



Pre-feasibility Study

BEACH RESORT

February 2021

“The figures and financial projections are approximate due to fluctuations in exchange rates, energy costs, and fuel prices etc. Users are advised to focus on understanding essential elements such as production processes and capacities, space, machinery, human resources, and raw material etc. requirements. Project investment, operating costs, and revenues can change daily. For accurate financial calculations, utilize financial calculators on SMEDA’s website and consult financial experts to stay current with market conditions”

Small and Medium Enterprises Development Authority
Ministry of Industries and Production
Government of Pakistan

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1 DISCLAIMER

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2 EXECUTIVE SUMMARY

A Beach Resort is a full service recreational or holiday boarding / lodging facility, located at the seaside, with access to a beach. This pre-feasibility study is for setting up a small scale beach resort in Gwadar. Proposed resort will serve as a place where tourists, visitors, vacationers, and leisure travelers could stay overnight, dine, and enjoy the breathtaking view of clear sea. The key attractions of proposed resort includes, luxurious sea view, comfortable accommodation, delicious cuisine, conference / meeting facility and basic entertainment facilities i.e. Jet Skiing, Boating, ATV / Tube Rides, Parasailing and Snorkeling.

The project is proposed to have twelve (12) separate rooms for visitors to stay overnight, one conference hall, a dining hall, and an open air dining place. Accordingly, resort will have the capacity to provide boarding and lodging facilities to 12 families per day. In addition to that resort will also serve 15 day visitors on an average per day and around 2 conference, seminar or meetings per month. During the peak season (i.e. September to March), the resort will operate on optimal capacity whereas in rest of the other months will operate at around 40%. The provision of quality boarding services, competitive packages and ensuring comfort of tourist / visitor are extremely important factor for success of this business.

Total project cost is estimated as Rs. 74.820 million with a capital investment of Rs. 68.212 million and working capital Rs. 6.607 million. Based on an equity finance model, the project NPV is around Rs. 11.706 million, with an IRR of 21% and Payback Period of 5.48 years. The project will provide employment opportunities to 42 people including the Owner. The legal business status of this project is assumed to be 'Sole Proprietorship'.

3 INTRODUCTION TO SMEDA

The Small and Medium Enterprises Development Authority (SMEDA) was established in October 1998 to provide fresh impetus to the economy through the development of Small and Medium Enterprises (SMEs).

With a mission "to assist in employment generation and value addition to the national income, through the development of the SME sector, by helping increase the number, scale and competitiveness of SMEs", SMEDA has carried out 'sectoral research' to identify policy, access to finance, business development services, strategic initiatives and institutional collaboration and networking initiatives.

Preparation and dissemination of pre-feasibility studies in key areas of investment have been a successful hallmark of SME facilitation by SMEDA.

Concurrent to the pre-feasibility studies, a broad spectrum of business development services is also offered to the SMEs by SMEDA. These services include identification of experts and consultants and delivery of need-based capacity building programs of different types in addition to business guidance through help desk services.

4 PURPOSE OF THE DOCUMENT

The objective of the pre-feasibility study is primarily to facilitate potential entrepreneurs in project identification for investment. The project pre-feasibility may form the basis of an important investment decision and to serve this objective, the document/study covers various aspects of project concept development, start-up, and production, marketing, finance and business management.

The purpose of this document is to facilitate potential investors in “**Beach Resort**” by providing them with a general understanding of the business to support potential investors in crucial investment decisions.

The need to come up with pre-feasibility reports for undocumented or minimally documented sectors attains greater imminence as the research that precedes such reports reveal certain thumb rules; best practices developed by existing enterprises by trial and error, and certain industrial norms that become a guiding source regarding various aspects of business set-up and its successful management.

Apart from carefully studying the whole document one must consider critical aspects provided later on, which form the basis of any Investment Decision.

5 BRIEF DESCRIPTION OF PROJECT & PRODUCT

The beach being the primary focus for tourists; beach resort offers a wide range of services and amenities relating to entertainment, leisure time and recreational activities. In Pakistan coastal areas of Balochistan and Sindh such as, Gwadar, Gaddani, Sonmiani, Ormara, Pasni, Makran and Thatha, etc., have huge investment potential for setting up the beach resort facilities to attract the tourists.

This pre-feasibility provides the basic details for setting up beach resort which will provide quality tourist services for leisure and adventure activities on the beach and hygienic food for customers. The project is proposed to have 12 separate guest rooms for visitors to stay overnight, one conference hall, dining hall, place for party setups and open-air dinning place. The resort is proposed to be located in Gwadar. The location of Gwadar is proposed due to the availability of infrastructure, breathtaking view of clear sea and high influx of people. However, such a project could also be established on beaches of Karachi and adjacent areas after careful analysis of market demand and project ability.

