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# **FEASIBILITY ANALYSIS OF ESTABLISHING A TRAVEL FIRM IN LINGAYEN: BASIS FOR A COMPREHENSIVE BUSINESS PLAN**

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## **ABSTRACT**

*Tourism is considered a booming industry. As a driver of local economic development, the establishment of business entities which cater for the travel and hospitality industry undeniably creates job opportunities in communities.*

*This study is aimed at looking at the feasibility of establishing a travel and tour agency in Lingayen, Pangasinan by looking into the following aspects: market study, technical study, management study, and financial study. This study is basically a descriptive research. Specifically, the researcher used feasibility analysis.*

*The researcher concluded that the establishment of travel and tour agency in Lingayen is highly feasible considering the results of the market, technical, management and financial analyses.*

**KEYWORDS:** *tourism, travel and tours, feasibility analysis, market study, financial study*

## **1.0 INTRODUCTION**

Travel is important because it fundamentally transforms people. This experience of waking up to the power of your own transformation fires you up to “be the change you want to see in the world,” as Gandhi puts it.

In the Philippines, at one time, travel was considered more important than a formal education. Some (including this writer) still think it is. Time abroad can be more formative than formal education. Travel is important because other societies around the world have faced the same problems as we in the Philippines have--and they've often implemented somewhat different solutions to these problems. Some solutions work well for many, and some don't. Travel makes people in these cultures valuable resources on the way to a kind, safe and generous society. The open-minded traveler can no longer see "the other" as a

strange tribe of incomprehensible people more dangerous and at the same time more naive than us--just because the passport-free majority refuses to understand or even talk to them.

Aldous Huxley once said “to travel is to discover that everyone is wrong about other countries.” To society, enticing young people to travel and see the world should be a priority. These are the country's future leaders, after all. Youth are resilient, resourceful, and looking to leave home in order to build relationships with others like them. They can make perfect travelers. While old people muddle along on our bus tours, admiring the scenery and appreciating the architecture and the foie gras, young folks are interacting with the culture, often by necessity, one more wrap of tape on that battered horn. Without the wealth that brings isolation in a luxury hotel, they're living abroad communally in hostels and sleeping in

trains. Along the way they're experiencing and debating the social controls and problem solving within a society having different politics and a different history; they're looking into the guts of an unfamiliar culture and acquiring a true and rounded education, skirting the perceived "dangers" by becoming fully informed through their social interactions.

Aware of the potentials of tourism industry to earn lucrative income, the establishment of travel agency offers a great opportunity for one to follow one's passion in travelling and to enable and empower one to earn a reliable source of earnings for the next coming years.

A travel agency is a business that deals in selling travel-related products and services on behalf of suppliers such as airlines, hotels, resorts, cruises, tour operators land transportation, trains, etc. It is also seen as a place or establishment where people can secure information, expert counselling and make arrangements for travel by air, sea or land to any point in the world. This feasibility study intended to propose a establishment of travel agency at Lingayen, Pangasinan.

## 2.0 OBJECTIVES

This study aimed to determine the feasibility of establishing a travel and tour agency in Lingayen, Pangasinan by looking into the following aspects: market study, technical study, management study, financial study and socio-economic study.

## 3.0 RESEARCH METHODOLOGY

This study is basically a descriptive research. Travers (1978) refers to this as a design which describes the nature of a situation as it exist at a time of the study and explores the course of a particular phenomenon.

Specifically, the researcher used descriptive feasibility research. This type of research answers the

overarching question: Can it work? (Orsmond and Cohn, 2015).

In this study, the researcher looked into the feasibility of establishing a travel and tour agency in Lingayen by employing the following analytical tools: market study, technical study, management study, financial study and socio-economic study.

In the course of gathering data for the analyses, the researcher employed the following data gathering techniques: questionnaire and interview.

Data obtained were quantified using descriptive statistics such as frequency distribution, percentage and average weighted mean.

## 4.0 RESULTS

### PROJECT SUMMARY

#### Proposed Business Name

This travel agency company shall be called "Wanderlust Travel and Tours." The name was intentionally chosen because it essentially reflects the very nature of people when it comes to travel. Strategic-wise, the choice of name is designed to give the target clients of the company of an idea of what it offers to them.

The term "wanderlust" is an adjective which means "desire to travel" or "inclination to go on trip/travel." While the name is a bit longer than other usual company names, it is however easy to pronounce and remember. The name itself is unique and somewhat novel compared to other agencies' names.

