Feasibility Study

*Company Name*

[Business industry]:

[Location]:



Developed by:

*(All information is all sample, please edit necessarily according to your business plan preferences)*

|  |
| --- |
| Preview |

|  |  |
| --- | --- |
| **The tasks on which the study is based** | * Personal skills test was conducted. * Identify the location of the project so that it is close to the target segment of customers. * Conduct a mini marketing study for competitors in terms of: * Type of competition: (price, quality, payment method, location) * Competition intensity: (strong, medium, weak, none) * Competitive advantages: (price, quality, service, configurations, etc.) * A small technical study (technique used, machinery and equipment, trained hands, and functional functions) * Bring the prices of expenses from the reality of the market (recent prices according to invoices from suppliers). * Find the appropriate financing method for the project. * Deciding to proceed with the project or stop; based on the results of the study. |
| **Assumptions** | • The revenue program is based on a small study of the market and by asking the specialists and expertise in the target area.  • Monthly and annual income ratios are based on personal expectations.  • Cash is recognized in the statement of income. |

**1.0 Initial report of the project**

This report is considered the first step in the feasibility study of this project, after selecting the suitable investment opportunity which is commensurate with the tendencies and capabilities of the owners of the project and the needs of the market.

**1.1 General Information:**

|  |  |  |  |
| --- | --- | --- | --- |
| Project Owners: |  | | |
| Nationality: |  | | |
| Phone: |  | Mobile |  |

**1.2 Names of the owner according to the study**

|  |  |  |
| --- | --- | --- |
| **Name** | **Nationality** | **Contribution Ratio** |
|  |  |  |

**1.3 Project information:**

|  |  |
| --- | --- |
| **Project idea:** |  |
| **Reason for selecting the project:** |  |
| **Proposed legal form:** |  |
| **Licenses Required** |  |

**1.4 Information about Marketing**

1.4.1. What service does the project offer? (Summary of project outputs)?

1.4.2. How much is the demand for the service? (Size of demand, quantity needed by the market)?

1.4.3. Who are the prospective clients (for the center's services)?

1.4.4. Why do customers accept (product)? (Purchase motives)

**1.5 Technical Information**

1.5.1. What is the proposed location of the project? What is the reason for choosing the site?

1.5.2. What equipment does the project need? Who are their suppliers? How much is available in the local market?

1.5.3. What type of furniture and electrical appliances do you need?

The project needs kitchen equipment’s for creating the doughnuts.

1.5.4. Is there a specific technique used by the project? what is it? Where to get it?

**2.0. Management Study**

A Head Baker and a Commis 1 Pastry Chef can monitor and facilitate the production of the product. The organizational structure is reasonably designed to help manage the business efficiently and effectively.

|  |  |  |  |
| --- | --- | --- | --- |
| **Job title** | **Number** | **Job Role** | **Nature of employment** |
|  |  |  |  |
|  |  |  |  |

**3.0. Financial study**

The part of the study which forecasted amounts of revenue will earn in certain period. Also, shows the cost of sales and expenses in during the project.

**3.1. Income Statement**

**Expected Revenue Program**

The quantity of products and services expected to be sold by the project and their prices.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Product(s)** | **Price of the Products** | **Pieces sold per month** | **Revenue per month**  **(AED)** | **Revenue in 3 months (AED)** | **Total annual revenue (AED)** |
|  |  |  |  |  |  |

**3.2. Cost of Direct materials**

Direct materials or ingredients used in producing the product of the project.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Item(s)** | **Unit Cost of the Product** | **Pieces made per month** | **Cost per month**  **(AED)** | **Cost in 3 months (AED)** | **Total Annual Cost (AED)** |
|  |  |  |  |  |  |

**3.3. Cost of Direct labor**

The manpower costs of the project from employment, managers, employees.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Function** | **Number** | **Salary per month (AED)** | **Salary in 3 months (AED)** | **Total Annual Salary (AED)** |
|  |  |  |  |  |
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|  |  |  |  |  |
|  |  |  |  |  |