The provision of various recreational / adventurous activities along with comfortable stay, best quality cuisine, excellent view to sea and ensuring the quality leisure time will be the hallmark of proposed resort. For that purposes, latest Jet Skiing, Boating, ATV Bikes, Tube Ride, Snorkeling and other equipment will be acquired. Likewise, audio and visual equipment will be provided to hold conference, seminars, meeting and party events as per the requirement of the clients.

Although the weather conditions in the coastal belt of Pakistan remains suitable for tourists / visitors almost throughout, however the project is assumed to have significantly more business during the winters and spring (i.e. from September to March) as the weather becomes more pleasant and comfortable for the visitors. The number of tourists / visitors during the off peak season are expected to drop to around 40% of the footfall during the peak season. The legal status is proposed to be 'Sole Proprietorship'.

5.1 Installed and Operational Capacities

As per the installed facilities the proposed resort will enable to render overnight stay facility to at least 12 families including children's or around 24 adults per day. Additionally, resort will also serve 15 day visitors on an average per day and around 2 conference, seminar or meetings per month.

However, initial operational capacity of the project will be 65% with an annual growth of 10% up to the maximum capacity utilization of 90% in the 5th year of operation. It is expected that during the peak season (i.e. from September to March), the resort will operate on optimal capacity utilization whereas during the off season period the number of visitors will drop to 50% of the operational capacity achieved in that year.

Table 1: Installed and Operational Capacity

Description	Total Installed Capacity	Installed Capacity Season @ 100%	Capacity Utilization 65% for Year 1 (7 Months) Season	Capacity Utilization Off season 5 Months Year 1	Total Capacity Utilization Year 1 @ 65%
Room Occupancy	4,320	2,520	1,638	585	2,223
Day Visitors	5,400	3,150	2,048	731	2,779
Conferences Hall Events	24	14	9	6	15
Party Setups (outdoors)	12	7	5	4	9
Moon light camping	1,872	1,092	710	507	1,217
Jet Ski and Power	3,510	2,048	1,331	475	1,806

Boat					
Speed Boat	3,510	2,048	1,331	475	1,806
ATV Rides	2,808	1,638	1,065	380	1,445
Tube Rides	1,404	819	532	190	722
Parasailing	702	409	266	95	361
Snorkeling	702	409	266	95	361

6 CRITICAL FACTORS

Following are critical success factors associated with this business.

- ⇒ Tourism and hospitality service quality is viewed as a multidimensional concept based on five key aspects; Tangibility, reliability, assurance, responsiveness and empathy.
- ⇒ Selection of appropriate location near to beach with superb view and easy access to road is extremely important for the success of this business.
- ⇒ Entrepreneurs prior knowledge and understanding of tour and hospitality operations business, especially laws and regulations.
- ⇒ Trained and well-groomed human resource with respect to hospitality and service management to ensure the customer satisfaction.
- ⇒ Large variety of different leisure and adventure activities to choose from, and with proper safety standards ensured would develop confidence amongst the customers and would help in their retention.
- ⇒ Offering competitive price and ensuring the delivery quality services on agreed terms and conditions.
- ⇒ Guest feedbacks should be a regular activity by the management and the viable recommendations / suggestions should be adopted.
- ⇒ Exceed customer expectations by offering high quality and hygienic food at reasonable prices with quick turnaround times.
- ⇒ Awareness amongst the general people regarding the safety, comfort and entertainment opportunities available at the resort.
- ⇒ Marketing and promotion through various channels i.e. catalogues / pamphlets, outdoor advertisement, hoardings / flex signs, TV & cable ads, and promotion through social media (Facebook etc.).

7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

Balochistan has more than 750 Kilometers long coastline with clean and virgin beaches, tropical forests, exotic mountains, coral reefs and many breathtaking locations. Balochistan coastal zone has so far been neglected for tourism and travel development despite of tremendous potential in the sector. During the recent past, it was found that towns such as Gaddani, Ormara and Gwadar have been given attention by the government and private sector for investment. The completion of Makran Coastal Highway has provided the very basic infrastructure facility that connects the major towns such as Gaddani, Sonmiani, Ormara, Pasni and Gwadar. Similarly, Gwadar airport has provided the visitors the facility to reach the town in around 45 minutes from Karachi and in around 90 minutes from Quetta.

Apart from the above stated locations, this project may also be initiated at nearby beaches of Indus River, especially Karachi and surrounding areas to cater to the requirements of larger population base there.

8 POTENTIAL TARGET CUSTOMERS / MARKETS

The target market of the project is very wide in nature. All the tourists / visitors whether domestic or international could be the major target market for the project. On the same time, it could also be a facility for the corporate clients who visit Gwadar on business purposes and want to hold seminars / workshops etc.

