



Pre-feasibility Study

SWIMMING POOL

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

There has been an increasing trend of establishing 'Swimming Pools' as a commercial venture in the country during the last decade, especially in urban cities. However, this trend is not confined to metropolis alone but has also spread to small cities and towns. The rise is attributed to growing working middle class with high exposure and awareness to health benefits. Aspiring entrepreneurs may find this growing sector a good prospect for investment opportunity.

This particular pre-feasibility is for setting up a 'Swimming Pool' facility, which will offer swimming services to its regular members, casual day entrees and swimming training programs. There will be two kinds of membership, for individuals and for family. The facility will comprise of one large and two small state of the art family pools proposed to operate for 12 hours per day with different timing slots for male, female and family visitors, and entails to entertain around 300 visitors per day during the peak season of 8 summer months. The footfall of visitors is expected to reduce to 25% during the 4 non-seasonal months. The capacity utilization is expected to increase by 7.5% per annum. This capacity is estimated to be economically viable and justifies the capital as well as operational cost of the project. However, provision of quality swimming services with appropriate safety measures, competitive packages and ensuring comfort of members are extremely important factor for success of this business. The proposed swimming pool is assumed to be set-up within a developed / developing urban area in any of the big city in Pakistan.

Total project cost is estimated as Rs. 125.792 million with capital investment of Rs. 125.117 million and working capital Rs. 0.675 million. Based on 100% equity finance model, the NPV of the project is around Rs. 38.667 million, with an IRR of 23% and Payback Period of 5.28 years. The project will provide employment opportunities to 14 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 '**Swimming Pool**' business 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

Swimming is a great recreational activity for people of all ages. Recreational swimming can provide you with a low-impact workout and it's also a good way to relax and feel good. Common swimming styles in recreational swimming are breaststroke, backstroke, side stroke and freestyle.

The market for swimming pool services in Pakistan has been developing steadily over the last decade and a mushroom growth of swimming pools is being observed in all the cities. But still a good potential exists for quality swimming pool services. Swimming pools offer important facilities of quality exercise, lifeguard training, learning and social interaction for the masses. Swimming is also a great source of relaxation and stress relief.

This pre-feasibility provides the basic details for setting up a swimming pool facility, which will provide quality swimming services for individuals, families and children's.

The proposed facility will have one large and two smaller state of the art family pools. Separate pool pumps, electric motors and filters will be used for fresh and clean water for the pools. Members of the pool club along with casual day entrants will be entertained with the facilities of swimming pool. There will be two kinds of membership, for individuals and for family. Swimming lessons for beginners by professional coaches will be provided in a separate pool teaching program. Fully covered pools to respect the privacy of members along with separate lockers, changing room and shower rooms are proposed for each pool. The proposed facility will offer separate timings for male, female and family clients to respect the privacy. The summer season starting from mid of March to mid of October will be the peak season for the proposed pool facility whereas rest of the month will be the off-peak season.

All necessary safety and quality service measures will be in place to fulfil the customer needs. The pool is proposed to be established on a purchased land centrally located within a residential society to provide easy access to its members. The project can be initiated in any major city of Pakistan, however careful analysis of market demand and supply is required. Financial analysis shows the unit shall be profitable from the very first year of operation. The legal status of the proposed business is assumed to be 'Sole Proprietorship'.

5.1 Installed and Operational Capacities

The installed and operational capacity of Swimming Pool business venture mainly depends on the market size and potential clients.

As per the installed facilities the proposed pool will enable to accommodate 300 visitors daily during the first year, an estimated increase of 7.5% in number of visitors is accepted in subsequent years. The pool will operate on optimal capacity during the 8 months, considering as peak season, whereas capacity utilization will 25% lower in the off peak months / season. The details of installed and operational capacities with reference to different clients and services is provided in the table below.

Table 1: Installed and Operational Capacity

Description	Operational Capacity Per Day (Year 1)	Maximum Capacity (Year 10)
Regular Members		
Individual Membership	150	288
Family Membership	75	144
Pool Teaching Program	25	48

Casual Swim Entrances		
No. of Person Weekdays	50	96
No. of Person Weekends	100	192

6 CRITICAL FACTORS

- ⇒ Selection of an appropriate location within the vicinity of a residential society.
- ⇒ Procurement and installation of quality equipment and safety gadgets.
- ⇒ The entrepreneurs knowledge and relevant experience related to community clubs and swimming pool services.
- ⇒ Identification and engagement of qualified swimming experts and trainers to impart quality training and maintaining life guard security.
- ⇒ Trained and well-groomed staff to ensure the human safety and customer satisfaction.
- ⇒ Offering competitive price and ensuring the delivery quality services on agreed terms and conditions.
- ⇒ Maintaining a clean, hygienic, and healthy environment.
- ⇒ Members feedbacks should be a regular activity by the management and the viable recommendations / suggestions should be adopted.
- ⇒ 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

