# CHAPTER 10. FINANCIAL ANALYSIS

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# CHAPTER 10. FINANCIAL ANALYSIS

Before entering into financial analysis, some study is mentioned below with respect to the scope of business of PMU frene and its administrative organization.

## 10-1 Scope of Businesses of PMU Irene and its Administrative Organization

#### (1) Present Administrative Organization

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监禁的监督的最高重视信息 格泽 畜

The PMU is headed by a Port Manager (Acting Port Manager) who has the basic function of managing it. He is assisted by senior staffs in the discharge of daily responsibilities in operating the port and in implementing overall policies affecting private ports and municipal ports. His prime task is to implement the policies and procedures established by PPA.

PMU Irene handles such administrative and management work as supervision, control and assistance for ports listed in Chapter 2. The PMU Irene has an organization chart as shown in Fig. 10-1 and is composed of 20 staff members including a Port Manager.

Normally, a PMU is composed of six sections: Administrative Section, Finance Section, Operation Section, Engineering Section, Commercial Development Section and Port Safety & Security Section. But PMU Irene is composed of only five sections, the Commercial Development Section being omitted. This is because of the present status of port facilities under its jurisdiction, the number of ships calling and the volume of cargo handled. Its personnel is also minimized with a view to reducing that financial burden.

# (2) Responsibilities of PMU Sections

As stated above, a PMU is usually composed of a Port Manager and six sections and the main responsibilities of its sections are as follows:

# 1) Administrative Section

Main responsibilities of this section are the personnel administration, communications, materials and equipment supplies and the general administration services such as transportation, insurances, cleaning.

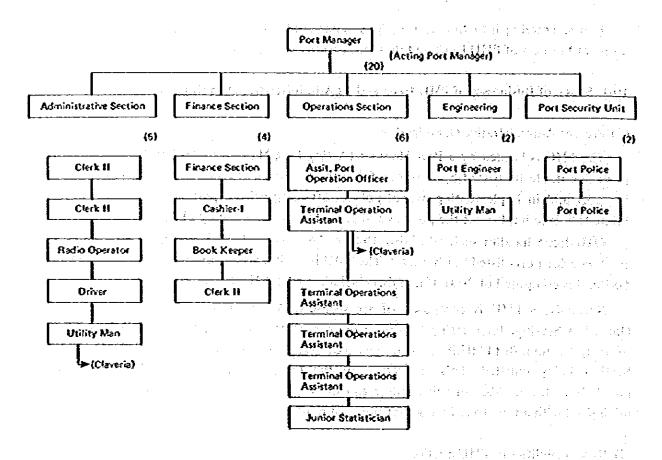
# 2) Finance Section

The main task of this section is to collect all fees, charges and dues and it is responsible for developing financial management systems for a PMU (always within the general guidelines set by the PPA), for preparing and controlling the budget and guarantee a sound budget management.

## 3) Operations Section

Main responsibilities of the section are the supervision and control of all piers and port operation. This includes movement of ships, berth allocation, discharging and loading operations and transport and storage of cargoes.

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POTOTA かっといわば APT Continue State (1972年) Fig. 10-1 Organization Chart of PMU Irene

PMU does not take direct responsibility for cargo handling and storage operations which is basically taken by private arrastre and stevedore contractors.

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# 4) Engineering and Maintenance Section

The control of the cultiverse sprace to The section has the important task to plan and implement maintenance and rehabilitation programs for the port and to take in general all measures necessary to guarantee an adequate service level of a port.

#### 5) Commercial Development Section

The main task of this section is to promote the image of a port through press releases, brochures and marketing research. This section provides the management of a PMU and the PPA with information on the works of the port users and other parties in the port business. An important task is the collection, evaluation and development of data and statistics on shipping, trade, cargo handling methods and other relevant information. Sarabili brasis and

#### 6) Port Safety and Security Section

រាក់ ការ ប្រវាធិកាស់<u>ស្រែង ទី៩ ១៦៤ ខ្</u>ពាស់ស្រី ស៊ីព This section ensures the control of cargo, vehicles and persons entering or leaving the port area and enforces traffic rules and regulations within that area. It has to provide further ways and

means for securing cargo, equipment and other properties in the port area against theft or pilferage.

(3) Study of Responsibilities, Organization and Personnel of PMU Irene After Implementation of This Project

As already stated in Chapter 2, the PMU is a local agency of PPA and mainly work to carry out actual port control and management according to the policies, target and procedures set by the headquarters. The policies, targets and main responsibilities of PPA are also as stated in Chapter 2. Since, however, the present organization and personnel of Port of Irene are in accord with its present facilities and port activities, they will naturally have to be reconsidered in line with the development of Port of Irene.

Below is a study of the new organization and number of personnel for PMU Irene. This study is aimed, primarily, at expansion based on its present organization and staff, but lessening of the financial burden is, of course, taken into consideration. Its new organization and personnel are determined in view of the proposed facilities and port demand forecast and by referring to examples from the neighboring port of San Fernando and a few PMUs. Needless to say, Port of Irene will become the base port of PMU Irene after the execution of this project. The results of this study are shown in Table 10-1 and Fig. 10-2.

As to organization, the Commercial Development Section will be created with the development of the port. Also, the Office of the Port Manager will be expanded and the sub-port of Aparri and Claveria will be clearly defined in terms of organization.

In view of the scale of facilities of this port and the volume of its port activities, full specialization in organization and personnel is not strictly necessary but transition to the above mentioned standard form of organization is considered desirable since the volume of cargo to be handled by Port of Irene will greatly increase with the development and since the prospects for its future development are promising. The Commercial Development Section, which is charged with the aforementioned responsibilities, will be important to the new Port of Irene.

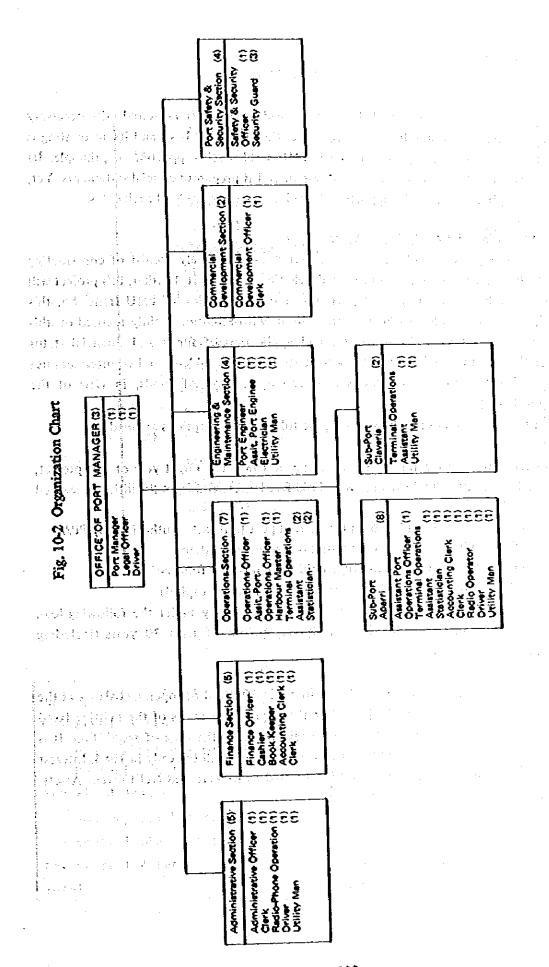
As to number of personnel, not more than 40 is the estimate for 1987, the target year, based on the present staff of 20 (Plantilla Positions = 25) for the cargo volume of 200 thousand tons at the PMU Irene and the staff of 41 (Plantilla Positions = 45) for the cargo volume of 440 thousand tons (1979) at PMU San Fernando. From 1988, personnel increases in proportion to cargo volume are anticipated. The number of Fig. 10-2 is an example of personnel assignments by section and by position after the start of operations of the newly constructed facilities.