Additionally, the residents of Gwadar and adjacent areas could also be the potential target customers, who can either stay overnight or just enjoy the sea view dining, lunch / tea, as well as do the adventurous activities. Currently, there are lack of such leisure facilities in the area. Besides that local corporate client would also have an excellent avenue to hold their corporate event while experiencing the beautiful landscape and sea view.

9 PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of Beach Resort. Various cost and revenue related assumptions along with the results of the analysis are outlined in this section.

The projected Income Statement, Cash Flow Statement and Balance Sheet are attached as annexures.

9.1 Project Economics

All the figures in this financial model have been calculated for the estimated revenue of Rs. 33,777,143 in the year one. The capacity utilization during year one is worked out at 65%.

The following table shows the internal rate of return, payback period and net present value of the proposed venture.

Table 2: Project Economics (Equity Financed)

Description	Details
Internal Rate of Return (IRR)	21%
Payback Period (yrs.)	5.48
Net Present Value (Rs.)	11,706,111

Calculation of break-even analysis is as follows.

Table 3: Breakeven (100% Equity-Based)

Break-Even Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Break-Even Revenue	28,260,699	25,165,363	25,348,383	26,471,232	28,258,656	33,514,934	35,703,075	38,081,898	40,702,703	43,611,613
Break-Even Units	3,410	2,760	2,528	2,400	2,329	2,511	2,432	2,358	2,291	2,232
Margin of Safety	16%	43%	53%	58%	59%	56%	57%	58%	60%	61%

However, for further explanation the Project Economics based on Debt:Equity (i.e. 50:50) Model has also been computed. Based on Debt:Equity model the Internal Rate of Return, Payback Period and Net Present Value of the proposed project are provided in the table below.

Table 4: Project Economics Based on Debt (50%):Equity (50%)

Description	Details
Internal Rate of Return (IRR)	21%
Payback Period (Yrs.)	5.42
Net Present Value (Rs.)	24,922,992

The financial assumptions for Debt:Equity is as follows:

Table 5: Financial Assumptions for Debt:Equity (50%:50%) Model

Description	Details
Debt (Rs.)	37,456,578
Equity (Rs.)	37,456,578
Interest Rate on Debt	12%
Debt Tenure (Yrs.)	5
Debt Payment / Year	2

The projected Income Statement, Cash Flow Statement and Balance Sheet enclosed as annexures are based on 100% Equity-Based Business Model.

9.2 Project Cost

Following fixed and working capital requirements have been identified for operations of the proposed business.

Table 6: Project Cost

Description	Amount Rs.
Capital Cost	
Land	5,000,000
Building / Infrastructure	40,652,400
Machinery & Equipment	11,598,700
Office Vehicles	5,711,644
Land	5,000,000
Furniture & Fixture	3,339,250
Pre-Operating Costs	1,130,000
Licensing & Legal Fee	500,000
Office Equipment	280,600
Total Capital Cost	73,212,594
Equipment Spare Parts Inventory	57,994
Cash	6,549,431
Total Working Capital	6,607,425

Total Project Cost	74,820,019
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9.3 Land and Building Requirements

The space requirement for the proposed Beach Resort is estimated considering various facilities including Reception, Lobby, Kitchen, Conference Hall, Dining Hall, Family Rooms, Open Space, etc. For that purposes around 4 Kanals of land would be required, which is proposed to be purchased. The estimated cost of land is assumed at Rs.1,250,000 per kanal, facing a beach at the outskirts of Gwadar. Details of building and other infrastructure requirements along with estimated costs are provided below.

Table 7: Land & Building Requirements

Description	Estimated Area (Sq. ft.)	Unit Cost (Rs.)	Total Cost (Rs.)
Dining, Conference and Function Hall	2,800	4,000	11,200,000
Guest Rooms with Attached Baths	3,888	4,000	15,552,000
Reception Area and Lobby	360	4,000	1,440,000
Kitchen Area	324	3,200	1,036,800
Manager and Admin accommodation	100	3,200	320,000
Bonfire and BBQ Area	1,800	80	144,000
Terrace Grill (Outdoor Dining)	1,200	1,500	1,800,000
Laundry Area etc.	400	3,200	1,280,000
Accounts/Admin Room	72	3,500	252,000
House Keeping	360	3,200	1,152,000
Washrooms (Other than guest rooms)	360	3,200	1,152,000
House Keeping & Laundry Staff Rooms	336	3,200	1,075,200
Grounds	8,480	80	678,400
Staff Washrooms	216	3,200	691,200
Owner / Manager Office	144	3,500	504,000
Boating and Outdoor Activities Staff Room	144	3,200	460,800
Kitchen Staff Accommodation	120	3,200	384,000

Waiters and Room Service Staff Accommodation	120	3,200	384,000
Sweepers Room	100	3,200	320,000
Security Guard Room	100	3,200	320,000
Store	80	3,200	256,000
Building Design	1	250,000	250,000
Total Construction Cost			40,652,400
Cost of Land			5,000,000
Total Land and Building Cost			45,652,400

9.4 Machinery & Equipment Requirement

Machinery and equipment required for the proposed project are stated below.

