



PR LTD ACPA7002

PROJECT ALLTWEN BACH



AGENDA

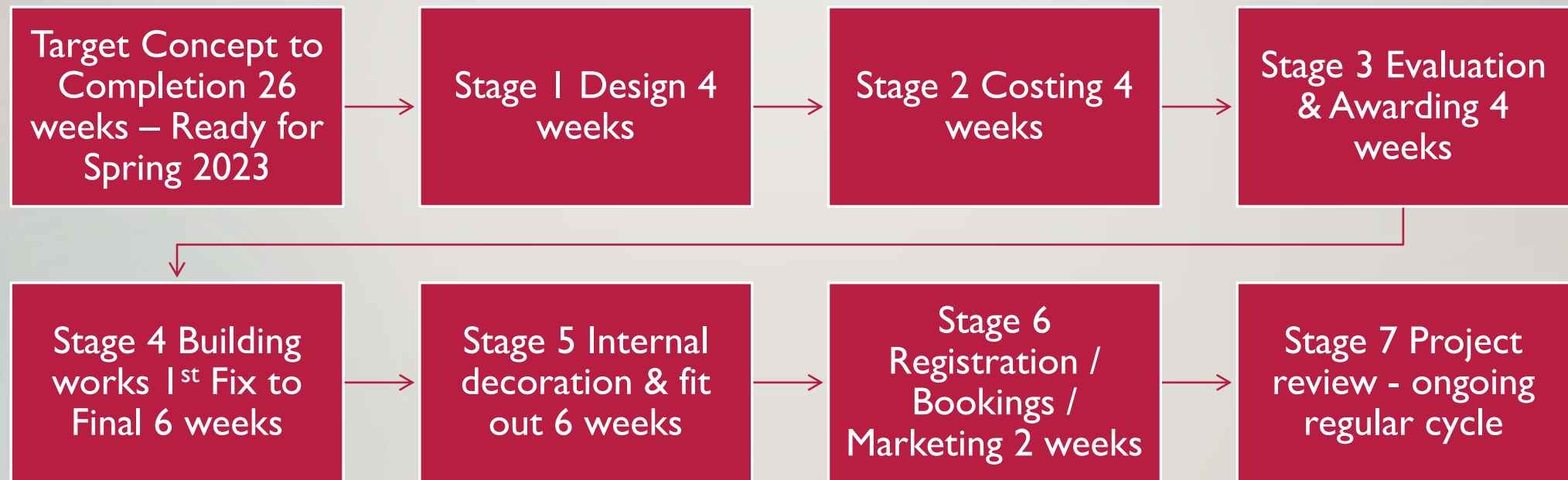
- Outline opportunity
- Timeline
- Implementation issues
- Cost and Benefit Projection
- Project rational
- Funding Options
- Summary & Recommendations



OUTLINE OPPORTUNITY

- Looking to develop an additional revenue stream
- Innovative change to revenue stream
- Construction project developing existing building in company property portfolio
- Offering self catering accommodation
- Rural location, with sunny aspect and outdoor facilities
- Target customer – outdoor activity tourists eg, hill walkers
- Low overheads
- Long term revenue stream

TIMELINE



PROJECT IMPLEMENTATION ISSUES

- Investigate Legalities Planning requirements
- Investigate Legalities Building Regulation requirements
- Contingency Plan for Cashflow
- Time Management Plan for new service
- No Increase in Staffing anticipated
- Minimal disruption by construction work



PROJECT COST & BENEFIT PROJECTION

- Initial quotes indicate Total Investment required £30k
 - £20k Building works internal & external
 - £10k Fittings
-
- Income Projection
 - For modelling purpose £15k pa t/o using Sykes cottages
 - With an estimated £3k in operating costs & commission
 - Using Welsh Government Stats and Air BnB charging models potential income could be in excess of £20k pa
 - 5 Year Plan with option to extend

PROJECT RATIONAL

Project Alltwen Bach		Year				
	Investment	1	2	3	4	5
Present Value	(30,000)	12000	12000	12000	12000	12000
Payback	3 years	2.5 YEARS				
Discount Rate (WACC)	0.00%					
Denominator	1.00	0.870	0.756	0.658	0.572	0.497
Future Value	(30,000)	10,440	9,072	7,896	6,864	5,964
NPV	10,236		10,226			
NPV (Excel Calculated)	30,000					
IRR (Excel Calculated)	29%					
ARR / ROI	12,000 x 100 =		40%			
(Total Investment Basis)	30000					

PROJECT FUNDING OPTIONS



Long Term Internal vs
Long Term External



Borrowing to Finance
Project from Bank /
Mortgage



Incurring increased
costs for project



Using Company
reserves – currently
making little interest



Investing in own estate
will produce higher
returns than currently
receiving



Plus increase the Net
Asset Value of the
company – According
to Zoopla a 15%
increase



Adding more than
double the value of
project to property

SUMMARY / CONCLUSION

Project appraised -

Total capital required £30k

Project Payback 2.5 Years

All measures indicate a positive investment

Increased property value
additional outcome

Recommend Board Approval



PROJECT
ALLEWYN
BACH

Q&A