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Financial Feasibility Analysis of Islamic-Based International School Investment in East Bandung

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Abstract
Purpose: Research This aims to determine the feasibility of the construction project for an Islamic-based International Middle School in the East Bandung area. reviewed from the financial aspect analyzed using the Net Present method Value, Internal Rate of Return, Benefit Cost Ratio, Profitability Index, Payback Period and Debt Service Coverage Ratio.
Methodology Research: Research This study uses quantitative research methods. The data sources used are primary and secondary. Data collection methods include interviews, and research. The population in this study were parents of 12-year-old students in East Bandung, with a sample of 100 people using the Solvin formula. Sampling was done using random sampling.
Results: Analysis finance show $NPV > 0$, namely Rp. 38,651,935,498, $IRR > WACC$, namely 47 %, $BCR \geq 1$ is 3.56, $PI \geq 1$ is 5.54, PP for 2 years 5 months, and $DSCR \geq 1$, namely 15.70.
Conclusions: Findings the confirm that project the worthy in a way financial and operational, supported by strong market potential and prospects term sustainable length.
Limitations: This study depending on projected demographic and financial data, which may influenced by dynamics economics, regulations, or social in the future.
Contributions: Research This offer outlook valuable for investors, educators, and creators policy, providing runway based proof for decision investment education and contribute to development education school medium on based on Islam in Indonesia.

Keywords: *Feasibility Financial, Feasibility Project, Feasibility Study*

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1. Introduction

Education is a fundamental pillar in the development of quality human resources (HR). Law Number 20 of 2003 concerning the National Education System affirms that every citizen has the right to receive quality education without discrimination. The Indonesian government, through the 2025-2029 National Medium-Term Development Plan (RPJMN), prioritizes improving access to and the quality of education, in line with the Sustainable Development Goals (TPB), especially Goal 4, namely Quality Education . Kholidin et al. (2025) said the contribution of Islamic education to the national education system is reflected in curriculum integration, strengthening Islamic character, and the establishment of Islamic higher education institutions. However, challenges such as the dichotomy of knowledge, quality gaps, and the need for pedagogical renewal remain issues that must be addressed. Indonesia faces challenges serious about equalizing access to education, especially at the junior high school (SMP) level. This inequality in access to education not only impacts children's learning opportunities but also the quality of their educational outcomes. This impacts their ability to compete in the workforce and changes their families' socioeconomic conditions in the future (Susanto et al., 2025).

This gap is particularly evident in East Bandung, an area experiencing high population growth but lacking adequate educational infrastructure. According to the Ministry of Education and Culture (Kemendikbud), by 2024 there will be 9,475 students graduated from elementary school in East Bandung, while public and private junior high schools could only accommodate 7,288 students, leaving a shortfall of 2,187. This not only increases the economic burden on families due to the need for more expensive alternative education, but also threatens the quality of human resources in the region, as many students may lose the opportunity to continue their education (Nurwati & Listari, 2021).

Table 1. Gap in Junior High School Capacity by Region in Bandung City, 2024

Region	**Number of Students Aged 12 Years**	**Capacity**				**Words**
		Public	**Personal**	**Total**	**Difference**	
North Bandung	9,809	5,419	3,817	9,236	573	Capacity Can Still Be Increased
East Bandung	9,475	4,245	3,043	7,288	2,187	Insufficient Capacity
Central Bandung 1	7,373	3,349	2,146	5,495	1,878	Insufficient Capacity
Central Bandung 2	15,446	6.165	4,620	10,785	4,661	Insufficient Capacity

Source:(DAPODIK, 2025.)

The Bandung City Government has prioritized education for 2025 to ensure more equitable and quality access. As shown in Table 1, data shows that, although North Bandung still has manageable disparities, data from Bandung City in Figures for 2024 shows that East Bandung experienced the highest population growth of 2.02% between 2020 and 2023, with districts such as Ujungberung (2.53%), Gedebage (2.56%), Arcamanik (2.22%), and Mandalajati (2.20%) experiencing growth above the city average. Supply-demand analysis shows that for almost all levels of education in East Bandung, the available school capacity is insufficient to meet the potential student population. This indicates a significant market gap. Based on the priority assessment (Population Growth Rate 35%, Child Growth Trend 25%, Supply & Demand 40%),

Education Service Management (EMS) suggests that the success of an educational institution depends not only on its physicasl infrastructure but also on the value proposition offered to consumers, including academic reputation, curriculum quality, teacher competency, and comprehensive student support services (Asnawi & Supriyanto, 2022). In Bandung City, especially in high-growth school-age areas such as East Bandung, there is a large market potential but it is not matched by equivalent quality education services. This imbalance aligns with the market gap concept in strategic management, which indicates a mismatch between existing service capacity and potential demand. Kalenskaya, Gafurov, and Novenkova (2013) This means that the current educational service capacity is inadequate to meet market demand, presenting a strategic opportunity to establish new schools to fill this gap, particularly in underserved segments (Anisak & Bakhri, 2024; Dhia & Melinda, 2024).

