

QDB SOW Guidelines

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Applies to:	All BP submissions to QDB	Status:	Approved for Dissemination

1. Business Plan Document

1.1. Governance for the Business Plan Document and the Methodologies Used

This section includes elaborated clarifications and guidelines related to the following main headers. These are either related to the main Scope of Work (SOW) content presented in the SOW documents or related to methodologies that are or can be adopted when developing studies:

1 Analysis	6 Fieldwork	11 Pages Cap
2 Benchmarking	7 Financial Tables	12 Report Sequence
3 Client Input	8 Industry	13 Scenarios
4 Conclusion	9 Make-or-Buy Analysis	14 Sourcing and Referencing
5 Export Potential	10 Market Surveys & Focus Groups	15 Subject Matter Expert

1 Analysis	<ul style="list-style-type: none"> - Sub-conclusions including key-takeaways should be provided at the end of key sections (e.g. Market Assessment, Technical Assessment, Financial Assessment...). - The provision of information and data without proper analysis and recommendations is not sufficient or acceptable; all assumptions made need to be justified with acceptable and practical rationale. - When a project is assessed as feasible, the study should highlight the conditional requirements to achieve the projected results.
2 Benchmarking	<ul style="list-style-type: none"> - Benchmarking may be an integral method for data collection. When a benchmark is used in the study, the study needs to present the following: <ul style="list-style-type: none"> ▪ The basis of selection of the benchmark(s). This will depend on the profiling of the project ▪ Complete profiling of the benchmark including and not restricted to: the name of the company, the size (e.g. number of staff, area, sales level...), the location, the number of years in operations, the capacity, etc... The profiling requirements of the benchmark will differ by industry ▪ Other as needed
3 Client Input	<ul style="list-style-type: none"> - For studies conducted by Consultancy Firms on behalf of Clients, the inputs provided by the Client should be assessed for adequacy and acceptability by the Consultancy Firm prior to using them for assumptions. - For studies conducted by Clients, all data presented should be verified and justified by the Client.

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4	Conclusion	- The BP Conclusion should have one and only one Conclusion (GO or NO GO). The Conclusion should not present any grey area.
5		Export Potential
6	Fieldwork	
7		Financial Tables
8	Industry	
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<p>9 Make-or-Buy Analysis</p>	<ul style="list-style-type: none"> - A make-or-buy analysis is a requirement for all projects where imports replacement is targeted. - It is used to compare cost of production (inclusive of all costs, taxes, etc...) to the prices of imported products. Comparisons are conducted at the same level of the distribution chain, most of the time this is conducted at own factory/warehouse door (i.e. the cost of importing items then trading them versus the cost of producing items then trading them).
<p>10 Market Surveys and Focus Groups</p>	<ul style="list-style-type: none"> - When a Market Survey or Focus Group is conducted for the purpose of developing the BP, adequate market surveying techniques should be adopted including sample selection techniques, structured questionnaire development, etc... When a Market Survey or Focus Groups is used in the study, the study needs to present the following: <ul style="list-style-type: none"> ▪ Adopted technique ▪ Sampling method used ▪ Date(s) of the survey or focus group ▪ Name of the person(s) conducting the survey or focus group ▪ Means of conducting the survey or focus group ▪ Questionnaire used ▪ All the raw data associated with each respondent ▪ Statistics and findings ▪ Other as needed - These techniques are usually used for market acceptance assessment only. Quantitative data deduced from Market Surveys and Focus Groups and which can be used in market assessment or as a financial parameter are only accepted in rare cases when the sample is big enough to represent the targeted population. - Raw Data may be requested by QDB as an attachment to the studies.
<p>11 Pages Cap</p>	<ul style="list-style-type: none"> - Business Plans should ideally not exceed 100 pages inclusive of all annexures, cover page, table of content, dividers, etc...
<p>12 Report Sequence</p>	<ul style="list-style-type: none"> - The sequence of the report could follow the same order as per the headings of the SOW document; however, the sequence may vary from a project to another and discretion could be used for the same.
<p>13 Scenarios</p>	<ul style="list-style-type: none"> - QDB may request additional scenario analyses depending on prevalent market conditions or force majeure when needed.
<p>14 Sourcing and Referencing</p>	<ul style="list-style-type: none"> - All sources of information used for data and information presented within the report should be referenced adequately including the source name, report name, date, etc... - Only recent and reliable sources of information can be used. - Extensive sourcing of information without references or without value-addition to the report, may incur study rejection and a request for resubmission.
<p>15 Subject Matter Expert</p>	<ul style="list-style-type: none"> - When a Subject Matter Expert is hired or consulted for the development of the BP: <ul style="list-style-type: none"> ▪ The Curriculum Vitae (CV) of the Subject Matter expert is to be submitted along with the study