This travel agency will cater to both individual and group clients. It is intended to provide target clients satisfactory and comprehensive services in the travel industry. It will likewise offer travel and tour arrangements at very reasonable and competitive rates.

### Corporate Logo



**Figure 1. Corporate logo of Wanderlust Travel and Tours**

The foregoing corporate logo reflects the type of business the company is engaged in. At the center, the reader can readily see a hand trailblazing an airplane which signifies travel. Surrounding the center object are the modes of transportation through travel

and tours are made possible. The motif is blue which signifies tranquility and relaxation---the very essence why travels are organized---to help people relax, loosen up, unwind and discover new things---people they never met before and culture that never have

discovered before, all of which can only be done and made possible through travels.

### **Vision**

The “Wanderlust Travel and Tours” envisions to become of the leading travel and tour operators in the Philippines and in the region, characterized by a culture of service excellence and remarkable clients satisfaction.

### **Mission**

To accomplish its vision, “Wanderlust Travel and Tours,” is dedicated to attain the following:

- (1) Provide quality service at reasonable cost;
- (2) Enable clients to experience memorable holidays founded on a beneficial relationship of trust and respect between the company and the clients;
- (3) Develop new and interesting ways to enable clients to have significant and unforgettable travel and tour experiences, exceeding their expectations;
- (4) Improvise and customize travel products to cater to diverse clientele;
- (5) Develop remarkable relationship with corporate clients, individual partners, and other travel agents;
- (6) Expand our relationship with airlines, charter flight operators, hotels, tour operators and travel agents within the Philippines as well as overseas; and
- (7) Promote the great tourist destinations in the country and to introduce Philippine culture with people of other nationalities

### **Location**

The “Wanderlust Travel and Tours” (WTT) will be established at the Lingayen town proper. The establishment of this travel agency in Lingayen is very opportune inasmuch as there exists no travel agency along the Lingayen town proper.

The choice of Lingayen as location is likewise strategic since it is the capital of the province it serves as the seat of the provincial government and the place where most government offices are situated. Further, institutions of learning abound in the area. The primary target clients of this company include private and public tertiary colleges and universities. Among the private higher education of learning include the Columban College, Adelphi College, and Memorial College, to mention a few. As for the public institution of learning, the Pangasinan State University is the foremost SUC in the province. Apart from tertiary colleges and universities, private and public elementary and secondary schools in Lingayen which include the Harvent School, Columban elementary and secondary

schools, Pangasinan National High School, Good Shepherd, Learning Educational Center (LEC), Northbay School, among others.

### **MARKET STUDY**

#### **Service/Product Description**

This business project, “Wanderlust Travel and Tours” aimed at delivering over-all satisfaction on the part of the customers through offering of diverse travel packages and tour arrangements, fulfilling their needs and requirements.

#### **Demand Analysis**

The establishment of travel agency in the province of Pangasinan promises high expectations to an entrepreneur. Hence, the proponent conducted a survey as to the demand for travels and trips, educational tours and other allied services. It also conducted informal interviews among faculty members, administrators, government officials and students as to the feasibility of having a travel agency in Lingayen. The choice of Lingayen as the site of the business project is definitely a good one as Lingayen itself has a ready market from among faculty members and teachers, students and administrators who usually conducts shipboard training, OJTs, foreign trips, educational tours, etc which will serve as ready market for this travel company.

In particular, the Pangasinan State University Lingayen Campus conducts the holding of shipboard of training for its BS Hospitality Management students every semester. The BS HM program alone of the Pangasinan State University has around 500 students who undergo such educational activity. Moreover, its other programs such as BS Business Administration (BS BA), BS Math, AB English, BS Social Studies, AB Economics, AB Public Administration, BS Social Works, to mention a few require students to have on-the-job training program en masse to various places and agencies. These are also ready market for this travel agency, “Wanderlust Travel and Tours.” Faculty members and administrators and officials of the University are also in frequent travel which will justify the provision for travel and tour arrangement for them.

The foregoing only pertains to the needs and demands of the Pangasinan State University. Private colleges in Lingayen such as Adelphi College, Columban College and Memorial College also have their travel and tour requirements in the form of field trips, tours and educational travel or lakbay aral. Their students are sometimes required to go on an educational trip for them to have actual experience of their discussion inside the academic classroom.

