

# YOUXUE EDUCATION TRUST CENTER

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## ABSTRACT

Education in China is one of the most important issues for every family, and children are often placed with full expectations of the whole family. On the one hand, parents need to bear the heavy burden of family and raising children, but they have to work outside for this purpose, and the demand in the custody industry is huge. The target customers of Youxue Education Custody Center are mainly parents of primary school students. The company focuses on children's custody synchronous tutoring education projects, and is positioned to create a custody center that integrates nurturing and custody, covering both traditional custody and counseling. Students' physical and mental health carry out a series of quality development activities to cultivate children's personality development needs. The company will also promote product differentiation strategy in this way. According to market demand, company will provide different custody services for customer groups with different parenting characteristics. The present value of the five-year project is 2,469,364 yuan, and the net present value (NPV) is 1,969,364 yuan. the cash flow is 396,840 in the first year and 594,807 in the second year, the cost can be recovered within two years. the investment return period of this project is 1.2 years.

**Keywords:** Education, Hosting Industry

## INTRODUCTION & COMPANY DESCRIPTION

With the development of education in the last two to three decades, along with compulsory education for children, it has become the duty of parents to take care of minor children by adults. If there is a break away from education in the process of care, it may cause "out of control". If children are out of education for a long time, they may be different from the normal track in many aspects such as grades, behavior, body, and intelligence, and very few of them may even endanger the safety of the public. Due to various social and family factors, there are always some students whose parents cannot handle the care of their children. Therefore, for those parents who don't have time to take care of their children and don't want to let them go, they often judge the situation of their children and the ability of the family, and choose a tutoring class suitable for their children.

According to the survey, more than 71% of elementary school students will receive various tutoring classes after class, especially in large and medium-sized cities. This makes the industry of tutoring and tutoring take advantage of the trend, and the tutoring model is fully compliant with the regularity of primary school learning is the same progress as the students' daily learning, and it also helps in the cultivation of living habits and family education, so that children's academic performance will be significantly improved, and they will develop outstanding learning and living habits. We grow up healthy and happy.

With good development prospects and low barriers to entry, custody coaching has become one of the preferred industries for entrepreneurs to start a business. Especially in the last five years, Xi'an's trusteeship and counseling agencies have been growing rapidly at geometric levels. According to market estimates of the industry, there are nearly 10,000 trustees in Xi'an. However, because of the low barriers to entry in this industry, Xi'an has many custody and counseling agencies, and the quality of service and the level of counseling teachers vary. Even many trusteeship and counseling organizations are just for the purpose of making money, cut corners for profit, deceive parents and students, and have a negative impact on society.

After in-depth understanding, it is found that there are no office buildings and shopping malls near A/B/C/D primary schools, so there is no mature hosting counseling center, and there are no strong competitors in the market. Many of the surrounding custody and counseling organizations are self-employed, and there are many loopholes in management and teacher custody education. For example, high fees, poor environment, and poor attitude are their common problems, but in the end, they have no way to complain. In this environment, my partner and I hope to establish a company next to the A/B/C/D elementary school to be responsible for the growth of children, while at the same time reassure parents that they will never forget the original intention of education: Youxue Education Trust Center.

The Youxue Education Trusteeship Center is planned to be jointly funded by four partners. The original investment capital is 1 million yuan, which is roughly based on the proportion of each person's shares. The investment is expected to ensure that the company can operate smoothly for at least one year. As two partners with professional business knowledge background and practical experience, and the other two partners with managed education foundation, the equity allocation of the center tends to be more scientific and rational.

## **INDUSTRY ANALYSIS**

The development of primary school trusteeship tutoring institutions is closely related to the development of the national economy. The increase in domestic demand for this has provided a good development space for the trusteeship tutoring industry. Today, the total number of students in primary schools and kindergartens in my country is between 190 million and 210 million, and they are a huge potential user group in the hosting and tutoring industry. In 2019, the government's guidance on doing a good job in after-school services for primary and secondary school students said that vigorously developing after-school tutoring for primary school students is also an important measure to help parents solve their children's problems in a timely manner. Further improve social service capabilities, so that people in society have more sense of satisfaction and happiness.