The increasing population and high concentration of educated / working class in major cosmopolitan cities like Karachi, Lahore, Islamabad, Peshawar, Quetta, Rawalpindi, Multan, Faisalabad, Sialkot, Hyderabad, Sukhar, etc., offers a very lucrative business opportunity for opening well planned Swimming Pool. However, it is recommended that the club should be centrally located within an easily approachable developed / developing residential society, in line with the selected target market. The project can also be initiated in other small cities after a thorough market analysis.

8 POTENTIAL TARGET CUSTOMERS / MARKETS

The target customers for swimming pool mainly comprises of adults (both male and

females) families and teen aged children. Therefore, middle income group representative between the age group of 13 to 55 years will be the main target customers for the proposed venture. Population of urban areas of Pakistan is 35% of total population out of which approximately 50% falls in the targeted customers' age group. Keeping in view the economic and social factors, the market potential for the proposed project is mainly attributed to the population of big cities, as identified above.

9 PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of Swimming Pool. 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 sales of Rs. 37.193 million in the year one. The capacity utilization during year one is expected to grow by 7.5% per annum.

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)	23%
Payback Period (Yrs.)	5.28
Net Present Value (Rs.)	38,666,530

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	19,344,454	19,265,627	19,360,402	19,619,843	20,040,030	20,515,597	21,264,216	22,185,347	23,290,049	24,592,861
Break-Even Units	13,710	12,413	11,340	10,447	9,701	9,028	8,507	8,068	7,700	7,392
Margin of Safety	48%	56%	63%	68%	72%	76%	79%	82%	84%	85%

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)	24%
Payback Period (Yrs.)	5.16
Net Present Value (Rs.)	66,645,365

The financial assumptions for Debt: Equity is as follows:

Table 5: Financial Assumptions for Debt: Equity Model

Description	Details
Debt (50%)	63,116,593
Equity (50%)	63,116,593
Interest Rate on Debt	12%
Debt Tenure (Years)	5
Debt Payment / Year	1

The projected Income Statement, Cash Flow Statement and Balance Sheet attached 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	39,000,000
Building / Infrastructure	60,780,195
Machinery and Equipment	23,430,500
Furniture and Fixtures	1,018,150

Pre-operating Costs	405,000
Office Equipment	483,400
Total Capital Cost	125,117,245
Cash	500,000
Equipment Spare Parts	175,000
Total Working Capital	675,000
Total Project Cost	125,792,245

9.3 Space Requirement

Approximately 6 Kanals of land would be required for establishment of proposed facility. It is recommended that required land should be procured in close proximity of well-developed residential societies in any major city. The cost of land is estimated at the rate of Rs. 6.5 million per kanal. The infrastructural requirements of the project mainly comprises of the construction of various facilities including management's office, pool area, cafeteria, audience place, and open space, etc. Details of space requirement and cost related to land and building is given below.

Table 7: Space Requirement

Description	Estimated Area (Sq. ft.)	Unit Cost (Rs.)	Total Cost (Rs.)
Management Building	450	2,500	1,125,000
Pool Area	15,948	3,000	47,844,000
Pool Surrounding Area	3,190	500	1,594,800
Audience Place	1,350	1,500	2,025,000
Rest And Change Area	1,125	2,000	2,250,000
Cafeteria	900	2,000	1,800,000
Pavement/Driveway And Parking Area	2,500	350	875,000
Design Cost			1,191,769
Electric Room	80	2,500	1,127,776
Open Space	1,457	50	72,850
Boundary Wall			874,000

Total Construction Cost			60,780,195
Total Cost of Land			39,000,000
Total Cost			99,780,195

9.4 Machinery & Equipment Requirement

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

Table 8: Machinery & Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
UPVC pipes and fittings Fitting Schedule 80	3	3,000,000	9,000,000
Heating System and Accessories	2	2,650,000	4,500,000
Sand Filter 48" (China)	10	225,000	2,250,000
Installation and Supervision Charges for Filtration System	3	700,000	2,100,000
Swimming Pool Water Pump	10	150,000	1,500,000
Overflow Grating 10" (RFT)	834	750	625,500
Swimming Pool Underwater Light with Niche	50	12,000	600,000
4 Pcs Battery With 3" Butterfly Valve	10	45,000	450,000
Transformer for Lights	50	4,500	225,000
Maintenance Kit (Commercial):	3	75,000	225,000
Anchor Cup	32	6,000	192,000
Exatron Dosing Pump	6	25,000	150,000
Stainless Steel Ladders 4-Treads	6	18,000	108,000
Junction Box for light	50	2,000	100,000
Stainless Steel Ladders 5-Tread	5	20,000	100,000
Main Drain (6 for Pool and 3 for Overflow Tank)	15	6,000	90,000

