CHAPTER IV

FINANCIAL PLAN

Key Objectives and Financial Review

Financial accounting systems

Financial accounts, such as balance sheets and income statements are used to keep track of business incomes and outflows. These financial reports are for use by persons outside the firm. These reports conform to generally accepted accounting principles developed predominantly by the Financial Accounting Standards Board (FASB) and the Securities and Exchange Commission (SEC). The overall objectives of a firm's financial accounting statements are: (Stickney et al, 1991):

Finance:

- To provide information useful for making rational investment and credit decisions.
- To allow investors to assess the amount, timing, and uncertainty of cash flows.
- To provide information on how a firm obtains and uses money and other financial resources.

Establishment Costs

	Total Cost	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Net Cost
		Cost per month (Baht)												
1	Salary expense	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	5,400,000
2	Study passengers' demand	90,000									90,000			180,000
3	Developing lay out of commercial area		40,000											40,000
4	Construction expense			5,000,000										5,000,000
5	Sale activities				700,000									700,000
6	Developing advertising plan of commercial area				3,000,000									3,000,000
7	Stationery & Office supplies	58,150	58,150	58,150	58,150	58,150	58,150	58,150	58,150	58,150	58,150	58,150	58,150	697,800
8	Office Equipment	223,500												223,500
9	Electricity	3,876	3,876	3,876	3,876	3,876	3,876	3,876	3,876	3,876	3,876	3,876	3,876	46,512
10	Water	1,938	1,938	1,938	1,938	1,938	1,938	1,938	1,938	1,938	1,938	1,938	1,938	23,256
11	Phone	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	126,000
12	Entertrainment	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
13	Office Rental	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	960,000
	Net Cost	927,964	654,464	5,614,464	4,314,464	614,464	614,464	614,464	614,464	614,464	704,464	614,464	614,464	21,917,068

Figure 45 v Establishment Costs

Return on Investment

- The financial project forecast analysis as the following table and figures above.

Table 11 Type of BTS Station

<table>
<tr><th>No.</th><th>Items</th><th colspan="3">Prices</th></tr>
<tr><td rowspan="5">1</td><td rowspan="5">Rental Fee</td><td colspan="3">- Each area will be charged for the fee about 5,000-3,000Baht per square meters. This will depend on the locations of the commercial area.</td></tr>
<tr><td>Types of location</td><td>Number of passengers</td><td>Rental Fee (Baht m²)</td></tr>
<tr><td>A</td><td>More than 100,000</td><td rowspan="3">3,500,000</td></tr>
<tr><td>B</td><td>50,001-100,000</td></tr>
<tr><td>C</td><td>1-50,000</td></tr>
</table>

No.	Items	Price	Baht	Krungthunbure		Wongvenyai	
				Number of rental	Fee per month	Number of rental	Fee per month
	1.Commercial area						
1	Public Telephone	16,000	From total revenue	2	32,000	2	32,000
2	ATM	20,000	Baht/position	4	80,000	4	80,000
3	Shop	3,000	Baht/ m2	192	576,000	112	336,000
			Total revenue		**688,000**		**448,000**
	2.Advertising post						
1	Side Beam	10,000	Baht	5	50,000	3	30,000
2	Platform Truss	10,000	Baht	26	260,000	26	260,000
3	VP Board	30,000	Baht	2	60,000	2	60,000
4	Platform Balustrade	10,000	Baht	10	100,000	10	100,000
5	Phone Pole	10,000	Baht	2	20,000	2	20,000
6	Stair Step	15,000	Baht	2	30,000	2	30,000
7	Side Board	20,000	Baht	1	20,000	1	20,000
8	Escalator Stand	10,000	Baht	2	20,000	2	20,000
9	Plasma Screen	50,000	Baht	24	1,200,000	24	1,200,000
10	Ladder Advertising Media	8,000	Baht	14	112,000	8	64,000
11	Elevator Wrap	10,000	Baht	2	20,000	2	20,000
12	Pillar Ads	8,000	Baht	24	192,000	24	192,000
13	Advertising post at road level	25,000	Baht	8	200,000	8	200,000
			Total revenue		**2,284,000**		**2,216,000**
	Total Revenue Per Month				**2,972,000**		**2,664,000**

