	7	5	0
Over 83 USD	1	0	0

Source: own processing

The average bill at the “Bosporus” restaurant is 20 dollars. As the table shows, the restaurant will be in average a price segment. At the same time quality and a range of the offered services is planned to be at the level of high-class restaurants. The greatest number of restaurants with the European and Eastern cuisine are in a higher price segment, than “Bosporus” restaurant. It is a big advantage at competitors too. Also, it should be noted, that the schedule of the work is convenient for the population, and the restaurant is in a favorable location. In this area, an active construction of business centers and housing estates is carried out. For keeping the level of visitor attendance during non-peak hours (16:00-18:00; 22:30-24:00) at the restaurant, it is anticipated to offer snack and a dessert free of charge, on condition of the order of a main course. Also, distribution of coupons with discount to cinemas to encourage diners to visit the restaurant before or after watching day time movies at cinemas to generate additional income for the restaurant the restaurant during off-peak periods. Information publicizing the restaurant will also reach visitors through - posters, pavement signs on entrance to restaurant, flyers handed out in the street, delivered to the reception desks of companies (with discount incentives for staff) and also in local

newspapers.

At the organization of banquets, it is planned to work with organizers of celebrations and local associations.

The administration of restaurant assumes to keep in touch with companies and the organizations for distribution of information packages, and also for creation of relationship, purpose of dates of meetings and holidays and for quality control of execution of work after holding actions. The menu will include a banquet set of dishes and drinks for the groups differing depending on the cost and the size. Increase in sales at the expense of the offer of a dessert, drinks after a dinner, at the expense of decorations and necessary accessories during the banquets is planned.

Table no. 5 Main competitors

Name of restaurants	Cuisine	Average bill	Working hours	Services
"Zoloto"	Eastern European Kazakh Georgian	20-30 USD	11.00 am till the last guest	Wi-Fi, live music, breakfast, parking, summer terrace, show program, children menu, hookah
Balcon Bar & Restaurant	Haute Mixed Asian	7-15 USD	07:30 am till 01:00 am. In weekends: 07.30 am till 03.00 am	Wi-Fi, live music, breakfast, parking, summer terrace, show program, children menu, hookah
"Grand Osteria"	European Uzbek	15-20 USD	10.00 am till 00.00	Wi-Fi, banquet hall, booking
"Shah"	Eastern Asian Chinese	8-17 USD	during the week: 12.00 pm till 00.00, during weekends 12.00 pm till 02.00 am	Wi-Fi, summer terrace, catering, food delivery, booking, parking
"Atmosphere"	Asian European Italian	8-17 USD	during the week: 12:00 pm till 03:00 am. At weekends: 12:00 pm till 05:00 am	Sushi menu, Wi-Fi, hookah, karaoke, summer terrace

Source: own processing

5.1 SWOT Analysis of the restaurant “Bosphorus”

Table no. 6 SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Location – near the center of the city • Summer terrace • High quality services. • Location in the district of active building process • Highly qualified personnel 	<ul style="list-style-type: none"> • No experience of the founders • Limited parking • Great number of competitors in the city • Small number of seats
Opportunities	Threats
<ul style="list-style-type: none"> • Obtaining of regular customers • Expand the capacity of the restaurant • Creation of own reputation 	<ul style="list-style-type: none"> • High competition • The decrease of the attendance level to the critical one • Increase of rent of the occupied spaces • Economic crisis in the country

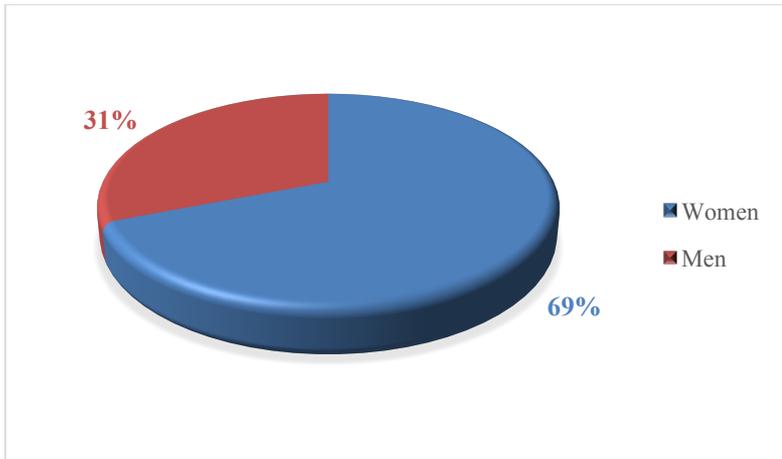
Source: own processing

5.2 Marketing Research

The market research was based on the questionnaire. The questionnaire was anonymous and consisted of ten short questions. It was distributed among people living in Almaty with the help of the social media, popular in Kazakhstan such as Facebook, Odnoklassniki and VKontakte. The questionnaire was answered by 168 people. The questionnaire is attached in the appendices no. 2

The results of the research were distributed as follows.

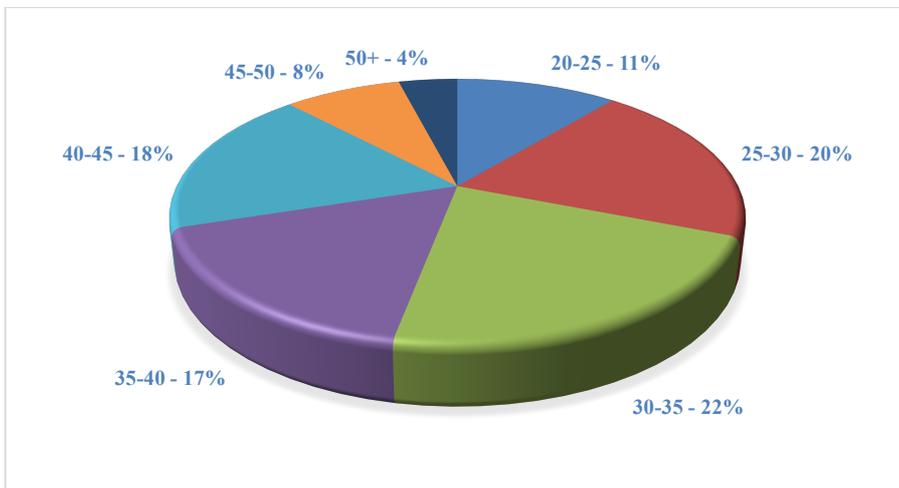
Figure no. 6 Gender



Source: own processing

From the graph can be seen, that the majority were women representing 69% of the survey. Men represent 31%. It could be explained – usually women are more active participants in different questioners.

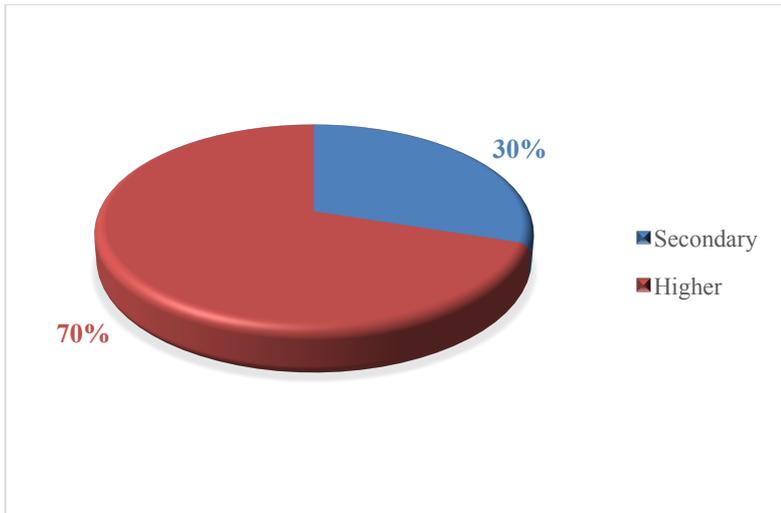
Figure no. 7 Age



Source: own processing

The age of 30-35 took the biggest part of the research, fortunately makes the target-age auditory for visiting restaurants. The restaurant is also interested in the people of the age of 35-40 and 40-45, as they are the potential clients to visit restaurants with business meetings (those respectively make 17% and 18% of the poll).