Through market research, it is found that the establishment of after-school tutoring classes in primary schools is low in cost and easy to operate with considerable profits, so many after-school tutoring institutions for primary school students have emerged in large numbers. However, there is currently no monitoring organization dedicated to the tutoring industry, and there are no corresponding laws and regulations for the establishment provisions and operational restrictions. The remedial classes for primary school students run by small institutions in the buildings next to the primary schools are "two-way", meaning that the business organizations are not responsible, and the educational organizations are not

responsible either. The financial-purpose remedial classes of such institutions will deeply affect the mental development of children, so parents are really worried about putting students in such remedial institutions.

### **Strength**

Compared with other custody and tutoring institutions next to A, B, C, and D primary schools, Youxue Education has its own unrepeatable advantages. First of all, Youxue Education has professional partners. No matter in terms of educational experience, operation management, publicity planning, and even market resources, it has advantages over the hosting and counseling institutions around the target market, which will increase the possibility of survival in terms of probability. It also reduces the chance of failure.

### **Weakness**

As a gifted education that has just been founded in managed tutoring, the disadvantages are as follows. First, the industry is highly competitive. In the Red Sea environment, various hosting and counseling institutions will inevitably fight price wars in order to survive, hurting people on their own merits. Second, compared with the managed tutoring classes that have been operating in the market for a period of time, the new brand awareness of Youxue Education cannot be compared with that of existing institutions. It is one of the institutional methods, so this is also the first obstacle that the center breaks through when it develops the market.

### **Opportunity**

The Red Sea is full of challenges and opportunities. Tutoring institutions are hosted near the target market, but they are all small-scale operations, and there are problems with the environment, facilities and teachers. They mainly rely on geographical advantages and short supply to survive. Since there are no shopping malls and office buildings next to A/B/C/D primary schools, there will be no large-scale custody and counseling institutions to enter, and the market challenges are not large, which is conducive to the institution's rapid market acquisition and brand building.

### **Threats**

The custodial counseling industry has both uncertainties caused by the external environment and risks faced by the institutions themselves. The national and local governments are not mature and stable enough for the regulations and policies related to the hosting counseling industry, and need to be constantly standardized and adjusted.

## **MARKET ANALYSIS & MARKETING PLAN**

In order to distinguish itself from other trustee institutions and make Youxue Education Trust Center stand out among many peers, the company has formulated the development concept of "Happy Education, Nature Education, Love Education, Gratitude Education". In hosting educational institutions, professional teachers provide homework guidance, which greatly improves the efficiency of students' learning. In terms of participating in more quality development activities, the educational hosting center also has better conditions for realization. The company will focus on children hosted synchronous tutoring education projects, follow the law of healthy growth of children, build an ecological growth system that combines culture and quality education, and cultivate children who meet the needs of future social development.

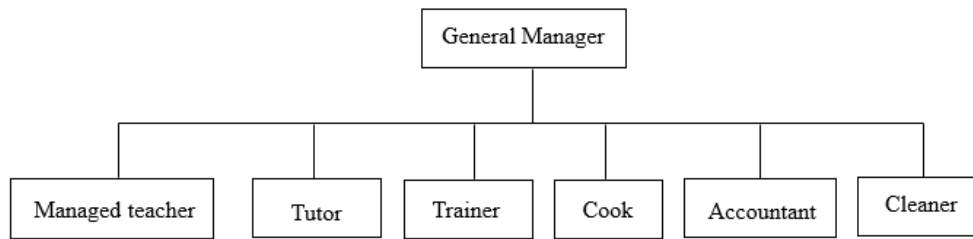
With the strengthening of the agglomeration effect of surrounding famous schools, it is believed that the educational trusteeship market near A/B/C/D primary schools will continue to grow.

Youxue Education Nursing Center provides parents and children with one-stop educational custody services. The product portfolio includes custody counseling, training and quality training activities. We will also promote product differentiation strategies based on this. According to market demand, we provide different custody services according to customer groups with different parenting characteristics. On the other hand, it follows the principle of teaching students according to their aptitude, and adopts small-class teaching according to students' learning level and personality characteristics, so that students can really learn something. The training courses are offered flexibly according to the actual enrollment situation of students. According to the survey of educational hosting needs, it is found that students pay the most attention to the course training of "Chinese Reading", "Hard Pen Calligraphy" and "English Phonics", accounting for 22%, 21% and 18% of the intended training courses respectively. Second, "Chinese writing" and "chess" accounted for 16% and 14% of the intended training courses, respectively. Therefore, Youxue Education Nursing Center will provide corresponding training courses according to the training course needs fed back by students on the basis of guaranteeing basic nursery services.

