

12 Financial Analysis

12.1 Reference

«Methods and Parameters for Construction Projects Analysis»(Ver. 03)
published by NDRC and Ministry of Construction
Available Account Regulation and Tax Laws Relative
Local Market Situation

12.2 Basis Data

12.2.1 Production Scale

Designed power capacity is 5950×10^4 kwh, annual power supply is 5414×10^4 kwh, self use of power is 536×10^4 kwh(8% of total electricity power generated)

12.2.2 Calculation Time Period

Total Period is 16 years, among which: construction period 1 year, production period is 15 years.

12.2.4 Project Investment and Capital Source

1. Construction Investment

Construction total investment is 5400×10^4 Yuan RMB.

2. Interest

Bank loan is 3780×10^4 Yuan RMB, yearly interest rate is 6.75%.

3. Fluid Capital

Fluid capital needed is 125×10^4 Yuan RMB.

4. Total Investment

Project total investment is 5653×10^4 Yuan RMB, among which construction investment is 5400×10^4 Yuan RMB.

12.2.5 Employee and salary

Total employee number is 15, annually average salary is 20000 Yuan RMB.

12.3 Pre-calculation Cost of Power Generation

Total cost including fees of fuels and power, salary and welfare, maintenance, depreciation, loan interest and others.

12.3.1 Fuels and power

No fees of fuel and power needed, circling water yearly cost is 135×10^4 Yuan RMB.

12.3.2 Salary and welfare

15 employee needed, annual salary is 20000 元。

12.3.3 Maintenance

Estimated according to electricity supplied (0.085Yuan/Kwh)。

12.3.4 Depreciation

15 years, ratio is 5%。

12.3.6 Other fees

Estimated according to electricity supplied (0.07Yuan/Kwh)

Average electricity supply cost is 0.268Yuan/kwh , operation tax and appendix is 0.005Yuan/kwh.

12.4 Profit Analysis

12.4.1 Operation Income

Electricity supply annually is 5414×10^4 kwh, expected price is 0.323Yuan/kwh (no VAT) ,yearly income is 1749×10^4 YuanRMB (no VAT)。

12.4.2 Tax and Profit

Value added tax is 17%.

Education tax is 3% of VAT, City construction tax is 7% of VAT.

Annually profit is 267×10^4 Yuan RMB。

Income tax ratio is 33%.

Annually income tax is 88×10^4 Yuan RMB。

Profit after tax is 179×10^4 Yuan RMB

Accumulation ratio is 10% of profit after tax.

13. Main financial indicator

No.	Item	Unit	Num.	Remark
1	Power Capacity	MW	9	
2	Average power	MW	8.5	

No.	Item	Unit	Num.	Remark
3	Operation hours	h	7000	
4	Electricity generated/y	10 ⁴ kwh	5950	
5	Electricity supplied/y	10 ⁴ kwh	5414	
6	Self use of power ratio	%	9	
7	Employee		15	
8	Estimated Investment	10 ⁴ Yuan RMB	5653	
9	profit			
	Project IRR before tax	%	9.50	
	Project IRR after tax	%	6.78	
	Returns of investment (before tax)	Year	9.02	
	Returns of investment (after tax)	Year	10.52	