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- QDB may request the Subject Matter Expert report
- Information provided by the Subject Matter Expert should also have explanations and justifications that are clearly presented in the BP. Justifications stating "*as per Subject Matter Expert opinion*" are not valid or sufficient for accepting assumptions used in the studies

2. Financial Model

2.1. High-level Guidelines for Financial Model Assumptions

The below are generic guidelines for assumptions used to build a financial model of a study in any sector. Requirements change from sector to sector; however, the below may be used as a base:

Revenue Related Assumptions	
Capacity	<ul style="list-style-type: none"> - Look at the theoretical and realized capacity of the machinery or at the theoretical and realized capacity on the base of available resources (e.g. of available resources include staff, physicians, rooms, seats, beds...). Calculations for achievable revenues should be based on the realized capacity with sufficient idle time required for maintenance, or sufficient time for breaks and holidays. - Some sectors require factoring of weekends, official holidays, Ramadan month, or seasonality (e.g. a restaurant with a seating capacity outdoors should be normalized to factor the hot humid months during summer...).
Capacity Utilization	<ul style="list-style-type: none"> - Capacity utilization should be calibrated in such a manner that initially the company starts with low number and gradually rises to the normalized number during year 5 or 6 of full operations. - The normalized number should be the one based on the industry average after adjusting for the specialties of the company in question like scale, expected product differentiation or the lack of it, expected market share, expected market structure in terms of competition and pricing power etc... Sometimes proxies could be used from other markets but these have to be adjusted and sufficient justifications provided. - Capacity utilization should be a monitoring metric for achievability of volumes of products/services sold. However, actual capacity utilization is driven by the market (and not the opposite way), and it should always remain within the acceptable boundaries dictated by the maturity of the business and its stage of development. Achievable sales volumes are always less than or equal to the achievable capacity utilization (in volume terms).
Shifts per Day	<ul style="list-style-type: none"> - Shifts per day should be aligned with machinery maintenance requirements (when applicable), manpower requirement, and S G&A expenses and vice versa.
Selling Price	<ul style="list-style-type: none"> - Selling price should be derived directly from the market with adjustments for positioning as well as supplier selling power and/or client bargaining power. For projections, conservative estimates of inflation should be taken into account.
Other Direct Income	<ul style="list-style-type: none"> - Other direct income from the operations to be substantiated and separately listed down.

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Cost Related Assumptions	
COGS	- Identify the individual COGS items.
Raw Material / Packaging Material / Disposables	<ul style="list-style-type: none"> - Assess consumption of Raw Material as well as other packaging materials and disposables. - Take the current market prices adjusted for supplier / buyer bargaining power and add shipping and warehouse costs. - For projections factor in the normal inflation and expected cost price changes (ideally based on past trends or some specific market conditions). Seasonality of the business and raw material availability to be looked into.
Transportation / Shipment & Duties	- Assess the shipping, transportation and duties costs associated with obtaining the necessary raw and packaging material.
Utility	- List down the utility requirements (power, gas, water) separately. Current rates can be used, but for projections normal inflation to be factored for.
Other Direct Costs	<ul style="list-style-type: none"> - For each of the other direct costs, take the current rates (with sufficient justifications, benchmarks, proofs...) and for projections factor in the normal inflation. - For manufacturing projects, take the depreciation on plant and machinery as well as factory building as part of direct costs. - For manufacturing projects, take rent, warehouse charges, insurance, repairs and maintenance, and other costs as part of direct costs.
G&A	- Take the current rates (with sufficient justifications, benchmarks, proofs...), and for projections factor in the normal expected rise / inflation.
Finance Cost	- Interest cost to be taken from actual working on debt amortization table. It includes cost of Short-term, medium-term, as well as long-term debt.
Depreciation	- Straight line method is preferred. However, use any method as allowed by IFRS and other statutory guidelines and the ones which are specific for the industry. Depreciation to come from the asset depreciation table.
Tax	- Use current marginal tax rate.

