



Pre-feasibility Study

DAY CARE CENTER

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

Life, today, is characterized by independent family system, need for improved living standards, quality education for children, etc., resulting in increased pressure on working women to efficiently manage both their professional and domestic responsibilities. The demand for day care centers is on the rise, specifically by working mothers (doctors, businesswomen, government servants, corporate employees, teachers, etc), and the service is deemed as a profitable entrepreneurship opportunity. Day Care Center is proposed to be located in major cities such as Islamabad, Lahore, Karachi, Peshawar, Multan, Gujranwala, Sialkot and Quetta etc.

The project features a facility and its ancillary services for children aged 6 months to 5 years in a hygienic and activity based educational environment, facilitated through trained and educated staff. The project can be used for a maximum of 116 enrolments, however, keeping in view the rationale and demand; calculations have been made on the assumption of 58 enrolments for the first year of operations. Higher return on investment and a steady growth of business is expected with the entrepreneur (especially women) having some prior experience in the related field of business.

Total cost estimate of the project is Rs. 6.059 Million with fixed investment of Rs. 5.359 Million and working capital of Rs. 0.700 Million. Given the cost assumptions, IRR, Payback period and NPV are 43%, 3.13 years and Rs. 8.502 million respectively. The project will generate direct employment opportunity for 13 persons. 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 “**Day Care Center**” 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 fast-paced life of the cities is significantly influencing the lifestyle of its inhabitants. Economic pressures are compelling both parents to work towards achieving and sustaining quality life standards. This has further added to complexity and competition of any metropolitan cities. As a result of these social changes, the trend of sending children to Day Care Centres at a much earlier age is gaining rapid acceptance.

This pre-feasibility study provides basic information for setting-up a day care centre with modern learning techniques and extracurricular activities. The proposed centre will offer a hygienic and efficiently managed care facility for children aged 6 months to 5 years. The centre would have the maximum capacity of providing service to 116 children; however, it assumed that 58 enrolments would be made during first year of its operation.

The proposed centre is recommended to be established on a rented building, preferably lower portion of two kanal house (7,200 sq.ft. area) with a reasonable front / back yard. The project is designed according to the latest trends to be followed in

any Day Care Facilities of renowned centres in Pakistan. The legal status is proposed to be 'Sole Proprietorship'.

5.1 Installed and Operational Capacities

The total installed capacity of the project is assumed to enroll 116 children per annum. However, initial operational capacity of the project will be 50% with an annual growth of 15%. Maximum capacity utilization of the project is assumed at 95% which will be achieved in the 4th year of operations.

Table 1: Installed and Operational Capacity

Description	Total Capacity of Children's	Operational Capacity 50 % (Year 1)	Maximum Capacity 95% (Year 4 - 10)
Infants 6 months to two years	44	22	42
Playgroup (2-3 Years)	24	12	23
Nursery (3-4 Years)	24	12	23
Kindergarten (4-5 Years)	24	12	23
Total	116	58	111

6 CRITICAL FACTORS

The following factors need to be considered while operating such venture;

- ⇒ Secured, hazard free, and kids friendly environment is provided at center.
- ⇒ Interior of Center should be designed to attract kids attention and promote learning. Like colorful walls with educational material, pasting theme oriented chart papers, and any other cost effective mode deem appropriate.
- ⇒ Developing plan of daily activities of enrolled kids.
- ⇒ Extra care should be given to keep the place hygienic, and clean.
- ⇒ Location of the center in a commercial area.
- ⇒ Opening of center with proper launch and promotional material.
- ⇒ Hiring of well-trained / experienced care provider for kids.
- ⇒ Establishment of the Center in a rented building to reduce the initial project cost.
- ⇒ Parents are informed immediately in case of any emergency (i.e Strike, fever, flue, diarrhea, etc.), and any other observation important to child health.

