

Cost of Project & Means of Finance

(All amounts in AED '000)

Cost of Project

Land

Cost of Land (provided by the Authority)
Procurement Formalities for Land

Amount

Amount

Amount

-

5.00

5.00

Land Development

Land Filling
Interlocking, Etc. (No Compound Wall & Gate)
Parking Sheds, Etc. (No Landscaping / Garden)

75.00

40.00

10.00

125.00

130.00

Building

36.37m x 34.00m x AED 1,400/m² Ground Floor Plan
Building Permissions, Consultant Fees, Etc.
Other Amenities

1,731.21

25.00

11.84

1,768.05

Facilities

Electricity Connection & Related Expenses
Interior, Panelling, Cabins, Partitions, Etc, @ AED 200/m²
Air Conditioners & Other Miscellaneous Paraphernalia

25.00

247.32

52.96

325.28

2,093.33

Medical Equipments

Details on the following page

300.00

300.00

Non Medical Equipments

Furniture (Tables, Chairs, Stationery; as per list on following page)
Other Paraphernalia

19.00

1.00

20.00

320.00

Promotional Activities

Initial Employment Expenses for 7 persons

Part of Pre-operative Expenses

20.00

Part of Pre-operative Expenses

70.00

90.00

Initial Cash Balance

50.00

50.00

Rounding Off @ about 0.62% of the total project cost

Part of Pre-operative Expenses

16.67

Total Cost of Project

2,683.33

2,700.00

Means of Finance

Promoter's Contribution
Bank Borrowings
Seed Capital by Authority
Total Means of Finance

700.00

-

2,000.00

2,700.00

Details of Capital Outlay (Cost of Project)

(All amounts in AED '000)

Equipments / Individual Items

Medical Equipments

	<u>Location</u>	<u>Amount</u>	<u>Amount</u>
Lazer Machine	Lazer Room (Right Ante Rear)	50.00	
X Ray Machine	X Ray Room (Left Front)	50.00	
Special Treatment Machine	Special Treatment Room (Right Rear End)	20.00	
Paediatric Special Treatment Machine	Paediatric Special Treatment Room (Left Centre)	20.00	
Tertiary Treatment Sets (2 Nos)	Tertiary Treatment Room (Left Rear)	30.00	
Special Treatment Equipments	Special Treatment Rooms (Rear Centre)	50.00	
Other Apparatus	Secondary Treatment Rooms & Clinic (Right Front)	80.00	<u>300.00</u>

Furniture

Doctor's Table	Clinic Room (Right Front 1)	0.90	
Doctor's Table	Clinic Room (Right Front 2)	0.90	
Registration Desk	Registration (Center Front)	0.50	
Clinical Inspection Table	Nursing & Treatment Room (Right Centre)	1.00	
Filing Cabinets	Filing (Centre Rear)	2.00	
Tables 1	Store (Centre Rear)	0.45	
1	Filing (Centre Rear)	0.45	
Chairs 1	Registration (Center Front)	0.25	
1	Store (Centre Rear)	0.25	
1	Filing (Centre Rear)	0.25	
3	Clinic Room (Right Front 1)	0.75	
3	Clinic Room (Right Front 2)	0.75	
6	Clinic Room (Right Front Waiting)	1.50	
3	Lazer Room (Right Ante Rear)	0.75	
3	X Ray Room (Left Front)	0.75	
3	Special Treatment Room (Right Rear End)	0.75	
3	Paediatric Special Treatment Room (Left Centre)	0.75	
3	Tertiary Treatment Room (Left Rear)	0.75	
3	Secondary Treatment Rooms (Rear Centre)	0.75	
Dust Bins, Wall Clocks, Soap Dispensers, Side Tables, Electrical Attachments, Etc.		0.50	
Staplers, Punching Machines, Calculators, Empty Files, Patient Cards, Visiting Cards, Receipt Books, Etc.		2.00	
Others		2.05	<u>19.00</u>

Projections of Performance and Profitability

(All amounts in AED '000)