Balance Sheet Assumptions	
Capital	- Capital should list down the authorized and paid up (or share) capital. Capital should show individual components like paid up, reserves, retained earnings separately. The numbers should be actual / expected values.
Unsecured Debt / Partners Current Account	- Show these items separately and as per the actual / expected values.
Liabilities	- Liabilities to be shown as at the fair value. Current portion of long-term debt to be shown separately as part of current account. This figure should directly come from debt amortization tables.

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Assets	- Asset values to be at the fair market price and net value should come from the asset depreciation schedule.
Working Capital Requirements	- To be based on normalized cash conversion cycle. Normalized cash conversion cycle (CCC) is the one taken from the industry average after adjusting for the business state of the company. CCC includes estimates of receivable number of days, payable number of days, and average inventory days.

Ratio Analysis	
Cash flow analysis	<ul style="list-style-type: none"> - Direct or indirect method could be used (as long as eventually the tables are also presented using QDB Financial Templates). - Cash flow analysis to reflect cash from Operations, from Investing Activities, as well as from Financing Activities.
Sensitivity Analysis	<ul style="list-style-type: none"> - For sensitivity first identify the sensitive factors with justification and then comment on their past trend / movement. - Use factor sensitivity as indicated from the past trends and show the output in terms of revised P&L, B/S, Cash Flows, Free-Cash Flows, ratios, and cash deficits.
Ratio Analysis	- Ratio analysis to be carried out on normal and stress scenarios.

These are generic guidelines which could be used for any sector in question. However slight modifications are in order. For example for manufacturing we look at capacity utilization whereas it would be man-hours delivered or any other such metric for general services. For hotels, it will be ARR (Average Room Rate) and occupancy levels. For hospitals it will be revenue per doctor etc... In all such cases normalization will follow the same rule of reaching adjusted industry average in year 4 or 5 of full operations.

2.2. Detailed Guidelines for Financial Model Assumptions | MANUFACTURING

The below are detailed guidelines for assumptions used to build a financial model of a study in the manufacturing sector. Requirements change from project to project:

Income Statement Assumptions							
Revenue Assumptions	<table border="1"> <tr> <td>Production Days per Year</td> <td>Days / Year</td> <td> <p>Each manufacturing facility should have a defined number of working days per year.</p> <p>Some projects (depending on the equipment, technology, or technical requirements) will be operational 24/7 with only a few days per year downtime for maintenance; some other projects may operate cyclically or seasonally, and some others may operate regularly similarly to any business concern with production downtime during public holidays and weekends.</p> </td> </tr> <tr> <td>Shifts per Day</td> <td>Shifts / Day</td> <td> <p>The number of shifts per day should be clearly defined.</p> <p>The number of shifts should be identified in the financial spreadsheets annually, since the number of shifts per day may change from one year to the other.</p> </td> </tr> </table>	Production Days per Year	Days / Year	<p>Each manufacturing facility should have a defined number of working days per year.</p> <p>Some projects (depending on the equipment, technology, or technical requirements) will be operational 24/7 with only a few days per year downtime for maintenance; some other projects may operate cyclically or seasonally, and some others may operate regularly similarly to any business concern with production downtime during public holidays and weekends.</p>	Shifts per Day	Shifts / Day	<p>The number of shifts per day should be clearly defined.</p> <p>The number of shifts should be identified in the financial spreadsheets annually, since the number of shifts per day may change from one year to the other.</p>
	Production Days per Year	Days / Year	<p>Each manufacturing facility should have a defined number of working days per year.</p> <p>Some projects (depending on the equipment, technology, or technical requirements) will be operational 24/7 with only a few days per year downtime for maintenance; some other projects may operate cyclically or seasonally, and some others may operate regularly similarly to any business concern with production downtime during public holidays and weekends.</p>				
Shifts per Day	Shifts / Day	<p>The number of shifts per day should be clearly defined.</p> <p>The number of shifts should be identified in the financial spreadsheets annually, since the number of shifts per day may change from one year to the other.</p>					

