


Title : A Financial Feasibility Analysis on Vimonrat
Kindergarden Project

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Financial management is one of the most influential factors for project achievement, especially for project in private sector. Achievement of a project has great effect to the owner of the project and to the economy as a whole. The purpose of this research was to perform a financial cost-benefit analysis on the Vimonrat Kindergarden's investment project which is an important institute in fundamental human development process.

The data for analysis based on both primary and secondary data. Primary data was collected by observation and interview while secondary data was collected from documents in the library and other relevant institutes. The data collected was analysed under the following assumptions.

The school's investment project has satisfactory rate of return if

1. The net present value is positive.
2. The internal rate of returns of the investment project is greater than the rate of interest.
3. The benefit cost ratio of the investment is greater than one.

The sensitivity analysis of the school's investment project was tested in three cases as follows.

1. Expenditure increase by 10% with the rate of return being constant.
2. The rate of return decrease by 10% with expenditure being constant.
3. Expenditure increase by 10% with rate of return decrease by 10% .

The results of the analysis were as follows :

The school's investment project costed 9,222,100 baht.

Out of this amount the owner of the project financed 5,222,100 baht. The residual of 4,000,000 baht was financed by a long term loan from a bank with 16% rate of interest. The owner of the project had to pay installment of 1,000,000 baht per year which was allowed 2 years of grace period.

The rate of returns were found as follows :

1. The net present value during 25 years period was 7,701,189.10 baht.
2. The internal rate of returns of the investment of the project was 24.48% .

3. The benefit cost ratio of the investment was 1.84.

It can be concluded from the results of the analysis that the school's investment project had satisfactory rate of returns according to the assumptions.

The sensitivity analysis revealed that :

1. The net present value of the investment project during 25 years period was 6,100,381.52 baht, 4,408,052.61 baht, and 2,807,245.00 baht respectively.

2. The internal rate of returns was 22.96%, 21.25% , and 19.36% respectively.

3. The benefit cost ratio was 1.66, 1.48, and 1.30 respectively.

The conclusion can be made from the above results that if the effect of the changes in both cost and benefit were not greater than 10%, the project will not be effected by the changes and the operation of the project can expect satisfactory returns from the investment.