

SAMPLE BUSINESS PLAN

of

An AMUSEMENT PARK

EXECUTIVE SUMMARY

I. Project On:	Amusement Park
II.Covered Area:	100 Acres
III. Land & Equipment :	270 Lakhs
IV. Power Requirement :	50 KW
V. Employment Potential:	70
VI. Break-Even Point :	42%
VII. Location :	Bhubaneswar/ Odisha
VIII.Expected Turnover(1st Year):	72 Lakhs
IX.PBIT(1st Year) :	42 Lakhs
X. Technology :	Indegenious

XI. Total Capital Requirement:

305 Lakhs

Basis and Presumptions

1. The project profile has been prepared on the basis of the 25 working days in a month.
2. It is presumed that during the first year the capacity utilization will be 75% followed by 85% during the next year and 100% in subsequent years.
3. Depreciation on machinery and equipments has been taken @10%.

4. The rates given for salaries and wages for the skilled workers and others are on the basis of the minimum rate prevailing in the state.
5. The rates given for machinery, equipments, and raw materials are those prevailing at the time of the preparation of the project profile and are likely to vary from place to place and supplier to supplier.
6. It is expected that the project will become operational in 6-7 months time.

Vision Statement

To passionately promote peace, love and oneness through educational and inspirational activities, thrilling rides and entertaining games.

To foster positive mental and physical Development and the renewing of mind in a relaxed environment.

Mission Statement

To Create a Peaceful, friendly, quality environment to foster love, family, unity and friendships through recreation, leisure and entertainment for the well-being of individuals and families.

Goals: To Create a Benchmark in Customer Service.

Objectives: To make the project fully operational and profitable in next two years time.

Industry Analysis:

Looking from the Competition point of view the rivalry is not very high among the Competitors as it is a Concept and hence product differentiation exists as no two Competitors services are same.

Substitute products are available hence Buyers bargaining power is there.

Since the input materials are available in plenty hence the bargaining power of Supplier is very low

As it is a Capital intensive Project and it is a Concept hence the threat of new entrants is low.

Competitor Analysis:

At present locally there are no Competitors. But globally the Competition is high. Hence at first we will try to take advantage of the local monopoly and will gradually cater to the increased global market.

Market Promotion

- Online Advertising
- Newspapers
- Hoardings
- Social Media
- Sponsoring various events

SWOT Analysis

Strength

The strength the project lies in the fact that Amusement parks are very much in demand in today's generation. Exposure to television and internet has made people aware about such type of theme parks elsewhere in the world.

The project does not require too much inventories because of the fact that it is basically a service organization.

As it has a fast cash cycle hence the working capital will not be tied up for a very long period.

Weakness

The project suffers from the following limitation.

1. Peoples spending habits are not clearly known.
2. The cash flow during the rainy months will be low.

Opportunities

1. As there are few Competitors in the Market place, hence the market potential of the Project is very high.
2. The Project has the capacity to attract foreign exchange.

Threat

Since the project does not require too much technical expertise, hence Competitors may step in to take advantage of it.

ABOUT THE PROJECT

Amusement parks and theme parks are terms for a collection of rides and other entertainment attractions assembled for the purpose of entertaining a large group of people. An amusement park is more elaborate than a simple city park or playground, usually providing attractions meant to cater to children, teenagers, and adults.

The twin city of Bhubaneswar and Cuttack is growing at a very fast pace both in terms of the population as well as the area. Compared to a decade ago, people's standard of living has increased much because of the expansion of the economic activity. Consequently peoples' spending pattern has also increased. They prefer to spend more amounts on leisure and amusement. People are also more increasingly looking for leisure and amusement activities .In this context the Amusement Park has increased importance.

The twin city of Bhubaneswar and Cuttack and its surrounding places lack such type of specialized amusement parks. Thus there is more need of such type of projects in the Twin City.

In order to understand the need and profitability of such type of projects a questionnaire is prepared and a survey is made amongst the park goers of the Twin City.

Proposal

The proposed Amusement Park is a unique project of its kind. Of late peoples spending habit has been changed. Due to increasing middle class income and increase in the communication network such type of projects is gaining importance. People prefer to spend some of their disposable income in quality entertainments.

The increase in the number of malls in metro cities, increase in luxury resorts and luxury satellite towns are examples of this.