Parents' school selection is influenced by factors that vary according to socioeconomic context. School quality, including academic achievement, teacher qualifications, and student-teacher ratio, as well as a safe and comfortable school environment, are the primary considerations for high-income groups, followed by faith-based education as a value-added feature. Conversely, for low-income groups, proximity to school is the dominant factor due to limited transportation access and costs. Other factors such as teaching quality, extracurricular activities, student well-being, and parental involvement have a relatively smaller influence, indicating that school development strategies must align with the priorities of target market segments (Ianah et al., 2021).

Based on the significant market opportunity and supporting factors outlined, this study, entitled "Financial Feasibility Analysis of International Islamic School Investment in East Bandung," fills the research gap regarding the financial feasibility of investing in Islamic-based international schools by linking macroeconomic factors to ensure relevant, adaptive, and data-driven projections for potential investors and education stakeholders jas (Azzahra, Yuliansyah, & Nauli, 2021; Ema, 2024).

2. Literature Review and Hypothesis Development

2.1 Business Feasibility Study Concept

A feasibility study is a systematic process to evaluate the potential success of a project before its implementation, taking into account various aspects such as market, technical, financial, management, legal, and environmental factors (Ferdiawan et al., 2025). In the field of education, feasibility studies are specific because education is not only seen as an economic activity but also as a long-term investment in human resource development (Jamila, 2023). A feasibility study serves as a decision-making tool that reduces investment risk by mapping opportunities, threats, strengths, and weaknesses (Ahmad et al., 2025). A business feasibility study is an activity that studies in depth a business or enterprise that will be run, in order to determine whether or not the business is feasible to run. A business feasibility study can be conducted to assess the feasibility of an investment, both in a project and an ongoing business (Nani Juningsih & Patria Supriyoso, 2024).

2.2 Aspects of Feasibility

Educational service management is the application of management principles in designing, managing, and evaluating educational processes to provide optimal value for students, parents, and other stakeholders. According to Trianung Djoko Susanto et al. (2025), there are seven aspects to an educational institution's feasibility study. First, the market and promotion aspect, where we need to examine the community's needs for educational services, including who the target market is, prospective students, the community's purchasing power, and appropriate promotional methods to attract public interest. Second, the management aspect, which examines the educational institution's ability to manage all resources well and efficiently, including planning, organizing, implementing, supervising, and developing teaching staff and administrative systems in accordance with educational objectives (Hertati, 2023; Pradana & Putra, 2024).

Third, the financial aspect, which examines the feasibility of costs and revenues, including operational budget projections, funding sources, and financial analysis. Then, fourth, the legal and legal aspects, which require us to ensure that the educational institution complies with all legal regulations, including establishment permits, accreditation, and applicable national regulations. Fifth, the technical and operational aspect, which assesses the readiness of facilities and supporting infrastructure such as comfortable learning spaces, adequate learning tools, and the efficiency of the institution's daily operations. Next, there's the social and cultural aspect, which examines the extent to which educational institutions align with the values, norms, and culture of the surrounding community. Educational institutions must respect and support the development of local culture to be well-received. Finally, there's the economic aspect, which assesses the institution's positive impact on the community's economic growth, such as job creation (Nisa & Hariyanti, 2022; Oktaviani, Yuswanto, & Deviani, 2024).

2.3 Islamic-Based International Education Model

The Islamic-based international education model integrates international curricula, such as Cambridge Assessment International Education (CAIE) or the International Baccalaureate (IB), with Islamic values and principles. According to , Dwi Amelia Ningasti et al. (2025)Islamic educational institutions not only play a role in producing a generation with morals and knowledge, but also have great potential in developing economic activities based on entrepreneurship. This is in line with the theory of integrated curriculum in education, which emphasizes the combination of academic learning with character building. Islamic educational institutions that have integrated the national curriculum with Islamic values in religious education as well as the Cambridge international curriculum. This curriculum model is designed to meet the needs of modern society while maintaining students' Islamic identity. Maulida, (2025) In Islamic international schools, the international curriculum equips students with critical

thinking skills, global communication skills, and foreign language proficiency, while the Islamic curriculum provides a moral and ethical foundation based on the teachings of the Qur'an and Sunnah. In Indonesia, the number of Islamic international schools is relatively low compared to public international schools, presenting a significant market opportunity. Based on the 2024 Bandung City Education Market Mapping Data, only a few schools have adopted this model, such as Al-Lathif Islamic School, Darul Hikam, and Al-Irsyad Satya Islamic School. This limited number of institutions indicates an unfilled market gap, particularly in high-growth areas like East Bandung.(DAPODIK, 2025).