Table 10-1 The Number of Personnel

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Section	ei di	1987	ii 1 <b>1988</b> jobil	19 % <b>1989</b> to a
Office of Port Manager		- 3	5. <b>3</b> 3.2	3
Administrative Section		5 71.	in in Salah	5
Finance Section		5	10 6 6 10 10	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Operations Section		7	8	l q
Engineering & Maintenance Section		4	(1994) # 1. # 1.9 (19 <b>5</b> (1975) # 1. \$91	1 6
Commercial Development Section	** *	2	2	
Port Safety & Security Section		4	5.	6
Sub-Port Aparri	+ A .	8	1 3 8 base	8
Sub-Port Claveria		2	17:11.2	ing 3.2 a a
Total		40	93 44.5 37	48



#### 10-2 Financial Analysis

#### (1) General

PPA is authorized by a presidential decree to provide port tariff rates and raise necessary funds. Its management aims at self-supporting accounting on a cost basis and its accounting is based on the business accounting system. Each PMU is also self-supporting in principle. Its accounting is based on the business accounting system and it prepares financial statements. Yet, some PMUs are not, in actuality, self-supporting. PMU Irene is an example of such cases.

#### (2) Purpose of this Financial Analysis and Assumptions

As stated in the preceding chapter, this project does not merely consist of constructing additional facilities but, in essence, amounts to developing a new port. Further, this project will make Port of Irene by far the largest of ports under the jurisdiction of PMU Irene. So, this financial analysis will be limited to Port of Irene itself, with attention mainly focused on this project. The revenue and expenditure, source and application of funds and financial status resulting from the execution of the project will be studied and problems and countenneasures will be discussed with emphasis on the source and application of funds, in view of the characteristics of this project.

To conduct financial analysis for this purpose, the following assumptions are made:

- 1) Port of Irene will start a financial accounting in 1987, the target year of this project, whereby Port of Irene itself will take over new and old fixed assets and meet liabilities concerned with this project.
  - 2) Its revenue will be calculated based on the current port tariff rates authorized by PPA.
  - 3) Its accounting will be according to the business accounting system.
  - 4) The funds necessary to execute this project are to be raised as follows:
    - i) Domestic currency portion: Corporate funds (PPA-owned capital)
    - ii) Foreign currency portion: Loans from a foreign country under the following loan conditions: Interest rate 3% annually, repayment of term 30 years (including 10-year grace period)

The fixed assets to be taken over are as shown in Table 10-2 and the opening balance at the beginning of 1987 is as shown in Table 10-3. For the depreciable assets of the existing fixed assets, residual value after depreciation is used in consideration at the time of acquisition. It is assumed that the incomplete extension (66 m) of the existing pier will be ready in 1984, Interest on long-term loans for the construction period is indicated as Reserve and Net Current Assets. The 1981 prices are used as basic prices.

Table 10-2 Fixed Assets

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Lucerdi I <u>Vici</u>	Facilities	Value
(1)		
	Wharf	48,214
\$ 20	Navigation Aids	642
\$ 1 5 C	Transit Shed	7,556
9397   1946. <b>1</b> 66.4939   19	Administrative Bldg.	631
van erret Van Gebagerre	Road/Pavement	2,792
(NE 1)	Electrical Installation	1,137
1 (1 ) (1 ) (1 ) (1 ) (1 ) (1 ) (1 ) (1	Open Shed	771
	Yotor Vehicles	208
ger e	Mooring Basin	29,378
	Land/Revetment	8,595
·	Sub-Total	99,924
(2)	Old Pacilities	
	Wharf (210m)	5,993
· · · · · · · · · · · · · · · · · · ·	Road/Pavement	778
	Land/Bulkhead	2,995
	Sub-Total	9,766
	Total	109,690

# Table 10-3 Opening Balance (Beginning at 1987)

AND VOICE		(Unit	: \$1,000)
Assets		Liabilities	
Old Fixed Assets	9,766	Capital	9,766
Non-Depreciable Assets	2,995	Corporate Fund	30,447
Depreciable Assets	6,771	Long-Tern Loan	69,477
New Fixed Assets	99,924		
Non-Depreciable Assets	37,973		
> Depreciable Assets	61,951		
Net Current Assets	Δ767	Reserve	∆767
Total	108,909		108,909

## (3) Estimate of Revenues and Expenditures Committee of the resident

#### 1) Revenues

As indicated in the assumptions, the revenue is calculated by the PPA-set nationally uniform tariff rates, not by special port tariff rates for Port of Irene on a cost basis resulting from this project. The current port tarif rates are new rates in the revision of July 1, 1981. Dues and 网络拉拉州 医克雷氏试验 養殖 charges are composed of the following types. on the state of t

i) ł	łar	bor	Fees
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i) Daitor rees		
	Unit Charge	
For each entrance from a foreign port	vessel	₽80.00
For each departure to a foreign port	vessel	80.00
For each coastwise entrance or departure more than 400 NRT	in the second se	32.00
more man 400 NKI		
The Transport	१८०० हुए वर्षे के स्थित स्थापन कर्षे अ	
ii) Tonnage Dues	The state of the state of	
for vessels engaged in foreign (rade	NKI	0.80
iii) Berthing Fees	To dispersion	
For Vessel Engaged in Foreign Trade	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
for the 1st 24 hrs or part thereof	GRT every see	0.16
for each succeeding 24 hrs	GRT	0.16
For Vessels Engaged in Philippine Coastwise Trade		
Vessels of more than 1,000 GRT	y adole feet Disc;€	
-first day or part thereof	· · · · · · · · · · · · · · · · · · ·	de de graphe agr
first 1,000 GRT	GRT	0.08
in excess of 1,000 GRT	GRT	0.032
succeeding days	and the state of	
first 1,000 GRT	GRT/day	0.04
in excess of 1,000 GRT	GRT/day	0.016
iv) Wharfage Dues	en de la companya de La companya de la co	
Import	GMT	12.60
Export		
General Cargo	GMT	6.40
Logs	cu.m.	4.80
Domestic	A9.24	th toward from
General Cargo	GMT File	1.60
Logs	cu.m.: 1994 48	1.28
· · · · · · · · · · · · · · · · · · ·		
· · · · · · · · · · · · · · · · · · ·	5 a 1 a a a a a a a a a a a a a a a a a	

### y) Storage Charges (after FSP)

Domestic Cargo	ton/day	2.40
Import Cargo	ton/day	0.64
Export Cargo	ton/day	0.80
vi) Arrastre Income		
	Arrastre (P/t)	Stevedoring (P/t)
L08s	4.80	4.32
Lumber	15.12	15.12
Plywood & Veneer	7.00	7.00

For cargo other than the above-mentioned items, P10/mt is assumed in the absence of arrastre and stevedoring rates. In this port, the PMU is entitled to 10% of the gross arrastre proceeds.

#### vii) Others

As land rent and other miscellaneous revenues, 1% of the above revenues will be added up.

#### 2) Ships and Cargoes Utilization of the Port

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The number of ships calling at the port and the volume of cargo handled by the port facilities are set in accordance with the demand forecast in Chapter 5 in Table 10-4 and Table 10-5. Cargo volume handled at shed and open strage is shown in Table 10-6.

