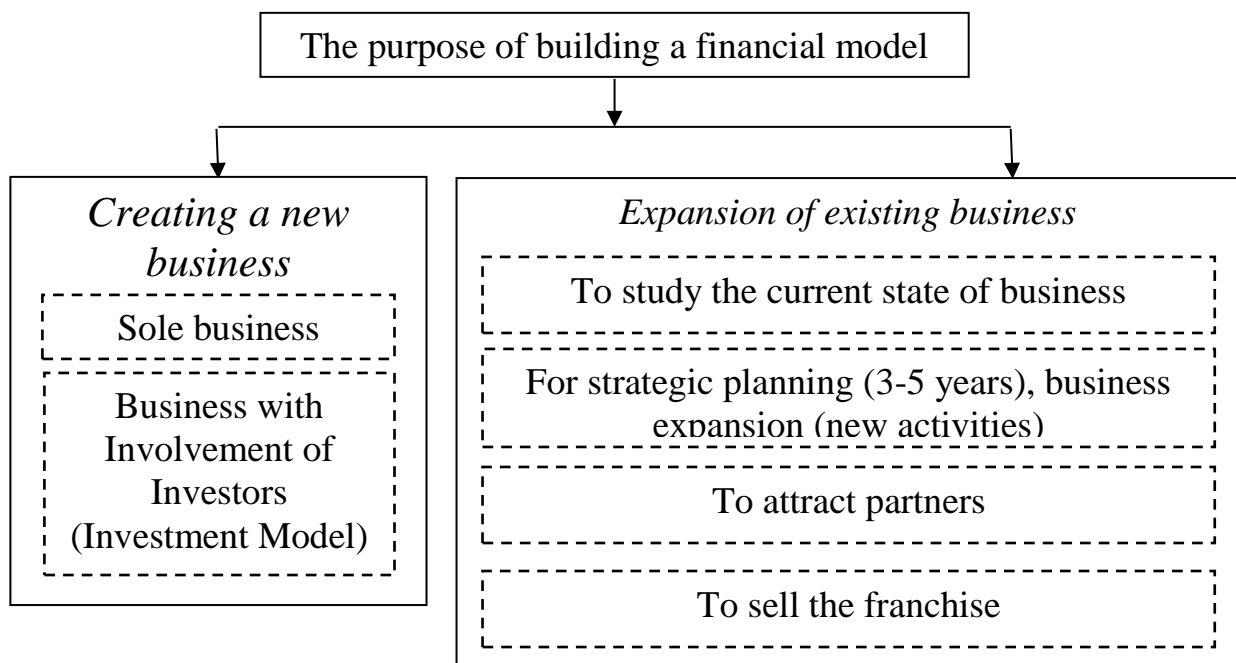


## CONSTRUCTION OF THE FINANCIAL MODEL IN THE CAFÉ CHAIN EXAMPLE

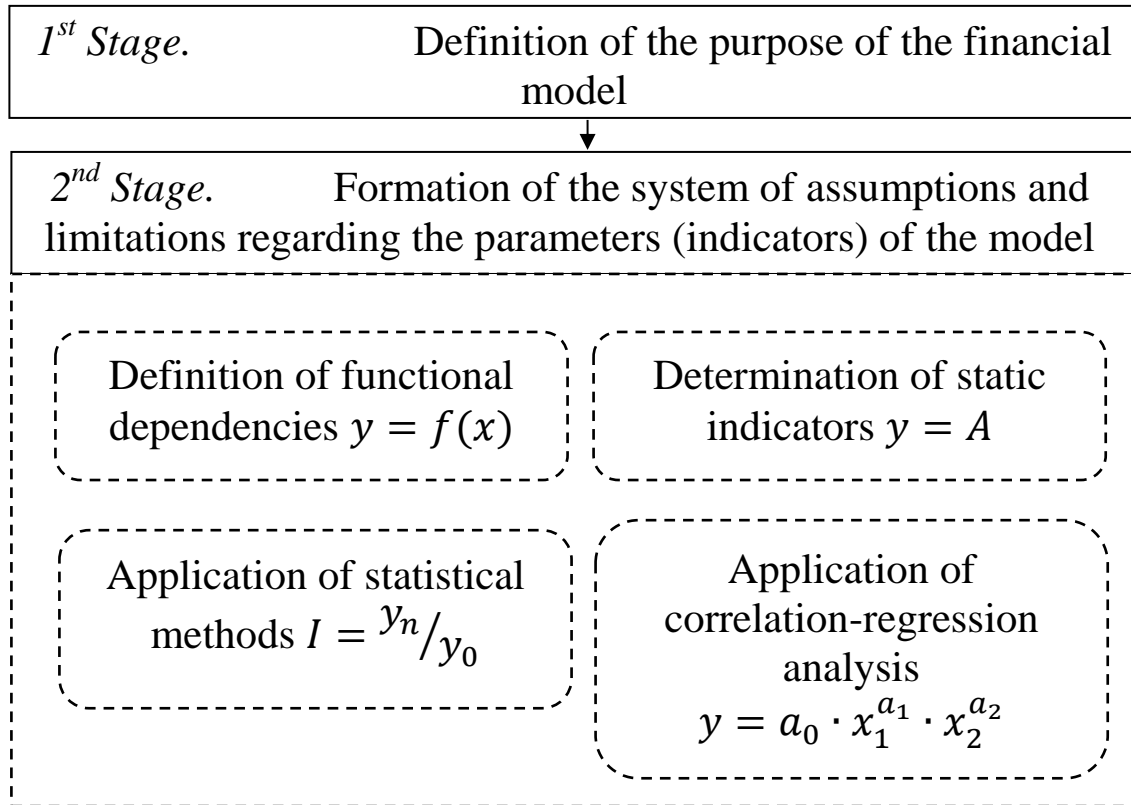
During the process of economic activity, business entities constantly set and achieve certain goals while using a significant portion of financial resources. The purpose of any activity is obtaining a positive financial result, that is, profit. Therefore, financial indicators characterize performance and are important aggregates. To establish the financial parameters which influence the achievement of the main objectives of the business entity, it is necessary to build (develop) a financial model that will expand the imagination of the projected financial results and take into account the influence of a plurality of factors which influence the future development trend. Depending on the objective of the entity, financial models can have several types (Fig. 1).

The results of the financial model can be used to substantiate managerial decisions.



**Fig. 1. Types of financial models**

The financial model can be formulated in different ways, and in a simplified form, the financial model is being constructed to identify the factors affecting profit. To understand the essence and process of constructing a financial model we consider the general stages of its creation (Fig. 2).



**Fig. 2. Stages of creating a financial model**

Thus, financial models are the basis for making decisions in the conditions of creating a new business, finding sources of funding, expanding existing business. The level of realistic predictive indicators and financial results after making decisions depends on the quality of the built model. A well-designed financial model will enable an entity to grow dynamically and will not allow the business to incur losses or lose profitability opportunities.

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