Elementary and secondary schools, both private and public, also have occasional travels in the form of field trips and Lingayen definitely is the seat of

a great number of elementary and secondary schools which made it more justifiable to establish a travel agency in the town of Lingayen.

Table 1 below presents the total population of faculty members, students and administrators/officials of the target agencies of Wanderlust Travel and Tours.

As deemed in Table 1, it can be deduced that the proposed travel agency will cater to a total of thirty six thousand four hundred forty five (36, 445) persons across various government agencies and private

entities. The above demographics aptly give us the market segmentation of the travel agency. Apparently, the foremost target market of the travel agency are the students which comprise 90.27% or a total of 32, 900, followed by personnel/employees with 5.35% or 1, 950; and professors/instructors, with 4.38% or 1, 595.

The findings in the foregoing table imply that the travel agency indeed has a ready market segment from schools, government offices and private establishments.

**Table 1**  
**Total Estimated Population of Some Agencies/Schools in Lingayen**

School/Agency	Population	Personnel	Instructors/ Professors/ Administrators	Students
Pangasinan State University (Lingayen, Binmaley and Alaminos	14, 000	1, 000	1, 000	12, 000
Adelphi College	1, 030	30	50	950
Memorial College	1, 600	40	60	1500
Lingayen Technological Institute	550	20	30	500
Columban College	1560	20	40	1500
TESDA	430	10	20	400
Pangasinan School of Arts and Trades	325	10	15	300
Pangasinan National High School	15350	150	200	15,000
Lingayen Educational Centre	375	10	15	350
Harvent School	425	10	15	400
Provincial Government of Pangasinan	350	300	50	---
Municipality of Lingayen	180	150	30	---
DPWH	130	100	30	---
DSWD	70	50	20	---
DILG	70	50	20	---
TOTAL	36, 445	1, 950	1, 595	32, 900
PERCENTAGE EQV.	100%	5.35%	4.38%	90.27%

**Results and Discussions of the Survey and Formal Interview**

As part of the market analysis of this project, the proponent conducted a simple survey and informal interviews to the target market. A total of 212 respondents were taken from certain groups to be able to establish the need for a travel agency in Lingayen and to be able to dig deeper on the perceptions of the target market as to their reasons and purposes in going

on a trip or travel. The Slovin’s Formula was used to determine this sampling. The breakdown of the 212 respondents appears as follows: students, 100; instructors/professors, 56; and personnel/employees, 56.

As per survey and informal interview made, the tables below reveal the demographic profile of the respondents:

**Table 2**  
**Age Profile of the Respondents**

Age Group	Frequency	Percent
17-below	4	1.89
18-35	40	18.87
36-45	88	41.50
46-55	40	18.87
56-65	0	0.00
Total	212	100

As shown in Table 2, out of 200 respondents, 88 or 41.50% are of the age group 36-45; while 40 or 18.87% belong to the age group 18-35 and 46-55. Only four (4) or 1.89% are of the age group 17 years and below. It appears that most of the respondents belong to group whose age ranges from 36-45, whereas the least number are aged 17-below. Apparently, the respondents are of diverse age ranges which would signify that travelers and trippers along the area of

Lingayen come from various age groups. Travelling is everyone’s venture. This imply that the possible clientele of Wanderlust Travel and Tours may come from teenage groups, adult groups and even middle-age groups.

Presented in Table 3 below are the frequency and percentage distributions of the gender profile of the respondents.

**Table 3**  
**Gender Profile of the Respondents**

Gender	Frequency	Percent
Male	168	79.25
Female	44	20.75
Total	212	100

As shown in Table 3, 168 or 79.25% of the total number of respondents are male, while only 44 or 20.75% are females. Evidently, there are more male respondents than female respondents. It is to be noted

however that both male and female are inclined to go on a trip for various reasons.

Table 4 presents the frequency and percentage distribution of the profile of the respondents in terms of civil status.

**Table 4**  
**Civil Status Profile of the Respondents**

Civil Status	Frequency	Percent
Single	120	56.60
Married	92	43.40
Total	212	100

As shown in Table 4, out of 212 respondents, 120 or 56.60% are single; while 92 or 43.40% are married. The majority of the respondents are single and could have more time in going to different places for vacation or leisurely trip.

