

Cost checker

	Yearly costs	Total	
1	Registration and membership	300	The amount you pay to register as a childcare provider or to professional organisations
2	Public liability insurance	500	The amount you pay for public liability
3	Employee liability insurance	500	The amount you pay for employee liability insurance
4	Premises	4000	The amount you pay for rent or if you own the premises as a mortgage repayment
5	Rates	600	Your annual rate
6	ESB, oil and heating	1,000	Electricity, gas, water
7	Office equipment	1,000	Desks, computers, stationery, etc.
8	Marketing	1,000	Advertising, leaflets, brochures, etc.
9	Wages	38,000	Your total annual wage costs
10	Additional staff costs	2,000	Recruitment, training, etc.
11	Toys and equipment	1,500	Tags, books and safety equipment
12	Other	1,000	Your additional yearly costs (if any)
13	Total yearly costs	51,400	
14	Number of weeks	42	
15	Sub-total	1,223.81	

Start by entering the relevant figures for items 1 to 12 in the total column

Number 14 should be the number of weeks your business operates in the year

Divide total number 13 by total number 14 to get a sub-total (15). Copy this figure into the blue box across the page

Now add figures 1 to 12 together to get a 'total yearly cost' (13)

	Weekly costs	Total
16	Food and drink	60
17	Paint, paper, stationery	100
18	Other	40
	Weekly sub-total	200

Next enter the relevant figures for items 16 to 18 in the total column.

Meals and snacks for the children you look after (don't include milk if you get an allowance)

Craft materials, pens, paper, etc

Your additional weekly costs (if any)

Now add figures 16 to 18 together to get a 'weekly sub-total'. Copy this figure to the red box

Sub-total		Weekly sub-total		Total weekly costs
12,238	+	200	=	14,238

Transfer from yearly cost sub-total

Transfer from weekly cost sub-total

To work out your number of hours per week:

Multiply your
hours per day by



Hours per day

8

x

Your places
available by



Places

10

x

The number of days you're
open in the week



Days open

5

=

Total hours

400

Complete the table below to work out your total number of hours in a week.

Hours per day

x

Places

x

Days open

=

Total hours

The total number of hours available in the week



Total weekly costs		Total weekly hours	=	Breakeven hourly fees
€1424.00	÷	400	=	€3.56

For example, if your weekly costs are €1,000 and you have 400 hours available per week, the hourly fee you need to charge to breakeven will, at 100% occupancy, be €3.56.

Work out your breakeven fee per hour by completing the table below.

Total weekly costs		Total weekly hours	=	Breakeven hourly fees
	÷		=	

Yearly costs	Total
Registration & membership	
Public liability insurance	
Employee liability insurance	
Premises	
Rates	
ESB, oil and heating	
Office equipment	
Marketing	
Wages	
Additional staff costs	
Toys and equipment	
Other	
Total yearly costs	
Number of weeks	
Sub-total	

Weekly costs	Total
Food and drink	
Paint, paper, stationery	
Other	
Weekly sub-total	

Sub-total		Weekly sub-total		Total weekly costs
	+		=	

Spring Light Childcare
Projected Income & Expenditure Accounts for Years One to Five

	Year One	Year Two	Year Three	Year Four	Year Five
Income					
Pre-school	44,850	58,305	61,220	64,281	67,495
After-school	9,200	9,200	9,660	9,660	9,660
Summer scheme	3,000	3,000	3,150	3,150	3,150
Fundraising	4,000	4,500	5,000	5,500	6,000
Subvention	66,170	85,670	89,954	94,451	99,174
HSE	1,300	1,365	1,433	1,505	1,580
Total Income	128,520	162,040	170,417	178,547	187,059
Expenses					
Salaries	101,800	131,800	138,390	145,310	152,575
Rent	9,500	9,975	9,975	10,474	10,474
Insurance	1,300	1,365	1,365	1,433	1,505
Staff Training	1,900	1,995	2,095	2,199	2,309
Play Materials	2,400	3,000	3,000	3,000	4,000
Office supplies	1,000	1,500	1,575	1,575	1,575
Phone	1,200	1,260	1,323	1,389	1,459
Professional fees	3,200	3,360	3,528	3,704	3,890
Bank charges	100	103	105	108	110
Cleaning	550	564	578	592	607
Consumables	2,400	2,460	2,522	2,585	2,649
Maintenance	300	308	315	323	331
Travel/ subsistence	1,300	1,333	1,366	1,400	1,435
Excursions	1,500	1,575	1,654	1,736	1,736
Marketing/ advertising	500	525	551	579	608
Total Expenditure	128,950	161,121	168,341	176,407	185,263
Net Profit	-430	919	2,076	2,140	1,796