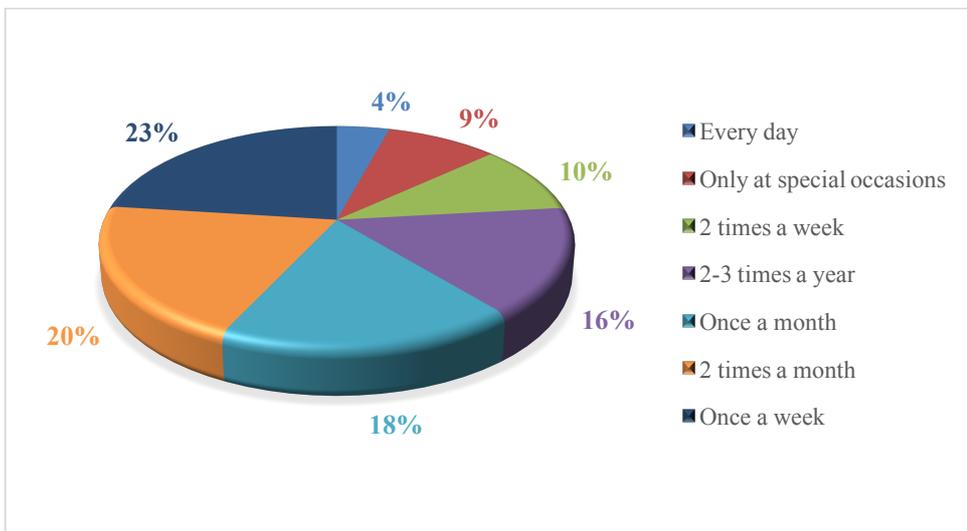
Figure no. 8 Education



Source: own processing

In general, people with higher education have higher income and more esthetical demands, that also could be taken as some targets in planning of the restaurant. 70% of respondents has higher education and only 30% has secondary education.

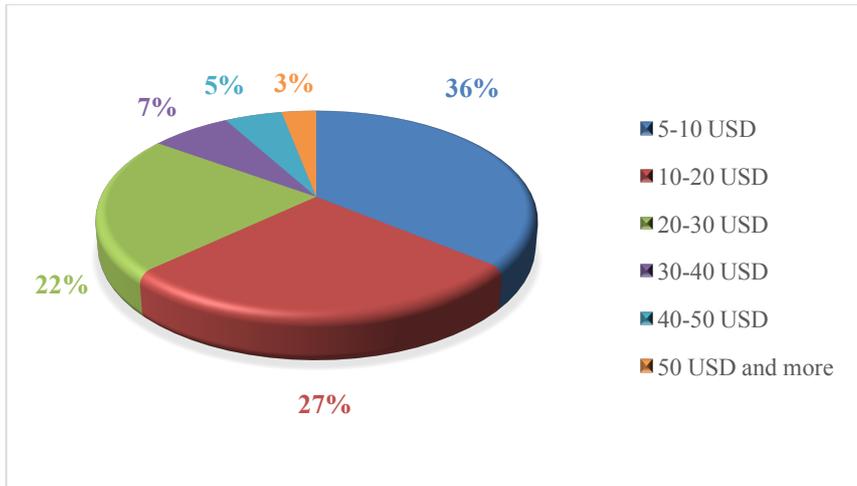
Figure no. 9 How often do you go to restaurants/cafes?



Source: own processing

As the graph shows, people, visiting restaurant once a week make the major share of the poll. It is a very good indicator; they can be considered as loyal customers of the restaurant.

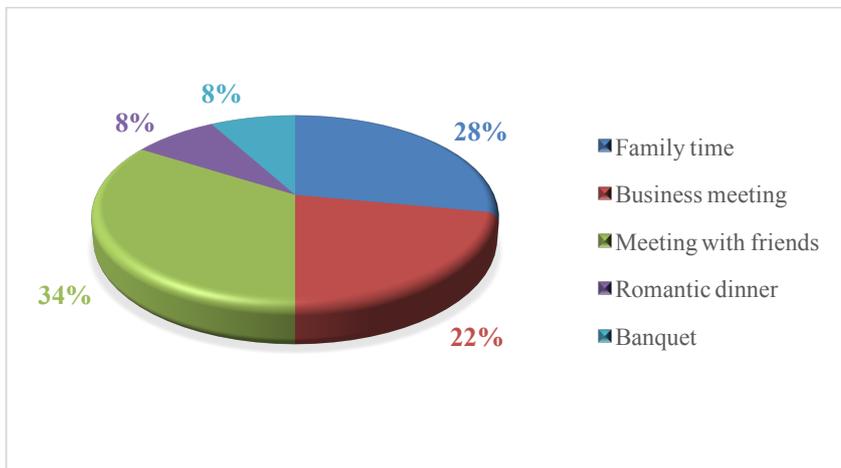
Figure no. 10 How much are you willing to pay on food?



Source: own processing

The average cheque in the restaurant is planned to be of 20 USD. 22% of respondents are ready to pay this sum. It is a good indicator, because the aim is not to attract as much population as possible, but to attract the audience with a good taste.

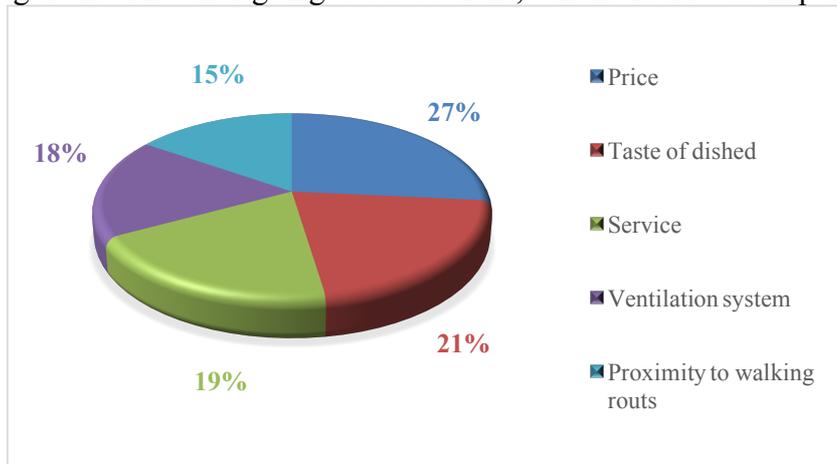
Figure no. 11 In what situations do you go to the restaurant/café?



Source: own processing

Meeting with friends is the most frequent reason for going to the restaurant. In this situation people are going to have a good free time in relaxed atmosphere with tasty food and good drink. And the further research will prove this.

Figure no. 12 When going to a restaurant, which criteria are important for you?

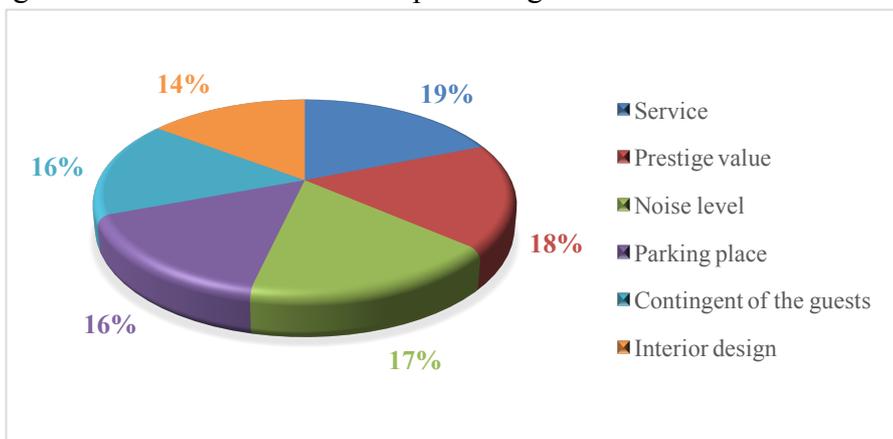


Source: own processing

1. In situation “Family time” the majority of the respondents (83%) noted, that the prices are of the first priority for the choice. The second place is occupied by the taste quality of the dishes (66%) and the level of the service (61%). Good ventilation system and (55%) and the proximity of the walking routes (48%) are very important too.

2. In situation “Business meeting” the consumers change the importance level of the factors. Now the first grade of importance is given to the service level (76,6%), second – to the prestige value of the restaurant (72%), third – to the noise level in the restaurant (70%) and good parking place (63,8%). Also the contingent of the guests (60%) and interior design (59,6%) are taken into consideration.

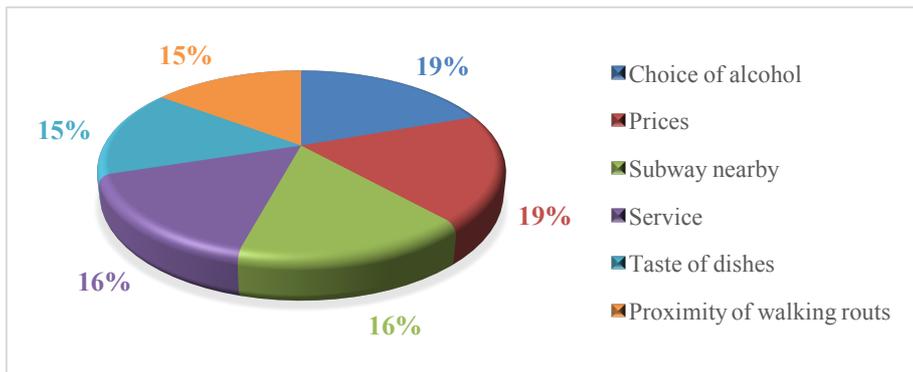
Figure no. 13 Distribution of the prevailing criteria in the situation “Business meeting”



Source: own processing

3. Situation “Meeting friends”. The biggest score for importance is occupied by the factor - wide choice of alcohol drinks (70,2%). The second place is with the “Prices” criteria (68,1%). The third under importance is the availability of the subway near the restaurant/cafe (57%) and level of service (57%). Also the taste quality of the dishes is taken into consideration (55%) and proximity of the walking routes (53%).