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Working Hours per Shift	Hours / Shift	<p>The working hours per shift should be clearly defined.</p> <p>If the working hours per shift exceed 8 hours, overtime should be added in the staffing compensations as per Qatar's labor law. Working hours for the staff cannot exceed 10 hours per day. If more hours need to be worked, additional staff should be considered in the staffing plan.</p>
Nominal Capacity by Product	Units / Shift and Units / Year	<p>The Nominal Capacity of a plant is the theoretical capacity as mentioned on the equipment quotations. The Nominal Capacity is in terms of units of output by product type.</p> <p>When more than one product line is being produced, a Nominal Capacity should be identified for each product.</p> <p>When specifying the Nominal Capacity of a plant, the assumption used for shifts and working hours per shift should be specified.</p> <p>In a production line, the nominal capacity is the capacity of the slowest machine (bottleneck).</p>
Realizable Capacity by Product	Units / Shift and Units / Year	<p>The Realizable Capacity is the actual achievable maximum capacity of the plant. It is less than the nominal capacity and should also be in terms of units of output by product type.</p> <p>When specifying the Realizable Capacity of a plant, the assumption used for shifts and working hours per shift should be included.</p>
Production Output by Product	Units / Year	<p>The Production Output is the actual output projected to be produced in terms of units of end products. The production Output should be presented annually (taking into consideration the Growth in Production – <i>refer to the below</i>).</p> <p>The production output should be matched to the market assessment section of the study (i.e. matched to the demand size and market gap). It is the production output divided by the market size (in units) that yields the market share. In case of combined local and export sales, the production output sold locally is divided by the local market size, while the production output sold in the export market is divided by the export market size.</p> <p>The marketability of the production output (and consequently achieving the market share) should be strongly justified.</p> <p>In case of combined sales of local sales and export sales, a clear identification of the proportion of sales to the local market and the proportion of sales to the export market should be identified. The market share in each market should be justified.</p>
Proportion of Sales to Export Markets by Product	%	<p>In case of combined sales of local sales and export sales, a clear identification of the proportion of sales (production output) to the export market should be identified. The market share in each market should be justified.</p>

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<p>Capacity Utilization</p>	<p>%</p>	<p>The Capacity Utilization (or Efficiency) is not a revenue or sales driver, but rather it is the ratio of Actual Production output over Realizable Capacity. The utilization levels should be presented annually.</p> <p>In all instances, the resultant utilization should be verified to ensure achievability from a technical perspective. For instance utilization can never exceed 80%, and for start-up factories utilization in the first year of operations should not exceed 50%. The utilization levels increase gradually up to 80% with developed know-how of production staff and ability to ensure higher efficiency levels.</p>
<p>Annual Growth in Production by Product</p>	<p>%</p>	<p>Growth in Production is the year-on-year growth rate (%) in production and sales. The growth in production should be validated from:</p> <ul style="list-style-type: none"> ▪ A technical perspective (utilization level perspective) ▪ A market perspective (market share perspective)
<p>Unit Price by Product</p>	<p>QAR / Unit</p>	<p>The Unit Price is the sales price identified for each of the products being produced.</p> <p>The annual unit price will depend on the Growth in Unit Price – <i>refer to the below</i>.</p> <p>The base for the Unit Price adopted should be clearly justified in the market assessment section and compared to prevalent market prices (imported and local products). The positioning of the company in terms of quality and brand are main factors in determining the Unit Price.</p> <p>When more than one markets are being catered to (local versus exports), different pricing schemes should be considered for each taking into consideration distribution channels as well as market prices in local versus export markets.</p> <p>It is vital to clearly determine the sales channels (e.g. B2B, B2C, retail sales, wholesale, ...) and ensure that the Unit Prices are at the same level of the supply chain (e.g. if selling retailers, then the Unit price cannot be the shelf price but rather the price at which the factory will be selling the retailer).</p>
<p>Growth in Unit Price</p>	<p>%</p>	<p>While forecasting annual sales, both – the production output and the unit prices – change y-o-y (whether upwards or downwards).</p> <p>A clear assumption of the expected annual growth rates in unit prices should be presented and justified. Growth trends in prices will depend on different factors (e.g. inflation, historical trends, economic forecasts, etc...) and depending on the product and whether it is a FMCG, a commodity...</p>
<p>Annual Revenue by Product</p>	<p>QAR / Year</p>	<p>The Revenue by Product is the annual Production Output (Sales) multiplied by the annual Unit Price for each product being produced.</p>
<p>Annual Total Revenues</p>	<p>QAR</p>	<p>The Annual Total Revenue is the sum of all products Annual Revenues.</p>