7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

The increasing population and high concentration of educated / working class in major cities like Karachi, Lahore, Islamabad, Peshawar, Quetta, Multan, Gujranwala, etc., offers a very lucrative business opportunity for opening up a well-planned Day Care Center. However, it is recommended that the centre should be located in an easily approachable location, in line with the selected target market (i.e Offices, Commercial Areas, Government Colonies, etc.).

8 POTENTIAL TARGET CUSTOMERS / MARKETS

The target market for the proposed centre is working couple having infants of age more than 6 months to children of ages up to 5 years. The business community also has a positive response towards the idea of day care center due to their busy schedules and, therefore, can be targeted as potential customers.

Keeping in view the economic and social factors, it is recommended that the proposed project may be established in major cities such as Islamabad, Lahore, Quetta, Karachi, Multan, and Peshawar. However the project may also be opened in other cities and towns after careful market analysis.

9 PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of Day Care Center. 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. 6.85 million in the year one. The capacity utilization during year one is worked out at 50%.

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)	43%
Payback Period (yrs.)	3.13

Net Present Value (Rs.)	8,501,597
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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	7,737,363	7,026,415	7,111,404	7,334,187	7,978,222	8,695,734	9,506,307	10,382,098	11,357,559	12,463,699
Break-Even (No. of Enrollment)	786	679	655	643	667	692	720	749	781	816
Margin of Safety	-13%	26%	41%	52%	50%	48%	46%	44%	41%	39%

However, for further explanation the Project Economics based on Debt:Equity Model (i.e. 50:50) 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)	39%
Payback Period (yrs.)	3.34
Net Present Value (Rs.)	10,230,147

The financial assumptions for Debt: Equity is as follows:

Table 5: Financial Assumptions for Debt: Equity Model

Description	Details
Debt (50%)	3,038,070
Equity (50%)	3,038,070
Interest Rate on Debt	12%
Debt Tenure	5 Years
Debt Payment / Year	1

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

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	
Furniture & Fixture	3,644,300
Office Equipment	819,500
Building Security	450,000
Machinery & Equipment	276,200
Pre-operating Costs	168,500
Total Capital Cost	5,358,500
Upfront Building Rent	450,000
Cash	250,000
Total Working Capital	700,000
Total Project Cost	6,058,500

9.3 Space Requirement

This project requires around 7,200 square feet of space. The building is proposed to be acquired on rental basis. The monthly rent of the building is assumed at Rs. 150,000 along with a security deposit equaling to three month's rent i.e. Rs. 450,000, which will be paid at the start of the rent agreement.

Table 7: Space Requirements

Description	Area (Sq ft)
Principal Office	144
Admin Office	100
Staff Room	168
Classrooms	1,800
Activity & Entertainment Room	400
Kitchen	80
Washrooms	180
Storeroom	100
Open / Playing Area	4,228

Total	7,200
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9.4 Furniture & Fixtures Requirement

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

Table 8: Furniture & Fixture

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Principal Office			
Table & Chairs	1	35,000	35,000
Visitor Chairs	4	8,000	32,000
Sofa Set	1	60,000	60,000
Cupboard	1	15,000	15,000
Admin Office			
Table & Chairs	1	18,000	18,000
Visitor Chairs	2	6,000	12,000
Cupboard	1	12,000	12,000
Staff Room			
Table & Chairs	3	18,000	54,000
Chairs	4	6,000	24,000
Cupboard	1	12,000	12,000
Classroom			
Chairs for Teachers	5	4,000	20,000
Kids beds	4	38,000	152,000
Cushions set	4	7,000	28,000
Tables	1	15,800	15,800
Playgroup (2-3 Years):			
Cushions set	3	7,000	21,000
Round table for play group	1	9,500	9,500
Nursery (3-4 Years):			

Chairs	24	2,850	68,400
Round tables	2	9,500	19,000
Kindergarten (4-5 Years):			
Chairs	24	2,850	68,400
Round tables	2	9,500	19,000
Bookshelves	1	36,500	36,500
Toys & other kids activity equipment	1	250,000	250,000
Carpets	2,800	50	140,000
White Board	3	4,000	12,000
Soft board	1	2,000	2,000
Fans	11	4,500	49,500
Exhaust Fans	4	2,200	8,800
LED Bulbs (18 Watts)	38	300	11,400
LED TV	6	36,500	219,000
Air conditioner (1 ton Split)	3	60,000	180,000
Air conditioners (1.5 ton Split)	6	90,000	540,000
Interior decoration	1	1,500,000	1,500,000
Total			3,644,300

9.5 Machinery & Equipment Requirement

Plant, machinery and equipment for the proposed project are stated below.

