



**Pre-feasibility Study**

# **FOOD & CATERING SERVICE**

**September 2022**

*“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

This information memorandum is to introduce the subject matter and provide a general idea and information on the said matter. Although, the material included in this document is based on data/information gathered from various reliable sources; however, it is based upon certain assumptions, which may differ from case to case. The information has been provided on as is where is basis without any warranties or assertions as to the correctness or soundness thereof. Although, due care and diligence has been taken to compile this document, the contained information may vary due to any change in any of the concerned factors, and the actual results may differ substantially from the presented information. SMEDA, its employees or agents do not assume any liability for any financial or other loss resulting from this memorandum in consequence of undertaking this activity. The contained information does not preclude any further professional advice. The prospective user of this memorandum is encouraged to carry out additional diligence and gather any information which is necessary for making an informed decision, including taking professional advice from a qualified consultant/technical expert before taking any decision to act upon the information.

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### ***Document Control***

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## 2 EXECUTIVE SUMMARY

A Food & Catering business is supposed to be a very viable business these days considering the propensity of the public to celebrate and adorn their celebrations competitively to be at par with others.

The Food & Catering business in this prefeasibility is proposed to be located at a commercial locality or an area with a considerable number of event arenas such as banquets, halls, and lawns.

Service include providing catering for events and functions such as weddings, birthdays, corporate events, etc. All catering equipment will be owned by the business whereas food will be acquired from third party i.e., Pakwan Houses.

The business will cater to around 150 events in the first year of operation and will generate estimated revenue of 35.4 million.

Total estimated cost of starting this business is **Rs. 5,043,800** with fixed investment of **Rs. 4,002,800**, working capital of **Rs1,041,000**.

Given the cost assumptions, **IRR** and **payback** are **35%** and are **3.07** years respectively.

It will require the businessperson to possess an effective combination of artistic and entrepreneurial skill set to run a business such as this successfully. Other than that, few of the most critical considerations or factors for success of the project are:

- Most significant consideration(s)
  - Quality of services offered both the equipment as well as the staff
  - Competitive pricing
  - Basic business knowledge, project management skills, prior experience in the field and professional awareness
  - Industry connections
  - Proper marketing of the business
- Equally important factor(s)
  - Operating with good business ethics and integrity
  - Putting together a reliable team of suppliers and staff
  - Considering competition and being aware of their strengths and weaknesses
  - Maintaining strong relationships with local event planners

### 3 INTRODUCTION TO SMEDA

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

With a mission "to assist in employment generation and value addition to the national income, through 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 prefeasibility studies in key areas of investment has been a successful hallmark of SME facilitation by SMEDA.

Concurrent to the prefeasibility 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 Food & Catering business by providing them with a general understanding of the business with the intention of supporting 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 basis of any Investment Decision.

## 5 BRIEF DESCRIPTION OF PROJECT & PRODUCT

Food and Catering is a part of the rapidly expanding and always-in-demand event management industry. Such services cater to all sorts of events from Weddings to Birthdays to Corporate Events, etc.

A Food & Catering company or specialist is expected to not just ensure food availability, but also know how to make the event attractive.

For the proposed project food preparation (production) is assumed to be outsourced to the food producers e.g., Pakwan houses (with a standard menu of an estimated cost of Rs. 400/head) and the business will cater the need of catering service. This service is typically provided at banquets, home, conventions, weddings, and other events.

Following key parameters must be addressed as per pre-feasibility study under preparation

- **Service/Product:** The business will provide food and catering service to events such as weddings, parties, events and social gatherings.
- **Target Market:** The proposed target markets for this business are the upper, upper-middle-, and middle-income groups of main cities like Quetta, Karachi, Lahore, Islamabad, Peshawar etc. The main reason for selecting these groups is that the population of these groups is usually more interested in spending a considerable amount of money to make their events more attractive.
- **Location:** The business will have one main office/shop in a middle to high income locality or it can even be in an area that has considerable number of banquet halls and event arenas; and a comparatively a storage facility in an area easily accessible from any part of the city.
- **Equipment:** This business will require an investment in purchasing all the necessary catering items includes all crockery and cutlery, as well as equipment required for the day-to-day running of the management office.
- **Employment Generation:** The proposed project will provide direct employment to 5 people and indirect employment to 20 people.