Table 8: Machinery & Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Kitchen Equipment			
Fridge	2	51,500	103,000
Deep Freezer	2	47,000	94,000
Microwave Oven	1	20,500	20,500
Pizza oven	1	135,000	135,000
Dough Machine	1	110,000	110,000
Conventional oven	1	30,000	30,000
Meat mincer	1	22,000	22,000
Chopper	1	35,000	35,000
Grinder	1	45,000	45,000
Blender	1	25,000	25,000
Juicer	1	20,000	20,000
Deep Fryer	1	95,000	95,000
Steamer	1	24,000	24,000

Charcoal grill	1	40,000	40,000
Bar BQ Counter	1	25,000	25,000
Tandoor	1	50,000	50,000
Kitchen Equipment	2	5,000	10,000
Utensils	10	2,000	20,000
Crockery	12	20,000	240,000
Miscellaneous appliances	1	500,000	500,000
Guest Room Items			
Fridge Small	12	20,000	240,000
Electric Kettle	12	5,000	60,000
Hair Dryer	12	5,000	60,000
Entertainment			
LED TVs	15	33,200	498,000
Equipment for Adventurous Activities			
Jet Ski (1-3 persons)	2	500,000	1,000,000
Speed Boat (6 persons)	1	2,600,000	2,600,000
Power Boat (8 persons)	1	900,000	900,000
Snorkeling Equipment	10	7,500	75,000
Tow Tube equipment	3	6,300	18,900
Life Jackets	18	3,250	58,500
ATV Bikes	3	30,000	90,000
Carrom Board	1	3,500	3,500
Foot Ball Table	1	29,500	29,500
Projector and screen	1	185,000	185,000
Beach Volley Ball Equipment	1	4,200	4,200
Camps	8	12,500	100,000
Bicycles	4	8,500	34,000
Other Items			
Security Equipment	1	85,000	85,000

Water Geysers	4	25,400	101,600
Air Conditioners (1 Ton)	14	65,000	910,000
AC Chillers (4 ton)	5	158,200	791,000
Water Dispenser	4	19,000	76,000
Generator	1	980,000	980,000
House Keeping Equipment	1	40,000	40,000
Laundry Machines	1	825,000	825,000
Ironing Board and Accessories	2	45,000	90,000
Miscellaneous Items	1	100,000	100,000
Total			11,598,700

9.5 Furniture & Fixtures Requirement

Details of the furniture and fixture required for the project are given below.

Table 9: Furniture & Fixture

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Dining Hall / Terrace Grill Tables & Chairs	25	24,000	600,000
Reception Area Furniture	1	18,000	18,000
Guest Room Furniture Sets	12	85,000	1,020,000
Curtain Sets	22	6,500	143,000
Folding Beds for Beach	10	4,500	45,000
Lawn Table and Chair sets	3	20,000	60,000
Table & Chair for Owner Manager Office	1	35,000	35,000
Visitor Chairs for Owner Manager Office	2	8,000	16,000
Sofa Set Owner Manager Office	1	24,000	24,000
Table & Chairs for Staff	1	25,000	25,000
Visitor Chairs for Staff	2	6,000	12,000
Staff Rooms Furniture	14	20,000	280,000
Miscellaneous Furniture	1	250,000	250,000
Bracket Fans	57	3,750	213,750

Exhaust Fans	24	2,200	52,800
LED Bulbs (18 Watts)	149	300	44,700
Internal Décor	1	500,000	500,000
Total			3,339,250

9.6 Office Equipment Requirement

Following office equipment will be required for the project are given below.

Table 10: Office Equipment Requirement

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Telephones	18	2,500	45,000
Laptops	2	70,000	140,000
Computer Printer	1	23,000	23,000
Wi-Fi Routers	3	4,200	12,600
Scanner	1	10,000	10,000
Miscellaneous Items	1	50,000	50,000
Total			280,600

9.7 Office Vehicles Requirements

Details of the office vehicles required for the project are given below.