Figure 46 Revenue of Project

Profit and Loss

Month	Jan 10	Feb 10	Mar 10	April 10	May 10	Jun10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10	Dec 10	End of year 201
Sales													
Shop Front	-	-	-	-	189,720	189,720	189,720	189,720	189,720	189,720	189,720	189,720	1,517,760
Advertising Media	-	-	-	-	765,000	765,000	765,000	765,000	765,000	765,000	765,000	765,000	6,120,000
Public Telephone Rental area	-	-	-	-	10,880	10,880	10,880	10,880	10,880	10,880	10,880	10,880	87,040
ATM Rental Area	-	-	-	-	27,200	27,200	27,200	27,200	27,200	27,200	27,200	27,200	217,600
Total Income	-	-	-	-	**992,800**	**992,800**	**992,800**	**992,800**	**992,800**	**992,800**	**992,800**	**992,800**	**7,942,400**
Cost of Sales													
Lay out	-	(40,000)	-	-	-	-	-	-	-	-	-	-	(40,000)
Area Construction	-	-	(5,000,000)	-	-	-	-	-	-	-	-	-	(5,000,000)
Total Cost of Sales	-	**(40,000)**	**(5,000,000)**	-	-	-	-	-	-	-	-	-	(5,040,000)
Gross Profit	-	**(40,000)**	**(5,000,000)**	-	**992,800**	**992,800**	**992,800**	**992,800**	**992,800**	**992,800**	**992,800**	**992,800**	**2,902,400**
Expenses													
General & Administrative													
Office Equipment	(223,500)												(223,500)
Office Supplies	(58,150)	(58,150)	(58,150)	(58,150)	(58,150)	(58,150)	(58,150)	(58,150)	(58,150)	(58,150)	(58,150)	(58,150)	(697,800)
Total /General & Marketing & Promotion													
Sales Activities	-	-	-	(700,000)	-	-	-	-	-	-	-	-	(700,000)
Advertising	-	-	-	(3,000,000)	-	-	-	-	-	-	-	-	(3,000,000)
Market Survey	(90,000)	-	-	-	-	-	-	-	-	(90,000)	-	-	(180,000)
Total Marketing Operating Expenses	**(90,000)**	-	-	**(3,700,000)**	-	-	-	-	-	**(90,000)**	-	-	**(3,880,000)**
Employment Expenses													-
Salaries	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(5,400,000)
Total Employment Expenses	**(450,000)**	**(450,000)**	**(450,000)**	**(450,000)**	**(450,000)**	**(450,000)**	**(450,000)**	**(450,000)**	**(450,000)**	**(450,000)**	**(450,000)**	**(450,000)**	**(5,400,000)**
Occupancy Costs													-
Electircity	(3,876)	(3,876)	(3,876)	(3,876)	(3,876)	(3,876)	(3,876)	(3,876)	(3,876)	(3,876)	(3,876)	(3,876)	(46,512)
Phone	(10,500)	(10,500)	(10,500)	(10,500)	(10,500)	(10,500)	(10,500)	(10,500)	(10,500)	(10,500)	(10,500)	(10,500)	(126,000)
Water	(1,938)	(1,938)	(1,938)	(1,938)	(1,938)	(1,938)	(1,938)	(1,938)	(1,938)	(1,938)	(1,938)	(1,938)	(23,256)
Office Rental	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)	(960,000)
Total Occupancy Costs	**(96,314)**	**(96,314)**	**(96,314)**	**(96,314)**	**(96,314)**	**(96,314)**	**(96,314)**	**(96,314)**	**(96,314)**	**(96,314)**	**(96,314)**	**(96,314)**	**(1,155,768)**
Total Expenses	**(917,964)**	**(604,464)**	**(604,464)**	**(4,304,464)**	**(604,464)**	**(604,464)**	**(604,464)**	**(604,464)**	**(604,464)**	**(694,464)**	**(604,464)**	**(604,464)**	**(11,357,068)**
Operating Profits	**(917,964)**	**(644,464)**	**(5,604,464)**	**(4,304,464)**	**388,336**	**388,336**	**388,336**	**388,336**	**388,336**	**298,336**	**388,336**	**388,336**	**(8,454,668)**
Other Income													
-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses													
Entertrainment	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(120,000)
Total Other Expenses	**(10,000)**	**(10,000)**	**(10,000)**	**(10,000)**	**(10,000)**	**(10,000)**	**(10,000)**	**(10,000)**	**(10,000)**	**(10,000)**	**(10,000)**	**(10,000)**	**(120,000)**
Net Profit/Loss	**(927,964)**	**(654,464)**	**(5,614,464)**	**(4,314,464)**	**378,336**	**378,336**	**378,336**	**378,336**	**378,336**	**288,336**	**378,336**	**378,336**	**(8,574,668)**