Table 9: Machinery & Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Security Equipment's	1	200,000	200,000
Bouncy Castle	2	12,500	25,000
Slide 7ft	1	21,000	21,000
Slide 4ft	1	10,500	10,500
Seesaw 9 ft	1	8,000	8,000

Monkey Bar	1	6,200	6,200
Seesaw 4.1 ft	1	5,500	5,500
Total			276,200

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.)
Generator	1	525,000	525,000
Water Dispenser	3	19,000	57,000
Fridge	1	51,500	51,500
Microwave Oven	1	7,500	7,500
Telephones	1	1,500	1,500
Laptop	1	70,000	70,000
Computer printer (s)	2	25,000	50,000
Computer for staff and lab	3	15,000	45,000
UPS for computers	3	4,000	12,000
Total			819,500

9.7 Human Resource Requirement

In order to run operations of Day Care Centre smoothly, details of human resources required along with number of employees and monthly salaries are recommended as under;

Table 11: Human Resource Requirement

Description	No. of Employees	Monthly Salary per person (Rs.)
Principal	1	55,000
Accounts Officer	1	25,000
Teachers	4	24,000

Student Attendant	4	17,500
Office boy/Peon	1	17,500
Security Guards	1	17,500
Maid	1	17,500
Total	13	

9.8 Utilities and other costs

An essential cost to be borne by the project is the cost of electricity. The electricity expenses are estimated to be around Rs. 73,478 (Direct and In-Direct) per month. Furthermore, promotional expense being essential for marketing of Day Care Center is estimated as 0.5% of revenue.

9.9 Revenue Generation

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

Table 12: Revenue Generation – Year 1

Description	First year Children	Fee per Child (Rs.)	Sales Revenue (Rs.)
Infants 6 months to two years	22	8,500	2,244,000
Playgroup (2-3 Years)	12	10,000	1,440,000
Nursery (3-4 Years)	12	10,000	1,440,000
Kindergarten (4-5 Years)	12	12,000	1,728,000
Total			6,852,000

10 CONTACT DETAILS

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

Table 13: Education Toys & Furniture Suppliers

Name of Supplier	Phone	Website / Address
Inventors Educational Toys	0300-9452275 0333-9452275	Inventorseducational.com

Kinder Kazar Furnishers	0321-3580358 0320-3580358	271 Y (commercial), Phase III, DHA, Lahore
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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 (PVTTC)	www.pvtc.gop.pk
Pakistan Readymade Garment Technical Training Institute	www.prgmea.org/prgtti/
All Pakistan Private Schools Welfare Association (APPSWA),	www.appswa.com.pk
Montessori Education Pakistan	www.montessori.edu.pk