2.4 Financial Feasibility Theory and Indicators

Financial feasibility analysis is the process of assessing the economic and financial viability of a project. This analysis helps ensure that the school's establishment not only meets social objectives but also maintains long-term operational sustainability (Trianung Djoko Susanto et al., 2025). According to Gittinger (1982)Financial feasibility evaluation aims to project revenues and costs over the life of the project, allowing for the calculation of key indicators reflecting the profitability and risk of the investment. Some common indicators used to assess financial feasibility include Net Present Value (NPV), Internal Rate of Return (IRR), Total Benefit to Total Cost Ratio (BCR), Profitability Index (PI), Payback Period (PP), and Debt Repayment Ability (DSCR). These financial indicators must consider cash flow patterns, which differ from those in the purely commercial sector (Syarif, 2025; Yasa, Yuliansyah, & Kesumaningrum, 2021). The main income comes from tuition fees, which are usually stable throughout the school year, while operational costs include teacher salaries, facility maintenance, and curriculum development. Cash flow projections must take into account student occupancy rates, potential increases in operational costs due to inflation, and annual cost adjustment strategies. The following is a detailed explanation of each indicator:

2.4.1 Net Present Value (NPV)

NPV is the difference between the present value of the expected net cash inflows over the life of the project and the present value of all cash outflows, including the initial investment. NPV measures how much profit a project can generate after taking into account the time value of money. A higher NPV indicates a more profitable project. Feasibility criteria: A project is considered feasible if the NPV > 0, meaning it generates a positive net value for investors.

$$NPV = \sum_{t=1}^{n} \frac{CF_t}{(1+r)^t} - I_0 \quad (1)$$

Information:
CF_t= Net cash flow in period t
r= Discount rate
t= Period (year/month)
I_0= Initial investment
n= Project age

2.4.2 Internal Rate of Return (IRR)

The IRR is the discount rate that makes the NPV equal to zero. It represents the internal rate of return based on projected cash flows. The IRR is used to compare a project's feasibility with the required rate of return. Feasibility criteria: A project is considered feasible if the IRR exceeds the cost of capital .

$$I_0 = \sum_{t=1}^{n} \frac{CF_t}{(1+IRR)^t} \quad (2)$$

Average Cost of Capital (WACC).

2.4.3 Benefits Cost Ratio (BCR)

BCR is a systematic analysis in the form of the comparison between the benefits and costs incurred in carrying out a project or activity. The formula for calculating BCR is:

$$BCR = \frac{PWB}{PWC} \quad (3)$$

Information:
BCR = benefit to cost ratio
PWB = present value *of benefits*
PWC = mark Now *cost*

If the calculation result is more than one (BCR≥1), then the business is profitable and can be continued. However, if calculation result is less than One (BCR≤1), so business the tend No profitable And need to be reviewed.

2.4.4 Profitability Index (PI)
PI is the ratio of the present value of net cash inflows to the initial investment. (Ansusanto & Astrawan, 2024; Mayulu, Puteri, Christiyanto, & Rorimpandey, 2024; Pando, San-José, Sicilia, & Alcaide-López-de-Pablo, 2021; Sokolov, 2024). PI measures the efficiency of capital use in generating profits. Feasibility criteria: A project is feasible if PI > 1, meaning that each unit of invested capital generates more than one unit of current cash inflow.

$$PI = \frac{\sum_{t=1}^{n} \frac{CF_t}{(1+r)^t}}{I_0} \quad (4)$$

If PI > 1, the project is feasible. If PI < 1, the project is not feasible.

2.4.5 Payback Period (PP)
PP is the time required to recover the initial investment from the net cash inflows generated by the project (Ahmad et al., 2025; Ansusanto & Astrawan, 2024; Mayulu et al., 2024). PP measures how quickly capital can be recovered, without considering the time value of money or discounting. The shorter the PP, the lower the project risk.

$$PP = \frac{Initial\ Investment}{Cash\ Flow} \quad (5)$$

2.4.6 Debt Service Coverage Ratio (DSCR)
DSCR is measurement current cash company Which available to pay obligation debt moment This And counted per year operation. Number shows whether the net income from a project with adequate *margins is capable of meeting annual debt repayment obligations. The DSCR formula is:*

$$DSCR = \frac{PV\ FREE\ CASHFLOW}{BEBAN\ UTANG} \quad (6)$$

If DSCR > 1, the project is feasible. If DSCR < 1, the project is not feasible.

2.5 Previous Research
Feasibility studies for educational institutions require a comprehensive analytical framework, encompassing technical, financial, operational, and socio-cultural aspects. Jamila (2023), emphasizes the importance of integrating seven components—market, management, financial, legal, technical, socio-cultural, and economic impact—in designing a holistic planning model for a new educational institution. By exploring the comprehensive literature, we can formulate a conceptual framework for an Islamic-based international junior high school that balances operational sustainability with financial sustainability.

From an investment perspective, the capital method Budgeting has proven to be very useful in evaluating educational infrastructure projects. Ahmad et al. (2025),Calculating Payback Period 7.54 months, positive NPV of Rp 59,687,030, PI of 1.50, and IRR of 71.21% for the business, thus demonstrating high financial feasibility, a technique that can be adapted for calculating CAPEX and cash flow for the construction of a new high school. Meanwhile, Ferdiawan et al. (2025)it confirms that medium to long-term financial analysis will ensure mature capital fund allocation decisions for supporting facilities at SMP Internasional Islam.

