

CAPSTONE PROJECT 2018-2019

PUBLIC PROJECT SUMMARY

TITLE: FINANCIAL PLAN FOR MIUTCANK

COMPANY: MIUTCANK

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Introduction

The purpose of the present paper is to provide a public project summary about the end result of my capstone project. This essay consists of the following sections. The first part provides a brief introduction about the project and its objectives. The second section describes the work and discusses the various tasks I completed as I was working on my capstone project. The third part introduces the benefits that the project's outcome provides to the client. Last but not least, the final section elaborates on the capstone project's learning experience and the lessons learnt as a result of completing the project.

Objectives and project overview

Miutcank is a social network for neighborhoods. It is a platform that enables the members of local, micro-communities to share their unused resource capacity and thus improve the quality and efficiency of local communities' life. Miutcank was founded five years ago and ever since that it has been growing gradually in Hungary. However, the company would like to expand even further. To be more specific, within three years' time, Miutcank wishes to launch its platform in three additional countries in the region. In order to do that, Miutcank is in need for additional funds. However, to attract financial support from investors for its expansion to abroad, Miutcank has to show them the financial potential it has. Therefore, the purpose of this capstone project is to create a financial plan for Miutcank for the next five years. The financial plan includes all the three, main financial statements such as the income statement, balance sheet, and cashflow statement. Besides that, some additional sheets are also included in the excel file of the financial plan. These are namely an amortization schedule, a weighted average cost of capital calculation, a discounted cash flow model, and last but not least, a separate sheet for the founders' assumptions from which the financial model takes its input figures. The first three years of the financial plan are presented on a monthly basis and the last two years on an annual basis. The goal is to prepare a comprehensive financial plan in a professional format, with which the team of Miutcank can approach and attract new investors who can provide financial support for their regional expansion goals.

Work description and tasks completed

As financial planning is a complex task, the progress of this capstone project had to be thoroughly planned in advance. As a first step, I had to create an assumptions sheet in excel, which includes all the assumptions of the founders regarding the five-year financial plan. In most of the cases the financial model takes its inputs directly from this table, which makes it easy to do quick changes in the entire financial plan.

Afterwards, the structure of the financial plan was built. In this phase of the project it was crucial to make sure that the three financial statements are linked appropriately. Furthermore, the financial plan required additional calculations as well. These calculations are the following. Firstly, the amortization schedule. This part shows how the company's capital expenditures are being amortized over time. In case of Miutcank's five-year financial plan the amortization schedule meant a special challenge due to the fact that it should be done on a monthly basis for the whole five-year time interval, which made the amortization table way more complex than if it was created on an annual basis.

Secondly, the weighted average cost of capital (WACC) calculation. This section is necessary for the next, discounted cashflow (DCF) calculation, which uses the firm's WACC as discount rate. Thirdly, the discounted cashflow model part, which calculates the firm value of Miutcank using the discounted cashflow model. After all the needed calculations had been created, as a final step, it was vital to double-check the entire excel file and make sure that all the inputs and values of the model are correct and the whole financial plan works and calculates according to the expectations.

Benefits for the client and key outcomes

Having a professional financial plan with an appropriate structure is a must for any company. On one hand, it is a great tool for the owners to plan in advance, and on the other hand it is vital to have for any firm who wishes to attract investors and receive additional capital by showing them the financial potential it has. By having a financial plan as a result of this capstone project, Miutcank can approach investors and ask for additional funds for their prospective expansion goals. With the help of this financial plan Miutcank will be able to show to investors the financial potential that the company has.

Learning experience and lessons learnt

Being a consulting exercise, the capstone project was simultaneously a challenging task and a great learning experience. The fact that the completion of the project required regular meetings and discussions with the client company made the project highly practical. A key learning from this was how to suit the outcome of the project to the needs and requests of the client and make sure that the client is satisfied with the final result. This is surely a valuable learning regarding the future. Beyond the consulting nature of the exercise, to build a complex financial plan for a real company is another key takeaway of the project. Financial planning is in itself a challenging exercise and it was a great opportunity to apply in practice the theoretical knowledge that I acquired during my master studies. I am absolutely sure that this project is a valuable learning experience regarding the future.

Conclusion

In conclusion I can declare that, I enjoyed working on my capstone project. It certainly came together with challenges which had to be managed, but I can already see how all these issues became relevant and valuable learnings for the future. Moreover, as a final word I would like

to mention that am grateful to my academic supervisors and to the team of Miutcank for the help and support they have provided to me all the way through as I was working on my capstone project.

