

**CHRISTIAN SERVICE UNIVERSITY COLLEGE**

**DEPARTMENT OF BUSINESS STUDIES**

**BARCHELOR OF BUSINESS ADMINISTRATION**

**NOBLE DAYCARE**

**BUSINESS PLAN**

**BY**

**AMANKWA ERIC**

**BREFO FRANCIS**

**AYEH-FIANKO GABRIEL**

**MENSAH KOFI AFRIFA**

**DARKOWAA OFORI PATRICIA**

**DECEMBER, 2011**

**CHRISTIAN SERVICE UNIVERSITY COLLEGE, KUMASI**

**DEPARTMENT OF BUSINESS STUDIES**

**BARCHELOR OF BUSINESS ADMINISTRATION**

**NOBLE DAYCARE**

**BUSINESS PLAN**

**A BUSINESS PLAN SUBMITTED TO THE DEPARTMENT OF  
BUSINESS STUDIES OF CHRISTIAN SERVICE UNIVERSITY**

**COLLEGE, KUMASI IN PARTIAL FULFILLMENT OF THE**

**REQUIREMENTS FOR THE COURSE CSAD 443**

**TEAM BUSINESS PROPOSALS**

**BY**

**AMANKWA ERIC**

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**AYEH-FIANKO GABRIEL**

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**DECEMBER, 2011**

**STATEMENT OF AUTHENTICITY**

I have read the Christian Service University College’s regulations relating to plagiarism and certify that this Business Plan is all my work and does not contain any unacknowledged work from any other source. I also declare I have been under supervision for this Business Plan herein submitted.

<b>Name of Students</b>	<b>Index Numbers</b>	<b>Signature</b>	<b>Date</b>
1. Amankwa Eric	10140723		
2. Brefo Francis	10140749		
3. Ayeh-Fianko Gabriel	10140909		
4. Mensah Kofi Afrifa	10140720		
5. Darkowaa Ofori Patricia	10135315		

**Certified by**

.....  
**(Supervisor)**                      **Signature**                      **Date**

Certified by

.....  
**(Head of business Studies Department)**   **Signature**                      **Date**

## **EXECUTIVE SUMMARY**

i) Noble DAYCARE is a new day care center to assist the working parents and guardians in and around Adum and Kejetia the main business center of Kumasi by providing quality day care service to their children. The school will be located in a new building opposite PZ stores on the Kejetia Komfo Anokye teaching hospital road. Day care services will be provided to children from the ages of six (6) months to five (5) years.

ii) Competitors in the child care industry are mostly outside Kejetia and Adum. Noble Daycare expects to use three strategies to stand out as unique among our competitors. The location is one, as it has been carefully chosen. Secondly, Noble daycare expects to use penetration as pricing policy thus setting prices lower than competitors to ensure easy access to all classes of the working population. Thirdly, quality customer service is targeted to be among the priorities of the school.

Target customer segment will be children of public and private sector workers and the self employed.

Noble Daycare is expected to be managed by the founders in collaboration with other seasoned and experienced personalities such as Mr. Kofi Kyeremateng who has management, human resources and child right background, Mrs. Vivian Owusu also has Marketing, educationist and early childhood development background. Quality assurance unit office will be established to ensure excellence in the work. Noble Daycare expects to operate a flexible admission and transportation systems as well as expert medical services in a well secured environment.

With experienced and seasoned management members, quality customer relation and strategic pricing methods, Noble daycare is expected to gain a fair share of the market and stand out as one of the best child care centers in Kumasi.

Marketing analysis so far indicates a favorable micro and macro indicators that will work to the advantage of the business. The political, social and economic environments are conducive for business.

\iii) Noble Daycare will provide high quality child care to the working populace and expects sustainable profitability over the next three years, with **GH¢836367.00** in sales by the three years.

## **MISSION STATEMENT**

Noble DAYCARE is to provide safe, affordable, high quality child care for the children of the working community. In doing so, we support families in their effort to reach their goals. The Noble daycare will provide a cognitively based program for children ages six (6) months to five (5) years.

Thus provision of a home like environment where children are encouraged to develop at own pace. Noble daycare staff is committed to families we serve, providing support and encouragement.

## **VISION**

To provide a loving, supporting, safe and sound educational environment for families who need pre-school care for their children. It also the goal of Noble Daycare to offer programs that meet the intellectual, moral, social and emotional and physical needs of each child and to come out as one of the best child care centers of our time.

## **CORPORATE OBJECTIVES**

To be able to achieve the intended objectives of providing quality services and ensuring formidable early childhood care and development, we have set ourselves up to:

- Give children in our care the needed parental care and guidance
- Adequately prepare the children for a good start of their basic education
- Unearth and develop the God –given talents inherent in the children
- Give each child balance diet to ensure a healthy growth

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## **1.0 ORGANISATION**

### **INDUSTRY ANALYSIS**

Education is important for nation building. Past and present governments have made the necessary efforts to improve the educational sector. The past government came out with Capitation grant and school feeding programme to add-up to the Free Universal Basic Education (FCUBE).

Individuals and other corporate bodies have also contributed to the education sector, hence the establishment of the Noble Day care to beef up the training of such important national assets.

Noble DAYCARE is a new school to assist working parents and guardians in and around Kejetia and Adum in Kumasi by providing day care services to their children. The school will be located in a new building just on the Kejetia-Komfo Anokye Teaching Hospital road. The business is owned by Eric Amankwa, Francis Brefo, Patricia Ofori Darkowaa, Ayeh-Fianko Gabriel and Mensah Kofi Afrifa as cofounders.

The business is expected to begin operations on September 1, 2012 which is the normal admissions time for schools in Ghana. The completion of the registration of the business and other documents will be ready by the end of December, 2011 and the business name is NOBLE DAYCARE. Noble Daycare is a Limited Liability Company. The business expects to employ twenty-one (21) workers at the beginning of its operations.

