

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

# BUSINESS REPORT

Date: **29th June 2025**

Business Reference: **37235**

About the Business:

## **A Pre-School for children, babies (6 weeks old) to 6 year olds in East London.**

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This well-situated Early Learning Centre, in East London, is registered to care for children from babies (2 months) to Grade R (6-year-olds). Children are taught to love learning as they absorb large amounts of information during the first few years of their life. Parents and visitors are impressed with the high standard of education. The Pre-Primary classes are involved in school readiness programmes including

literacy, numeracy, life skills and basic computer skills. Three playgrounds ensure that each group of children mix with peers of their own age. The children are exposed to outings, displays, extra-mural activities and special days of celebration every term.

## A Pre-School for children, babies (6 weeks old) to 6 year olds in East London.



Sector: **Services**

Asking Price:

**R 2,935,000**

Monthly Profit:

**R 102,937**

Asset Value:

**R 925,500**

Stock Value:

**R 15,000**

Yearly Net Profit :

**R 1,235,243**



# Business Report

## Fully describe the business's activities?

This well situated Early Learning Centre, in East London, is registered to care for children from babies (2 months) to Grade R (6-year-olds). They currently have 103 pupils while being registered for 137 pupils.

Children are taught to love learning as they absorb large amounts of information during the first few years of their life. Parents and visitors are impressed with the high standard of education.

The Pre-Primary classes are involved in school readiness programmes including literacy, numeracy, life skills and basic computer skills.

Three playgrounds ensure that each group of children mix with peers of their own age.

The children are exposed to outings, displays, extra-mural activities and special days of celebration every term.

The property is being offered for sale at the current asking price R 2 800 000, but can be leased to the buyer in a rental agreement, having the first right of refusal to buy the property.

## How long has the business been established?

This was one of the first non-racial pre-schools in the Eastern Cape. It was established in the early 1970's.

## How long has the owner had the business?

Since 1999 - 26 years

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

They are open from 7 am to 5pm. Monday to Friday. The children follow a daily programme of well-prepared, interesting & integrated lessons until 12 pm, they have 2 intervals (am & pm) for snacks, eat a hot, cooked lunch & pudding, rest/sleep from 12:30 - 2 pm, are monitored & observed on the 3 different playgrounds

## How are the clients attracted to the business?

By word of mouth, passing the premises, visual advertisements, website & facebook.

### **What Advertising/Marketing is carried out?**

5 Digital advertising boards, facebook, website and WhatsApp as well as word of mouth.

### **Does the business have any contract work?**

No

### **What competition exists?**

Small start-up businesses nearby and in the city, many of which are unlicensed, do not have qualified teachers and thus offer low fees

### **What are the seasonal trends?**

None, except we close our doors over the December holidays for 3 weeks.

### **Is the business VAT Registered?**

No - any Educational institution is VAT exempt.

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

Yes - Up until end February 2025

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

As at End February 2025

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

Very little - about 10%. Customers generally pay via EFT or credit cards

### What is the age analysis of the debtors book?

2 months

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

By taking on more pupils.  
Reducing staff & salaries.

### Is Seller finance available and for what amount?

No

### What is the total staff complement?

20

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

Teachers, assistants, cook, cleaners, gardener, manager, bursar, principal & directors.  
Record of service available.

### Do any receive special perks or incentives?

Yes, time off over school holidays, half days every week and all public holidays, days off when required.

### Are they on contract?

All permanently employed

### Do any have management potential?

Yes

There is already a management team in place.

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

The owners live in Cape Town but are in daily contact with the school management team, tend to all payments and manage maintenance requirements. They are able to watch/monitor teachers remotely on 36 cameras as often as necessary.

They fly to the business on a fairly regular basis.

### When does the current lease end?

The owners own the building which is in a trust

The owners are offering the building for sale at a current selling price of R 2 800 000 which will be a separate sale agreement.

The lease agreement will contain a provision that the new owner of the school will have the right of first refusal to buy the building.

### Is there an option of renewal & what period?

There is a lease in place between the Trust and the (Pty) Ltd.

New owners will be able to negotiate a new lease with the Trust, which is the current owner..

### What are the trading hours?

07h00 to 17h00 Monday to Friday

### What is the square meters of the business?

1200 sq metres

### Is a copy of the lease available?

Yes

### **Do you require a licence?**

A licence is in place against the current legal entity.

### **What lease deposit and/or other surety is required?**

1 months rental

### **What are the main assets of the business?**

A full asset list is available

### **Are any items not included in the sale?**

A few percussion pieces are not included.

### **What is their overall condition?**

Overall very good

### **Do any require repairing?**

Constant maintenance has been maintained on playground equipment and small items or toys.

### **How have they been valued ?**

At fair market value

### **Are they presently insured?**

Yes

## Strengths?

Good reputation, qualified and committed teachers, loyal staff, close to parents' work places, regular reports & parent meetings

## Opportunities?

Open After Care centre,  
Offer holiday/weekend care.

## Threats?

Too many small unlicensed pre-schools have popped up since Covid,  
Economic climate.

## What is the reason for the sale?

Both the owners are at retirement age..

## Why is this a good business?

Going concern, constant income every month, no extra assets need to be purchased.  
A full management team in place.  
Very well known and has an excellent reputation.