Spring Light Childcare
Projected Income & Expenditure Account for Year One

	Jan.	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Income													
Pre-school	3,588	4,037	4,037	4,037	4,037	3,140	3,140	2,691	4,037	4,037	4,037	4,037	44,850
After-school	920	1,012	1,012	920	920	460	0	0	1,012	1,012	1,012	920	9,200
Summer scheme	0	0	0	0	0	0	1,500	1,500	0	0	0	0	3,000
Fundraising	0	0	0	2,000	0	0	0	0	0	2,000	0	0	4,000
Subvention	5,294	5,955	5,955	5,955	5,955	4,632	4,632	3,970	5,955	5,955	5,955	5,955	66,170
HSE	104	143	150	150	137	26	26	26	143	150	143	104	1,300
Total Income	9,906	11,147	11,153	13,061	11,048	8,257	9,297	8,187	11,147	13,153	11,147	11,016	128,520
Expenses													
Salaries	8,483	8,483	8,483	8,483	8,483	8,483	8,483	8,483	8,483	8,483	8,483	8,483	101,800
Rent	792	792	792	792	792	792	792	792	792	792	792	792	9,500
Insurance	108	108	108	108	108	108	108	108	108	108	108	108	1,300
Staff Training	158	158	158	158	158	158	158	158	158	158	158	158	1,900
Play Materials	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Office supplies	83	83	83	83	83	83	83	83	83	83	83	83	1,000
Phone	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Bank Repayments	267	267	267	267	267	267	267	267	267	267	267	267	3,200
Bank charges	8	8	8	8	8	8	8	8	8	8	8	8	100
Cleaning	46	46	46	46	46	46	46	46	46	46	46	46	550
Consumables	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Maintenance	25	25	25	25	25	25	25	25	25	25	25	25	300
Travel/ subsistence	108	108	108	108	108	108	108	108	108	108	108	108	1,300
Excursions	125	125	125	125	125	125	125	125	125	125	125	125	1,500
Marketing/ advertising	42	42	42	42	42	42	42	42	42	42	42	42	500
Total Expenditure	10,746	10,746	10,746	10,746	10,746	10,746	10,746	10,746	10,746	10,746	10,746	10,746	128,950
Net Profit	-840	401	407	2,315	302	-2,488	-1,448	-2,559	401	2,407	401	270	-430

	Month												
Morning	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Fee Per Week													
Number of Weeks													
Number of Places													
Total Income Available	0	0	0	0	0	0	0	0	0	0	0	0	0
Occupancy %													
Projected Income	0	0	0	0	0	0	0	0	0	0	0	0	0

	Month												
Evening	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Fee Per Week													
Number of Weeks													
Number of Places													
Total Income Available	0	0	0	0	0	0	0	0	0	0	0	0	0
Occupancy %													
Projected Income	0	0	0	0	0	0	0	0	0	0	0	0	0

	Month												
After-school	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Fee Per Week													
Number of Weeks													
Number of Places													
Total Income Available	0	0	0	0	0	0	0	0	0	0	0	0	0
Occupancy %													
Projected Income	0	0	0	0	0	0	0	0	0	0	0	0	0

Make sure you do 'real'
calculations before
implementing a new pricing
policy



An out of school club charges parents a single session fee for their children to attend from 3.30pm to 6pm each evening. 12 children attend and parents pay €5.50 per session resulting in €66 income per day. Their total costs per day are €56 therefore they make a surplus of €10 per day.

As a result of requests from parents to collect their children at 5pm the committee decided to offer that flexibility. They decided to charge less as a child spends less time in their care and doesn't attend for the full session. The committee agreed to set a rate of €2.50 for those parents.

8 parents took up that option - that resulted in a revenue of

(8 children x €2.50) + (4 children x €5.50)

$$\text{€20} \quad + \quad \text{€22} \quad = \quad \text{€44}$$

This is less than the total costs and they were in danger of making a loss of €12 per day, (remember they still need to pay staff and rent, etc so their costs didn't reduce).



Pricing Policy

At Our Playgroup we believe in open communication with all our parents and staff. We set our prices and charges in consultation with our customers and this pricing policy is presented to ensure that you fully understand our charging structure.

- **Rate per two hour session** From Monday to Friday in term time is €6.50. This includes access to all our staffed facilities within Our Playgroup.
- **Late pick-up** In the case of the late pick-up of children we reserve the right to charge an extra fee of €2.50 for every half hour or part thereof. This is to cover staff overtime costs that we will incur.
- **Illness** We do not charge for short term absences through illness.
- **Absence** We understand that unforeseen circumstances can lead to absences. However, we need to charge a fee of half the normal rate for any unplanned absences, in order to cover costs.
- **Discounts** To help make our childcare affordable to the widest group of parents we offer generous discounts for block booking. If you book for a full term before the end of the previous term we offer a 10% discount on our services.
- **Trips, visits and special events** From time-to-time we offer parents and children the opportunity for special educational and leisure visits, such as the zoo or the local museum. We make a small charge to cover the cost of transport and entry fee. We will inform all parents well in advance of any planned trips and will continue to provide our usual high quality service for those parents who do not wish their children to take part.

Thank you for using Our Playgroup and if you require any further help or information ask a member of staff or call Julia on 0120 2203040.

Goal: To improve parental choices and maximise fee income

Objective: Design a new pricing strategy to increase revenue by 20% by January 2010

Action 1: Calculate total costs

Action 2: Obtain feedback on the customer's needs

Action 3: Review all pricing ideas (membership, block pricing, etc)

Action 4: Decide on the best pricing strategy to suit the childcare service

Action 5: Do real calculations on what will be the affect on income of implementing new pricing strategies

Action 6: Review calculations and make final adjustments

Action 7: Finalise the pricing strategy

Action 8: Discuss with customers and implement

Information	Where from?	Who collects and presents?	Who is responsible for analysis?	How often?