**COMPANY ADDRESS:**

Noble DAYCARE

*Motto: Foundation is key to success*

Post Office Box KS 7623

Adum-Kumasi

[Tel:0244-363056](tel:0244-363056), 020-6933098, 0243545451, 0243272363, 020-2533969.

Website: [www.NobleDAYCAREedu.org](http://www.NobleDAYCAREedu.org)

Email:NobleDAYCAREedu@yahoo.com

## **2.0 PRODUCT IDEA AND REALIZATION OF SCHEDULE**

### **2.1 PRODUCT IDEA**

Many parents find it difficult to take their children to their work place since it makes them ineffective as they are expected to perform. This undermines their efficiencies and if they are not self-employed, their superiors complain. Sometimes they leave their children in the care of

friends, family members and house-helpers, which is not the best, because it leads to complains and poor handling of the children. These people do not have the requisite skills and experience to take care of the children in a formal way and usually lead to the disadvantage of the children.

The hustle and bustle that parents go through has informed Noble DAYCARE to come in to assist them to have quality day care services for their children. Noble DAYCARE education will also give the children the needed foundation to adequately prepare and shape them for their basic education in future

It has been decided that incentives scheme will be introduced from the fourth year to loyal customers as a means of rewarding and retaining them.

Noble Daycare services will be extended to cover Saturdays because studies have shown that it is one of the busiest days in the week. Most competitors do not work on Saturdays.

## **2.2 REALIZATION SCHEDULE**

With the necessary plans and administrative effectiveness, Noble Daycares success is seen as a guarantee. The untiring efforts and experience of the co-founders, board of directors and other working force will be brought to bear on management of the school. All hands will be on deck to check risk and take advantage of opportunities with zeal so that our mission and vision are realized. Noble Daycare by all indicators will be a successful venture.

### **3.0 MANAGEMENT TEAM**

The Head of the school, Mr. Kofi Kyeremateng, his assistance Mrs. Vivian Owusu, Mr. Eric Amankwa form the management team and they will report to the board of directors.

Mr. Kofi Kyeremateng is experience in management, human resource and an advocator for children's right. In addition, Mrs. Vivian Owusu has rich experience in Marketing, early childhood development, and an educationist. Mr. Eric Amankwa has worked for St Patrick hospital for fifteen years as Senior Accounts Officer.

#### **3.1.0 PASSIVE CARRICULUM VITAE**

### **3.1.1 HEADMASTER-MR KOFI KYEREMATENG**

He holds Bachelor of Education in Management from University of Cape coast, Diploma in human resource, certificate in children rights.

#### **RESPONSIBILITIES:**

He will help the administrator to manage the daily activities of the school; all complains will be directed to him. With the rich experience in management, he will come out with policies and procedures that will help the running of the school and make sure the rights of the child are not infringed upon.

### **3.1.2 ASSISTANT- MRS. VIVIAN OWUSU**

She holds first degree in Marketing, Diploma in Education, and certificate in childhood development from university of Winneba.

#### **RESPONSIBILITIES:**

She will be responsible for marketing our services to the general public, and also assist the head master when the need arises. She will be in-charge of our promotion, advise management on recruitment, dismissal, marketing strategies and be responsible for developing and counseling the children and also addressing the concerns raised by their mothers.

### **3.1.3 ACCOUNTS OFFICER-MR. ERIC AMANKWA**

He holds Diploma in Accountancy from Kumasi Polytechnic, and a professional certificate from the Association of Certified Chartered Accountant (ACCA), Part 2.

#### **RESPONSIBILTIES**

He will handle all financial affairs, also draft the necessary budgets and responsible for controlling the expenditures.

### **3.2 SHAREHOLDERS:**

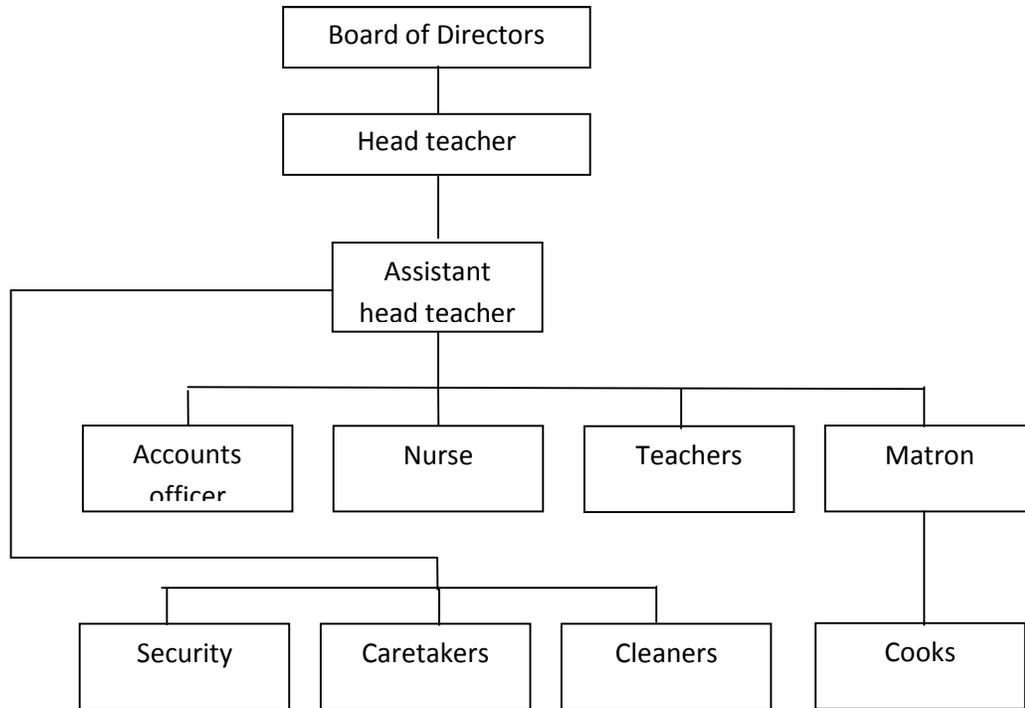
The Company is a limited liability company co-founded by five (5) prominent business oriented members as shareholders, Eric Amankwa, Francis Brefo, Patricia Ofori Darkowaa, Kofi Afrifa and Ayeh-Fianko Gabriel.