Table 10-4 Number of Ships Calling at the Port

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Ships (sanother)		1987	1988	1989
Ships in foreign trade	4,000 DWT Class	40	43	45
	15,000 DAT Class	40	42	45
Ships in domestic trade	3,000 DWT Class	65	70	75

Contract to produce

			587			. 1	44				943	
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	Luport	Import	ON SOUTH	laboral	Export	Ispect	Cuthouse	[abovod	lwet	Import	Octobrace	lescond
taker	17		33	1	11		34		19	5 4.	39	4.7
researthcouper	25		32		32		35		35	5.42%	34 <b>39</b> 34	1
Ceneat				5				5				3
Fertiliner.		29		14.7°		22	•		l	24		
Telay	40			i	42		ĺ		13	!		1
Ctheca	Į.	2		5	1			,		3	2 ( 3 )	,
<b>5 जु स</b>	22				24		1	ļ	26	ł	and inch	
Melasta	8		1	1	,	1	l		19			ļ
tegs	10		20	l <b></b>	n	1	n	1000	11	17 3	S - 22 (5)	
TCT.	126	27	85	19	- 134	)Ø	52	12	117	33	99	14

Table 10-6 Cargo Using Shed and Storage

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		(Unit:	1,000t)
1987	1988	1989	9
150	164.5	179	

#### (2) Expenditures

Expenditure may be classified into five items: personnel costs, general administrative costs, maintenance/operation costs, depreciation expense and interest on loans. They are to be calculated as follows:

As to taxes (business tax and income tax), income tax is exempted and the business tax may also be exempted, according to the Financial Plan of the PPA. So, payment of taxes is not considered here.

#### 1) Personnel Costs

In 1980, the average annual per capita personnel cost for PMU Irene (salaries and allowances) is 21,240 pesos. Here, the average annual per capita personnel cost in 1981 is estimated at 23,500 pesos by adding more than 10% to the 1980 figure.

The number of personnel at the PMU Irene is as determined in the preceding section. In consideration of Port Irene's position as the base port, the following is used as the number of personnel to be paid from the revenues of this port:

Table 10-7 Number of Personnel ...

1987	1988	1989
25	29	33

## 2) General Administrative Costs

The average general administrative costs of PMU Irene for the two years, 1979 and 1980, are 21.55% of the personnel costs. In the entire PPA, this ratio is 22% in 1980. So, 22% of the personnel cost is estimated here as the general administrative costs.

## 3) Maintenance/Operation Costs

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The maintenance/operation costs of each facility is estimated as in Table 10-8 by setting a maintenance/operation ratio representing a certain proportion of the construction or purchase cost of that facility. The maintenance/operation cost will be increased proportionately to the increase of cargo volume.

Table 10-8 Maintenance Cost

Pacility	Percentage of Construction or Purchase Cost
Hooring Basin	3.0
Wharf	1.0
Revetment	a mang (44 ) <b>0.2</b>
Bulkhead	0.2
Navigation Aids	3.0
Transit Shed	1.0
Administrative Bldg.	3.0
Road/Pavement	1.0
Blectrical Installation	2.0
Open Shed	3.0
Hotor Vehicle	15.0

4) Depreciation Expense

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Of the fixed assets indicated in Table 10-2, basin, land and revelments and bulkheads are excluded from depreciation as non-depreciable assets. As for depreciable assets, service life and depreciation rate of each facility are set as in Table 10-9 according to the PPA guide line. And the average service life weighted by individual cost is 37.7 years. Based on this average service life, the annual amount of depreciation expense may be computed by the straight line method, assuming no residual value. The fixed assets schedule is as indicated in Table 10-10.

Table 10-9 Service Life & Depreciation Rate The Management of the Control of the

	Second Anderson (n. fig. 1 o. s.)	លាក់ឲ្យសត្រាស់ សែកសុរុស 👍
Facility	Service Life in Years	Depreciation Rate (%)
Wharves		an Jeros (0 (12.00 Jeros) at
Navigation Aids	25 1 1 1 2 2 3 4	
Administrative Building		3.33
Transit Shed	30	3.33 1 1 10 a
Roads/Pavements	20	5.00
Open Shed	10	10.00
Electrical Installation	Kalkana 1507 referint	6.67
Motor Vehicles	<b>8</b> 10 10 10 10 10 10 10 10 10 10 10 10 10	12.50

Table 10-10 Fixed Assets Schedule

		_				Alle San	(Usa	#1,000)
:	(1986)	1987	1988	1989	1990 5 7	£ 1991 3 3.	1995	2002
Fixed Asselved Registering of Year Lead & Non-Depreciable Asselv	(9,982) (2,995)	109,690 40,968	107 <i>269</i> 40 <i>9</i> 68	106,048 40,968	104,227 40,968	102,406 40,568	93,301 40,968	82,335 40,968
Depreciable Assets Construction in Process	(6,981) (34,592)	68.712 -	66,501	65,060	63,259	61,438	52,333	41,407
Accepted in restreed	(99,924)	. = .	-		-		Prince → S	1
Degrecia Sco	(216)	1,821	1,221	1,521	1,231	- i pari %	: [1,621	1,821
Fixed Assets at End of Year Lead & Non-Depreciable Assets Depreciable Assets	(109,690) (40,968) (68,771)	107,559 40,968 66,901	106,048 40,568 65,080	104,227 40,968 63,259	107,406 40,968 61,438	100,585 40,968 59,617	91,450 40,568 50,312	80,354 80,568 39,586
Construction in Process	- 1	. –		_	1 1-1		* * * <u>*</u>	! -

# 5) Interest on Long-Term Loans

This is calculated as in Table 10-11 on the assumption that the foreign currency portion of the project cost be met by the above-mentioned foreign loans.

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Table 10-11 Long Term Loan Schedule

(Unit: P1,000)

	Inve	stment			I	. F1,000
Year	Corporate Fund	Long-Term Loan	Ťotal	Loan Repayment Amount	Loan Balance at End	Interest on Loan
1983	483	121	604	_	121	
1984	653	813	1,466	_	934	4
1985	8,967	23,555	32,522	-	24,489	28
1986	20,344	44,988	65,332	: 	69,477	735
1987	in the second of the			· -	69,477	2,084
1988-1992				-	69,477	10,420
1993			4	3,473	66,004	2,084
1994			and a second sec	3,473	62,531	1,980
1995				3,473	59,058	1,876
1996				3,474	55,584	1,772
1997				3,474	52,110	1,668
1998				3,474	48,636	1,563
1999				3,474	45,162	1,459
2000				3,474	41,688	1,355
2001				3,474	38,214	1,251
2002				3,474	34,740	1,146

#### (4) Financial Situation

Financial statements for 1987 to 2002 are prepared according to the above estimate of revenues and expenditures, Table 10-12 is a statement of revenue and expenditure, Table 10-13 is a statement of sources and applications of funds and Table 10-14 is a balance sheet.

The statement of revenue and expenditure shows that the operating revenue is sufficient to cover the operating expenditure. But it is impossible to depreciate after the interest on the loans. The statement of sources and applications of funds shows the cash flow after the execution of the project to mainly ascertain the long term debt of the repayment position of the loans. According to it, fund shortage occurs as soon as the repayment of the principal of the loans starts.

Table 10-12 Statement of Revenue and Expenditure

											:atun)	(000)
Xoar Xoar	(282 - 1986)	1967	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Operating Revenue		759'7	5,062	5,476	5,476	5,476	5,476	5,476	5,476	927'5	5,476	32,856
Operating Expenditure		2,397	. 2,591	2,7%	2,794	2,794	2,794	2,794	2,794	2,794	2.794	16,764
Operating Profit		2,254	2,471	2,682	2.682	2,682	2,682	2.682	2,682	2,682	2,682	16,092
Depreciation		1,621	1,821	1,821	1.821	179-1	1.821	1.821	1,821	1.821	1,821	10.926
Profit after Depreciation		अ	959	198	198	199	861	198	198	198	198	5,266
Interest on Loan	(767)	2,084	7,087	2,084	2,084	2,084	2,084	7,087	1,980	1,876	1.772	8,442
Profit after interest on Loan	(4767)	159,10	A1.434	61,223	61,223	Δ1,223	Δ1,223	۵۱.223	011.1۵	\$10.10	1160	43,276
Accumulated Profits	(4767)	(4767) 42,418	43,852	270,24	46,298	47,521	48.744	796.67	011.086	101.114	213,012	016,288