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	Other Income	QAR / Year	<p>If the company is generating any other income not directly related to its production processes (e.g. design services...), these will be included under "Other Income".</p> <p>Similarly to the main sources of revenue, Other Income need to have solid justifications in relation to the market.</p>
COGS Assumptions	Raw Material Input	Unit of Each RM / Unit of End Product	The Raw Material Input is the consumption of each unit of end product from each Raw Material (e.g. one ton of end product of potato chips, may require 4 tons of raw potatoes, 4 kgs of salt, etc...).
	Annual Raw Material Consumption	Unit of Each RM / Year	The Raw Material Consumption is the total consumption of each type of RM per year.
	Raw Material Unit Cost	QAR / Unit	<p>Each Raw Material should have a unit cost (which is the price of purchasing the material from the market).</p> <p>Depending on the source of the RM (local or import), the study needs to clearly point out if it is local price or import price and show the shipping costs (if any).</p> <p>The basis for each RM cost should be provided in the Technical Assessment section of the study (i.e. the RM cost should be either provided through quotations from suppliers, or through direct contacts with suppliers of these RM, or other reliable sources and references – which should be clearly identified and mentioned).</p>
	Growth in RM Unit Cost	%	A clear assumption of the expected annual growth rates in unit costs should be presented and justified. Growth trends in RM costs will depend on different factors (e.g. inflation, historical trends, economic forecasts, etc...) and depending on the product and whether it is a FMCG, a commodity...
	Annual RM Cost	QAR / Year	The Annual RM Cost is the product of the annual consumption of each RM multiplied by the RM Unit Cost
	Wastage Rate	%	<p>Wastage should be accounted for in all manufacturing concern to cover for pilots (when stopping and restarting equipment), to cover for defective products, for regular and irregular waste and by-products...</p> <p>Wastage may be an estimated % of revenues; however, the study should clearly state the base of the percentage.</p>
	Annual Wastage	QAR / Year	It is a product of the Wastage Rate multiplied by the revenues.
	Packaging Material Consumption	Unit of Each Packaging Material / Year or %	Most manufactured products will require packaging material. Depending on the consumption of packaging material, the assumptions used may be a % of revenues or may be detailed similarly to the Raw Material Costs (again depending on the level of consumption of packaging material). For both methodologies, the Packaging Cost assumptions should be presented and justified.

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		When industry benchmarks are used (applicable to the % assumption), the details of the benchmark should be provided.
Total Packaging Cost	QAR / Year	The Annual Packaging Cost is the product of the annual consumption of each packaging material multiplied by the packaging Unit Cost. Or it is a percentage of annual sales or annual COGS.
Utilities Consumption	Kwh / Shift and m ³ / Shift	Utilities Consumption refer to the power and water requirements in the plant area and the utilities required by the machines and equipment only (not utilities by the administrative buildings and offices). The utilities consumption is deduced usually from the machines quotations. The utilities consumption should be specified in the study and a justification and source for the figures provided.
Utilities Rates	QAR / KWh and QAR / m ³	Kahramaa rates for the specific power load and industrial facility type should be used for electricity and water consumption.
Total Utilities Cost	QAR / Year	The Annual Utilities Cost is the product of the annual utilities consumption (for water and electricity) multiplied by the utilities rate (for water and electricity).
Consumables Consumption	Liters / Shift	Consumables Consumption refer mainly to diesel and fuel consumption in the plant area and those required by the machines and equipment inclusive of loading equipment like forklifts within the plant area. The assumption used for the consumables consumption should be specified in the study and a justification ad source for the figure provided (when industry benchmarks are used, the details of the benchmark should be provided).
Consumables Rates	QAR / Liter	Woqod rates should be used for fuel and diesel.
Total Consumables Cost	QAR / Year	The Annual Consumables Cost is the product of the annual consumables consumption multiplied by the consumables rate.
Annual Maintenance, Repair and Spare Parts	%	It is an estimated percentage that should have a solid justification by industry and by using benchmarks. It is usually a percentage of the Net Equipment and Tools Value.
Total Maintenance, Repair and Spare Parts	QAR / Year	It is a product of the Maintenance, Repair, and Spare Parts rate multiplied by the Net Equipment and Tools Value.

