



Petra Calcium Carbonate Company Financial Plan and the Impact of COVID-19 on It

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ABSTRACT

This is a summary report on the Petra Calcium Carbonate Company and its financial plan. In this report, the researcher will define what the financial plan is, present a comprehensive picture of their current finances, their financial strategies that they set to achieve their goals and details about their cash flow, savings, debt, investments, insurance and other elements of their financial life. Also, the researcher will demonstrate their budgeting and taxes. How the PCC company manages liquidity, how it's ready access to cash what do they do to finance large purchases.

As well as this, the researcher will also demonstrate how PCC company manages their risk and invest their money. In all successful companies there must be good communication and records that help them keep monitoring their finances. The researcher will also carry out some innovative solutions for some problems that the company faces.

The researcher has used qualitative data as the research required knowledge about PCC company's systems, financial plans, and different perceptions. Interviews were conducted with managers across the company. Responses were recorded by note taking. The results showed that the problem is the negative impact of COVID-19 on the finances of Petra Calcium Carbonate Co. (PCCC) and this research explores some options for solving this problem.

In the end, the importance of financial plan and strategies are vital in any business not just the PCC company. The PCC company utilizes useful tools to manage financial risks such as having insurance, quality assurance system and other elements. These tools would contribute to the organisation's future success and help it to reach its financial goals effectively.

KEYWORDS: Financial Plan, Financial Risks, Investment, Financial Strategies, COVID-19, Financial Goals, Company's Performance, Cashflow.

1. INTRODUCTION

The researcher will start with an overview of Petra Calcium Carbonate Co. (PCCC) and then its financial tools and plans. Petra Calcium Carbonate Co. (PCCC) is a Jordanian company which was established in 2003 and is located in Amman, Jordan. PCCC mining plant is in Qatranah (Alkarak) Jordan. The Petra Calcium Carbonate company was awarded the mining license from Energy & Minerals Regulatory Commission. This commission provides the factory with very pure, high brightness and high-quality limestone.

Their products are used in several manufacturing fields, it's used as a filler material due to its low price as to other materials, and it's used as a main raw material for other final products. In general, their product is used in several fields such as glass industry, animal feed, paints industry and plastic industries. (2014, PCC Website).

At the moment, they export their products to several countries such as KSA, Kuwait, Syria, Lebanon, UAE and Nigeria. They are also able to export their products all over the world, and in different packing size according to customer need. (2014, PCC Website)

Moving to the definition of financial planning, “financial planning is the process that takes into account the client’s personality, financial status and the socio-economic and legal environments and leads to the adoption of strategies and use of financial tools that are expected to aid in achieving the client’s financial goals.” (Warschauer, 2002).

The financial strategies that are used by PCC company are as follows:

- The company focus on what it matters in terms of payments, so its staff focus on high value tasks not the low ones.
- An automated payment solution validates and verifies payment data to eliminate the high cost of correction and human error. PCC company has a strong tracking capabilities/ payments system so for example they don’t pay suppliers twice as not having this system would cost them more than just money.
- One of best strategy that is used, PCC company makes their decisions based on facts and not on their gut feeling. They monitor financial activity to optimize decision making, they keep payments record and have their useful communication where the records are kept there.
- As PCC company exports its products to several company, it uses multiple payments types often across borders and with some partners and institutions to maintain success throughout the constant changes, adapt to a variety of different factors and ensure that their payment options are never restricted so the business would expand due to investing in more countries and would be in a continual state of growth.

These are the main strategies that the company uses. Moving to the financial planning process, in the PCC company, the process starts from gathering needed information in the market in regard to the calcium carbonate and its competitors’ prices, then to establishing their goals yearly, analyzing financial situation in the company, developing their financial plan, implementing it and the last step is monitoring and reviewing the financial plan and consider its takeaways/lessons learnt for next year.

The below figure shows the financial planning process for your review.