### **3.2 BOARD OF DIRECTORS**

<b>NAMES</b>	<b>POSITION</b>
Mr. Eric Amankwa (co-founder)	Chairman
Mr. Kofi Kyeremateng (head master)	Vice Chairman
Mr. Kwame Adinkra (Angel FM)	Member
Mrs. Vivian Owusu (Assistance head mistress)	Member
Mrs. Dorothy Frimpong (retired nurse)	Member
Mr. Francis Brefo (co-founder)	Member
Miss. Patricia Ofori Darkowaa (co-founder)	Member
Mr. Kofi Afrifa (co-founder)	Member
Mr. Ayeh-Fianko Gabriel (co-founder)	Member

### **3.3 ORGANOGRAM**

#### **NOBLE DAYCARE**



Line of authority of Noble Daycare School

Overall management powers of the school rests with the board of directors. The day to day management will be the duty of the head teacher who reports to the board of directors. The assistant head teacher reports to the head teacher. The Accounts Officer, the Nurse, teachers and the matron reports to the Assistant head teacher. Also the Assistant head teacher will be in charge of the security, caretakers, cleaners and cooks. The cooks works under the matron.

### 3.4 PERSONNEL PLAN

As the Personnel Plan shows, the company expects to make gradual investments in care personnel over the next three years, always keeping in mind the number of children in need of care at the center.

	Year 1(GH¢)	Year 2(GH¢)	Year 3(GH¢)
Head Master	4800.00	5,760.00	6912.00
Administrator	6000.00	7200.00	8640.00
Accounts officer	5400.00	6480.00	7776.00

Human relation	5400.00	6480.00	7776.00
Assistant Head	3,600.00	4320.00	5,184.00
Nurse	2,400.00	2, 880.00	3,456.00
Teaching/Care Staff (8) (GH¢150)	14400.00	17280.00	20736.00
Matron	1,440.00	1,728.00	2074.00
Security (2)	1,800.00	2,160.00	2,592.00
Janitors (2)	1,800.00	2160.00	2592.00
Kitchen Staff (2)	<u>1,800.00</u>	<u>2160.00</u>	<u>2592.0</u>
<b><i>Total</i></b>	<b><u>48840.00</u></b>	<b><u>58608.00</u></b>	<b><u>70329.60</u></b>

## **4.0 MARKETING ANALYSIS**

### **4.1 BUSSNESS SYSTEMS AND OPERATION**

#### **4.1.1 ADMISSION PROCESSES**

Children of all walks of life will be given equal chance of gaining admission into the school.

To start with, application forms will be made available to parents in leading stores around our premises and on our website [www.noblechild.edu.gh](http://www.noblechild.edu.gh). Sections of the application forms will cover medical information and special request of parents. Parents will be required to forward the completed form to Noble Daycare admissions office with the following:

- Birth certificate or Baptism certificate
- 2 passport size pictures
- Medical report duly authenticated by a qualified doctor

Parents will indicate on the application form whether they want to use our transport to convey the children to school or take them to us by themselves

#### **4.1.2 Transport**

School cars will be provided to convey the children from two to five years (2-5) to school if required by parents at an affordable price. This will help parents who wish to go to work straight from home to be able to do so. Parents are however expected to pick their wards from school themselves or by an authorized person.

#### **4.1.3 Meals**

Noble Daycare will operate a separate cafeteria to cater for the nutritional needs of the children from a well furnished kitchen on campus. Feeding plan of the children will be taken care of by the matron and the nurse. Mothers who will want to breast feed their children whilst at school will be allowed to do so at their convenient time.

#### **4.1.4 Apartment Layout**

For the convenience of customers, the admissions office will appear first followed by the accounts office. Other apartments will include feeding room, changing room (bath area) and a playing hall furnished with toys. The feeding room will be next to the kitchen for easy access. The playing hall will also be situated next to the classrooms. The car park for our clients will be in an area within the building compound.

Three classrooms will be created according to the ages of the children. Children from the ages of six (6) months to one year (1) will constitute one class. Those from two (2) years up to three years will be another class and four and five years old children will be in one classroom.

#### **4.1.5 Security**

Security will be a priority in and outside the school premises. The necessary arrangement is in place to outsource our security needs from (Total security Company.) at Adum. Care will be taken to make sure the children are safe.

## **4.2 ENVIRONMENTAL ANALYSIS**

### **4.2.3 COMPETITOR ANALYSIS**

The Child care market is competitive in Kumasi. There are many child care providers in Kumasi prominent amongst them include Springboard International School, Shooting Stars, Alice memorial, Naggies Angels Daycare, 31<sup>st</sup> December women Day care, Kingdom Kids International School, Froebel International School, International Community School.

Noble Day care is poised to fill the gap of providing excellent child care to children outside the home in partnership with parents. The existing Daycare centers pose a big challenge but the location of Noble Daycare is carefully chosen and will serve as one of our strategies to compete well. Almost all the competitors are outside Kejetia and Adum which are the main business centers of Kumasi. Noble Daycare will therefore be among the few that will be easily seen and be considered first by the working population.