This is further accentuated by the liberalization policy adopted by Govt. and the vast increase in communication networks. The no. of flights to Bhubaneswar over the year has increased. Further over the years the no. of workplace and offices of various Software, FMCG and other Corporate have increased in Bhubaneswar . This means again increase in the disposable income and more number of affluent people including the company personnel. Again the increase in the telecommunication network, the availability of World Wide Web means that there is easy access to the internet. Thus the company can promote itself in telecom networks as well as on the internet.

The proposed project will be situated near Phulanakhra/Puri which will be an ideal place for number of reasons. First of all it is situated near N.H.-5. It is nearer to the City of Bhubaneswar which is well connected both by rail and air. Since it is well connected, hence it is an ideal spot for setting up an amusement park.

Techno-Economic Viability Study Report of Fun City Ltd.

1. BACKGROUND

Fun City Limited is planning to set up a project for Amusement Park in the outskirts of the City of Bhubaneswar.

The cost of project estimated at Rs.305 lakhs.

The Company proposes to go for external financial assistance by way of fresh Term Loan of Rs. 100.00 lakhs and Working Capital borrowing of Rs. 35 lakhs

The balance will be contributed by promoters.

2.BACKGROUND OF THE PROMOTERS

There are three promoters involved in the project. The main Promoter is an NRI having experience in Hospitality Industry. The other promoters are local

Businessmen and mainly investors and will not have any active involvement in Business.

The Company will be registered in the name of Fun City Ltd.

2.PROJECT DETAILS

I.About the Amusement Park

Fun City Ltd proposes to start amusement park in the Twin-City of Bhubaneswar and Cuttack to provide recreation and amusement activities to the people. The Park will cater to the requirements of all the age group including Children, youngsters as well as adults. The Park also includes Water Sports in the Water Park. The equipments installed in the Park includes Climbers, Water Playing Slide, Joy Rides, Multi Lanes, Float Rides, Tornado, Rope Way etc.

It is expected that the Park will attract more than 5, 00,000 visitors per annum..

II. Land & Premises.

The company has procured around 100 Acres of land for this purpose and is also in the process of acquiring more lands in the adjacent areas to the Amusement Park. The infrastructure of the project is on the verge of completion and the park is slated to open by the end of the financial year.

III. Rides & Attractions Equipment

The following items of plant and machinery has been proposed to be installed section-wise:

:

List of Equipment	Estimated Cost (Rs.)
Children's Climbers	0.50 Lakhs
Water Playing Slide	9.00 Lakhs
Joy Rides	8.50 Lakhs
Multi Lanes	12.00 Lakhs
Float Rides	10.00 Lakhs
Tornado	30.00 Lakhs
Rope Way	50.00 Lakhs

The cost of plant and machinery has been estimated at Rs. 120 lakhs.

The promoter is yet to submit quotation / other documents of individual items in support of the cost of plant and machinery provided in the cost of project. Since cost of the individual items of the above are not backed by supporting documents like quotations etc., the same has to be submitted before disbursement of term loan in the event that the proposal for term loan is considered for sanction.

V. Electrical Installations, Furniture & Fixture and Misc. Equipments.

The documents for installations like transformers, generators will be submitted before disbursement of term loan.

VII. Maintenance Dept.

Power

The power requirement is to the extent of 50 KW. The company has deposited security money to the concerned authorities for obtaining the requisite power load.

Water

Water is mainly used for cooling the water circulation system. Make up water will be needed to cover the evaporation of water in the cooling tower. The requirement of water has been estimated at around 400 Liters per day. Water shall be available from Tanks as well as Tube-Wells to be sunk in the unit.

VIII. Manpower

The following manpower has been proposed for the unit:

DESIGNATION	NO	SALARY	TOTAL
Park Manager	1	10,000.00	10,000.00
Electrician	2	5,000.00	10,000.00
Supervisor	3	5000.00	15,000.00
Machine Operator	3	5000.00	15,000.00
Skilled Worker	10	4,000.00	40,000.00
Unskilled Worker	20	3,000.00	60,000.00
Accounts Clerk	2	5,000.00	10,000.00
Peon/Guard	4	2,500.00	10,000.00
Total Salary Per Month			170,000.00
Salary Per Annum			20,40,000.00

4. PROJECT COST AND MEANS OF FINANCE OF A PROPOSED AMUSEMENT PARK(FUN CITY LTD.)

RS. IN LAKHS

PROJECT COST:

