

UNIVERSITY OF NIGERIA, NSUKKA

FACULTY OF AGRICULTURE

DEPARTMENT OF HOME SCIENCE, NUTRITION AND DIETETICS

TOPIC:

CHILD CARE

A BUSINESS PLAN

**WRITTEN AND SUBMITTED IN PARTIAL FULFILLMENT FOR THE COURSE CEDR
342(BUSINESS MANAGEMENT AND DEVELOPMENT)**

BY

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7.9	Profitability analysis	-	-	-	-	-	-	-	18
7.10	Breakeven point analysis			-	-	-	-	-	18
8.0	RISK ANALYSIS, CONTIGENCY PLAN AND EXIT STRATEGY								19
8.1	Risk Analysis and Mitigants	-	-	-	-	-	-	-	19
8.2	Contingency Plan	-	-	-	-	-	-	-	19
9.0	OTHER CONSIDERATIONS, CONCLUSION/RECOMMENDATION								20
9.1	Economic Justifications	-	-	-	-	-	-	-	20
9.2	Commercial Viability	-	-	-	-	-	-	-	20
9.3	Conclusion/Recommendation	-	-	-	-	-	-	-	20

1.0 EXECUTIVE SUMMARY

- 1.1 The following report and recommendation relate to the proposal to establish a child care business.
- 1.2 The proposed project is to be fully implemented with an investment of N8, 500, 000 made up of N4, 000, 000 fixed capital and N4, 500, 000 working capital.
- 1.3 The vision of my business is to create well and develop child care.
- 1.4 The proposed business will be located at University market road, Nsukka, Enugu state.
- 1.5 The financial projections reveal a good level of liquidity and stability by the time it matures. The projected turnover for year 1, year 2 and year 3 respectively is ~~N~~9, 000,000, ~~N~~9, 600,000 and ~~N~~10, 900,000. profit after taxation in 2014 is ~~N~~851,233 increasing to 1,000,000 in 2016
- 1.6 The funding requirement is ~~N~~3, 500,000 as the promoters are contributing ~~N~~5, 000,000 to the project.
- 1.7 The company's competitive edge is the strong technical skills and knowledge of the business.
- 1.8 The profitability indicators as extracted from the projections embodied in the plan are as follows:

PROFITABILITY ANALYSIS

Indicator	Year 1	Year 2	Year 3
Turnover (N)	9,000,000	9,500,000	10,000,000
Gross margin (N)	6,000,000	6,500,000	7,500,000
Net Operating profit(N)	851,233	900,000	1, 000,000
Return on Equity (%)	204.49	376.35	456.65
Return on total investment (%)	56.29	76.49	85.87

1.9 Conclusion and Recommendation

- From the point of view of the analysis of our findings, the proposed project is found to be technically feasible, financially viable and economically, desirable.
- The project offers good investment benefits. We therefore, highly recommend it to be funded so that we can ensure its implementation.

2.0

BACKGROUND

2.1 INTRODUCTION

There are lots of child cares in Nsukka. The planned child care establishment. The business is targeted to taking care of children whose parents are too busy and have no time to take care of them. As an entrepreneurial establishment, adequate services will be carried out to satisfy the needs of customers. The customers could be reached through posters and bill boards. Studies shows that there are lots of child care establishment. The planned project is as a result of increase in population.

2.2 VISION STATEMENT

The company's vision is to create well and develop child care.

2.3 MISSION STATEMENT

The company's mission is to provide top level child care. We exist to attract and maintain customers. When we adhere to this maxim, everything else will fall into place. Our services will exceed the expectations of our customers.

2.4 BUSINESS OWNERSHIP

This business is owned and controlled by NgwuOtuomasirichiChristabel

2.5 LEGAL STATUS

My child care business is located along University Market road, Nsukka, Enugu state. It is in the process of registration with the corporate affairs commission.

2.6 LOCATION OR PLANNED LOCATION AND FACILITIES

Beauty child care is located along University Market road, Nsukka, Enugu state because of availability of the following facilities; The purchase of five bedroom house and appropriate renovation, Sleeping mate and pillows ,Storage bin ,Tv and vcd,Outdoor playground set, Kitchen supplies, Tables ,Laundry facilities,Toys and regular power supply.