Apart from the location a lot of research work on costing and pricing will be undertaken on competitors to ensure that prices at Noble Daycare is among the most affordable, so that the low income earners can also enjoy our services.

- **Future Competition**

Entry into the education sector in Ghana is simple without many restrictions and there is the anticipation that many other child care centers will spring-up in future to compete. To ensure sustainability of Noble Daycare, a customer relation will be established between the school and our customers by given them quality services, addressing their concerns and calling them once in a month to find out how they are fairing.

Parents are not only interested in being able to conveniently go about their social activities but are also interested in the well being of their children. Noble Daycare will be structured to provide the child with current and qualitative education through the use of seasoned and qualified teachers as well as modern teaching aids and equipments. To facilitate quality of service, the lady co-founder in the person of Patricia Ofori Darkowaa will be in charge of the quality assurance office of the school.

#### **4.2.4 Political**

Democracy in Ghana is well entrenched. Ghana enjoys a stable political environment and people go about their work without hindrance. Successive governments continue to promote education and the ministry of education supports private participation in the education sector and is an advantage to Noble Daycare.

#### **4.2.5 Economic**

Economic indicators in Ghana at the moment are favorable for business. The government of Ghana provides incentives to small and medium businesses in the quest to boost employment. The inflationary rate continues to improve and all these will serve as fertile grounds for business such as ours.

#### **4.2.6 Socio-cultural**

Ghana like all societies is a multi-cultural state with different languages. Kumasi being the second largest city in Ghana is a home to many people with diversities. This gap will be bridged by encouraging unity in diversity in our campus. Akan which is the most widely spoken

language will be used with the English language in teaching and dealings with parents. The religious tolerance in Ghana is good for business.

#### **4.2.7 Technological:**

The government of Ghana is determined to enhance the teachings and learning of information communication technology (ICT) in schools. Noble Daycare will take advantage and introduce the children in our care to the use of computers at their early stages first as a playing device and secondly as learning tool.

#### **4.2.8 SWOT Analysis**

Weakness and threats abound in all human endeavors. Noble Daycare will not shy away from situations that will challenge our quest to succeed but recognize them and find the necessary solutions to mitigate them. Opportunities and strengths available will be capitalized on to our advantage.

#### **STRENGTH**

The quality of workforce is seen as strength. The working experience and educational background of the co-founders and other managers will be an asset to ensure sound operation in Noble Day care. These include:

- Dedicated and good customers service
- Specialized teaching and management staff
- Our innovative approach, strong team, couple with teaching logistics
- Strategic location of Noble of Day care in the business center of Kumasi.

## **WEAKNESS**

- Funds to finance the Noble Day care by ourselves are inadequate.
- High cost of premises in the center of the city. We hope to cover and the noisy environment will be checked by architectural designs.

## **OPPORTUNITIES**

- Moderate pricing policy vis-à-vis the high prices of competitors will be used as a strategy to increase customer base.
- Excellent educational policies
- Modern facilities to provide excellent education
- Free screening for kids in every six months with St Patrick hospital (offinso)

## **THREATS**

Competition in the child care business is keen, mostly due to the liberalization of entry. Success will therefore depend much on how one distinguishes itself in terms of quality, affordability and accessibility. Noble Daycare will prove equal to the task and make sure of high patronage.

### **4.3 Market Segmentation**

Noble Day care will give equal opportunity to people of all walks of life, both the affluent and the poor. Parent and guardians with low or high income will be treated equally. Potential customers will be working parents in the public and the private sector.

### **4.4 Target Market**

Noble Daycare has the target group to be parent and guardians in and around Kejetia and Adum.

## **4.5 MARKETING MIX**

### **4.5.1 Product Features**

Offering quality child care and early training to the children of parents and guardians in and around Adum and Kejetia will be the main focus of Noble Daycare. Intake will be children between the ages of six (6) months to five (5) years. Uniqueness of the school will be inherent in the quality of service tailored to the needs of parents and the welfare of the child. Flexibility in the mode of payment and the inclusion of experience teachers' makes Noble Daycare stand tall. Many of our competitors work for five (5) days, from Monday to Friday. Noble Daycare is expected to work on Saturday as well, in other to help our clients to concentrate on their weekend activities, since Saturdays is known to be the busiest day compare to the other days

### **4.5.2 PRICING**

Our target market is such that penetration will be used in its pricing policy. Many of our competitors have the elite groups in society as their target market and therefore charge exorbitant prices. Noble Daycare will set lower price to attract customers from all manner of the working class and also provide quality services comparable to our competitors. By so doing we will be able to capture a fair share of the market after which prices will be adjusted gradually upwards. Special arrangements will be made for clients with difficulty in making one time payment at the end of the month so that they pay in installment but not in arrears.

### **4.5.3 PROMOTION**

Advertising both on radio and the print media will be the main tool for promotion of our product. Advertisements on television are scheduled to be used from the second year onwards.

This will also be backed by personal selling and direct marketing. Noble Daycare will be well positioned to reach out to prospective clients in shops and workplaces in our catchment area. There will also be distribution of leaflets through letter boxes and on the street to attract customers.

Promotion will start about three months before operations in September 2012 in order to create the necessary awareness.

#### **4.5.4 PLACE**

Noble Daycare services will be direct sales to the customer without agents or any third party involvement. It will therefore be a direct contact with the customer in an attempt to create strong customer ties and maintain loyalty.

#### **4.6 ORGANISATIONAL ASSETS**

##### **Financial Asset**

Finance is considered as important since that will be used as capital to start the business. Finance is considered as one of the strengths of Noble Daycare. Initial capital of twenty thousand Ghana Cedis (GHC20, 000) will be raised equally among the five co-founders of the school. It is virtually certain that Noble Daycare will be in the position to raise additional funds from the banks.