### 5.1 Service Sequence & Process Flow

Service sequence for how a customer or potential customer will be handled and the event will be organized is as follows:

- Date and other details of the event will be discussed and finalized in the preliminary meeting between the manager (owner) and the customer.

- Once all the details and pricing are negotiated and agreed upon between the parties, an event check sheet will be made, and the catering staff will be briefed about the event.
- The venue where the event will take place must clearly indicate the name of the host and the event along with the date.
- On the day of the event, event set-up and other preparations should be completed well before the guests' estimated time of arrival and every staff member should be aware of his/her responsibilities.
- All required equipment must be clean and polished and in top condition to ensure a smooth set-up and service.

### **Important Considerations**

- The type of event / function
- Venue of the event
- Expected number of guests
- Table setup arrangements and specifications
- Menu of the food
- Any special request made by the host
- Employee personal hygiene to be ensured
- A good briefing before the event that will help in avoiding many service problems during the event.

## **5.2 Installed and Operational Capacities**

The Food & Catering Business can cater to 300 events annually at optimized level, but as per the industry statistics this business hosts 160-180 events per year, therefore, we have assumed that projections would be based on 50% capacity utilization. Overall, an average of 150 events will be catered during a year by this business. Annual growth rate is assumed to be 5% and maximum capacity utilization for the events is assumed to be capped at 90%.

## **6 CRITICAL FACTORS**

The main **critical success factors** for the proposed business setup are:

- Commitment to Quality
- Competitive Pricing
- Professional Awareness
- Industry Connections

- Creativity & Dependability
- Marketing & Branding

## **7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT**

Food and Catering business is now a very popular trend in Pakistan. Today almost every person or company with the inclination and the amount to spend is interested in making their events (from birthdays to corporate dinners) memorable by hiring proper event catering services.

The increased tendency of people to celebrate and show-off their celebrations in this part of the world is also one major reason for the success of a food and catering businesses. Furthermore, events are also a huge source of marketing these days which again compels people to make them as attractive and well-organized as possible.

Based on these factors, there is a potential for proposed business to be established in all major cities like Quetta, Karachi, Lahore, Rawalpindi, Hyderabad, Faisalabad, Multan, and Peshawar.

## **8 POTENTIAL TARGET CUSTOMERS / MARKETS**

The best thing about food and catering business is that it can cater to multiple and differing demands of different segments of the population. For instance, an event catering service can provide complete event setup (everything from the chafing dish to the spoons) or it can provide only the required demanded equipment such as crockery/cutlery or jugs/glasses or separately as well on rental basis depending on the customer's requirement (and of course the resources of the business).

In this model the target markets are the middle- and upper-income groups as these groups have the propensity and the money to spend as much as they can to make their events memorable.

## **9 PROJECT COST SUMMARY**

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

### **9.1 Project Economics**

All the figures in this financial model have been calculated for estimated sales of Rs. 35.4 million in the year one. The capacity utilization during year one is worked out at



50% with 5% increase in subsequent years up to the maximum capacity utilization of 90%.

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

**Table 9.1: Project Economics**

Description	Details
Internal Rate of Return (IRR)	35%
Payback Period (yrs.)	3.07
Net Present Value (Rs.)	2,762,656

## 9.2 Project Financing

Following table provides details of the equity required:

**Table 9.2: Project Financing**

Description	Details
Total Equity (100%)	Rs. 5,043,800

## 9.3 Project Cost

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

**Table 9.3: Project Cost**

Description	Amount Rs.
<b>Capital Cost</b>	
Renovation Cost	675,000
Office Equipment, Furniture, & Fixtures	483,000
Cutlery & equipment	5,361,000
Office Vehicle	1,500,000
Security Deposit (6-month Advance Rent)	300,000