Table 11: Office Vehicle Requirements

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Double Cabin Hilux	1	5,555,844	5,555,844
Motorcycle CD 70	2	77,900	155,800
Total			5,711,644

9.8 Raw Material Requirements

The project raw material will primarily be eatable items and drinks required for usage in the restaurant's kitchen, that will be procured from the local vendors. Managing the

restaurant inventory is necessary to avoid wastage and to ensure the freshness of ingredients.

9.9 Human Resource Requirement

In order to run operations of proposed Beach Resort smoothly, details of human resources required along with number of employees and monthly salaries are recommended as under.

Table 12: Human Resource Requirement

Description	No. of Employees	Monthly Salary per person (Rs.)
Owner / Manager	1	60,000
Accounts / Admin Officer	1	30,000
Receptionist	1	25,000
Waiters/Servers/Room Service	6	22,000
Boating In charge	1	30,000
Boating Assistants	1	20,000
Snorkeling In charge	1	30,000
Snorkeling Assistant	1	20,000
Outdoor activities In charge	1	35,000
Outdoor activities Assistants	3	25,000
Sweepers	3	20,000
Security Guards	3	20,000
House Keeping Staff	3	20,000
Electrician	1	20,000
Plumber	1	20,000
Gardener	1	20,000
Laundry Staff	2	20,000
Driver	1	20,000
Head Chef	1	80,000
Cooks	3	25,000
Tandoor Operator	3	20,000

Kitchen Helpers	3	20,000
Total	42	

9.10 Utilities and Other Costs

An essential cost to be borne by the project is the cost of electricity and water. The electricity and water expenses are estimated to be around Rs. 252,144 per month. Furthermore, promotional expense being essential for marketing of Beach Resort is estimated as 5% of revenue in year 1.

9.11 Revenue Generation

Based on the capacity utilization of 50%, sales revenue during the first year of operations is estimated as under.

Table 13: Revenue Generation – Year 1

Description	Total Capacity Utilization Year 1	Price per Service (Rs.)	Sales Revenue (Rs.)
Room Occupancy	0	6,500	14,449,500
Conferences Hall Events	15	20,571	308,571
Party Setups (outdoors)	9	42,857	385,714
Moon light camping	1,217	1,950	2,373,429
Jet Ski and Power Boat	1,806	2,500	4,515,893
Speed Boat	1,806	1,300	2,348,264
ATV Rides	1,445	800	1,156,286
Tube Rides	722	1,100	794,200
Parasailing	361	4,500	1,624,500
Snorkeling	361	4,000	1,444,000
Income from meals			4,376,786
Total			33,777,143

10 CONTACT DETAILS

In order to facilitate potential investors, contact details of private sector Service Providers relevant to the proposed project be given.

Table 14: Machinery Suppliers

Supplier Name	Website	Address / Contact
Electric Appliances	https://www.haier.com/pk/	8th Floor, Mega Tower, Main Boulevard Gulberg, Lahore Ph: -111142437
Boating Equipment		Mahigeer Diving Equipment Karachi Ph: 0313-2009925
Craft Vision	www.craftvisionpk/	401, Century Tower, Gulberg III, Lahore Ph: 042-34004994
WOODPECKER	www.apnafurniture.pk	G-21 Goldmine Plaza, Ferozepur Road, Lahore Ph: 0331-8999222

11 USEFUL WEB LINKS

Small & Medium Enterprises Development Authority (SMEDA)	www.smeda.org.pk
Government of Pakistan	www.pakistan.gov.pk
Ministry of Industries & Production	www.moip.gov.pk
Ministry of Education, Training & Standards in Higher Education	http://moptt.gov.pk
Government of Punjab	www.punjab.gov.pk
Government of Sindh	www.sindh.gov.pk
Government of Khyber Pakhtunkhwa	www.khyberpakhtunkhwa.gov.pk
Government of Balochistan	www.balochistan.gov.pk
Government of Gilgit Baltistan	www.gilgitbaltistan.gov.pk
Government of Azad Jamu Kashmir	www.ajk.gov.pk
Trade Development Authority of Pakistan (TDAP)	www.tdap.gov.pk

Security Commission of Pakistan (SECP)	www.secp.gov.pk
Federation of Pakistan Chambers of Commerce and Industry (FPCCI)	www.fpcci.com.pk
State Bank of Pakistan (SBP)	www.sbp.org.pk
Punjab Small Industries Corporation	www.psic.gop.pk
Sindh Small Industries Corporation	www.ssic.gos.pk
Punjab Vocational Training Council (PVTC)	www.pvtc.gop.pk
Pakistan Readymade Garment Technical Training Institute	www.prgmea.org/prgtti/
Punjab Industrial Estates (PIE)	www.pie.com.pk
Faisalabad Industrial Estate Development and Management Company (FIEDMC)	www.fiedmc.com.pk
Pakistan Tourism Development Corporation	www.tourism.gov.pk
Tourism and Cultural Directorate, Government of Balochistan	www.balochistan.gov.pk
Sindh Tourism Development Corporation (STDC)	www.stdc.gos.pk
Punjab Tourism Development Corporation (PTDC)	www.ptdc.gop.pk
Tourism Corporation Khyber Pakhtunkhwa	www.kptourism.com

