

Cost

There are mainly two types of costs which are start-up cost(capital expenditure) and running cost (revenue expenditure). Start up cost is a lump sum of money that you have to given out at once (more or less, besides of using hire purchase or leasing) at the first place you start up the business. Start up costs are mainly fixed costs, e.g. table, equipment, a considerable amount of raw material (in order to start trading), rent, etc. Running costs includes mainly variable costs (direct costs), e.g. electricity, raw material for every month, rent, business rate, insurance, etc.

The following table shows the basic costs that I need to pay to start up my business:

Capital expenditure		Revenue expenditure per month	
Fixed costs	Variable costs	Fixed costs	Variable costs
1) Table	none	1) Electricity	1) ingredients
2) Oven		2) Insurance	2) packing
3) Cabinet		3) Business rate	3) water bills
4) Advertisement		4) Rent	4) electricity
5) refurbishment			

Estimate costs

Capital expenditure (fixed costs): £ 10000

Revenue costs (fixed costs) per month: £ 5000

(Variable costs) per month: £ 350

I am not going to produce a profit and lost account in my project because it is very difficult for me to find out how much each costs really is. However, I am going to produce a break-even chart to find out how much cookies in minimum I have to produce in order to break even.