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	6,852,000	9,557,100	11,979,765	15,183,410	15,942,580	16,739,709	17,576,694	18,455,529	19,378,306	20,347,221
<i>Cost of sales</i>										
Direct labour Cost	2,652,000	2,850,900	3,064,718	3,294,571	3,541,664	3,807,289	4,092,836	4,399,798	4,729,783	5,084,517
Direct Electricity Cost	705,390	775,929	853,521	938,874	1,032,761	1,136,037	1,249,641	1,374,605	1,512,065	1,663,272
Total cost of sales	3,357,390	3,626,829	3,918,239	4,233,445	4,574,425	4,943,326	5,342,476	5,774,403	6,241,848	6,747,789
Gross Profit	3,494,610	5,930,271	8,061,526	10,949,965	11,368,155	11,796,383	12,234,218	12,681,126	13,136,457	13,599,432
<i>General administration & selling expenses</i>										
Administration expense	930,000	999,750	1,074,731	1,155,336	1,241,986	1,335,135	1,435,270	1,542,916	1,658,634	1,783,032
Administration benefits expense	27,900	29,993	32,242	34,660	37,260	40,054	43,058	46,287	49,759	53,491
Building rental expense	1,800,000	1,980,000	2,178,000	2,395,800	2,635,380	2,898,918	3,188,810	3,507,691	3,858,460	4,244,306
Electricity expense	176,347	193,982	213,380	234,718	258,190	284,009	312,410	343,651	378,016	415,818
Water expense	102,780	143,357	179,696	227,751	239,139	251,096	263,650	276,833	290,675	305,208
Communications expense (phone, fax, mail, internet, etc.)	68,520	95,571	119,798	151,834	159,426	167,397	175,767	184,555	193,783	203,472
Office expenses (stationary, entertainment, janitorial services, etc.)	46,500	49,988	53,737	57,767	62,099	66,757	71,764	77,146	82,932	89,152
Promotional expense	34,260	47,786	59,899	75,917	79,713	83,699	87,883	92,278	96,892	101,736
Professional fees (legal, audit, consultants, etc.)	68,520	95,571	119,798	151,834	159,426	167,397	175,767	184,555	193,783	203,472
Depreciation expense	514,710	514,710	514,710	525,687	523,917	559,168	571,875	569,826	569,826	584,536
Amortization of pre-operating costs	33,700	33,700	33,700	33,700	33,700	-	-	-	-	-
Repair and maintenance expenses	34,260	47,786	59,899	75,917	79,713	83,699	87,883	92,278	96,892	101,736
Special activities expense	34,260	47,786	59,899	75,917	79,713	83,699	87,883	92,278	96,892	101,736
Miscellaneous expense 1	74,400	79,980	85,979	92,427	99,359	106,811	114,822	123,433	132,691	142,643
Subtotal	3,946,157	4,359,957	4,785,467	5,289,266	5,689,020	6,127,837	6,616,843	7,133,727	7,699,233	8,330,338
Operating Income	(451,547)	1,570,314	3,276,059	5,660,699	5,679,135	5,668,546	5,617,375	5,547,400	5,437,224	5,269,094
Other income (interest on cash)	11,263	48,034	134,472	258,593	387,880	493,683	587,221	667,996	733,331	807,115
Gain / (loss) on sale of machinery & equipment	-	-	-	-	110,480	-	-	-	-	-
Gain / (loss) on sale of computer equipment	-	-	123,900	-	-	214,230	-	-	292,248	247,127
Earnings Before Interest & Taxes	(440,284)	1,618,348	3,534,431	5,919,292	6,177,494	6,376,458	6,204,596	6,215,396	6,462,803	6,323,336
Earnings Before Tax	(440,284)	1,618,348	3,534,431	5,919,292	6,177,494	6,376,458	6,204,596	6,215,396	6,462,803	6,323,336
Tax	-	132,752	503,608	1,195,788	1,282,123	1,351,760	1,291,609	1,295,388	1,381,981	1,683,167
NET PROFIT/(LOSS) AFTER TAX	(440,284)	1,485,596	3,030,824	4,723,504	4,895,371	5,024,698	4,912,987	4,920,007	5,080,822	4,640,168