##### **Physical Assets**

The funds will be translated into the acquisition of Machinery, Cars, teaching aids and well furnished learning environment to match standard of the already established child care centers.

### **Operational Assets**

- Location

Our target customers are mainly the working population at Adum and Kejetia, the main business center in Kumasi where the business is located. Proximity to customers means, Noble day care will be in position to easily catch the eye our target market. The Kumasi central market is a walking distance from the school. This will also ensure quick access to our suppliers of consumables such as pampers and cleaning materials. Our kitchen and Cafeteria requirements will easily be obtained. Kejetia as the main transport yard will ensure availability of transport to both customers and Noble Daycare.

The only location handicap is the cost of premises and the noisy surroundings. Our calculations indicate that such cost will be covered and the noise will be contained by our tinted glass windows all over the premises.

### **People Assets**

The educational background and experience of cofounder combined with the vast knowledge of other members of staff and management will immensely contribute to efficient execution of all business strategies.

## Direct Revenue

	Year 1	Year 2	Year 3
School Fees	80,000.00	139520.00	300649.00
Transport	55,200.00	99360.00	139,968.00
Registration Fee	15,000.00	3000.00	3750.00
<b>Total</b>	<b><u>150,200.00</u></b>	<b><u>241880.00</u></b>	<b><u>444367.00</u></b>

## 6.6.2 Direct Costs

	Year 1	Year 2	Year 3
Cost of Operations (School)	20,000.00	39840.00	78923.00
Transport	<u>21,600.00</u>	<u>432000.00</u>	<u>77760.00</u>
<b>Total</b>	<b><u>44,000.00</u></b>	<b><u>83040.00</u></b>	<b><u>156683.00</u></b>

## COST STRUCTURE

### Start-Up Items

Noble Daycare start-up costs will include:

- Hiring of two floor house the appropriate renovations to bring it up to the recommended standard
- Cars
- Tables and chairs
- Office furniture and equipment
- TV and VCD / DVD
- Sleeping mats and pillows
- Outdoor playground set
- Refuse bins

- Laundry facilities
- Computer system with printer, CD-RW, and Internet connection
- Copier and fax machine
- Art supplies
- Toys
- Medicine kits
- Kitchen supplies
- Cleaning supplies
- Legal fees / Registration
- Advertisement

**Note:** All assets will be depreciated using straight line method.

<b>Start-Up Expenses</b>	<b>GH¢</b>
Renovation Works	17892.00
Non-Current Assets	34680.00
Others Non – Current Assets	
Art Supplies	9012.00
Kitchen Supplies	1380.00
Medicine Kits	1092.00
Mats & Pillows	<u>7452.00</u> <b>9924.00</b>
Legal / Registration	6600.00
Advertisement	3000.00
Cleaning Supplies	1,824.00
Insurance	3180.00
Administrative	<u>2,652.00</u>
<b>Total</b>	<b><u>88734.00</u></b>

**RISK ANALYSIS**

## **Security**

Noble Daycare is situated in the busy area of Adum and kejetia raises the question of how to prevent intruders from kidnapping and stealing. The necessary negotiation has been completed with the Total Security Company Limited to protect and safeguard life and property in a professional manner.

Strict rules will be in place so that children are handed over to only Parents and authorized persons. Thus Parents and only authorized persons will be responsible to take the children from school. Such authorized persons will be registered with their two passport photographs. Parents will be called to confirm whenever the authorized persons are to take the children home.

## **Disease**

Children from different homes and background pose the risk of break of an epidemic. This will be prevented by

- Regular visit of doctors from the Kuffour Clinic
- Counting on the free care offer from St Patrick Hospital
- Co-ordination between the resident nurse and doctors of the children to efficiently deliver on their health.

## **9.3 Risk transfer**

State insurance co-operation (SIC) will be insurers against any unforeseen contingencies or disasters. Preventive measures such as fire extinguishers will be installed in appropriate places and the requisite training will be acquired to help cope with all disasters.

## **5.0 FINANCIAL ANALYSIS**

## 5.1 PROJECTED INCOME STATEMENT

Below is the three year Income Statement from January 1<sup>st</sup> 2012 to December 31<sup>st</sup> 2014.

### PROJECTED THREE YEAR INCOME STATEMENT OF NOBLE DAYCARE

#### EDUCATION

	2012	2013	2014
	GH¢	GH¢	GH¢
Revenue (ref.Appendix)	150,200.00	241800.00	444,367.00
Cost of Sales (Direct Cost)	<u>44,000.00</u>	<u>83040.00</u>	<u>156683.00</u>
<b>Gross Profit</b>	<b>106,200.00</b>	<b>158760.00</b>	<b>287684.00</b>
<i>Less:</i>			
General & Administrative(ref.Append)	<u>96869.20</u>	<u>98678.72</u>	<u>107728.00</u>
<b>Profit before Tax</b>	<b>9331.00</b>	<b>60082.00</b>	<b>179956.00</b>
Tax / Levies	<u>933.10</u>	<u>6008.2</u>	<u>17995.6</u>
<b>Net Profit for the Year</b>	<b>8397.80</b>	<b>54073.8</b>	<b>151312.5</b>
<b>Income Surplus</b>			
Balance b / f	-----	<u>8397.80</u>	<u>62471.6</u>
<b>Net Profit for the year</b>	<b><u>8397.80</u></b>	<b><u>62471.6</u></b>	<b><u>224431.6</u></b>

## 5.2 CASH FLOW STATEMENT

The cash flow projection shows that provisions for ongoing expenses are adequate to meet the needs of the company as the business generates sufficient cash flow to support its operations.