Technical aspects and operational mechanisms also determine successful implementation. Susanto et al. (2025)He highlighted that infrastructure readiness, classroom design integrity, and human resource capabilities are fundamental to the quality of educational services, particularly in the context of internationalization and Islamic standards that require prayer rooms, language laboratories, and state-of-the-art learning technology. He added that the use of multimedia and digital Nani Juningsih & Patria Supriyoso, (2024)learning platforms can strengthen school competitiveness and facilitate a blended approach. Learning is a mandatory feature in the vision of Islamic-based International Middle Schools to produce graduates who are adaptive in the 4.0 era.

School financial management, from budget planning to monitoring its implementation, must apply the principles of transparency and accountability. Jamila (2023)He explained that integrating feasibility studies and a financing policy framework ensures that every rupiah allocated is based on financial feasibility data. The social-emotional and spiritual aspects of students are equally crucial. Ianah et al. (2021)found that positive teacher-student relationships, parental support, and a school climate that upholds discipline and Islamic moral values significantly improve student well-being and strengthen motivation, learning engagement, and mental resilience in children and adolescents.

2.6 Hypothesis

A hypothesis is a temporary assumption, namely a statement whose position is Not yet as strong as proportion or argument. Based on the theoretical basis, previous research, and framework of thought, the following research hypothesis is proposed:

H1 : Project construction of an Islamic-based international junior high school in East Bandung worthy is done based on the evaluation of *the NPV value*.
H2 : Project construction of an Islamic-based international junior high school in East Bandung worthy is done based on the evaluation of the *IRR value*.
H3 : Project construction of an Islamic-based international junior high school in East Bandung worthy is done based on the evaluation of *the BCR value*.
H4 : Project construction of an Islamic-based international junior high school in East Bandung worthy is done based on the evaluation of the *PI value*.
H5 : Project construction of an Islamic-based international junior high school in East Bandung worthy carried out based on the evaluation of *PP values*.
H6 : Project construction of an Islamic-based international junior high school in East Bandung worthy is done based on the evaluation of *the DSCR value.*

3. Research Methodology

3.1 Research Object

The object of research is something that is of concern in a study. The object of this research is the Islamic-based International Junior High School construction project in East Bandung. From the study object, it will be examined whether the Islamic-based International Junior High School construction project is feasible or not. in aspect finance. Aspect finance the Which consists of from NPV, IRR, BCR, PI, and DSCR.

3.2 Research Methods

Research methods are basically scientific ways to obtain data. with objective And utility certain. For reach objective Which Relevant methods are needed to achieve the desired goals (Ferdiawan et al., 2025). The type and method of research used in this study is a quantitative research method, namely a

research approach that uses a lot of numbers, starting from collecting data, interpreting the data obtained, and presenting the results.

3.3 Operational Variables

In this study, the variables used from the financial aspect are NPV, IRR, BCR, PI, PP, DSCR. Each variable is defined conceptually and operationally, along with its dimensions, indicators, and measurement scale.

Table 2. Operational Variables

No.	Variables	Operational Definition	Key Indicators	Measurement Scale
1	Net Present Value (NPV)	Net present value of net cash inflows	Total NPV of the project	NPV > 0
2	Internal Rate of Return (IRR)	Project internal rate of return	IRR Project	IRR > WACC
3	Benefits Cost Ratio *(BCR)*	Comparison between benefits and costs incurred.	Profit value and cost value	BCR > 1
4	Profitability Index (PI)	The ratio between the present value of cash inflows and the initial investment	PI Project	PI > 1
5	Payback Period (PP)	The time required to recover the initial investment	Length of return period	PP < project life
6	*Debt Service Coverage Ratio (DSCR)*	The ratio of net income to the ability to meet debt payment obligations	Net income and total debt	DSCR > 1

Source: Processed data

3.4 Data Collection

Data collection in this study was conducted to obtain accurate, relevant, and accountable information regarding the financial feasibility of establishing an Islamic-based international school in East Bandung. The data sources used were primary data through interviews with parents of 12-year-old students in the East Bandung area and also secondary data from the Central Statistics Agency (BPS), the Ministry of Education, Culture, Research, and Technology (Kemendikbudristek), the Ministry of Finance, and the Bandung City Government (through related publications from the official website).

3.4.1 Population

According to Sugiyono (2018) **,** population is a generalization area that consists of on object or subject Which have quality And certain characteristics determined by the researcher to be studied and then conclusions drawn. The population in this study were parents of 12-year-old students in the East Bandung area.

