

Central European University  
Department of Economics and Business

# Capstone Project

Summary

Financial Plan for the Enterprise of EZ Solutions

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*June 2022*

*Budapest, Hungary*

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## Introduction

When we are thinking about founding an enterprise, it is crucial to create a financial plan to measure all our assumptions about the operating process. With a good financial plan we are able to clarify our opportunities and potential threats, in the same time we inspire ourselves to recognize various components in many sights of the business idea.

With this paper, my goal is to present the financial plan I have created for the management of enterprise named EZ Solutions. The enterprise is currently in a preliminary phase and will be founded as soon as the founders are ready to ensure all the resources needed, and the infrastructure is granted for business process. Therefore, the model was created for internal usage. While there were uncertainties about various issues on the business process till the end of collaboration - e.g. the human resource management -, it is possible some changes will be made on the structure of the model to get the necessary information in case of news which can come up later on.

As the founders of the enterprise are planning to pattern a new idea on the products that they want to merchandise, I assumed to manage the details related to clear ideas on the numbers regarding to the business process as sensitive information. Therefore, my paper describes the methodology of the model I have created, without the relevant numbers on the calculations. In this manner, my main point is to explain the relations between the certain parts I have added to the financial plan. The model is based on assumptions assigned by the management, and the classical parts of the financial plan, like Balance Sheet, P&L Table, expectations on Cash Flow and information on Capital Expenditures are all related to these expectations, regarding to each other in the same time. There are additional tables which were created, mainly to detail the information of the certain parts into a more informative way, measuring the different items on components of the individual parts which require a more detailed and appropriate demonstration. These additional parts are the Payroll, Revenues, Cost Planning. As the enterprise is planning to provide not only services but also producing goods for the market, another wide and complex part is the introduction of production process, to illustrate measure all sections from the purchasing of the components to the construction of the final products, as different types of mobile buildings will be made. These parts all proceeded from those informations I have collected as parameters mainly in „Assumptions” and future expectations on „Scheduling”. The information provided by the management is mainly based on previous experiences and research work on benchmarks of other companies from the industry.

## Summary

My goal is to shortly introduce the financial plan I have created for the management of EZ Solutions, therefore, I would like to review all the individual components I have added to the model.

Firstly, I was consulting with the board of the management of enterprise and collected the data needed to measure an ideal structure for a financial plan in a theoretical perspective. The management was able to provide all the necessary information, in case of that I could implement all the key parameters to the model, which were utilized for all the individual parts of the calculations. There were some uncertainties about the business process – e.g. details on the conditions for debt the enterprise is planning to loan -, but these factors had no serious impact on the structure I applied.

The core parameters were added into the „Assumptions”, as that part was also underlined to the expectations on sales volume in „Scheduling”, which shows FTE need on the various types of products. The third components for the core data was related to resources for the production process, listed in the „Material Costs” and „Panel Details”.

The „Revenues” relates to the „Material Costs”, while combined with the assumptions of „Scheduling” the amount of earnings of the certain periods are available for the „P&L”. The „Costs Planning” and the P&L table provide information about the NOPLAT, which can be applied for the Cash Flow calculations. The part of „Payroll” includes the sources will be spent on the wages of the employees. The „CAPEX” is applied to list all the fixed assets the enterprise owns at the foundation and which are planned to be purchased in the future, also to demonstrate the amortisation and depreciation. The „Balance Sheet” introduces the assets and liabilities the enterprise is planning to hold, based on the expectations of the business process. The „Working Capital” is related to management of current assets and current liabilities, while we get a clear view about the working capital balance for the enterprise.

Finally, we can take into account the expectations on the Cash Flow, to measure the potential earnings for the investors, also to count with the probability of the need for additional financing of the enterprise in the near future. In this manner, the management can run different scenarios by changing the key parameters, regarding to any assumptions they would like to measure. Therefore, the financial plan can be identified as a finalised tool to support the management during the planning process for the upcoming business.

## Conclusion

Finally, my aim is to summarize all the aspects I detailed above in the Project Technical Discussion. The management of the enterprise named EZ Solutions was asking for a corporation to provide a financial plan for the upcoming business of the startup.

As the paper focuses on the structure of the financial plan, but not the expectations resulted by the calculations, the key idea is how the well-known methodologies of the Balance Sheet, the Profit and Loss Statement, the Cash Flow table provide valuable information for the management that they can utilize. As the enterprise will provide a producing process, therefore the management of the current assets is a major issue for the planning. As mentioned before, the management's goal is to balance the working capital between revenues and the obligations related to the current liabilities via an ideal management of the paydays – to finance a significant part of their cash outflows from the cash inflows earned preliminary, before the delivering of the products. The implementation of this vision into practise intimates a great opportunity to a rapid growth for the enterprise, as they can cover their development with additional orders from the clients. Thus, the management must have a clear view about the key processes regarding to the enterprise also on a long run to be able to calibrate all the capital needed to the progression to avoid the lack of any resources and to minimize the cash contribution needed from the side of the shareholders.

The model for the financial plan was created with an ideal of that, all the individual components relate to each other through the functions which ensure the impact of the parts of the planning issues to those elements which represent the expectations about the performance of the business. These calculations are based on the parameters added by the management, derived from industrial experiences, benchmarks and research progresses. The purpose was to create a model which can be used to analyse different scenarios about the future expectations. This option is available via the change of these core parameters that fulfil the need for partners I have cooperated for my Capstone Project.

In conclusion, the collaboration was productive for both sides, as the management's planning phase was supported by a financial model to measure all the expectations about the business on a long run, while I got significant knowledge about the foundation process of a startup, also got additional experiences on financial modeling as I received various advices from the staff of the management.