<u>Particulars</u>	<u>Inception</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Revenue from Primary Activities						
Consultancy	-	176.00	354.00	530.40	655.20	790.40
Special Treatment	-	351.00	566.00	1,016.60	1,170.00	1,482.00
Secondary & Tertiary Treatment	-	468.00	707.00	1,060.80	1,310.40	1,482.00
Other Income	-	0.63	0.63	0.63	0.63	0.63
Total Revenue	-	995.63	1,627.63	2,608.43	3,136.23	3,755.03
Operating Expenses						
Salaries & HR Expenses	73.13	487.54	585.05	702.06	842.47	1,010.96
Electricity & Power	9.00	18.00	18.00	18.00	18.00	18.00
Consumables	-	54.60	74.88	103.87	124.02	148.20
Other Operating Expenses	-	31.82	45.93	62.59	75.25	90.11
Depreciation	129.00	258.00	258.00	258.00	258.00	258.00
Administrative Expenses	15.00	30.00	31.50	33.08	34.73	36.47
Financial Expenses	47.50	190.00	176.42	149.25	122.08	94.91
Pre-Operating Expenses	106.67	-	-	-	-	-
Total Expenses	380.30	1,069.96	1,189.78	1,326.85	1,474.55	1,656.65
Profit / (Loss)	(380.30)	(74.33)	437.85	1,281.58	1,661.68	2,098.38
Interest Funding by the Financing Authority	47.50	190.00	176.42	-	-	-
Drawings by Promoter						
Salary	-	-	240.00	240.00	240.00	240.00
Return on Investments	-	-	-	181.00	354.00	487.00
Share of Profits	-	-	-	-	400.00	800.00
Others (Initial Cash Balance Introduction)	(50.00)	-	-	-	-	-
Funds Carried Over	(282.80)	115.67	374.27	860.58	667.68	571.38
Cumulative Funds Carried Over	(282.80)	(167.13)	207.14	1,067.72	1,735.40	2,306.78
Profit / Loss as per normal calculations	(380.30)	(74.33)	437.85	1,281.58	1,661.68	2,098.38
Add Back Depreciation	129.00	258.00	258.00	258.00	258.00	258.00
Add Back Funded Interest	47.50	190.00	176.42	-	-	-
Cash Profit	(203.80)	373.67	872.27	1,539.58	1,919.68	2,356.38
Drawings	-	-	240.00	421.00	994.00	1,527.00
Business Profits	(203.80)	373.67	1,112.27	1,960.58	2,913.68	3,883.38

Projections of Performance and Profitability (Common Size Statement)

(All amounts in AED '000)

<u>Particulars</u>	<u>Inception</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Revenue from Primary Activities						
Consultancy		18%	22%	20%	21%	21%
Special Treatment		35%	35%	39%	37%	39%
Secondary & Tertiary Treatment		47%	43%	41%	42%	39%
Other Income		0%	0%	0%	0%	0%
Total Revenue		100%	100%	100%	100%	100%
Operating Expenses						
Salaries & HR Expenses		49%	36%	27%	27%	27%
Electricity & Power		2%	1%	1%	1%	0%
Consumables		5%	5%	4%	4%	4%
Other Operating Expenses		3%	3%	2%	2%	2%
Depreciation		26%	16%	10%	8%	7%
Administrative Expenses		3%	2%	1%	1%	1%
Financial Expenses		19%	11%	6%	4%	3%
Pre-Operating Expenses		0%	0%	0%	0%	0%
Total Expenses		107%	73%	51%	47%	44%
Profit / (Loss)		-7%	27%	49%	53%	56%
Interest Funding by the Financing Authority		19%	11%	0%	0%	0%
Drawings by Promoter						
Salary		0%	15%	9%	8%	6%
Return on Investments		0%	0%	7%	11%	13%
Share of Profits		0%	0%	0%	13%	21%
Others (Initial Cash Balance Introduction)		0%	0%	0%	0%	0%
Funds Carried Over		12%	23%	33%	21%	15%
Cumulative Funds Carried Over		-17%	13%	41%	55%	61%

Projected Balance Sheets

(All amounts in AED '000)

<u>Particulars</u>	<u>Inception</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Fixed Assets (Book Value)						
Non Depreciating	130.00	130.00	130.00	130.00	130.00	130.00
Depreciating	2,284.33	2,026.33	1,768.33	1,510.33	1,252.33	994.33
Net Current Assets	2.87	376.54	722.81	1,555.39	2,195.07	2,738.45
Total Assets	<u>2,417.20</u>	<u>2,532.87</u>	<u>2,621.14</u>	<u>3,195.72</u>	<u>3,577.40</u>	<u>3,862.78</u>
Owned Funds						
Capital	700.00	700.00	700.00	700.00	700.00	700.00
Retained Earnings	(282.80)	(167.13)	207.14	1,067.72	1,735.40	2,306.78
Borrowed Funds						
Seed Capital by Authority	2,000.00	2,000.00	1,714.00	1,428.00	1,142.00	856.00
Financial Institutions	-	-	-	-	-	-
Total Liabilities	<u>2,417.20</u>	<u>2,532.87</u>	<u>2,621.14</u>	<u>3,195.72</u>	<u>3,577.40</u>	<u>3,862.78</u>
Current Assets						
Inventories						
Receivables & Pre-payments						
Cash & Bank	2.87	376.54	722.81	1,555.39	2,195.07	2,738.45
Current Liabilities						
Creditors & Provisions						
Net Current Assets	<u>2.87</u>	<u>376.54</u>	<u>722.81</u>	<u>1,555.39</u>	<u>2,195.07</u>	<u>2,738.45</u>
Net Current Assets without Cash & Bank	-	-	-	-	-	-