Pre-operating Cost	100,000
<b>Total Capital Cost</b>	<b>4,002,800</b>
<b>Working Capital</b>	
Rent (3 Months)	150,000
Salary	660,000
Utilities	231,000
<b>Total Working Capital</b>	<b>1,041,000</b>
<b>Total Project Cost</b>	<b>5,043,800</b>

**Table 9.3(b): Cost break-up per event**

Description	Unit Cost (Rs.)	Number	Total Price (Rs.)
Food Cost	400	400	160,000
Water	30	400	12,000
Daily wage workers	1200	20	24,000
<b>Total</b>			<b>196,000</b>

#### 9.4 Space Requirement

The required space for the proposed Food & Catering Business will be acquired on rental basis. The space requirement and the cost of expenditure on that space are estimated considering the various facilities included in the management office and the storage space and the renovation done to both places. Details of space requirement and cost related to land & building are given below:

**Table 9.4: Space Requirement**

Description	Estimated Area (Sqft)	Per Unit Renovation Cost (Rs.)	Total Renovation Cost (Rs.)	Monthly Rent (Rs.)
Management Office	150	2500	375,000	37,000
Storage	1000	300	300,000	13,000
<b>Total</b>	<b>1150</b>	<b>2800</b>	<b>675,000</b>	<b>50,000</b>

## 9.5 Cutlery & Crockery Requirement

Cutlery & Crockery, required for the proposed project are stated below:

**Table 9.5(a): Cutlery & Crockery**

Description	Unit Cost (Rs.)	Quantity	Total Cost (Rs.)
Thaal	700	20	14,000
Service Dish	300	20	6,000
Service Dish Spoons	40	20	800
Chafing Dish (serving set)	7,000	20	140,000
Chafing Dish Spoons	200	40	8,000
Bowls	300	600	180,000
Bowl Spoons	40	600	24,000
Plates (per kg) (3-4 plates in 1 kg)	600	200	120,000
Small plates (4 in a kg)	440	150	66,000
Tablespoons (per dozen)	250	600	150,000
Dessert Spoons	150	600	90,000
Teaspoons	100	500	50,000
Jug (steel)	400	100	40,000
Glass (steel)	40	400	16,000
Glass (wine glass - set of half dozen glasses)	400	100	40,000
<b>Total</b>	<b>10,960</b>	<b>3,970</b>	<b>944,800</b>

## 9.6 Office Equipment Requirement

Following office equipment will be required for the Food & Catering Business.

**Table 9.6: Office Equipment**

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Laptop	1	90,000	90,000
Printer	1	35,000	35,000
Tables	2	35,000	70,000
Chair	6	8,000	48,000
Sofa Set	1	70,000	70,000
Split AC	1	75,000	75,000
UPS System	1	45,000	45,000
Others	1	50,000	50,000
<b>Total</b>			<b>483,000</b>

## 9.7 Office Vehicle Requirement

Following office vehicle will be required for the Food & Catering Business:

**Table 9.7: Office Vehicle**

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Loading Vehicle	1	1,500,000	1,500,000
<b>Total</b>			<b>1,500,000</b>

## 9.8 Human Resource Requirement

In order to run operations of the Food & Catering business smoothly, details of human resources required along with number of employees and monthly salary are recommended as under: (Daily wage workers are hired on specific event day and cost is included in cost per event)

**Table 9.8: Human Resource Requirement**

Description	No. of Employees	Monthly Salary per person (Rs)	Monthly Salary (Rs)
Owner/Manager	1	70,000	70,000
Accountant	1	45,000	45,000
Karigar – Trained Workers	2	40,000	80,000
Driver	1	25,000	25,000
<b>Total</b>	<b>5</b>		<b>220,000</b>

## 9.9 Utilities and other costs

An essential cost to be borne by the project is the cost of electricity, gas, and washing/dry-cleaning. The electricity expenses are estimated to be around Rs. 25,000 per month, gas expenses are estimated to be Rs. 2,000 per month and washing expense will be Rs. 25,000 per month. Other than that, miscellaneous expenses including entertainment and telephone bill will be around 20,000 per month. Furthermore, promotional expense for marketing of the Food & Catering Business is estimated as Rs. 20,000.