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	Direct Staff Count	Number of People / Year	<p>Direct Staff are employees directly involved in the production activities inclusive of their supervisors, the quality manager, and the production manager.</p> <p>A tabulated list of all direct staff positions should be provided and showing the annual staff count. The annual staff count should match the changes in production output and working shifts parameters.</p> <p>The Direct Staff Count table should show the pre-operational period as well.</p>
	Direct Staff Salaries and Compensations by Position	QAR / Position / Month	<p>Each position should have a salaries and compensation scheme inclusive of:</p> <ul style="list-style-type: none"> ▪ Monthly basic salary ▪ Monthly housing allowance (whether monetary or provisioned by the company through labor accommodation) ▪ Monthly transportation allowance ▪ Annual Air Ticket ▪ Other <p>The scheme will be applicable to the first year of operations. For subsequent year a growth rate may be applied (<i>refer to the below</i>).</p> <p>The salaries and compensations should also highlight the medical insurance (or healthcard) fees by position and the Residency Permit renewal fees.</p> <p>The total monthly package per position should be clearly visible.</p> <p>The study should highlight the base of the salaries and whether they match the Qatar rates.</p>
	Annual Salaries Increase	%	<p>The projected increase to each position's salaries and compensations need to be highlighted and justified.</p>
	Total Direct Staff Salaries and Compensations	QAR / Year	<p>It is the summation of the annual salaries and compensations of all direct staff.</p> <p>This category shall include overtime in case the working hours per shift exceed 8 hours.</p>
	Plant Insurance Rate	% of Assets	<p>Qatar Insurance rates should be used. The rates used should be presented and the rate justified.</p>
	Plant Insurance	QAR / Year	<p>Qatar Insurance rate multiplied by net assets value.</p>
	Direct Depreciation	QAR / Year	<p><i>Refer to the Depreciation Assumptions section below for details on computation.</i></p> <p>Depreciation associated with plant, equipment, and Factory Building is included under COGS.</p>
General	Marketing and Advertising	% of Revenues	<p>The rate applied to assess marketing and advertising expenses should be justifiable in terms of the marketing plan that is planned by the company and by using benchmarks. The assumption should be justified in the study.</p>

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Royalty Fees	% of Revenues	When applicable, the royalty fee is charged by franchisors or technology providers. When a royalty fee % is applied, it needs to have a source (e.g. franchise agreement, ...)
Commission	% of Revenues	When applicable, a commission should be provided whether to sales staff or other entities. The Commission rate should have a justification. When the commission is not applicable to all sales, then the study should highlight which portion of sales it is applicable to.
Annual Formalities and Legal Expenses	Lump Sum	These should cover municipality annual fees, CR renewal, and other licensing related expenses. The lump sum used should have a justification.
Printing and Office Supplies	% or Lump Sum	The assumption used to assess this expense should be presented and should be backed up by a justification.
Telephone, Internet, and Communication Expenses	% or Lump Sum	The assumption used to assess this expense should be presented and should be backed up by a justification.
Administrative Utilities	% or Lump Sum	The assumption used to assess this expense should be presented and should be backed up by a justification.
Plot Area	SQM	Every study should have a clearly defined space requirement for the plot.
Offices Area (if outside the industrial plot)	SQM	In case the company will establish retail outlets or have office spaces outside the main plot, then these areas need to be identified.
Rental Rate	QAR / SQM / Month	The rental rate to be applied to the industrial plot or the extra office or retail spaces should be presented and justified. In other words, the rates should be verified within the study to show whether they are applicable to the locations selected for the project.
Vehicles Insurance	QAR / Vehicle	Qatar Insurance rates should be used. The rates used should be presented and the rate justified. A clear vehicles list should be presented in each study.
Vehicles Fuel and Repair	QAR / Vehicle	The assumption used to assess this expense should be presented and should be backed up by a justification.
Maintenance and Repair (Admin and IT)	%	The assumption used to assess this expense should be presented and should be backed up by a justification.
Other G&A	---	Any other expense included in the income statement should have its assumptions presented and justified. Similarly to all costs and expenses, if any benchmark is used, the benchmark needs to be presented and detailed (industry, size, in Qatar or not in Qatar, etc...)