I.LAND & PREMISES : **150 Lakhs**

II. EQUIPMENT

1.Children Climbers 0.50 Lakhs

2.Water Playing Slide 9.00 Lakhs

3.Joy Rides 8.50 Lakhs

4.Multi Lanes 12.00 Lakhs

5. Float Rides 10.00 Lakhs

6.Tornado 30.00 Lakhs

7.Rope Way 50.00 Lakhs

Total : **120 Lakhs**

III.WORKING CAPITAL REQUIREMENTS : 35.00 Lakhs

TOTALPROJECT COST : **305.00 Lakhs**

MEANS OF FINANCING

EQUITY

:		
- PROMOTERS	:	70 Lakhs
- INDIAN PUBLIC (10 lakhs shares @ of Rs. 10/share)S	:	100 Lakhs
WORKING CAPITAL LOAN	:	35 Lakhs
TERM LOAN FROM BANK	:	100 Lakhs
TOTAL	:	305 Lakhs

5. PROJECT IMPLEMENTATION SCHEDULE:

The implementation of the project includes various jobs such as procurement of technical know-how, transfer of technology, market Surveys, preparation of the project report, selection of site, financing of the project, procurement of equipment, recruitment of staff, erection of equipments, trial production and commercial production etc. Project implementation will take a period of 7-8 months from the date of approval of the scheme.

Break-up of activities, with relative time for each activity is shown below:

ACTIVITY

PERIOD

1. Scheme Preparation	1 Month
2. Sanction of Loan	2-5 Month
3. Clearance from State Pollution Control Board	3-4 Month
4. Placement of Order for Equipment	4-5 Month
5. Installation of Equipment	5-6 Months
6. Power Connection	3-5 Month
7. Trial Run	6-7 Month
8. Commercial Run	7-8 Month

PROJECTED BALANCE SHEET OF FUN CITY LTD.

RS. IN LAKHS

	Year 1	Year 2	Year 3	Year 4	Year 5
A. <u>SOURCES OF FUNDS</u>					
EQUITY SHARE CAPITAL	170 Lakhs	170 Lakhs	170 Lakhs	170 Lakhs	170 Lakhs
RESERVES & SURPLUS					
- PROFIT & LOSS	15 Lakhs	35 Lakhs	40 Lakhs	50 Lakhs	60 Lakhs
TOTAL SHAREHOLDERS FUNDS					
OTHERS (SPECIFY ITEM WISE)	185 Lakhs	205 Lakhs	210 Lakhs	220 Lakhs	230 Lakhs
1.Working Capital Loan	35 Lakhs	30 Lakhs	25 Lakhs	20 Lakhs	15 Lakhs
2.Term Loan From Banks	100 Lakhs	90 Lakhs	80 Lakhs	70 Lakhs	60 Lakhs
TOTAL	320 Lakhs	325 Lakhs	315 Lakhs	310 Lakhs	305 Lakhs
B. <u>APPLICATION OF FUNDS:</u>					
GROSS FIXED ASSETS					
	270 Lakhs	300 Lakhs	270 Lakhs	240 Lakhs	210 Lakhs
LESS: DEPRECIATION(10%SLM)					
NET FIXED ASSETS (a)	27 Lakhs	30 Lakhs	30 Lakhs	30 Lakhs	30 Lakhs
OTHERS (SPECIFY ITEM WISE)	243 Lakhs	270 Lakhs	240 Lakhs	210 Lakhs	180 Lakhs
DIVIDEND PAID (b)					

REPAYMENT OF LOAN (c)	_____	5 Lakhs	5 Lakhs	5 Lakhs	5 Lakhs
CASH & BANK BALANCES	_____	15 Lakhs	15 Lakhs	15 Lakhs	15 Lakhs
OTHER CURRENT ASSETS	57 Lakhs	82 Lakhs	112 Lakhs	167 Lakhs	232 Lakhs
TOTAL CURRENT ASSETS	30 Lakhs	5 Lakhs	5 Lakhs	10 Lakhs	5 Lakhs
TOTAL CURRENT LIABILITIES	87 Lakhs	87 Lakhs	117 Lakhs	177 Lakhs	237 Lakhs
NET CURRENT ASSETS (CA-CL) (d)	40 Lakhs	72 Lakhs	87 Lakhs	132 Lakhs	177 Lakhs
TOTAL (a+b+c+d)	47 Lakhs	15 Lakhs	30 Lakhs	45 Lakhs	60 Lakhs
	320 Lakhs	325 Lakhs	315 Lakhs	310 Lakhs	305 Lakhs

Interpretation –

- The net worth of the company has increased from Rs. 185 lakhs in the financial year 1 to 230 lakhs in the year 5 (Δ in % is about 25 %), which shows an increase in the book value per share.
- At the same time the debt burden of the company has also decreased consistently.
- The dividend paid to the shareholders has been maintained at a constant rate, which shows the confidence of the promoters in the project.