Figure 1: Ruben.B (2020)

2. PROBLEM STATEMENT

The COVID-19 pandemic and its socio-economic impacts in Jordan are evolving rapidly, the impact not only driven and shaped by the repercussions of the spread of the virus on the broader economy, but also by the nature of the government response—movement restrictions and other emergency measures—and the support of Jordan’s key development partners. (2020, Aragie. T, Kebede. S, Stave. E, Kattaa. M, Prokop. M.)

In this paper the researchers will identify the negative impact of COVID-19 on the finances of Petra Calcium Carbonate Co. (PCCC). Currently, most Jordanian enterprises reported challenges in terms of cash flow, reduced demand and supply, and disruption in the value chains as a result of measures responding to COVID-19. (2020, Aragie. T, Kebede. S, Stave. E, Kattaa. M, Prokop. M.). Petra Calcium Carbonate Co. (PCCC) one of those enterprises who faced challenges in their cash flow. As COVID situation hit, all firms around the globe indicated that they were operating but with either reduced staff or reduced working hours or both. Other enterprises had closed temporarily, and some enterprises stopped payment to social security as a result of this crisis. As well as this, the micro enterprises have stopped their payments and other big firms with more than 100 employees have done the same as well. This indicates how the impact of COVID effects not only the PCC company but all firms around the world.

As mentioned earlier PCC company was one of the firms that faced challenges due to COVID-19 and the below table presents the difference finances (cashflows, debt and profits. Etc.) between year 2019 and 2020 in Petra Calcium Carbonate Co. (PCCC).

Table 1: The difference finances (cashflows, debt and profits. Etc.) between year 2019 and 2020

	2019	2020
<i>Cash flow from operating operations</i>	295046	233246
<i>Cash flow from investments</i>	350787	224057
<i>Debt</i>	421863	519041
<i>Operations expenses</i>	2206850	1320899
<i>Other expenses</i>	103264	48232
<i>Total Profits</i>	88845	8427

This proposed research aspires to explore options for solving the problem of the negative financial impact due to COVID-19 crisis on PCC company. To do this, the researchers carried out an analysis with the PCC business development and use it to propose appropriate solutions to this problem.

3. RESEARCH OBJECTIVES

The objectives that could be achieved to solve the PCC company financial problem caused by COVID-19 crisis are the following: first one is the PCC company’s owners have to express a clear view of the type of support needed such as direct financial support, access to credit and policies for reducing the cost of doing their business, reducing licensing fees and work permits, and enacting insolvency regulations and laws.

Moving to the other objective where the government plays a crucial role, the government must develop a strong and transparent approach to support businesses like PCC company. The government should support the PCC company and other firms to mitigate the economic and social consequences of the crisis. It should also explore all options, like, cash injections -grants/loans- to ensure business continuity; it should reduce tax and reschedule paying interest rate loan. It should also support banks and other financial institutions so that they can provide flexibility with debt repayment/handling, and more lending. This will not just help PCC company to continue working and succeeding but also other firms and institutions and would lead to mitigate the economic and social consequences of the crisis.

The last objective is the PCC company must have a business continuity plan and a contingency plan in place that would help them manage and respond to any crisis.

They could ask for technical assistance and mentoring support to develop financial and business continuity plans.

4. RESEARCH QUESTIONS

How does PCC company manage financial risks and how have financial risks affected the PCC performance?

The above question is one of the questions that was asked in the interview which was made with the PCC staff. The researchers interviewed 3 managers and the owner of the PCC company. Also, the question was stated in the survey which its questions were asked face to face in the interviews. 90% of the interviewees indicated that diversifying your investments is crucial in any business maintaining a well-diversified balanced investment supports to minimize risk by spreading out your investments across multiple investments. 95% of them agreed that the PCC company should keep their debt to a minimum, the fact of keep taking large debt reduce the wealth the company can gather down the road. By staying away from these large debts, they will not only maintain more control over the company's life as it gets older, but also avoid all the things that prevent them from ever reaching financial freedom.

All the interviewees agreed on the fact that having insurance would mitigate any financial risks. Insurance supposes to protect you from losses so any firm's owner who would like to reduce and manage their financial risk should consider this point as it's vital.