Figure no. 14 Distribution of the prevailing criteria in the situation “Meeting friends”

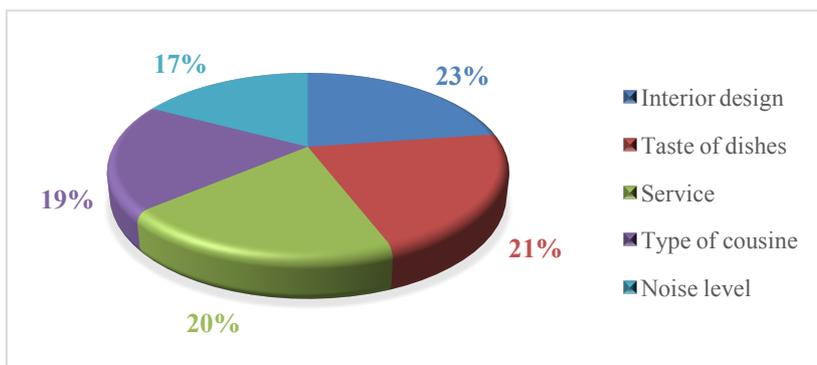


Source: own processing

Being of minimum importance the following factors are named: prestige value of the restaurant, sizes of the restaurant, and contingent of the guests.

4. “Romantic dinner”. For the first time the interior design is mentioned as the first priority factor (78,7%). It is followed by the taste quality of the dishes (74,5%), quality service (68%), type of cuisine (66%) and the noise level in the restaurant (59,6%).

Figure no. 15 Distribution of the prevailing criteria in the situation “Romantic dinner”

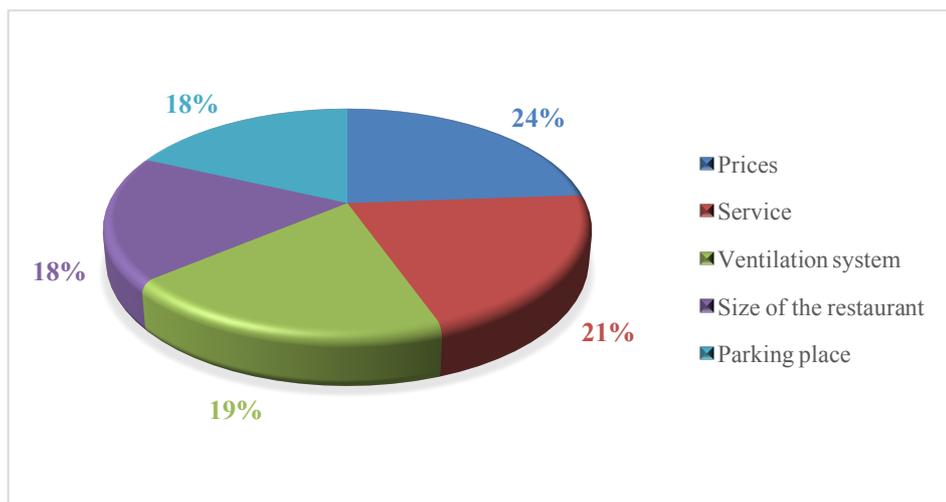


Source: own processing

The following factors were mentioned as insignificant: proximity of the metro stations nearby, size of the restaurant, prices for dishes.

5. According to the opinion of the respondents, at the organization of the Banquet, the first priority is given to the prices of the dishes (70,2%), it is followed by the level of service (61%), availability of the ventilation system (57%), sizes of the restaurant (53%) and good parking place (53%).

Figure no. 16 Distribution of the prevailing criteria in the situation “Banquet”

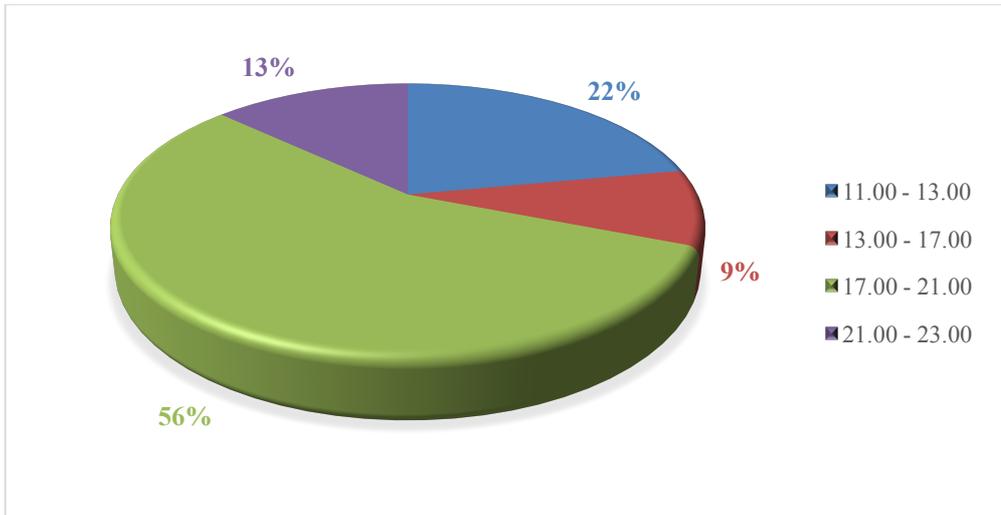


Source: own processing

At banquets the ordering party wants everything to be less costly. In the restaurant is planning to make special offers for the banquets.

As insignificant factors, they mention prestige value of the restaurant, cuisine type, class/type of the guests, advertisement in media and fashion status.

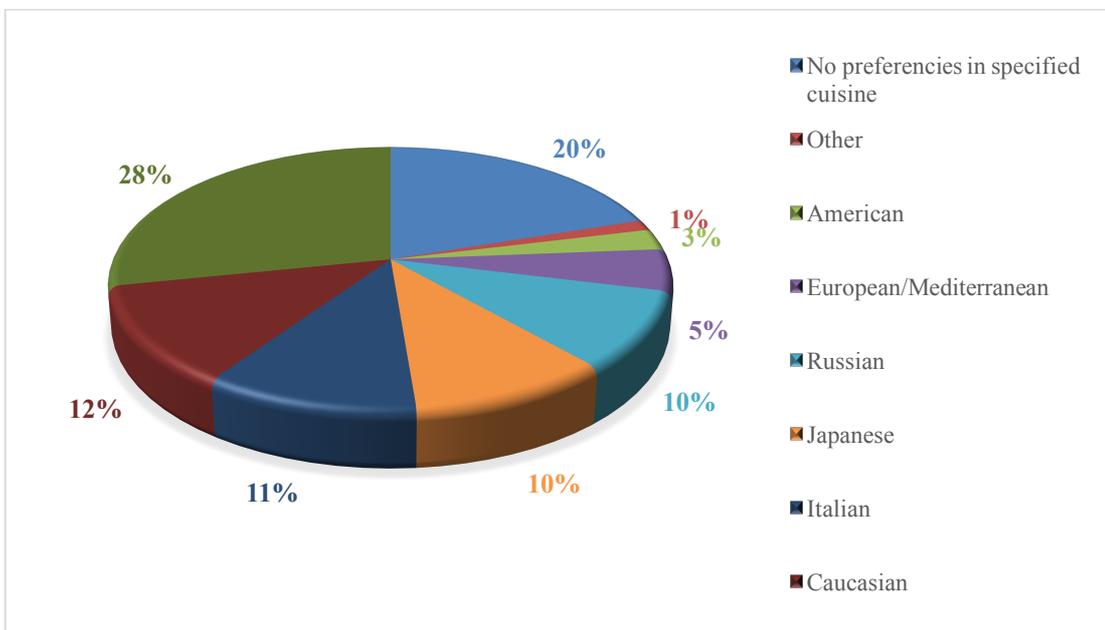
Figure no. 17 What time you prefer to visit a restaurant?



Source: own processing

The survey showed that 56% of respondents usually prefer to visit restaurant, of course, in the evening after the work. 22% prefer to visit restaurant at lunch time.