2.7 PRODUCTS/SERVICES

Beauty child care offers upper-end child care facility for toddlers age three to five. The Beauty child care offers a low teacher to student ratio, custom facilities, and innovative learning programs. The Beauty child care hours will be a bit wider range than normal business hours to accommodate the working parents, the target customer.

The two income families have children, yet both parents work. The Beauty child care is an innovative solution that acts as virtual parents, broadening the children's skills during the day. This is not a baby sitter facility. The children are engaged throughout the day, learning new skills and reinforcing already acquired ones.

2.8 KEY SUCCESS FACTORS

The key success factors of this business include:

- a very high experience and skills of our workers;
- neatness of the premises;
- The main promoter has undergone training in entrepreneurship.
- We shall be polite and friendly to the customers.
- Ensure proper worker to child relationship.

3.0 MARKET ANALYSIS SUMMARY

The Beauty child care will be offering child care/development for toddlers age three to five.

The Beauty child care will be targeting double income professional families who, because of

work obligations, do not have the time during the day to care for their child. The Beauty child care will be targeting families that are interested in something more than simple baby-sitting facilities; they would like the children to be enrolled in a program that offers development of many different skills including: socialization skills, arts and crafts, large muscle group workouts, reading, numbers, etc. Parents who are professionals, who are ambitious by nature themselves, are typically eager for their children to move ahead and are willing to pay for the best development care services for their children.

3.1 MARKET SEGMENTATION

The Beauty child care is targeting no specific customer group, the middle to upper class, two income professional families. This group of families has both parents working, not allowing them time to raise their child during the day. This group has the money for child care, and is willing to spend a little extra to get a higher level of care.

This customer segment has already begun teaching it's child advanced concepts like reading, singing, socialization, etc. The child care will continue to develop the children's skills.

This customer group is typically made up of two professional parents. This would explain why the parents;

- 1) Have the money for more sophisticated child care.
- 2) are ambitious in terms of their children's learning and development.

3.5 QUALITY ASSURANCE

The Beauty child care will observe all quality control measures necessary in this sector as approved by government regulatory body. And try to meet up to the needs of the child.

3.3 TECHNOLOGY:

Due to the high needs of child care, I will employ the use of toys and playing machineries for fast business growth and also reach the demand of the customers.

3.4 PROJECTED ANNUAL DEMAND FOR CHILD CARE IN NSUKKA

The demand is expected to increase with increase or growth in population. This, since population growth rate in the area lingers around.

4.0

MARKETING PLAN

4.1 MARKETING:

There are major child care establishments in Nsukka, Enugu state hence there are much competitors that can really put commendable competition. Therefore, if the Beauty child care starts operations as proposed; it will be a market competition in due time.

4.2 PROMOTION STRATEGY

The Beauty child care will embark on promoting her business through personal contact, printing and distribution of hand bills and through the use of posters to be pasted in a public places, mass media etc.

4.3 MARKETING STRATEGY

To maintain a favorable child care services in Nsukka, the Beauty aim at getting into the establishment at a highly competitive price. Moreover, the method of service ensures proper care of the children and also makes way for recommendations. Furthermore, the Beauty child care has planned her services in such a way that more families will be referred to the establishment. Plans on distributing gifts such as toys, letter of alphabets, pens and pencils and exercises books to her numerous customers are made. This will help to increase her popularity amongst the middlemen in the child care services.

4.4 MARKET POSITIONING

The Beauty child care position itself as the leader in child care services in Nsukka. The stated is how the establishment will want to be seen by its customers, competitors and the general public at large.

- As a provider of quality and excellent child care services
- As a trust worthy provider of consistently reliable in child care
- As an establishment that has the customers' interest, in the form of hygiene and care.

4.5 SWOT ANALYSIS

Beauty child care has some weaknesses, strengths, opportunities and threats, these are as follows:

A. Strengths

1. The location of the beauty child cares it to have easy access to it targeted customer.
2. The beauty child care has a very good plan to contain expansion which is one of the major challenges of child care.

B. Weaknesses

1. It is a new child care service which will take time to attract customers.
2. Insufficient capital

C. Opportunities

1. High population, as a result of good care and a hygienic environment.
2. Through this caring, I can establish another related care.

