



# BUSINESS REPORT

Date: **31st March 2025**

Business Reference: **37008**

About the Business:

## **Prestigious Pre-Primary School in a top Outer-West Durban Suburb**

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A R4m turnover produces a R713 000 pa Owners Discretionary Income, while it is selling at a competitive R1.6m. Property cost to a separate property company are covered in the expenses. It is easy to manage & operates from a stunning property.

# Prestigious Pre-Primary School in a top Outer-West Durban Suburb



Sector: **Services**

Asking Price:

R **1,600,000**

Monthly Profit:

R **59,461**

Asset Value:  
R 20,000

Stock Value:  
R 0

Yearly Net Profit :  
R 713,534



# Business Report

## Fully describe the business's activities?

This upmarket Pre-Primary School in a prestigious Outer-West suburb, caters for over 70 children from 10 months to 5 years of age (while the licence is for 80 children), with classes up to Grade R, The owner is there on most days - for the opening & closing times, as well as, for two class sessions a day (presently being taken over by the teachers). The teachers are assisted by carers, while an admin staff member, cleaner/gardener are also employed.

## How long has the business been established?

The school was started over 30 years ago by the owner & moved into its current premises over 20 years ago.

## How does the business operate on a daily basis?

Children are dropped off by the parents from 7:00, with school beginning at 8:00 & closing at 12h00, and aftercare until 17h00. Everyone knows their duties for the day and carries such out, with the owner acting as the Principal.

## How are the clients attracted to the business?

The long-standing name & reputation of the school are it's biggest asset, supported by the upmarket well laid out property, staff, website, and word-of-mouth referrals. Little to no advertising/ promotional work is carried out by the elderly owner, which a new owner could certainly promote.

## What competition exists?

There are no immediate competitors, apart from Grade R.

## Is the business VAT Registered?

Schools are VAT exempt and thus all figures / accounting exclude VAT completely

### Are there up-to-date Management Accounts available?

They are produced monthly in arrears.

This Report is produced from the present 2024 year (projected to Dec 2024) with all the figures averaged, while management figures would indicate how income & expenses vary through the year (especially as children numbers generally increase over the first 3 months & might drop off the last month).

The owners Discretionary Income / Net Profit amounts to R713 000 pa.

These 2024 figures are very similar to 2022 and 2023 past years, and should be repeated in 2025..

### What Balance Sheet and Income Statements are available?

Clean AFS that are submitted to SARS are available for past years.

### What percentage of the business is cash/credit?

The majority of fees are paid month by eft, although some parents eft in advance for class bookings or discounts.

### How could the profitability of the business be improved?

Marketing endeavours would reap higher student numbers & profits

### What is the total staff complement?

12 full time employees, with medium to long service

6 Teachers 2 Assistants 2 Aftercare Assistants 1 Admin 1 Gardner/Cleaner

### How involved is the Owner in running the business?

The owner is there 5 days a week, but is only involved in ad hoc teaching, that the teachers are presently taking over.

### Do you require a licence?

The Dept of Basic Education Licence is in place for another 4 years.

## Premises Details

The upmarket property with an excellent layout is for sale at R3.3m (contained in a separate CC). A property cost of R360 000 pa is contained within the business expenses to cover such for a separate Property holding company.

## What are the main assets of the business?

Office equipment & furniture, as well as, educational toys & teaching aids. All in good/reasonable & 100% usable condition. Bought for R130k, but worth some R20k on a 2nd hand sale basis. These are small items that might be replaced over a number of years when necessary.

## Are any items not included in the sale?

Owners vehicles/cells. The attachments to the land & building (including jungle gyms) will be sold with the property.

## Strengths?

Upmarket & very well laid-out school  
Long standing with an excellent name  
No close competitors except for Grade R  
Good & experienced staff in place  
Nice website

## Weaknesses?

Elderly owner doesn't do much in the way of marketing or attracting new children

## Opportunities?

Develop a marketing plan, especially on social media, to increase intake numbers & profits

## Threats?

That another pre-school establishes in the area, but unlikely due to the excellent foot-hold this one has, while a new school would have to go through the onerous "new licence process" then try attract children thereafter.

## What is the reason for the sale?

Owner looking to retire now or within next year to two

## Why is this a good business?

Long Established well know Upmarket Pre-School, that produces a R4m turnover & R713 000 pa Owners Discretionary Income, that is selling at a competitive R1.6m. Bond costs to purchase the property are covered within the expenses. Easy to manage & stunning property in a top Outer-West suburb.