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**SSPICE IT!**

Sustainability Skills Program for International Catering  
operators and Entrepreneurs through Integrated Training

## **SSPICE IT! – Sustainability Skills Program for International Catering operators and Entrepreneurs through Integrated Training**

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## Submodule n°24: Using a Financial Sheet

THEMATIC AREA	Economic Resilience and Adaptation in the Food Sector		
SUB AREA OF REFERENCE	Entrepreneurship		
HOURS	4		
LEARNING OBJECTIVES			
<div>1. <b>Understanding Financial Basics:</b><ul style="list-style-type: none"><li>Explore different components of a financial sheet.</li><li>Create your own financial sheet for your business idea.</li></ul></div>			
LEARNING ACTIVITIES			
Theoretical		Practical	
<div><div>✓</div> Reading</div> <div><div>✓</div> Case studies</div>		<div><div>✓</div> Case Study Analysis: Study successful business financial sheets.</div> <div><div>✓</div> Financial Planning: Plan financial strategies for a business idea.</div> <div><div>✓</div> Financial Brainstorming: Generate ideas for creating an economically viable business.</div>	

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## SUBMODULE 24: Using a Financial Sheet

### 1. Financial Sheet Example: Green Gourmet Food Truck

Category	Amount (€)	Notes
Food Truck	12000	Second-hand truck with custom kitchen setup
Equipment	3000	Grills, refrigerators, and eco-packaging
Licenses and Permits	1000	Local government requirements
<b>Total Initial Investments</b>	<b>16000</b>	
Staff Salaries	2500	Two part-time employees
Ingredients and Supplies	1200	Locally sourced vegan ingredients
Fuel and Utilities	500	Gas and electricity
Marketing	300	Social media ads, flyers
Maintenance	200	Vehicle upkeep
<b>Total Monthly Expenses</b>	<b>4700</b>	
Average Meal Price	10	Based on menu pricing
Monthly Meals Sold	600	Approx. 20 meals/day
<b>Total Revenue</b>	<b>6000</b>	
Revenue - Expenses	1300	Net monthly profit
Break-Even Point	12,3	Total Investment / Monthly Profit

### 2. Analysis of the Excel File in Narrative Format

The Excel file provides a structured and simplified financial plan for the Green Gourmet Food Truck, offering a clear view of the initial setup costs, monthly operational expenses, revenue generation, and profitability. Here's an explanation of its structure and how it benefits the food truck business:

#### 1. Initial Investments

This section lays the groundwork for the food truck's launch by detailing the one-time costs required to start operations.

- **Food Truck (€12,000):** Represents the cost of purchasing and customizing a second-hand truck with a kitchen setup. Investing in a well-equipped truck ensures smooth operations and mobility, which are critical for reaching customers at various locations.
- **Equipment (€3,000):** Covers essential cooking tools, refrigeration units, and eco-packaging materials. High-quality equipment supports efficient food preparation and maintains the freshness of vegan meals.

- Licenses and Permits (€1,000): Represents regulatory compliance costs, ensuring that the truck meets local health and safety standards.

## 2. Monthly Expenses

This section gives a detailed understanding of fixed and variable operational costs, enabling the food truck to budget effectively and identify areas where cost savings might be possible.

- Staff Salaries (€2,500): Covers the wages for two part-time employees. Having reliable staff supports high-quality service and smooth workflow during peak hours.
- Ingredients and Supplies (€1,200): Focuses on locally sourced vegan ingredients, reinforcing the business's commitment to sustainability and freshness.
- Fuel and Utilities (€500): Accounts for energy and fuel costs to operate the truck and cooking equipment efficiently.
- Marketing (€300): Allocated for promotional activities, such as social media campaigns and flyers, to attract and retain customers.
- Maintenance (€200): Includes vehicle upkeep, ensuring the truck is roadworthy and minimizing unexpected breakdowns.

## 3. Revenue and Profit Analysis

This section helps the business owner understand the profitability of the food truck and how long it will take to see a return on investment. It also allows adjustments to pricing, sales targets, or cost controls to improve financial performance.

- Average Meal Price (€10): Sets a fair price point that aligns with market standards for plant-based meals.
- Monthly Meals Sold (600): Based on a realistic estimate of 20 meals per day for 30 days.
- Total Revenue (€6,000): Reflects potential earnings per month by multiplying the meal price by the number of meals sold.
- Profit and Loss (€1,300): Represents the difference between total revenue (€6,000) and total monthly expenses (€4,700). The monthly profit demonstrates that the business is viable after covering all costs.
- Break-Even Point (12.3 months): Indicates how quickly the business can recover its initial investment of €16,000. This calculation is essential for planning and assessing financial sustainability.

The Excel financial sheet is not just a tool for planning; it is a strategic asset that helps ensure the success of the Green Gourmet Food Truck. By clearly laying out all costs,

revenues, and profits, it provides the owner with actionable insights to manage the business effectively, achieve financial stability, and focus on sustainable growth.