PROJECTED PROFIT & LOSS STATEMENT

Fig in Lakhs

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
<u>Revenue</u>					
Income from sale of tickets	30	50	55	55	70
Income from sale of food items	20	30	30	35	40
Income from sale of merchandise	22	30	30	40	40
Total (a)	72	110	115	130	150
<u>Operational Expenditure</u>					
Maintenance expenses					
Salaries	3	4	5	4	4
Electricity	10	12	12	14	15
Administrative expenses	2	3	3	4	4
Advertisement & promotional	1	1.5	1	1.5	2
Miscellaneous	12	15	16	19	22
Total (b)	2	4.5	3	2.5	3
	30	40	40	45	50
<u>Op. Profit (a - b)</u>					
Less:	42	70	75	85	100
Depreciation					
Profit	27	30	30	30	30
Dividend	15	40	45	55	65
Transfer to reserves	Nil	5	5	5	5
	15	35	40	50	60

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The profit and loss statement shows that the total revenue of the company has been increasing consistently over the years. Over a period of 5 years the total revenue is doubled from Rs. 72 lakhs in the year 1 to 150 lakhs in the year 5. Consequently the operating profit has also increased from 42 lakhs in the year 1 to Rs. 100 lakhs in the year 5.

The company is maintaining a constant dividend policy and transferring the balance of the P/L A/C to reserve and surplus A/C. The reserve is expected to increase from 15 lakhs in the year 2011-12 to 60 lakhs in the year 2015-16. As a future prospect the company can always fall back on the internal source of finance for further expansion of the business.

IMPORTANT RATIOS

RS. IN LAKHS

	1 ST YEAR	2 ND YEAR	3 RD YEAR	4 TH YEAR	5 TH YEAR

CURRENT RATIO	2.175	1.42	2	3.25	2
CASH RATIO	0.75	0.57	0.83	1.75	0.75
DEBT/EQUITY	0.79	0.70	0.61	0.52	0.44
OP. PROFIT/INCOME	58%	63%	65%	65%	66%
RETURN ON TOTAL ASSETS	4.6%	12.3%	14.2%	17.7%	21.3%
RONW/ROI	8.1%	19.5%	21.4%	25%	28.2%
EPS (RS.)	0.88	2.35	2.64	3.23	3.82