## 9.10 Revenue Generation

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

**Table 9.10: Revenue Generation – Year 1**

Description	Sales Revenue (Rs.)
Revenue	35,400,000

<b>Total</b>	<b>35,400,000</b>
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<b>Description</b>	<b>Details</b>
Number of events in a year	150
Estimated number of guests per event	400
Estimated revenue per event	236,000
Estimated Revenue generated in a year	35,400,000

**Table 9.10(b): Revenue break-down per event**

<b>Description</b>	<b>Unit Cost (Rs.)</b>	<b>Number</b>	<b>Total Price (Rs.)</b>
Food Cost	550	400	220,000
Water	40	400	16,000
<b>Total</b>			<b>236,000</b>

## 10 CONTACT DETAILS

In order to facilitate potential investors, contact details of private sector Service Providers relevant to the proposed project are given below:

### 10.1 Equipment Suppliers

#### Equipment Supplier

<b>Name of Supplier</b>	Mr. Abdul Qader Marfani (Mehran Tent House)
<b>Address</b>	11 Shahab Mansion, Burns Road, Karachi
<b>Phone</b>	021-32638762, 021-32630983 0300-2860903, 0313-2860903

**10.2 Industry Experts / Consultants****Industry Expert / Consultant**

<b>Name of Expert /Organization</b>	Mr. Intizar Uddin (Royal Decorator & Caterers)
<b>Address</b>	Shop # 1, Safa Residency, Plot # SB-4, Gulistan-e-Jauhar, Scheme # 36, Block-4, University Road, Karachi
<b>Phone</b>	0300-3592757, 0313-3592757

**10.3 PAKWAN**

<b>Name of Expert /Organization</b>	Al Mubarak Pakwan & Catering Service
<b>Address</b>	Zonki Ram Road Near Tameer-e-Nau Masjid Quetta , Quetta, Pakistan
<b>Phone</b>	0302 3834611

## 11 USEFUL WEB LINKS

<b>Small &amp; Medium Enterprises Development Authority (SMEDA)</b>	<a href="http://www.smeda.org.pk">www.smeda.org.pk</a>
<b>Government of Pakistan</b>	<a href="http://www.pakistan.gov.pk">www.pakistan.gov.pk</a>
<b>Ministry of Industries &amp; Production</b>	<a href="http://www.moip.gov.pk">www.moip.gov.pk</a>
<b>Ministry of Education, Training &amp; Standards in Higher Education</b>	<a href="http://moptt.gov.pk">http://moptt.gov.pk</a>
<b>Government of Punjab</b>	<a href="http://www.punjab.gov.pk">www.punjab.gov.pk</a>
<b>Government of Sindh</b>	<a href="http://www.sindh.gov.pk">www.sindh.gov.pk</a>
<b>Government of Khyber Pakhtunkhwa</b>	<a href="http://www.khyberpakhtunkhwa.gov.pk">www.khyberpakhtunkhwa.gov.pk</a>
<b>Government of Balochistan</b>	<a href="http://www.balochistan.gov.pk">www.balochistan.gov.pk</a>
<b>Government of Gilgit Baltistan</b>	<a href="http://www.gilgitbaltistan.gov.pk">www.gilgitbaltistan.gov.pk</a>
<b>Government of Azad Jamu Kashmir</b>	<a href="http://www.ajk.gov.pk">www.ajk.gov.pk</a>
<b>Trade Development Authority of Pakistan (TDAP)</b>	<a href="http://www.tdap.gov.pk">www.tdap.gov.pk</a>
<b>Security Commission of Pakistan (SECP)</b>	<a href="http://www.secp.gov.pk">www.secp.gov.pk</a>
<b>Federation of Pakistan Chambers of Commerce and Industry (FPCCI)</b>	<a href="http://www.fpcci.com.pk">www.fpcci.com.pk</a>
<b>State Bank of Pakistan (SBP)</b>	<a href="http://www.sbp.org.pk">www.sbp.org.pk</a>
<b>Punjab Small Industries Corporation</b>	<a href="http://www.psic.gop.pk">www.psic.gop.pk</a>
<b>Sindh Small Industries Corporation</b>	<a href="http://www.ssic.gos.pk">www.ssic.gos.pk</a>
<b>Pakistan Horticulture Development and Export Company (PHDEC)</b>	<a href="http://www.phdec.org.pk">www.phdec.org.pk</a>
<b>Punjab Vocational Training Council (PVTC)</b>	<a href="http://www.pvtc.gop.pk">www.pvtc.gop.pk</a>
<b>Technical Education and Vocational Training Authority (TEVTA)</b>	<a href="http://www.tevta.org">www.tevta.org</a>
<b>Pakistan Readymade Garment Technical Training Institute</b>	<a href="http://www.prgmea.org/prgtti/">www.prgmea.org/prgtti/</a>
<b>Livestock &amp; Dairy Development Department, Government of Punjab.</b>	<a href="http://www.livestockpunjab.gov.pk">www.livestockpunjab.gov.pk</a>
<b>Punjab Industrial Estates (PIE)</b>	<a href="http://www.pie.com.pk">www.pie.com.pk</a>
<b>Faisalabad Industrial Estate Development and Management Company (FIEDMC)</b>	<a href="http://www.fiedmc.com.pk">www.fiedmc.com.pk</a>