Figure 47 Profit and Loss

Balance Sheet

Balance sheet of the end of year 2010	End of year 2010	End of year 2011	End of year 2012	End of year 2013	End of year 2014
Current Asset					
Cash	1,425,332	6,337,530.32	11,739,123.94	17,658,781.93	24,126,685.36
Salaries	5,400,000	5,508,000.00	5,618,160.00	5,730,523.20	5,845,133.66
Total current assets	**6,825,332**	**11,845,530.32**	**17,357,283.94**	**23,389,305.13**	**29,971,819.02**
Non-current assets					
Office Equipment	223,500				
Office Suppliers	697,800	711,756.00	725,991.12	740,510.94	755,321.16
Land Improvement	5,000,000				
Intangible asset	40,000				
Marketing Expense	3,880,000	90,000.00	90,000.00	90,000.00	90,000.00
Utilities Expense	1,275,768	1,287,325.68	1,298,998.94	1,310,788.93	1,322,696.82
Total non-current assets	**11,117,068**	**2,089,081.68**	**2,114,990.06**	**2,141,299.87**	**2,168,017.98**
Total assets	**17,942,400**	**13,934,612**	**19,472,274**	**25,530,605**	**32,139,837**
LIABILITIES					
Current liabilities					
Note Payable	4,801,300	801,756	815,991	830,511	845,321
Wages Payable	5,400,000	5,508,000.00	5,618,160.00	5,730,523.20	5,845,133.66
Total current liabilities	**10,201,300**	**6,309,756.00**	**6,434,151.12**	**6,561,034.14**	**6,690,454.82**
Non-current liabilities					
Land Improvement	5,040,000				
Utilities Payable	1,275,768	1,287,325.68	1,298,998.94	1,310,788.93	1,322,696.82
Total non-current liabilities	**6,315,768**	**1,287,326**	**1,298,999**	**1,310,789**	**1,322,697**
Total liabilities	**16,517,068**	**7,597,082**	**7,733,150**	**7,871,823**	**8,013,152**
Total Liabilities and Equity	**17,942,400**	**13,934,612**	**19,472,274**	**25,530,605**	**32,139,837**
EQUITY					
Contributed equity	**1,425,332**	**6,337,530**	**11,739,124**	**17,658,782**	**24,126,685**