BREAK EVEN ANALYSIS

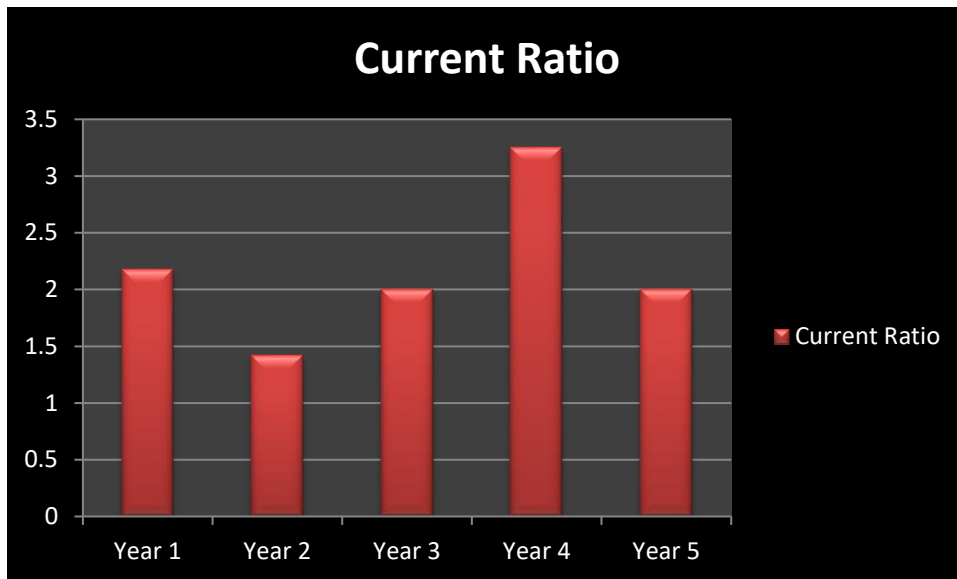
RS. IN LAKHS

	1 ST YEAR	2 ND YEAR	3 RD YEAR	4 TH YEAR	5 TH YEAR

GROSS REVENUE	72 Lakhs	110 Lakhs	115 Lakhs	130 Lakhs	150 Lakhs
VARIABLE EXPENSES (SPECIFY ITEMWISE)	20 Lakhs	30 Lakhs	30 Lakhs	35 Lakhs	40 Lakhs
CONTRIBUTIONS	52 Lakhs	80 Lakhs	85 Lakhs	95 Lakhs	110 Lakhs
P/V RATIO	72.22%	72.22%	73.91%	75.38%	73.33%
FIXED EXPENSES (SPECIFY ITEMWISE)	10 Lakhs	15 Lakhs	20 Lakhs	20 Lakhs	20 Lakhs
PROFIT	42 Lakhs	65 Lakhs	65 Lakhs	75 Lakhs	90 Lakhs
BREAK-EVEN POINT	30 Lakhs	45 Lakhs	45 Lakhs	45 Lakhs	60 Lakhs

Repayment of Loan	(15)	(15)	(15)	(15)	(15)
Dividend Paid		(5)	(5)	(5)	(5)
Proceeds from Issue of Shares	170		-		
Unsecured Loans	<u>135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total of C	290	(20)	(20)	(20)	(20)
Net Cash Flow during the Year (A+B+C)	57	25	30	55	65
Cash Balance at the beginning	<u>0</u>	<u>57</u>	<u>82</u>	<u>112</u>	<u>167</u>
Cash Balance at the end	57	82	112	167	232

Current Ratio

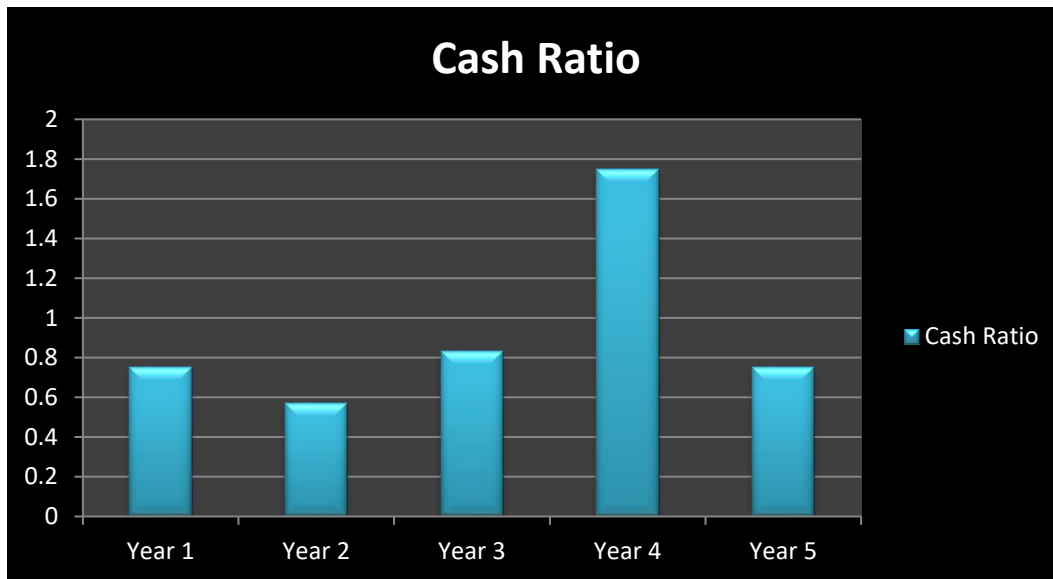


The current ratio position of the company during the 1st year is satisfactory. as it is more than the required rate of return i.e. more than 2:1 However in the 2nd year, it has declined which implies that the firm has diverted its working capital to purchase some fixed assets however this position has improved from 3rd year on words.