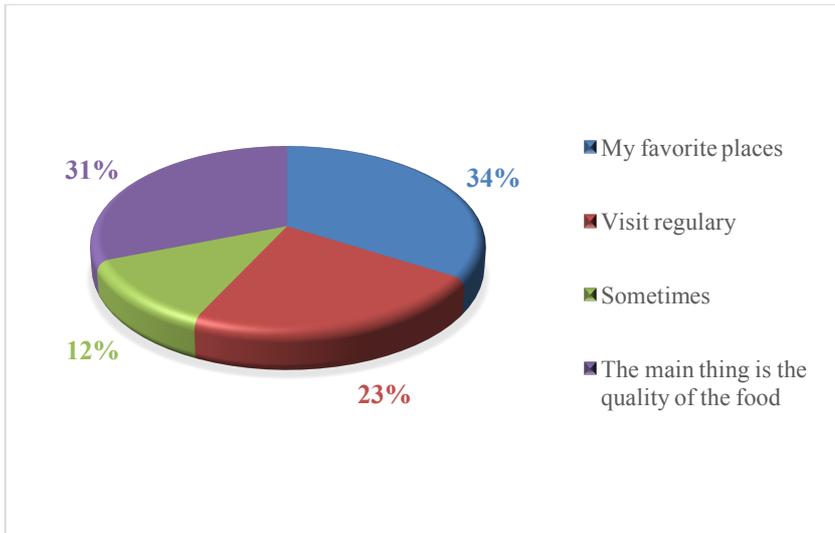
Figure no. 18 What type of cuisine would you prefer?



Source: own processing

Most of the people prefer the Asian/Kazakh food, but if the food is of a high quality, the direction of the cuisine has no importance.

Figure no. 19 Do you visit Oriental restaurants in Almaty?



Source: own processing

The results of the poll are as follows:

- the biggest part of the respondents visits restaurants and cafes once a week
- the most frequent purposes of visiting the restaurant are meeting friends (34%) and family time (28%). Also business meetings (22%) are very popular as a reason for going to the restaurant/café. Each situation has its special criteria, mentioned as decisive for the choice of the place, but absolutely all of them include the factor of “Service level”
- the time period of 17:00 to 21:00 is the most preferable for the visit to restaurant for 56% of the respondents. 34% of the respondents specified the Oriental restaurants of Almaty to be favorite places to frequent. The most popular cuisine in Almaty is Asian/Kazakh, which is natural and to be expected.

6. Risk assessment plan

Hidden risks of location

The choice of location for the restaurant is a very important and critical step. The correct placing of the restaurant is one of the major, and often a dominating factor for the success of the business in such a competitive industry.

The main principle of the choice of location for the restaurant is to find such a place, that as much as possible, is very close to the chosen demographics of consumer. Ideally, the restaurant should be within easy reach of the potential consumers. For example, near house, or work, while walking around the city, etc.). It should also have to be well serviced by connecting transport and easy to find.

Even at first sight, what appears to be an excellent location can require further consideration and investigation? For example, the facade of the restaurant should be located so, that customers will not pass by without having seen it. Or the address of restaurant is new and difficult to find. It is important and necessary to think about and making sure that directions to and identification of the restaurant is taken seriously. It is important to factor in these costs at time of planning, failure could severely impact start up revenue.

It is also necessary to consider what may be happening in the local area? Future development, competition? Construction on building sites, located nearby could produce noise and dust during works that will undoubtedly put off visitors.

Menu: risks because of the absence of the demand

The first stage, develop a range of dishes and drinks, containing traditional, new and house specialties. At the same time, it will be necessary to watch the changing preferences of consumers and study demand for dishes.

The second stage, define what dishes should be included on the menu, drawing attention to dishes with enticing descriptions, photos and good positioning. Proper advertising of a dish will increase the volume of sales.

The third stage, managers should analyze the dishes included in the menu based on popularity and profitability. At the same time dishes can be sub-divided into 4 groups:

- the first group — the dishes enjoying high popularity and profitability. As a rule, these dishes are specialties of the chef and/or house specialties.

- the second group — dishes which were expected to bring big profit, but are still insufficiently popular.
- the third group — popular dishes, but not realizing high profit.
- the fourth group — non-profitable and unpopular dishes.

After the analysis of dishes, it is necessary to increase the range of the 1st 2nd and 3rd groups, and the 4th should be excluded from the new menu.

Careful staff selection (risk of failure in work of already available team, because of incompetent beginners)

When recruiting staff, the Manager should pay attention not only to candidates work history, but particular attention should be paid to his/her personal qualities, together with their ability to study and work according to the expected standards of the restaurant. As for the experienced workers, sometimes it is very difficult or even impossible to retrain them or teach to work according to the style of the restaurant.

It is necessary to train the personnel so, that each of the employee know what is expected by way of actions and to reflect the brand of the restaurant. Besides, the restaurant should function according to uniform standards. It is necessary to ensure delivery of equally exemplary service and quality of dishes, to each and every guest, irrespective of the working shift.

Well trained and kind personnel will be of great benefit to the promotion of the restaurant to potential clients. Even if not recruiting highly trained personnel, it is possible to bring them to the necessary level by means of various training programs for restaurant workers.

Conclusion of the contract with new suppliers

It can result in possible risks, such as untimely delivery of products (for example because of possible breakages of transport etc.); disagreement of the parties because of delivery time and etc. (supplying risk). All this can be avoided if to choose the suitable strategy of negotiating with suppliers.

The simplest, though not always the most effective way, is to take a firm line at negotiations on purchase and to try to receive the best conditions. Such approach in the short term can yield immediate results, but in the long-term it isn't always effective.

The type of the relations has to be chosen on the basis of the serious analysis and supplier

investigation. It is economically inexpedient to establish with all suppliers the same type of partnership. But it is sometimes short-sighted to work with all only by opportunistic principles. Both approaches are good — the only question is when and in the relations with whom we apply them. The relations constructed by the principle of economic feasibility (opportunistic) are suitable for work with not strategic material or commodity groups, where product individualization according to requirements of the client isn't required. In this case, it is possible not to be afraid of the fact that the opportunistic relations with the supplier will negatively affect quality of a product.

If the products to supply arrive from branches, which work with the complex products having low extent of standardization, then creation of partnership with suppliers is often required. It is recommended to establish partnership also in cases if supply is received by products and services from emerging markets, the lack of resources in which can lead to creation of "bottlenecks" at supply. If risks are low? Then it is worth choosing the opportunistic relations; if the level of risks is high – the partnership relations are more justified.

Loss of client base

A variety of restaurants, menus and other factors, can cause loss of constant guests for our restaurant. (risk of client's loss).

"In fight for clients":

- Competitiveness of the enterprise is provided with the high professional level of the employees. The aspiration to catch the best or, at least, high quality cooks, waiters and bar staff is the best weapon of the competition in restaurant business.
- Work with regular customers.

In broad application the system of accumulative bonuses and discounts with the use of loyalty cards is used. The rules are simple: on "a card of the honored guest" 10 percent from the account sum in the form of bonuses is given, and when enough points are collected, it is possible to pay with a card for dinner. Or, the client is granted constant ten percentage discount, for example, for "the big bill". It is possible to develop so-called marketing questionnaires: the guest put the date of birth, the postal address, preferences on food, etc. and a restaurant in its turn sends personal party invitations, wishes happy birthday, etc.

- Variety of the food

A variety of the served food also is a peculiar "shtick" in active policy of attraction and loyalty of the guests. It is possible to provide a service of "business lunch", offering on

several versions of fixed price menus, which are capable to satisfy inquiries of different categories of guests that have great success. Sales of business lunches can make up to 40% in total sales of a restaurant.

Deception and theft of personnel (risk of the missed benefit)

It could happen for example, at banquets, weddings, etc. Here the profit is get by personal in natural terms up to 50% of the food, that had to appear on tables, goes to home refrigerators of the personnel.

The most widespread ways on practice:

- Salads are put in one big salad bowl. To define how many portions, it contains: 9 or 6, is very difficult even to the skilled cook.

Example: to ask to distribute all banquet dishes on plates. There underweight in 30 - 50 grams from a portion is easily observed.

- Drinks spill on shot off-bottles. It looks nice, but it is impractical. In each jug or a shot-off about 70 - 150 ml could be missed.

There are a lot of jugs on tables. As a result, from one banquet the personnel can provide itself with alcohol for a New Year's feast.

Two hours prior to a banquet Management can send to restaurant staff a notice that they will audit consumption and control the process. In effect, warning employees, that prior to the beginning of a feast you will count everything. It constrains them from temptations.

Decreasing of the sales results: it is likely the most common way of the theft by personnel is that a sale isn't registered, and the money received from the client, partially or completely isn't processed through cash desk, and put in a pocket of the waiter or barman. Such an example could be the following: Several clients of the restaurant are given the same bill for coffee, the received money is not registered in a system of control or on cash register. If used often enough, the waiter will gain notable "additional" income.

Naturally, in the presence of conspiracy between the waiter, accountant and kitchen the scale of similar abuses can be catastrophic. Example: two options: the manual accounting and control and existence of system of the automated account.

At the manual account the only way is - to use of numbered forms of bill and allocation of one point of reception of cash. All payments from clients have to come only to this point. In our situation this point is – Administrator and at the same time – the owner.

At the automated registration: Execution of orders happens via the terminal - the computer cash desk, connected to the server on which in real time all operations on each of employees are controlled; the automated products use is also seen.

So, if the order isn't registered on registering system:

- The order for kitchen, which is the basis for cooking of a dish, is not formed, thereby in case of abuse, the number of the people, participating in conspiracy increases. Now in it the kitchen has to participate obligatory. It is no secret that the more people are in a conspiracy chain, the more probable is its detection.

