

Title : A Financial Feasibility Analysis on Patana
Vocational School Project
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Vocational education is an important sector in the country since it enriches the country's population to meet the educational efficiency and abilities to work effectively. This system of education also promote skilled-labour which is needed in the market. Vocational school is an important source of supply to meet the demand in the labour market at the present and in the future.

The purpose of this research was to analyze the return on investment of a vocational development project through analyzing the interviewed information and documents as well as income structure and cost structure .

This research is based on the following assumptions

1. The net present value is greater than zero,
2. the internal rate of return is more than interest rate,

3. the benefit cost ratio is greater than 1.

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 remain constant.

2. The rate of return decrease by 10% with expenditure remain 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 cost 37,200,000 baht.

Out of this amount the owner of the project finance 20,000,000 baht. The residual of 17,200,000 baht is financed by a long term loan from a bank with 16% rate of interest. The owner of the project had to pay installment of 2,500,000 baht per year which was allowed 1 year of grace period.

The rate of returns were found as follows :

1. The net present value during 25 years period was 24,801,887.90 baht,

2. the internal rate of returns of the investment of the project was 23.72% ,

3. the benefit cost ratio of the investment was 1.67

It can be concluded from the results of analysis that the school's investment project had the 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 12,295,395 baht, 18,495,584 baht, and 5,989,091.49 baht respectively.

2. The internal rate of returns was 19.97%, 21.96%, and 17.97% respectively.

3. The benefit cost ratio was 1.33, 1.50, and 1.16 respectively.

This lead to the conclusion that there was a high potential for this vocational school development project since the net present value was positive, the internal rate of return was greater than the interest rate, and the benefit cost ratio was greater than 1. It was also predicted that a moderate economic and political changes in the period of the project investment will not effect the profitability of the project.