**PROJECTED THREE YEAR CASHFLOW STATEMENT OF NOBLE DAYCARE EDUCATION**

	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>
<b>Cash Inflow</b>			
Capital(ref. Appendix)	200,000.00	-----	-----
Registration Fees	15,000.00	3000.00	3,750.00
Revenue	<u>150200.00</u>	<u>241800.00</u>	<u>444367.00</u>
<b>Total Cash Inflow (ref.Appendix)</b>	<b>365,200.00</b>	<b>244,800.00</b>	<b>448,117.00</b>
<b>Total Cash Outflow(ref.Appendix)</b>	<b><u>263342.60</u></b>	<b><u>217154.60</u></b>	<b><u>313211.00</u></b>
<b>Net Cash Flow</b>	<b>101857.40</b>	<b>27645.00</b>	<b>134905.00</b>
<b>Balance c/d</b>	<b>101857.00</b>	<b>12905.00</b>	<b>264407.00</b>

**5.3 BREAK-EVEN ANALYSIS**

## **BREAK-EVEN**

**2012**

**GH¢**

### **FIXED COST**

Renovation Works	17892.00
Non – Current Assets	34680.00
Legal / Registration	6, 600.00
Art Supplies	9,012.00
Kitchen Supplies	1,380.00
Medicine Kits	1,092.00
Mat & Pillows	<u>7,452.00</u>
<b><i>Total Fixed Cost</i></b>	<b><i>78,108.00</i></b>

### **VARIABLE COST**

Administration	2, 652.00
Salaries	48,840.00
Statutory Deduction	3,968.20
Stationery	1,260.00
Advertisement	3,000.00
Utilities	1,800.00
Insurance	3,180.00
Repairs / Maintenance	612.00
Cleaning and Sanitation	1,824.00
Bank Charges	614.00
Depreciation	9901.00

Taxes 933.10

***Total Variable Cost*** **78584.00**

**Sales** **150, 200.00**

Break – Even = Total Fixed Cost / Output 78108.00 / 150, 200.00 = **GH¢ 0.50**

Variable Break – Even = Total Variable Cost / Output 78564/ 150, 200.00 = **GH¢ 0.50**

Unit Cost = Unit Fixed Cost + Unit Variable Cost 0.50 + 0.50 = **GH¢ 1.00**

Profit Margin **GH¢ 3.00** **3+ 1.00** **=GH¢ 4.00**

Break – Even Unit = Total Fixed Cost / Sp – VC 78108.00 / 4.00 – 0.50 = 22,317 units

Break – Even Sales 22,317 ×4 .00 **GH¢ 89266.00**

Therefore to determine how long to Break – Even:

$$89, 266.00 / 150, 200.00 \times 12 = 7.1 \text{ Months}$$

**NET PRESENT VALUE**

$$\begin{aligned}
\text{NPV} &= -C_0 + \frac{C_1}{(1+r)^1} + \frac{C_2}{(1+r)^2} + \frac{C_3}{(1+r)^3} \\
&= -200,000 + \frac{150,200}{(1+0.25)^1} + \frac{241800}{(1+0.25)^2} + \frac{444367.00}{(1+0.25)^3} \\
&= \frac{150,200}{(1.25)^1} + \frac{241800}{(1.25)^2} + \frac{444367.00}{(1.25)^3} \\
&= \frac{150,200}{1.25} + \frac{241800}{1.56} + \frac{444367.00}{1.95} \\
&= 120160.00 + 155000.00 + 227880.00
\end{aligned}$$

Therefore NPV = **303040**

The Break-even Analysis is based on the average of the first-year figures for total sales by units, and by operating expenses. These are presented as per-unit revenue, per-unit cost, and fixed costs. These conservative assumptions make for a more accurate estimate of real risk. Therefore NOBLEDAYCARE will break-even just a week after the ninth month in operation.

7.1 Months

## 5.4 PROJECTED STATEMENT OF FINANCIAL POSITION

The following table presents the Statement of Financial Position for NOBLE DAYCARE Education.

**PROJECTED STATEMENT OF FINANCIAL POSITION OF NOBLE DAYCARE**

**EDUCATION**

	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>
<b>Non-Current Assets</b>			
Property, Plant & Equipment (ref. Ap)	74039.00	64138.00	54237.00
<b>Current Assets(ref.Appendix)</b>	147798.00	167472.00	300377.00
<b>Current Liability:(ref.App.)</b>	<u>(13440.00)</u>	<u>(8105.00)</u>	<u>(13515.00)</u>
Working Capital	<u>134358.00</u>	<u>159367.00</u>	<u>184141.00</u>
<b>Capital Employed</b>	<b><u>208397.00</u></b>	<b><u>223505.00</u></b>	<b><u>341099.00</u></b>
<b>Net Worth (ref. Appendix)</b>	<b><u>208397.00</u></b>	<b><u>223505.00</u></b>	<b><u>341099.00</u></b>

**APPENDIX:**

**PROJECTED THREE YEAR INCOME STATEMENT OF NOBLEDAYCARE**

**EDUCATION**

	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>
Revenue	150200.00	241800.00	444367.00
Cost of Sales (Direct Cost)	<u>44,000.00</u>	<u>83040.00</u>	<u>156683.00</u>
<b>Gross Profit</b>	<b><u>106200.00</u></b>	<b><u>158760.00</u></b>	<b><u>287684.00</u></b>
<b><i>Less:</i></b>			
Administrative Expenses	2,652.00	3182.40	3818.10
Legal / Registration	6,600.00	-----	-----
Rent	10800	10800.00	10800.00
Salaries	48840.00	58608.00	70329.60
Statutory Deduction (SSF)	3,968.20	3,968.64	7222.95
Advertisement	3,000.00	3600.00	4320.00
Utilities	1,800.00	2160.00	592.00
Insurance	3180.00	3816.00	4579.50
Stationery	1,260.00	1,512.00	1,814.50
Repairs / Maintenance	610.00	732.00	878.10
Cleaning and Sanitation	1,824.00	2188.00	2,625.20
Bank Charges	614.00	1089.36	2096.80
Toys and computer games	37642	-	-
Interest	8333.33	8333.33	8333.33