Table 5 presents the frequency and percentage distribution of the profile of the respondents in terms of the agency where they are connected.

**Table 5**  
**Profile of the Respondents in Terms Agency Where They Belong**

Agency	Frequency	Percent
SUC	106	50.00
DEPED	50	23.57
Private Agencies	30	14.15
LGU/National Government	36	16.98
Total	212	100

Table 5 reveals that out of 212 respondents, 106 or 54.72% are from the State University and College, in particular the Pangasinan State University; 50 (23.57%) are from the Department of Education; 30 (14.15%) are from private agencies; and 36 (16.98%) are from LGU/national government agencies.

It can be deduced from the figure that majority of the respondents are from a state university, which in particular is the Pangasinan State University which offers BS Hospitality Management program and BS Business Administration program.

Table 6 below presents the travel-related activities that respondents undergo.

**Table 6**  
**Travel-Related Activities that Respondents Undergo**

Travel-Related Activities	Frequency	Percentage	Rank
Educational trips/tours	120	25.05%	1
Shipboard training	100	20.88%	2
OJT	40	8.35%	5.5
Conventions/Seminars/Symposium	59	12.32%	4
Private or leisurely trip	90	18.79%	3
Business trip	40	8.35%	5.5
Work employment	30	6.26%	7
TOTAL	479	100%	

As deduced in Table 6, out of 479 responses, the respondents considered educational trips and tours as the most frequent travel-related activity that they undergo, with 120 or 25.05%. Not too far in terms of frequency of response is shipboard training, with 100 or 20.88%; followed by private or leisurely trip with 90

or 18.79%; conventions/seminars, etc., with 59 or 12.32%. Travel for work or employment comprises the least, with 30 or 6.26%.

Table 7 presents data as to the travel purposes of respondents.

**Table 7**  
**Reasons/Purposes Why Respondents Travel**

Travel-Related Activities	Frequency	Percentage	Rank
For educational purposes	100	50.00%	1
For historical/cultural immersion	20	10.00%	6.5
For academic reasons	50	25.00%	2.5
For academic/scholastic reasons	20	10.00%	6.5
For private leisurely purposes	50	25.00%	2.5
For business reason	30	15.00%	4.5
For personal development and self-retrospection	30	15.00%	4.5
TOTAL	300	100%	

As can be gleaned in Table 7, out of 300 responses, the respondents go on travel or a trip for educational purposes, with 100 or 50%. Not too far in

terms of frequency of response is academic purposes and private/leisurely trip, with 50 or 20.88% each; followed by business reasons and personal

development and self-retrospection with 30 or 15%; and historical/cultural immersion and academic/scholastic reasons, with 20 or 10%.

Table 8 presents data as to the travel services which respondents most frequently avail.

**Table 8**  
**Travel-Related Services Respondents Frequently Avail**

Travel-Related Activities	Frequency	Percentage	Rank
Booking and ticketing service for local and/or foreign trip	110	39.28%	1
Tour arrangement for educational trip	70	25%	2
Passporting and Visa application	50	17.86%	3
Cruise tour arrangement	10	3.57%	5
Events planning and organizing	30	10.71%	4
<b>TOTAL</b>	<b>280</b>	<b>100%</b>	

As shown in Table 8, out of 280 responses, the respondents avail of booking and ticketing service for local and/or foreign trip as the most frequently availed travel-related service, with 110 or 39.28%; followed by tour arrangement for educational trip, with 70 or 25%; passporting and visa application, with 50 or

17.86%; events planning and organizing, 30 or 10.71%; and cruise tour arrangement with 10 or 3.57%.

Table 9 presents data as to whether or not there is a need for the establishment of a travel agency in Lingayen.

**Table 9**  
**Need for the Establishment of Travel Agency in Lingayen**

Indicator	YES	NO
Is there a need for a travel agency in Lingayen	202	10
PERCENTAGE	95.28%	4.72%

As shown in Table 8, 202 or 95.28% respondents said that there is really need for the establishment of a travel agency in Lingayen, while only 10 or 4.72% stated otherwise.

**TECHNICAL STUDY**

**Service Description**

The services to be offered by “Wanderlust Travel and Tours” are all what are needed by frequent and occasional travelers and trippers. It includes a wide range of services which include among others booking and ticketing, tour packages, transport services, guiding and escorting, etc. Apart from its typical main office, its services are available online through its website.