Projected Funds Flow Statements

(All amounts in AED '000)

<u>Particulars</u>	<u>Inception</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<u>Sources of Funds</u>						
Profits / (Loss) as per Profitability Statement	(380.30)	(74.33)	437.85	1,281.58	1,661.68	2,098.38
Depreciation	129.00	258.00	258.00	258.00	258.00	258.00
Decrease in Net Working Capital	-	-	-	-	-	-
Increase in Loans	2,000.00	-	-	-	-	-
Increase in Capital	700.00	-	-	-	-	-
Interest Funding by Financing Authority	47.50	190.00	176.42	-	-	-
Total Sources of Funds	<u>2,496.20</u>	<u>373.67</u>	<u>872.27</u>	<u>1,539.58</u>	<u>1,919.68</u>	<u>2,356.38</u>
<u>Application of Funds</u>						
Drawings by Owner	-	-	240.00	421.00	994.00	1,527.00
Increase in Net Working Capital	-	-	-	-	-	-
Repayment of Loans	-	-	286.00	286.00	286.00	286.00
Investment in Fixed Assets	2,543.33	-	-	-	-	-
Total Application of Funds	<u>2,543.33</u>	<u>-</u>	<u>526.00</u>	<u>707.00</u>	<u>1,280.00</u>	<u>1,813.00</u>
Opening Balance	50.00	2.87	376.54	722.81	1,555.39	2,195.07
Sources	2,496.20	373.67	872.27	1,539.58	1,919.68	2,356.38
Application	(2,543.33)	-	(526.00)	(707.00)	(1,280.00)	(1,813.00)
Closing Balance	<u>2.87</u>	<u>376.54</u>	<u>722.81</u>	<u>1,555.39</u>	<u>2,195.07</u>	<u>2,738.45</u>

Ratio Analysis and Other Comparables

(All amounts in AED '000)

<u>Particulars</u>	<u>Inception</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
No of Patients per Week	-	170.00	230.00	295.00	335.00	380.00
Gross Fee Receipts	-	995.00	1,627.00	2,608.00	3,136.00	3,754.00
Average Fee		113.00	136.00	170.00	180.00	190.00
Gross Profit excluding depreciation	(82.13)	403.67	903.77	1,721.91	2,076.49	2,487.76
Ratio to Gross Fee Receipts		41%	56%	66%	66%	66%
Gross Profit	(211.13)	145.67	645.77	1,463.91	1,818.49	2,229.76
GP Ratio		15%	40%	56%	58%	59%
Net Profit (solely by business activity)	(380.30)	(74.33)	437.85	1,281.58	1,661.68	2,098.38
Ratio to Gross Fee Receipts		-7%	27%	49%	53%	56%
Net Profit (subsidised by the Funding Authority)	(332.80)	115.67	614.27	1,281.58	1,661.68	2,098.38
Ratio to Gross Fee Receipts		12%	38%	49%	53%	56%
<u>Cash Profit</u>	(203.80)	373.67	872.27	1,539.58	1,919.68	2,356.38
Ratio to Gross Fee Receipts		38%	54%	59%	61%	63%
Gross Investment	2,593.33					
Net Cash Proceeds	(2,797.13)	373.67	872.27	1,539.58	1,919.68	2,356.38
IRR	30%					
Investment in Fixed Assets (WDV)	2,414.33	2,156.33	1,898.33	1,640.33	1,382.33	1,124.33
Ratio of capitalisation per patient (assets held per patient) (AED)		243.93	158.72	106.93	79.35	56.90
Borrowed Funds	2,000.00	2,000.00	1,714.00	1,428.00	1,142.00	856.00
Owned Funds	417.20	532.87	907.14	1,767.72	2,435.40	3,006.78
Debt Equity Ratio (Times)	4.79	3.75	1.89	0.81	0.47	0.28
Proprietary Funds Ratio	17%	25%	48%	108%	176%	267%
Fixed Assets Turnover Ratio	0%	5%	7%	10%	13%	17%
Annual Expenses	203.80	621.96	755.36	1,068.85	1,216.55	1,398.65
Cash Balance	2.87	376.54	722.81	1,555.39	2,195.07	2,738.45
Cash Holding (Days)	5.14	220.97	349.27	531.15	658.58	714.64
Debt Serviceing Obligations	47.50	190.00	462.42	435.25	408.08	380.91
Debt Serviceing Obligations (subsidised by the Funding Authority)	-	-	286.00	435.25	408.08	380.91
Cash Available for Debt Serviceing	(332.80)	115.67	614.27	1,430.83	1,783.76	2,193.29
DSCR (Debt Service Coverage Ratio) (Times)	(7.01)	0.61	1.33	3.29	4.37	5.76
DSCR (Debt Service Coverage Ratio) (Times)	#DIV/0!	#DIV/0!	2.15	3.29	4.37	5.76