## 12 ANNEXURES

### 12.1 Income Statement

FOOD & CATERING SERVICE										
Projected Income Statement (Rs.)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Revenue</b>	<b>35,400,000</b>	<b>38,940,000</b>	<b>42,834,000</b>	<b>47,117,400</b>	<b>51,829,140</b>	<b>57,012,054</b>	<b>62,713,259</b>	<b>68,984,585</b>	<b>75,883,044</b>	<b>83,471,348</b>
<b>Net Sales</b>	<b>35,400,000</b>	<b>38,940,000</b>	<b>42,834,000</b>	<b>47,117,400</b>	<b>51,829,140</b>	<b>57,012,054</b>	<b>62,713,259</b>	<b>68,984,585</b>	<b>75,883,044</b>	<b>83,471,348</b>
Variable Cost (Food)	29,400,000	32,340,000	35,574,000	39,131,400	43,044,540	47,348,994	52,083,893	57,292,283	63,021,511	69,323,662
Staff Salaries	2,640,000	2,904,000	3,194,400	3,513,840	3,865,224	4,251,746	4,676,921	5,144,613	5,659,074	6,224,982
Utilities	924,000	1,016,400	1,118,040	1,229,844	1,352,828	1,488,111	1,636,922	1,800,615	1,980,676	2,178,744
<b>Cost of Sales</b>	<b>32,964,000</b>	<b>36,260,400</b>	<b>39,886,440</b>	<b>43,875,084</b>	<b>48,262,592</b>	<b>53,088,852</b>	<b>58,397,737</b>	<b>64,237,510</b>	<b>70,661,262</b>	<b>77,727,388</b>
<b>Gross Profit</b>	<b>2,436,000</b>	<b>2,679,600</b>	<b>2,947,560</b>	<b>3,242,316</b>	<b>3,566,548</b>	<b>3,923,202</b>	<b>4,315,523</b>	<b>4,747,075</b>	<b>5,221,782</b>	<b>5,743,961</b>
<b>General Administrative &amp; Selling Expenses</b>										
Salaries	0	0	0	0	0	0	0	0	0	0
Rent Expense	600,000	660,000	726,000	798,600	878,460	966,306	1,062,937	1,169,230	1,286,153	1,414,769
Promotional Expense	240,000	264,000	290,400	319,440	351,384	386,522	425,175	467,692	514,461	565,907
Amortization Expenses	20,000	20,000	20,000	20,000	20,000					
Depreciation Expense	454,760	390,388	336,232	390,516	331,789	282,871	441,992	367,719	306,888	556,953
<b>Subtotal</b>	<b>1,314,760</b>	<b>1,334,388</b>	<b>1,372,632</b>	<b>1,528,556</b>	<b>1,581,633</b>	<b>1,635,699</b>	<b>1,930,103</b>	<b>2,004,641</b>	<b>2,107,503</b>	<b>2,537,629</b>
<b>Operating Income</b>	<b>1,121,240</b>	<b>1,345,212</b>	<b>1,574,928</b>	<b>1,713,760</b>	<b>1,984,914</b>	<b>2,287,503</b>	<b>2,385,420</b>	<b>2,742,433</b>	<b>3,114,279</b>	<b>3,206,332</b>
Financial Charges (8% Per Annum)	0	0	0	0	0	0	0	0		
<b>Earnings Before Taxes</b>	<b>1,121,240</b>	<b>1,345,212</b>	<b>1,574,928</b>	<b>1,713,760</b>	<b>1,984,914</b>	<b>2,287,503</b>	<b>2,385,420</b>	<b>2,742,433</b>	<b>3,114,279</b>	<b>3,206,332</b>
Tax	90,686	124,282	162,486	190,252	244,483	305,001	324,584	408,108	501,070	524,083
<b>Net Profit</b>	<b>1,030,554</b>	<b>1,220,930</b>	<b>1,412,442</b>	<b>1,523,508</b>	<b>1,740,431</b>	<b>1,982,503</b>	<b>2,060,836</b>	<b>2,334,325</b>	<b>2,613,209</b>	<b>2,682,249</b>
<b>Monthly Profit After Tax</b>	<b>85,880</b>	<b>101,744</b>	<b>117,704</b>	<b>126,959</b>	<b>145,036</b>	<b>165,209</b>	<b>171,736</b>	<b>194,527</b>	<b>217,767</b>	<b>223,521</b>

