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The investment decision on Unggul Day Care (child care centers) at Indonesian Finance Business Plan

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The decision to invest on day care is seen by amount levels of childcare demand at office area. In this case, a parent is busy to working at office with earning enough salary also they can monitor child development directly. Thus, in this study, working parents can entrust and get education for their children. Here, we achieve the greatest investment with services based on renting or using a private home as a day care centre business ground, and make sure using comply with local laws.

Keywords: Daycare, Investment and Feasibility Analysis of an investment.

1. INTRODUCTION

The decision to enter the child care business, the first need to consider a number of important factors that can help you decide whether child care is the right business for you. Owning and running a child care center can be a very rewarding and rewarding experience, but not everyone is cut out for work in this industry. Here, the some of factors that can determine whether a person is a good fit for this business. Before to take the plunge and set up a child care business have the following six questions. Here, the success factors for a Child Care Business As the manager of a child care center will take a leadership role with setting up and managing a child care center takes a lot of skills. To manage time and resources in a way that maximizes productivity and keeps things organized, it's a fact of life that kids get sick more than adults and colds can spread throughout child care centers like wildfire. Being fit and healthy will ensure that the immune system is strong and that you can avoid getting sick too often. Good health will also give you the energy to lead the business lifestyle of a child care center owner. To be successful at any daycare or any business should be ideally be someone who will not panic in an emergency. Thus, to make sure that you have enough money to cover your living expenses at an early stage as well before your business becomes profitable. Taking responsibility for caring for other people's children like their own parents.

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Depending on the age group the child have to take care of them physically, discipline them, educate them or play with them. Once you have decided that you are suitable to open and run a child care center, you can then consider the following four factors as an introduction to a basic business model before proceeding with preparing a business plan. Other Basic Child Care Startup Considerations by running a commercial child care business require a large investment and you may be best off starting with a home-based service and then working until you finally open up in a rental place. Wherever you open a child care or child care center make sure you comply with local law. What type of legal structure is suitable for your business? This will depend on many factors and you should seek advice from an accountant or attorney before deciding to go with a single-ownership, partnership or limited company. It is likely that you will also be asked to have a business license to operate a daycare center in your country. Location. Is it possible to run a small child care center from your home or will you have to rent a commercial space? Even though many organizations such as companies, universities and hospitals have set up day care centers where many parents still prefer to use services closer to their homes. So the question here is, do you arrange close to where the family lives or near where the parents work. Hours of operation. You really need to do some market research to find out more about when your services will be needed by the

local community. Some parents may want to leave children very early in the morning before they go to work and others, who will want to pick them up late so it is likely that you will have to stay operational beyond the working hours. If you are not interested in long hours, you can target mothers who work part time and only need half day care. Depending on the size of your market, they may also offer day care and care for the weekend if the parents require it.

The success of business men and women as they evaluate opportunities and ensure that this business is a good match for them. Understanding the factors that will increase your chances of success is the key to making a good start. Make sure that opening a child care center is a positive and rewarding experience for you by knowing exactly what you have to do to be successful. The purpose of this business investment is to provide the largest profit for investors, all this is different in each country that has laws for child care and care. In cross-country studies, it was found that secondary education is important in generating long-term economic growth in developing countries. In previous study, the working with Chinese panel data, suggests that education might improve allocative efficiency [1]. Thus, borrowing from the classification scheme used by the World Bank, the importance of three things [2]. Matters for fighting chronic poverty: opportunity (economic growth and employment), empowerment and security; Education is definitely part of this three-corner bench leg opportunity. Here, at some of the determinants of the demand for daycare in an area that are suitable for the purpose, and then consider how much investment is needed to meet this demand [3].

2. METHODOLOGY

A. Daycare Request

In order to achieve the result, the existing research on some of the determinants of demand for education and childcare and the extent to which microfinance can influence demand. In particular, we obtain family income, risk attitudes, social class and health is extravagant. The evidence that consumption and school investment decisions cannot be separated if financial markets are incomplete [4]. The existence of a good daycare in an area of the worker environment, can further minimize the delay in working hours for parents who have entrusted their children to the daycare.

B. Funding Decisions

Funding decisions are decisions related to the source of funds obtained by the company, regarding the composition which includes short-term debt, long-term debt, and equity. In a managerial perspective, the core of the funding function is how the company determines the optimal source of funds to finance various investment alternatives, so as to maximize the value of the company

as reflected in its share price. In Pecking Order Theory, there is no optimal capital structure. Specifically, companies have a preference order (hierarchy) in the use of funds. According to Pecking Order Theory mentioned there is a hierarchical scenario in choosing funding sources, namely Companies prefer to use internal funding sources or internal funding rather than external funding [5]. The internal funds are obtained from retained earnings resulting from the company's operational activities. If external funding is required, the company will first choose from the safest securities, namely debt with the lowest risk, down to riskier debt, hybrid securities such as convertible bonds, preferred stock, and finally common stock. There is a constant dividend policy, that is, the company will set a constant dividend payment amount, regardless of how much the company gains or loses. To anticipate cash shortages due to constant dividend policies and fluctuations in the rate of return, as well as investment opportunities, the company will take an investment portfolio that is currently available.

