



# A Brief Analysis of the Writing of Financial Module in College Students' Business Plan

Jianru Xie<sup>1</sup>, Yintong Guo<sup>2</sup>, and Jian Dong<sup>2</sup>(✉)

<sup>1</sup> Guangdong Polytechnic of Water Resources and Electric Engineering, Guangzhou 510635, Guangdong, China

<sup>2</sup> Guangdong Food and Drug Vocational College, Guangzhou 510520, Guangdong, China  
miracle\_dj@126.com

**Abstract.** To win the competition and attract investors, it is essential to have an outstanding business plan, in which financial data analysis plays a critical role. However, college students oversimplify this section, resulting in issues like impracticality, inappropriate index analysis, and illogical data relationships between tables. This paper takes as its research object the financial module of college students' business plans, analyzes the primary issues and precautions involved in its writing, and summarizes effective ways to improve their financial analysis and writing in order to enhance the financial module of business plans.

**Keywords:** business plan · financial planning · writing · suggestion

## 1 Introduction

In the context of China's comprehensive promotion of "mass entrepreneurship and innovation", colleges and universities have established innovation and entrepreneurship courses and platforms in order to foster an environment conducive to innovation and entrepreneurship. Accordingly, college students have gradually become driving forces for innovation and entrepreneurship, which have also expanded into new employment opportunities. Participation in college innovation and entrepreneurship competitions, as a precursor to entrepreneurship, has gained increasing attention from colleges.

## 2 The Content and Role of Financial Planning

Financial planning is a key component of the business plan, which can help the team to clarify their thoughts. The initial shareholder structure, at least five investment and financing plans, estimated financial statement data and analysis, and a feasibility study of investment decisions should be included in the financial plan. In addition, the plan should specify when the project will make profits, when the invested capital will be recovered, and when the business will require additional funding. By showing the prospects and potential of the company, the business plan not only gives a good development direction but also feasible evaluation indexes of the enterprise's economic benefits, thereby appealing to venture capitalists for their financing and ensuring the success of entrepreneurial initiatives [1].

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### **3 Main Problems in Financial Planning Writing**

#### **3.1 Financial Assumptions Are not Reasonable**

The competition's financial analysis is based on realistic financial assumptions. If there is no credible research on the tax policy, financial environment, and industry development trends in the applicable area, the forecast data cannot be used when generating financial assumptions, hence rendering financial planning ineffective. For example, housing prices are rising, but rent payments for project office space are not considered to increase.

#### **3.2 Income Forecast Lacks Basis**

The forecast of operating income is especially vital, but many students estimate it out of thin air. They did not do market research, nor did they review the industry's sales scenario. Once the operating income is assessed to be too high or too low, the enterprise's profit will increase or drop accordingly, resulting in a significant difference between the predicted and actual outcomes.

#### **3.3 Numerous Omissions in Cost Estimation**

In the financial forecasting and planning of entrepreneurial projects, the associated expenditures and expenses are complex, numerous, and easy to overlook. If the omitted or ignored costs and expenses differ significantly from the actual situation, the anticipated profit will be overstated, leaving the financial analysis invalid.

#### **3.4 Problems with Financial Statements**

The balance sheet of the financial statement, income statement, and cash flow statement are crucial components of financial planning and forecasting. These three statements describe the project's financial status, operating results, and cash flow from varying perspectives. However, logic errors in financial data are prevalent [2], such as unbalanced articulations inside the statements and between statements that are related.

### **4 Financial Planning Writing and Attention-Required Aspects**

The financial module of an entrepreneur's business plan should concentrate on the core aspects of the project, beginning with its founding, organization, and implementation, as well as its operation and profit distribution, using accounting and financial management knowledge to conduct a systematic analysis of financial indicators.

#### **4.1 Sources of Project Funding**

When launching an entrepreneurial project, the entrepreneurial team of college students should confirm the following points: existing funds, the total investment amount of the project plan, the structure of shareholders' capital contributions, whether there are intangible assets priced into shares; the financing channels, financing method, amount of borrowed funds, and whether there will be venture capital funds; when funds are in place and when they should be spent; additional investment in the later stage, including whether to carry out project financing according to the previous equity structure and other related content.