Calculations & Assumptions - Revenue

(All amounts in AED '000)

<u>Particulars</u>	<u>Inception</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<u>Consultancy</u>						
Number of Patients Per Week		30.00	50.00	60.00	70.00	80.00
Average Fee (AED)		150.00	160.00	170.00	180.00	190.00
Annual Fee		234.00	416.00	530.40	655.20	790.40
<u>Special Treatment</u>						
Number of Patients Per Week		60.00	80.00	115.00	125.00	150.00
Average Fee (AED) assuming 4 sessions per patient per week		150.00	160.00	170.00	180.00	190.00
Annual Fee		468.00	665.60	1,016.60	1,170.00	1,482.00
<u>Secondary & Tertiary Treatment</u>						
Number of Patients Per Week		80.00	100.00	120.00	140.00	150.00
Average Fee (AED) assuming 3 sessions per patient per week		150.00	160.00	170.00	180.00	190.00
Annual Fee		624.00	832.00	1,060.80	1,310.40	1,482.00
<u>Total</u>						
Number of Patients Per Week		170.00	230.00	295.00	335.00	380.00
Annual Fee		1,326.00	1,913.60	2,607.80	3,135.60	3,754.40
Annual Fee Considered for Calculations		995.00	1,627.00	2,608.00	3,136.00	3,754.00
Average Fee (Derived Figure) (AED)		112.56	136.04	170.01	180.02	189.98

For the first year, considering that the practice is new, only about 75% of fees are assumed for the sole purpose of conservatism. For the second year, the fees are considered 85% for conservatism. For the third year onwards, normal fees as assumed are considered.

Other Income is Interest Received @ 3% pa on the Labour Deposit of AED 3,000 per employee received against the Bank Guarantee.

Calculations & Assumptions - Salaries & HR Expenses

(All amounts in AED '000)

<u>Particulars</u>	<u>Inception</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Gross Salaries	73.13	487.54	585.05	702.06	842.47	1,010.96

Gross Salaries are increased @ ~ 20% every year to compensate for inflation and increase in staff in lieu of increase in work.

Since recruitment will commence in the last quarter of the year of inception, it is taken as 15% of the salary for the first year.

Initial visa cost is considered a cost of capital outlay. Provision for the same in successive years is not made in the books.

Thereafter, though visa cost is to be incurred every 3 years and logically falls due in the 4th year, it is not considered for these calculations.

<u>Designation</u>	<u>Numbers</u>	<u>Basic pm</u>	<u>HRA</u>	<u>Food</u>	<u>Conveyance</u>	<u>Leave</u>	<u>Air Passage</u>	<u>Gratuity</u>	<u>Total</u>
Assistant Doctors	1	7,000	1,000	500	250	700	100	490	10,040
Nurses	2	2,000	750	250	250	200	100	140	7,380
Special Treatment Technicians	4	2,000	750	250	250	200	100	140	14,760
Reception / Cashier / Accountant	1	2,000	500	250	250	200	100	140	3,440
Cleaners	1	1,200	500	250	250	120	100	84	2,504
Others	1	1,200	500	250	250	120	100	84	2,504
Total	10	15,400	4,000	1,750	1,500	1,540	600	1,078	40,628

Assistant Doctors are not needed because the two promoters will work as doctors and they would not need assistants in the field.