Depreciation	<u>9901.00</u>	<u>9901.00</u>	<u>9901.00</u>
<b>Total Expenditure</b>	<b>96869.20</b>	<b>98678.72</b>	<b>107728.20</b>
<b><i>Profit before Tax</i></b>	<b><i>9331.00</i></b>	<b><i>60082</i></b>	<b><i>179956.10</i></b>
Tax / Levies	933.1	6008.2	17995.6
<b>Net Profit After Year</b>	<b>8397.80</b>	<b>54073.8</b>	<b>161960.5</b>
<b>Income Surplus</b>			
Balance b / f	-----	<u>8397.80</u>	<u>62471.6</u>
<b>Net Profit for the Year</b>	<b>8397.80</b>	<b>62471.6</b>	<b>224431.6</b>

**PROJECTED THREE YEAR CASHFLOW STATEMENT OF NOBLEDAYCARE**  
**EDUCATION**

**2012**

**2013**

**2014**

	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>
<b>Cash Inflow</b>			
Capital	200, 000.00	-----	-----
Registration Fees	15,000.00	3000.00	3750.00
Sales / Revenue	<u>150,200.00</u>	<u>241800.00</u>	<u>444367.00</u>
<b>Total Cash Flow</b>	<b>365200.00</b>	<b>244800.00</b>	<b>448117.80</b>
<b>Cash Outflow</b>			
Cost of Sales (Direct Cost)	44,000.00	83,040.00	134507.00
Rent	10800.00	10800	10800
Non – Current Assets	34680.00	-----	-----
Legal / Registration	6,600.00	-----	-----
Administrative Expenses	2,652.00	3182.00	3818.4
Salaries	48840.00	58608.00	70329.6
Statutory Deduction	3968.20	3,968.64	7222.95
Advertisement	3,000.00	3600.00	4320.00
Utilities	1,800.00	2160.00	2592.00
Insurance	3180.00	3816.00	4579.2
Stationery	1,260.00	1512.00	1,814.4
Repairs / Maintenance	612.00	734.400	881.28
Cleaning and Sanitation	1,824.00	2188.0	2625.6
Tax	933.10	6008.1	17995.6
Bank Charges	614.00	1089.3	2096.80
<b>Loan repayment</b>	<b><u>41666.60</u></b>	<b><u>41666.60</u></b>	<b><u>41666.60</u></b>

<b>Total Cash Outflow</b>	<b>263342.60</b>	<b>217154.60</b>	<b>313211.60</b>
<b>Net Cash Flow</b>	<b>101857.40</b>	<b>27646.00</b>	<b>134905.40</b>
<b>Balance c/d</b>	<b>101857.40</b>	<b>129502.00</b>	<b>264407.80</b>

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
School fees (Year)	80,000.00	136128.00	292237.00
Transport	55,200.00	102,672.00	148400.00
Registration Fee	15,000.00	3000.00	3,750.00
<b>Total</b>	<b>150,200.00</b>	<b>241800.00</b>	<b>444387.00</b>

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Cost of Operations(School)	28,800.00	55,296.00	105,032.
Transport cost	15200.00	27744.00	51,552.00
<b>Total</b>	<b>44,000.00</b>	<b>83040.00</b>	<b>156683.0</b>

**PROJECTED STATEMENT OF FINANCIAL POSITION OF NOBLEDAYCARE**

**EDUCATION**

	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>
<b>Non-Current Assets</b>			
Property, Plant & Equipment	74039.00	64138.00	54237.00
<b>Current Assets</b>			
Trade Receivable	35000.00	32000.00	30000.00
Prepayment	10,940.00	5,970.00	5,970.00
Cash and Bank	<u>101857.00</u>	<u>129502.00</u>	<u>264407.00</u>
	147798.00	167472.00	300377.00
<b>Current Liability:</b>			
Trade Payable	<u>(13440.00)</u>	<u>(8105.00)</u>	<u>(13515.00)</u>
Working Capital	<u>134358.00</u>	<u>159367.00</u>	<u>286862.00</u>
	<b><u>208397.00</u></b>	<b><u>223505.00</u></b>	<b><u>341099.00</u></b>
<b>Equity &amp; Liabilities</b>			
Stated Capital	200,000.00	158034.00	116668.00
Income Surplus	8397.80	62471.00	224431.60
<b>Net Worth</b>	<b><u>208397.80</u></b>	<b><u>220505.00</u></b>	<b><u>341099.60</u></b>

## FINANCING

To finance Noble Daycare Education, the five owners will raise Twenty Thousand Ghana Cedis (GH¢ 20,000.00) each as initial capital needed for the start-up.

Table 1.0

NAMES	CONTRIBUTION
ERIC AMANKWA	CASH GH¢ 20000.00
BREFO FRANCIS	“ GH¢ 20000.00
AYEH-FIANKO GABRIEL	“ GH¢ 20000.00
MENSAH KOFI AFRIFA	“ GH¢ 20000.00
DARKOWAA OFORI PATRICIA	“ GH¢ 20000.00
<b>TOTAL</b>	“ <b>GH¢ 100,000.00</b>

**LOAN FROM BANK: GH¢ 100,000**

**INTEREST RATE 25%**

**25 GH¢ 100,000**

100 = **GH¢ 25000** = **GH¢ 8333.33**

3years

**REPAYMENT OF LOAN: GH¢ 100,000 =33,333.33**

Principal + interest=  $33,333.33+8333.33=$  **GHC 41,666.66**

**NOTES.**

**(A). EXPENDITURE**

Management strongly believes that to satisfy our client well, directs expenses (cost of sales) are expected to go up by 20%per annum.