Wall Fittings – Inlets	100	700	70,000
Gutter Drain/Over Flow Fitting	34	2,000	68,000
Suction/Vacuum Fittings	10	700	7,000
Freight inward for Pool Equipment			90,000
Generator 20 KVA	1		980,000
Total			23,430,500

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.)
Table For Owner's Office	1	25,000	25,000
Executive Office Chair	1	22,000	22,000
Visitors Chairs	13	5,800	75,400
Sofa Set	1	27,000	27,000
Table For Pool Manager	1	15,000	15,000
Executive Office Chairs	2	7,600	15,200
Tables	4	10,000	40,000
4 Seat Benches	10	5,500	55,000
Cupboard	80	3,500	280,000
Tube lights	11	800	8,800
Pool Area Lights	9	16,750	150,750
Fans	12	4,500	54,000
Miscellaneous Electrification			250,000
Total			1,018,150

9.6 Office Equipment Requirement

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

Table 10: Office Equipment Requirement

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Laptops	1	60,500	60,500
Computers	2	25,000	50,000
Computer printer (s)	1	16,000	16,000
Air Conditioners	2	85,000	170,000
Telephones	2	1,200	2,400
LED	1	32,500	32,500
Water Cooler & Dispenser	1	62,000	62,000
UPS	1	90,000	90,000
Total			483,400

9.7 Human Resource Requirement

In order to run operations of Swimming Pool 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.)	Salary per Month (Rs.)
Owner	1	75,000	75,000
Lifeguard	1	25,000	25,000
Swimming Teacher	3	35,000	105,000
Marketing and Communications Manager	1	50,000	50,000
Accounts Officer	1	30,000	30,000
Security Guard	2	20,000	40,000

Office Boys	1	20,000	20,000
Pool Maintenance	2	18,000	36,000
Sweepers	2	18,000	36,000
Total	14		417,000

9.8 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. 928,148 (Direct and In-direct) per month. Furthermore, promotional expense being essential for marketing of Swimming Pool is estimated as 5% of revenue.

9.9 Revenue Generation

Based on the capacity utilization during year one for various services, the sales revenue during the eight seasonal months and four off season months is estimated as under.

Table 12: Revenue Generation – Year 1

Description	First year Operational Capacity	No. of Months / Days	Price per Person / Event (Rs.)	Sales Revenue (Rs.)
Individual Membership	150	12	6,667	12,000,000
Family Membership	75	12	10,667	9,600,000
Casual Entrants Weekdays	50	176	550	4,840,000
Casual Entrants Weekends	100	64	550	3,520,000
Pool Teaching Programs	25	8	10,000	2,000,000
Pool Hire for Event	5	3	60,000	900,000
Other Income (Cafeteria)				200,000
Revenue Season				33,060,000

Revenue Off Season 25%				4,132,500
Total Revenue				37,192,500

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: Machinery Suppliers

Name of Supplier	Phone	Email	Address
Olympic Pool	03030464946	dgolympicpool@yahoo.com	Plaza No.69, 3rd Floor, CCA-1, C-Block, Phase-6, DHA, Lahore-Pakistan

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

Sindh Small Industries Corporation	www.ssic.gos.pk
Punjab Vocational Training Council (PVTC)	www.pvtc.gop.pk
Punjab Industrial Estates (PIE)	www.pie.com.pk
Faisalabad Industrial Estate Development and Management Company (FIEDMC)	www.fiedmc.com.pk
Ministry of Sports and youth Sindh Department	www.sportsandyouth.sindh.gov.pk/
Department of Sports and Youth Affairs Punjab	www.punjab.gov.pk/yasat
Greenland Swimming Pool	www.greenland-swimming-pool.business.site/