C. Income Level

The income level of workers in the ASABRI office environment is already above the minimum wage standard set by the government. The intended customers or clients are parents who are willing to leave their children in daycare, especially for the middle and upper segment. Here, cross-sectional data from clients of Sinapi Aba have a trust with microfinance NGO in Ghana [6]. They found that participation in the program allows established clients to have their own savings, deposits and subscribe to a client welfare scheme that serves as insurance to pay off debts in future, sickness or death. Established clients were also found to be in a better position to contribute to their children's education and health care payments to their household members as well as to contribute to household purchases of resistant goods. From the study of investment in education is that improved financial conditions tend to increase investment in education, especially if the family is from a higher socioeconomic class and is in good health or where parents are educated themselves.

D. Comparison of teaching staff

I can categorize the need for teaching staff: baby sitters for infant care and toddler care (3 months-1 years), companion teachers for preschool care and presider care (2 years-3 years), teachers for kinder care (4 years-6 years). Gender administrators also tend to play a role in the decision to educate children, I see that the use of female workers has more capacity than male workers, especially in the procurement of daycare workers. Thus, the women have different preferences regarding how to

use their family resources compared to men [7]. This shows the creation of a good daycare atmosphere and environment that children can feel as in their atmosphere and family environment.

E. Room capacity method

Based on the standard reference space index in several countries such as Japan, Hong Kong, and India. The bedroom for children under two years old requires an area of 1.65m² / child, and 3.3m² of indoor and outdoor play spaces per child. The maximum capacity for one playroom is filled by 10-15 children for a room of 20-30 m². By using the smaller space capacity for children under two years of age, a daycare can prioritize the acceptance of children in the infant and toddler care age group and can estimate how much space will be used for other groups. The advantage of this method is the use of limited business space. The weakness of this method is that the estimation of the number of target children applied is greater or smaller, so that it creates the problem of lack or excess of space capacity.

F. Investment eligibility method

For the feasibility of investing in Daycare, I use a cash flow analysis based on marketing targets, operational facilities, and labor that are available every month at the start of the company's operations. Use of the time deposit interest rate provided by a bank institution, minus the applicable tax rate for a deposit as a comparison.

$$\text{Total Deposit Interest} = ((\text{Total deposit for deposits} \times \text{annual interest rate} \times \text{tenor}) - \text{tax}) \quad (1)$$

If the company's financial cash flow in one period, (according to the period of time of deposit) > of the total investment planted + deposit interest, an investment decision is declared feasible. The advantage of this method is that it uses the concept of time value of money and clearly shows cash flows per period. The weakness of this method is that the target number of children must be precise, the estimated cash flow must be after tax costs, the cash flow does not take into account the interest rate if the project is funded with loan funds. In my opinion, scaling is very appropriate to compensate for the shortcomings of this method.

3. RESULT AND DISCUSSION

A. Investment Choice

Working Capital is a company's investment in liquid assets. The term liquid assets are used to denote assets that are readily convertible into cash. According to Weston and Brigham quoted by Sawir (2005), "Working capital is a company's investment in short-term assets such as cash, securities (marketable securities), accounts receivable, and inventories." Meanwhile, according to

Munawir (2008), working capital is a company's capital investment in current assets that must be available to finance the company's day-to-day operations. In planning the initial investment value, Unggul Day-care has planned the initial working capital costs before the company's operations start. The description of the working capital of Unggul Day-care is showed in Table I.

Table I. Planning Working Capital Costs

Rent land and building	Rp	100,000,000.00
Renovation	Rp	100,000,000.00
Permit	Rp	5,000,000.00
Tax	Rp	500,000.00
Fix Asset (book + motorbike)	Rp	25,000,000.00
HR Procurement Cost	Rp	10,000,000.00
Operational Cost	Rp	71,425,000.00
Total	Rp	311,925,000.00
Safe Money	Rp	188,075,000.00
Total Investment	Rp	500,000,000.00

Building renovations to be placed must follow the regulations. For this reason, the renovation plan is in accordance with the applicable draft and regulations. With the banners that we place in front of the ASABRI office warehouse, we hope that the office environment and the surrounding community will know that day care has been established in that environment. Fixed assets purchased need to be prepared in the initial investment plan for Unggul day care, because the function of the purchased asset is very fundamental and supports Superior Day care's operational performance services. The cost of procuring human resources as one of the most credible resources in supporting the continuity of the Superior Daycare business. Initial investment needs to be designed how much it should cost for the establishment of Unggul day care. Employee salaries, human resources are important supporting factors in a conventional business such as Unggul day care where services are the revenue stream from day care. The importance of the functions and the existence of human resources in Unggul day care can be seen from the number of children who were entrusted with it at the beginning of its establishment to the existing of Unggul day care. Other costs are calculated in it including the cost of a baby sitter, accompanying teachers, equipment costs, learning equipment costs and children's games.