Table 10-13 Statement of Source and Application of Funds

Year	(1983	1907	1988	1989	1990	1991	1992	1993	1994	1995	19%	1997
Source of Funds (A)	- : -								हु है है जे हुई के हुई			
Depreciation	\$. 's	1.821	1.821	1,821	1,821	1,821	1,821	1,821	1,621	1,821	1,821	10,926
Profit after Depreciation		. 23	650	198	<b>38</b>	199	198	198	198	861	798	5,166
TOTAL .		2,256	2,471	2,682	2,682	2,682	2,682	2,682	2,682	2,682	2,682	16,092
Application of Tunda (B)		23. 131 141										
Interest on Louis	(7.67)	2,084	2,084	2,084	2,064	2.084	2,084	2,094	7.980	1,876	1,772	8,442
Repayment of Long-Term	***				2 3. 3.		·	3,473	3,473	3,473	3.474	778,02
TOTAL	- ::17.	2,084	.2,084	2,084	2,084	2,084	2,084	2,084 5,557	5,453	5.249	3.246	29.286
Increase/Decrease of Net Current Assets (C=A-B)	(49767)	7.00	280	598	598	865	398	۵22875	42,771	42,667	42.564	2013,194
Not Current Assets at Negroning of Year (D)		1707	7657	0270	288	***	1,58	2,182	7697	73,464	46.131	48,695
Net Current Assets at End of Year (EmG-D)	(4767)	7950	*** A210	388	986	1.584	2,182	4693	23,464	46.131	48,695	Δ21,889

Sheet	٠. :	· ·
Source	5, 1	-
TE CE		7
10-14 Balance		
Table		(1) [-]
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度 780.3%	nigota Nata	100 pm 10	140 (1 24 (140) 24 (140)	popular de la companya de la company	Table 10-14	9.10-14 Br	Table 10-14 Balance Sheet	erieta La como esperante La como esperante	Springer Section		できた。 ・	(April	16/18/18/18/19 48/18/18/18/18 48/18/18/18/18
Xear Xear		(19861)	1987	1988	1989	.0661	1991	1992	1993	966X	1995	1996	2002
Mixed Assets Mixed Assets Mon Depreciable As Depreciable Assets Mot Gurrent Assets TOTAL	ន្តលាល់ <b>ន</b> េះប្រទេស មិន ទូក និង <b>្គី១ទឹ</b> នស្គារិក	(109,690) (40,968) (68,722) (4767) (108,923)	109,690) 107,869 (40,968) 40,968 (68,722) 66,901 (4767) 4597 108,923) 107,272	106,048 10,961 05,080 050 1054 105,834	104,227 40,968 63,239 388 104,613	102,406 40,968 61,438 986 103,392	100,585 40,968 59,617 1,584 102,169	98,764 40,968 57,796 2,182 100,946	96,943 40,968 55,975 A693 96,230	95,122 40,968 54,154 43,464 91,658	93,301 40,968 52,333 26,131 87,170	91,480 40,968 50,512 68,695 82,785	80,354 40,968 39,586 221,889 58,665
Lightifies Capical Long-Tarm Loan Reserve 10741		(20,213) (20,477) (2767) (20,601)	(40,213) 40,213 (69,477) 69,477 (2767) 02,418 (108,923) 107,272	40,213 69,477 03,852 105,838	40,213 69,477 05,075 104,615	40,213 69,477 06,296 103,392	40,213 69,477 07,521 102,169	40,213	40,213 66,004 29,967 96,250	40,213 62,531 011,086	40.213 59.058 012.101 87.170	40,213 55,384 A13,012 82,785	213 34.740 A16.288 58.665

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From the above, it can be seen that the operating revenue based on the current level of tariff rates cannot cover all the necessary expenditures. Financial ratios defined below are as shown in Table 10-15.

- i) Working Ratio ..... to ascertain the income position

  Operating expenditure

  Operating revenue x 100
- Total operating expenses

  Total operating revenues x 100
- iii) Return on Net Fixed Assets .... to ascertain the earning capacity

  Profit after depreciation

  Net fixed assets at end of year
- iv) Interest Earned Ratio ..... to ascertain interest payment capacity

  Profit after depreciation

  Interest on long term loans

Table 10-15 Financial Ratios (I)

	3		
1989	1992	1996	2002
51.0	51.0	51.0	51.0
122.3	122.3	116.6	105.2
0.83	0.87	0.94	1.07
0.41	0.41	0.49	0.75
	51.0 122.3 0.83	51.0 51.0 122.3 122.3 0.83 0.87	51.0     51.0       122.3     122.3       0.83     0.87       0.94

The reasons for the situation are considered as follows:

#### 1) Level of Tariff Rates

As stated in the assumptions in this analysis, the revenue is calculated according to the PPA-set nationally uniform tariff rates and cost-basis tariff rates for this project are not used.

#### 2) Character of the Project

This project does not merely consist of constructing additional facilities but it is almost, in essence, a project to develop a new port. So, 43.4% of the project cost must be invested in "non-profitable facilities", namely, facilities other than wharf, transit shed and open shed which are directly related to revenue.

## 3) Interest Paid and Depreciation Expense

This is a problem that arises from the fact that this project is almost, in essence, a project to

develop a new port, also. Since about 70% (representing the foreign currency portion) of the project cost consists of the long-term loans, the burden of the interest to be paid for the loans is, indeed, immense, though the terms of the loans are favorable. Further, the depreciation expense is a heavy burden because most of the depreciable assets have not been depreciated yet and because the wharf construction costs an extra 50% or more due to the poor soil conditions.

(\$) Countermeasures

It has become known that, under the aforementioned conditions, Port of Irene can afford not only the operating costs but also the payment of interest on loans. However, depreciation cannot be covered sufficiently and this is the problem with the account. So, some measures will be studied herein.

) Study of the level of tariff rates

The primary means suggested to supplement the insufficient amount of the revenue is to increase tariff rates.

If the financial accounting of Port of Irene is to be self-supporting on a cost basis, it is, of course, necessary to set tariff rates that can cover the operating costs, renew the facilities and repay debts.

So, in this section we have calculated revenues by also studying the level of tariff rates financially desirable after the execution of this project, rather than simply adhering to the precondition of the current tariff rates. Five alternatives are studied herein by financial ratios and financial internal rate of return (FIRR).

FIRR will be obtained from comparing the amount of investments and the profit before depreciation and before interest payments. It is an attempt to determine profitability by calculating the earning increase due to the execution of this project as the benefit and calculating the project cost as the cost.

- i) Case A: Case where the level of the current tariff rates is raised by 30%.
- ii) Case B: Case where the level of the current tariff rates is raised by 50%.
- iii) Case C: Case where the level of the current tariff rates is raised by 75%.
- iv) Case D: Case where the level of the current tariff rates is doubled.
- v) Case E: Case where the level of the current tariff rates is raised by 250%.

Table 10-18 to 10-20 are the financial statements consolidating the five cases: A, B, C, D and B. Table 10-16 and 10-17 show the financial ratios and FIRR in the five cases. (Tables 10-29 to 10-33 are FIRR calculation tables.) It can be said from the above results that in Case D, namely, if the current tariff rates can be doubled, both the soundness and profitability of the accounting can be assured from the financial ratios and the FIRR.