- In the absence of the order entered into the terminal, the account for the guest isn't printed, and the waiter is compelled, giving himself, to ask to pay off without account, referring to the idle printer, cash desk, etc.

- The system of access rights doesn't allow the waiter to print out the same account several times. The right for repeated printing is granted to the administrator.

- The registration balance on a warehouse counted by computer system in real time on the basis of sales doesn't coincide with the fact. At any suspicions it is possible to check quickly kitchen and bar, having carried out selective inventory.

Of course, the computer system cannot completely clean the decreasing of the sales by personnel, however it as much as possible will complicate life to the dishonorable employees, in comparison with manual control much will reduce losses and will give effective levers of control over actions of the employees.

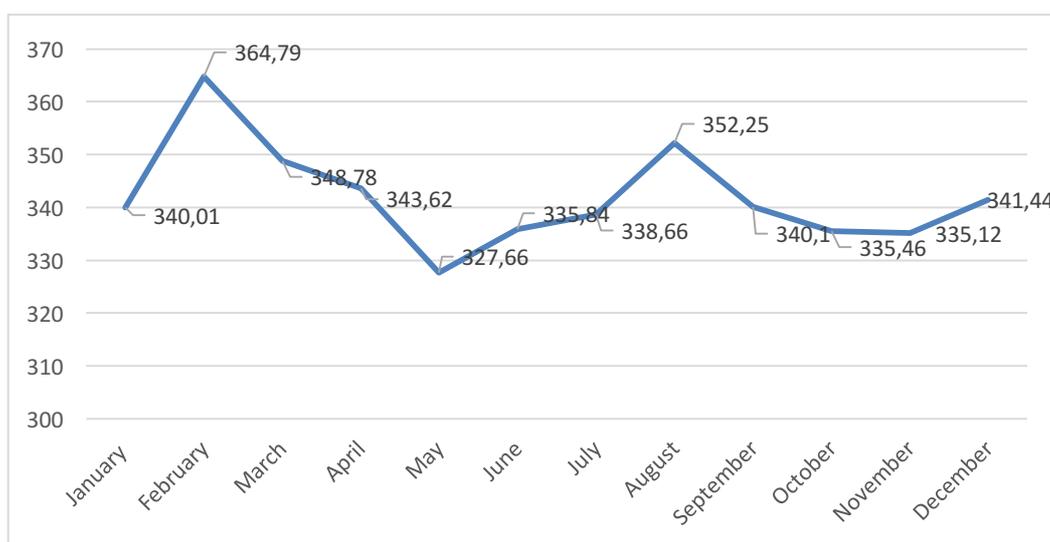
7. Financial plan

All calculations are made in Kazakh tenges. Kazakh tenges is an official monetary unit of Kazakhstan. Currency code: KZ. Change monetary unit: tiyn (1/100).

An average exchanging rate for the March 2017 is 1 USD = 315 tenges. The exchange rate is the sum in one currency, which needs to be paid for purchase of other currency, i.e. for a currency exchange. The exchange rate is often called as currency rate.

An exchange rate of the pair “Tenges-USD” is very volatile and over these years overcame great changes. The dynamics of the exchanging rate of tenges to USD in 2016 is shown in the figure 20.

Figure no. 20 Exchanging rate of Tenges to USD in 2016



Source: <http://kurs-dollar-euro.ru>

All calculations are carried out for three versions of scenarios of business development: optimistic, realistic and pessimistic.

At the optimistic scenario of business development, the monthly income will be equal to 100% of the estimated revenue (32 900 USD), at realistic - 80% of the estimated revenue (26 320 USD), at pessimistic - 60% from the estimated revenue (19 740 USD).

7.1 Calculation of investment expenses

Payment under the project covers the period of 3 years (2018-2020). Opening is planned in May, 2018. It is planned, that the preparatory period will take 2 months – March and April, 2018. During the preparatory period reconstruction of the premises, acquisition of the demanded equipment, uniform, dishes, obtaining allowing documents will be carried out, as well as marketing actions. A part of the equipment will be acquired from the previous owner. At the optimistic scenario of business development, the monthly income will be equal to the estimated revenue (32 900 USD), at realistic - 80% of the estimated revenue (26 320 USD), at pessimistic - 60% from the estimated revenue (19 740 USD).

Total investment, taking into account starting expenses on registration of the enterprise, carrying out reconstruction, equipment, current assets, will make 56 050 dollars. Calculation of investment expenses is presented in table 7.

Table no. 7 Calculation of investment expenses

Expenditure item	Unit	Amount
Purchasing of the equipment and furniture from the previous owner	USD	22700
Re-construction expenses	USD	4500
Purchasing of the additional equipment	USD	15700
Food and beverages, alcohol	USD	2300
Uniform	USD	400
Registration, legal services, documents	USD	500
Advertising	USD	100
Development of logo	USD	50
Web-site creation	USD	200
Rent (bill for 2 months)	USD	7000
Dishes	USD	2600
Total	USD	56050

Source: own processing

Table no. 8 Expenses for additional equipment and furniture

Equipment	Price, USD	Q-ty	Amount
Electric grill	100	5	500
Tables	80	30	2400
Chairs	100	100	10000
Sofas	200	10	2000
Audio equipment	300	1	300
Laptop	300	1	300
Cash register	200	1	200
Total			15700

Source: own processing

For implementation of the project, it is planned to receive 40 000 USD of loan funds (credit).

Other expenses will be taken from the funds of the founder.

The loan is required for 22 months under an annual interest rate of 15%. The terms under this credit grant the delay on payments within 2 months, then return of the loaned funds is carried out monthly within 20 months. The way of return of the credit funds is chosen depending on the scenario of the business development.

According to the optimistic scenario, return of the main sum of the credit is made in two stages: 20 000 USD at the end of 2018. And another sum (20 000 USD) at the end of 2019. During other periods payments on the credit consist of interest rates for the credit.

According to the realistic scenario return of the main sum of the credit is made in two stages: 10 000 USD at the end of 2018. And another sum (30 000 USD) at the end of 2019. During other periods payments on the credit consist of interest rates for the credit.

According to the pessimistic scenario return of the main sum of the credit will be made at the end of 2019. During the term of implementation of the project payments on the credit includes only interest rates for the credit.

Calculation of payments for the credit, depending on the scenario of business development is presented in table 9.

Table no. 9 Calculation of payments for the credit

	Optimistic scenario	Realistic scenario	Pessimistic scenario
Effective annual rate of interest	15%	15%	15%
Year 2018			
Main amount of credit, USD	40 000	40 000	40 000
Monthly payment under interest rate	$40000 \cdot 0,15 : 12 = 500$	$40000 \cdot 0,15 : 12 = 500$	$40000 \cdot 0,15 : 12 = 500$
Year 2019			
Main amount of the credit	20 000	30 000	40 000
Monthly payment under interest rate	$20000 \cdot 0,15 : 12 = 250$	$30000 \cdot 0,15 : 12 = 375$	$40000 \cdot 0,15 : 12 = 500$

Source: own processing

7.2 Calculation of depreciation

Calculation of depreciation costs is made proceeding from equipment service life.

The equipment of kitchen – service life of 15 years.

The additional equipment – service life – 5 years.

Calculation of depreciation costs is presented in table 10.

Table no. 10 Calculation of costs of depreciation

	Cost, USD	Service life, years	Sum of depreciation in a year, USD	Sum of depreciation in a month, USD
Kitchen equipment	22 700	15	1 533	128
Additional equipment	15 700	5	3 140	262
Total			4 673	390

Source: own processing

7.3 Economic calculations

For drawing up the budget of the income and expenses it is necessary to make calculation of the income and expenses.

Constant expenses include costs of rent, advertising, utilities, depreciation, transportation and administration expenses. Calculation of constant expenses is presented in table 11.

Table no. 11 Calculation of constant expenses

Expenditure item	Monthly amount (USD)
Rent	3500
Advertisement	150
Utilities	800
Depreciation	390
Transport cost	150
Administration costs	1000
Total	5990

Source: own processing

Number of the employees – 14 persons. They work in two shifts 2 Days/2 Days, 7 persons in one shift.

Table no. 12 Calculation of salary fund

	Staff number, persons	Salary, USD	Amount, USD
Cook	4	200	800
Waiter	6	150	900
Barman	2	150	300
Cleaner	2	50	100
Total	14		2100
Deductions (15%)			315
Salary fund with deductions			2415

Source: own processing

According to item 2 of Art. 14 of the Law "About Obligatory Social Insurance", item 3 of Instructions on calculations and transfers of social deductions, the percent of social

deductions is equal to 5% of the salary fund. Pension contributions, according to item 4 of Art. 25 of the Law "About Provision of Pensions in the Republic of Kazakhstan", makes 10% of the salary fund. Total deductions from Salary Fund are equal to 15%.

The size of award depends on revenue. 5% of revenue are planned for an award.

As form of ownership IE (individual entrepreneur) form is chosen. System of the taxation is - simplified declaration. At the specified system of the taxation the rate of 3% of the cumulative income-revenue is applied (article 436 of the Internal Revenue Code of RK). The tax period - half-year (article 436 of the Internal Revenue Code of RK).