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	37,192,500	43,961,569	51,964,136	61,425,131	72,610,510	85,834,751	101,469,698	119,955,033	141,810,654	167,651,308
<i>Cost of sales</i>										
Disinfectants	90,000	99,000	108,900	119,790	131,769	144,946	159,440	175,385	192,923	212,215
Direct labour	1,992,000	2,191,200	2,410,320	2,651,352	2,916,487	3,208,136	3,528,950	3,881,844	4,270,029	4,697,032
Machinery maintenance	300,000	315,000	330,750	347,288	364,652	382,884	402,029	422,130	443,237	465,398
Direct electricity	9,168,948	10,085,843	11,094,427	12,203,870	13,424,257	14,766,682	16,243,351	17,867,686	19,654,454	21,619,900
Direct water	960,000	1,056,000	1,161,600	1,277,760	1,405,536	1,546,090	1,700,699	1,870,768	2,057,845	2,263,630
Total cost of sales	12,510,948	13,747,043	15,105,997	16,600,059	18,242,701	20,048,738	22,034,468	24,217,813	26,618,488	29,258,175
Gross Profit	24,681,552	30,214,526	36,858,139	44,825,071	54,367,809	65,786,013	79,435,230	95,737,220	115,192,166	138,393,132
<i>General administration & selling expenses</i>										
Administration expense	3,012,000	3,313,200	3,644,520	4,008,972	4,409,869	4,850,856	5,335,942	5,869,536	6,456,489	7,102,138
Administration benefits expense	150,600	165,660	182,226	200,449	220,493	242,543	266,797	293,477	322,824	355,107
Electricity expense	890,028	979,031	1,076,934	1,184,627	1,303,090	1,433,399	1,576,739	1,734,413	1,907,854	2,098,639
Water expense	118,800	130,680	143,748	158,123	173,935	191,329	210,461	231,508	254,658	280,124
Travelling expense	60,240	66,264	72,890	80,179	88,197	97,017	106,719	117,391	129,130	142,043
Communications expense (phone, fax, mail, internet, etc.)	180,720	198,792	218,671	240,538	264,592	291,051	320,157	352,172	387,389	426,128
Office expenses (stationary, entertainment, janitorial services, etc.)	301,200	331,320	364,452	400,897	440,987	485,086	533,594	586,954	645,649	710,214
Promotional expense	1,859,625	1,673,663	1,506,296	1,355,667	1,220,100	1,098,090	988,281	889,453	800,508	720,457
Professional fees (legal, audit, consultants, etc.)	92,981	109,904	129,910	153,563	181,526	214,587	253,674	299,888	354,527	419,128
Depreciation expense	5,532,215	5,532,215	5,532,215	5,532,215	5,532,215	5,532,215	5,532,215	5,532,215	5,532,215	5,532,215
Amortization of pre-operating costs	81,000	81,000	81,000	81,000	81,000	-	-	-	-	-
Miscellaneous expense 1	557,888	659,424	779,462	921,377	1,089,158	1,287,521	1,522,045	1,799,325	2,127,160	2,514,770
Subtotal	12,837,296	13,241,151	13,732,325	14,317,607	15,005,163	15,723,693	16,646,624	17,706,330	18,918,403	20,300,963
Operating Income	11,844,256	16,973,374	23,125,814	30,507,464	39,362,647	50,062,319	62,788,606	78,030,890	96,273,762	118,092,169
Other income (interest on cash)	169,631	501,712	872,992	1,291,040	1,764,721	2,304,237	2,922,300	3,634,641	4,459,585	5,424,539
Earnings Before Interest & Taxes	12,013,886	17,475,086	23,998,806	31,798,504	41,127,368	52,366,556	65,710,906	81,665,530	100,733,347	123,516,708
Earnings Before Tax	12,013,886	17,475,086	23,998,806	31,798,504	41,127,368	52,366,556	65,710,906	81,665,530	100,733,347	123,516,708
Tax	3,324,860	5,236,280	7,519,582	10,249,476	13,514,578	17,448,294	22,118,817	27,702,935	34,376,671	42,350,847
NET PROFIT/(LOSS) AFTER TAX	8,689,026	12,238,806	16,479,224	21,549,028	27,612,789	34,918,262	43,592,089	53,962,595	66,356,676	81,165,861