Table 10-16 Pinancial Ratios (II)

1900年,1900年

	<b>1</b> 3	able 10-16 Fina		   pain filate   東京の 	oprants (Lobert
Year Item	Case	1989	1992	1996	2002
Operating Ratio	A	94.1	94.1	89.7	80.9
(%)	В	81.6	81.6	77.8	70.1
	C	69.9	69.9	66.6	60.1
	D	61.2	61.2	58.3	52.6
	E	48.9	48.9	46.7	42.1
Return on Net	A	2.4	2.5	2.7	3.1
Fixed Assets (%)	В	3.5	3.6 ptg	11 13 Paral	4.5 14 to 4 60 6 2
~ /	c	4.8	5.0	<b>5.4</b> Viges essoin	62
	D	6.1	6.4	6.9	7.9
	E	8.7	9.2	9.9	11.3
Interest Earned	A	1.2	1.2	4 . 4 , <b>1.4</b>	2.2
Ratio (No. of times)	В	1.7	1.7	2.0	3.1
,	С	2.4	2.4	2.8	4.3
	D	3.0	3.0	3.6	3.5.5.
	E	4.4	44.	5.1	7.9

Table 10-17 FIRE in terms of the large entire section

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CASE	A	В	c	$\langle {f p}_{i \gamma_j i j j}  angle$	noop <b>B</b> iring
%	0.4	1.8	3.5	5.2	8.2
· <del>········</del>	<del></del>		1.00	er er er er er er er	Service Service

i ka				Table 10-18	S Statem	ent of Rev	le 10-18 Statement of Revenue and Expenditure	Expenditu			* ************************************		
	177											Carr.	£1,000)
Service of the service of		1002			1 -	900.	185	1992	1993	1994	1995	9661	1997
100	ð	1986	1987	1988	7997	2661		V V		2	6.50	01.10	47.714
	1		y CA	185.9		7,119	7,119	7.119	7,119	7.13	7 THE C	V140	40.784
Operating Revenue	< €		× 077	7.593	100	8,214	8.214	8.214	8.214 14	8.214	* Y770	1 83 0	884
	<b>a</b> (		000	05%		9.583	9,583	9,583	583	9,583	200	2000	C112.55
	<u>ن</u> د	-	62.0	421.01		10.952	10,952	10,952	10,952	10,952	78501	200	3.5
	) t		200	12.655	13,690	13,690	13,690	13,690	13,690	13,690	13,050	260'57	
The second secon			200	103.0	1	2794	2.794	2,794	2,794	2,794	2,794	2,794	8
Operating Exponditure			1,607	450034	ı		3,00	362, 7	562.7	4.325	4,325	4335	25,950
Onomatine Profit	4	11.	3,649	3,990	2	4,325	3	1 0	A 20	\$ 420	5,420	5,420	32,520
	Φ	•	4,580	\$,002		×420	36.	2007	2 ×	6.789	6,789	6.789	\$7.5
	U		5,742	823		6.789	) (0)	0.70	3 2	8.158	8718	8,158	48,948
	Ω		6905	7,533	8,158	8,138	\$67.0 \$08.01	308.01	10.896	10,896	10,896	10,896	65,376
	'n		9.231	10,064	٦,	10,000	2/2/21		100	3	1.821	1.821	10,926
			1.821	1,821	1,821	1,821	1,821	1,871	170'1	1,7011	1000	Š	15004
Yehredmon			040	031.6	1	2.504	2,504	2,504	2,504	2,504	4 6	1 000 000 000 000 000 000 000 000 000 0	200
Profit after Depreciation	∢ ;		0701	2181	3,599	3.599	3,599	3,599	3,599	3,599	3,555	840,0	808
	pa i		\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	7040		4,968	4,968	4,968	4.968	4,968	\$ 600 \$ 600	0 0 0	28 000
-	Ų į		1900	) i v		6.337	6,337	6337	6,337	6337	7550	2000	2 2
	ΑΙ	-	200	4700		9,075	9.075	9,075	9,075	9,075	c/0,%	5.55 X	
	ω		217	200	_i_	2 084	2.084	2.084	2,084	1,980	1,876	1,772	8,442
Interest on Loan		(167)	2,084	2,034	_	22.5		007	420-	524	829	732	6,582
Profit after Interest on	<		4256	82		27.5	774	515	1515	1,619	1,723	1,827	13,152
Loan	<u>m</u>		513	1,097	1,515	584	700	288	2.884	2,988	3,092	3,196	21,366
	<u> </u>		1,837	2,363	2,884	100,7	10017	4 2 5 2	4.253	4,357	4,461	\$565	28,580
	Ω		300	3,628	4,253	4 A	3 8	6003	6,991	7,095	7,199	7,303	80,008
	ω		5,326	6,159	182	0,224		747	Cyl	1.686	2,314	3,046	\$29.6
A administrated Deposit	\ -		A1,023	866V	Δ518	860	777	7 00 Y	814	10,037	11,760	13,587	26,739
Accommend to the		· •	A254	843	2,358	3,873	0000	0965	17.853	20.841	23,933	27,129	48,495
	. U	(4767)	1,070	3,433	6.317	9,201	22,003	22 872	27.126	31,483	35,944	40,509	20,089
	Ω	`. 	2,233	5,861	10,114	74,367	31,691	38,682	45.673	\$2,768	29 967	67.270	113.278
	<u>ω</u>		4.559	10.710	7/1/7								

Table 10-19 Statement of Source and Application of Funds

													/
Year	Case	1983 -1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	9661	1997 2002
Source of Funds (A) Depreciation	-		1.821	1,821	1,821	1,821	1,821	128.1	1,821	1,821	1,821	10,926	10,926
Profit after Depreciation	⋖		1,828	2,169	2,504	2,504	2,504	2,504	2,504	2,504	2,504	2,504	15,024
•	<u></u>		2,597	3,181	3,599	3,599	3,599	3,599	3,599	3,599	3,599	3,599	21,594
	O		3921	4.447	4968	4,968	4,968	4,968	896*	4,968	4,968	4,968	\$28,838
	Α		5,084	5.712	6337	6,337	6,337	6,337	6,337	6,337	6,337	6,337	38,022
	щ		7,410	8,243	9.075	9.075	9,075	9,075	9,075	9,075	9,075	9,075	54,450
TOTAL	4		3.649	3 990	4325	4.325	4.325	4,325	4,325	4,325	4,325	4,325	25,950
			4,418	5,002	5,420	5,420	5,420	5,420	5,420	5,420	5,420	5,420	32,520
	O		5,742	6268	6.789	6,789	6.789	6,789	6,789	6,789	6.789	6,789	45,734
	Ω		\$883	7,533	8,158	8,158	8,158	8,158	8,158	8,158	8,158	8778	848,848
	μ		9231	10,064	10,896	10,896	10,896	10,896	10,896	10,896	10,396	10.896	65,376
Application of Funds (B)						3		1000	212			960 T	
Interest on Load	1+	(767)	2084	2,084	2,084	2,084	2,084	2.084	2,084	1.980	1.876	1.72	8,442
Payment of Long-Term	:		. 1	1	. 1	; 1	3	. 1	3,473	3,473	3,473	3,473	20,844
TOTAL		(767)	2,084	2,084	2.084	2,084	2:084	2,084	5.557	5,453	5,349	5,246	29,286
Increase/Decrease of	<		1.565	1,906	2,241	2,241	2,241	2,241	AI 232	41,128	ΔI,024	1760	43,336
Not Current Assets	æ		2,334	2918	3,336	3,336	3,336	3,336	ΔI37	433	Ħ	174	323
(C-4-8)	v	-(4767)	3,658	4.184	4,705	4,705	4,705	4,705	-1,232	1,336	3.	1,543	11.488
A CONTRACTOR AND A CONTRACTOR OF THE CONTRACTOR	Ω		4,821	5,449	6,074	6.074	6,074	6,074	2,801	2,705	2,809	2912	19,662
	μì		7,147	7.980	8,812	8,812	8.812	8,812	5,339	5,443	5.547	5,650	36,090
Net Current Assots at	<			788	2,704	4945	7,186	5,427	11.668	10,436	802.6	8,284	7,363
Beginning of Year	έQ			1.567	4,485	7,821	11,157	14,493	17,829	17,692	17,659	17,730	17.904
ê	O		1910	2,891	7,075	11,780	16,485	21,130	25,895	27.127	28,463	29.903	31,446
	Δ			4	9,503	15,577	21,651	27,725	33,799	36,400	39.105	41014	4,826
Company of Company	ы		- 350 c - 3	6,380	14,360	23,172	31,984	40,796	49,608	54,947	80.380	65337	71.587
Net Current Assets at	4		798	2,79	4,945	7,186	9,427	11,668	10,436	30£ 6	8,284	7,363	4,027
End of Year	Δ	1	1.567	4,485	7,821	11,157	14,493	17,829	17,692	17,659	17.730	17.90	21,138
(B+C+D)	Ų	7(0767)	2,891	7,075	11,780	16,485	21,190	25,895	27.127	28,463	28 28 28 28	3.48	42,894
	Δ	,	4,054	9,503	15,577	21,651	27,725	33,799	36,400	39,105	41914	44,826	<b>\$</b>
	, Si		780	17.760	Children !	21.004	A07.02	40.608	54 947	65.05	65 937	71 587	107 677