D. Threats

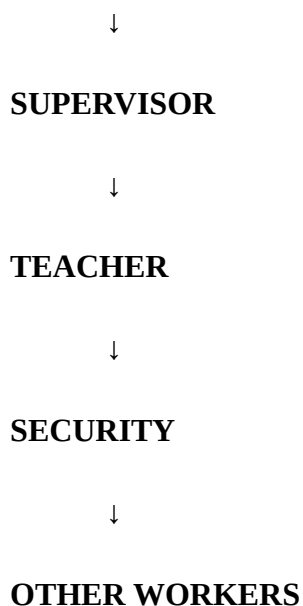
1. Low demand at the initial stage as a result of lack of awareness.
2. Change in government policy, hackers, thieves, fire hazards, etc.

5.0 ORGANIZATION AND MANAGEMENT**5.1 ORGANIZATION STRUCTURE**

DIRECTOR

↓

GENERAL MANAGER



5.2 SHAREHOLDERS AND DIRECTOR

There is no room for Shareholders and Directors as the business have not been registered into Nigeria.

5.3 MANAGEMENT TEAM

Manager and Technical assistant

5.4 EXTERNAL SUPPORTS

The company may seek external support for specialist areas like accounting, personnel, and recruitment.

5.5 PERSONAL PLAN

S/N	Position	No. of staff	Salary per staff per month	Total annual salary
1	General manager	1	50,000	600,000
2	Supervisor	1	40,000	480,000
3	Teacher	4	20,000	960,000
4	Laundry	1	10,000	120,000

5	Office general	2	15,000	360,000
6	Security	3	15,000	540,000
7	Workers	5	10,000	600,000
8	Drivers	2	10,000	240,000
N	Sub Total	16		
	Add 5% fringe benefits and bonus			150,000
	Total			6,010,000

5.6 VALUE AND NORMS OF THE BUSINESS

Beauty child care plans to adopt the following norms and values:

- To offer the best to the children and their mothers.
- To always make herself available to the children at expected time.
- Uphold integrity always.

6.0 LEGAL, REGULATORY, SOCIAL AND ENVIROMENTAL ISSUES

6.1 LEGAL ISSUES:

Beauty child care plans to commence commercial operations as a sole proprietorship and when fully matured she will be registered with the appropriate department at the Local Government Headquarters. It is about to be registered with corporate affairs commission. Also, every attempt will be made to get all necessary permit and licenses.

6.2 REGULATORY ISSUES:

Beauty child care is going to abide by all regulatory policies as directed by the regulatory authority.

6.3 SOCIAL ISSUE:

Beauty child care will create job opportunities to eliminate or reduce poverty. The business fully implemented will contribute in improving good and quality care for all children

6.4 ENVIRONMENTAL ISSUES:

- i. I will make sure that all the pampas used and other waste product is well disposed.
- ii. I shall also endeavor to maintain our generator frequently to ensure complete combustion of fuel and reduce noise so as to minimize pollutions.

7.0 FINANCIAL PLAN:

7.1 SUMMARY OF PROJECT COST:

The total cost of this project expected at ₦8,500,000.00. It is broken into ₦5,500,000 (five million, five hundred thousand naira) fixed capital and ₦3,000,000 (Three million naira) working capital.

Fixed Capital Cost:

Beauty child care is located along University market road Nsukka in Enugu state. The site is **highly motor able all year round.**

S/N	Detail	Qty	Unit price (N)	Total amount (N)
1	Bedroom house	3	₦800,000.00	₦2,400,000.00
2	Generator/Plant	1	₦50,000.00	₦50,000.00
3	Sleeping mate and pillow	6	₦20,000.00	₦120,000.00
4	Storage bin	4	₦500.00	₦2,000.00
5	School bus	1	₦150,000.00	₦150,000.00
6	TV and VCD	2	₦80,000.00	₦160,000.00
7	Outdoor playground set	1	₦100,000.00	₦100,000.00
8	Toy	50	₦8,000.00	₦400,000.00
9	Chairs	100	₦1500.00	₦150,000.00
10	Tables	100	₦1500.00	₦150,000.00
	TOTAL		₦1,211,500.00	₦7,282,000.00

7.2 FUNDING PLAN:

Owner's contribution -----₦5, 000,000

Loan capital (bank) -----₦3, 500,000

Total project cost -----₦8, 500,000

7.3 FUNDING REQUIREMENT:

The funding requirement for this project is ₦8, 500,000 since the owner's is contributing ₦5, 000,000.