3.4.2 Sample

According to Sugiyono (2018), a sample is a portion of the number and characteristics of a population. Sampling is measured statistically or based on research estimates to determine the sample size required for conducting research on an object. To determine the sample size, researchers use the Slovin formula proposed by Sugiyono (2018):

$$n = \frac{N}{1 + N\,(e)^2}$$

Where : n = Number of samples required
N = Population size
e 2 = Sampling error rate

The population identified in this study was parents of 12-year-old students in the East Bandung region, namely 9,475 people, so that the sample taken to represent the population can be calculated as follows: In the Slovin formula there are the following provisions:

The value of e = 0.1 (10%) for a large population. The value of e = 0.2 (20%) for a small population. So, it is known from the calculations that the sample size in this study is 99.99. To facilitate the calculation, the sample is rounded up to 100 respondents.

3.5 Hypothesis Analysis and Testing Techniques

The financial aspect is carried out to determine the feasibility and benefits of a calculation for the planned business development. In determining the financial feasibility of business development activities, a formulation is required. criteria eligibility financial.

4. Results and Discussion

The Indonesia Juara Foundation (IJF) is an educational foundation focused on improving access to quality education with an Islamic values-based approach. IJF's strategic vision is to establish six Islamic-based international schools by 2026, integrating international curricula such as *Cambridge Assessment International Education* (CAIE) with the national curriculum enriched with Islamic character education.

Internal interviews revealed that IJF's biggest challenges following the transition from a free school to a fee-based school in 2019 were adjusting its marketing strategy, managing costs more efficiently, and increasing investment attractiveness.

From a macroeconomic perspective, Indonesia's stable Gross Domestic Product (GDP) growth above 5% and controlled inflation within the 2-3% range are positive drivers. This stability, coupled with the growth of the Muslim middle class in Bandung, strengthens the market potential for Islamic-based international schools.

4.1 Project Transaction Structure

The business model used in the Islamic-based international junior high school development project is the Canvas business model. It consists of nine elements:

4.1.1 Customer Segments (Segmentation Market)

The primary customer segment of the Islamic International Junior High School in East Bandung is modern Muslim families from the middle to upper middle class. They aspire to provide their children with the best education, meeting international standards while remaining grounded in strong Islamic values. Furthermore, the school targets families living in and around East Bandung, including Bandung Regency and Bandung City, who are seeking a school with a global curriculum to prepare their children for the challenges of the digital age and global competition. Additional targets include the expatriate Muslim community or families with an international education orientation, making the school a strategic choice for parents seeking a balance between intellectual, spiritual, and social skills.

4.1.2 Value Proposition (Value Proposition)

This Islamic International Junior High School offers a unique value proposition, combining international curricula (such as Cambridge or IB) with in-depth Islamic education. This allows students to gain a learning experience relevant to global needs while also developing a solid foundation of faith and morals. Another added value is the focus on foreign language proficiency, particularly English and Arabic, enabling students to communicate in international languages while gaining a broader understanding of Islamic literature. The school also emphasizes technology-based learning, 21st-

century skills, and Islamic character building through Quran memorization programs , Islamic leadership, and the development of worship habits. With this concept, the school presents an educational solution that not only excels in academic achievement but also educates a generation of Muslims who are highly competitive, virtuous, and globally aware.

4.1.3 Channels (Channel Distribution)

To reach its target market, the school utilizes various strategic distribution and communication channels. Digital media is the primary channel, including the school's official website, social media (Instagram, Facebook, TikTok, and YouTube), and digital advertising targeting the Muslim community in Bandung and the surrounding area. Furthermore, the school actively participates in educational exhibitions, open houses, and Islamic-based parenting seminars to introduce its flagship programs. Direct communication through mosque communities, tutoring institutions, and alumni networks is also an effective means of disseminating information. Leveraging technology, the school provides online registration services, educational consultations via webinars, and an academic information system accessible to parents. This strategy ensures the school's message is widely received by the desired target market.

4.1.4 Customer Relationship (Connection with Customer)

Relationships with customers, namely parents, are maintained through openness, excellent service, and intensive communication. The school provides regular reports on students' academic and non-academic progress, both in the form of digital report cards and in-person meetings with teachers. In addition, the school holds parent discussion forums, Islamic parenting activities, and individual consultations to support children's development at home. Emotional bonds are strengthened through joint activities such as family seminars, community service, and religious events involving parents and students. With this approach, the school becomes not only a formal educational institution but also a strategic partner for families in developing a generation of high-achieving and characterful Muslims.

4.1.5 Key Activities (Key Activities)

The school's primary activities focus on providing quality learning by combining international and Islamic curricula. The learning process is complemented by interactive, technology-based methods, science and language laboratories, and project-based learning. learning). Apart from that, the school holds moral development activities such as tahfidz Al- Qur'an, regular study, prayer congregational prayer, as well as a program to cultivate daily worship. Extracurricular activities are also important, including academic activities such as olympiads, arts and sports, English debates, and Islamic leadership programs. The school also actively develops teacher competency through international and religious training to support the school's vision and mission.