**Business Process**

The Wanderlust Travel and Tours will open during the office business hours which is 8:00 AM to 5:00 PM. Inquiries and messages send through fax shall be so attended through the use of unattended fax machine. E-mail alerts will be checked by the website administrator from time to time.

**MANAGEMENT STUDY**

**Form of Business Organization**

The type of business is a corporation. It is to be registered with the Securities and Exchange

Commission (SEC) for the contract called articles of incorporation. Wanderlust Travel and Tours as corporation will be registered with the different government agencies as Securities and Exchange Commission (SEC), Department of Trade and Industry (DTI), Business Permit and Licensing Office of Lingayen (BPLO), Bureau of Internal Revenue (BIR) and Social Security System (SSS).

**Organizational Structure**

Wanderlust Travel and Tours chose the functional type of organization. This is one of the most commonly used type of organizational structure which all activities in the firm are group together according to certain functions like production, marketing, service and administrative.

**Manpower Requirements**

It is very vital in all business organization to know their manpower requirements to operate systematically and effectively at all times. It will help also to determine the capacity or capabilities of the employees to fit in the flow of business as well as to have a

clear duties and responsibilities. Having standard qualifications in hiring and selecting, the employee will establish efficient business operations.

**Table 10**  
**Organizational Manpower of Wanderlust Travel and Tours**

<b>Position</b>	<b>Job Description</b>	<b>Job Specification</b>
President	<ul style="list-style-type: none"> <li>• Responsible for the overall supervision of all other managers and subordinates.</li> <li>• Responsible for the administration of all the management functions – planning, organizing, controlling and directing</li> <li>• Handles the implementation of the policies, rules and regulations throughout the organization.</li> <li>• Monitors the performance of his subordinates.</li> </ul>	<ul style="list-style-type: none"> <li>• College graduate of as 4-year Management degree</li> <li>• At least 5 years of managerial experience and has a higher degree of academic preparation</li> <li>• Highly intelligent and very good in decision making</li> <li>• Creative and imaginative</li> <li>• High-level communicative skills</li> </ul>
Vice-President	<ul style="list-style-type: none"> <li>• Assist the President in the over-all supervision of the company</li> <li>• Assist the President in the over-all management functions</li> <li>• Helps in the smooth implementation of the policies, rules and regulations</li> <li>• Responsible for the overall ongoing production operations including inventory control, scheduling, documentation, equipment, maintenance, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• College graduate of as 4-year Management degree</li> <li>• At least 3 years of managerial experience and has a higher degree of academic preparation</li> <li>• Good in handling people</li> <li>• Able to establish good rapport and connections</li> </ul>
Finance Officer	<ul style="list-style-type: none"> <li>• Handles the finances of the company</li> <li>• Prepares financial report, income statement, financial analysis and other related documents of the company</li> <li>• Gives advise as to the financial viability of projects, ventures that the company enter into</li> <li>• Does other functions as may be required of by competent authorities</li> </ul>	<ul style="list-style-type: none"> <li>• College graduate of 4-year business, commerce or management course, preferably an accountant by profession</li> <li>• Has at least two (2) years accounting and auditing experience</li> <li>• Has good business sense</li> <li>• Has remarkable work ethics</li> </ul>
Information Officer	<ul style="list-style-type: none"> <li>• Acts as the liaison officer of the company between clients and the management;</li> </ul>	<ul style="list-style-type: none"> <li>• College graduate, preferably one with a degree in Communication, English, or</li> </ul>

	<ul style="list-style-type: none"> <li>• Acts as press relations and public relations officer of the company</li> <li>• Manages information system of the company</li> </ul>	<ul style="list-style-type: none"> <li>• other allied disciplines;</li> <li>• Has at least one (1) year experience as information officer;</li> <li>• Has pleasing personality</li> <li>• Excellent communication skills</li> </ul>
Tourist Officer	<ul style="list-style-type: none"> <li>• Acts as consultant on matters affecting tourism operations of the company</li> <li>• Manages transactions of the company with agencies of the government such as DTI, DOT and the like</li> <li>• Provides coordination function with airline, hotels, shipping lines, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• College graduate, preferably one with a degree in Tourism, or other allied disciplines;</li> <li>• Has at least one (1) year experience as tourist officer;</li> <li>• Has pleasing personality</li> <li>• Good communication skills</li> </ul>
Account Officer	<ul style="list-style-type: none"> <li>• Handles individual and corporate accounts of clients</li> <li>• Acts as coordinator on matters affecting the needs of the clients</li> <li>• Ensures client's satisfaction on their travel needs</li> </ul>	<ul style="list-style-type: none"> <li>• College graduate, preferably one with a degree in Communication, Business Administration, Management, English, or other allied disciplines;</li> <li>• Has at least one (1) year experience in travel agencies;</li> <li>• Has pleasing personality</li> <li>• Pleasant voice and good conversational skills</li> </ul>