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	500,000	13,070,455	27,066,493	42,772,830	60,510,345	80,667,340	103,671,596	130,112,380	160,658,886	196,107,900	237,855,223
Equipment spare part inventory	175,000	192,938	212,714	234,517	258,555	285,057	314,275	346,488	382,003	421,158	-
Total Current Assets	675,000	13,263,392	27,279,207	43,007,347	60,768,899	80,952,397	103,985,871	130,458,868	161,040,889	196,529,059	237,855,223
<i>Fixed assets</i>											
Land	39,000,000	39,000,000	39,000,000	39,000,000	39,000,000	39,000,000	39,000,000	39,000,000	39,000,000	39,000,000	39,000,000
Building/Infrastructure	60,780,195	57,741,185	54,702,175	51,663,165	48,624,156	45,585,146	42,546,136	39,507,126	36,468,117	33,429,107	30,390,097
Machinery & equipment	23,430,500	21,087,450	18,744,400	16,401,350	14,058,300	11,715,250	9,372,200	7,029,150	4,686,100	2,343,050	-
Furniture & fixtures	1,018,150	916,335	814,520	712,705	610,890	509,075	407,260	305,445	203,630	101,815	-
Office vehicles	-	-	-	-	-	-	-	-	-	-	-
Office equipment	483,400	435,060	386,720	338,380	290,040	241,700	193,360	145,020	96,680	48,340	-
Total Fixed Assets	124,712,245	119,180,030	113,647,815	108,115,600	102,583,386	97,051,171	91,518,956	85,986,741	80,454,527	74,922,312	69,390,097
<i>Intangible assets</i>											
Pre-operation costs	405,000	324,000	243,000	162,000	81,000	-	-	-	-	-	-
Total Intangible Assets	405,000	324,000	243,000	162,000	81,000	-	-	-	-	-	-
TOTAL ASSETS	125,792,245	132,767,422	141,170,022	151,284,947	163,433,285	178,003,568	195,504,827	216,445,609	241,495,416	271,451,371	307,245,320
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Accounts payable	-	23,956	25,755	27,705	29,821	32,116	34,607	37,313	40,254	43,451	27,847
Total Current Liabilities	-	23,956	25,755	27,705	29,821	32,116	34,607	37,313	40,254	43,451	27,847
<i>Shareholders' equity</i>											
Paid-up capital	125,792,245	125,792,245	125,792,245	125,792,245	125,792,245	125,792,245	125,792,245	125,792,245	125,792,245	125,792,245	125,792,245
Retained earnings	-	6,951,221	15,352,022	25,464,997	37,611,220	52,179,207	69,677,975	90,616,051	115,662,917	145,615,675	181,425,228
Total Equity	125,792,245	132,743,466	141,144,267	151,257,242	163,403,465	177,971,452	195,470,220	216,408,296	241,455,162	271,407,919	307,217,473
TOTAL CAPITAL AND LIABILITIES	125,792,245	132,767,422	141,170,022	151,284,947	163,433,285	178,003,568	195,504,827	216,445,609	241,495,416	271,451,371	307,245,320

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		8,689,026	12,238,806	16,479,224	21,549,028	27,612,789	34,918,262	43,592,089	53,962,595	66,356,676	81,165,861
Add: depreciation expense		5,532,215	5,532,215	5,532,215	5,532,215	5,532,215	5,532,215	5,532,215	5,532,215	5,532,215	5,532,215
amortization of pre-operating costs		81,000	81,000	81,000	81,000	81,000	-	-	-	-	-
Equipment inventory	(175,000)	(17,938)	(19,776)	(21,803)	(24,038)	(26,502)	(29,218)	(32,213)	(35,515)	(39,155)	421,158
Accounts payable		23,956	1,799	1,950	2,115	2,295	2,492	2,706	2,941	3,197	(15,604)
Other liabilities		-	-	-	-	-	-	-	-	-	-
Cash provided by operations	(175,000)	14,308,260	17,834,044	22,072,586	27,140,320	33,201,797	40,423,750	49,094,797	59,462,236	71,852,933	87,103,629
<i>Financing activities</i>											
Issuance of shares	125,792,245	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financing activities	125,792,245	-	-	-	-	-	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(125,117,245)	-	-	-	-	-	-	-	-	-	-
Acquisitions											
Cash (used for) / provided by investing activities	(125,117,245)	-	-	-	-	-	-	-	-	-	-
NET CASH	500,000	14,308,260	17,834,044	22,072,586	27,140,320	33,201,797	40,423,750	49,094,797	59,462,236	71,852,933	87,103,629

13 KEY ASSUMPTIONS

13.1 Operating Cost Assumptions

Description	Details
Travelling Expense	2% of Administration Expense
Communication Expense	6 % of administration Expense
Promotional Expenses	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	10%
Water Price Growth Rate	5%

13.2 Capacity Utilization Assumptions

Description	Details
Membership Individuals – Year1	150
Membership Families – Year 1	75
Pool Teaching Program – Year 1	25
Casual Entrees Weekdays – Year 1	50
Casual Entrees Weekends – Year 1	100
Annual Growth In Capacity	7.5%

13.3 Revenue Assumptions

Description	Details
Sale Price Growth Rate	10%
Seasonal Months	8
Off Seasonal Months	4
Revenue Off Season Months	25% of Seasonal Revenue
Days Operational / Year	360

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