The restaurant is created for 30 seats. The income is calculated on the basis of the sum of the average check and the number of guests.

Table no. 13 Calculation of the income of restaurant under sum of the average check

	Average check, USD	Number of guests, persons	Amount, USD
Day time	8,33	50	417
Evening time	25,00	24	600,00
Total over the day			1 017
Total over the month			30 500
In addition			
- special events, banquets	30,00	10	300,00
- special events, banquets per month			8
- total revenue from special events over the month			2400,00
Total per month			32 900

Source: own processing

Table no. 14 Calculation of income (revenue) under scenarios of business development

	Scenario type		
	optimistic	realistic	pessimistic
Percentage of the revenue from the estimated value, %	100	80	60
Monthly revenue, USD	32 900	26 320	19 740

Source: own processing

Planned budget of the income and expenses was made on the following assumption:

- in the first two months (the 2nd quarter of the year 2018) the income makes 50%

from estimated values according to the corresponding scenario;

- in the 3rd quarter of the year 2018 – 75% from estimated values according to the corresponding scenario;

- during the subsequent periods the income will be equal to the estimated income according to the corresponding scenario.

When calculating product cost the following conditions are accepted. The average margin on food and drinks in the budget of the income and expenses is accepted as 260%.

When calculating it is considered, that in the 2nd quarter of 2018 the restaurant will function only 2 months – May and June. Table 15 presents calculation of revenue and product cost for all scenarios of business development.

Table no. 15 Calculation of revenue and product cost

	2018				2019			
	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q
revenue %	0	50	75	100	100	100	100	100
Optimistic scenario								
- revenue	0	32900	74025	98700	98700	98700	98700	98700
- product cost	0	12654	28471	37962	37962	37962	37962	37962
Realistic scenario								
- revenue	0	26320	59220	78960	78960	78960	78960	78960
- product cost	0	10123	22777	30369	30369	30369	30369	30369
Pessimistic scenario								
- revenue	0	19740	44415	59220	59220	59220	59220	59220
- product cost	0	19740	44415	59220	22777	22777	22777	22777

Source: own processing

Revenue and cost in 2020 (by quarter) correspond to year 2019. Tables 16 - 21 demonstrate the budget of income and expenses under all 3 scenarios for 3 years.

Table no. 16 Planned budget for income and expenses for 2018-2019 (optimistic scenario)

	2018				2019			
	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q
Revenue	0	32900	74025	98700	98700	98700	98700	98700
Production cost of the product	0	12654	28471	37962	37962	37962	37962	37962
Constant expenses	0	11980	17970	17970	17970	17970	17970	17970
Salary with deductions	0	6475	10946	12180	12180	12180	12180	12180
Profit from sales	0	1791	16638	30588	30588	30588	30588	30588
Payments under credit	0	2000	1500	21500	7500	750	750	20750
Taxes	0	987		5182		5922		5922
Net profit	0	-1196	15138	3907	23088	23916	29838	3916

Source: own processing

Table no. 17 Planned budget for income and expenses for 2020 (optimistic scenario)

	2020			
	1 Q	2 Q	3 Q	4 Q
Revenue	98700	98700	98700	98700
Production cost of the product	37962	37962	37962	37962
Constant expenses	17970	17970	17970	17970
Salary with deductions	12180	12180	12180	12180
Profit from sales	30588	30588	30588	30588
Taxes		5922		5922
Net profit	30588	24666	30588	24666

Source: own processing

Table no. 18 Planned budget of income and expenses for 2018-2019 (realistic scenario)

	2018				2019			
	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q
Revenue	0	26320	59220	78960	78960	78960	78960	78960
Production cost of the product	0	10123	22777	30369	30369	30369	30369	30369
Constant expenses	0	11980	17970	17970	17970	17970	17970	17970
Salary with deductions	0	6146	10206	11193	11193	11193	11193	11193
Profit from sales	0	-1929	8267	19428	19428	19428	19428	19428
Payments under credit	0	2000	1500	11500	1125	1125	1125	31125
Taxes	0	790		4145		4738		4738
Net profit	0	-4719	6767	3782	18303	13565	18303	-16435

Source: own processing

Table no. 19 Planned budget of income and expenses for 2020 (realistic scenario)

	2020			
	1 Q	2 Q	3 Q	4 Q
Revenue	78960	78960	78960	78960
Production cost of the product	30369	30369	30369	30369
Constant expenses	17970	17970	17970	17970
Salary with deductions	11193	11193	11193	11193
Profit from sales	19428	19428	19428	19428
Taxes		4738		4738
Net profit	19428	14690	19428	14690

Source: own processing

Table no. 20 Planned budget of income and expenses for 2018-2019 (pessimistic scenario)

	2018				2019			
	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q
Revenue	0	19740	44415	59220	59220	59220	59220	59220
Production cost of the product	0	7592	17083	22777	22777	22777	22777	22777
Constant expenses	0	11980	17970	17970	17970	17970	17970	17970
Salary with deductions	0	5817	9466	10206	10206	10206	10206	10206
Profit from sales	0	-5649	-104	8267	8267	8267	8267	8267
Payments under credit	0	2000	1500	1500	1500	1500	1500	41500
Taxes	0	592		3109		3553,2		3553,2
Net profit	0	-8242	-1604	3658	6767	3214	6767	-36786

Source: own processing

Table no. 21 Planned budget of income and expenses for 2020 (pessimistic scenario)

	2020			
	1 Q	2 Q	3 Q	4 Q
Revenue	59220	59220	59220	59220
Production cost of the product	22777	22777	22777	22777
Constant expenses	17970	17970	17970	17970
Salary with deductions	10206	10206	10206	10206
Profit from sales	8267	8267	8267	8267
Taxes		3553,2		3553,2
Net profit	8267	4714	8267	4714

Source: own processing

Analysis of budgets of the income and expenses shows, that according to the optimistic scenario, the restaurant will achieve profit from the 3rd quarter of 2018. According to the

realistic scenario the exit to profitable activity begins with the 3rd quarter of 2018, the loss in the 4th quarter of 2019 is caused by payment for closing of the credit. According to the pessimistic scenario losses in three periods are expected: 2-3 quarters of 2018 and the 4th quarter of 2019.

7.3.1 Cash Flow of the financial Indicators

For definition of the payback period for the project it is necessary to make the budget of cash flow. The budget of cash flow is made for 2018-2019. When calculating of the discounted monetary outflows the annual discount rate of 13% is applied. A discount rate in a quarter is - 3,25%.

Table no. 22 Budget of cash flow for 2018-2019 (optimistic scenario)

	2018				2019			
	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q
Monetary funds for the beginning of the period	57000	950	6183	32238	48286	71336	95214	125014
Cash flow from the main activity	0	32900	74025	98700	98700	98700	98700	98700
Purchase of the products	2300	12700	28500	38000	38000	38000	38000	38000
Expenses from the main activity	7000	11980	17970	17970	30150	30150	30150	30150
constant expenses		11980	17970	17970	17970	17970	17970	17970
salary with deductions		6475	10946	12180	12180	12180	12180	12180
Investment expenses	46750							
Taxes		987		5182		5922		5922
Payment under credit		2000	1500	21500	7500	750	750	20750
Net profit	-9300	5233	26055	16048	23050	23878	29800	3878
Monetary funds for the end of the period	950	6183	32238	48286	71336	95214	125014	128892
Discounted multiplier	0,9685	0,9685	0,9685	0,9685	0,9381	0,9381	0,9381	0,9381
Discounted cash flow	-9007	5068	25234	15542	21623	22400	27955	3638
Discounted cash flow for the end of the period	-9007	-3939	21295	36838	58461	80861	108816	112454

Source: own processing

Table no. 23 Budget of cash flow for 2020 (optimistic scenario)

	2020			
	1 Q	2 Q	3 Q	4 Q
Monetary funds for the beginning of the period	128892	159442	184070	214620
Cash flow from the main activity	98700	98700	98700	98700
Purchase of the products	38000	38000	38000	38000
Expenses from the main activity	30150	30150	30150	30150
-constant expenses	17970	17970	17970	17970
- salary with deductions	12180	12180	12180	12180
Taxes		5922		5922
Net profit	30550	24628	30550	24628
Monetary funds for the end of the period	159442	184070	214620	239248
Discounted multiplier	0,9083	0,9083	0,9083	0,9083
Discounted cash flow	27749	22370	27749	22370
Discounted cash flow for the end of the period	140203	162573	190321	212691

Source: own processing

Table no. 24 Budget of cash flow for 2018-2019 (realistic scenario)

