

The Preparation of Project Report for Computer Training Institute

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1. Introduction

Star Computer Institute will provide an attractive and efficient education method to improve the knowledge of students. So we will hire the most qualified teachers and staff as the students can grasp the lessons faster and in sufficient way. Education in its general sense is a form of learning in which knowledge, skills, and habits of a group of people are transferred from one generation to the next through teaching, training, research, or simply through auto didacticism. Our mission is to provide such an “Educational System” in our Institute, as international standards within the reach of every individual. The major benefit also includes the opportunity to fulfill the desire to explore the beautiful and exotic location in Pune and can try to attract more students. Starting a new business can be complicated and confusing, even for experienced entrepreneurs. Working through the maze of financial requirements and the multitude of other hurdles that must be met to take a business operational is a formidable challenge, especially for those with minimal prior business experience. At the same time, in many small communities new businesses are an essential component of a successful economic development strategy.

Purpose of the Loan

1. The basic idea behind taking the loan from the bank is to start a new computer institute.
2. The institute is supposed to provide best and practical knowledge to the students.
3. The institute requires term loan of Rs.11, 90,000 to launch a new computer institute.
4. The most essential part of taking loan from bank is to purchase assets and to have working capital in hand.
5. The loan taken from bank will repay in five years.

Vision & Mission of Star Computer Institute

- To equip all the students with best quality education, skills and character they need to lead empowered lives.
- To become the largest chain of quality education and practical knowledge provider in the country and enjoy equity that is enjoyed by no other stand alone private computer institute.
- To constantly provide updated, standard, quality and practical knowledge with reasonable course fees.
- To provide unique educational services at rational price and to continually improve our services and by ensuring continues satisfaction of the clients.
- The organization is with a mission to impact the lives of student from low-Income communities, enabling them to maximize their potential and transform their lives.
- Enable them to be self-reliant and enjoy a healthy, dignified and sustainable quality of life.

2. Starting a Computer Institute

- Opening financially a successful computer institute requires much more than simply having a good institute. A potential computer institution owner has to first satisfy the myriad regulatory requirements of their central, state and city governments.
- But this is not the only requirement, one should have a proper business plan in hand as it is most important which helps that what procedures should we follow to start a computer institute. The first thing after preparing the business plan is to provide a place to start up with his business .this can be done by buying out a place or leasing or having his own land in the place which is suitable for starting this kind of business. But buying a land or building a computer institute calls for an expensive way to start the business. Therefore, we can rent a house, by this way we can save a huge amount of money as a working capital for the coming days of the business.
- At Star Computer Institute we work towards exploring the innate potential of each student, our programs incorporate an integrated curriculum that promotes learning primarily through fun; thereby it attracts lots of students and helps the institute to achieve its success.

3. Methods of Data Collection

- **Primary Method:** The information for this project has been collected through primary and secondary sources. In primary data collection, the information and data has been collected through questions raised to the bank personnel during the visit followed by asking question from the bank staff regarding procedure for giving loan and enhancing knowledge about the repayment procedure. The information about the various equipments required for starting a new computer institute has been collected from visiting various institutes.
- **Secondary Method:** The secondary data were collected from the brochure of the bank, the boards with information displayed in the bank premises and the bank website.

4. Data Analysis and Interpretation

The proprietor to start a new computer institute has to analyze not only one but a lot of areas. This may include choosing a place to conduct the business, making the budget (i.e. raising the capital), analyzing the market and selecting the location (i.e. studying the population with in the area and location is a key to creating the volume needed to run a successful Educational Institute),

equipment selection (i.e. equipment needed to be used in the Computer Institute), registration of the Institute and so on. The proprietor with his entrepreneur qualities carry's out a market research to find out about the demands and viability of different locations. The revenue will initially be low but will accelerate with time as the institute utilizes the world wide education system and provides best practical knowledge.