7.3.1 INTEREST AND LOAN REPAYMENT SCHEDULE:

Year	Principal loan (₦)	Repayment(₦)	Interest (₦)	Total replacement (₦)	Loan balance
1	3,500,000	1,166,667	350,000	1,516,667	2,333,333
2	2,333,333	777,778	233,333	1,011,111	1,555,555
3	1,555,555	518,518	155,556	674,074	Nil

7.3.2 DEPRECIATION SCHEDULE

S/N	Asset items	Cost (₦)	Scrap value(₦)	Life span (yrs)	Depreciation(₦)
1	Bedroom house	₦800,000.00	₦400,000	20	₦400,000.00
2	Generator/Plant	₦50,000.00	₦20,000	10	₦30,000.00
3	Sleeping mate and pillow	₦20,000.00	₦10,000	4	₦10,000.00
4	Storage bin	₦500.00	₦100.00	1	₦2,000.00
5	School bus	₦150,000.00	₦800,000.00	10	₦650,000.00
6	TV and VCD	₦80,000.00	₦50,000.00	7	₦30,000.00
7	Outdoor playground set	₦100,000.00	₦70,000.00	5	₦30,000.00
8	Toy	₦8,000.00	₦4,000.00	1	₦4,000.00
9	Chairs	₦1500.00	₦800.00	5	₦700.00
10	Tables	₦1500.00	₦800.00	5	₦700.00
	TOTAL				₦857,400.00

7.4 Projected income statement

	Year 1 (₦)	Year 2 (₦)	Year3 (₦)
Turnover	9,000,000	9,500,000	10,000,000
Cost of sales	600,000	660,600	710,000
Gross margin	6,000,000	6,500,000	7,500,000
Less; operating expenses			
Sales and allowances	340,000	351,000	360,000
Electricity	20,000	32,000	33,000
Transport	30,000	33,000	34,000
Loan interest	33,000	30,000	32,000
Telephone	25,000	32,000	34,000
Depreciation	857,400	857,400	857,400
Total operation expenses	634,560	670,100	640,000
Net operation expenses	851,233	9,000,000	1,000,000

7.5 Cash Flow Projection

	Yr 1 total (#)	Yr 2 total (#)	Yr 3 total (#)
Cash In			
Owner capital or equity	5,000,000	-	-
Bank loan	3,500,000	-	-
Sales revenue	9,000,000	9,600,000	10,000,000
Total cash in flows	17,500,000	9,600,000	10,000,000
Cash Out			
Fixed assets acquisition	4,000,000	-	-
Cost of sales	1,600,000	1,660,000	2,726,000
Operating expenses	2,646,000	1,674,300	2,664,015
Loan repayment	-	400,000	400,000
Total cash balance	8,246,000	3,734,300	5,790,015
Net cash balance	9,254,000	5,865,700	4,209,985
open cash balance		9,254,000	15,119,700
Close cash balance	9,254,000	15,119,700	19329685

7.6 Balance of sheet

Balance sheet assets	Start date year 0	Year 1 end	Year 2	Year 3
Fixed assets:				
Land, machinery & others	-	8,695,000	8,695,000	8,695,000
Less cum. Dep	NIL	390,358	528,704	818,052
Total fixed assets		9,055,358	9,223,704	10,513,052
(A) Current assets:				
Cash (use as balancing item)	-	10,635,000	15,136,742	23,567,000
Debtors	-	2,000,000	2,000,000	1,334,000
Stock	-	15,54200	8,939,710	9,924,920

Total current assets (B)	-	14,189,200	26,076,452	34,825,920
Total assets (C)	-	23,724,000	46,711,254	49,150,692
Liabilities				
Current liabilities	-			
Creditors	-	3,363,000	3,057,000	1,179,000
Accrued expenses	-	6,364,157	2,595,814	1,000,000
Over draft				
Short term loan	-	2,782,052	1,921,155	4,281,000
Total current liabilities (D)		12,509,209	7,573,969	6,460,000
Capital employed (A-D)				
Long term liabilities				
Long term loan	-	2,100,000	1,910,000	810,110
Total long term liabilities (E)	-	2,100,000	1,910,000	810,110
Long short term liab. (F)	-	4,882,052	4,831,115	4,091,110
Share holders' equity (C-F)	-	9,620,100	13,977,368	34,319,477
Shareholders' equity				
Capitals (shares)	-	9,620,100	9,620,100	9,620,100
Retained profits	-	7,460,636	3,480,113	1,891,774
Total shareholders fund (G)	-	18,080,736	14,100,212	12,511,872
Total liabilities		35,161,4	27,200,425	24,023,746