The average current ratio of the propose firm is 2.169 which indicates that the firm is able to meet its current obligations as and when it becomes due thus able to meet the confidence of creditors

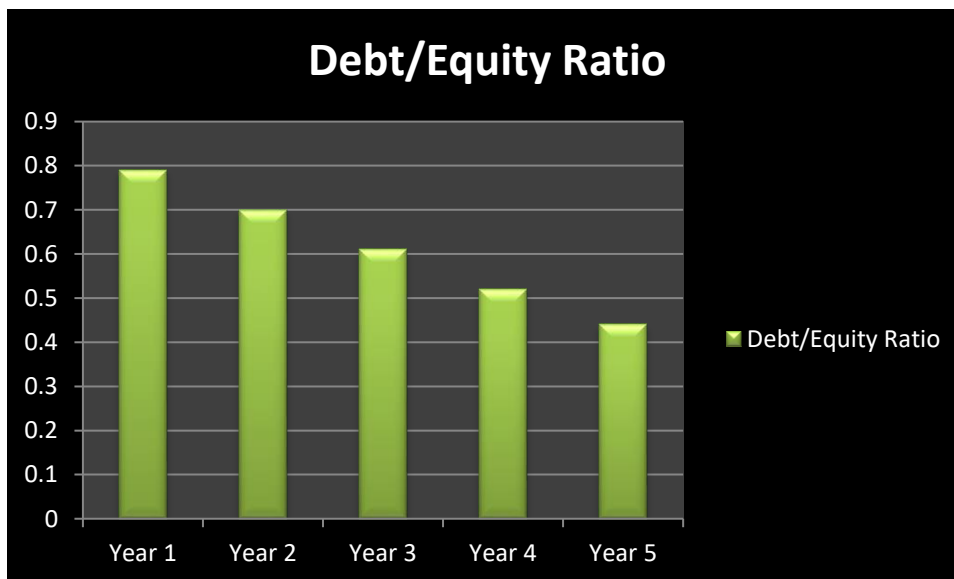
Absolute Liquid Ratio

The absolute liquid of the firm is more than satisfactory since it is above the bankers, rule of thumb i.e. 0.5:1. However during the 4th year of its operation it is very high which indicates that the firm could have better utilized its idle funds and could have got more return from its funds.



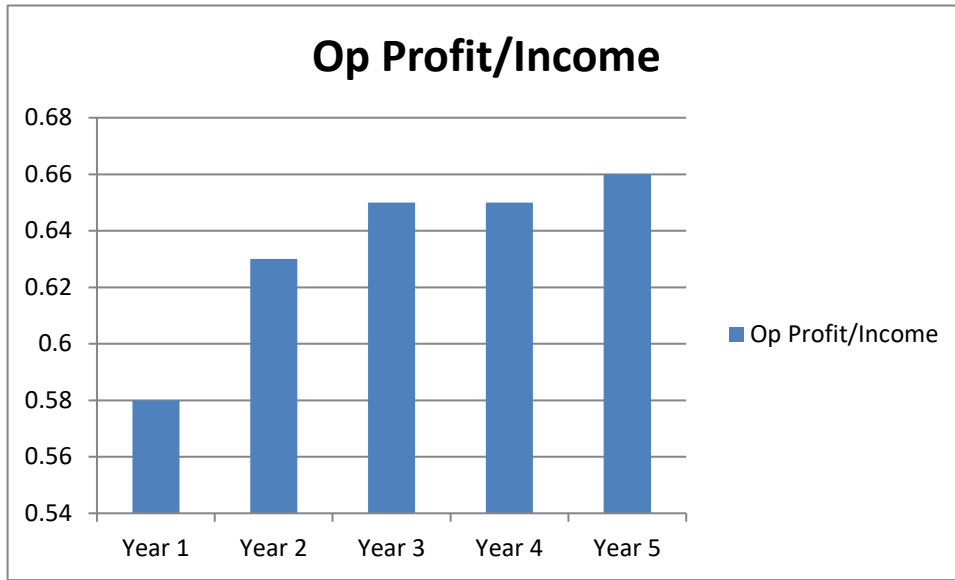
Debt/Equity Ratio

The debt equity ratio is more than satisfactory because in the short run the firm need not have to pay interest. This analysis indicates that this firm is following a conservative funding policy. However the firm could get benefit from the fact that it is a low leveraged firm. Hence it could get more funds in future for the purpose of expansion of business.