The PCCC business development manager indicated that having a quality assurance system (IZO) helped their company to eliminate the financial risks and its effect on PCCC performance. He said "If you want a sustainable business. Be sure to test your products and services in order to assure the highest quality". As by testing and analysing what you're offering, you will have an opportunity to make necessary adjustments. As well as this, when you consider taking it a step further, which is to estimate your testing and investigating systems.

5. LITERATURE REVIEW

Financial planning is the process that considers the client's personality, financial status and the socio-economic and legal environments and leads to the adoption of strategies and use of financial tools that are expected to aid in achieving the client's financial goals. (Kimiyağhalam, F, Safari, M, Mansori, S, 2016).

Moving to the COVID-19 impact on firms around the world in literature review: The COVID-19 crisis is informing investors, policy makers and the public at large that natural disasters can inflict economic damage on a previously unprecedented scale. The COVID-19 pandemic is causing a direct global destructive economic impact that is present in every area of the globe. All parties must now face what has already been obvious to many that such phenomenon is imminently possible and indeed likely. How will this effect costs of capital; pension planning; insurance; the role of governments protecting financial systems; social trust and concomitant transaction costs; and political stability in societies? No doubt these questions and many others will be grappled with by financial academics for many years to come. (Goodell, J, 2020).

At the end, it is an agreed point in all research that the financial planning is vital in all businesses around the globe. As well as the financial strategies, tools and process, these should also be considered to eliminate and manage financial risk to ensure that the business reaches its goals and succeed in the market.

6. METHODS OF DATA COLLECTION

The researchers used a qualitative data as the research required knowledge about PCC company's systems, financial plans, and different perceptions. As well as this methodology is less controlled, more informative and through it the researcher's gained information from staff which impacted the results of the research.

To gain a better insight into what the company's staff think of the impact of COVID-19 on their company, face to face interviews were conducted with staff, 3 managers and the PCC company's owner. As mentioned earlier interviews were conducted face to face approximately 20 minutes each. Answers were recorded by note taking.

The interviews were transcribed, and an analysis was conducted. This involved analysing all the data from managers and owner where was able to review and investigate the outcomes. Lastly, out of the interviews a more in-depth understanding of owner's and managers' vision and mission, financial plans perceptions and motivations were collated and suggestions on how the problem could be solved.

Below are a sample of the interview questions that were asked during the face to face interview:

1. How does the PCC company manage the financial risk and how have financial risks affected the PCC performance?
2. Does COVID-19 crisis effect your profits or not at all?
3. Do you think having a contingency plan to deal with crisis is a doable thing in your company?
4. Do you have a system for record keeping? If yes, can you please elaborate more?
5. What kind of support that the government can offer to you and other enterprises to help you overcome your financial risks and challenges?
6. How do you manage financing large purchases?
7. What is the PCC company current financial challenge?
8. If the government reduced its taxes, would that help?
9. Do you have any financial plan that is in place for next year where you consider this year's takeaways?
10. Would you like to add any other comments?

In the end and after the findings of this research, the PCC company can overcome all the challenges caused by the crisis through the support of government and via different investment with different parties and to avoid putting all what it has in one basket. Also, it should continue using and adjusting its useful financial processes and strategies which lead to reach more profit. As well as this, PCC company could manage their financial risk through different financial tools and techniques which mentioned here in this research and should consider these to succeed in the market and reach its planned financial goals.

7. CONCLUSION

The financial planning is crucial not just the PCC company but, in any business. It helps the firm to be in control of its income, expenses and investments so the business can manage its money and achieve its goals. The PCC company's processes and strategies should be kept and adjusted when needed. To overcome the negative impact of crisis on the PCC company, the researchers suggested that the government should play a vital role to help PCC company and other companies to eliminate financial risk and any caused losses and help it to continue in the market through reducing taxes and other things which mentioned in this report. Also, the PCC company should work on have contingency plans which would help it in difficult situation.

This company also uses different tools to manage financial risk such as having insurance, quality assurance system and other elements. This will contribute to the organisation's future success and help it to reach its financial goals effectively.

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