* Total monthly salaries = Number x monthly salary
* Total Six (6) months = Total monthly salaries x 6
* Total annual salaries = Total monthly salaries x 12

**3.4. Packaging Costs**

Brief description and explanation.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Item** | **Unit Cost**  **(AED)** | **Quantity (box)** | **Expected 1 month cost (AED)** | **Expected 3 months cost (AED)** | **Expected annual cost (AED)** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **Total** |  |  |  |  |  |

**3.5. Rental Costs**

Brief description and explanation.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **The Origin** | **Expected 1 month cost (AED)** | **Expected 3 months cost (AED)** | **Expected annual cost (AED)** | **Notes** |
|  |  |  |  |  |
| **Total** |  |  |  |  |

**3.6. General and Administrative expense**

These are the expenditures required to administer the project. These expenses are not related to the production or sale of goods of the project.

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| --- | --- | --- | --- | --- |
| **Account** | **Expected 1 month cost (AED)** | **Expected 3 months cost (AED)** | **Expected annual cost (AED)** | **Notes** |
| Salary and wages |  |  |  |  |
| Utilities expense |  |  |  |  |
| Legal and professional fee |  |  |  |  |
| Repairs and maintenance |  |  |  |  |
| Transportation and Delivery charges |  |  |  |  |
| Software expense |  |  |  |  |
| Miscellaneous and other expense |  |  |  |  |
| **Total** |  |  |  |  |

* Forecasting of general and administrative expenses is computed in monthly, three-month period and annual.

**4.0 Assets**

**4.1. Current Assets**

Current assets that change during a period not exceeding the financial year.

|  |  |
| --- | --- |
| **Account** | **Cost** |
| Cash on hand |  |
| Accounts Receivables | - |
| Other current assets | - |
| **Total** |  |

* **Cash on hand**

The minimum cash balance that is kept for short-term financial and emergency crises (liquidity problems).

* **Accounts receivable**

The minimum balance of the customer's permanent balance which changes during the year (if it is the nature of the entity's business).

* **Other current assets:**

according to the activity of the entity.

**4.2. Fixed assets**

Fixed asset is property with a useful life greater than one reporting period, and which exceeds an entity's minimum capitalization limit.

**4.2.1 Equipment and Machineries**

All project properties of machinery, and electrical appliances.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Asset** | **No** | **Average**  **Unit cost** | **Total Cost** | **Depreciation rate** | **Depreciation value** |
|  |  |  |  |  |  |
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* Depreciation ratio = percentage of depreciation of asset by use and over time
* Annual depreciation value = Cost of asset × depreciation rate
* Depreciation rate: In such use of Electrical Machine is consumed over 5 years (20%) and consumes furniture over 5 years (20%).

**4.2.2. Fit out and Decoration**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Item** | **No.** | **Unit Cost** | **Total Cost** | **Depreciation Ratio** | **Annual Depreciation Value** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **Total** |  |  |  |  |  |

**4.3. Establishment expense**

Business formations expenses, such as: licenses, permits, governments fees, legal and accounting expense, contracts, and registrations, and other expenses due before the start of the project.

|  |  |
| --- | --- |
| **Item** | **Cost** |
| Trade licenses and permits |  |
| Research and training expenses |  |
| Feasibility studies and consultations |  |
| Registration certificate of Trademark |  |
| Other establishment expenses |  |
| **Total** |  |

**5.0 Computation summary**

**5.1 Summary cost of operations**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Account** | **Table number** | **Expected 1 month cost (AED)** | **Expected 3 months cost (AED)** | **Expected annual cost (AED)** |
| Cost of Direct Material | 3.2. |  |  |  |
| Cost of Labor | 3.3. |  |  |  |
| Packaging Cost | 3.4. |  |  |  |
| Rental Cost | 3.5. |  |  |  |
| General and Admin Expense |  |  |  |  |
| **TOTAL** |  |  |  |  |

**5.2. Summary of Fixed Assets**

|  |  |  |
| --- | --- | --- |
| **Account** | **Table number** | **Cost (AED)** |
| Equipment & machineries | 4.2.1 |  |
| Fit-out & decorations | 4.2.2 |  |
| **TOTAL** |  |  |

