

Education Sector



SECONDARY SCHOOL

Introduction

Secondary schools are educational institutions for students in the age brackets of 13-19 years. The school will be mixed for both girls and boys. It will cater for both day and boarding sections. It follows elementary or primary education, and is sometimes followed by university (tertiary) education. Secondary schools have in recent years increased in number according to the ministry of education and sports' meaning the business is viable.

The viability of this business is attributed to the increasing population of people in Uganda and many pupils are joining secondary schools thus a need for more secondary schools. The startup capital for this investment is US \$ 1,670,000 and working capital is estimated at US\$ 10,000 generating TR of US \$ 691,200 in academic year in academic year 1, US\$1,822,500 in academic year 3, US\$ 2,902,500 in academic year 4 and US\$ 2,902,500 in academic year 5 years discounted at the rate of 10%. However in academic year 1 there is expected revenues since it's a year of planning and construction so no student is expected to join.

The project's operating expenses are US\$ 32,200 in AYr 1, US\$ 777,167 in AYr2, US\$963,881 in AYr 3, US\$ 1,506,621 in AYr 4, US\$ 1,508,364 in AYr 5 discounted at 10% for 5 years. However, these expenses will be paid out of the student's school fees.

The project's net profit after tax is estimated at US\$1,737,647 with a net profit margin is 21%. payback period of 2 years.

Capital Investment.

The scale of Investment is relatively big as it involves buying many different assets as described below.

Capital Investment Costs (in US\$)

	Total (US\$)
Fixed Assets	1,955,000
Land and Site Development	170,000
Construction of Laboratory	140,000
Completion & construction of Classrooms	220,000
Construction of dormitories	240,000
Development of Sports facilities	30,000
Construction of Teachers' Houses	0,000
Construction of Office Admin. Block	50,000
Construction of Computer Laboratory	50,000
Furniture, Sickbay, Lab., Office, Kitchen Equipment	295,000
Motor Vehicles (3-Ton Truck yr1, Bus yr3)	175,000
Textbooks	80,000
Sports Equipment	10,000
Total Investment	1,670,000

Profit and Loss Account

Activity	AYr 1	AYr 2	AYr 3	AYr 4	AYr 5
Revenue (Adjusted For Fees Default Factor) 10%		691.2	1,822.5	2,902.5	2,902.5
Expenditure					
Staff Costs		474.78	321.63	506.91	506.91
Office Administration and Operational Expenses	0	225.3	538.87	841.99	842.32
Utilities	8.4	8.82	9.26	9.72	10.21
Transport, Insurance, PR, Maintenance and Repairs	16.0	16.8	17.64	18.52	19.45
Depreciation Expenses	7.8	51.48	76.48	129.47	129.48
Total Operating Expenses	32.2	777.17	963.88	1,506.62	1,508.36
Net Profit(Loss) before Interest and Tax	-32.2	-85.97	858.62	1,395.88	1,394.14
Per Term	-10.73	-28.66	286.21	465.29	464.71

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School Payroll Expenses

	Projected No. Of Staff				Rate@ Month Per Person. (US\$)
	A/YR 2	A/YR 3	A/YR 4	A/YR 5	
Head Master	1	1	1	1	1,200
Deputy Head Teachers			2	2	800
Director of Studies	1	1	1	1	700
Matron/Patron	2	2	2	2	500
Subject Heads		10	10	10	600
School Teachers	10	5	15	15	500
Bursar	1	1	1	1	800
Accounts Assistants		2	4	4	400
Pool Intern Teachers		5	10	10	200
Non-teaching	5	5	10	10	250
Others	5	5	10	10	150
Total	25	37	66	66	

School Fees Revenue (US\$'000's)

	No. Of Students	Fees Rate/term	Term I	Term II	Term III	Total Fees	Total Fees 90%
Academic year 2							
School Fees - Day	100	0.4	40.0	40.0	40.0	120.0	
School Fees - Boarding	240	0.9	216.0	216.0	216.0	648.0	
Sub-total	340		256.0	256.0	256.0	768.0	691.2

Academic year 3							
School Fees - Day	150	0.5	75.0	75.0	75.0	225.0	
School Fees - Boarding	600	1.0	600.0	600.0	600.0	1,800.0	
Sub-total	750		675.0	675.0	675.0	2,025.0	1,822.5
Academic year 4							
School Fees - Day	150	0.5	75.0	75.0	75.0	225.0	
School Fees - Boarding	1,000	1.0	1,000.0	1,000.0	1,000.0	3,000.0	
Sub-total	1,150		1,075.0	1,075.0	1,075.0	3,225.0	2,902.5
Academic year 5							
School Fees - Day	150	0.5	75.0	75.0	75.0	225.0	
School Fees - Boarding	1,000	1.0	1,000.0	1,000.0	1,000.0	3,000.0	
Sub-total	1,150		1,075.0	1,075.0	1,075.0	3,225.0	2,902.5
TR Projection			3,081.0	3,081.0	3,081.0	9,243.0	

Market Analysis

This school will cater for a niche market of pupils from middle class families. This market segment has got the ability to pay for quality education at a premium. The middle class is a growing class of Uganda's economy.

There is ready market throughout the country as more and more children go to school. The UPE programme has boosted the numbers.

The quality of the school also determines the number of students in a school in terms of qualified staff, good examination results, infrastructures like good buildings, dormitories, nice looking compound among others.

Source of Supply of Machinery, Equipments and Raw Materials

The supply of raw materials, Machinery and Equipments is procured locally although it could also be imported from countries like Japan, South Africa and China.

Government Facilities and Incentives Available

There are low tax rates and sometimes no taxes at all on most of the industrial equipments and raw materials. Tax policies also favor industrialists for example VAT deferment and tax exemption on scholastic materials.

Risk Certainty

This business idea is associated with some manageable risks like outbreak of fire. This can be caused poor electric connections. However, this can be addressed by insuring the school and putting in place preventive measures like fire extinguishers, among others.