Exercise: Creating a Financial Sheet for Your Business Idea	
<b>Pre-requisites</b>	/
<b>Time</b>	3 hours
<b>Tools</b>	PC or Smartphone, internet connection
<b>Objectives</b>	1. The objective of this task is to develop a basic financial sheet for your business idea, focusing on key finance areas such as staff costs, rates, initial investments, operating expenses, profit, sales revenues, and economic viability
Instructions	
<ol style="list-style-type: none"> <li><b>1. Business Overview</b> - Provide a brief overview of your business idea, including the products or services you will offer and your target market.</li> <li><b>2. Initial Investments</b> - Outline the initial investments required to launch your business. Include costs related to equipment, technology, inventory, licenses, and any other upfront expenses.</li> <li><b>3. Staff Costs</b> - Estimate the costs associated with hiring staff, including salaries, benefits, and training expenses. If applicable, consider part-time or full-time positions and any seasonal variations.</li> <li><b>4. Rates and Pricing</b> - Determine the rates or pricing structure for your products or services. Explain the rationale behind your pricing decisions and how they align with market trends and customer expectations.</li> <li><b>5. Operating Expenses</b> - Identify and list the ongoing operating expenses for your business. This may include rent, utilities, insurance, marketing, and any other regular costs. Provide estimates for each expense category.</li> <li><b>6. Sales Revenues</b> - Project your sales revenues based on your pricing and sales forecasts. Consider factors such as market demand, competition, and potential growth over a specified time period (e.g., monthly or annually).</li> <li><b>7. Profit and Loss Statement</b> - Create a simple profit and loss statement that outlines your projected revenue, costs, and profit over a specified timeframe</li> </ol>	

(e.g., monthly or annually). This statement should provide a clear overview of your business's financial performance.

- 8. Economic Viability** - Assess the economic viability of your business by calculating key financial ratios, such as the break-even point and return on investment (ROI). Discuss what these ratios indicate about the sustainability and profitability of your business.

#### Submission Guidelines:

- Prepare a document or spreadsheet that includes all the above elements.
- Clearly label and organize each section for easy readability.
- Provide explanations or assumptions for any figures or projections made in your financial sheet.
- Consider including charts or graphs to visually represent key financial data.

Your financial sheet will be assessed based on the **following criteria**:

- Accuracy and realism of financial projections.
- Clear and logical organization of financial information.
- Justification for pricing decisions and expense estimates.
- Demonstrated understanding of key financial concepts.
- Overall economic viability and feasibility of the business idea.

**Note:** Feel free to seek guidance from relevant financial resources or mentors while completing this task. The more thorough and well-reasoned your financial sheet, the better you can understand and communicate the financial aspects of your business idea.

## EXTRAS

### 1. Further readings

We recommend that aspects discussed in this module can be approached more in the following materials:

- *Food Security and Global Environmental Change*, book by John Ingram, Polly Ericksen, and Diana Liverman - A comprehensive collection of essays that examine the intersection of food security, climate change, and economic resilience. It offers a multidisciplinary perspective on the challenges and solutions in the food sector.
- *The State of Food Security and Nutrition in the World* report by Food and Agriculture Organization (FAO) - provides in-depth analysis of global food security trends, including economic resilience factors. It offers valuable data and insights for understanding the state of food security.
- *Climate Change and Food Security: A Framework Document* by World Food Programme (WFP) - explores the impact of climate change on food security and outlines strategies for building economic resilience in the face of climate-related challenges.

International Journal of Food Science (<https://www.hindawi.com/journals/ijfs/>)

### 2. Acknowledgements

The module 7 is the result of the following collaboration:

*Authors of the module*

Rossi Loredana

*Contributors*

Nistor Alina

Ceausu Ruxandra

### 3. Glossary

Term	Definition / Meaning
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<i>Break-even point</i>	The level of sales or business activity at which total revenue equals total costs, resulting in neither profit nor loss. It signifies the point where a business covers all its expenses, marking the transition from loss to profit.
<i>Circular economy</i>	An economic model that aims to minimize waste and make the most of resources by designing products, services, and supply chains that reduce, reuse, and recycle materials.
<i>Cross-sector collaboration</i>	Collaboration between different organizations and sectors, such as government, industry associations, and private businesses, to share knowledge, resources, and expertise to enhance economic resilience.
<i>Crisis response</i>	Strategies and plans for addressing and mitigating the impact of unexpected events or crises on the food sector, ensuring continuity of operations and supply chain integrity.
<i>Economic resilience</i>	The ability of the food sector to withstand and recover from shocks, disruptions, and uncertainties while maintaining core functions and the well-being of stakeholders. It ensures stability in food supply, economic activity, and employment.
<i>Internet of Things (IoT)</i>	A network of interconnected physical devices and sensors that collect and exchange data, allowing for real-time monitoring and control of food production and distribution processes.
<i>Risk assessment</i>	The process of identifying, evaluating, and prioritizing potential risks and vulnerabilities within the food and catering sector to make informed decisions and develop mitigation strategies.
<i>ROI (Return on Investment)</i>	Financial metric that evaluates the profitability of an investment by comparing the return gained to the initial cost, expressed as a percentage.
<i>Stakeholders</i>	Individuals, organizations, or groups that have an interest or influence in the food sector, including farmers, producers, retailers, consumers, and government agencies.
<i>Supply chain</i>	A network of organizations, individuals, activities, information, and resources involved in the production, distribution, and delivery of food products from suppliers to consumers.

*Sustainability*

Practices and initiatives that promote environmental, social, and economic sustainability, including responsible sourcing, waste reduction, and eco-friendly packaging.

*Transparency*

Openness and clarity in the supply chain, allowing stakeholders to trace and understand the sources and processes involved in food production and distribution.