## **MANAGEMENT TEAM AND COMPANY STRUCTURE**

At present, according to the company's situation and business capabilities, the company's organizational structure is arranged according to the division of labor, and the organizational structure adopted is determined by the service projects carried out by the Youxue Education Trust Center. Youxue Education Hosting Center adopts a flat organizational structure to promote close working relationships between working partners in the institution and improve work efficiency.

One general manager is responsible for the overall management of the Youxue Education Trust Center, and the others are front-line staff. The staff are divided into trustee teachers, tutors, training teachers, chefs, cleaners, and accountants. Among them, the general manager, trustee teachers, and chefs are full-time staff, and tutors, training teachers, cleaners, and accountants are part-time staff. Full-time staff are allocated according to the scale of enrolling students. The training teacher adopts the employment system, establishes a lecturer resource pool through investigation, and flexibly hires a corresponding number of professional teachers according to the actual training needs of registration, and arranges classes for teaching. In addition, it is necessary to hire part-time cleaners and part-time accountants to help deal with some special affairs. The organizational structure of Youxue Education Trust Center is shown in Figure 1.



**Figure 1** Organizational Structure

The advantages of this organizational structure are mainly that the management is flat, the structure is simple, and the responsibilities are clear and clear. Currently, the general manager is responsible for the overall operation and management of the hosting center of Youxue Education Trust Center, while other personnel perform their own duties, unify goals and concentrate resources to achieve goals.

### **OPERATIONS & PRODUCTION PLAN**

Youxue Education Trust Center must move closer to education, which will be divided into two steps;

1. In the near future, the center must first do a good job of "hosting +". After gaining the trust of parents and students, we provide students with educational content such as English, hard pen calligraphy, reading, and early childhood connection. Parents need institutions to help them solve their children's education and interest classes. If their needs cannot be met, they can only take students to other training institutions on weekends.

2. In the long run, the center should be de-custodial. Youxue Education Nursing Center should be transformed from school test score education to more advanced quality education. After doing a good job in classroom knowledge, we should pay more attention to how to improve students' various hobbies, mental health, and the development of good habits and other children's education issues.

In the early stage, Youxue Education Trust Center first regarded the hosting service as an entrance to obtain customer traffic, in order to quickly collect students, build industry standards, and will deeply cultivate the needs of parents and students in the future.

The mission of Youxue Education Nursing Center is to seriously serve every family and child that arrives, correct the children's emotions and attitudes, help children establish a good outlook on life and values, cultivate good study and living habits, make childhood interesting, and make childhood fun.

### **FINANCIAL ANALYSIS & FEASIBILITY ANALYSIS**

The founder of Youxue Education Trust Center plans to invest RMB 500,000 with its own funds to create the first trust center featuring quality education in the A/B/C/D primary school area of Xi'an. Due to the limitation of investment funds, it is necessary to measure the required amount of start-up capital before carrying out various sales, cost and income forecasts of the project to determine the appropriate scale of running a school. The start-up capital

includes four parts: the construction cost of the site and equipment, the first phase of marketing expenses, the labor cost reserved for 2 months, and the reserve fund, with a total of 500,000 yuan.

Project cost and rate of return analysis refers to the estimation and measurement of a company's inputs and outputs. The specific method is to first predict the sales revenue of Youxue Education in the next 5 years and the cost of each year, and then prepare a cost-benefit statement on the basis of the sales revenue and cost forecast results. Below are the Pro forma Income Statements, Pro forma Balance Sheet, and Pro forma Cash Flow that make predictions.

**Table 1** Income Statement for the Year Ending December 31, 2026

	Unit: yuan				
Item	2022	2023	2024	2025	2026
Sales (all on credit)	1,440,000	1,620,000	1,800,000	2,000,000	2,500,000
Operating cost					
Labor cost	440,160	487,680	535,200	560,000	600,000
Office operating costs	812,340	884,648	980,418	1,100,000	1,300,000
Cost of sales	5,000	5,000	5,000	5,000	5,000
Depreciation	21,840	21,840	21,840	21,840	21,840
Total operating expenses	1,279,340	1,399,168	1,542,458	1,686,840	1,926,840
Operating income	160,660	220,832	257,542	313,160	573,160
Interest expense	0	0	0	0	0
Income before taxes	160,660	220,832	257,542	313,160	573,160
Income tax expense	4,820	6,625	7,726	9,395	17,195
Net income after taxes	155,840	214,207	249,816	303,765	555,965
Earnings per share	1.56	2.14	2.50	3.04	5.56