## 12.2 Balance Sheet

FOOD & CATERING SERVICE											
Projected Balance Sheet (Rs.)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Assets</b>											
<b>Current Assets</b>											
Cash & Bank Balance	1,041,000	2,546,314	4,177,632	5,446,307	7,380,331	9,472,551	10,737,925	13,240,752	15,942,796	17,362,894	20,602,096
Account Receivable	0	0	0	0	0	0	0	0	0	0	0
Prepaid Rent	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
<b>Total Current Assets</b>	<b>1,341,000</b>	<b>2,846,314</b>	<b>4,477,632</b>	<b>5,746,307</b>	<b>7,680,331</b>	<b>9,772,551</b>	<b>11,037,925</b>	<b>13,540,752</b>	<b>16,242,796</b>	<b>17,662,894</b>	<b>20,902,096</b>
<b>Fixed Assets</b>											
Catering & Decorating Equipment	944,800	755,840	604,672	983,738	786,990	629,592	1,503,674	1,202,939	962,351	2,269,881	1,815,905
Construction & Renovation	675,000	607,500	546,750	492,075	442,868	398,581	358,723	322,850	290,565	261,509	235,358
Shehzore Vehicle	1,500,000	1,350,000	1,215,000	1,093,500	984,150	885,735	797,162	717,445	645,701	581,131	523,018
Office Fixtures	483,000	434,700	391,230	352,107	316,896	285,207	256,686	231,017	207,916	187,124	168,412
<b>Total Fixed Assets</b>	<b>3,602,800</b>	<b>3,148,040</b>	<b>2,757,652</b>	<b>2,921,420</b>	<b>2,530,904</b>	<b>2,199,114</b>	<b>2,916,244</b>	<b>2,474,252</b>	<b>2,106,533</b>	<b>3,299,645</b>	<b>2,742,692</b>
<b>Preliminary Expenses</b>	<b>100,000</b>	<b>80,000</b>	<b>60,000</b>	<b>40,000</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>5,043,800</b>	<b>6,074,354</b>	<b>7,295,284</b>	<b>8,707,726</b>	<b>10,231,235</b>	<b>11,971,666</b>	<b>13,954,169</b>	<b>16,015,004</b>	<b>18,349,329</b>	<b>20,962,539</b>	<b>23,644,788</b>
<b>Owner's Equity</b>	5,043,800	6,074,354	7,295,284	8,707,726	10,231,235	11,971,666	13,954,169	16,015,004	18,349,329	20,962,539	23,644,788
<b>Long Term Liability</b>	0	0	0	0	0	0	0	0	0	0	0
<b>Total Equity &amp; Liabilities</b>	<b>5,043,800</b>	<b>6,074,354</b>	<b>7,295,284</b>	<b>8,707,726</b>	<b>10,231,235</b>	<b>11,971,666</b>	<b>13,954,169</b>	<b>16,015,004</b>	<b>18,349,329</b>	<b>20,962,539</b>	<b>23,644,788</b>

