

ABSTRACT

This project aims at constructing a financial projection model, which analyzes the feasibility of establishing a new factory for Eamtip Rice Co., Ltd., for assisting the management team in making a decision, serving the management team as a guideline for an operations plan to achieve the preplanned financial targets & goals, and providing the financial projection model that will reflect the effect on profitability when any financial condition changes.

A study of past financial performance was conducted to identify the statistical movements of products, sales volume, costs of goods sold, built-up inventory, general expenses, selling & administrative expenses, and all other internally related financial performance factors. Investment volume in fixed assets was forecasted. Business production volume was calculated based on forecasted size of investment. Financing policies were projected. Then, all information were integrated in a financial projection model, which ultimately resulted in 5-year cash flow statements, income statements and balance sheets.

A financial projection model was evaluated and adjusted together by the conductor and the management team to achieve the accuracy of projected financial parameters. The results of the financial projection model suggest that the feasibility of a new factory is moderately satisfactory, however still highly subjected to the limitations of financial information accuracy, availabilities, and uncertainties in financial environments due to its high sensitivity to price and cost.