

Financial planning¹

A businessperson plans to establish a furniture producing company (in July 2025).

1. Equity capital is EUR 80'000 (transfer to the bank account: the end of June 2025).
2. In July 2025, the company plans to take a bank loan EUR 400'000 (for 10 years) to finance the business. The loan repayment: according to the regular loan repayment plan. Interest rate is 8%.
3. The company plans to purchase:
 - the building for EUR 200'000
 - the equipment (installed in July 2025) for EUR 75'000
 - 2 tool sets for EUR 1'000 each
 - 4 computers and 1 printer for EUR 2'000

The assets will be delivered free of charge.

4. The company plans to use:
 - the building for 50 years
 - the equipment for 5 years
 - tool sets for 4 years
 - computers and printer for 4 years

For the calculation of depreciation, the company plans to use the linear method.

5. The company needs seven employees with the following salaries:
 - president – EUR 4'000
 - financial director – EUR 3'500
 - marketing specialist – EUR 3'000
 - accountant – EUR 2'000
 - head of production – EUR 3'200
 - 2 workers – EUR 1'000 each

Salary, social security contributions: transferred the next month after calculations.

6. The sales in July 2025 – EUR 50'000. In the third quarter the proceeds from sales will increase by 2% (each month, comparing to the previous month), in the fourth quarter the proceeds from sales will increase by 3% (each month).

¹ All amounts: without VAT.

7. Payment received from customers for the delivered products: 50% of sales in the current month, 48% - the next month, 2% - in 2 months.
8. Purchase of raw materials = 45% of production/sales, but in July 2025 additional raw materials are purchased for EUR 10'000. Payment for the raw materials – by delivery (the same month). Inventory – 40% of the current purchase of materials.
9. Transportation costs – EUR 800 each month.
10. Heating costs: in October – EUR 650, November - EUR 1'000, December – EUR 1'200. The company pays for the heating the next month.
11. Payment for the electricity: EUR 200 each month + 1% of the current month production/sales. The company pays for the electricity the next month.
12. Telecommunication costs – EUR 400 each month. The company pays for the telecommunication services the next month.
13. Marketing costs in July 2025 – EUR 500, in December – EUR 250.
14. Office expenses and purchase of low-value inventory: EUR 700 each month.

The marketing, transportation and office expenses paid in the same month as calculated/purchased.