12 ANNEXURES

12.1 Income Statement

Calculations	SMEDA									
Income Statement										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	33,777,143	43,834,613	54,071,214	62,673,669	68,941,036	75,835,140	83,418,654	91,760,519	100,936,571	111,030,228
<i>Cost of sales</i>										
Direct Labor	8,904,000	9,794,400	10,773,840	11,851,224	13,036,346	14,339,981	15,773,979	17,351,377	19,086,515	20,995,166
Outdoor activities related expenses	5,123,008	7,071,115	8,596,909	9,907,316	10,898,047	11,987,852	13,186,637	14,505,301	15,955,831	17,551,414
Temporary labour during peak season	1,050,000	1,155,000	1,270,500	1,397,550	1,537,305	1,691,036	1,860,139	2,046,153	2,250,768	2,475,845
Machinery maintenance	231,974	255,171	280,689	308,757	339,633	373,596	410,956	452,052	497,257	546,983
Direct electricity	1,307,062	1,437,768	1,581,545	1,739,700	1,913,670	2,105,037	2,315,540	2,547,095	2,801,804	3,081,984
Direct water	237,600	249,480	261,954	275,052	288,804	303,244	318,407	334,327	351,043	368,596
Total cost of sales	16,853,644	19,962,935	22,765,437	25,479,599	28,013,806	30,800,746	33,865,659	37,236,304	40,943,218	45,019,988
Gross Profit	16,923,499	23,871,678	31,305,777	37,194,071	40,927,230	45,034,393	49,552,995	54,524,215	59,993,353	66,010,240
<i>General administration & selling expenses</i>										
Administration expense	3,480,000	3,828,000	4,210,800	4,631,880	5,095,068	5,604,575	6,165,032	6,781,536	7,459,689	8,205,658
Staff uniform	260,000	286,000	314,600	346,060	380,666	418,733	460,606	506,666	557,333	613,066
Electricity expense	1,307,062	1,437,768	1,581,545	1,739,700	1,913,670	2,105,037	2,315,540	2,547,095	2,801,804	3,081,984
Water expense	191,400	191,400	210,540	231,594	254,753	280,229	308,252	339,077	372,984	410,283
Gas expense	84,443	109,587	135,178	156,684	172,353	189,588	208,547	229,401	252,341	277,576
Repair and Maintenance	522,000	574,200	631,620	694,782	764,260	840,686	924,755	1,017,230	1,118,953	1,230,849
Towel, curtain, bedsheets sets etc	144,000	158,400	174,240	191,664	210,830	231,913	255,105	280,615	308,677	339,544
Travelling expense	69,600	76,560	84,216	92,638	101,901	112,091	123,301	135,631	149,194	164,113
Communications expense (phone, fax, mail, internet, etc.)	261,000	287,100	315,810	347,391	382,130	420,343	462,377	508,615	559,477	615,424
Office vehicles running expense	114,233	125,656	138,222	152,044	167,248	183,973	202,371	222,608	244,868	269,355
Office expenses (stationary, entertainment, janitorial services, etc	522,000	574,200	631,620	694,782	764,260	840,686	924,755	1,017,230	1,118,953	1,230,849
Promotional expense Year 1	1,688,857	-	-	-	-	-	-	-	-	-
Promotional expense Year 2-10	-	438,346	540,712	626,737	689,410	758,351	834,187	917,605	1,009,366	1,110,302
Professional fees (legal, audit, consultants, etc.)	168,886	219,173	270,356	313,368	344,705	379,176	417,093	458,803	504,683	555,151
Depreciation expense	4,739,492	4,739,492	4,739,492	4,751,002	4,749,146	6,926,870	6,940,194	6,938,046	6,938,046	6,953,471
Amortization of pre-operating costs	226,000	226,000	226,000	226,000	226,000	-	-	-	-	-
Amortization of legal, licensing, and training costs	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Property tax expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous expense 1	348,000	382,800	421,080	463,188	509,507	560,457	616,503	678,154	745,969	820,566
Subtotal	14,159,573	13,704,682	14,676,031	15,709,514	16,775,909	19,902,709	21,208,617	22,628,311	24,192,338	25,928,192
Operating Income	2,763,926	10,166,996	16,629,746	21,484,557	24,151,321	25,131,685	28,344,378	31,895,904	35,801,015	40,082,049
Other income (interest on cash)	265,554	498,403	782,545	1,100,051	1,303,033	1,459,097	1,710,128	1,989,716	2,290,911	2,618,708
Gain / (loss) on sale of machinery & equipment	-	-	-	-	4,639,480	-	-	-	-	-
Gain / (loss) on sale of computer equipment	-	-	46,400	-	-	100,114	-	-	162,294	129,567
Gain / (loss) on sale of office vehicles	-	-	-	-	2,284,658	-	-	-	-	-
Earnings Before Interest & Taxes	3,029,480	10,665,400	17,458,691	22,584,608	32,378,492	26,690,895	30,054,505	33,885,620	38,254,220	42,830,324
Earnings Before Tax	3,029,480	10,665,400	17,458,691	22,584,608	32,378,492	26,690,895	30,054,505	33,885,620	38,254,220	42,830,324
Tax	377,370	2,852,890	5,230,541	7,024,612	10,452,472	8,461,813	9,639,077	10,979,967	12,508,977	14,110,613
NET PROFIT/(LOSS) AFTER TAX	2,652,110	7,812,510	12,228,149	15,559,995	21,926,020	18,229,082	20,415,429	22,905,653	25,745,243	28,719,711