## 12.3 Cash Flow Statement

FOOD AND CATERING SERVICE											
Projected Statement of Cash Flows (Rs.)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Cash Flow From Operating Activities</b>											
Net Profit	0	1,030,554	1,220,930	1,412,442	1,523,508	1,740,431	1,982,503	2,060,836	2,334,325	2,613,209	2,682,249
Add: Depreciation Expense	0	454,760	390,388	336,232	390,516	331,789	282,871	441,992	367,719	306,888	556,953
Amortization Expense	0	20,000	20,000	20,000	20,000	20,000	0	0	0	0	0
(Increase) / Decrease in Receivables	0	0	0	0	0	0	0	0	0	0	0
<b>Net Cash Flow From Operations</b>	<b>0</b>	<b>1,505,314</b>	<b>1,631,318</b>	<b>1,768,674</b>	<b>1,934,024</b>	<b>2,092,221</b>	<b>2,265,373</b>	<b>2,502,827</b>	<b>2,702,044</b>	<b>2,920,098</b>	<b>3239201.523</b>
<b>Cash Flow From Financing Activities</b>											
Receipt of Long Term Debt	0										
Repayment of Long Term Debt		0	0	0	0	0	0	0	0	0	0
Owner's Equity	5,043,800	0	0	-500,000	0	0	-1,000,000	0	0	-1,500,000	0
<b>Net Cash Flow From Financing Activities</b>	<b>5,043,800</b>	<b>0</b>	<b>0</b>	<b>-500,000</b>	<b>0</b>	<b>0</b>	<b>-1,000,000</b>	<b>0</b>	<b>0</b>	<b>-1,500,000</b>	<b>0</b>
<b>Cash Flow From Investing Activities</b>											
Construction Cost	-675,000										
Office Furniture and Fixtures	-483,000										
Advance Rent	-300,000										
Preliminary Expenses	-100,000										
Office Vehicles	-1,500,000										
Culinary & Cutlery	-944,800				0				0		
<b>Net Cash Flow From Investing Activities</b>	<b>-4,002,800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET CASH FLOW</b>	<b>1,041,000</b>	<b>1,505,314</b>	<b>1,631,318</b>	<b>1,268,674</b>	<b>1,934,024</b>	<b>2,092,221</b>	<b>1,265,373</b>	<b>2,502,827</b>	<b>2,702,044</b>	<b>1,420,098</b>	<b>3,239,202</b>
<b>Cash at the Beginning of the Period</b>	<b>0</b>	<b>1,041,000</b>	<b>2,546,314</b>	<b>4,177,632</b>	<b>5,446,307</b>	<b>7,380,331</b>	<b>9,472,551</b>	<b>10,737,925</b>	<b>13,240,752</b>	<b>15,942,796</b>	<b>17,362,894</b>
<b>Cash at the End of the Period</b>	<b>1,041,000</b>	<b>2,546,314</b>	<b>4,177,632</b>	<b>5,446,307</b>	<b>7,380,331</b>	<b>9,472,551</b>	<b>10,737,925</b>	<b>13,240,752</b>	<b>15,942,796</b>	<b>17,362,894</b>	<b>20,602,096</b>

## 13 KEY ASSUMPTIONS

### 13.1 Production Cost Assumptions

Description	Details
Average Minimum Cost / Event	196,000
Total Variable Cost / Year	32,964,000

### 13.2 Revenue Assumptions

Description	Details
Average Revenue / Event	236,000
Average Number of Guests / Event	400
Total Revenue / Year	35,400,000

### 13.3 Financial Assumptions

Description	Details
Debt Equity Ratio	0:100

# Small and Medium Enterprises Development Authority

## HEAD OFFICE

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