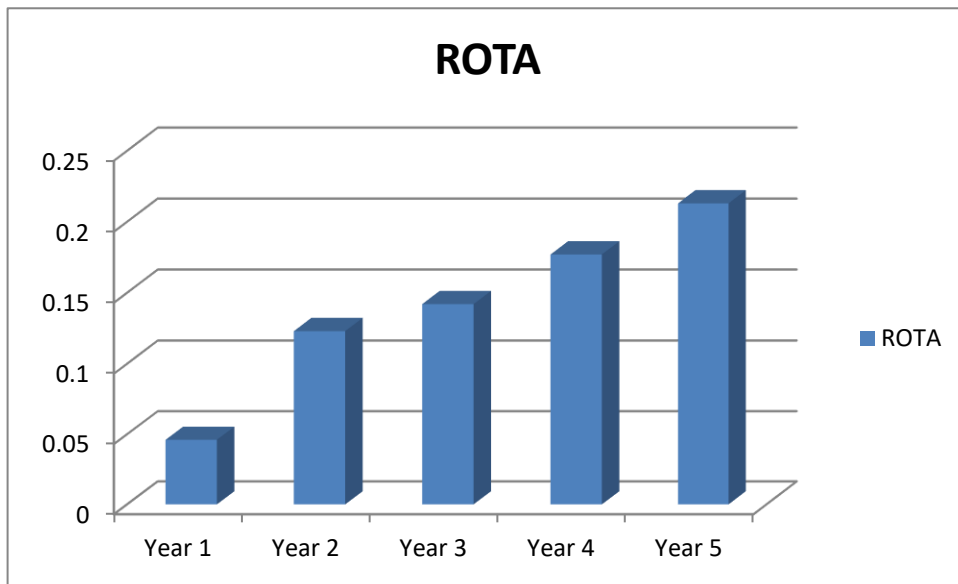
Operating Profit/Sales Ratio

This ratio indicates that the firm is able to have a higher margin of safety and it could attain profitability even at a lower level of sales volume. Profitability of the firm is more than the industry average.



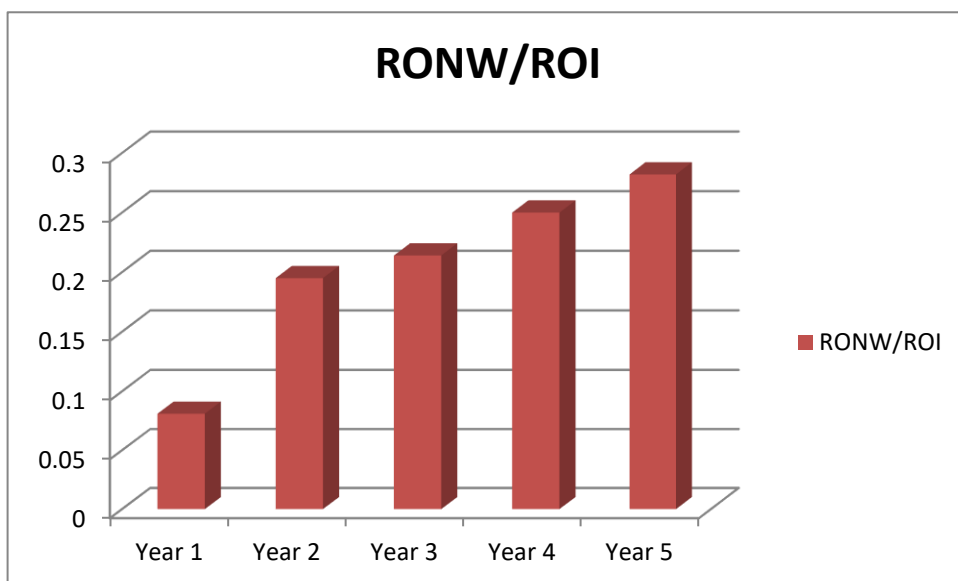
Return of Total Assets.

This ratio is low during the 1st year of the operation compared to the later years. It indicates that from 3rd year onwards the firm is able to get a fair return on its assets thus benefiting its share holders.