12.2 Balance Sheet

Calculations											SMEDA
Balance Sheet											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets											
<i>Current assets</i>											
Cash & Bank	6,549,431	14,694,881	25,177,392	37,426,215	50,577,843	53,664,774	63,062,972	73,747,237	85,430,077	97,842,777	111,653,884
Equipment spare part inventory	57,994	66,982	77,365	89,356	103,207	119,204	137,680	159,021	183,669	212,137	-
Total Current Assets	6,607,425	14,761,864	25,254,757	37,515,572	50,681,049	53,783,977	63,200,652	73,906,257	85,613,745	98,054,915	111,653,884
<i>Fixed assets</i>											
Land	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Building/Infrastructure	40,652,400	38,619,780	36,587,160	34,554,540	32,521,920	30,489,300	28,456,680	26,424,060	24,391,440	22,358,820	20,326,200
Machinery & equipment	11,598,700	10,438,830	9,278,960	8,119,090	6,959,220	20,602,557	17,962,366	15,322,176	12,681,985	10,041,794	7,401,603
Furniture & fixtures	3,339,250	3,005,325	2,671,400	2,337,475	2,003,550	1,669,625	1,335,700	1,001,775	667,850	333,925	-
Office vehicles	5,711,644	4,569,315	3,426,986	2,284,658	1,142,329	9,198,660	7,358,928	5,519,196	3,679,464	1,839,732	-
Computer equipment	185,600	124,352	63,104	216,711	143,953	73,051	250,870	166,644	84,565	290,414	192,911
Office equipment	95,000	85,500	76,000	66,500	57,000	47,500	38,000	28,500	19,000	9,500	-
Total Fixed Assets	66,582,594	61,843,102	57,103,610	52,578,974	47,827,972	67,080,693	60,402,544	53,462,350	46,524,304	39,874,185	32,920,714
<i>Intangible assets</i>											
Pre-operation costs	1,130,000	904,000	678,000	452,000	226,000	-	-	-	-	-	-
Legal, licensing, & training costs	500,000	450,000	400,000	350,000	300,000	250,000	200,000	150,000	100,000	50,000	-
Total Intangible Assets	1,630,000	1,354,000	1,078,000	802,000	526,000	250,000	200,000	150,000	100,000	50,000	-
TOTAL ASSETS	74,820,019	77,958,966	83,436,367	90,896,546	99,035,021	121,114,670	123,803,196	127,518,607	132,238,049	137,979,099	144,574,598
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Accounts payable	-	1,149,865	1,265,154	1,392,019	1,531,625	1,685,254	1,854,318	2,040,372	2,245,128	2,470,471	2,698,339
Total Current Liabilities	-	1,149,865	1,265,154	1,392,019	1,531,625	1,685,254	1,854,318	2,040,372	2,245,128	2,470,471	2,698,339
<i>Shareholders' equity</i>											
Paid-up capital	74,820,019	74,820,019	74,820,019	74,820,019	74,820,019	74,820,019	74,820,019	74,820,019	74,820,019	74,820,019	74,820,019
Retained earnings	-	1,989,083	7,351,194	14,684,508	22,683,377	44,609,397	47,128,860	50,658,216	55,172,902	60,688,609	67,056,240
Total Equity	74,820,019	76,809,101	82,171,213	89,504,527	97,503,396	119,429,416	121,948,878	125,478,235	129,992,921	135,508,628	141,876,259
TOTAL CAPITAL AND LIABILITIES	74,820,019	77,958,966	83,436,367	90,896,546	99,035,021	121,114,670	123,803,196	127,518,607	132,238,049	137,979,099	144,574,598