4.1.6 Key Resources (Sources) Key Power)

The primary resources of the Islamic International Junior High School consist of professional, internationally competent teaching and administrative staff with a sound understanding of Islam. Physical facilities are crucial, such as a representative school building, modern classrooms with interactive technology, a digital library, science laboratories, computer laboratories, a mosque, and sports facilities. Furthermore, intellectual resources, such as an integrated curriculum combining international and Islamic curricula, are also a key strength. A technology-based academic information system that is transparent and easily accessible to parents is a crucial part of supporting the school's smooth operations. Its strategic location in the rapidly developing East Bandung area and close to modern Muslim housing complexes, is also a key resource in attracting parents.

4.1.7 Key Partners (*Key Partner)*

The school builds partnerships with various parties to strengthen its position. Collaborations with international educational institutions include curriculum certification, student competency testing, and teacher training. Collaborations with domestic and international universities include research, curriculum development, and teacher quality improvement. Religious institutions are important partners in strengthening Islamic values and ensuring that Quranic teaching meets standards. Furthermore, the school collaborates with the private sector and the government for funding, scholarships, and the

provision of facilities. Muslim communities, community organizations, and local media also partner in building an extensive marketing network.

4.1.8 Revenue Streams (Source of Income)

The primary source of income for Islamic International Junior High School in East Bandung is derived from financial contributions from students' parents, which are structured into several cost components. Upon initial enrollment, the school receives a registration fee and a one-time educational donation (DSP) as initial support for the school's construction and development. In addition, the school receives annual income from an annual activity fund, which is allocated for academic, religious, extracurricular, and other student-led programs. Annual income also comes from the mandatory purchase of school uniforms and textbooks, which serve to maintain uniform standards of identity while ensuring that teaching materials remain relevant to the curriculum. The most sustainable recurring income, on the other hand, comes from monthly tuition fees, which serve as the primary source of cash flow to cover daily operational costs, including teacher and staff salaries, facility maintenance, utilities, and the provision of learning support services. With this structure, revenue School streams are clear and measurable, where each component of revenue plays an important role in maintaining operational continuity while improving the quality of education offered.

4.1.9 Cost Structure (Cost Structure)

The school cost structure comprises several key components. First, the largest expense is allocated to teacher and staff salaries, including allowances and training to maintain the quality of the teaching staff. Second, operational costs include electricity, water, internet, stationery, and daily school needs. Third, significant expenditures are allocated to the procurement and maintenance of facilities such as classrooms, laboratories, libraries, mosques, and sports facilities. Fourth, curriculum development and teacher training costs are crucial to ensuring the school remains relevant to global developments. Furthermore, schools allocate funds for extracurricular activities, religious events, promotions and marketing, as well as reserves for future school development. With a planned cost structure, schools can maintain service quality while ensuring long-term sustainability.

4.2 Financial Model

The main source of income from the Islamic- based International Junior High School Development is income from student payments including registration, DSP, DKT, SPP, uniforms and books with a total of 100 students per class divided into 4 classes so that there are 25 students per class.

4.3 Funding Structure

There is *3-way financial model* that is phasing model finance the first step in the accounting cycle, connecting three financial statements: the profit and loss projection, cash flow projection, and balance sheet projection. This model is crucial because it forms the basis for a business's financial analysis. First, we must prepare *Capital Expenditure (CAPEX) and Operating* Expenditure (OPERATION) reports. *Expenses* /OPEX (Cost Operational) moreover formerly for determine mark on profit and loss projections, cash flow projections and balance sheet projections.

The capital structure of this Islamic-based International Junior High School Development Investment consists of debt and equity allocations that can be used by managers to fund activities. investment. Capital equity is funds Which implanted by the managers of this business and retained earnings representing profits from the previous year, these profits are not distributed to the owners of capital in this business but are used for debt financing or business expansion. Furthermore, debt capital is obtained from loan bank for finance activity Investment The development of this Islamic-based international junior high school. Certain financial ratios are needed to illustrate the effective use of debt and equity. These financial ratios are called *Debt-to-Equity. to Equity Ratio* or debt to equity ratio. *Debt to equity ratio* is a crucial component of financial reports that can reflect a company's financial condition. Therefore, the funding structure used is 60:40, with 60 percent equity and 40 percent bank debt.

4.3.1 Capital Expenditure / CAPEX (Shopping Capital)

To realize the construction of the Islamic International Middle School in East Bandung, the need for capital expenditure or capital expenditure is... The school's capital expenditure (CAPEX) budget is allocated at Rp5,587,250,000. This budget covers all the school's primary needs, from physical infrastructure and learning materials to Islamic support facilities, technological infrastructure, and emergency funds. The construction of the Islamic International Junior High School in East Bandung is planned with a capital expenditure allocation of Rp5.58 billion, covering various important aspects, from physical renovations and learning materials to emergency funds. The budget focuses primarily on renovations and interior improvements to reflect Islamic identity and comfortable learning environments, as well as the procurement of modern learning facilities such as desks and chairs, interactive whiteboards, and projectors to support interactive learning processes that meet international standards.

