

# BUDGET

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As can be imagined, because it is a study, the budget will be quite short since only the technical cost of drafting the project, i.e. the fees, will be required.

Consequently, due to the type of project, the execution cost cannot be calculated as it is non-existent since it is a study. To understand how the hours have been broken down, a Gantt chart is presented with a detail of all the tasks carried out:

### Gantt Diagram

	Gantt Diagram																
	S.1	S.2	S.3	S.4	S.5	S.6	S.7	S.8	S.9	S.10	S.11	S.12	S.13	S.14	S.15	S.16	S.17
Redefine the scope due to Covid-19																	
Research of the leading companies	■	■															
State of the art	■	■	■														
Methodology design		■	■	■													
Study of modern theories of capital structure		■	■	■	■	■											
Porter's 5 forces analysis'				■	■	■	■										
Financial calculations of ratios and Z-score					■	■	■	■	■								
Calculations of CAPM, Build-up discount rate and WACC						■	■	■	■	■	■	■	■	■			
Comparison of the companies results within the sector											■	■	■	■	■	■	
Conclusion and discussion											■	■	■	■	■	■	
Drafting the report												■	■	■	■	■	■
Budget drafting																■	■
Final revisions																■	■

Taula 1. Gantt diagram per week

Firstly, it is worth mentioning that the first task had to be carried out as the initial intention was to undertake a financial and productive analysis of the companies, going to each one of them and measuring unit production times and costs, analysing the productive processes and so on. Finally, due to the pandemic, the project had to be reshaped and it was decided to change the productive part for an analysis of the external environment using Porter's 5 forces, which could be done without compromise the health restrictions. The most technical and time-consuming tasks (i.e. not taking into account the conclusions and the drafting of the project) were the study of the modern theories of capital structure and the calculation of the CAPM, Build up discount rate and WACC (which are precisely the modern theories of capital structure) due to their complexity. This complexity arised due to two reasons: firstly, it was necessary to study which theories were best suited to the case study, which was quite challenging, and secondly, the fact of adapting these theories, which are supposedly

for large corporations, to SMEs. Moreover, many data had to be adapted to the case study by making correct but complex assumptions, for example when calculating many of the company size premium or industry premium returns for the calculation of the build-up discount rate (see chapter 6.3.1 of the report).

That being said, the remaining tasks do not require special mention.

Finally, the cost of the hours spent on the activities presented in the Gantt chart will be shown, which is considered to be €40 per hour worked.

### Technical cost of drafting the project

Technical cost of drafting the project			
Activity	Length (hours)	Cost (€/hour)	Total cost (€)
Redefine the scope due to Covid-19	12	40.00 €	480.00 €
Research of the leading companies	12	40.00 €	480.00 €
State of the art	18	40.00 €	720.00 €
Methodology design	12	40.00 €	480.00 €
Study of modern theories of capital structure	30	40.00 €	1,200.00 €
Porter's 5 forces analysis'	12	40.00 €	480.00 €
Financial calculations of ratios and Z-score	24	40.00 €	960.00 €
Calculations of CAPM, Build-up discount rate and WACC	48	40.00 €	1,920.00 €
Comparison of the companies results within the sector	30	40.00 €	1,200.00 €
Conclusion and discussion	30	40.00 €	1,200.00 €
Drafting the report	36	40.00 €	1,440.00 €
Budget drafting	12	40.00 €	480.00 €
Final revisions	12	40.00 €	480.00 €
TOTAL	288	40.00 €	11,520.00 €

Taula 2. Technical cost of drafting the project

The total cost of the project would therefore be around € 11,520 for the realisation of the project at a professional level. It has not been considered to purchase the SABI licence (stands for Iberian Balance Sheet Analysis System in Spanish) which would cost € 6,750, excluding VAT, to any entity interested in the project which would be equivalent to € 8,167.5 including VAT. Therefore, the price of the study for any entity or company would be € 11,520 + € 8,167.5 = € 19,687.5 ≈ € 20,000. One might think that this is a relatively high price, but calculating the cost of equity for SMEs is extremely complicated and has never been done before for companies of this type or

in this small and innovative sector, so the hours spent have had to be many more than they would have been for a project of the same type focused on large corporations.