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7.7 PROJECTED CASH FLOWS STATEMENT:

CASH INFLOWS	2015	2016	2017
Owners contribution	375,000	—	-
Loan from bank	560,400	—	-
Revenue (sales)	1,833,500	2,016,850	2,218,535
Total cash inflows(A)	2,768,900	2,016,850	2,218,535
CASH OUTFLOWS			
Equipment and rent (less 1 year rent)	589,660	-	-
Operating expenses (less depreciation and rents 2015 and 2017)	765,374	817,614.5	876,963.25
Loan repayment	186,800	186,800	186,800
Total cash flows(B)	1,541,834	1,004,414.5	1,063,763.25
Net cash inflows(A-B)	1,227,066	1,012,435.5	1,154,771.75
Opening cash balance	-	1,227,066	2,239,501.5
Closing cash balance	N2,227,066	N3,239,501.5	N4,394,273.25

7.8 PROJECTED BALANCE SHEET:

	2015	2016	2017
CAPITAL EMPLOYED			
Fixed asset	529,660	529,660	526,660
Less depreciation	29,701	59,402	89,103
	499,959	470,258	440,557
CURRENT ASSET			
Balance at Bank and in hand	1,227,066	2,239,501.5	3,394,273.25
Repayment (rent)	60,000	30,000	
	1,287,066	2,269,501.5	3,394,273.25
Less creditors (bank loan)	373,600	186,800	
Net current assets	913,466	2,082,701.5	3,394,273.25
Net current	1,413,425	2,552,959.5	3,834,830.25
FINANCED BY:			

OWNER'S CAPITAL	375,000	375,000	375,000
RETAINED PROFIT	1,038,425	2,177,959.5	3,459,830.25
OWNER'S FUND	N1,413,425	N2,552,959.5	N3,834,830.25

7.9 PROFITABILITY ANALYSIS

Indicator	Year 1	Year 2	Year 3
Turnover (N)	9,000,000	9,500,000	10,000,000
Gross margin (N)	6,000,000	6,500,000	7,500,000
Net Operating profit(N)	851,233	900,000	1,000,000
Return on Equity (%)	204.49	376.35	456.65
Return on total investment (%)	56.29	76.49	85.87

7.10 BREAK EVEN POINT ANALYSIS

	Fixed cost (₦)	variable cost(₦)
Salaries/allowance	340,000	-
Transport/travelling	-	20,000
Electricity	-	30,000
Telephone	-	25,000
Depreciation	857,4000	-
Total	1,197,400	75,000

$$\text{BEP} = \text{Fc} / (1 - \text{vc}/\text{s})$$

Where; fc=fixed cost

Vc= variable cost

S= sales or turnover

C= constant

$$\text{BEP} = 1,197,400 / (1 - 75,000 / 9,000,000)$$

$$75000 / 9000000 = 0.003$$

$$1 - 0.003 = 0.992$$

$$1197400 / 0.992 = 1,207,056.5$$

$$\text{BEP} = 1,207,056.5$$

8.0 RISK ANALYSIS, CONTINGENCY PLAN AND EXIT STRATEGY:

8.1 RISK ANALYSIS AND MTIGANTS:

RISK	MITIGANTS
Kidnappers	Highly armed security
Fire	Instillation of fire extinguishers and also proper wiring of the entire shop to avoid short circulating of electricity.

8.2 CONTINGENCY PLAN:

CONTINGENCY	PLAN
Stronger competitor	Change of strategy
Power failure	Stand by generator

8.3 EXIT STRATEGY:

In the case of exit from business the strategy could be moving into another similar business.

9.0 OTHER CONSIDERATION, CONCLUSION AND RECOMMENDATION:

9.1 ECONOMICS JUSTIFICATIONS:

The business is economically justifiable because it provides good and quality child care and also provides employment opportunity to the youth and mothers.

9.2 COMMERCIAL VIABILITY:

The commercial viability of this business is very clear having shown through projection, an implementation, profit and cash flow position.

9.3 CONCLUSION/RECOMMENDATION:

From the analysis so far, it could be seen that **BEAUTY CHILD CARE** is financially viable, and technically feasible. Thus, the business offers good investment benefit and is therefore, highly recommended for funding /financial assistance.