In addition to physical aspects, the school also pays attention to technology and literacy needs by providing teachers with computers, laboratory equipment, and a library collection. Religious facilities such as prayer rooms , ablution facilities , and sound systems are also provided. The system has also been strengthened to support student worship activities. Other supporting facilities include security, cleanliness, and operational measures such as CCTV, automatic gates, sports fields, and kitchen and cafeteria equipment, all designed to create a healthy and safe learning environment. Digital development is integral, with the provision of servers, an internet network, and educational software supporting efficient learning and administration systems. Environmental aesthetics are also considered through the school's gardens, decorations, and signage . Finally, allocations for educational consultants and emergency funds demonstrate the school's readiness to comply with regulations and anticipate risks, establishing this project as a strong foundation for a modern and globally competitive Islamic school.

4.3.2 Operating Expenses /OPEX (Operating costs)

To support business operations, school operational costs are divided into several main categories, including learning activities, infrastructure, religious activities, student and extracurricular activities, administration and licensing, health and security, and reserves and development. Total operational costs in the first year were recorded at Rp 23,884,250,000 and continued to increase annually, reaching over Rp 51 billion in the tenth year. This increase is in line with the increasing number of students, the intensity of school activities, and the need for facility maintenance. The operational expenditure (OPEX) structure of Islamic International Junior High School in East Bandung showed significant growth in its first ten years of operation. Learning activity costs were the largest component, increasing from Rp7.2 billion in the first year to over Rp20 billion in the tenth year, reflecting the increase in student numbers and the strengthening of academic quality based on an international curriculum. Facilities and infrastructure also saw a surge, from Rp6.3 billion to over Rp17 billion, underscoring the importance of comfortable and adequate facilities to support the teaching and learning process.

Commitment to Islamic identity is reflected in the steadily increasing allocation of funds for religious activities, from Rp1.47 billion to Rp4.41 billion. Student and extracurricular activities also received special attention, with the budget growing from Rp1.7 billion to Rp5.18 billion, demonstrating support for the holistic development of student potential. Meanwhile, administrative and licensing costs, health and safety, and development reserves also increased, demonstrating the school's commitment to maintaining good governance, comfort, and operational sustainability. Overall, the school's operational expenditure (OPEX) increased from IDR 23.88 billion in the first year to IDR 51.06 billion in the tenth year. This increase is in line with capacity expansion, activity intensity, and demands for quality educational services. With a structured and comprehensive allocation, the school is expected to maintain the quality of learning, create a conducive environment, and realize its vision of becoming an internationally recognized Islamic educational institution that excels and is globally competitive.

4.3.3 Profit and Loss Projection

Based on projections, the international Islamic junior high school development business in East Bandung has demonstrated healthy and profitable financial performance since its first year of operation. This is evident in increasing revenue, operational cost efficiency, and consistently increasing net profit

(EAT) throughout the ten-year investment period. In the first year (2025/2026), the school's revenue was recorded at Rp 6,680,000,000 with operating expenses of Rp 2,930,411,120. After deducting expenses, earnings before interest, taxes, and depreciation (EBITDA) reached Rp 3,749,588,880. With depreciation of approximately Rp 3,481,860,500, the EBIT value was still positive at Rp 407,726,380. After accounting for interest and tax expenses, the first year's net profit (EAT) remained positive at Rp 2,481,917,574.

In the second year (2026/2027), revenue increased to Rp 10,269,000,000 with operating costs of Rp 5,524,883,720. The increase in business scale resulted in EBITDA of Rp 4,744,116,280 and EBIT of Rp 1,402,253,780. After deducting interest and tax expenses, the net profit obtained was Rp 3,257,648,946, indicating a significant increase in profitability. Entering the fifth year (2029/2030), the school's revenue soared to Rp 15,720,000,000, while operating costs were recorded at Rp 10,292,431,579. EBITDA this year reached Rp 5,427,568,421 with EBIT of Rp 1,945,707,921. After accounting for tax liabilities, the school's net profit was Rp 3,865,208,571. In the tenth year (2034/2035), the school's revenue is projected to reach Rp 19,981,107,422 with operating costs of Rp 13,977,073,056. EBITDA is recorded at Rp 6,043,334,366 with EBIT of Rp 2,561,473,866. After deducting taxes, net profit (EAT) at the end of the projection period reaches Rp 4,271,039,043.

Based on these figures, it can be concluded that the school's business has been able to generate positive profits from the outset and continues to show stable growth. This indicates a high level of financial viability, with revenues steadily increasing in line with the increase in students and school activities, while costs are managed efficiently. Therefore, this international Islamic junior high school construction project has strong, sustainable profit prospects and provides significant added value for stakeholders.

4.4 Project Financial Feasibility

Indicator eligibility investment Which will become base evaluation investment feasibility development of an Islamic-based international junior high school, as Which will displayed The calculation results are NPV, IRR, BCR, PI, PP, and DSCR.