**FINANCIAL STUDY**

The financial aspect of the project feasibility study quantifies the results of the marketing, technical, management, taxation and legal phase of the project study and expresses in peso terms the possible outcome of operating the project.

For purpose of this business plan, the following are the major assumptions:

1. The operation of Wanderlust Travel and Tours shall commence on January 2015
2. One (1) percent of the gross income will be allotted for repairs and maintenance.
3. Depreciation method used is the straight line method.

4. Electricity fees shall estimated at Php 3,000.00.
5. Internet bill will be at Php 3, 000.00.
6. This feasibility project will adopt the accrual method of accounting.
7. Salaries will be at Php 70, 000.00 monthly. Salaries of staff will increase by 5% every year.
8. Income tax is paid 30% annually.
9. The working capital is set for the first three (3) months, assuming that in those two months there will be no cash flows.

Table 11 below presents the breakdown of the initial capital requirement of Wanderlust Travel and Tours

**Table 11**  
**Initial Capital Requirement**

<b>Particulars</b>	<b>Amount (Estimated Expenses)</b>
Equipment/Tools/Software	Php 200, 000.00
Leasehold/Improvement	Php 40, 000.00
Furniture and Fixtures	Php 25, 000.00
Cleaning Tools	Php 1, 000.00
Office Supplies	Php 10, 000.00
Deposit to Rent	Php 16, 000.00
Water and Electricity Connection	Php 3,000.00
Internet Service Connection	Php 3,000.00
Organizational Cost	Php 5, 665.00
Salary/Wages	Php 70,000.00
Taxes Due	Php 3, 000.00
<b>TOTAL ESTIMATED EXPENSES</b>	<b>Php 376, 665.00</b>
Remaning Operating Capital	Php 423, 335.00
Total Project Cost	Php 800, 000.00

Table 12 below presents the expenses to be incurred relative to the organizational activities of the company.

**Table 12**  
**Organizational Cost**

<b>Particulars</b>	<b>Amount (Estimated Expenses)</b>
SEC Registration Fee	Php 1, 000.00
DTI Application Fee	Php 500.00
Documentary Stamp	Php 15.00
DOT Accreditation	Php 1, 500.00
Mayor’s Permit	Php 1, 000.00
Fire Code Fee	Php 100.00
Occupancy Permit	Php 500.00
Sticker Fee	Php 50.00
BIR Registration	Php 1, 000.00
<b>TOTAL</b>	<b>Php 5, 665.00</b>

**Sources of Financing**

The amount of Php 800, 000.00 is substantially adequate to start the proposed project. The business owner will be responsible in producing the capital requirement.

Certain considerations are the following:

- a. Projected Daily Clients = 50
- b. Number of Days of Operation = 6
- c. Projected sales per client =1, 000.00
- d. Salary increase of staff yearly = 5%

- e. Projected increase in customers yearly =25%
- f. Yearly increase in administrative/ selling expenses = 5%

The projected gross income is Php 1, 200,000.00 per month. Considering that the estimated initial capital requirement is Php 800, 000.00, it appears that within two months, the capital could have already been gained and the succeeding months can become promisingly profitable.