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Balance	estigue, i spiloto se a si estençojo y menti
10-20	:
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	1	· *	-		Taple (	10-20 Ba	Table 10-20 Balance Sheet			21 5년 기간물년 3년동 4	en at ĝ	(Unit:	(Unit: 71,000)
Year	8	(1986)	1987	1988	2	1990	1661	1992	1993	1994	1995	1996	2002
	To the second	Special control of the second	070 201	30,70	104.977	102 406	100.585	98.764	96,943	95.122	93,301	91,480	80.554
Fixed Assets		(0%,001)	10/303	04000	) Trans	701.6	767.0	899	10.436	9308	8284	7,363	4,027
Not Current Assets	∢ ;	1.	867 .	2,774	7827	11.157	14,447	17,829	17,692	17,659	17,730	17,804	21,138
	۵ U	(4767)		7,075	11,780	16,485	21,190	25,895	27,127	28,463	29,903	2. 4 4. 5 5. 5 5. 5	4.53 4.83 4.83
	A			9,503	15,577	21,651	27,725 40,796	33,799 49,608	36,400 54,947	60,390	65.937	71.587	107,677
	<u>.</u>		708 AK7	108.752	109.172	109.592	110,012	110,432	107,379	104,430	101,585	98,843	3 3 3 3 3 3
TOTAL	∢ α		109.436	110.533	112,048	113,563	115,078	116,593	114,635	112,781	111,031	109384	101,092
	ı U	>(108,923)	110,760	113,123	116,007	118,891	121,775	124,659	124,070	123,580	A10.001	36.36	2002
	Ω		111,923	115,551	119,804	124,057	128,310	132,563	151,890	155,512	159.238	163,067	188,231
	m		114,249	120,408	17/ 277	767	7.00					arat.	
Liabilities				2.00	2,607	27.2.08	40.213	40213	40,213	40.213	40,213	40,213	40,213
Copies		(40,213) (60,477)	60.213	69.477	69,477	69,477	69,477	69,477	66,004	62,531	850,68	55,584	34,740
TOTAL PARTY PARTY	1		\$ 00 TV	A938	A518	86♥	322	742	1,162	1,686	23.4	30.00	9,628
Keserve	< α	· ·	A254	843	2,358	3,873	\$388	6,903	8,418	10.037	22.023	25.00	48,495
	ر ا	(6767)	1,070	3,433	6,317	9,201	12,085	14,969	17,853	21 483	35.945	40.509	70.089
	Ω	•	2,233	5,861	10,114	14,367	18,620	38.682	45.673	\$2,768	29.967	67.270	113,278
			4,559	07/01	60/1/1	205 001	110.017	110.432	107.379	104,430	101,585	98,843	84,581
TOTAL	< 6		700,001	108.752	112.048	113.563	115,078	116,593	114,635	112,781	111,031	109,384	101,692
	20 C	\ (108.923)	110.760	113,123	116,008	118,891	121,775	124,659	124,070	123,585	123,204	122,926	145.042
	Α		111,923	115,551	119,804	124,057	128,310	132,563	133,340	155,512	159.238	163,067	188,231
	ω		111,249	120.408	746,121	760**51	2000						
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#### 2) Introduction of Public Funds

The measure to be considered after the raising tariff rates level is the introduction of public funds. This project is a prior investment aiming at the regional development and can greatly contribute to the development of the region. It is, therefore, considered proper for the Government or Agencies concerned to subsidize the port finance. There are two conceivable methods.

#### i) Subsidy

One method is for the government or regional development agencies to supplement shortages in the revenue. This will be a subsidy for the port finance with public funds by the agencies. There are several alternatives as to the object and amounts of this subsidy, but the assumption here is that subsidization will be in an amount equivalent to 70% of the initial interest on the long-term loans. Tables 10-23 to 10-25 are the financial statements for this case. No problems due to this measure exist in the revenue and expenditure and the source and application of funds.

Table 10-21 Financial Ratio (III)

Year	1989	1992	1996	2002
Total Expenditures Total Revenues	96.6%	96.6%	92.1%	83.17

### ii) Government Fund (Investment Subsidy)

The second method is for the government to grant its fund for the initial construction costs of the project. Tables 10-26 to 10-28 are for the case where it is assumed that funds necessary for this project will be raised as follows: 30% from the PPA fund (owned capital), 30% from the long term loans and 40% from the Government fund.

In this case, however, since the burden of payment of the interest lessens, the financial accounting will be able to be self-supporting.

Table 10-22 Financial Ratios (IV)

Year Item	1989	1992	1996	2002
Operating ratio	100.7%	100.7%	98.2%	93.37
Interest earned ratio	0.96	0.96	1.13	1.74

Table 10-23 Statement of Revenue and Expenditure

(Unit: Pl.000)

X***Carlo	(1982)		990	1080	1990	1991	1992	1993	7867	1995	1996	-2002
#5%	/99AT - 1	1064	32.7						747	7/7 >	927 >	32.856
				747 3	927 5	5,476	5.476	0.470	0 3	,		
Ocerating Revenue		3	100	1					2	, 70%	2 704	16.764
		***		30%	2.794	2,794	2,794	76/17		_		•
Coaracing Expendicura		7	****				40	7 603	583	2,682	2,682	16,092
•		2 35.4	2.471	2.682	2,682	2,082	7004	3				, , , , ,
Operating Profit		-							1.821	1.821	1.821	0.920
4. 1	_	1, 821	1.821	1,821	1.823	1,064	****	•			.,0	771 3
Depreciation	_		•		1,70	198	. 198	198	198	₹ *	Š	3
mande after Bankeriation		3	3	100	***	ţ	:		•	74.0 .	444	7
The second secon			2	/a/ /	2,0%	2.084	7,087	2,08	200	200	!	•
Tarawas on Loss	(367)	2.084	300	1	}				_			
					:	_		-		2.4	1104	A3. 276
Profit after Interest			- 3		V1 224	A1 223	Δ1, 223	41,223	A1,119	01,015	11/3	
Se Loan		41.651	47.436	07740					047 .	1 460	7,460	8,760
	12.72	Ş,	977	7. 460	097	3,	2	200	*			
Subeldy	(707)	}	3	<b>&gt;</b>				446	177	33	Š	
	-	10 tV		237	737	72.7	167					000
Nen Profit						¥7,	7.83	1.020	1,361	308	2,335	, S
The same of the sa	6	4191	0165	7/	3							

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Table 10-2

(mate: P1.000)

								:		•		255
Your	(1983 )		000	080	96	1661	1992	1993	7661	1.995	29%	-2002
ICem	/ -1986/	1967	2,000	200								
Source of Funds (A)			č	1 801	1.821	1.821	1,821	1,821	1,821	1,821	1,821	10,926
Depreciation		1.821	136.4	198	861	198	198	861	861	198	861	007.0
Proffs after Depreciation	(767)	37.1	35,1	1,460	1,460	1,460	1.460	1.460	1,460	1,460	1,460	24,852
Substay		3,714	3.931	4,142	4,162	4,162	6,142	747				
Application of Funds (B)					•	700	2 084	2.084	1 980	1,876	1,772	8,442
Interest on Loan	(767)	2,084	7,084	2.084	7,084	50.		3,473	3,473	3,473	3,474	20.844
Repayment of Longwiterm Loan			_		780	2.084	2,084	5,557	5,453	5,349	5,246	29,286
TOTAL		7,08%	7,084	200.7				:		440	3	74. 7.97
Increase/Decrease of Net		1.630	1,847	2,058	2,058	2,058	2.038	01,415	Δ1.311	41.207	207.14	,
Net Current Assets At				3,477	5,535	7,593	159.6	11,709	10,294	8,983	7,776	6,672
Beginning of Year (D)					7 603	0,651	11,709	10,294	8,983	7,776	6,672	2,238
End of Year (E-C-D)	<u> </u>	89,1	3.477	55.5								