4.4.1 Net Present Value (NPV)

Based on the results of the cash flow projection that has been discounted at a cost of capital *(WACC)* of 8.4%, the *Net Present Value is obtained. The Net Profit and Loss (NPV)* is Rp 38,651,935,498. This figure indicates that after accounting for all initial investment costs and other cash outflows, this international-standard Islamic junior high school construction project still generates a substantial positive net value. Theoretically, if the *NPV* is greater than zero (*NPV* > 0), the project is considered feasible because it provides additional economic *value. creation)* for both capital owners and investors. In other words, this investment not only covers the costs incurred but also generates real profits. Therefore, the first hypothesis, which states that a project is feasible if *NPV* > 0, is accepted.

4.4.2 Internal rate of Return (IRR)

A project can be said to be feasible if the IRR value is greater than the cost of capital (WACC).

(*Weighted Average Cost of Capital*)	
Cost of Equity	7,2%
Cost of Debt	10,1%
Sumber Pendanaan	60:40
Modal sendiri	60,0%
Pinjaman Bank	40,0%
Total WACC	8,373%
Rounded WACC	8,4%

Source: processed data 2025

WACC For Investment the development of an Islamic-based International Middle School is around 8.4% . After done calculation, mark IRR is 47 % (morebig from WACC = 8.4 %).

The results of the analysis show that *the Internal Rate of the return (IRR) generated by this project reached 47%, far exceeding the weighted* average cost of capital. *Average Cost of Capital (WACC)* of

only 8.4%. This significant difference between *the IRR* and *WACC* strongly indicates that the project's internal rate of return is capable of covering financing costs by a large margin. According to feasibility study principles, if *the IRR* is greater than *the WACC*, the project is considered feasible because investors will receive a higher rate of return than their capital sacrifice. Therefore, the second hypothesis, which states that the project is acceptable if *the IRR > WACC,* is accepted.

4.4.3 Benefits Cost Ratio (BCR)

Benefit-Cost Indicator *The project's cost-benefit ratio (BCR)* is 3.56. This value means that every Rp 1 invested in the project will generate a financial benefit of Rp 3.56. This ratio is very high and indicates that the benefits received far outweigh the costs incurred. In investment feasibility standards, if *the BCR* > 1, the project is considered efficient and profitable. The higher the *BCR value*, the greater the profit margin that can be obtained. Therefore, the third hypothesis, which states that the project is feasible if *the BCR* > 1, is accepted.

4.4.4 Profitability Index (PI)

In addition to *the BCR, the Profitability Index (PI*) is also used as a measure of investment efficiency. The analysis results show a *PI value* of 5.54, meaning that each unit of investment cost will generate benefits 5.54 times greater. This figure confirms the project's very high profitability potential. Generally*, a PI* above 1 indicates that a project is feasible. However, with a value as high as 5.54, the project is not only feasible but also highly financially attractive. Therefore, the fourth hypothesis, which states that the project is accepted if *the PI* > 1, is accepted.

4.4.5 Payback Period (PP)

In terms of investment return time, this project shows *Payback the Payback Period (PP)* is 2.468 years, or approximately 2 years and 5 months. This means that the capital invested in the school project can be recovered in a relatively short time compared to the generally long-term investment horizon for education (10–20 years). This fast payback period also indicates that the project risk is relatively low, as the invested funds can be quickly covered by the generated revenue. Therefore, the fifth hypothesis, which states that the project is accepted if *PP* ≤ project life, is acceptable.

4.4.6 Debt Service Coverage Ratio (DSCR)

In terms of the project's ability to meet its debt obligations, *Debt Service Coverage The project's Debt to Equity Ratio (DSCR)* was recorded at 15.70. This value significantly exceeds the minimum standard of 1.2–1.5 commonly used in the financial world. With *a DSCR* of this magnitude, the project's cash flow is more than sufficient to cover all interest and principal payments. This indicates a very low risk of default, making the project safe and financially sound. Therefore, the sixth hypothesis, which states that the project is acceptable if *the DSCR* > 1, is accepted.

5. Conclusions and Suggesions

5.1 Conclusions

The construction project of an international-standard Islamic junior high school in East Bandung has been declared highly feasible. The business plan used encompasses all strategic elements, and financial projections show a consistent profit trend. Six key indicators: NPV, IRR, BCR, PI, and Payback Period Period , and DSCR all show very positive results, reflecting investment efficiency, high rates of return, and an extraordinary ability to meet financial obligations. Beyond financial feasibility, this project also has a strategic impact in improving the quality of Islamic education, providing superior facilities, and creating an attractive image for modern schools in the community. With its combination of economic and social benefits, this project represents a highly viable, profitable, and sustainable investment to support the development of quality education in Indonesia.

5.2 Suggesions

This study has limitations due to its primary focus on financial aspects, assuming stable projections, while reality is influenced by various uncertainties such as regulations, inflation, and public purchasing power. The limited student projections and time horizon of the analysis also pose challenges, while non-financial factors such as the quality of teaching staff and the school's reputation have not been fully

addressed. Therefore, further studies are recommended to include sensitivity analysis, expand the scope to include non-financial aspects, extend the time horizon, and compare the business model with other financing schemes for more comprehensive and applicable results.

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