**WANDERLUST TRAVEL AND TOURS’ STATEMENT OF CASH FLOW  
(FOR YEAR 1 TO YEAR 5)**

<b>CASH REVENUE</b>	Year 1	Year 2	Year 3	Year 4	Year 5
Initial Investment	800,000.00				
Net Income	4,800,000.00	720,000.00	108,000.00	16,200.00	2,430.00
<b>TOTAL</b>	<b>5,600,000.00</b>	<b>7,000,000.00</b>	<b>8,750,000.00</b>	<b>10,937,500.00</b>	<b>13,671,875.00</b>
<b>CASH DISBURSEMENT</b>	Year 1	Year 2	Year 3	Year 4	Year 5
Salaries	840,000.00	882,000.00	926,100.00	972,405.00	1,021,025.25
Rental	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00
Internet Bill	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
Electric Bill	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
Repairs/Maintenance	12,000.00	12,600.00	13,230.00	13,891.50	14,586.08
Miscellaneous	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00
Employee Benefits	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00
Office Supplies	10,000.00				
Equipment/Materials	200,000.00				
Cleaning Tools	1,000.00				
Organizational Cost	10,000.00				
Rental Deposit	16,000.00				
Leasehold Improvement	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00
<b>TOTAL CASH DISBURSEMENT</b>	<b>1,201,000.00</b>	<b>1,006,600.00</b>	<b>1,051,330.00</b>	<b>1,098,296.50</b>	<b>1,147,611.33</b>
<b>Reconciliation of Cash Flow</b>	<b>3,599,000.00</b>	<b>5,993,400.00</b>	<b>7,698,670.00</b>	<b>9,839,203.50</b>	<b>12,524,263.68</b>
<b>Add: Total Cash Revenue</b>	<b>5,600,000.00</b>	<b>7,000,000.00</b>	<b>8,750,000.00</b>	<b>10,937,500.00</b>	<b>13,671,875.00</b>
<b>Minus</b>					
<b>Total Closing Balance</b>	<b>4,399,000.00</b>	<b>5,933,400.00</b>	<b>7,698,670.00</b>	<b>9,839,204.50</b>	<b>12,524,264.00</b>

**WANDERLUST TRAVEL AND TOURS’ PROJECTED BALANCE SHEET  
(FOR YEAR 1 TO YEAR 5)**

<b>ASSETS</b>	Year 1	Year 2	Year 3	Year 4	Year 5
Cash	PhP4,399,000	PhP5,993,400	PhP7,698,670	PhP9,839,204	PhP12,524,264
Inventories	750,501.00	788,026.05	827,427.35	868,798.72	912,238.66
Non-Current					
Equipment	200,000.00	160,000.00	128,000.00	102,400.00	81,920.00
Furniture and Fixtures	PhP25,000.00	PhP20,000.00	PhP18,000.00	PhP14,400.00	PhP11,600.00

TOTAL	5,374,501.00	6,718,126.25	8,397,657.81	10,497,072.27	13,121,340.33
<b>LIABILITIES</b>	Year 1	Year 2	Year 3	Year 4	Year 5
Salaries	840,000.00	882,000.00	926,100.00	972,405.00	1,021,025.25
Rental	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00
Internet Bill	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
Electric Bill	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
Repairs/Maintenance	12,000.00	12,600.00	13,230.00	13,891.50	14,586.08
Miscellaneous	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00
Employee Benefits	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00
Tax Due	1,539,650.00	2,097,690.00	2,694,534.50	3,443,721.40	4,383,492.40
TOTAL	2,463,650.00	3,064,290.00	3,705,864.50	4,502,017.90	5,491,103.73
<b>OWNERS EQUITY</b>					
Capital	800,000.00	800,000.00	800,000.00	800,000.00	800,000.00
Net Income	1,371,201.00	1,556,146.25	1,997,258.81	2,551,332.97	3,246,744.21
Retained Earnings	1,371,201.00	1,556,146.25	1,997,258.81	2,551,332.97	3,246,744.21
<b>TOTAL LIABILITIES AND EQUITY</b>	5,374,501.00	6,718,126.25	8,397,657.81	10,497,072.27	13,121,340.33

**Payback Evaluation**

This presents the length of time required to cover the amount of initial outlay and the recovery of the investment. It is measured by dividing the net investment by the annual net cash flow after tax.

The formula is as follows:

$$\begin{aligned}
 \text{INVESTMENT} &= \text{PHP}800,000.00 \\
 \text{CASH INFLOW AFTER TAX} &= \text{PHP}1,371,201.00 \\
 \text{PAYBACK PERIOD} &= \text{Net Investment/Net cashflow after tax} \\
 &= 0.583 \times 12 \\
 &= 7 \times 30 \text{ days} \\
 &= 7 \text{ months}
 \end{aligned}$$

**5.0. CONCLUSION**

The market, technical, management and financial projections made in this study suggest that it is highly feasible to establish a travel and tour agency in Lingayen, Pangasinan because all the conditions necessary for its operations are present.

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**6.0 REFERENCES**

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