12.3 Cash Flow Statement

Calculations											SMEDA
Cash Flow Statement											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<i>Operating activities</i>											
Net profit		2,652,110	7,812,510	12,228,149	15,559,995	21,926,020	18,229,082	20,415,429	22,905,653	25,745,243	28,719,711
Add: depreciation expense		4,739,492	4,739,492	4,739,492	4,751,002	4,749,146	6,926,870	6,940,194	6,938,046	6,938,046	6,953,471
amortization of pre-operating costs		226,000	226,000	226,000	226,000	226,000	-	-	-	-	-
amortization of training costs		50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Equipment inventory	(57,994)	(8,989)	(10,382)	(11,992)	(13,850)	(15,997)	(18,477)	(21,340)	(24,648)	(28,469)	212,137
Accounts payable		1,149,865	115,289	126,865	139,606	153,629	169,064	186,054	204,756	225,343	227,868
Cash provided by operations	(57,994)	8,808,477	12,932,909	17,358,515	20,712,753	27,088,798	25,356,540	27,570,337	30,073,807	32,930,164	36,163,186
<i>Financing activities</i>											
Issuance of shares	74,820,019	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financing activities	74,820,019	-	-	-	-	-	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(68,212,594)	-	-	(214,855)	-	(24,001,867)	(248,722)	-	-	(287,927)	-
Cash (used for) / provided by investing activities	(68,212,594)	-	-	(214,855)	-	(24,001,867)	(248,722)	-	-	(287,927)	-
NET CASH	6,549,431	8,808,477	12,932,909	17,143,660	20,712,753	3,086,931	25,107,818	27,570,337	30,073,807	32,642,237	36,163,186

13 KEY ASSUMPTIONS

13.1 Operating Cost Assumptions

Description	Details
Travelling Expense	2% of administration expense
Communication Expense	7.5% of administration expense
Promotional Expenses	5% of Revenue in Year 1 1% of Revenue in Year 2- Year 10
Depreciation Method	Accelerated depreciation
Depreciation Rate	5% on Building / Infrastructure 10% on Machinery & Equipment and Furniture & Fixture 33% on Computer Equipment
Inflation Growth Rate	10%
Electricity Price Growth Rate	10%
Salaries Growth Rate	10%
Water Price Growth Rate	5%

13.2 Revenue Assumptions

Description	Details
Sale Price Growth Rate	10%
Jet Ski And Power Boat (% age of Visitors)	25%
Speed Boat (% age of Visitors)	25%
ATV Rides (% age of Visitors)	20%
Tube Rides (% age of Visitors)	10%

Parasailing (% age of Visitors)	5%
Snorkeling (% age of Visitors)	5%
Total Guest Rooms	12
Average Day Visitors	15
Conferences Hall Events	24
Party Setups (Outdoors)	12
Average Guests Per Party Event	200
Moon Light Camping & Movie Night Events	104
Moon Light Camping & Movie Night Participants / Event	18

13.3 Capacity Utilization Assumptions

Description	Details
Capacity Utilization Year 1	65%
Capacity Utilization Growth Rate	10%
Maximum Capacity Utilization	90%
Capacity Utilization in Off Peak Season (%age of Capacity Utilization for that particular Year)	50%

Small and Medium Enterprises Development Authority

HEAD OFFICE

4th Floor, Building No. 3, Aiwan-e-Iqbal Complex, Egerton Road, Lahore
Tel: (92 42) 111 111 456, Fax: (92 42) 36304926-7

www.smeda.org.pk, helpdesk@smeda.org.pk

REGIONAL OFFICE PUNJAB	REGIONAL OFFICE SINDH	REGIONAL OFFICE KPK	REGIONAL OFFICE BALOCHISTAN
3 rd Floor, Building No. 3, Aiwan-e-Iqbal Complex, Egerton Road Lahore, Tel: (042) 111-111-456 Fax: (042) 36304926-7 helpdesk.punjab@smeda.org.pk	5 TH Floor, Bahria Complex II, M.T. Khan Road, Karachi. Tel: (021) 111-111-456 Fax: (021) 5610572 helpdesk-khi@smeda.org.pk	Ground Floor State Life Building The Mall, Peshawar. Tel: (091) 9213046-47 Fax: (091) 286908 helpdesk-pew@smeda.org.pk	Bungalow No. 15-A Chaman Housing Scheme Airport Road, Quetta. Tel: (081) 831623, 831702 Fax: (081) 831922 helpdesk-qta@smeda.org.pk