**(B). SALARIES**

Wages and Salaries Annual increment will be 20% per annum to motivate NOBLEDAYCARE staff. At the same time, statutory deduction at a rate of 13% based on annual salaries.

**(C). BANK CHARGES**

Bank Charges at 0.50% per annum on Annual Gross Sales.

**(D). ACCOUNT RECEIVABLE**

Management assumes that at the end of every year, five (5) parents or guardians will owe the school at the end of every year.

**(E). ACCOUNT PAYABLE**

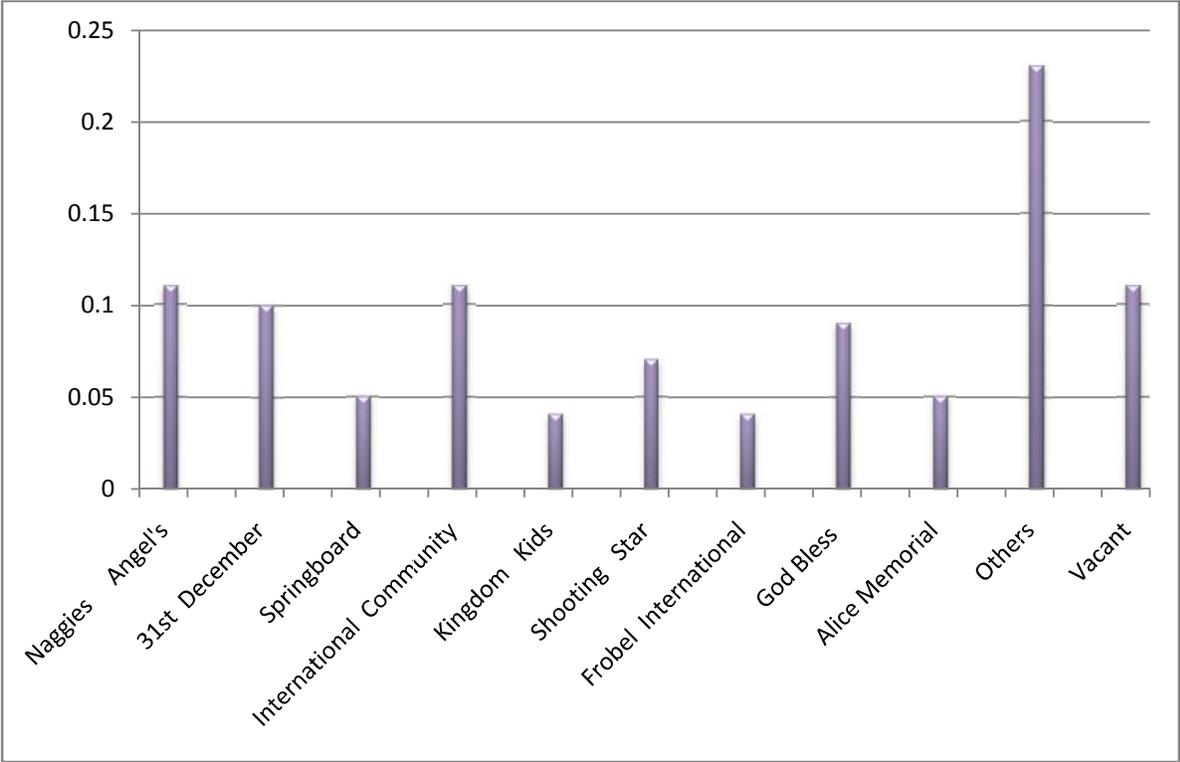
Due to post paid system of the utilities, Management is with the opinion that one (1) month bill for Electricity, Water and Telephone used will be owed to these Companies annually. Educational and other suppliers will also be owed at the end of each accounting year.

**(F). MARKET RESEARCH**

Although there are existing facilities in the market as shown below, we strongly believe that clients always wish for the best. NOBLEDAYCARE Education pricing policy (between 5% - 10% lower) than that of its competitors and flexible payment terms, can compare to none of the existing facilities.

Market research indicated the following statistical occupation of our competitors. Nagies Angel's 11%, 31<sup>st</sup> December Day Care 10%, Springboard International 5%, International Community School 11%, Kingdom Kids International 4%, Shooting Star Academy 7%, Frobel International 4%, God Bless International 9%, Alice Memorial 5%, others 23% and a vacancy estimation of 11%.

Bar Chart 1.0



Market Research: SOURCE: PAST STUDENTS PROJECT WORK 2010

**(i). DEPRECIATION**

All Non – Current Assets of the school will be depreciated using straight line method. The following rates will be applied:

- Building 20 Years
- Vehicles 10 Years
- Computers 5 Years
- Furniture and Fittings 5 Years
- Office Equipment 5 Years

Building	35250.00 / 20	1,763.00
Vehicles	16,000.00 / 10	1,600.00
Computers	7,500.00 / 5	1,500.00
Furniture and Fittings	8,400.00 / 5	1,680.00
Office Equipment	<u>16790.00 / 5</u>	<u>3,358.00</u>
<b>Total</b>	<b><u>83940.00</u></b>	<b><u>9901.00</u></b>

**NET BOOK VALUE      GH¢ 83,940.00- GH¢ 9,901.00= GH¢ 74,039.00**

## **CONCLUSION**

With more than 20% increase in yearly revenue and over 30% increase in yearly profit, coupled with a positive NPV = **GH¢ 303,040.00** it is more than convincing that, NOBLEDAYCARE Education is a viable business for execution.

With the current stable political environment, very committed, result oriented and seasoned Management Team, prudent Financial Management, and exploration of new strategies for marketing and sales, we are optimistic that NOBLEDAYCARE Education will be a successful venture.