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	Annual Growth per Each Expense	%	<p>The projected increase to each Expense and overhead need to be highlighted and justified, when applicable).</p> <p>Some expenses like maintenance will not increase by a % but rather will be a function of net assets or revenues...</p>
	Total G&A	QAR/Year	<p>All components annual values need to be shown in a separate table. The total G&A refers to the summation of the table (i.e. summation of all indirect expenses).</p>
Indirect Staff Salaries and Compensations	Indirect Staff Count	Number of People / Year	<p>Indirect Staff are employees not directly involved in the production activities like HR, Sales, marketing, accounting staff and others.</p> <p>A tabulated list of all indirect staff positions should be provided and showing the annual staff count. These staff are the least likely to change with increase in production activity except in substantial increase of activities when for example more sales staff, procurement and accounting staff may be needed to handle the bigger size of orders etc...</p> <p>The Indirect Staff Count table should show the pre-operational period as well.</p>
	Indirect Staff Salaries and Compensations by Position	QAR / Position / Month	<p>Each position should have a salaries and compensation scheme inclusive of:</p> <ul style="list-style-type: none"> ▪ Monthly basic salary ▪ Monthly housing allowance (whether monetary or provisioned by the company through labor accommodation) ▪ Monthly transportation allowance ▪ Annual Air Ticket ▪ Other <p>The scheme will be applicable to the first year of operations. For subsequent years a growth rate may be applied (<i>refer to the below</i>).</p> <p>The salaries and compensations should also highlight the medical insurance (or healthcard) fees by position and the Residency Permit renewal fees.</p> <p>The total monthly package per position should be clearly visible. Then the insurance and RP fees are added.</p> <p>The study should highlight the base of the salaries and whether they match the Qatar rates.</p>
	Annual Salaries Increase	%	<p>The projected increase to each position's salaries and compensations need to be highlighted and justified. It should be the same one applied to the Direct Staff.</p>
	Total Indirect Staff Salaries and Compensations	QAR / Year	<p>It is the summation of the annual salaries and compensations of all indirect staff.</p> <p>This category usually does not include overtime since most overtime are executed by direct staff.</p>

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Depreciation	Fixed Assets	QAR	<p>These Fixed Assets include the assets required to set-up the project (i.e. part of the Project Cost). The CapEx should be broken down into separate categories – the values of each should have a justification:</p> <ul style="list-style-type: none"> ▪ Construction / Building Set-up (inclusive of MEP) ▪ Machines and Equipment ▪ Furniture and Fixtures ▪ IT Equipment ▪ Vehicles <p>Each of the above categories needs to be broken down as necessary.</p>
	Depreciation Rates	%	<p>Annual Depreciation Rates per Fixed Asset category should be identified and should be matching depreciation rates standards. For equipment, different equipment sources will have different useful lives and consequently different depreciation rates. These have to be verified and justified.</p>
	Additions / Replacements	QAR / Year	<p>Annual Additions or Replacements to Fixed Assets should be highlighted.</p>
	Total Depreciation	QAR / Year	<p>It is annual sum of depreciations of all fixed assets.</p> <p>Depreciation associated with the plant, equipment, and factory building are computed at the COGS level. While the remaining one are considered below Gross Profit levels.</p>
			<p>Pre-operational Expenses should either be expensed when they occur or they should completely depreciate in year 1.</p>
Interest	Loan Amount	QAR	<p>The Loan Amount is the amount of money required to be financed by a lender. There are two main loan types:</p> <ul style="list-style-type: none"> ▪ Long-term Loans (usually used to finance Project Costs for new projects or expansions for existing projects) ▪ Short-term Loans (usually used to finance running capital mainly for RM) <p>Whenever a LTL or STL (or a combination) is assumed for a project, the relevant loan terms for each need to be presented (<i>refer to the below</i>). A loan repayment schedule should be provided as a separate table for each loan.</p> <p>When a loan is requested from QDB, it should match the loan requirements and comply with loan terms whether for Al Dhameen or Direct Lending.</p>
	Loan Tenure	Months or Years	<p>The loan tenure is the loan period from the first disbursement until the last repayment by the Client. The loan tenure is inclusive of the loan repayment period and the grace period. For new projects, the loan period starts during or at the onset of pre-operations.</p> <p>All assumptions used for the loan should be presented and should have a justification.</p> <p>If more than one loan is considered, then the Loan Tenure for each should be provided.</p>

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	Grace Period	Months or Years	<p>The grace period is the period during which the Client pays only interest for the loan but not the principle. The Grace Period should be identified and justified.</p> <p>If more than one loan is considered, then the Grace Period for each should be provided.</p>
	Annual Interest Rate	% (Annual)	<p>The annual interest rate is the interest rate charged by the lender. If more than one loan is considered, then the rate for each should be provided.</p>
	Upfront Fees	% of Loan Amount	<p>Upfront fees are the loan fees. They are considered as part of the Pre-operational expenses and should be paid by the Client.</p> <p>The assumption used for the upfront fee should be presented and justified.</p>
	Interest	QAR / Year	<p>It refers to the annual interest paid (for all loans).</p> <p>It should be extracted from the loan repayment schedule(s).</p>
Income Tax	Corporate Tax Rate	%	<p>Corporate tax rates in Qatar are 10% flat rate for profits attributed to foreign nationals. Taxes are not applicable to Qatari partners profits.</p>
	Income Tax	QAR / Year	<p>It refers to the annual taxes paid. It usually amounts to zero.</p>