**5.3. Capital Investment**

Summary of certain amount of money should be invested to fund the formation and growth of the project.

|  |  |  |
| --- | --- | --- |
| **Account** | **Table number** | **Cost (AED)** |
| Current Assets | 4.1. |  |
| Cost of operations (3 months cycle) | 5.1. |  |
| Fixed Assets | 5.2. |  |
| Establishment expense | 4.3. |  |
| **TOTAL** |  |  |

**6.0 Financial Forecast**

**6.1. Forecasted Financial position**

|  |  |
| --- | --- |
| **Assets** |  |
| Current Assets |  |
| Cash |  |
| **Total Current Assets** |  |
|  |  |
| Non- Current Assets |  |
| Machinery and equipment |  |
| Fit-out and decoration |  |
| Incorporation Expense |  |
| Operating Costs |  |
| **Total Non- current Assets** |  |
|  |  |
| **Total Assets** |  |
|  |  |
| **Liabilities and Equity** |  |
| **Liabilities** | - |
| **Total Liabilities** |  |
|  |  |
| **Equity** |  |
| Owner's Capital |  |
| **Total Equity** |  |
|  |  |
| **Total Liabilities and Equity** |  |

**6.2. Forecasted Income Statement for the first year**

*Sample only, please edit.*

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**7.0. Project launch steps**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Activity** | **Cost** | **Duration** | **Organization / Administrator** | **Notes** |
| **1** | Completion of the feasibility study | **-** | Completed | Auditor | **-** |
| **2** | Look for the legal and legal form of launching a project | **-** | One week |  | **-** |
| **3** | Identification of financial sources | **-** | Completed |  | **-** |
| **4** | Identification of sources and human resources | **-** | Three Weeks |  | **-** |
| **5** | Develop a plan of action for the implementation stages  How to start the project | **-** | Completed | Auditor | **-** |
| **6** | Develop a vision for the future  (Future prospects of the project) | **-** | Completed | Auditor | **-** |
| **7** | Implementation and follow-up | **-** | Two Months |  | **-** |
| **8** | Evaluation and optimization | **-** | Two Months |  | **-** |
| **9** | Completion of the feasibility study | **-** | Completed | Auditor | **-** |

**Includes:** *Sample only, please edit*

• Design a sample and display it to target customers to determine the required quantities.

• Obtain the necessary licenses and official papers of the project bearing the service logo.

• Design a promotional product profile (products).

• Advertising and marketing website (or dealing with marketing agencies).

• Contract with the manufacturer, agree on delivery dates, method of shipment, payment of costs and the legal aspect (for product and project protection).

• Schedule receipt, delivery and related forms.

• Opening a bank account on behalf of the project. (Not to confuse the project's financial liabilities). And the supply of all amounts and disbursement in accordance with the restricted forms of accounts.

**8.0. Summary of project**

**8.1. Name and idea of the project:**

|  |  |
| --- | --- |
| **Name** | Company Name |
| **Idea** |  |

**8.2. Characteristics and inputs of the project:**

|  |  |
| --- | --- |
| **Machinery and Equipment** |  |
| **Location** |  |
| **Manpower** |  |
| **Raw materials** |  |
| **Facilities** |  |

**8.3. Project Outcomes:**

|  |  |
| --- | --- |
| **Service** |  |
| **Social and economic benefits** |  |

**8.4. The main financial characteristics of the project**

|  |  |  |  |
| --- | --- | --- | --- |
| **Cost of the project** |  | **Cost of fixed assets** |  |
| **Working capital** |  | **Expenses of incorporation** |  |
| **Expected profit in the first year** |  | **Rate of return on investment** |  |

**8.5. Capital recovery period for the project**

|  |  |
| --- | --- |
| **Year** |  |
| **Amount** |  |

**8.6. The decision to start the project**

|  |  |  |  |
| --- | --- | --- | --- |
| **Yes** |  | **No** |  |