To analyze the financial viability, financial statements are prepared with five years projections. The profit margin for the first year may be less but will grow year by year; in order to keep the profit, may that be small after paying all statutory expenses (i.e. depreciation, interest, and many more). As the years go by the profit margin before interest and depreciation should grow more. The report shows a positive cash flow (I.e. the cash inflow minus cash outflow). The profit in the first year is seen to be a bit low than the required mark, which is quite certain as the profits are not expected to be as high as it is projected in the following years, but the ratios grow fairly as the business progresses and goes beyond the minimum requirements of 6 to 7 times. Even after the repayment of bank loan, the institute is in a healthy and strong position. In future date, the institute is expected to grow more and opening of more branches with in the cities.

Investment (Cost of the Project)

Assumptions

STAR Computer Institute will be providing the educational services in the beautiful city of Pune, where too many students are coming for studying purpose from various areas, due to its quality education and practical knowledge at reasonable fees, a lot of people from different areas will be attracted and in this way the profit of the institute will increase each year. I have taken some assumptions which I noticed while preparing the projected statements of the computer institute, they are as follows:

1. Income is increasing from 10% up to 16% in different years.
2. Expense is increasing from 7% up 13% in different years.
3. Depreciation on fixed assets is taken on **Written Down Value method** as follows:
 - Equipment- 10%
 - Furniture & Fixtures - 10%
 - Computers & Printers – 30%
4. **Interest on Bank Loan is 12%**
5. **Rs. 1190000** is raised from Muslim Cooperative Bank.
6. The monthly installment amount is **Rs.26471**

The loan so taken will be repaid in five years according to the estimated business conditions.

Financial Statements of This Project

Ratio analysis of the project

1. Net Profit Ratio

Net profit ratio indicates the profitability of the business. A high profit ratio indicates higher profitability of the business. As such net profit ratio will be desirable.

The Net Profit Ratio is found with the help of the following formula:

$$\text{Net Profit Ratio} = \frac{\text{Net Profit}}{\text{Net Sales}} \times 100$$

2. Fixed Assets Turnover Ratio

Fixed assets include net fixed assets i.e. fixed assets after providing for depreciation, a high fixed assets turnover ratio indicates the capability of the organization to achieve maximum sales with the minimum investment in fixed assets, it indicates the fixed assets are turned over in the form of sales more number of time . As such higher the fixed assets turned ratio better will be the situation.

$$\text{Fixed Asset Turnover Ratio} = \frac{\text{Net sale}}{\text{Fixed Assets}}$$

3. Return on Total Resources Ratio

Return on Total Resources ratio measures the profitability of investments in a firm. As such, higher return on total assets will always be preferred. From the following formula we can calculate the Return on Total Resources ratio:

$$\text{Return on Total Resources} = \frac{\text{Net profit}}{\text{Total Assets}} \times 100$$

4. Debt service coverage Ratio

The Debt Service Coverage Ratio measures the company's ability to pay their debt.

A Debt Service Coverage Ratio >1 indicates that the company is generating sufficient cash flow and able to pay their debt. A Debt Service Coverage Ratio < 1 should be a cause for concern because; it indicates that the company is negatively cash flowing.

The Debt Service Coverage Ratio is found with the help of the following formula:

Debt Service Coverage Ratio

$$= \frac{\text{Net Profit after Tax} + \text{Depreciation} + \text{Interest on loan}}{\text{Instalment}}$$

5. Conclusion

The STAR COMPUTER INSTITUTE provides quality education and practical knowledge to their students. It takes proper care of their students so that they can achieve their life goals, and it helps in attaining less dropout rates

and increases the standard of living and literacy rates in India.

Star Computer Institute will equip the student with updated, standard, quality and practical knowledge which will increase the value of community, and will bring the institute to highest level.

Once the period of the project completed, the business should expand its activities and attempt to open new branches in different areas of the country, to provide quality and practical knowledge to all the country and increase the standard of living. When the loan amount taken from bank being paid the company will stands on its own and will be dependent to its own capital.

The different branches of **STAR COMPUTER INSTITUTE** will be located in the most popular places in the different cities, which will have access to all public transportation system and the student can easily reach to the institutes.

Reference

Referred Books:

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- [2] Principal of Financial Management : Satish Inamdar
- [3] Financial management: C. Paramasivan, T. Subramanian

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