#### **4.2 Use of Project Funds**

During the development of entrepreneurial projects, funds are utilized mostly for the purchase of office supplies, intellectual property research and development, raw material procurement, management, and marketing of products or services, etc. During the period, all fixed asset depreciation charges must be accounted for. In the business plan, the numerous economic indicators for the project's funding should be examined and displayed in a table based on their relative importance.

#### **4.3 Operating Income and Cost Budget**

Project operating income and cost management are the centers of financial analysis in the business plan, which should be detailed with analysis and evaluation. Project income mainly originates from the products or services delivered once the project is implemented. For an accurate analysis of the operating income, it must be broken down into the project's product or service. According to the reasonable market research price of the products or services provided after the implementation of the project, as well as the planned unit price of each category and quantity that can be produced, and the order of the products or services provided, they are classified and summarized to form the main operating income. College students' entrepreneurship projects can apply for government or social funds, such as job hunting and entrepreneurship subsidies, one-time entrepreneurship subsidies, entrepreneurship rent subsidies, entrepreneurship-driven employment subsidies, entrepreneurship incubation subsidies, excellent entrepreneurship project funding, entrepreneurship training subsidies, etc. All these subsidies should be documented as non-operating income in the business plan.

#### **4.4 Financial Statement Forecast and Analysis**

Financial analysis should center around the balance sheet, income statement, cash flow statement, and profit and loss statement with six accounting elements: assets, liabilities, equity, income, expenses, and profits, in accordance with accounting principles and financial analysis knowledge, with the year serving as the accounting cycle. Students must prepare and analyze the project's balance sheet, income statement, and cash flow statement for the next five years at least [3].

## **5 Effective Ways to Improve Financial Analysis Writing**

### **5.1 Invite Professionals for Guidance**

The financial module of the college students' entrepreneurial plan should be combined with the actual situation, where teachers of financial management would be better to be invited. The instructor is a vital member of the entrepreneurial team, and his or her recommendations are regarded as perceptive. The financial plan requires not only academic accounting expertise, such as the preparation of financial statements, budgets, decision analyses, and taxation policies, but also practical experience. Under the supervision of the instructor, the business plan can demonstrate the project's feasibility and the relationship between inputs and outputs from both a theoretical and practical perspective, thereby achieving professionalism [4].

### **5.2 Shape the Mindset of Financial Management**

When assembling an entrepreneurial team, it is essential to assess if the members' professional knowledge, business skills, and practical experience, as well as their personal abilities and personalities, complement one another. As financial management penetrates every part of the project, members must hone their financial management skills. College students can have a full understanding of the fund management process of entrepreneurship by developing a financial management mindset [5].

### **5.3 Adopt Reasonable Financial Analysis Methods**

Utilizing ratio analysis to study economic index composition ratio, efficiency ratio, and related ratios, as well as horizontal and vertical comparison analysis, students should thoroughly classify financial analysis indicators and content. If, during the course of analysis, there is an atypical inflection point in the comparison curve between online and offline marketing, it is vital to examine the original financial data for errors or deviations. If there is no error in the original financial data, it can be modified by increasing investment and expanding production scale in order to obtain a more realistic analysis result [6].

## **6 Conclusion**

Financial planning is an essential component of college students' entrepreneurial project plans. It is necessary to demonstrate fully the main points of financial analysis, to adhere to the concepts of financial management projects, and to conduct in-depth and meticulous research on the business plan based on the principles of comprehensive analysis, feasible project operation, and rigorous logic. Through training on the acquisition and processing of original financial data, college students can objectively process the fundamental original financial data and strengthen the writing of project proposals, which can effectively increase their understanding of innovation and entrepreneurship and enhance their teamwork skills, thereby promoting the operation of innovation and entrepreneurship projects [7].

**Project Funds.** Guangdong Food and Drug Vocational College “Double High Plan” project (No.: SG03-02.6).

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