

A man in a blue suit and patterned shirt stands on a city street, smiling. The background shows a building and a blue trash bin.

BUSINESS REPORT

Date: **27th July 2024**

Business Reference: **35795**

About the Business:

Pre-school and Nursery

Established in 1988. The school is selling at R2m and the property at R2m. Total of R4m

Pre-school and Nursery



Sector: **Services**

Asking Price:

R **2,000,000**

Monthly Profit:

R **67,578**

Asset Value:

R **2,900,000**

Stock Value:

R **0**

Yearly Net Profit :

R **810,934**



Business Report

Fully describe the business's activities?

Nursery and pre-school. 70 scholars with a capacity of 113.
The school offers half-day, full-day, and extended hours.

How does the business operate on a daily basis?

The staff member opens the school at 6am. Scholars start arriving and the school activities begins at 6.30am.

What Advertising/Marketing is carried out?

Facebook and Google ads.

How could the profitability of the business be improved?

The owner's daughter was a teacher and earned a salary. She resigned and this is a monthly saving of R33 000.

The one teacher is also the principal and also earns a salary, she has been with the school since 2007.

Replace the principal with a teacher/principal at R15 000pm with a saving of R18 000pm.

The chef is also now only working half a day with a monthly saving of R4 000 pm.

This is a yearly cost-cutting of R660 000 which has a huge impact on the profitability.

Give a breakdown of staff/ functions/ length of service?

4 Teachers (one teacher is also the principal)

5 Class Assistants

1 Cook

1 General Worker

Do any have management potential?

The Principal manages the school.

How involved is the Owner in running the business?

The owner only oversees the finances of the business.

When does the current lease end?

The property is for sale at R2 000 000. Monthly bond repayment over 10 years +/- R28 000 pm. The net cash flow including bond repayment is R50 000 where a buyer will acquire the business and property at R4 000 000.

What are the trading hours?

Monday to Friday 06h00am to 18h00.

What are the main assets of the business?

The property, furniture and fixtures.

Strengths?

In existence for 35 years
Well positioned
Loyal trained staff
113 capacity offers growth potential

Opportunities?

Improve capacity to the full potential of the approved 113 children. This will ensure additional income of R120 000 + per month. The school currently has 70 children.

Threats?

No real threats identified.

What is the reason for the sale?

The owner wants to retire.