Table 10-25 Balance Sheet

Year	(1986)	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	2002
As sat *								:			-	-
Paxed Assets	(109,690) 107,869	107,869	106,048	104,227	102,406	100,585	98,764	8,943	95,122	93,301	91,480	35,08
Non-Depreciable Assets	(896"07)	896 07 (896 07)	896 07	896*07.	896.03	896*07	896"07	896*07	896*07	896"07	896.09	896*07
Depreciable Assets	(68,722)	(68,722) 66,901	080,29	63,259	61,438	59,617	57,7%	\$5,975	54,154	52,333	50,512	39,586
Net Curyent Assets		1.630	3,477	5,535	7,593	159.6	11,709	10,294	8,983	7,776	6,672	2,238
TOTAL	(109,690)	109,499	109,525	109,762	109,999	116,236	110,473	107,237	104,105	101,077	98,152	82,792
Z. A. B. J. J. C. C. C.												
Captical	(40,213)	£12,04 (£12,04)	40,213	40,213	40,213	40,213	40,213	40,213	60,213	517°04	40,213	60,213
Tone-Term Loan	(69,477) 69,477	69,477	2.29	69,477	69,477	69,477	69,477	900.99	62,531	39,038	\$\$,58 \$\$	37.3
Nessine		0191	7165	72	8	346	783	1.020	1,361	1,806	2,355	7,839
TOTAL	(109,690) 109,499	109,499	109,525	109,762	109,999	110,236	110,473	107,237	104,105	101.077	98,152	82,792

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Table 10-26 Statement of Revenue and Expenditure

Yac'	(1983_)	1	990	1 089	1990	1991	1992	1993	1994	1995	19%	-2002
Icen	1-1986)	196/	00X.*	2027				1	74.	767 >	92.7 \$	32.856
		789 7	5.062	5.476	5,476	5.476	5.476	2*470	) 0 3 6	) 		2
Operating xevenue				700	704 4	2.794	2.794	2,794	2,795	2,7%	*/*	10.0
Operating Expenditure	_	7.397	1,60.7	4.7.7		407	7 682	2 683	2.682	2,682	2,682	16.092
Operating Profit		2 254	2,471	2.682	2,082	700.7	700		***	1 821	1.821	10,926
Tenner's artico		1,821	1,821	1,821	1,621	1.821	1,821	179-1	4 7 6		, 78	3,166
	-	\$27	650	198	861	861	792	198	100	100	š ,	377
PROCES ALCON DOPINGS AND INC.		8	800	899	899	899	899	668	48	608	*6/	
Incerese on Loan	(222)	03.3	***		9.4	80.4	A38	A38		얾	97	1,521
Profit after Interest	(43335)	9970	6770	<b>Q</b>	9	}	:				-	
on Loan								A1 240.	A1.233	41.181	480.10	437
The state of the s	(4334)	4801	050.14	41,088	01,126	701.10	477.40	A				

Table 10-27 Statement of Source and Application of Funds

(Unic: #1,000)

Xear         (1963 )         1987         1988         1989         1990         1991         1992         1893           Max (A)         1,621         1,821         1,821         1,821         1,821         1,821         1,821           Depreciation         433         650         861         861         861         861         861           Sepreciation         2,234         2,471         2,682         2,682         2,682         2,682         2,682           Sepreciation         (335)         899         899         899         899         899           Long-Term Loan         (335)         899         899         899         899         899           Cease of Net         (335)         899         899         899         899         899         2,397           Cease of Net         (335)         1,355         1,572         1,783         1,783         1,783         1,783         2,854           Assets at         -         -         4,375         6,158         7,941         9,724	20 17 7 mg .												1997
(335) 899 899 899 899 899 899 2.397 (435) 1,355 1,572 1,783 1,783 1,783 1,783 1,783 2,852 2.853 2.853 2.953 2.95 2.953 2.397 2.355 2.355 2.355 2.355 2.355 2.357 2.355 2.355 2.357 2.355 2.355 2.357 2.355 2.355 2.357 2.355 2		(1983)		1988	1989	1980	1991	1992	1993	1994	1995	1996	-2002
Man (A)         1,821         861         861         861         861         861         861         861         861         862         862         862         862         862         862         862         863 <th></th> <th>-</th>													-
Depreciation         1,821         1,622         2,682	Source of Funds (A)				-				, ca	1.821	1.821	1,821	10,926
Depreciation         433         650         861         861         861         861         961         961         961         961         961         961         961         961         961         961         962         2,682         2,6	Depreciation		1,821	1,821	1,821	1.821	12841	***	3	861	98	198	5,166
(335) 899 899 899 899 899 899 899 899 (335) 899 899 899 899 899 899 899 899 899 89	Profit after Depreciation		\$4	650	198	198	108	400	2,682	2,682	2,682	2,682	16.092
(335) 699 899 899 899 899 899 1,498 (235) 899 899 899 899 899 899 899 2,397 (235) 1,352 1,572 1,783 1,783 1,783 1,783 2,85	TOTAL		2,254	2,472	2,682	2,082	700.7	700.7					
(335) 699 899 899 899 899 399 2.397 (335) 899 899 899 899 2.397 (4535) 1,355 1,572 1,783 1,783 1,783 1,783 285 - 4,375 6,158 7,941 9,724	Application of Funds (B)				- !	4		000	668	33	8	764	3,645
(0335) 899 899 899 899 2,397 (0335) 1,355 1,572 1,783 1,783 1,783 1,783 285 - 0335 1,020 2,592 4,575 6,158 7,941 9,724	Interest on Loan	(333)	689	668	868	669	۸ <b>۸</b> ۵	2	1,498	1,498	1.499	1,499	36,8
(a335) 899 899 039 037 037 (a335) 1,783 285 (a335) 1,355 1,572 1,783 1,783 1,783 285 a335 1,020 2,592 4,575 6,158 7,941 9,724	Repayment of Long-Term Loan	·		-	8	900	ď	809	2,397	2,352	2,308	2,263	12,639
(a535) 1,355 1,572 1,783 1,783 1,783 1,783 285 a535 1,020 2,592 4,575 6,158 7,941 9,724	TOTAL	(335)	899	898	Â	440				1			•
4.575 6.158 7.941 9.724	Increase/Decrease of Nat	(\$335)	1,355	1,572	1,783	1,783	1,783	1,783	282	330	374	617	7,63,5
	Nec Current Assets At		4335	1,020	2,592	4.575	6.158	7.941	9,724	10,009	10,339	10,713	21,13
60,01 7.941 9.724 10,009	Degraning of Year w/				744	6.158	7.941	9,724	10,009	10,339	10,713	11,132	14,585
	End of Year (E=C=D)	(4335)	7.020	7,507									

Table 10-28 Balance Sheet

(Unic: 1,000)