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	250,000	313,126	2,088,569	4,635,039	8,294,602	11,099,377	13,584,777	15,776,285	17,623,517	19,043,026	21,312,700
Pre-paid building rent	450,000	495,000	544,500	598,950	658,845	724,730	797,202	876,923	964,615	1,061,076	-
Total Current Assets	700,000	808,126	2,633,069	5,233,989	8,953,447	11,824,106	14,381,979	16,653,207	18,588,132	20,104,103	21,312,700
<i>Fixed assets</i>											
Building Security	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Machinery & equipment	276,200	248,580	220,960	193,340	165,720	490,609	427,738	364,867	301,996	239,125	176,254
Furniture & fixtures	3,644,300	3,279,870	2,915,440	2,551,010	2,186,580	1,822,150	1,457,720	1,093,290	728,860	364,430	-
Computer equipment	177,000	118,590	60,180	206,670	137,283	69,666	239,246	158,922	80,647	276,957	183,972
Office equipment	642,500	578,250	514,000	449,750	385,500	321,250	257,000	192,750	128,500	64,250	-
Total Fixed Assets	5,190,000	4,675,290	4,160,580	3,850,770	3,325,083	3,153,675	2,831,704	2,259,829	1,690,003	1,394,762	810,226
<i>Intangible assets</i>											
Pre-operation costs	168,500	134,800	101,100	67,400	33,700	-	-	-	-	-	-
Total Intangible Assets	168,500	134,800	101,100	67,400	33,700	-	-	-	-	-	-
TOTAL ASSETS	6,058,500	5,618,216	6,894,749	9,152,158	12,312,230	14,977,781	17,213,683	18,913,037	20,278,135	21,498,865	22,122,927
<i>Shareholders' equity</i>											
Paid-up capital	6,058,500	6,058,500	6,058,500	6,058,500	6,058,500	6,058,500	6,058,500	6,058,500	6,058,500	6,058,500	6,058,500
Retained earnings		(440,284)	836,249	3,093,658	6,253,730	8,919,281	11,155,183	12,854,537	14,219,635	15,440,365	16,064,427
Total Equity	6,058,500	5,618,216	6,894,749	9,152,158	12,312,230	14,977,781	17,213,683	18,913,037	20,278,135	21,498,865	22,122,927
TOTAL CAPITAL AND LIABILITIES	6,058,500	5,618,216	6,894,749	9,152,158	12,312,230	14,977,781	17,213,683	18,913,037	20,278,135	21,498,865	22,122,927

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		(440,284)	1,485,596	3,030,824	4,723,504	4,895,371	5,024,698	4,912,987	4,920,007	5,080,822	4,640,168
Add: depreciation expense		514,710	514,710	514,710	525,687	523,917	559,168	571,875	569,826	569,826	584,536
amortization of pre-operating costs		33,700	33,700	33,700	33,700	33,700	-	-	-	-	-
Pre-paid building rent	(450,000)	(45,000)	(49,500)	(54,450)	(59,895)	(65,885)	(72,473)	(79,720)	(87,692)	(96,461)	1,061,076
Cash provided by operations	(450,000)	63,126	1,984,506	3,524,784	5,222,996	5,387,104	5,511,393	5,405,142	5,402,141	5,554,186	6,285,781
<i>Financing activities</i>											
Issuance of shares	6,058,500	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares											
Cash provided by / (used for) financing activities	6,058,500	-	-	-	-	-	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(5,358,500)	-	-	(204,900)	-	(352,509)	(237,197)	-	-	(274,585)	-
Acquisitions											
Cash (used for) / provided by investing activities	(5,358,500)	-	-	(204,900)	-	(352,509)	(237,197)	-	-	(274,585)	-
NET CASH	250,000	63,126	1,984,506	3,319,884	5,222,996	5,034,595	5,274,196	5,405,142	5,402,141	5,279,601	6,285,781

13 KEY ASSUMPTIONS

13.1 Operating Cost Assumptions

Description	Details
Communication expense	1% of Revenue
Promotional Expenses	0.5% of Revenue
Depreciation Method	Straight Line
Depreciation Rate	10% on Machinery 33% on Computer Equipment 10% on Furniture & Fixture
Inflation Growth Rate	10%
Electricity Price Growth Rate	10%
Salaries Growth Rate	8%

13.2 Revenue Assumptions

Description	Details
Fee growth rate	5%
Maximum capacity utilization	95%
Hours operational / day	8
Days operational / year	300

13.3 Capacity Utilization Assumptions

Description	Details
Maximum operational capacity of Children's (No.)	116
Operational first year capacity utilization	50%
Capacity utilization growth rate per year	15%

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