Figure 48 Balance Sheet

Cash Flow

Flows (Time line of annual cash flows)	Years				
	0 (2010)	1 (2011)	2 (2012)	3 (2013)	4 (2014)
Investment Outlay at Time Zero					
Area Constuction & design	5,040,000.00				
Equipment	223,500.00				
Increase in Net Operating WC	10,000,000.00	997,732.40	4,439,623.72	8,223,924.36	12,370,710.54
total Net Operating WC					36,031,991.02
Operating Cash Flows over the Project's Life					
Sales revenue	7,942,400.00	12,509,280.00	13,134,744.00	13,791,481.00	14,481,055.00
Variable costs	5,400,000.00	5,508,000.00	5,618,160.00	5,730,523.20	5,845,133.66
Fixed operating costs	5,853,568.00	2,089,081.68	2,114,990.06	2,141,299.87	2,168,017.98
Depreciation (building)	0.00	0.00	0.00	0.00	0.00
Depreciation (equipment)	0.00	11,175.00	10,616.25	10,085.44	9,581.17
Oper. Income before taxes (EBIT)	1,425,332.00	4,901,023.32	5,390,977.69	5,909,572.49	6,458,322.19
Taxes on operating income (30%)	427,599.60	1,470,307.00	1,617,293.31	1,772,871.75	1,937,496.66
Net Operating Profit After Taxes (NOPAT)	997,732.40	3,430,716.32	3,773,684.38	4,136,700.74	4,520,825.54
Add back depreciation	997,732.40	3,441,891.32	3,784,300.63	4,146,786.18	4,530,406.70
Opperating cash flow					
Teminal Year Cash Flows	997,732.40	4,439,623.72	8,223,924.36	12,370,710.54	16,901,117.24
Return of net operating working capital					10,000,000.00
Net salvage value					159,612.64
Total termination cash flows					10,159,612.64
Net Cash Flow (Time line of cash flows)	997,732.40	4,439,623.72	8,223,924.36	12,370,710.54	27,060,729.88
				NPV rate 0%	17,060,729.88

Figure 49 Cash Flow

Table 12 Net Present Value

NPV (Net Present Value)	Year 0	Year 1	Year 2	Year 3	Year 4
Net Cash Flow (NCF)	-36,031991	4,439,624	8,223,924	12,320,711	27,060,730
PV of NCF (10%)	-36,031,991	4,036,022	6,796,632	9,301,286	18,534,746
				NPV =	2,577,802.82

- **Assume that Discount rate of return = 10 %**

Table 13 Net Present Value at Discount rates

NPV (million baht)	Discount rate of Return
17.06	0 %
8.52	5 %
2.58	10 %
0.00	12.51 %
-2.35	15 %
-6.38	20 %
-9.77	25 %

Table 14 Internal Rate of Return (IRR)

NPV (Net Present Value)	**Year 0**	**Year 1**	**Year 2**	**Year 3**	**Year 4**
Net Cash Flow (NCF)	-36,031,991	4,439,624	8,223,924	12,320,711	27,060,730
PV of NCF (10%)	-36,031,991	3,945,876	6,496,414	8,685,334	16,886,074
				IRR =	12.51 %

Pay Back Period

Table 15 Pay Back Period

PB (Payback Period)	Year 1	Year 2	Year 3	Year 4	Year 5
Net Cash Flow (NCF)	997,732	4,439,624	8,223,924	12,370,711	27,060,730
Cumulative of NCF	997,732	5,437,356	13,661,280	26,031,991	53,092,721
Payback Period				IRR =	12.51 %

Pay Back Period = 2+ 5,437,356 / 8,223,924 = 2.66

Adjust Rate = **2 year 7 month 28 day**

Table 16 Discount Pay Back Period

DPB (Discount Payback Period)	Year 1	Year 2	Year 3	Year 4	Year 5
Net Cash Flow (NCF)	997,732	4,439,624	8,223,924	12,370,711	27,060,730
PV of NCF (10%)	997,732	4,036,022	6,796,632	9,294,298	18,432,843
Cumulative of NCF	997,732	5,033,754	11,830,385	21,124,683	39,607,526

Pay Back Period = 2+ 5,033,754 / 6,796,632 = 2.81

Adjust Rate = **2 year 8 month 26 day**