**Table 2** Pro forma Balance Sheet

	Unit: yuan				
Item	2022	2023	2024	2025	2026
Assets					
Current assets					
Cash	1,220,000	1,320,000	1,583,000	1,689,000	2,230,000
Accounts receivable	120,000	230,000	125,000	89,000	112,000
Total current assets	1,340,000	1,550,000	1,708,000	1,778,000	2,342,000

<b>Item</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Fixed Assets</b>					
Equipment	78,500	78,500	88,500	98,500	98,500
Depreciation	32,480	32,480	36,480	42,480	42,480
Total fixed assets	46,020	46,020	52,020	56,020	56,020
Total	1,386,020	1,596,020	1,760,020	1,834,020	2,398,020
<b>Liabilities and Owner's</b>					
<b>Liabilities</b>					
Accounts payable	185,300	196,500	235,300	415,300	632,600
Bills payable	123,520	212,520	234,520	185,520	316,520
Total current liabilities	308,820	409,020	469,820	600,820	949,120
<b>Owners' equity</b>					
Corporate partner equity	554,200	765,980	870,180	1,104,980	1,127,880
Unallocated equity	523,000	345,000	443,000	283,200	353,000
Total owner's equity	1,077,200	1,110,980	1,313,180	1,388,180	1,480,880
Total	1,386,020	1,520,000	1,783,000	1,989,000	2,430,000

**Table 3** Pro forma Cash Flows Ended December 31,2026

<b>Item</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Unit: yuan					
<b>Operating Activities</b>					
Net income	155,840	214,207	249,816	303,765	555,965
Increase in accounts	120,000	230,000	125,000	89,000	112,000
Increase in inventory	0	0	0	0	0
Operating Net cash	275,840	444,207	374,816	392,765	667,965
Investing Activities	0	0	0	0	0
<b>Financing Activities</b>					
Investment by owner	121,000	150,600	154,300	163,200	145,600
Net increase in cash	396,840	594,807	529,116	555,965	813,565
Cash at the beginning of	0	0	0	0	0
Cash at the end of year	396,840	594,807	529,116	555,965	813,565

The net present value (NPV) is the difference between the present value and the cost. After calculation, the present value of the five-year project is 2,469,364 yuan, and the net present value (NPV) is 1,969,364 yuan. Since the cash flow of the project is 396,840 in the first year and 594,807 in the second year, the cost can be recovered within two years. After calculation, the investment return period of this project is 1 year and 2 months.

This chapter makes a series of forecasts and analyses on the financial status of the Youxue Education Trusteeship Center project, and forecasts the sales in the next five years with reference to market development laws and industry experience. On this basis, it analyzes its profit, cost-benefit, financial net cash flow and investment return cycle. Various indicators show that the Youxue Education Trust Center project can obtain reasonable profits, and the project is worth implementing.

## **CONCLUSION AND FUTURE WORK**

Good care and learning opportunities in a quality environment help children develop physically, intellectually, emotionally and socially, which will benefit them for life. At the same time, providing children with safe and high-quality educational care services can help parents truly solve their work worries.

With the rapid development of China's economy, consumption upgrade and education industry upgrade, the education trusteeship industry is expected to usher in the spring of development; the opening of the two-child policy has released the demand for education trusteeship again. Youxue Education is located in the famous school area of Xi'an High-tech Zone. Facing the strong demand for education custody, it hopes to provide high-quality educational custody services for families in need by establishing a one-stop high-end education custody center. In order to successfully create such an educational hosting center and make it develop well, this research topic was chosen.

This paper analyzes the current market situation and development model of the education trusteeship industry at home and abroad, and focuses on the development model of the education trusteeship, in order to find more successful experiences that can be used for reference, and try to understand the future development trend of the education trustee industry and the increase in market demand.

To sum up, Youxue Education is positioned as a high-end education trusteeship center that integrates trusteeship, training and quality training, and faces the blue ocean of mid-to-high-end education trusteeship in the future. The strong demand for educational custody of parents in the high-tech zone is guaranteed by suitable entry locations and operation models, as well as sufficient funds and reliable risk plans. The project can not only provide parents and students with high-quality services that meet their needs, but also provide reference and excellent experience for the transformation and upgrading of educational trustee institutions around Li, and can also promote the realization of the concept and goals of excellent education, and achieve a win-win situation.



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