Balance Sheet Assumptions

Current Assets	Credit Terms	---	<p>The study should specify how much of the revenues are based on cash payments and how much based on credit terms.</p> <p>The down payment % when applicable should be presented.</p> <p>The payment terms should be validated against market prevalent terms.</p>
	Days Sales Outstanding	Days	<p>They are the Accounts Receivable days and should be presented and justified against Credit Terms.</p> <p>Days Sales Outstanding can remain constant over the study period or they may change as the company matures and is able to provide different credit terms to its buyers.</p> <p>Whether constant days are used or modified days, the assumptions have to be presented and justified.</p> <p>For businesses that are exporting, different credit terms may need to be assumed for local sales versus export sales.</p>
	Inventory Days RM	Days	<p>These are the Raw Material Inventory Days. The days used as an assumption should be justified against the industry.</p>
	Inventory Days FP	Days	<p>They are alternatively known as the Days' Sales in Inventory.</p> <p>The days used as an assumption should be justified against the industry and the new project sales policy.</p>

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	Inventory Days WIP	Days	When applicable, the WIP days in inventory should be specified. The days used as an assumption should be justified against the industry.
	Other Receivables	Days or %	Any other Receivables account added to the balance sheet should have its assumptions presented and justified. Examples of other receivables may include Advances on Salaries... (though this is unnecessary for a new project projections).
Fixed Assets	Fixed Assets	QAR / Year	<i>Refer to the Depreciation Assumptions</i>
	Accumulated Depreciation	QAR / Year	<i>Refer to the Depreciation Assumptions</i>
Current Liabilities	Payment Terms	---	The study should specify the credit facilities provided by mainly suppliers of raw material and packaging material. The down payment % to be paid by the Client to the suppliers (when applicable) should be presented. The payment terms should be validated against market prevalent terms (whether for local suppliers or foreign suppliers).
	Accounts Payable Days	Days	They are the Days Payable Outstanding and should be presented and justified against Payment Terms. Days Payable Outstanding may be constant over the study period or may change. Usually new businesses cannot ensure favorable terms from their suppliers and usually have short payables cycles. More favorable terms (matching market terms) can be ensured after few operational years and after establishing sufficient trust in the market. Whether constant days are used or modified days, the assumptions have to be presented and justified.
	Other Payables	Days or %	Any other Payables account added to the balance sheet should have its assumptions presented and justified.
	Current Portion of LTL or STL	QAR	<i>Refer to the Interest Assumptions</i>
Long-Term Liabilities	Long-Term Loan	QAR	<i>Refer to the Interest Assumptions</i>

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Shareholders' Equity	Share Capital	---	The study should always highlight the paid-up capital or share capital.
	Partners' Account	---	This refers to the additional capital (Additional to the Share Capital) injected by the shareholders' for funding of Project Cost (Investment).
	Advance from Shareholders	---	Whenever an advance from shareholders is considered, the assumptions for this advance should be presented. We do not recommend adding such an account for projections.
	Legal Reserve	%	The applicable Legal Reserve portions as per Qatar laws should be presented. The Legal Reserve will be computed on the base of a % of income as well as a cap as a % of Paid-up Capital.
	Current Portion of LTL or STL	QAR	<i>Refer to the Interest Assumptions</i>
Cash-Flow Statement Assumptions			
There are no assumptions specific to the Cash-Flow Statement			
Discounted Free Cash-Flow Assumptions			
FCF	Terminal Value	---	The methodology and growth rates or multipliers used to calculate the Terminal Value need to be presented and justified.
	Cost of Equity	%	The methodology, rates and their sources, as well as benchmarks used to obtain Cost of Equity need to be presented.
	WACC	%	The WACC will be calculated on the base of the debt rate (<i>refer to the Interest Assumptions</i>) and the Cost of Equity. WACC cannot be used as a plug-in figure.

3. Quotations

All BP's with equipment involved should be accompanied by at least 2 sets of quotations. Quotations should be provided from reliable suppliers – whether in Qatar or abroad (quotations should be directly from the manufacturer and not from the dealer/trader/supplier/...).

Quotations that do not show equipment specifications, dimensions, capacities, etc... are not accepted.

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