Xtam Xtam	(3986)	1987	1988	1989	1990	1661	1992	1993	7667	1995	1996	2002
	870 901 102 869 106 0017	107.869	106.048	104, 227	102,406	100,585	98.764	676.96	95,122	93,301	91,480	80,554
and the state of t	(4A) 9A(8)	996 07 (896 07)	896.07	896	896	896 07	896 07	896 07	896.07	896,07	896.07	88.03
	(AR 777)	(58 772) 66-901	•	63, 239	01.438	59.617	57,796	55,975	*1.*	52,333	50,512	39,586
	(>1,4)	(4135)	2 592	7.7.7	6.158	7 941	9.724	10,009	10,339	10,713	11,132	14,585
TOPIC CENTRAL PARTY AND THE PA	0.09.355) 108.869 108.640	108.889	108.640	108,602	106,564	108,526	108,488	106,952	105,461	104,014	102,612	95,139
2007										Ÿ		-
177 MOV AV CT 000	(46 213)	(40 213) 40 213 40 213	40.213	40,213	40.213	40,213	40,213	40,213	40,213	40,213	40,213	40,213
	(007 00)	067 66 (067 64)	607 66	39.499	39.499	39,499	1	39.499	39,499	39,499	39,499	39,499
Tomostan Toan	29,978	29.978		29.978	29,978	29,978	29,978	28,480	26,982	25,483	23,984	14,990
Person	(\$335)	4801	1	41,088	01.126	AX.164	. A1 202	Δ1,240	41,233	41.181	480.10	437
TOTAL	(109,355) 108,889 10	108.889	108,640	108,602	108,564	108,526	108,488	106,952	105,461	10,,01	102,612	95,139

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## 6. Concluding Remarks

The financial analysis shows that the soundness and the profitability of this project can be consured by raising current tariff rates.

If the current tariff is doubled, FRR of this project is estimated to be 5.2 percent. The revised tariff rates are acceptable since all the dues and charges collected by this tariff rate raise are well within the entire benefit of this project. This raise can also be said reasonable compared to those in neighbouring countries.

And introduction of public funds to secure the financial self-supporting seems to be a recommendable alternative, since this project contributes greatly to the regional development and is expected to yield great benefit to the national economy.

Table 10-29 Financial Internal Rate of Return (CASE-A) (All political politi

			<u> </u>	<u> Proposition de la companya del companya del companya de la compa</u>	
l				Present Value	Discounted at 0.4%
Y	ear	Project Cost	Profit	Project Cost	Profit
1	1983	604		604 (4) (55)	के अन्तर्भाष्ट्रीय मध्ये रहत्वी हत
2	1984	1,466	to visit in the right	1 11,460 ftm 3t	entitorii ser in iber
3	1985	32,522	e difful in region	32,263	មន្ទារ៉ាតែស៊ីស៊ីស៊ីកាមសេសស្ន
4	1986	65,332		64,554	ne Make a Latingere (
5	1987		3,649		3,591
6	1988		3,990		3,911
7	1989		4,325		4,223
8	1990		4,325		4,206
9	1991		4,325		4,189
10	1992		4,325		4,172
11	1993		4,325		4,156
12	1994	 	4,325		4,139
13	1995		4,325		4,123
14	1996		4,325		4,106
15	1997		4,325	·	4,090
16	1998		4,325	·	4,074
17	1999		4,325		4,057
18	2000		4,325		4,041
19	2001	-	4,325		. 4,025
20	2002		4,325		37,631
Res	idual Value	<del></del>	36,271		
Tot	al	99,924	104,460	98,883	98,734

FRR = 0.42

Table 10-30 Financial Internal Rate of Return (CASE-B)

	to Myth t	,			(Unit:	P1,000)
	Year Steel	Project Cost	Profit	Present Value I Project Cost	Discounted at Profit	1.8%
<u> </u>	4 1 1 2 2 2 2		·	Troject cost	FLOTIC	
1	1983	604		604		
2	1984	1,466		1,391	_	
3	1985	32,522		31,382		
4	1986	65,332		61,927	:	
5	1987		4,580	. [	4,265	
6	1988	4	5,002		4,575	
7	1989		5,420	•	4,870	
8	1990	-	5,420		4,784	
9	1991		5,420		4,699	
10	1992		5,420	·	4,616	·
11	1993	,	5,420		4,534	: "
12	1994	·	5,420	1	4,454	
13	1995		5,420		4,375	
14	1996	:	5,420	,	4,298	•
15	1997		5,420		4,222	
16	1998	1	5,420		4,147	
17	1999		5,420		4,074	*
18	2000	† †	5,420		4,002	
19	2001	±	5,420		3,931	
20			5,420		29,705	
Re	sidual Value	:	36,271			
То	tal	99,924	121,733	95,362	95,551	

FRR=1.8%

# Table 10-31 Financial Internal Rate of Return (CASE-C)

(Unit: P1.000)

			Present Value Discounted at 3.5%			
Year		Project Cost	Profit	Project Cost	Profit	
1	1983	604		604		
2	1984	1,466	<del>.</del>	1,416	i i laki ki	
3	1985	32,522	<u>-</u>	30,360		
4	1986	65,332		58,926		
5	1987	:	5,742	* <sup>(1)</sup>	5,004	
6	1988	·	6.268		5,277	
7	1989		6.789		5.523	
8	1990	·	6,789		5,336	
9	1991	1	6,789		5,156	
10	1992	) :	6,789	1-2	4,981	
11	1993		6,789		4,813	
12	1994	:	6,789		4,650	
13	1995	· 	6,789		4,493	
14	1996		6,789		4,341	
15	1997		6,789		(1) (1) (1) (1) (1) (1) (1) (1) (1) (1)	
16	1998		1		4,194	
17	1999		6,789	A Comment of the Comm	4,052	
			6,789		3,915	
18	2000		6,789		3,783	
19	2001		6,789		3,655	
20	2002		6,789		22,398	
	idual Value		36,271			
Tot	al	99,924	143,327	91,324	91,571	

FRR= 3.5%

Table 10-32 Financial Internal Rate of Return (CASE-D)

(Unit: P1,000)

	<u> </u>	111	<del></del>		(Unit: P1,000		
Year		Project Cost	Daniel a	Present Value Discounted at 5.2%			
	leat .	i is is a	Profit	Project Cost	Profit		
1	1983	604		604	· · · · · · · · · · · · · · · · · · ·		
2	1984	1,466	:	1,394			
3	1985	32,522	:	29,386	1 : .		
4	1986	65,332	· -	56,115			
5	1987		6,905		5,638		
6	1988		7,533		5,846		
7	1989		8,158		6,019		
8	1990		8,158		5,721		
9	1991	<u> </u>	8,158		5,438		
10	1992		8,158	]	5,169		
11	1993	:	8,158		4,914		
12	1994		8,158	] ·	4,671		
13	1995	1	8,158		4,440		
14	1996		8,158		4,221		
15	1997		8,158		4,012		
16	1998		8,158		3,814		
17	1999		8,158		3,625		
18	2000		8,158		3,446		
19	2001		8,158		3,276		
20	2002		8,158		16,958		
Resi	dual Value		36,271				
Tota	31	99,924	164,921	87,524	87,208		

FRR= 5.2%

Table 10-33 Financial Internal Rate of Return (CASE-E)

(Unit: ₱1,000)

Yéar				Present Value Discounted at 8.2%		
		Project Cost	Profit	Project Cost	Profit	
1	1983	604		604	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
2	1984	1,466		1,355		
3	1985	32,522		27,779	\$ 145 S	
4	1986	65,332		51,576		
5	1987		9,231		6,735	
6	1988	1.	10,064	- 1	6,786	
7	1989		10,896		6,791	
8	1990		10,896		6,275	
9	1991		10,896		5,800	
10	1992		10,896	1	5,361	
11	1993		10,896		4,9\$4	
12	1994		10,896	- 1	4,579	
13	1995		10,896 ; 8	- A.	4,232	
14	1996		10,896		3,911	
15	1997		10,896		3,615	
16	1998		10,896		3,341	
17	1999		10,896		3,088	
18	2000		10,896	* 1	2,854	
19	2001	'	10,896	· ·	2,637	
20	2002		10,896		10,552	
Res	idual Value		36,271		100 100 100 100 100 100 100 100 100 100	
	Total	99,924	208,110	81,353	81,512	

FRR = 8.2%