Capital Structure The definition of capital according to Brigham (2011) is the amount of long-term debt, preferred stock, and common stock equity, or maybe these items are added to short-term debt that bears interest. The definition of capital in the Financial Accounting Standards (2007) capital is the residual right of the company's assets after deducting all liabilities. There are two types of capital requirements to do business, namely, investment capital and working capital. These two types of capital are different, both in their use and in the period of time. Investment capital is used for the long term and

can be used repeatedly, usually more than one year. Meanwhile, working capital is used for the short term and is used several times in one production process. The working capital period is usually not more than one year. The company divides its capital requirements into 2 categories, namely: initial investment capital requirements and working capital requirements. Funding needed by Unggul Day-care to carry out business operational processes is IDR 500,000,000 for the initial establishment of Unggul day care, consisting of the total investment and cash reserves as large as required. Funding in the early days of day care operations came from investors. Where the implementation of this investment does not include loans from banks. Investors as funding for the establishment of day-care can include their capital under the investment scheme scenario, namely owning 50%, 80% and 100% of the paid-up capital and entering the company's capital structure. With an initial investment value of Rp. 500,000,000.-. For third parties, it can be included from the capital structure, because the company is still new, the flow of the third party is not direct to the company because it does not have a profit at the beginning of the current year, which is a requirement for company liquidity as guarantor of loans to banks.

B. Cost of Capital/WACC

Data from the calculation of working capital or Weight Average Cost Capital from Unggul Daycare is obtained from the value of liabilities and equity held by the company at the time of its establishment. Other elements other than liabilities and equity are based on data results other than market data and other external financial data (see Table II).

Table II. Count WACC Unggul Daycare

		Normal 2018	Optimis 2018	Pesimis 2018
WACC				
Data	Amount of equity			
	Tax rate	1%	1%	1%
	Equity beta	1,00	1,00	1,00
Result	$1+(1-T)D/E$	1,00	1,00	1,00
	Unleverd equity beta	1,00	1,00	1,00
Project				
Data	% Debt	0%	0%	0%
	% Equity	100%	100%	100%
	Tax Rate	1%	1%	1%
Result	$1+(1-T)D/E$	1,00	1,00	1,00
	Unleverd equity beta	1,00	1,00	1,00
	Project equity beta	1,00	1,00	1,00
Data	Risk-free rate	6,00%	5,00%	7,00%
	Market risk premium	6,00%	5,00%	7,00%
Result	Project equity beta	1,00	1,00	1,00
	Market risk premium	6,00%	5,00%	7,00%
	Equity risk premium	6,00%	5,00%	7,00%
	Plus risk-free rate	6,00%	5,00%	7,00%
	Cost of equity	12%	10%	14%
Data	Cost of Debt	12,0%	12,0%	12,0%
Result	Weight	Weight	Weight	Weight
	Cost of equity	10%	14%	12%
	WACC	10%	14%	12%

Based on the above calculations, the total Weighted Average Cost of Capital for Normal calculations is 12% and the Optimistic scenario is 10% and the Pessimistic scenario is 14%, where the amount of risk-free rate is 6%, 5% and 7%, respectively. The market risk premium for each scenario is also 6%, 5% and 7%.

The project equity beta as comparative data with businesses in the same industry in the market is 1 (one). Operational decisions Funding policies & working capital management in managing working capital, the company uses an approach that prioritizes the deposit of funds from the investor to fund all operational asset needs. All investment funds are borne by investors because the long-term prospect of the business will belong to the investors themselves. And in terms of working capital management policies this will increase shareholder value. The elements that are included in the management of working capital are cash, trade payables, inventory, tax payable and various money expenses that must be paid. If in this investment a different funding policy is required, such as a combination of investment in investor capital with third party loan funds, this will not be sensitive to affect the planned financial reporting scenario. The need for transparent working capital management is prioritized, and it is hoped that the investor and business planning parties who can work together for the sake of alignment of the short- and long-term goals of Unggul Daycare can be achieved. Cash Management the Company implements a cash adequacy strategy related to working capital based on the following requirements: The need for working capital which is based on the Daycare cash conversion cycle, Daycare will calculate the required working capital needs based on the conversion period when the child is admitted, with the number of careers, equipment, equipment and other facilities to support the comfort of the child. Unggul Daycare earns business income with an advance payment system obtained from willing customers, and can entrust their children for a period of 1 month (working hours) or an agreed period of several hours. Based on this, it can be seen that cash management is in the range of 20 days. This indicates that Unggul

Daycare must collect cash for at least 20 days so that the continuity of cash performance is maintained Sales Pricing Strategy The selling price is the selling price below the market that is generally available. The selling price is estimated to increase by 5% each year according to the assumed inflation rate (5%).

4. CONCLUSION

In this study has been successful to analyze investment decision on Unggul Day Care. Here, Unggul Daycare provides a business opportunity in the field of child care because there are many families for the upper middle class who work so that it is difficult to take care of children.

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