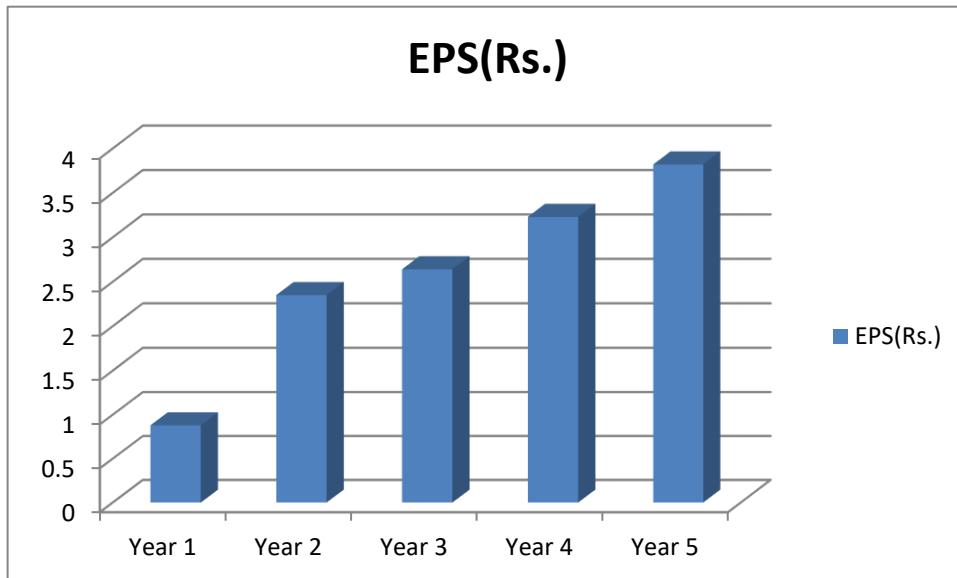
RONW

Return on net worth is increasing over the life of the project, which will increase the confidence of the share holders. It is showing a steady growth rate. This will attract the potential investors.



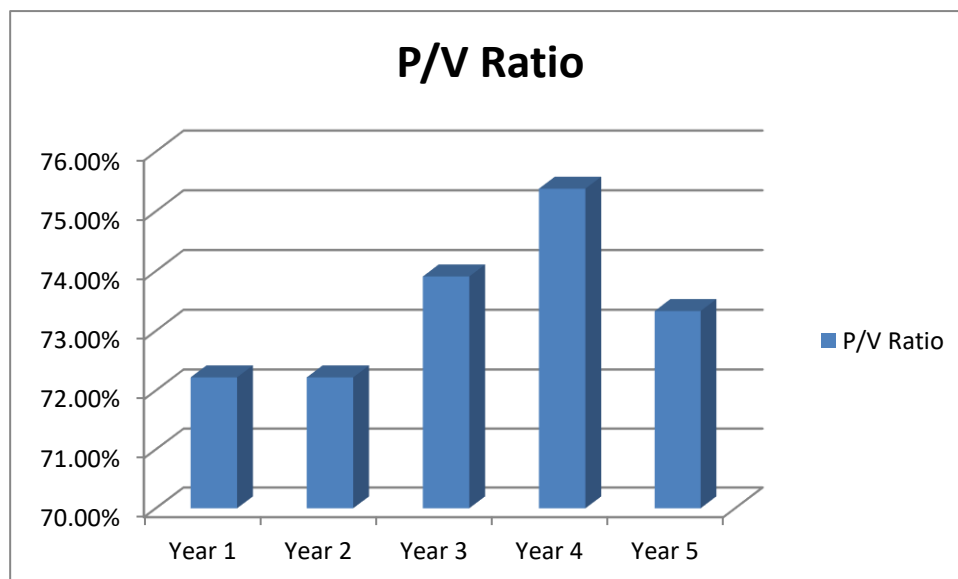
EPS

Earning per share is showing an upward trend. This will increase the market of the shares. The share's of the company will be much in demand in the capital market.



Cost Volume Profit Analysis

The break-even point analysis of the company indicates that the company is able to attain profit at a lower level of operation. The average P/V ratio of the company is more than 72 %.



Viability Report

- Easy Accessibility of Land
- Increase in purchasing power of the people
- Unsaturated market
- Easy availability of Equipment
- Tourism & Golden Triangle
- Twin city advantage:
 - Existence of urban class & relative purchasing power
 - Close proximity, access and comfort

- The commercial operation from the project is envisaged from April 2021.
- Based on the assumptions made the profitability has been worked out from 2021-22 to 2025-26.
- The repayment of Term Loan has been proposed to commence from April 2021 and end on March 2030.
- The Company expects to earn a profit of Rs. 42 Lakhs in the first year of its operation. The break-even point in the first year of operation is 42% of sales.

Trend % of sales and profit shows an increasing trend which makes the offer even more lucrative.