	2018				2019			
	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q
Monetary funds for the beginning of the period	57000	950	-3796	2948	6700	24972	38506	56778
Cash flow from the main activity	0	26320	59220	78960	78960	78960	78960	78960
Purchase of the products	2300	10150	22800	30400	30400	30400	30400	30400
Expenses from the main activity	7000	18126	28176	29163	29163	29163	29163	29163
-constant expenses		11980	17970	17970	17970	17970	17970	17970
- salary with deductions		6146	10206	11193	11193	11193	11193	11193
Investment expenses	46750							
Taxes		790		4145		4738		4738
Payment under credit		2000	1500	11500	1125	1125	1125	31125
Net profit	-9300	-4746	6744	3752	18272	13534	18272	-16466
Monetary funds for the end of the period	950	-3796	2948	6700	24972	38506	56778	40312
Discounted multiplier	0,9685	0,9685	0,9685	0,9685	0,938 1	0,938 1	0,9381	0,9381
Discounted cash flow	-9007	-4597	6532	3634	17141	12696	17141	-15447
Discounted cash flow for the end of the period	-9007	-13604	-7072	-3438	13703	26399	43540	28093

Source: own processing

Table no. 25 Budget of cash flow for 2020 (realistic scenario)

	2020			
	1 Q	2 Q	3 Q	4 Q
Monetary funds for the beginning of the period	40312	59709	74368	93765
Cash flow from the main activity	78960	78960	78960	78960
Purchase of the products	30400	30400	30400	30400
Expenses from the main activity	29163	29163	29163	29163
-constant expenses	17970	17970	17970	17970
- salary with deductions	11193	11193	11193	11193
Taxes		4738		4738
Net profit	19397	14659	19397	14659
Monetary funds for the end of the period	59709	74368	93765	108424
Discounted multiplier	0,9083	0,9083	0,9083	0,9083
Discounted cash flow	17618	13315	17618	13315
Discounted cash flow for the end of the period	45712	59026	76645	89959

Source: own processing

Table no. 26 Budget of cash flow for 2018-2019 (pessimistic scenario)

	2018				2019			
	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q
Monetary funds for the beginning of the period	57000	950	-7299	-8920	-5285	1459	4650	11394
Cash flow from the main activity	0	19740	44415	59220	59220	59220	59220	59220
Purchase of the products	2300	7600	17100	22800	22800	22800	22800	22800
Expenses from the main activity	7000	17797	27436	28176	28176	28176	28176	28176
-constant expenses		11980	17970	17970	17970	17970	17970	17970
- salary with deductions		5817	9466	10206	10206	10206	10206	10206
Investment expenses	46750							
Taxes		592		3109		3553		3553
Payment under credit		2000	1500	1500	1500	1500	1500	41500
Net profit	-9300	-8249	-1621	3635	6744	3191	6744	-36809
Monetary funds for the end of the period	950	-7299	-8920	-5285	1459	4650	11394	-25415
Discounted multiplier	0,9685	0,9685	0,9685	0,9685	0,9381	0,9381	0,9381	0,9381
Discounted cash flow	-9007	-7989	-1570	3520	6327	2993	6327	-34531
Discounted cash flow for the end of the period	-9007	-16996	-18566	-15046	-8719	-5726	601	-33930

Source: own processing

Table no. 27 Budget of cash flow for 2020 (pessimistic scenario)

	2020			
	1 quarter	2 quarter	3 quarter	4 quarter
Monetary funds for the beginning of the period	-25415	-17171	-12480	-4236
Cash flow from the main activity	59220	59220	59220	59220
Purchase of the products	22800	22800	22800	22800
Expenses from the main activity	28176	28176	28176	28176
-constant expenses	17970	17970	17970	17970
- salary with deductions	10206	10206	10206	10206
Taxes		3553		3553
Net profit	8244	4691	8244	4691
Monetary funds for the end of the period	-17171	-12480	-4236	455
Discounted multiplier	0,9083	0,9083	0,9083	0,9083
Discounted cash flow	7488	4261	7488	4261
Discounted cash flow for the end of the period	-26442	-22181	-14693	-10432

Source: own processing

Budgets of cash flow demonstrates the following:

- at the optimistic scenario of business development investments will pay off in the 1st quarter of 2019. For the moment of the end of the settlement period the enterprise will have the income in the sum of 239 248 USD.

The discounted cash flow will make 212 691 USD;

- at the realistic scenario of business development investments will pay off in the 3rd quarter of 2019. For the moment of the end of the settlement period the enterprise will have the income in the sum of 108 424 USD.

The discounted cash flow will make 89 959 USD;

- at the pessimistic scenario of business development investments won't pay off.

The discounted cash flow is negative and equal to 10 432 USD. Having the income at the level of 60% from the estimated values, the activity of restaurant is unprofitable.

Table no. 28 Balance sheet

Optimistic scenario	2018	2019	2020		2018	2019	2020
Assets				Capital and liabilities			
Cash/Bank	48286	128892	239248	Credits and loans	20000	0	0
Stocks	12666	12666	12666	Other current liabilities	42333	57499	52666
Total current assets	60952	141558	251914	Total current liabilities	62333	57499	52666
Equipment/furniture	35280	30600	25920	Owner's equity	16050	16050	16050
				Profit	17849	98609	209118
Total fixed assets	35280	30600	25920	Total equity	33899	114659	225168
Total assets	96232	172158	277834	Total capital and liabilities	96232	172158	277834
Realistic scenario	2018	2019	2020		2018	2019	2020
Assets				Capital and liabilities			
Cash/bank	6700	40312	108424	Credits and loans	30000	0	0
Stocks	10133	10133	10133	Other current liabilities	232	25428	20624
Total current assets	16833	50445	118557	Total current liabilities	30232	25428	20624
Equipment/furniture	35280	30600	25920	Owner's equity	16050	16050	16050
				Profit	5831	39567	107803
Total fixed assets	35280	30600	25920	Total equity	21881	55617	123853
Total assets	52113	81045	144477	Total capital and liabilities	52113	81045	144477
Pessimistic scenario	2018	2019	2020		2018	2019	2020
Assets				Capital and liabilities			
Cash/bank	0	0	455	Credits and loans	40000	0	0
Stocks	7600	7600	7600	Other current liabilities		48375	18188
Total current assets	6983	0		Total current liabilities			
Equipment/furniture	14583	7600	8055	Owner's equity	40000	48375	18188
	35280	30600	25920	Profit	16050	16050	16050
Total fixed assets				Total equity	-6187	-26225	-263
Total assets	35280	30600	25920	Total capital and liabilities	9863	-10175	15787
Cash/bank	49863	38200	33975	Credits and loans	49863	38200	33975

Source: own processing

7.3.2 Project assessment

Implementation of the project will involve considerable starting costs. With growth of payback and an exit to planned total revenue the risks will decrease. The payback period of the project will make 13 months at the optimistic scenario and 19 months at the realistic scenario. The project will begin to make profit with the 3rd quarter of 2018 according to optimistic and realistic scenarios. At the pessimistic scenario the activity will be unprofitable. The indicators of the project efficiency, which were intended for the three-year period are presented in table 29.

Table no. 29 Indicators of the project efficiency

Indicator	Optimistic scenario	Realistic scenario
1. Discounting rate, %	13	13
2. Net present value (NPV), USD	156 641	33 909
3. Payback period (PP), months	13	19
4. Discounted payback period (DPP), months	13	-
5. Internal Rate of Return (IRR), %	20	4
6. Productivity index (PI), %	379	160
7. Return of investments (ROI), %	427	193
8. Return on Sales (ROS), %	23,3%	15%

Source: own processing

Analysis of indicators of project efficiency shows, that Net present value has positive value in the optimistic and realistic scenarios. Therefore, for achievement of profitable activity, the revenue has to be not lower than 80% of the estimated value.

8. Summary and discussion

The research question of the Diploma thesis was “Is it feasible and economically efficient to open a restaurant based on Eastern European cuisine in Almaty given the level of competition of restaurants already in the market?” The restaurant “Bosphorus” will be situated in the centre of town in Almaty, in the ecologically clean area of the city, with a beautiful view of the mountains gorge. In this area is an active construction of business centers and residential complexes. The restaurant is created for 30 seats. The income is calculated on the basis of the sum of the average check and the number of guests. After repayment of the loan, the owners plan to expand the restaurant. The restaurant will be made in the Oriental style and will offer dishes of Eastern European cuisine such as: grilled lamb, pork, chicken, tuna, salmon and sturgeon. Qutabs and different dishes of Turkish, Georgian and Azerbaijani cousins. Alcoholic and non-alcoholic beverages, Turkish coffee and tea, desserts and other food and refreshment. The menu also incorporates banquet dishes. In the restaurant is planning to make special offers for the banquets. At the organization of banquets, it is planned to work with organizers of celebrations and local associations. Moreover, in the restaurant "Bosphorus", guests can cook meat on the grill for themselves, friends and family personally. For keeping the level of visitor attendance during non-peak at the restaurant, it is anticipated to offer snack and a dessert free of charge, on condition of the order of a main course. Furthermore, in the restaurant “Bosphorus” to the main-course, tea is served for free in unlimited quantities. As a tools for promoting of the restaurant were chosen flyers, posters, discounts, special offers and events. Based on the competition analysis there is no direct competition.