Proposed Electricity Expenses

Area Covered by the Clinic in the Ground Floor is 34m x 25.3m = 860m or say, about	860.00	m ²	
Wattage of Fluorescent Lighting to give about 75% luminescence would be approximately	4,000.00	watt hour consumption.	
Power Consumption for this lighting, assuming 12 hours working / day (5 day week) will be AED	2,496.00	per year or	208.00 per month.
Air Conditioning required for this area with presence of 25 persons at any given time will be abt	25.00	tons of cooling power.	
For this cooling capacity, power consumption with average annual running will be about	15,000.00	watt hour consumption.	
Power Consumption for this lighting, assuming 12 hours working / day (5 day week) will be AED	9,360.00	per year or	780.00 per month.
Medical Apparatus will consume electricity when in use, which will be for a marginal time, AED	3,000.00	per year or	250.00 per month.
Water Bill	AED	3,000.00	per year or 250.00 per month.
On the basis of above calculations, rounded off, the electricity bill will be approximately AED	18,000.00	per year or	1,500.00 per month.

It is assumed that as the power is supplied by government, the price will remain unchanged for a considerable length of time.

Power consumption during the first year is half that of the normal period.

Consumables & Other Operating Expenses

(All amounts in AED '000)

<u>Particulars</u>	<u>Inception</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Consultancy	-	234.00	416.00	530.40	655.20	790.40
Special Treatment	-	468.00	665.60	1,016.60	1,170.00	1,482.00
Secondary & Tertiary Treatment	-	624.00	832.00	1,060.80	1,310.40	1,482.00
Consumables		54.60	74.88	103.87	124.02	148.20
Other Operating Expenses		31.82	45.93	62.59	75.25	90.11

Consumables in the field of Special Treatment are observed to be generally about 5.00% of gross billing on Treatments & Secondary Sessions.
Other Operating Expenses in the field of medicine generally are approximately 2.40% of total gross billing.

Administrative Expenses

The following expenses form a part of the administrative setup:

<u>Particulars</u>	<u>Monthly</u>	<u>Annual</u>
Telephones, Postage, Courier, Internet & Communications.	500.00	6,000.00
Conveyance, Petrol, Vehicle Repairs, Etc.	300.00	3,600.00
Printing, Stationery, Office Supplies, Etc.	250.00	3,000.00
Office Refreshments, Donations, Gifts, Festivities, Etc.	600.00	7,200.00
Office & Other Maintenance.	250.00	3,000.00
Municipal Rates & Fees; Legal, Audit & Other Professional Fees.	600.00	7,200.00
Other Miscellaneous Expenses		-
Total	<u>2,500.00</u>	<u>30,000.00</u>

In the inception period, the administrative expenses are considered to be half that of the first year.
From the second year onwards, these expenses are increased @ 5% annually.

Depreciation on Fixed Assets

(All amounts in AED '000)

<u>Particulars</u>	<u>Inception</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Building & Facilities						
Additions	2,093.33	-	-	-	-	-
Depreciation SLM @ 10%	105.00	210.00	210.00	210.00	210.00	210.00
Accumulated Depreciation	105.00	315.00	525.00	735.00	945.00	1,155.00
Book Value	1,988.33	1,778.33	1,568.33	1,358.33	1,148.33	938.33
Medical & Other Equipments						
Additions	320.00	-	-	-	-	-
Depreciation SLM @ 15%	24.00	48.00	48.00	48.00	48.00	48.00
Accumulated Depreciation	24.00	72.00	120.00	168.00	216.00	264.00
Book Value	296.00	248.00	200.00	152.00	104.00	56.00
Totals						
Additions	2,413.33	-	-	-	-	-
Depreciation SLM @	129.00	258.00	258.00	258.00	258.00	258.00
Accumulated Depreciation	129.00	387.00	645.00	903.00	1,161.00	1,419.00
Book Value	2,284.33	2,026.33	1,768.33	1,510.33	1,252.33	994.33
Borrowed Funds from the Funding Authority						
Opening Balance	-	2,000.00	2,000.00	1,714.00	1,428.00	1,142.00
Additions	2,000.00	-	-	-	-	-
Repayments	-	-	286.00	286.00	286.00	286.00
Closing Balance	2,000.00	2,000.00	1,714.00	1,428.00	1,142.00	856.00
Interest @ 9.50% without any moratorium.	47.50	190.00	176.42	149.25	122.08	94.91

Interest during the inception period is only half the normal averaged interest, because the major bulk of payments will start after 3 months of project.
Repayment moratorium is assumed for 2 years. One year of inception and the first year in business.
The loan is repaid @ equal quarterly instalments of AED 71.50 thousand, over a period of 7 years.