Market research was based on the questionnaire which contained short questions with multiple choice answers. The total number of respondents were 168 people. The survey was distributed among people living in Almaty with the help of the social media. The age of respondents was mainly 25-40 years. The most respondents are ready to pay 20 USD per one visit.

Analysis of the activities of the restaurant indicates a very good financial state of the organization. Total investment, taking into account starting expenses on registration of the

enterprise, carrying out reconstruction, equipment, current assets, will make 56 050 USD. The payback period of the project will make 13 months at the optimistic scenario and 19 months at the realistic scenario. The project will make profit with the 3rd quarter of 2018 according to optimistic and realistic scenarios. At the optimistic scenario the discounted cash flow will make 212 691 USD. As regards, the realistic scenario the discounted cash flow will make 89 959 USD. It should be noted, that at the pessimistic scenario of business development investments won't pay off. The discounted cash flow is negative and equal to 10 432 USD. Having the income at the level of 60% from the estimated values, the activity of restaurant is unprofitable. Based on analysis of indicators of project efficiency the net present value has positive value in the optimistic and realistic scenarios. It is possible to make a conclusion about the return on investment of the business project, the restaurant makes a profit. This may be indicative of the level of profitability, at the optimistic scenario is estimated at 427%. As for realistic scenario is estimated at 193%, which is a very good indicator. The ratio of profitability of sales reflects the share of profit earned for each company dollar. At the optimistic scenario return on sales is 23,3%, and at the realistic scenario is equal to 15%. Thanks to this indicator, it can be seen how efficiently a restaurant manages its expenses.

To sum up all the analyses conducted in this work, it is clear that the opening of the restaurant is feasible and economically efficient.

9. Conclusion

In the market economy business plan serves as a work tool using in all business areas. The feature of business plan as a strategic document is an equation of tasks taking into account the real financial capacity of the company. To accept business plan, it should be provided with necessary financial resources. It is necessary to make a schedule of enterprise economic action in advance. It is important to make a plan for procurement of raw materials, fuel, component parts and semi-finished articles economically correctly. This affects the industrial effectiveness, tax amount of added value, working capital turnover and production profitability. Mid-term and long-term projects development is the central phase of business planning process.

The aim of the Diploma thesis was to create a business plan for a new restaurant enterprise in Almaty. Conducted research has shown that restaurant business is extremely profitable and perspective. A strong business plan allows a businessman to identify the target market, to identify an ideal location and to choose a suitable concept.

The first part of the thesis was focused on important information about the business itself, which should help to create a successful company. The practical part of the Diploma thesis was based on the literature analysis from the theoretical part. In the practical part there is a description of the company, marketing analysis, analysis of potential customers and competitors, which was based on the market research. SWOT analysis helped to identify the strengths and weaknesses of the company, its opportunities and threats. It will help to develop more effective strategy for opening an enterprise and its further development. The financial analysis was done to set the estimated costs, net profit and to evaluate the profitability of the restaurant. Each business plan must contain data on the financial analysis of the company. The financial plan in this work contains important information about the initial investment, the balance sheet and the economic calculation. On the basis of all the above-mentioned data from the financial plan were calculated the investment expenses, costs of depreciation, planned budget of income and expenses, cash flow statement and the balance sheet at the end of the period, with regard to pessimistic, realistic and optimistic scenarios

of development of the company. Possible risks were also taken into consideration as in required in order to be prepared for unpredictable situations.

The analysis of the feasibility of the project for the opening of the restaurant showed that even in conditions of economic crisis in the country, organization of catering is a highly profitable project. Thanks to well-prepared business plan and a clearly developed concept of the restaurant, it is possible to overcome all the risks.

In the process of working on the Diploma thesis, the author acquires the experience associated with the creation of a business plan in the field of restaurant services, which will be certainly very useful in the future. One of the major advantages of entrepreneur who has a developed business plan, is a possibility to prevent erroneous actions. This work allows to identify ways and meanings of achieving objectives, maximum usage of competitive advantages of enterprises to objectively assess the results of production and commercial activity of the enterprise.

In conclusion, this business plan for the establishment of the restaurant “Bosphorus” shows the project to be successful and economically efficiency.

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13. Appendices

Appendix no. 1: Menu of the restaurant «Bosphorus»



Source: own processing



Bosphorus

SOUPS

Turkish Red Lentil Soup 5\$

Kharcho 6\$

Creamy chicken soup 6\$

Piti (made with mutton and vegetables infused with saffron water to add flavor and color, all covered by a lump of fat and cooked in a sealed crock) 7\$

Pumpkin cream soup 5\$

Mutton ribs sorpa 6\$

"ON THE COALS"

Grilled Salmon 17\$

Tuna steak 19\$

Grilled sea bass 16\$

Calves liver shashlik 12\$

Lamb flesh shashlik 14\$

Lamb loin shashlik 14\$

Chicken shashlik 12\$

Pork shashlik 12\$

Lula-kebab (grilled skewered minced meat with hot spices, served with vegetables and pita bread) - Chicken 12\$

Lamb 14\$

Kebab vegetables: Potatoes 8\$

Paprika 5\$

Tomatoes 4\$

SAUCES

Narsharab (pomegranate sauce) 1\$

Gkemali (cherry plums sauce) 1\$

TIP! Homemade sour cream 1\$

Ajika (hot spicy dip) 1\$

TIP! Homemade mayonnaise 1\$

Source: own processing



Source: own processing

Bosphorus

HOT DRINKS

Turkish coffee 2\$
Turkish coffee (double) 2.50\$
Turkish tea 1\$
Pot of tea (Turkish tea) 2.70\$
Earl Grey, Green tea, Jasmine blossom 3\$

SOFT DRINKS

Juice (apple, orange, grape, peach, garnet) 1.50\$
Coca-cola, Sprite, Pepsi 1\$
Fresh juice (orange, apple, carrot, lemon, grapefruit) 3\$
Mineral water 0.50\$
Airan 0.75\$

GIPI! Homemade Lemonade 2\$

WINE LIST

Wine by glass (150 ml)

WHITE WINES

Chardonnay Louis Galud semi-sweet 6\$
Baron de Lance, Sauvignon Blanc 7\$
Pinot Grigio del Veneto IGIG Cielo 7\$

RED WINES

Baron de Lance, Cabernet Sauvignon 7\$
Clerot Louis Galud Semi-sweet, Georges Dubouef 7\$
Valpolicella DOC Cielo Veneto 8\$

CHAMPAGNE 375 ml

NY DOG & CHANDON IMPERIAL Brut 84\$
NY GALLGINGER Prestige Rose Brut 89\$

WHISKY (5 CL)

Jack Daniel's 7.50\$
Jameson 6\$

COGNAC (5 CL)

Orard Extra 11\$
Dartell x.o 13\$

VODKA (5 CL)

Absolut Blue 4\$
Russian Standard Original 4.50\$
Russian Standard Platinum 5\$
Raki 6\$

DRAFTING BEER

Line Brew Premium
Stella Artois
Hoegaarden

BOTTLED BEER (500 ml)

Warsteiner Premium Verum 5\$
Daisel's Weisse N/A 7\$
Klaster dark 7\$
Pilsner Urquell 7.50\$

Source: own processing

Appendix no. 2: Marketing Survey

1. Gender *

- Female
- Male

2. Age *

- 20-25 years
- 25-30 years
- 30-35 years
- 35-40 years
- 40-45 years
- 45-50 years
- 50 and more

3. Education *

- Secondary
- Higher

4. How often do you go to restaurants/cafes? *

- Every day
- 2 times a week
- Once a week
- 2 times a month
- Once a month
- Very rare (2-3 times a year)
- Only on special occasions (wedding, birthday etc.)

5. How much are you willing to pay on food? *

- 5-10 USD
- 10-20 USD
- 20-30 USD
- 30-40 USD
- 40-50 USD
- 50 USD and more

6. In what situations do you go to the restaurant/cafe: *

- Family time
- Business meeting
- Meeting with friends
- Romantic dinner
- Banquet

7. When going to a restaurant, which criteria are important for you? *

- Proximity of restaurant from the main walking routes
- Existence near restaurant of the subway
- Existence of vehicle parking near the restaurant
- High tastes of dishes
- Type of cuisine (French, Italian etc.)
- Wide choice of alcohol drinks
- Prices of the restaurant
- Way and quality of service of guests
- Contingent of visitors
- Interior design
- Sizes of the restaurant
- Existence of system of ventilation of the room
- Noise level indoors
- Advertising of restaurant in media
- Prestige value of the restaurant
- Fashion for such restaurants

8. What time you prefer to visit a restaurant? *

- 11.00 - 13.00
- 13.00 - 17.00
- 17.00 - 21.00
- 21.00 - 23.00

9.What type of cuisine would you prefer? *

- Asian/Kazakh
- Caucasian
- Italian
- Japanese
- Russian
- European/Mediterranean
- American
- Other
- No preferences in specified cuisine

10.Do you visit Oriental restaurants in Almaty? *

- My favorite places
- Visit regularly
- Sometimes
- The main thing for me is the quality of the food